

FactCheck



Irakli Gharibashvili:



Prime Minister of Georgia

“The demand on Georgia’s ports has increased... Container transportation has increased significantly in recent years.”

Lasha SENASHVILI
FactCheck

On 29 November 2014, Prime Minister of Georgia, Irakli Gharibashvili, gave a speech at the International Investment Forum and introduced Georgia’s economic potential to the delegates. He noted Georgia’s transport potential as well and highlighted that the demand on Georgia’s ports has significantly increased. More precisely, container transportation increased by 18% in the first eight months of 2014 as compared to the same period of the last year.

FactCheck took interest in the accuracy of Mr Gharibashvili’s statement and verified it.

The website of the Ministry of Economy and Sustainable Development pictures the statistical data of the revenue received from transportation in 2010-2014.

As the statistical data show, the number of the containers processed at Georgia’s seaports has been increasing since 2010. In the first ten months of 2011, 32% more containers were processed as compared to 2010. In the first ten months of 2012, 20% more containers were processed as compared to the previous year. The number of containers processed increased in 2013 as well, although the increase rate decreased and

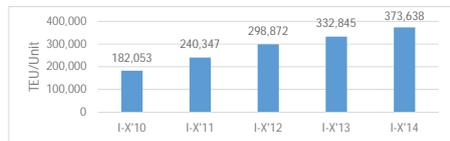
amounted to a modest 11%. In 2014, there was an 11% increase as well. The number of containers processed at Georgian seaports has been increasing since 2011; nevertheless, the increase rate went down.

The website of the Ministry of Economy and Sustainable Development shows the number of processed cargo and transported passengers.

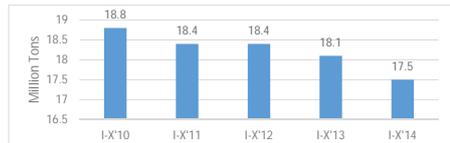
The amount of cargo transported at seaports and terminals in the first ten months of 2014 decreased by 5% as

compared to the same period of the last year. It is noteworthy that the gross number of processed cargo has been decreasing from 2010. The trend did not change in 2014 as well. As for the number of passengers transported, it increased by 3% as compared to the last year. Even though the number of containers processed at seaports has increased, the total number of cargo transported by Georgia’s transport sector has been decreasing since 2012 (Graph 4).

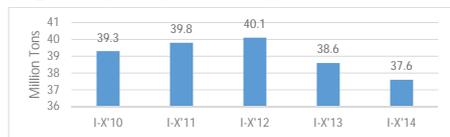
Graph 1: Containers Processed at Seaports (Gross)



Graph 2: Processed Cargo and Transported Passengers (Gross)



Graph 4: Cargo Transported by Transport Sector (Gross)



CONCLUSION

Mr Gharibashvili is correct whilst speaking about the increase in the number of containers processed at Georgia’s seaports. Nevertheless, the rate of processing the containers increased by 11% in the first ten months of 2014 as compared to the same period of the last year and not by 18% as the Prime Minister noted. Moreover, the increase rate of processing the containers has decreased as well.

It is noteworthy that the total number of cargo transported in the period of 2010-2012 was increasing, although the number has been shrinking for the last two years. The number decreased by 4% in 2013 and by nearly 3% in the first ten months of 2014 as compared to the same period of the last year.

FactCheck concludes that Mr Gharibashvili’s statement is **HALF TRUE**.

HALF TRUE



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america:

Americans’ Economic Outlooks Have Improved at the National, Regional, and Household Levels



The FINANCIAL

The economy can be a tough thing to gauge. Soothsayers of all sorts report on short and long term outlooks, but an important thing to note is that the economy doesn’t exist in a vacuum. While many factors play into its ebb and flow, what people actually expect of it can become something of a self-fulfilling prophecy, impacting spending and saving trends which can in turn have impacts on the economy as a whole. According to a recent Harris Poll, increasing percentages of Americans are reporting positive economic sentiments in regards to their household, their region, and the nation as a whole.

Last month, a third (32%) of U.S. adults expect the economy to improve in the coming year, while 47% expect that it will remain the same and roughly two in ten (21%) expect it to get worse. Expectations that it will improve have grown since last month (when 28% were expecting improvement), as well as in comparison to January of 2014 (when 26% indicated the same).

Men (35%) are more likely than women (29%) to expect the economy to improve in the next year.

Nearly half of Democrats (48%) expect to see improvement in the economy, with three in ten Independents (30%) and only 15% of Republicans indicating the same.

ON THE HOME FRONT

Turning a whole lot closer to home, while a slim majority of Americans (53%) say they expect their household’s financial condition to remain the same in the next six months, an increasing percentage (27%, up from 22% last month and 23% at the same time last year) expect it to be better. Roughly two in ten (21%, equal to last month but down considerably from January of 2014) say that it will be worse, according to a recent Harris Poll.

REGIONAL JOB MARKET

Looking at the job market in one’s own region, the per-

ception that it’s good (30%) is on the rise in comparison to both the 26% rating it “good” in August (the last time the question was asked) and the 21% indicating the same in January of last year. It’s worth noting that the 38% of Americans rating the job market in their region as “bad” still outpaces those with positive sentiments, though equally worthy of mention is the fact that this percentage is down somewhat from last August (when 41% gave it a “bad” rating) and considerably from a year ago (when 48% indicated the same). Roughly a third of U.S. adults (32%) currently rate the present job market in their region neither good nor bad, according to a recent Harris Poll.

Looking ahead, 27% of Americans (identical to last August but up somewhat from last January’s 24%) believe the job market in their region will get better within the next six months, while 17% (down from 20% last August and 23% last January) believe it will be worse. The majority of U.S. adults (56%) believe that the job market in their region will remain the same.



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

europe

Potential Net Migration Shows Aging Countries Attract Young

The FINANCIAL -- If everyone around the world who wanted to move actually moved where they wanted, many developed countries where workers are aging faster than they are being born would see an influx of people, and this could help fill their shrinking labor pool. Gallup's Potential Net Migration Index suggests the resulting migration would inject much-needed youth into the workforces in many of these countries, but not all.

DEVELOPED COUNTRIES WITH FAST-AGING POPULATIONS

These results are based on Gallup surveys of the migration desires of nearly 520,000 adults in 154 countries between 2010 and 2012. Gallup created three indexes -- the Potential Net Migration Index, Potential Net Brain Gain Index and Potential Net Youth Migration Index -- to gauge the likely changes to the population if people who say they would like to migrate permanently actually move where they want. The higher the index score, the larger the potential net population gain. Negative scores indicate net population loss.

The Potential Net Migration Index measures the total potential net change to the adult population by subtracting those who would like to move out of a country from those who would like to move into a country. The Potential Net Brain Gain Index is calculated with a similar approach and measures the potential net change to the adult population with four or more years of education after high school or the equivalent of a bachelor's degree or higher. The Potential Net Youth Migration Index measures the net change to the 15- to 29-year-old population.

While the U.S. working age population has a large number of aging baby boomers, the populations in a host of other developed countries -- including the United Kingdom, France, Italy, Germany, Spain, Japan and Canada -- are aging faster, and their fertility rates are down. Past migration levels in several of these countries -- many of which are top desired destination countries for migrants -- so far have been enough to stem population decline overall and in the working age population. But without migration or another baby boom, in coming decades, all

of these countries might need to raise their retirement ages well past where they are now, meaning employees could be working well into their mid- to late-70s.

TOP DESIRED DESTINATIONS WITH AGING POPULATIONS AND POSITIVE PNMI

PNMI scores in top desired destination countries such as the U.S., the United Kingdom, Canada, France and Germany are all in positive territory, which means that more adults would like to come to those countries than leave them. But while each of these populations hypothetically would see their youth populations bloom, based on their Potential Net Youth Migration Index scores, they would not see a similarly large influx of educated workers, based on their Potential Net Brain Gain Index scores.

AGING DESIRED DESTINATION COUNTRIES WITH POSITIVE PNMI

Based on their scores, Canada is more attractive to more educated potential migrants than the United States is. This may reflect Canada's appeal to these groups with its programs for new migrants that focus on language and job training. But this is consistent with earlier Gallup research that shows the U.S. appeals more to the youngest and least educated potential migrants, while those who choose Canada are, on average, slightly older and more educated. These differences may partly reflect the emphasis each country's immigration policy places on different categories of migrants.

JAPAN, POLAND AND UKRAINE HAVE AGING POPULATIONS AND NEGATIVE PNMI

Not all countries with aging workforces and dropping fertility rates are magnets for potential migrants. In Japan, for example, which is aging faster than any other country in the world, the PNMI is -10% -- which means its population would actually shrink if all potential migrants moved where they wanted. The country

could potentially see a slight boost to its youth population of 3%, but those with more education are more likely to want to leave Japan than come to it (-20%).

COUNTRIES WITH AGING POPULATIONS AND NEGATIVE PNMI

Although Japan would seemingly be an attractive destination for migrants as the world's third-largest economy, the country's negative PNMI likely reflects its status as a relatively homogenous society with tight immigration controls. Japan is likely to consider immigration as a last resort to help stabilize its population, but even if it wanted to pursue that route, its PNMI score suggests it would have some work to do to change perceptions.

BOTTOM LINE

International migration can possibly help ease the woes of countries faced with an aging and shrinking workforce and declining fertility rates. While Gallup's PNMI does not predict migration patterns, it does provide useful information about who these countries are attracting around the world and the areas where they need to work to ensure they retain the talent already at home.

SURVEY METHODS

Results are based on telephone and face-to-face interviews with 519,108 adults, aged 15 and older, in 154 countries from 2010 to 2012. The 154 countries surveyed are home to more than 98% of the world's population. In Gulf Cooperation Council countries, only Arab nationals and Arab expatriates were surveyed. PNMI scores for countries where non-Arab expats make up more than 50% of the adult population are not reported: United Arab Emirates, Bahrain and Qatar. Index scores are not reported for countries where total sample sizes are 500 or lower because of the volatility in the index as measured by the margin of error: Jamaica, Northern Cyprus, Suriname and Trinidad and Tobago.

For most countries, aggregated sample sizes (across multiple years of surveys) range between 3,000 and 6,000 interviews. A total of 19,598 interviews were conducted in India, 8,018 in China and 9,000 in Russia.

by Julie Ray, Gallup



Giorgi Kvirikashvili:



Minister of Economy and Sustainable Development of Georgia

“The ongoing developments in Ukraine and Russia stimulate export from these countries to Georgia more than from Georgia to these countries.”

Teona ABSANDZE
FactCheck

On 6 December 2014, *commerçant.ge* published an interview with Minister of Economy and Sustainable Development of Georgia, Giorgi Kvirikashvili. The Minister identified the worsening of the trade balance to be the main reason for the decrease in the volume of USD and the devaluation of GEL. He explained that export from Georgia increased by 8% whilst import increased by 11% which means that more USD has left the country than has entered. The Minister links the decrease in the export growth rate with the ongoing developments in Ukraine and Russia. “The ongoing developments in Ukraine and Russia stimulate export from these countries to Georgia more than from Georgia to these countries,” said Mr Kvirikashvili.

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

RUB (Russian rouble) and UAH (Ukrainian hryvnia) have devaluated significantly. Theoretically, when the currency of a trade partner devaluates, Georgia's export to the particular partner country becomes expensive and the import there from becomes less expensive. Therefore, the devaluations of the national

currencies in Ukraine and Russia hinder the increase in Georgian export to these countries and increase import to Georgia. We verified the extent to which the decrease in Georgia's export growth and the worsening of the country's trade balance correlate with the ongoing developments in Ukraine and Russia.

The devaluation of GEL began in the second half of November 2014 and reached a maximum of 1.95 (with respect to USD) as of 6 December according to the data of the National Bank of Georgia. In this period, GEL devaluated with respect to USD by 0.20 after which the exchange rate began to stabilise to a certain extent. The devaluation of the GEL exchange rate was mainly due to the worsening of the country's trade balance. According to the data of National Statistics Office of Georgia, the merchandise export increased by 5% whereas import increased by 11% in the period January to October 2014. The lower growth rate of export, as compared to import, caused Georgia's trade balance to worsen. In total, within ten months, USD 4.6 billion more left the country than entered which ultimately led to the decrease in the volume of USD.

At this stage, GeoStat's preliminary data for November 2014 have already been calculated. According to these data, export has grown only by 0.5% in 11 months whilst

Georgia's trade balance worsened and comprised USD 5.1 billion.

Export to the Russian market increased significantly in 2013-2014. If the Russian market had been sharing only 2% of the gross export previously, nowadays it accounts for nearly 10% of the gross export and represents one of the biggest export countries for Georgia. This year, export to Russia increased by USD 103 million. The 5% growth recorded in the first ten months of 2014 was mainly due to the increase of export to Russia. Excluding export to the Russian market, the ten-month export data of 2014 would have grown only by 0.7% whereas the decline recorded in August-October would have been higher without the Russian market.

It is noteworthy that in parallel with the growth in export to Russia, the ten-month import data decreased by USD 19 million. Therefore, Georgia's trade balance with Russia improved by USD 122 million.

As for the Ukrainian market, the export in the first ten months of 2014 decreased by nearly USD 19 million whilst import decreased by USD 61 million. However, Georgia's trade balance with Ukraine improved by USD 42 million.

As we can see, the worsening of the country's ten-month trade balance does not correlate with Ukraine or with Russia.

CONCLUSION

The devaluation of GEL was due to the decrease in the volume of USD that was in turn caused by the worsening of Georgia's trade balance. According to GeoStat's ten-month data of 2014, Georgia's trade balance worsened by USD 4.6 billion in ten months. According to the ten-month data, Georgia's export to Russia increased by USD 103 million whilst import decreased by USD 19 million. Therefore, Georgia's trade balance with Russia improved by USD 122 million. As for the Ukrainian market, in the first ten months of 2014, export decreased by nearly USD 19 million whilst import decreased by USD 61 million. Therefore, Georgia's trade balance with Ukraine has not worsened but, on the contrary, improved by USD 42 million. FactCheck concludes that Mr Kvirikashvili's statement is FALSE.



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