

FactCheck



Irakli Gharibashvili:
 “In a very short time we did what the United National Movement couldn’t do for the nine years of their rule. We raised the wages of military personnel and increased social assistance for the families of fallsoldiers.”



Giorgi NASRASHVILI
 FactCheck

On 26 July 2014, after presenting the new cabinet at the extra plenary session of the Parliament, the Prime Minister of Georgia, Irakli Gharibashvili, addressed the MPs. While talking about various projects and reforms Mr Gharibashvili stated: “In a very short time we did what the United National Movement couldn’t do for the nine years of their rule. We raised the wages of military personnel and increased social assistance for the families of fallsoldiers.”

FactCheck took interest in the Prime Minister’s statement and verified its accuracy.

The wages of military personnel are regulated according to the 2007 Directive of the Minister of Defence of Georgia on the Social and Financial Assistance of the Military, Special Rank and Civilian Personnel of the Ministry of Defence of Georgia. According to the document, since 1 September 2014 the wages of the employees of the Ministry have consisted of:

Remuneration of military personnel
 For special ranking officials – remuneration and rank surpluses

The chart below depicts the dynamics of military wages from 2004 to 2014.

The presented data reflect the total amounts of military wages and wage surpluses in 2004, 2007, 2012 and 2014. In addition, apart from the remuneration assigned by the Directive, over the years military personnel also received the surpluses determined by Appendix No.6 according to the amount and scope of their work. The aforementioned appendix was abolished on 11 February 2013.

As is clear from the chart, the wages of military personnel have indeed increased since 2012; however, it should be pointed out that the wages also increased from 2005 to 2012. The average growth of military

personnel wages was 490% in this time period. According to the decision of 15 January 2005, after the United National Movement assumed office, apart from the remuneration and rank surpluses, military personnel received wage surpluses as well.

After 2012, the growth also included the remuneration and rank surpluses of special ranking officials determined since 2011.

The wages of civilians appointed to military positions have also increased since 2012; however, the trend of growth was observed in the previous years as well. The chart below depicts the wages of civilians appointed to military positions in 2007, 2012 and 2014.

The 2013 annual report of the Ministry of Defence of Georgia also discusses the raise in the wages of military personnel. According to the document, the wages of military personnel were increased from January 2013. The wages of personnel participating in the International Security Assistance Force (ISAF) mission increased by USD 300 and by 25% for the rest of the military personnel.

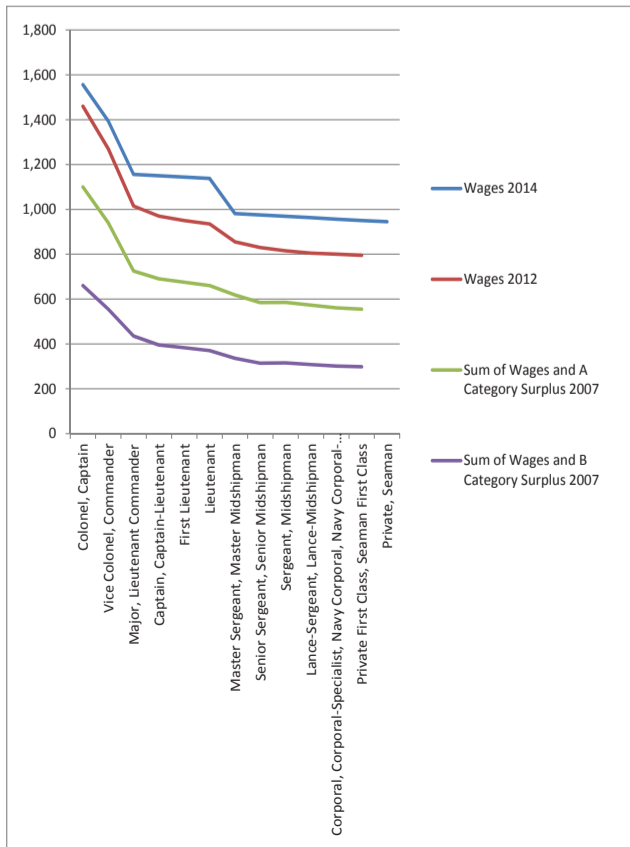
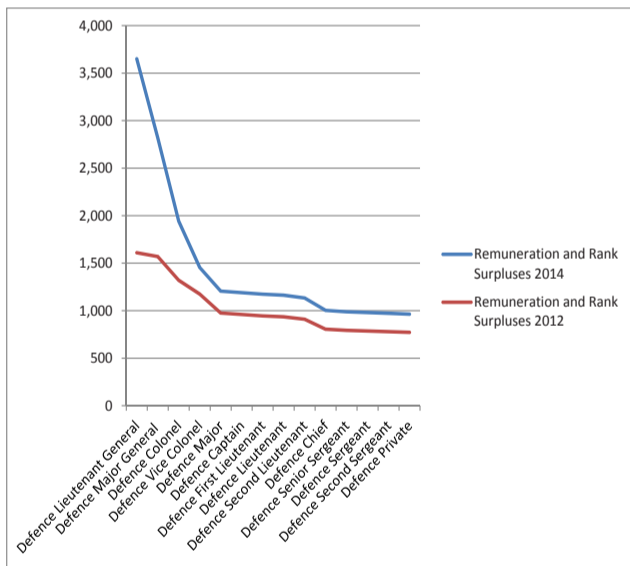
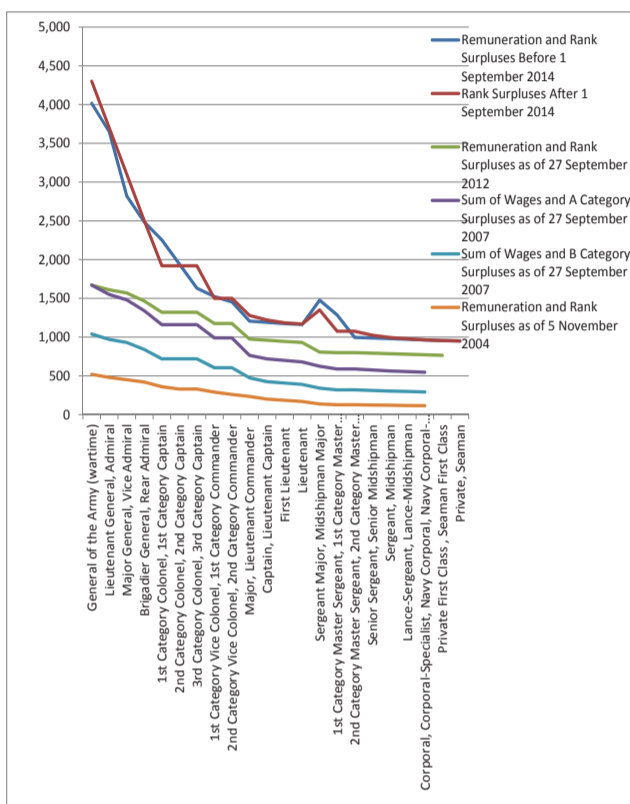
As for social assistance for the families of fallen soldiers, according to the report of the Ministry, the families of soldiers who lost their lives in international peacekeeping missions will receive a one-time assistance of GEL 100,000 in accordance with recent legislative changes. The families of soldiers who lost their lives in international peacekeeping missions or while defending the independence and territorial integrity of Georgia will receive a monthly assistance of GEL 500, increasing to GEL 1,000 after 2015.

The assistance for families of fallen soldiers was also distributed before the aforementioned legislative changes and was calculated in accordance with the law. According to the report, free medical care is also available in the Gori military hospital to the families of the soldiers killed in the 2008 war.

CONCLUSION

The wages of military personnel and the amount of social assistance for the families of fallen soldiers has indeed increased since 2013. According to the 2013 annual report of the Ministry of Defence of Georgia, the wages of the personnel participating in the International Security Assistance Force (ISAF) mission increased by USD 300 and by 25% for the rest of the military personnel. However, if we compare these data to the average growth from 2005 to 2012, as the Prime Minister does in his statement, we shall see that the average growth of the military wages was 490% in this time period.

FactCheck concludes that the Prime Minister’s statement: “In a very short time we did what the United National Movement couldn’t do for the nine years of their rule. We raised the wages of military personnel and increased social assistance for the families of fallen soldiers,” is **MOSTLY FALSE**.



Top Boutique Winery Schuchmann Wines Supports Luxury Education Activity in Georgia

Continued from p. 9

sector. It was our dream to combine wining and dining. We have successfully made our Chateau in Kakheti and Schuchmann Wines Chateau with its hotel and restaurant the most popular destination in the Kakheti region. We are proud that the brand “Schuchmann” has been successfully launched in wine production, agriculture and tourism. In the long term, we plan to franchise the concept abroad and achieve the primary goal of this project - to market and export Georgian heritage, Georgian wine and gastronomic tourism,” said Abramishvili.

The Schuchmann wine bar is about presenting Georgian wine and Georgian cuisine. The idea was inspired by history and tradition, to bring together everything about winemaking and the Georgian story. The exclusive atmosphere serves to relax guests. The bar offers a variety of services, including wine degustation, business lunches and a Georgian A la carte menu. Its sommeliers are there to present guests with all the intricacies, uniqueness and characteristics of individual Georgian wines. The kitchen staff treat guests to expertly-prepared Georgian dishes. In the wine bar one can find boutique galleries of handmade artwork, fine art, Georgian ceramics while also being able to listen to Georgian ethno-jazz.

“We have created our own design for this bar, which is based on wine themes. This is a unique design which has been patented. We have created a wine interior. We have an open kitchen and all guests can see how their meal is being prepared. There is a non-smoking area in the wine bar,” she said.

Schuchmann Wines has also expanded its winery in Kisiskhevi and has tripled the volume of its production.

“Because of the high demand we increased the capacity of Schuchmann Wine’s production. In 2014 there was quite high demand for Georgian wine from Russia. 70 percent of the Georgian wine produced was exported to Russia. This was a year of great change. From 2015 we are going to diversify the foreign markets, meaning that we will balance the export capacity for each export market where Schuchmann wines are exported to,” Abramishvili said.

“Post-Soviet countries still remain the main markets

for Georgian wine exports as the level of awareness there is high and it is easier for us to establish marketing communication with these markets and sell our production there. However, new markets are also very interesting for us, therefore we will add new markets as well. Within the framework of our marketing activities we use Kvevri wine (Georgia’s traditional wine-making method of fermenting grapes in earthenware, egg-shaped vessels) as a product which attracts more customers, as Kvevri wine is unique in itself. It is precisely the Kvevri element of Georgian wine which gives it a competitive advantage over other wines of the world. It takes time to make Georgian wine popular and increase its demand abroad as Georgia lacks awareness and has not been properly introduced throughout the world,” she added.

“When the Russian market opened for Georgian products it was risky for us to enter there. However it is not only Russia, but any new market that is risky at first. Nowadays, we have no fear that Schuchmann Wines will face any challenges in Russia, but taking into consideration the currently tense situation in the region including the sanctions, I would not rule out the possibility that Russia could complicate relations. However, we admit that economic relations with Russia are very useful for Georgia as the agriculture sector has gained additional income by entering the Russian market and accordingly, the state’s budget revenue increased,” she said.

“Because of the drought in Kakheti the harvest capacity has reduced by about 30 percent which will cause increased wine prices as a result. The price increase is also caused by the high demand from Russia. This year the prices of grapes have doubled compared to last year. We will see what the capacity of the harvest is this year and will set the sales strategy accordingly. However, we are planning to sell a million and a half bottles of wine in 2015,” Abramishvili said.



The FINANCIAL is read by nearly 75 % of Top Financial Decision-makers in Georgia.

It reaches more CEO’s than all Georgian newspapers combined.

Source: Global Idea

MOSTLY FALSE

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Big Business Decisions Driven by Gut Instinct as Well as Gigabytes, Report



The FINANCIAL

Business leaders are taking major strategic decisions about the future of their businesses based on their gut instinct and experience in preference to the use of data and analytics, according to a new report published by PwC. The report is based on a survey of over 1,100 senior executives worldwide, across a range of industries and public, private and family-owned businesses. The great majority of executives around the world – 94% – say management of

biggest improvements in decision making over the last two years. All executives said top priority over the next two years is to make investments in the quality of data analysis to make better decisions. More than three-fourths of executives make a big decision each quarter and 43% review them every month. British executives are feeling positive about the future of their businesses, with 24% choosing growing the existing business as the most important decision they expect to make in the next year and an additional 21% picking entering a new industry or starting a brand new business.

five most important decisions facing executives in the next 12 months are, in order: growing the existing business, collaborating with competitors, shrinking the existing business, entering a new industry or starting a new business, and corporate financing. Executives said the appearance of a business opportunity they could not ignore was the most common motivation for considering a big decision (30%). Other reasons: making decisions that were previously delayed (25%), strategic fit (18%), testing ideas (15%), reacting to external factors (9%), and regulation (4%).

83% of senior executives from the UK report that their big decision-making has improved in the past two years - with 32% of this group saying there has been a significant improvement. For 40% of businesses, the use of internal and external data and analytics is the aspect of big decision-making that has changed the most.

their company is prepared to make significant decisions about the strategic direction of their business, but barely one-third relied primarily on data and analytics when they made their last big decision. Executives' intuition or experience and the advice and experience of others in their organisation were the decision making modes of choice for 58% of executives. However, the 43% of executives that say their companies are highly data-driven report the

However, because costs and margin pressure are identified as the main strategic motivations for big decisions, the most common big decisions involve competitive collaboration and corporate restructuring. Indeed, more than half (52%) of UK business leaders expect to make big decisions to collaborate with their competitors in the next year – compared with 36% as a global average. The survey found that the

Despite executives' comfort in relying on gut instinct, nearly two-thirds (63%) said the use of data has changed how their company makes decisions and they expect it to have more impact in the future. The top three changes executives plan in decision making include the number of people involved in making a decision, greater use of specialised and enhanced analytics and data analysis, and the use of dedicated data teams to inform strategic decisions.

Bank of Georgia Director Reduces Stake

The FINANCIAL

Sulkhan Gvalia, the deputy chief executive officer of corporate banking at Bank of Georgia Holdings, has reduced his holding in the company after trading in

7,654 shares. The shares were sold at 2,551p each for a total of £195,254, according to ShareCast. Last month, the FTSE 250 constituent hailed a record first half with revenues and profits improving over the year. The bank, which has more

than a third of the market share in Georgia based on total assets, said revenue rose 7.3% to 281.5m lari (GEL) in the six months to 30 June, equal to around £98m. Meanwhile, pre-tax profit was 10.3% higher at GEL122.8m (£43m), according to ShareCast.



Giorgi Kvirikashvili: “We have 16% growth in export in the first five months. The export of local, especially agricultural, products is growing.”

Mariam CHACHUA
FactCheck

On 18 July 2014, at the extra plenary session of the Parliament, Minister of Economy and Sustainable Development of Georgia, Giorgi Kvirikashvili, stated that according to the data of the first five months, there was a 16% growth in export. The Minister also pointed out that the share of agricultural products in export had increased.

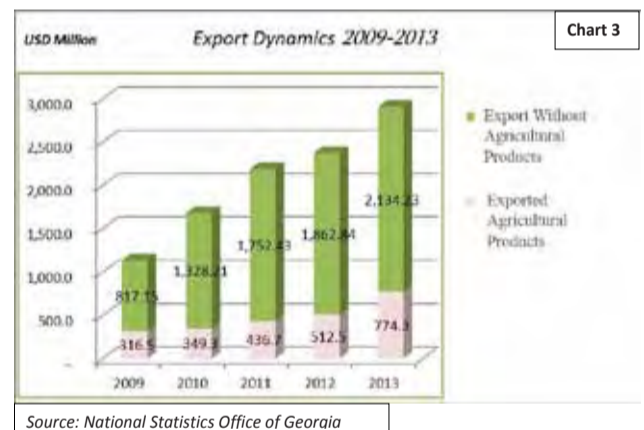
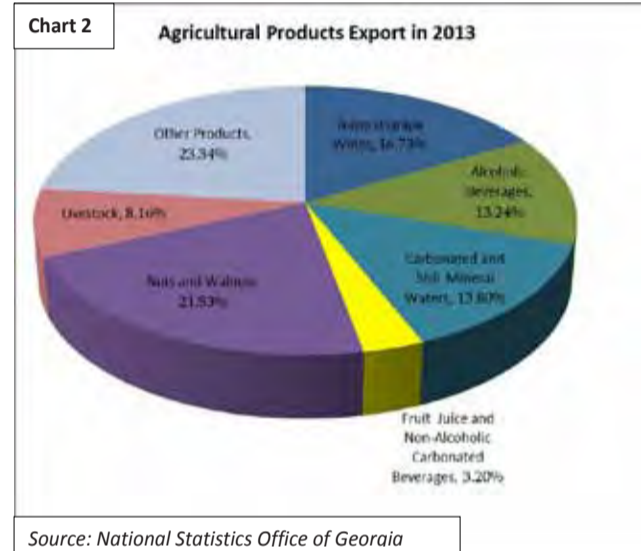
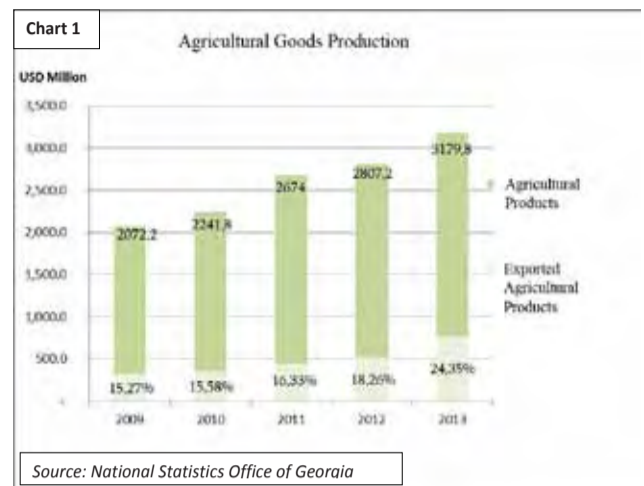
FactCheck took interest in the Minister's statement and verified its accuracy.

According to the National Office of Statistics of Georgia (GeoStat), export in the first five months of 2014 was equal to USD 1,175 million. In the same period of 2013, value of the exported goods was USD 1,001.8 million. Hence, the export in 2014 is USD 173.2 million and 17.3% more than in the same period of the previous year. It should be noted that this percentage change shows the nominal growth in export. The biggest share of goods is still exported to the member states of the Commonwealth of Independent States (CIS). According to GeoStat, 53% of export in 2014 was to the Commonwealth of Independent States. However, export to the European Union member states has also been increased. The total value of the goods exported to the European Union in 2014 was USD 92.5 million more than in the previous year and constituted 21% of total export.

There are positive changes in the agricultural sector as well. Production in this sector has been growing since 2009. It should also be noted that with the growth of production, export of agricultural goods grew as well. Chart 1 depicts the share of exported agricultural goods in total production from 2009 to 2013.

According to GeoStat, the total value of exported agricultural goods in 2014 was equal to USD 774.3 million which was 26% of the total export, whereas in 2013 the share of exported agricultural goods in total export constituted 21%. The largest share of the exported goods was natural grape wines, livestock, nuts and walnuts and mineral waters. Chart 2 reflects the share of different sorts of products in the export of agricultural goods.

The growing dynamics of the export of agricultural goods was maintained in 2014 also. Wine and alcoholic beverages still make up a large part of the ex-



port. Export of nuts and walnuts has also increased (by 14.08%). There was a substantial growth in the export of natural grape wines (164.1%) and mineral and still waters (76.08%). Chart 3 shows the absolute export dynamics from 2009 to 2013, including the export of agricultural products as well. The value of the exported agricultural goods in the first five

months of 2014 was equal to USD 282.2 million which constitutes 24% of total export and is USD 71.55 million more than in 2013. As for the exported agricultural goods in the first five months of 2013, their value was USD 210.67 million which constituted 21% of the total export. Hence, the share of agricultural products in export has, indeed, grown.

CONCLUSION

Export in the first five months of 2014 was equal to USD 1,175 million which was USD 173.2 million more than in the same period of 2013. The nominal growth of export was 17.3%. The share of agricultural products in total export has also grown and constitutes 24% which is 3% more than in 2013.

FactCheck concludes that Giorgi Kvirikashvili's statement: "We have 16% growth in export in the first five months. The export of local, especially agricultural, products is growing," is TRUE.

TRUE



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