



# FINANCIAL™



## Leisure time is less of a priority for Georgians

ANI LORTKIPANIDZE, GORBI

See on p. 8

## Federally Insured Banks Largely Off-Limits to Cannabis Business

See on p. 11



10 June, 2019

News Making Money

<http://www.finchannel.com>

## Exports From International Tourism Hit USD 1.7 Trillion

The FINANCIAL

Exports generated by international tourism reached USD 1.7 trillion in 2018, a 4% increase in real terms over the previous year, a new report from the World Tourism Organization (UNWTO) shows. For the seventh year in a row, tourism exports grew faster than merchandise exports (+3%), reflecting solid demand for international travel in a generally robust economic environment.

Continued on p. 20

## CURRENCIES

	June 8	June 1
1 USD	2.7344 ▲	2.7870
1 EUR	3.0803 ▲	3.1078
100 RUB	4.2031 ▲	4.2553
1 TRY	0.4685 ▲	0.4749

## Foreign direct investment into Europe drop for the first time in six years

The FINANCIAL

Foreign direct investment (FDI) projects into Europe dropped 4% (to 6,356 projects) over the year according to the EY European Attractiveness survey. Despite the decline in FDI into Europe for the first time in six years, the level of investment remains the second-highest since EY

began compiling this data in 2000. However, investor sentiment is gloomy, with only 37% of surveyed businesses foreseeing an improvement in Europe's attractiveness in the next three years, down from 50% last year.

The technology sector, however, is bucking this downward trend, as the number of FDI projects surge to a record high of 1,227 in 2018 (up 5% year-on-year). Growth

was mainly driven by US businesses, which accounted for 37% of the digital FDI projects in Europe last year. FDI was also strong in Europe's traditional industrial sectors: the combined number of FDI projects in the transport, machinery and chemicals industries increased 4% to 1,729 projects in 2018.

Continued on p. 10

## May 2019: Georgian Consumer Confidence: It's all Positive

A nationally representative sample of 358 Georgians, interviewed in early May 2019, revealed that the Consumer Confidence Index (CCI) improved by 4.3 index points, from -20.8 in April to -16.5 in May. A similar pattern was observed in both sub-indices from May:

the Present Situation Index rose by 3.8 index points (from -23.3 to -19.5) and the Expectations Index by 4.8 index points (from -18.4 to -13.6). Table 1, displayed below, highlights which questions in particular show improvement in Georgian consumer confidence for May: expected unemployment, current abil-

ity to save and to make major purchases, expected inflation, etc. Looking at the bigger picture, however, one can see that the slight uptick in the CCI is a continuation of a stable trend that began around two years ago, in May 2017.

Continued on p. 2

## A Positive Experience

Interview with Hubert Knirsch, Ambassador of Germany to Georgia

By EVA BOLKVADZE

**Q. What was your very first impression of Georgia?**

A. My very first impression was the conviviality of Georgia – its wonderful food and culture of dining. I was here for a conference and we were invited by the Foreign Minister to a mountaintop restaurant and it was just overwhelming to see the table laid out with Georgian appetizers, it was a fantastic

evening. That was my very first impression, when I was still working in the Moscow Embassy.

**Q. What surprised you the most about Georgia?**

A. Actually, two things have been surprising, and even better than I could have imagined. One is Georgians' great taste for beautiful things and works of art. This you see not only in the capital, but also in the smaller towns.

Continued on p. 8

## Flying Cars Becoming Reality

Majority of customers believe these vehicles "will not be safe"

The FINANCIAL

A new class of vehicle is emerging that could turn dreams of "flying cars" into reality. Electric or hybrid-electric

vertical takeoff and landing vehicles—known as "eVTOLs"—have the potential to revolutionize the future of human and cargo mobility, Deloitte Global report concludes.

There has been progress in the development of eVTOLs, but several barriers still stand in the way of widespread deployment. It will be an ongoing challenge to manage.

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## Rugby Card







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10 June, 2019

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## CURRENT PRICES ON GASOLINE AND DIESEL

10 JUNE, 2019, GEORGIA



#### Prices in GEL

G-Force Super 2.59  
G-Force Premium 2.46  
G-Force Euro Regular 2.41  
Euro Regular 2.35  
G-Force Euro Diesel 2.59  
Euro Diesel 2.53  
CNG 1.45



#### Prices in GEL

Eko Super 2.64  
Eko Premium 2.54  
Eko Diesel 2.64  
Euro Regular 2.59  
Euro Regular 2.44  
Diesel Energy 2.50



#### Prices in GEL

Super Ecto 100 2.64  
Super Ecto 2.54  
Premium Avangard Ecto 2.44  
Euro Regular 2.34  
Euro Deasel Ecto 2.56



#### Prices in GEL

Nano Super 2.58  
Nano Premium 2.48  
Nano Euro Regular 2.38  
Nano Diesel 2.47  
Nano Euro Diesel 2.54  
GNG 1.45



#### Prices in GEL

Efix Euro 98 2.64  
Efix Euro Premium 2.57  
Euro Regular 2.49  
Efix Euro Diesel 2.59  
Euro Diesel 2.53



# ISSET ECONOMIC INDICATORS

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CONSUMER CONFIDENCE INDEX

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## MAY 2019: GEORGIAN CONSUMER CONFIDENCE: IT'S ALL POSITIVE

**A**nationally representative sample of 358 Georgians, interviewed in early May 2019, revealed that the Consumer Confidence Index (CCI) improved by 4.3 index points, from -20.8 in April to -16.5 in May. A similar pattern was observed in both sub-indices from May: the Present Situation Index rose by 3.8 index points (from -23.3 to -19.5) and the Expectations Index by 4.8 index points (from -18.4 to -13.6). Table 1, displayed below, highlights which questions in particular show improvement in Georgian consumer confidence for May: expected unemployment, current ability to save and to make major purchases, expected inflation, etc. Looking at the bigger picture, however, one can see that the slight uptick in the CCI is a continuation of a stable trend that began around two years ago, in May 2017. Observing the Overall CCI, one can notice that the index seems to have reached a level of local equilibrium. Judging from past CCI analyses, upward and downward swings in the index were driven mostly by political events, such as parliamentary elections, and by important external events, such as a regional currency crisis. Thus, given that the country's political and economic life may have reached a form of equilibrium, the current stability in consumers' sentiment is justified.

May turned out to be a positive month for both groups of the "young" (younger than 35) and the "old" (older than 35). Yet, as the graph above identifies, the Overall CCI progressed at different degrees for each group: the Overall CCI improved by 0.9 and 5.0 index points, respectively for the young (from -10.8 to 9.9) and the old (from -25.5 to -20.5). A similar pattern was observed in one of the sub-indices: the Expectations Index increased by 2.8 and 5.0 index points, respectively for groups of the young (from -11 to -8.2) and the old (from -21.8 to -16.8). While the Present Situation Index experienced a slight decline, of 0.9 index points, for the young (from -10.7 to -11.6) and improved for the old, by 4.9 index points (from -29.1 to -24.2). Table 2, displayed below, elucidates which questions in particular drove the ups and downs in expectations and in present views.

Unlike the previous groups of young and old, the groupings of "higher education" and "the rest" both experienced improvements in the sub-indices, thus resulting in increased Overall CCI in May. The Overall CCI rose by 4.6 and 3.2 index points for highly educated Georgian consumers (from -17.3 to -12.9) and the rest (from -27.9 to -24.7), respectively. Similarly, the Present Situation and Expectation Indi-

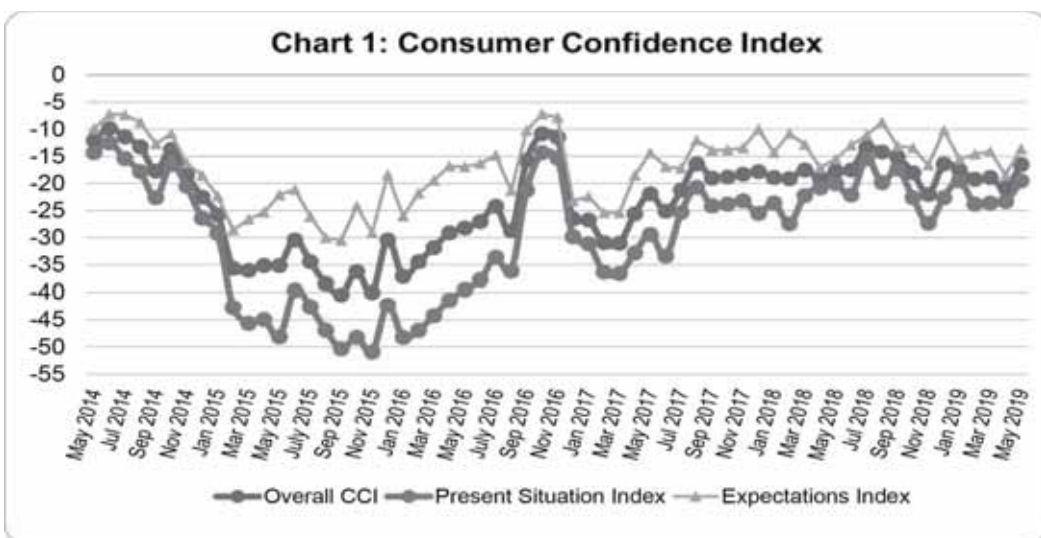


Table 1: Changes in Consumer Confidence (in Index Points), by Questions: May 2019

Expected level of unemployment in Georgia, over the next 12 months	14.0
Your current ability to save?	9.1
Is now the right time for people to make major purchases in Georgia?	8.4
Do you expect prices to increase more rapidly, over the next 12 months?	6.1
Your ability to save, over the next 12 months	5.6
How much did consumer prices rise, over the past 12 months?	5.6
Compared to the past, do you expect to increase spending on major purchases, over the next 12 months?	2.4
The general economic situation, over the next 12 months	1.9
How did the general economic situation change in Georgia, over the past 12 months?	1.5
How will your financial situation change, over the next 12 months?	-0.8
Is now the right time for people to save in Georgia?	-0.9
Your financial situation, over the past 12 months	-1.0



Table 2: Change in Consumer Confidence (in Index Points), by Questions and by Groups: May 2019

	Young	Old
The expected level of unemployment in Georgia, over the next 12 months	14.2	12.8
Your current ability to save?	5.4	9.6
The general economic situation, over the next 12 months	5.3	-0.4
Is now the right time for people to make major purchases in Georgia?	4.4	8.4
Your ability to save, over the next 12 months	1.7	5.6
Compared to the past, do you expect to increase spending on major purchases, over the next 12 months?	1.0	1.8
Your financial situation, over the past 12 months	-0.5	-2.1
How did the general economic situation change in Georgia, over the past 12 months?	-2.4	2.5
Do you expect prices to increase more rapidly, over the next 12 months?	-2.4	10.6
How will your financial situation change, over the next 12 months?	-3.1	-0.1
How much did consumer prices rise, over the past 12 months?	-3.5	9.3
Is now the right time for people to save in Georgia?	-8.9	1.5

Continued on p. 12



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# TBC Bank Group PLC Hosts Capital Market Day in London



On 6 June, TBC Bank Group PLC hosted an investors day in London. The event took place at the Stock Exchange offices and was attended by investors, analysts and financial sector reps from 120 countries.

At the event, the representatives of TBC Bank's top management informed investors in detail of the technological achievements of TBC Group, its goals, as well as plans for future development. Aspects of the Uzbekistani and Azerbaijani markets, being a part of the strategy of TBC Group, were also covered.

The Capital Markets Day continued for several hours. The TBC Management members gave presentations to the audience on the following topics: business strategy; financial outcomes; SPACE – a totally digitalized bank; macro economic overview; risk management; retail, corporate and investment banking services; micro, small and medium-sized business; TBC Insurance; novelties on the markets of Uzbekistan and Azerbaijan; agile structure, and more.

The event continued in a Q&A format, enabling investors to obtain thorough responses to their questions, straight from the heads of the

specific directions in question.

"The Capital Markets Day is a unique opportunity for the Bank on the one hand, and for investors on the other, to meet each other and exchange information. Holding events of this type is an approved method worldwide. Such communications with investors once a year is vital in order to attract more investments," stated Giorgi Shagidze, Deputy CEO and Chief Financial Officer of TBC Bank.

It is the 5<sup>th</sup> time this year that TBC Bank Group PLC has hosted a Capital Markets Day in London.

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## interview

## Ready to travel?

## Interview with Sulkhan Ghlonti, Chairman of the Department of Tourism and Resorts of Adjara

By EVA BOLKVADZE

**Q. According to the statistical data of the current year, what countries do visitors mainly originate from and what are their numbers?**

A. Taking into consideration the trends of recent years, the tourist season in Adjara has been extended and now begins in the month of April when the region starts to be visited by guests from different countries. In addition to neighbouring countries (from which the largest number of travellers come), positive trends are being maintained from European countries such as Germany (+21%); Poland (+32%); Estonia (+150%); Latvia (+30%); and Great Britain (+20%). The main goal of our advertising strategy is to attract as many European tourists as possible. The active advertising campaigns that we are promoting since 2017 on the BBC, Euronews, Deutsche Welle, and Germany's internal rated TV channels RTL, N-TV, are related to that strategy.

**Q. What about tourism infrastructure? What types of infrastructural projects are planned for Adjara?**

A. Tourist infrastructure is constantly evolving in Adjara. New tourist attractions are added annually to the region and new tourist routes in the mountainous part of Adjara. Batumi Boulevard and the Botanical Garden meet the tourist season with renewed infrastructure, and Mtirala National Park as well, where the new tourist attraction 'Rope Park' has just opened. The road to the National Park has been fully rehabilitated. As for the Batumi Boulevard, the adaptation of beach infrastructure is in the process for people with disabilities. In the Botanical Garden this year, a Japanese maple tree part and educational square will be added.

Tourism routes and products are under development in mountainous Adjara, where tourists are being offered new directions each year. Overall, up to 15 tourist routes in all the municipalities of Adjara were marked with a 124% increase in the number of tourists last year.

Tourist infrastructure is actively developed in the mountain ski resort 'Goderdzi' with 19 ongoing investment projects worth GEL 150 million. The resort has a very large prospect for attracting tourists from around the world at any time of the year.

This year, we have the novelty of bird-watching tourism infrastructure. In the village of Sakhalvasho, which hosts ecotourists and bird-watchers from 25 countries around the world during August-October, an observation platform has been established. Tourism infrastructure is also planned for the Chvana Gorge and the Chirukh-Goderdzi tourist route, where the tourism development concept is on the move.

We have made the largest (half billion) investments in Kobuleti, where it is planned to build a green city over 180 hectares with a golf stadium; soccer stadiums; tennis courts; various-sized swimming pools; recreational zones; bicycle, treadmill, and leisure zones; and playgrounds. Also, there will be a 250-room high class hotel; one of the largest spa centers in Europe; a variety of catering facilities; conference rooms; apartments; and villas. The project also envisages the building of a shopping center, parking



area for 500 cars, and a helicopter landing strip.

Construction of Batumi's football stadium is also in the phase of completion, which will contribute to the development of sports tourism in the region.

**Q. Is the entrance of any big brand planned for Batumi?**

A. Hotel infrastructure in Adjara is tailored to all tastes and categories of tourists. At this stage 390 sites for the region and 23,143 beds are registered. As you know, we have 6 international brands in the region, one of which is the Best Western Premier, which officially opened this year. As for new brands, the region will soon be reached by the Courtyard by Marriott, Le Meridien, and Ramada Resorts, which will naturally be adding additional beds and prestige to the region.

**Q. Different cultural events are planned annually for Batumi's tourism development. In what way do such activities increase tourist footfall?**

A. Such types of events are an additional motivation and means of having fun for our guests who know in advance that during their stay here, except for traveling they can enjoy interesting entertainment and cultural events to get the best possible positive emotions and impressions. Travellers are always searching for information about what they can do while traveling to a desired destination. Being able to get complex tourist services, marine-mountain tourism products, and cultural-entertainment events, will increase their likelihood of traveling to Adjara.

**Q. How is the safety of tourists in Batumi ensured, and what are the measures taken to guarantee security control?**

A. Adjara Patrol Police and Emergency Management Divisions work in coordination and will start intensive from 1 June on special mode. More than 200 seasonal rescuers will be responsible for ensuring the safety of tourists on the coastline. Emergency medical service crews will also be mobilized. Several preparatory meetings were held in the Adjara Government with members of the Coordinating Council, the main purpose of which is to protect the safety of tourists and locals in the region and prepare for the summer season. So all guests security will be maximally protected in Adjara.

**Q. What are your expectations about the coming summer tourist season?**

A. We expect that we will have an active and successful summer tourist season in Adjara. We are looking for tourists from different countries, but especially from our target countries where we are actively running advertising campaign. For the first time this year we will have direct and charter flights from European countries: Estonia, Latvia, Poland and Azerbaijan. This year will be distinguished by large-scale concerts in the Black Sea Arena, where mega stars and groups will be performing. The success of the season is indicated by the number of reservations made in high-class hotels, ranging from 80% to 100%. As for the summer season, it started unofficially from April, but will officially take start on 15 June with the 'Summer Festival'. Last summer alone, 760,000 international travellers visited the region and this year we expect this to increase by a minimum of 3%.

**Q. How do you attract tourists to the region when there is such competition on the tourism market? Essentially, why**

**should a tourist visit Adjara?**

A. All of this requires a long, promotional advertising strategy that will effectively influence the decision-making process. It is due to the merit of our strategy and complex advertising that recognition of our country and region is increasing in our target countries. Our potential visitors are being informed about our region by TV channels such as the BBC, Euronews, CNN, Deutsche Welle, online advertising on social networks and media platforms. Also, they see the same advertisements when moving in the streets of the city they live in, on municipal transport, or in tourist agencies where they are offered our tourism packages. All of these advertising activities that have been jointly held over the years are affecting people, and they are choosing to travel to our country and region as a result.

As for the competition, we have what many countries can not offer to tourists. We have sea, mountain, hospitality, culture, traditions and delicious cuisine. As our research shows, tourists like a combination of all of this, and that is why they choose to travel with their friends and family to our country.

**Q. What are the prospects of the mountains of Adjara? What activities are being undertaken for the development and popularization of Adjara's mountainous region?**

A. All the projects that we are implementing in the mountains of Adjara are very important, and the goal is to turn Adjara into a tourist destination for all four seasons. According to our polls, authentic environment and culture attracts foreign tourists while traveling in the region. Last year, we had a 124% increase in traffic to mountainous Adjara, and

in total, 250,000 tourists traveled our tourist routes.

Tourists interested in traveling to mountainous Adjara are offered interesting eco-tourism and adventure tours. Tourist route marks are completed in the Khulo municipality where travellers can cross 3-day circuits without having to travel by main road. These include:

The Chikhuri-Khikhani-Goderdzi circular route;

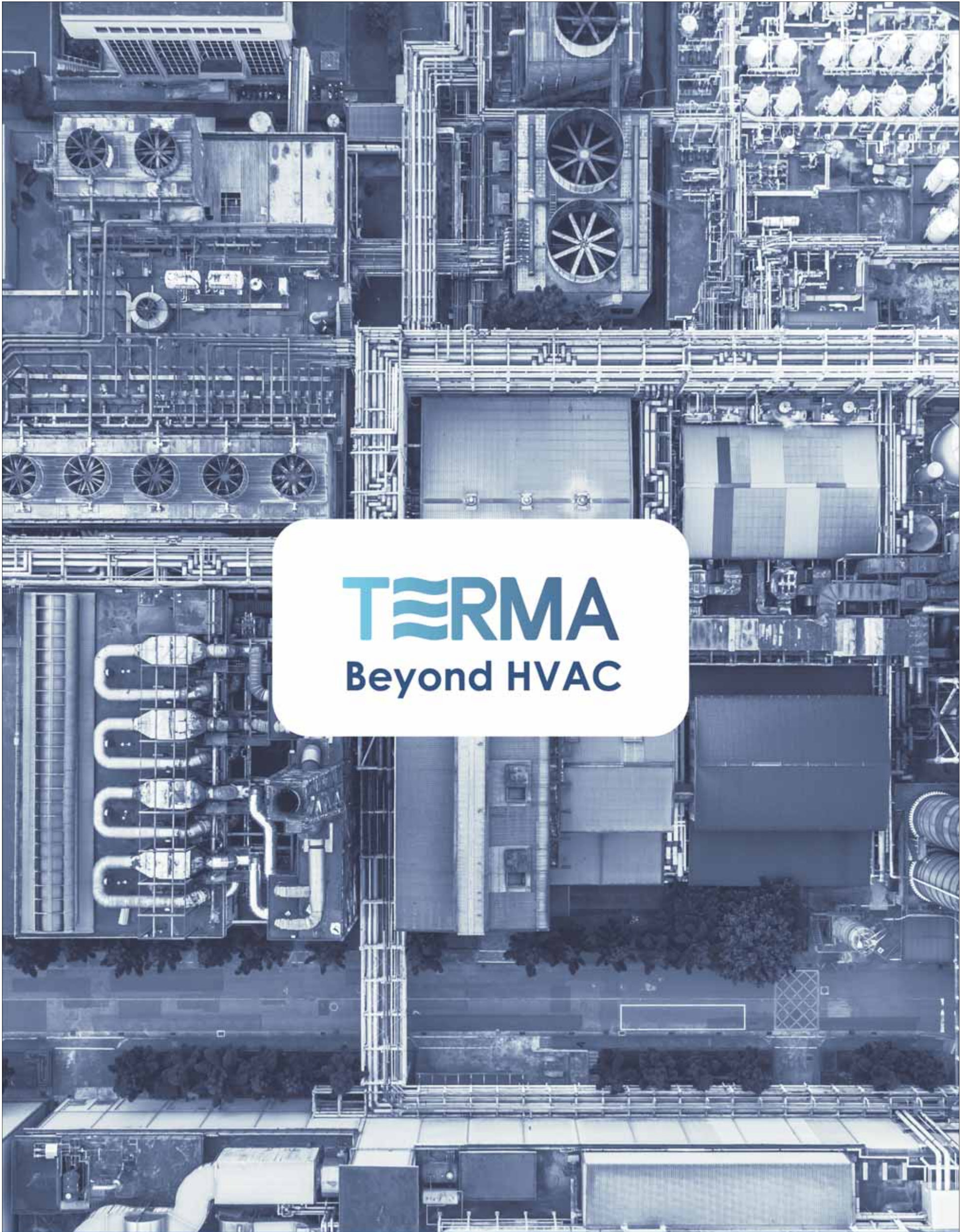
The Khulo-Tago-Skhalta pedestrian route.

Tourists willing to travel to mountainous Adjara will be offered tours by guides trained by the Adjara Tourism Department in the past two years. This is a novelty in terms of improvement of service in the region. It is especially related to the resort Goderdzi, where English language courses have been held for two years already for the owners of guest houses and catering facilities. At this stage the third phase of English language is underway at the resort. At the same time, practical trainings have been conducted for cooks at Khulo and Goderdzi tourist attractions.

In terms of mountainous Adjara, its popularization is in an active stage of the process in our target countries, as well as within the country too. Consequently, the approach is changing gradually. Now guides have the possibility to take guests to the resort Goderdzi, Machakhela Gorge, Merisi Gorge and other new tourist routes. In turn, the Adjara Tourism Department together with the tourism products are working to create new tourism products for each municipality as we try to promote the authentic, unique culture and nature of mountainous Adjara.

Interview first published in GLOSSY magazine





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## financial news

# Irnero's Innovative Solution for Contaminated Air in Public Places and Transport



LUKA PACHKORIA, the Managing Director of Irnero

By GELA MEGENEISHVILI

**T**hrough intense rebranding the respected, innovative company Wintekpro re-launched as Irnero earlier this year. Originally founded in March 2018, Wintekpro established itself as a brand far superior to that of a mere window-cleaning company. The tremendous work put in by the research and development (R&D) team resulted in the company patenting world record-holding technology in efficiency. Maintaining its rapid rate of innovation, since then Irnero has developed and patented a large-scale water cleaning, air-refreshing 'Ozonator', and solar-panel-cleaning technologies, thereby establishing its name as an environmentally friendly brand. The FINANCIAL interviewed Luka Pachkoria, the Managing Director of Irnero, who elaborated on the fundamental aspects of the company's development.

**Q. Tell us about your product range, and how would you evaluate the market?**

A. The emergence of environment-friendliness as a relevant matter paved the way for us to target the global market. The world's desperate demand for non-toxic technology that fights harmful bacteria, viruses and fungi is what determined our development of ozone-based cleaning systems.

The debuted window, created and patented by our R&D team, has been equipped with inner and outer air contamination detectors and self-cleaning panels that are conveniently controlled by the customer via mobile application.

In a nutshell, with the Ozonator integrated through the ventilation systems of the window, its smart systems automatically detect air contamination and start the emission of ozone, meanwhile through the application customers have the ability to activate a convenient self-cleaning window regime.

In a world where air quality is becoming more and more questionable, such a feature shows tremendous potential for growth.

However, our aim to establish a name for ourselves far superior to that of a mere one-hit-wonder pushed us to our limits in efforts to develop solar panel cleaners.

A contaminated surface on solar panels is estimated to reduce efficiency by 25-35%. The figures are so significant that most of the time owners are left with no choice but to pay additional cleaning expenses.

Our self-cleaning systems installed on panels provide effectiveness and exponentially reduce long-term expenses.

And finally, there are the water Ozonators that simply guarantee the purest of waters, refreshed by oxygen.

Ozone holds the title of being the most efficient substance in fighting bacteria, fungi, and other harmful microorganisms. Finding the most efficient way to emit ozone is down to our technological know-how.

**Q. How cost-effective are your window-cleaners?**

A. With customer satisfaction being a core value of ours, long-term cost-effectiveness has been established as an unrivalled trait of Irnero's.

Considering the popularity of tall city buildings, it's easy to imagine the expense of cleaning infrastructures that large. What's more, the task is so extreme that most such cleaning jobs are undertaken by those who have experience in rock climbing.

Running the figures is convincing enough to persuade customers to invest a little extra in Irnero's self-cleaning systems to guarantee effectiveness in the long run.

**Q. How can your product contribute to the wellbeing of society?**

A. We strongly believe that our society deserves to breathe only the freshest of air.

Imagine hot summer days, when travelling on overcrowded public transport seems unbearable. Not only does our window Ozonator guarantee a fresh flow of air, but it also fully extinguishes harmful substances and unpleasant smells as well. The application for the device varies widely from buses to trains.

Now imagine chilly winter days, when the constant threat of flu ter-

rorises parents and hinders the educational process. From schools to daycares, 100% effectiveness against viruses and bacteria will solve such problems with ease.

Public establishments could also implement water cleaning systems, which by eradicating contaminated water would reduce the risk of flu even further.

We believe we hold a valuable solution to one of the most notorious problems of all time.

**Q. How would you describe the R&D team of Irnero?**

A. Having collaborated with dozens of scientists, the management team respected the importance of the unification of different specialists with a primary vision.

Irnero has established a high-profile team that has gathered scientists from various fields. The R&D team aims to invent useful, environmentally-friendly products that have industrial potential.

**Q. Are there any safety issues concerning the Ozonator?**

The device poses absolutely no danger to users. We are proud to state that each and every device is up to European standards.

The smart systems strictly regulate the emission of ozone molecules, so the device is always aware of what percentage of molecules should be maintained within the volume of any given room.

With environment-friendliness emerging as a clear trend of the 21<sup>st</sup> century, Irnero shows serious growth potential. The innovations being offered by the company promise a refreshed public environment and long-term cost effectiveness

## AmCham Georgia has Criticized New Tax Rule

**A**mCham Georgia has sent letter to Minister of Finance Machavariani requesting suspension of recent changes in tax law, that requires all companies to pay tax within 5 days of import, rather than the 30 days that many companies are currently allowed. AmCham said this change can only hurt foreign investment inflow and the creation of new jobs. Read full text:

On the 3rd June, 2019 the Ministry of Finance published a change to the procedures for payment of taxes on import that requires all companies to pay within 5 days of import, rather than the 30 days that many companies are currently allowed. This change has been brought-in with no consultation or notice and comes into effect for some of the companies next week. This change will have a huge impact on the cash flow of importing companies, many of whom were already struggling with recent large increases in Excise Duty. As a result, many companies will have to take on loans, increase prices or even lay-off staff.

We are also very concerned about what this says about the predictability of the Georgian business environment. We have already expressed concern many times about the way in which problems in Georgia's judiciary create uncertainty facing Georgian businesses. If the government is going to make changes to tax policy without consultation or proper notification, then that is a terrible signal to investors and will undoubtedly negatively impact the business environment and investor confidence more generally. This can only hurt foreign investment inflow and the creation of new jobs. We therefore, would request that this change is suspended to allow for appropriate discussion about the impact of such a change.

As always, we stand ready to meet and discuss these issues at your convenience.

Best regards  
Yours sincerely,

**R. Michael Cowgill**  
President  
American Chamber of  
Commerce in Georgia  
Zviad Chumburidze  
Secretary General EU-  
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## surveys & insights



# Leisure time is less of a priority for Georgians

ANI LORTKIPANIDZE, GORBI

Some of our most important priorities are in the personal parts of our lives. They're usually reflected in activities, events or relationships that we want to put sincere effort and time into. Setting up priorities correctly is often cited as the key to effective time management and success in life.

In this light, it is interesting to see what the priorities are for the individuals living in different European countries. The European Values Study (EVS), a large multinational survey research program that has been studying basic human values for almost 40 years, has asked several questions about priorities in life. GORBI has been part of the project since 2008 and is the data provider for Georgia and Azerbaijan for the most recent year.

As one would probably expect, family was mentioned as the biggest priority in life in all 16 countries surveyed, followed by friends. There is an important difference in the third most important aspect in life between Georgia and other European

Chart 1. Important in life (%)

Rank	Important in Life	Europe	Rank	Important in Life	Georgia
1	Family	99	1	Family	100
2	Friends	94	2	Friends	96
3	Work	91	3	Religion	95
4	Leisure	89	4	Work	92
5	Religion	53	5	Leisure	80
6	Politics	42	6	Politics	45

Source: European Value Study, 2017

countries surveyed by EVS. If for Europeans work is the most important aspect in life after Family and friends, for Georgians it is religion. On average, religion is important for 53% of respondents surveyed by EVS, while in Georgia it is important for 95% of population. This statistics puts Georgia first in the list of countries for whom religion is the most important aspect in life, compared to other European countries, such as the Czech Republic where religion is important for only 22% of the population. Therefore, I think it is safe to assume that the importance of religion is one of the most outstanding values that is different for Georgia

compared to other European countries. This probably should not be surprising if we remember the credo of Ilia Chavchavadze "Language, Homeland and Religion".

Another priority which is quite different for Georgians than for the rest of Europe is leisure time. If on average 89% of respondents surveyed by EVS mention leisure time as an important aspect in life, only 80% of Georgians mention it as important. This puts Georgia close to last in evaluating the importance of leisure time among the 16 surveyed countries. This finding should not come as surprise if we take into account the high unemployment rate

in Georgia, which is around 14%. Therefore, people do not care as much about leisure time as they are less employed, and if they are employed they value leisure time less, since they know that it is a luxury to have work, especially if it is satisfactory.

In Europe as well as in Georgia, politics ranks as the least important element in life. On average 42% of individuals in the surveyed countries report politics to be an important aspect in their lives. For Germans, politics is the most important among the surveyed countries, with 68% of population saying it is important, compared to for example Slovenia, where only 18% of population lists politics as an important aspect in life. In Georgia, 45% of respondents say that politics is important, which puts Georgia around the average of all 16 countries surveyed. This finding is even more interesting if we take into consideration the fact that according to a nationwide survey conducted by GORBI in November 2018, around 63% of the population doesn't think of themselves as sup-

porters of a particular political party.

It is significant that while nearly half of the population views politics as an important aspect of life, 63% do not support any political party. This suggests that there is a lot of room for a new political force to attract support or for an existing political party to realign its views towards a popular constituency. It is also interesting to take into account that in Georgia attitudes towards the importance of politics vary quite a lot by age. If 52% of individuals aged 50 and older in Georgia reported that politics is an important aspect in their life, only 34% of individuals aged 15-29 said the same.

*GORBI is an exclusive member of the Gallup International research network and has more than two decades of experience in survey research (gorbi.com)*



## interview

# A Positive Experience

## Interview with Hubert Knirsch, Ambassador of Germany to Georgia

By EVA BOLKVADZE

**Q. What was your very first impression of Georgia?**

A. My very first impression was the conviviality of Georgia – its wonderful food and culture of dining. I was here for a conference and we were invited by the Foreign Minister to a mountaintop restaurant and it was just overwhelming to see the table laid out with Georgian appetizers, it was a fantastic evening. That was my very first impression, when I was still working in the Moscow Embassy.

**Q. What surprised you the most about Georgia?**

A. Actually, two things have been surprising, and even better than I could have imagined. One is Georgians' great taste for beautiful things and works of art. This you see not only in the capital, but also in the smaller towns. When driving around the country as tourists we discovered many works of art even in some of the less prosperous communities. People here are focused on beauty. And indeed, it is important to have a basis of beauty in a city, to show some esthetic aspiration and then to realize it gradually by renovating older buildings and constructing new ones in keeping with the style of the place. I find this a very interesting way of setting priorities.

The other thing that struck me was the great interest in Germany and eagerness to cooperate and communicate with Germany. I had expected it to be good in the first place, but but I was really amazed to find this enthusiasm for working with Germany in so many different areas – in official circles, business circles, when meeting students as well as school pupils around the country. Just about everybody tells about their own experiences and ideas when we talk about Germany and about cooperation. This is really fantastic to see.

**Q. What is your favourite thing about living and working in Tbilisi?**



A. One of my favourite things is that right from the place where we live we can walk to many places in the old town. From our house here in Avlabari we walk down the stairs, cross the bridge and we are right in the centre of Tbilisi already. It is nice to be able to walk a lot, to see people, see city life and not just drive by in a limousine. I enjoy this close contact with the city.

**Q. What is the biggest challenge you have faced since becoming Ambassador?**

A. It's a huge challenge first to make time for all of the things I want to do, – there are so many interesting people I meet briefly and want to have longer conversations with. So the first challenge for me is to find the time. And the second challenge

is to remember people when I meet them later on. However, Georgians are very generous and patient with me and I'm very happy about that!

**Q. What has been the best moment of your career so far?**

A. Coming to Georgia was definitely a very good moment. We came through the Dariali Gorge from Russia and were met by a Georgian police officer right at the border and then a colleague from the Foreign Ministry and colleagues of our embassy. This was a memorable moment. On the other hand, if you were to ask though about the very best moment, it came much earlier. It was in 1989, 30 years ago. We had refugees from the German Democratic Republic in our embassy in Poland, and it was a very difficult situation. At some

point the East German government agreed and they were all allowed to go to West Germany through the eastern part. To see these people depart, all 800 of them finally boarding the train to go to the West, was a moment I will never forget.

**Q. How would you describe the relationship between Germany and Georgia?**

A. The German-Georgian relationship is very special. I'm often reminded of this by Georgians – that political partnership goes back to 1918, to a very difficult time, the last phase of World War I when Georgia became independent. And they also often remind me that this relationship was important once again when Georgia became independent for the second time and Germany came in

a san early supporter. On this basis, over the years we have built excellent cooperation in many fields. One thing to highlight is development cooperation with so many projects on water and electricity supply, public services and now, lately, vocational training. Another area is culture – just think of the fantastic presentation Georgia gave of itself as the guest of honour at the Frankfurt Book Fair last year. It really was an event that raised enthusiasm for Georgia, with its amazing history and culture, and I'm sure that, as a result, you will see still many more tourists coming to Georgia.

**Q. Why would you encourage German companies to do business in Georgia?**

A. I see that Germans who come to Georgia are very often so fascinated in the country that they want to start business here. Sometimes this holds true for big companies that invest in Georgia, but even more often for individual entrepreneurs who have experience for instance in the field of winemaking or agriculture. I hope that more German companies will come to Georgia. We would like to see more investments in the field of manufacturing – the real economy so to speak. The real strength of the German economy is less in real estate, finance, telecommunications, it is mostly in the productive industries, including services, and Georgia offers ample opportunities here.

**Q. What are the main policies you expect to see increasing Georgian competitiveness in the region?**

A. The Georgian government is preparing a strategy for exports. This is very important. Georgia as a country needs to do more to produce interesting products for the wider international market, including the EU market. We are working together with the EU to help the Georgian government to realize this export strategy. The apparel industry, pro-

Continued on p. 20





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## financial news

# DSQUARED2 WOOD Perfumes For Him and For Her at Ici Paris stores

The FINANCIAL

**W**here can you buy newest perfumes in Georgia? – of course at ICI PARIS perfumery stores. Latest scents offered by Ici Paris is Wood Pour Femme, the new fragrance for women by DSQUARED2 and Wood Pour Homme for men. As usual, Ici Paris organized amazing press lunch and invited media representatives to be the first to taste and smell these amazing scents.

“Dean and Dan Caten, twin brothers are a Canadian fashion designers. They are founders and owners of well known fashion house DSQUARED2. Dean and Dan create their collections in Italy. The first Dsquared2 fragrance dates back to the year 2007. The pair’s fragrance line is created in collaboration with very famous perfumers,” Khatia Shamugia Head of PR & Marketing department at Ici Paris says.

“Wood Pour Femme strong and sturdy scent is for very sensual woman, confident in herself and her personality. The men’s and women’s fragrances are presented in very trendy bottles, brown for the boys and pink for the girls. Both scents incorporate similar base notes such as white wood and ambrox,” Shamugia says.

Wood Pour Femme is a contemporary and vibrant composition with Sicilian mandarin and raspberry leaf expressing joy and vivacity, combined with lily of the valley and magnolia which add fresh, ethereal notes. The infusion of precious and seductive osmanthus and jasmine reveals an intense femininity, whilst notes of white woods and cedar, along with the depth of ambrox, round out a floral-woody perfume with an unmistakable character.



**WOOD**  
**DSQUARED2**  
THE NEW FRAGRANCES



The bottle has a unique cap that features a magnetic closure and is made of the highest quality ash and created piece by piece, offering a level of craftsmanship that has almost disappeared. Wood as a material lends an archaic flavour, powerful yet reassuring, while the brilliance and clarity of glass

and aluminium enhance the preciousness of the liquid inside. The flocked packaging is elegant and tactile, in pink velvet, and sealed with a maple leaf, the unmistakable symbol of the DSQUARED2 fashion house.

Wood Pour Homme is a project designed around the characteristics

of wood – strong and sturdy, with a complex structure that makes it unique and inimitable – creating a new scent that defines the contemporary Dsquared2 man: sensual, confident in himself. A powerful, distinctive and masculine fragrance. Wood, the new men’s fragrance by Dsquared2, opens with the Medi-

terranean freshness of bergamot from Calabria, mandarin and lemon from Sicily and is enriched with elegant, sharp notes of ginger. Vibrant tones of violet leaf and cardamom contrast with the distinct sensuality of ambrox. A modern blend of white woods brings light to the deep, elegant character of vetiver.

## Women @ Hilton!

**What is the concept of Women @ Hilton?**

Lana Chkhaidze: Women@Hilton is an innovative project to support female Team Members, helping them grow professionally and achieve their boldest aspirations in their career as well as in their personal lives.

**When was the program launched and why?**

Lana Chkhaidze: As a global hospitality company serving guests in 113 countries and territories, we firmly believe diversity is fundamental to our success, and are committed to providing all Team Members the support they need to achieve their career ambitions. The aim of Women@Hilton is to support the development of our Team Members, encouraging everyone in the business to help us drive this important agenda forwards, ensuring we maintain a balanced workforce at every level of our business.

The programme has been running for a number of years now, and momentum has been growing. In December 2017, we held our first major symposium in the region. Participants – change agents, – were invited from all Hilton hotels in the region. Change agents – also known as diversity agents, are people who constantly empower our women, leading by example and using their own experience to provide career advice. Diversity agents are respon-



Lana Chkhaidze



Teona Dumbadze



Ia Karanadze

sible for ensuring our budding leaders and talented Team Members are empowered to progress to the next level. They are people who serve as a daily reminder that no matter what our level, gender or position, we each have the power to change, influence and inspire not only each other, but our industry as well.

The event included an intensive workshop with motivational female speakers, live stories and examples. Two change agents attended from each hotel. At the end of the workshop change agents were given assignments on how to spread the message in their respective hotels, how to help budding leaders – both male and female – to grow profes-

sionally, try new things, get out of their comfort zone and be the best they could be.

This year, we held our biggest ever Women@Hilton event. The conference, attended by 3,000 Team Members across 150 locations, featured a series of inspirational speakers, panel debates and interactive sessions under the theme “Balance for Better”. It aimed to inspire every Team Member to play a role in helping drive our industry forwards.

**What is the diversity agent and what role does he/she play?**

Lana Chkhaidze: Diversity agents

are facilitators who spread the message, working with people across the business to support our female leaders and highlight the importance of balance and inclusivity for the modern workplace. The world is very rapidly changing and so is management and leadership, so we need to ensure we respond to these changes. Hilton is committed to creating meaningful opportunities for all its Team Members, building a Workplace in which everyone can thrive and feel their contribution is important. Diversity agents work very closely with heads of departments to identify top talent and provide opportunities for fast development and career growth.

**How necessary is such a program for Georgia and what are the benefits?**

Teona Dumbadze: If you think about it, in Georgia it seems we have no problem when it comes to gender diversity, in our hotel, almost 70 % of people working are females and we have our fair share on leadership positions as well. Regardless, the program in our hotels helps a lot of young, female enthusiastic people to pursue their career dreams. We hire many young talents, without hospitality experience who are able to take development opportunity. This program opens doors to future talents, positioning them to succeed. Focusing on growth, fulfilment and integration gives people chance to thrive in their careers.

**What are program related changes in your hotel since the launch?**

Teona Dumbadze: We have some great success stories to share at Hilton Batumi. Recently, our female Director of Human Resources was promoted to the position of Director of Operations. Her male assistant assumed the HR Manager role.

We also have a new program for Operations Management Trainees, and currently three high potential female Team Members are spending two years rotating through each op-

Continued on p. 17



# Federally Insured Banks Largely Off-Limits to Cannabis Business

The FINANCIAL – In May, Arkansas became the latest state to cash in on the sale of medical marijuana. Lines of people wrapped around a newly opened dispensary, drawing in customers from all four corners of the Southern U.S. state.

“I see them standing outside the window with a big smile on their face,” said Bud Watkins, manager of Doctor’s Orders RX in Hot Springs. “They love it.”

In the first week of business, Arkansas dispensaries sold more than 22.6 kg (50 pounds) of cannabis in nearly 5,000 transactions.

According to Marijuana Business Daily, that revenue will contribute to a growing national market of retail medical and recreational cannabis that is expected to eclipse \$12 billion in sales by the end of 2019.

## Business good, money managing isn’t

Passed in the 2016 general election by popular vote, the Arkansas Medical Marijuana Amendment made the state one of only a few in the South to allow legal purchase of the drug. It joined, however, a majority of U.S. states that had passed similar legislation.

While business is doing well, managing the money is difficult. Despite more states coming on board, plant-touching businesses are still operating as mostly cash-only enterprises.

Plant-touching businesses handle the cannabis plant itself, either cultivating, distributing or processing it. These tend to be the businesses most people think of when they imagine



the cannabis industry. Plant-touching businesses are generally subject to the strictest regulations and licensing processes in the industry, as well.

“The vast majority of the businesses that touch the plant have a very difficult time finding banking partners,” said Sal Barnes, a director at Marijuana Policy Group. “The majority of those that do (bank) are going to be through credit unions and state banks, especially in California and Colorado, where we have what

we like to call an adult-use market, and that is essentially just a glorified checking account.”

## Federally outlawed since 1970

Since 1970, cannabis has been officially outlawed at a federal level for any use, including medical. This

means that federally insured banks operate under prohibitive restrictions about doing any business with any plant-touching businesses, which affects everyone along the supply chain, from the growth of the plant to the production or sale of a cannabis gummy.

In spite of this, states have increasingly passed legislation to allow for the legal purchase, putting them at odds with the federal government.

“The industry is hindered. Right now, the current as-is method is

not safe. You literally have companies hiring ex-Marines to guard their cash, and that just doesn’t fly,” Barnes said.

Not having access to banking services means that cannabis businesses must pay for everything in cash, from salaries to taxes. And, because the cash is usually stored on-site, robberies are very common.

“We have one of the most secure buildings in the state,” said Watkins, who didn’t want to go into too many details.

## Marijuana in the mainstream

Legalizing marijuana is no longer considered a fringe issue. According to a 2018 Gallop poll, two-thirds of Americans support legalizing marijuana.

There is also bipartisan traction in Congress. In March, a U.S. House of Representatives committee passed the Secure and Fair Enforcement Banking Act of 2019, more commonly known as the SAFE Banking Act. It would provide legal protection from persecution for banks and federally regulated creditors that do business with state-legal cannabis businesses.

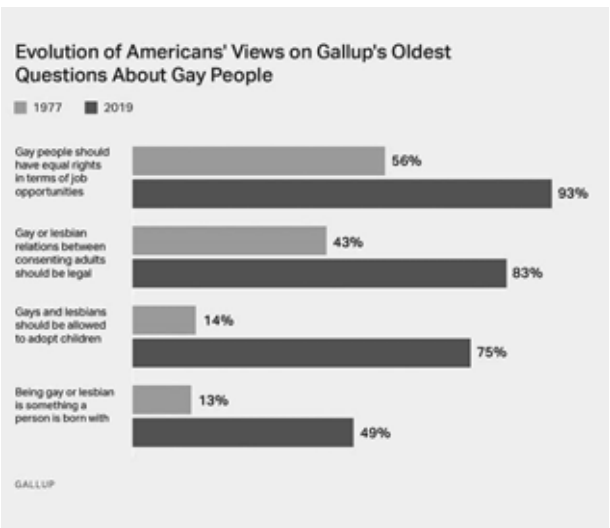
State attorneys, including Arkansas’ Leslie Rutledge, are now also applying pressure to see changes in federal law.

“After careful consideration and speaking with members of the banking industry, as well as our state regulatory authority, the attorney general felt that it was important for the office to support the SAFE Banking

Continued on p. 13

# Gallup First Polled on Gay Issues in ‘77. What Has Changed?

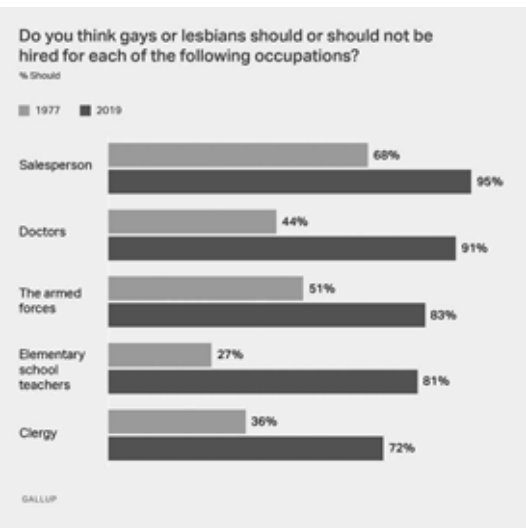
Gallup first polled Americans about gays and lesbians in 1977 -- when the U.S. gay rights movement was still in its infancy, and openly gay politician Harvey Milk was elected to the San Francisco Board of Supervisors. Gay rights activists at the time enjoyed momentum from the 1969 riots at Stonewall Inn in New York City -- an uprising against police raids on gay bars, the 50th anniversary of which the LGBT community celebrates this month -- and had not yet endured the AIDS crisis that would later kill many LGBT people. But while the movement was young and hopeful at the time, Americans held very different views about gay people than they do today. In 1977, relatively few Americans believed that a person was born gay (13%), but this figure has grown to 49% in 2019. Today, 32% say that people become gay as a result of their environment or upbringing, compared with a majority (56%) holding that view in 1977. In many states at the time, same-sex intimacy was an illegal offense for which one could be imprisoned. Americans were evenly split on the question



of whether gay and lesbian relations between consenting adults should be legal (43%) or illegal (43%). But today -- many years after the Supreme Court’s 2003 Lawrence v. Texas decision that prohibited states from outlawing them -- the vast majority, 83%, say gay relations should be legal. Only a small minority of U.S. adults in 1977 (14%) believed that gay people should be allowed to adopt a child. This figure is more than five times higher in 2019, with 75% supporting gay adoption rights. Today, nearly all Americans (93%) say gay people should

have equal employment opportunities, whereas a small majority (56%) felt this way in 1977, when it was a hot issue in state and local politics. That year, the anti-gay Save Our Children campaign was launched by singer Anita Bryant, who used her celebrity to advocate against local ordinances banning discrimination against gay people in employment. The campaign was successful in overturning employment anti-discrimination ordinances in cities across the country. In the same 1977 poll, Gallup asked Americans more specifically if gays and lesbians

should be hired for certain occupations. Most said gay people should be hired as salespeople (68%) and about half said gay people should be allowed into the armed forces (51%). But minorities of Americans felt that gay people should be hired as doctors (44%) or clergy (36%), and just 27% said gay people should be hired as elementary school teachers. Today, eight in 10 or more Americans support hiring gay people for each of these jobs -- with the exception of clergy, which 72% say is a profession gay people should be considered for.



Five bar charts. 1977 vs. 2019 trend lines of Americans’ views on whether gay people should be hired for a range of jobs. Since its first questions on the topic in 1977, Gallup has gone on to ask dozens of questions about LGBT people and their rights -- changing question wordings over time as national understanding of the issues has evolved, adding new questions about transgender and other emerging issues, and polling about LGBT acceptance internationally since 2005. Key legal and societal changes on LGBT issues have taken place in the U.S. over this time as well, and Americans’ views on these issues have undergone some of the most dramatic shifts in public opinion -- including gay marriage, which hardly even registered as a goal for gay rights activists of the 1970s. But while LGBT rights advocates can count many victories in recent decades as they celebrate the 50th anniversary of the Stonewall riots, there are still areas where activists seek change. As Americans’ views on gay employment rights have changed quite a bit, the U.S. Supreme Court is preparing to hear cases of employment discrimination and will decide whether a federal civil rights law applies to gay and transgender people.



FactCheck



Mamuka Bakhtadze:



STATEMENT:  
“THE UNEMPLOYMENT RATE HAS BEEN FALLING. IN 2018, THE UNEMPLOYMENT RATE DECREASED BY 1.2 PERCENTAGE POINTS AND REACHED 12.7% WHICH IS THE LOWEST FIGURE IN THE LAST 15 YEARS.”

VERDICT:  
FACTCHECK CONCLUDES THAT MAMUKA BAKHTADZE’S STATEMENT IS MOSTLY FALSE.

Egnate SHAMUGIA  
FactChek

RESUME:

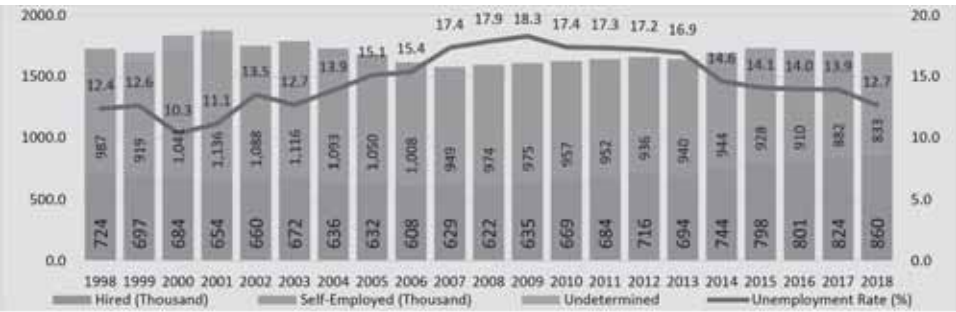
The unemployment rate is defined as the share of unemployed persons in the total labour force. A person is considered as unemployed if he has been looking for a job during the last four weeks by the time of the National Statistics Office of Georgia’s survey. The labour force is comprised of both employed and unemployed individuals. Therefore, if an individual was not looking for a job in the four weeks prior to the National Statistics Office of Georgia’s survey, he does not participate in measuring the unemployment rate. In turn, the unemployment rate can fall for two reasons: 1. Unemployed people find employment and 2. Unemployed people quit the labour force after looking for a job for a long period of time. The second case does indeed decrease the unemployment rate but the employment rate does not increase. The latter, by itself, is a negative macroeconomic occurrence.

It was precisely for the second reason that the unemployment rate fell in 2018; that is, employment in fact did not increase. The number of employed individuals in the country decreased by 12,400 persons in the course of the last year. Therefore, employment and activity levels are better indicators of the existing reality as compared to the unemployment rate. These indicators have decreased by 1.9 and 0.8 percentage points, respectively. Of note is that the employment rate fell in both 2016 and 2017.

Therefore, as of 2018, the unemployment rate is indeed the lowest in terms of percentage in the last 15 years (it is not historically the lowest figure because the unemployment rate was 10.3% in 2000) and decreased by 1.3 percentage points as compared to the previous year. Therefore, Mamuka Bakhtadze’s statement is literally accurate; however, important context is missing which could have made for a drastically different perception in the public: as we have mentioned, a decrease in the unemployment rate is not related to job creation and increased employment. On the contrary, the number of employed people decreased in that period. A falling unemployment rate might be stipulated by the rise in the number of “discouraged workers.”

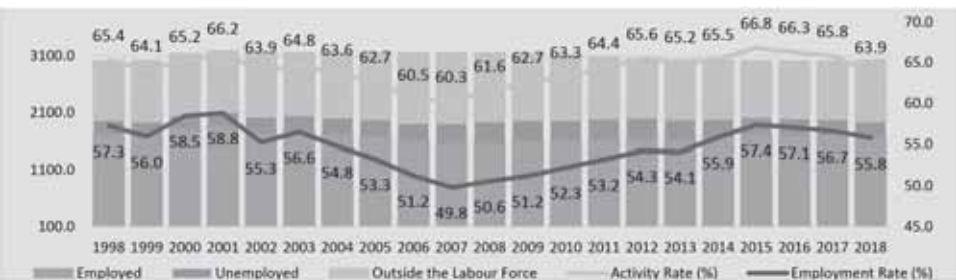
ANALYSIS

Graph 1: Number of Employed Individuals and Unemployment Rate (Thousand Persons, %)



Source: National Statistics Office of Georgia

Graph 2: Structure of Working-Age Population and Activity/Employment Rates (Thousand Persons, %)



Source: National Statistics Office of Georgia

ISET ECONOMIC INDICATORS



MAY 2019: GEORGIAN CONSUMER CONFIDENCE: IT’S ALL POSITIVE

Continued from p. 2

ces each showed progress. In numerical terms, the Present Situation Index increased by 3.6 index points for the higher

education group (from -18.3 to -14.7) and the group of the rest by 3.2 index points (from -33.4 to -30.2). Likewise, the Expectations Index increased by 5.4 and 3.3 index points, respectively for the groups of

higher education (from -16.4 to -11) and for the rest (from -22.5 to -19.2). Table 3, presented below, reveals the specific questions that triggered improvement to the Overall CCI for the relevant groups.

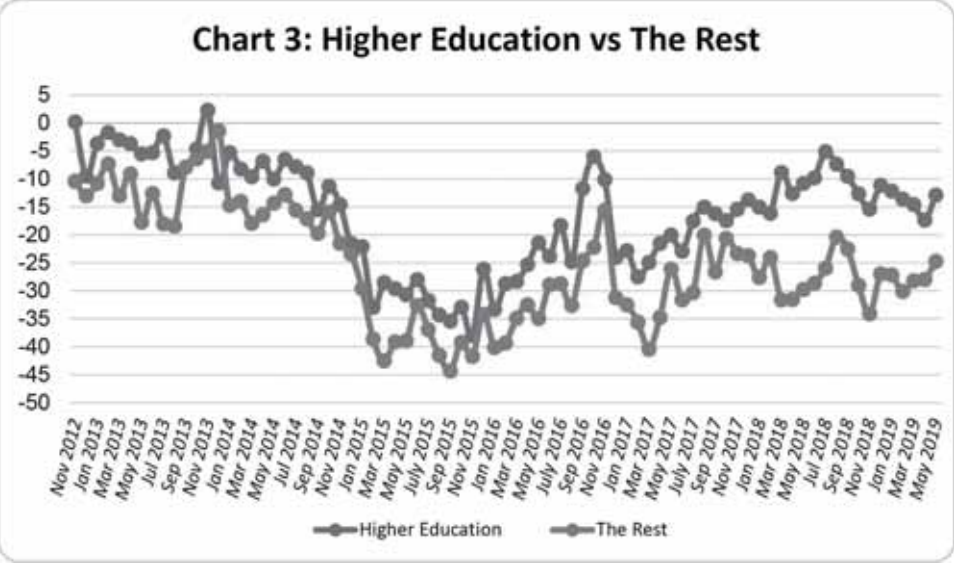


Table 3: Change in Consumer Confidence (in Index Points), by Questions and by Groups: May 2019

	Higher Education	The Rest
Expected level of unemployment in Georgia, over the next 12 months	19.0	2.4
Your current ability to save?	8.3	9.1
Is now the right time for people to make major purchases in Georgia?	7.8	8.2
Your ability to save, over the next 12 months	7.2	0.2
How much did consumer prices rise, over the past 12 months?	6.7	1.0
Do you expect prices to increase more rapidly, over the next 12 months?	3.2	12.1
Compared to the past, do you expect to increase spending on major purchases, over the next 12 months?	2.3	1.9
How did the general economic situation change in Georgia, over the past 12 months?	1.6	0.9
The general economic situation, over the next 12 months	1.1	3.6
Your financial situation, over the past 12 months?	0.0	-3.7
How will your financial situation change, over the next 12 months?	-0.7	-0.6
Is now the right time for people to save in Georgia?	-3.0	3.9

Women @ Hilton!

Continued from p. 10

erational department. Upon completion, they should be ready to assume Head of Department roles in one of our operations departments.. For us, it is critical that we maintain a diverse talent pool and encourage a range of applicants to apply for every position and department in our hotels. For example, we are aiming to encourage equal male/female applicants for our Chief Engineer vacancy.

How many female leaders does your hotel currently have?

Ia Karanadze : As mentioned, almost 70% of our Team Members are female. On the leadership positions we have 70/30 ratio in favour of females, and we are focusing on training our younger Team Members to ensure they can fulfil their career aspirations. As mentioned earlier, our young operations management trainees are leading several departments in the hotel. Ana Chkhaidze, our ops trainee, was promoted to as-

sistant front office manager, and now oversees front office operations. Our eforea spa is also managed by a young female Team Member, supported by a female team. We do have female leaders in many senior positions as well, including our Director of Finance, Director of Operations, Rooms Operations Manager and Director of Sales.

What are next steps for the program development?

Ia Karanadze : For diversity agents, the next steps are to stress the importance of diversity at work place; to constantly support every talent through trainings, assigning mentors/coaches. The very first step of this program was relaunching of our mentoring program, which allows each and every team member to be mentored by people experienced in their careers. As for the program it is more important than ever for Hilton that every person working for the company thrives both professionally and personally. We are coming up with different ways to encourage our Team

Members to use all the tools available to them. In the coming weeks, our diversity agents will present to the whole hotel team to highlight the benefits of the program and stress its importance. We will hold interesting workshops, training and seminars for team members, effectively preparing them for preparing them for the next step in their career. We strongly believe that our activities will show them what successful leaders are made of.

What would be your advises to female leaders in Georgia?

Ia Karanadze: Regardless of gender, leaders are those who inspire those around them! It is all about making difference in the community we live and work in, it is about inspiring people to have the confidence in themselves, and in our society it is the most important for the women.

#Women@Hilton  
#WeAreHilton  
#WeAreHospitality  
Interviews first appeared in GLOSSY Magazine.



# Men Appear Twice as Often as Women in News Photos on Facebook

Photos that exclusively show men make up the majority of photos that show people; representational differences persist across topics

The FINANCIAL

A new study of the images accompanying news stories posted publicly on Facebook by prominent American news media outlets finds that men appear twice as often as women do in news images, with a majority of photos showing exclusively men.

There are several ways to measure how often men and women appear in news photos. One way is to think about all the photos together as making up one big crowd of people and estimating what share are women versus men. Women made up 33% of all the 53,067 individuals identified in news post images, while men made up the other 67%.

Another way to look at the data is to examine the mix of people who appear in each image. Across the 22,342 posts with photos containing identifiable human faces, more than half of them (53%) exclusively showed men, while less than a quarter showed exclusively women (22%). The remaining

images (25%) show at least one man and one woman.

All 17 news outlets included in the study showed more men than women in news images on Facebook during the study period. The share of individuals who were identified as women by the model ranges from 25% to 46%, by outlet.

While these findings are striking, there is no perfect benchmark or "true ratio" for how often men and women should be portrayed in news images on social media. Yes, the U.S. population is divided nearly in half, male versus female. But, for example, all the representational coverage of professional football teams would return results overwhelmingly dominated by male faces. Coverage of the U.S. Senate – currently 25% female – might do the same. In addition, the analysis did not address whether the content of the news stories that accompanied the images was more focused on men or women.

The analysis also reveals other ways that men are more prominent in news images on Facebook. In photos that showed two or more people, men tend to outnumber women. And men's faces take up more space when shown, with the average male face being 10% larger than the average female face across all photos with people.

Men appear more than women in news photos on Facebook

Facebook news images more likely to show exclusively men

than both men and women or exclusively women. A sizable proportion of the Facebook news images posted by the outlets examined in this study exclusively depict men. Across the news images that showed people, 22% showed exclusively women and 53% showed exclusively men. 2 Photos including both men and women were slightly more common (25%) than those that showed women alone.

Overall, researchers identified 53,067 individuals across the 22,342 images from news posts showing people. Of those individuals, 35,367 were estimated to be men and 17,700 were estimated to be women. In other words, 33% of all people shown in news images on Facebook were women and 67% were men.

Over three-quarters of images showed one or more men (78%), while slightly fewer than half (47%) of photos showed at least one woman.

In photos that depicted multiple people, men outnumbered women. The median post with multiple people showed one woman and two men.

Measuring how often men and women appear across photos with multiple people

Calculating the percent of men or women who appear in news photos – among all depicted individuals – is a

Continued on p. 15

## Federally Insured Banks Largely Off-Limits to Cannabis Business

Continued from p. 11

Act to help minimize fraud, tax evasion and money laundering that arises from cash only businesses," said Rutledge's office in an emailed statement.

Earlier this month, 38 Republican and Democratic state attorneys general sent a letter in support of the SAFE Banking Act.

"This is not just an issue facing Arkansans, but affects a majority of states," Rutledge's office stated. "If passed, this legislation will help Arkansas minimize the dangerous problems seen by other states, such as burglaries and robberies of dispensaries who can maintain a large quantity of cash, while at the same time, allowing legitimate businesses and service providers to also conduct

business within the regulated banking system."

As for whether the SAFE Banking Act eventually makes it to a vote, or future federal bills attempt to change banking regulations, Barnes said it's only a matter of time.

"Next year, no. Next two to three years, possibly. Within the next four to five, definitely," he said.

Voice of America

## Promised and delayed projects in Kutaisi

By TRANSPARENCY INTERNATIONAL GEORGIA

Statements made in 2016 about the construction of the Technological University of Kutaisi and a large infrastructure project, the Dream Town, were followed by a positive response of the public. The authorities assessed both projects as very important for the city's economic development, although, as TI Georgia has found out, the construction of the Dream Town has yet to be started, while the deadline for the completion of the

first phase of the Technological University has been extended.

The Dream Town in Kutaisi

In March 2016, the authorities made an announcement about the construction of a multi-functional center adjacent to the former Parliament building in Kutaisi. The project provided for the construction of hotels, an aqua park, a casino, a cinema, entertainment complexes, and other facilities. Accord-

ing to news reports, the project was planned to be implemented by Aia Entertainment LLC, while the total investment amount was supposed to be EUR 273 million.

The Ministry of Economy and Sustainable Development of Georgia and Aia Entertainment LLC were conducting negotiations: In February 2016, representatives of the company applied to the Ministry with a proposal of the construction of the investment project "Kutaisi Resorts", requesting the privatization of a land plot with an area of 70 hectares in the form

Continued on p. 21

## FactCheck



Zurab Tchiaberashvili:



**STATEMENT:**  
"DESPITE GROWTH IN HEALTHCARE FUNDING, POVERTY INCREASED IN 2017... CITIZENS PAY 58% OF HEALTHCARE EXPENSES OUT OF THEIR POCKETS."

**VERDICT:**  
FACTCHECK CONCLUDES THAT ZURAB TCHIABERASHVILI'S STATEMENT IS MOSTLY TRUE.

Teona ABSANDZE  
FactChek

**ANALYSIS**

European Georgia – Movement for Freedom MP, Zurab Tchiaberashvili, in his speech before the Parliament of Georgia, stated: "Despite significant growth in healthcare funding, UNICEF's research indicates that both general and extreme poverty increased in 2017 as compared to 2015 and 2013. Poverty increased in the general population as well as among children and pensioners. This indicates that it does not matter how much is spent, but how it is spent. It is true that out-of-pocket payments decreased slightly but our citizens pay 58% of their healthcare expenses out of their pockets. They make out-of-pocket payments for services which are not covered by the Universal Healthcare programme and for medications which are also not covered by the programme. The price hike is the highest in this category and, naturally, we have seen an increase in poverty."

**RESUME:**

The total funding allocated for healthcare programmes (including health insurance) in 2012 was GEL 332 million. Funding for healthcare programmes increases annually and exceeded GEL 1 billion by 2018. The bulk of those shares – which is more than 70% – are expenses for the Universal Healthcare programme.

Since launching the Universal Healthcare programme, the share of out-of-pocket payments in total healthcare expenses has decreased. However, in accordance with 2017's data, the population still pays 55% of their healthcare expenses out of their pockets.

Results of UNICEF's 2017 and 2015 Population Well-Being research studies indicate that since launching the Universal Healthcare programme, the population's financial affordability vis-à-vis healthcare services has improved. However, the population's expenses for healthcare have increased significantly which is largely stipulated by a price hike for medications. In addition, the number of those domestic households for which healthcare expenses are catastrophically high has also increased considerably.

The largest share of healthcare expenses (69%) is for medications. The Universal Healthcare programme does not envision funding for medications. In 2017, the Programme for Providing Medicine for Chronic Diseases was launched. The programme, however, only covered a small part of the population. The free medication programme was supposed to cover 150,000 to 200,000 people. In 2017-2018, only 35,661 people were registered in the programme and of this number, only 32,669 individuals became programme beneficiaries (that is, visited a pharmacy and obtained medication).

In accordance with UNICEF's data, the share of the population living below the general poverty line decreased in 2017 as compared to 2015. The share of the population living in extreme poverty has increased both as compared to 2015 and 2013.

A variety of economic and social factors stipulates the growth of poverty in the country. UNICEF has named the slowing down of the economic growth rate and a significant increase in consumer prices as the underlying reasons for the increase in poverty. The high expenses on the part of the population for healthcare also induce an increase in poverty to some extent; in particular, for low-income families. However, in accordance with UNICEF, the poverty level would have increased in 2017 even excluding the portion of healthcare expenses, albeit to a lesser degree.

egorised as being catastrophic if they constitute more than 10% of the family's expenses or more than 25% of non-food expenses. In 2017, healthcare expenses were more than 10% for 34.2% of domestic households. This figure was 29.8% in 2015 and 23% in 2013. In addition, healthcare expenses accounted for more than a quarter of non-food expenses for 26.4% of the families in 2017. The share of such families was 25.1% in 2015 and 22% in 2013. The number of those families for which healthcare services were financially unaffordable decreased from 43.1% to 22% in 2017. However, the number of those families which names the purchase of medications as the principal problem increased to 27.8%. This figure was 26.4% in 2015 and 18.4% in 2013.

The bulk of healthcare expenses; that is, 69%, is spent for medications. The state healthcare programme only marginally envisions funding for medications. Therefore, a price hike for medications is directly reflected in the pockets of the population. In 2017, the Programme for Providing Medicine for Chronic Diseases was launched. The programme, however, only covered a small part of the population. The free medication programme was supposed to cover 150,000 to 200,000 people. In 2017, medication programme beneficiaries amounted to 13,010 individuals and 22,651 new beneficiaries were registered in the programme in 2018.

The 2017 Population Well-Being report results indicate that the poverty level in Georgia has increased. The poverty level has increased in the general population as well as among pensioners. However, the figures for child poverty have increased the most.

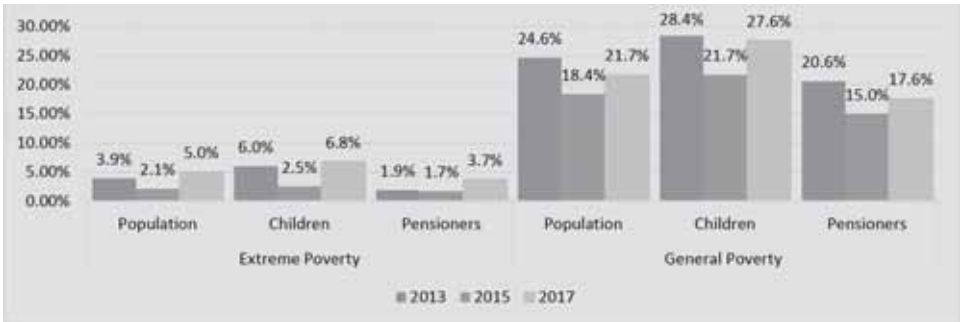
As of 2017, 5% of Georgia's population, 6.8% of children and 3.7% of pensioners live in extreme poverty. The share of people (including children and pensioners) living in extreme poverty has increased as compared to 2015 and 2013.

The share of the population living in general poverty<sup>1</sup> increased from 18.4% in 2015 to 21.7% in 2017. The amount of children living in extreme poverty increased sharply from 21.7% to 27.6%. In addition, the amount of pensioners who live in general poverty has also increased.

UNICEF has named the slowing down of the economic growth rate and a significant increase in consumer prices as the underlying reasons for the increase in poverty.

1 If a person spends less than USD 1.25 per day (which is approximately GEL 83 per month for an adult), he is considered to be living in extreme poverty.  
2 General poverty is when a daily consumption is less than USD 2.5 per day which is GEL 165.5 per month for an adult.

Graph 1: Poverty Figures



Source: UNICEF, Population Well-Being reports



financial news

Foreign direct investment into Europe drop for the first time in six years

The FINANCIAL

Foreign direct investment (FDI) projects into Europe dropped 4% (to 6,356 projects) over the year according to the EY European Attractiveness survey. Despite the decline in FDI into Europe for the first time in six years, the level of investment remains the second-highest since EY began compiling this data in 2000. However, investor sentiment is gloomy, with only 37% of surveyed businesses foreseeing an improvement in Europe's attractiveness in the next three years, down from 50% last year.

The technology sector, however, is bucking this downward trend, as the number of FDI projects surge to a record high of 1,227 in 2018 (up 5% year-on-year). Growth was mainly driven by US businesses, which accounted for 37% of the digital FDI projects in Europe last year. FDI was also strong in Europe's traditional industrial sectors: the combined number of FDI projects in the transport, machinery and chemicals industries increased 4% to 1,729 projects in 2018.

"While the size and diversity of Europe's market continues to make it attractive among global investors, we are now seeing the impact of Brexit and other political and economic uncertainty as investor optimism into Europe deteriorates", Andy Baldwin, EY EMEA Area Managing Partner and EY Global Managing Partner – Client Service-elect, says. "The UK's historical competitive advantage in FDI has been eroded over the last three years largely due to Brexit, which means that thousands of new jobs have not been created. While competitive advantages remain, such as a flexible labor market and the rule of law, the persistent uncertainty experienced over the last three years is turning investors elsewhere as they are no longer willing to take a 'wait-and-see approach' on Brexit negotiations.

"France continues its FDI progress,

HISTORICALLY STRONG US INVESTMENT INTO EUROPE DECELERATES FOR THE FIRST TIME IN THREE YEARS

albeit at slower rate, now tying with the UK, which it will likely overtake in FY19, as long as Macron's reform agenda continues. However, investors are concerned about the 'keyman' dependency in terms of leadership. In Germany, the FDI projects that fuel its export engine are slowing due to potential trade war concerns resulting from an asymmetric trade balance.

"For Europe to continue to attract FDI it needs to play to its strengths: data privacy, its plans for a digital single market and stable tax regime. It also needs to continue to invest in technology and provide access to an agile and skilled workforce, which drives FDI."

The map of investment in 2018

Europe's two largest economies, the UK and Germany, which together account for around one-third of the FDI in Europe, attracted 13% less investment than in the previous year (1,054 and 973 FDI projects respectively). The negative performance of the UK was due to a 35% decrease in manufacturing FDI projects (to 140), driven by investments into capacity to service the single market moving away from the UK. In addition, the number of newly established headquarters, which create high-value and highly-paid jobs, halved from 98 in 2017 to 48 last year.

Germany's traditionally strong areas were also impacted: it saw a 7% production decrease in the automotive sector, mainly due to heightened

concerns around a hard Brexit, US tariffs and a slowdown in demand from China.

France, which recorded spectacular FDI growth of 31% in 2017, only grew by 1% in 2018. However, for the first time, more research and development (R&D) and manufacturing FDI projects (144 and 339 respectively) were established in France last year than in any other European country.

Conversely, FDI is emerging as a major driver of jobs in other Western

ONLY 27% OF INVESTORS PLAN TO ESTABLISH OR EXPAND OPERATIONS IN EUROPE IN 201

European and Central and Eastern Europe countries – despite the political uncertainty in some countries. Among the top 10 European FDI destinations, notable positive performance came from: Spain (32%), Belgium (29%), Poland (38%), Turkey (14%) and Ireland (52%). Beyond the top 10, Italy recorded a 63% year-on-year FDI increase, scoring the fastest FDI growth among the top 20 countries in Europe.

A number of countries recorded

high double-digit declines in FDI growth: the Netherlands (-32%) which, however, still retains its place in the top 10 investment destinations; Sweden (-32%); and the Czech Republic (-51%).

US investment into Europe slows down

While traditionally a strong investor into Europe, FDI projects from the US increased only 3% last year, down from an average of 8% over the prior four years. The slowdown is mainly due to the US tax reform, introduced in December 2017, and the repatriation of assets and jobs by US multinational companies. However, the US remains the largest single investor into Europe, accounting for 22% of European FDI in 2018.

Intra-European investment continues to be the main driver of FDI in Europe, despite a slight year-on-year decrease of 2%. However, investment into Europe from outside the continent declined by 8%.

Europe's tech race is on

Europe's technology sector is booming, with the number of new FDI projects surging to a record high of 1,227 in 2018 (up 5% year-on-year). Overall, FDI projects more than doubled from 510 to 1,227 in the last five years. The survey also finds that digital is the top sector driving Europe's future growth (39% of investors), followed by cleantech (25%) and energy and utilities (21%).

When asked which cities offer the best chance of producing the next technology giant, investors ranked London 4th globally behind San Francisco/wider Silicon Valley, Shanghai and Beijing.

Volume of retail trade down by 0.4% in euro area

The FINANCIAL

In April 2019 compared with March 2019, the seasonally adjusted volume of retail trade decreased by 0.4% in the euro area (EA19) and by 0.3% in the EU28, according to estimates from Eurostat, the statistical office of the European Union. In March 2019, the retail trade volume remained unchanged in the euro area and increased by 0.3% in the EU28.

Monthly comparison by retail sector and by Member State

In the euro area in April 2019, compared with March 2019, the volume of retail trade decreased by 0.4% for food, drinks and tobacco and for non-food products, while automotive fuel increased by 0.1%. In the EU28, the retail trade volume decreased by 0.4% for non-food products and by 0.2% for food, drinks and tobacco and for automotive fuel.

Among Member States for which data are available, the largest decreases in the total retail trade volume were registered in Germany (-2.0%), Portugal (-1.0%) and Croatia (-0.9%). The highest increases were observed in Sweden (+2.4%), Slovenia (+2.0%) and Malta (+1.7%).


Annual comparison by retail sector and by Member State

In the euro area in April 2019, compared with April 2018, the volume of retail trade increased by 1.5% for food, drinks and tobacco, by 1.3% for automotive fuel and by 1.2% for non-food products. In the EU28, the retail trade volume increased by 3.0% for non-food products, by 2.7% for food, drinks and tobacco and by 1.9% for automotive fuel.


Among Member States for which data are available, the highest yearly increases in the total retail trade volume were registered in Slovenia (+12.7%), Lithuania (+10.2%) and Ireland (+10.1%). Decreases were observed for Germany (-0.9%) and Bulgaria (-0.2%)

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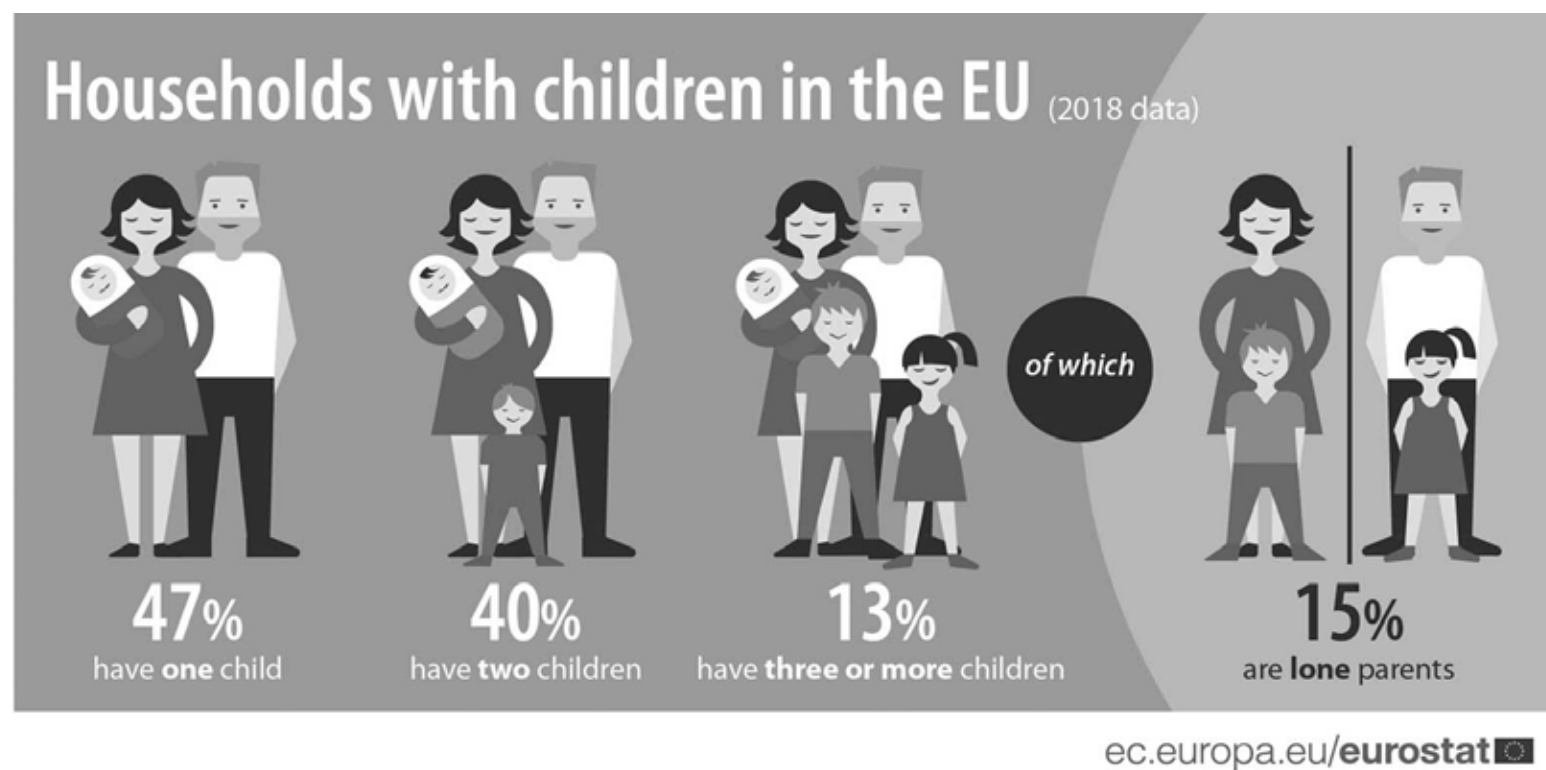








# EU: The highest share of households with three or more children is registered in Ireland



The FINANCIAL – In 2018, there were 223 million households in the European Union (EU). Almost one third (65 million) of these households had children living in them.

Among the EU Member States, Ireland recorded the highest proportion of households with children (39%), ahead of Cyprus, Poland and Slovakia (all 36%) and Romania (35%). In contrast, the lowest shares were registered in Germany and Finland (both 22%), followed by Sweden (23%), Austria (25%) and Bulgaria (26%).

## Share of households with

## three or more children highest in Ireland, lowest in Bulgaria

At EU level, almost half of all households with children (47%, or 30.6 million households) consisted of only one child, while 40% of households (25.8 million) had two children, and 13% (8.5 million) three children or more.

The highest share of households with three or more children was registered in Ireland (26%), followed by Finland (19%), Belgium and France

(both 18%), the Netherlands (17%) and the United Kingdom (16%). At the opposite end of the scale, less than 10% of households in Bulgaria (5%), Portugal (7%), Spain and Italy (both 8%), Lithuania (9%) and Latvia (10%) had three or more children in them.

## Highest proportion of single-parent households in Denmark, lowest in Croatia

## in Croatia

At EU level, 15% of households with children were single-parent households.

Denmark (29%) and Estonia (28%) had the highest proportions of single-parent households among households with children, ahead of Lithuania and Sweden (both 25%), Latvia (23%), the United Kingdom (22%) and France (21%). In contrast, the lowest proportions of single-parent households were in Croatia (6% of all households with dependent children), Romania (7%), Greece, and Slovakia and Finland (all 8%).

## Japan-EU trade in goods: €6 billion deficit in 2018

The FINANCIAL – Japan was the European Union's 7th largest partner for imports in 2018 (4% of total extra-EU imports) and the 6th largest partner for EU exports (3% of total extra-EU exports). From 2008 to 2018, the EU ran a trade deficit with Japan (meaning that the EU imported more than it exported), reaching a deficit of €5.7 billion in 2018.

EU exports to Japan were dominated by "machinery and vehicles", "chemicals" and "other manufactured goods", which together accounted for 84% of EU exports to Japan in 2018. These categories dominated imports even more, making up 96% of EU imports from Japan. At a more detailed level, "cars and motor vehicles" were both the EU's most exported product to Japan and the EU's most imported product from Japan.

## Germany: main trader with Japan among the Member States

Among the Member States in 2018, Germany was the largest importer of goods from Japan (€17 billion) and also the main exporter of goods to Japan (€21 billion).

# Men Appear Twice as Often as Women in News Photos on Facebook

Continued from p. 13

straightforward way of looking at the data. However, some photos show just one person, while others show many people. Calculating the overall percent of men or women who appear treats a photo of a crowd the same as many individual portraits.

Researchers wanted to be sure that the pattern of men appearing twice as often as women was consistent across photos that showed any number of people. To do so, researchers calculated the average rate that men and women appeared across posts. For example, consider a photo that shows two women and two men, another that shows no women and one man, and a third with two women and six men. Taken together, the average share of women is 25%, based on  $(50\% + 0\% + 25\%) / 3$ . In the same example, the average share of men is 75%, based on  $(50\% + 100\% + 75\%) / 3$ .

Across all 22,342 photos from news outlets, the average share of women depicted in each news image is 33%, while the average share of men shown per news image is 67%. These numbers match up with the results based on the percent of all individuals shown.

Women are shown relatively more in news about entertainment, but never more than men overall

Men appeared more often than women across four categories of news content on Facebook researchers analyzed, but some categories featured relatively more women. Compared with other categories, women are more likely to appear in news photos for posts

about entertainment – defined here as news about TV, music or movies – than in news photos for posts that mention the economy, immigration or sports. However, even across these four topics, women never appeared more often than men within each group of news images.

The four topics researchers selected include two specific policy issues rated as important by substantial shares of U.S. adults (immigration and the economy) and two broader subjects that people seek news about, sports and entertainment.<sup>3</sup> These four topics are not exhaustive and were selected because they related to areas of public interest and could reliably be identified using computational methods. See the Methodology for more information about how the topics were selected.

Women are especially unlikely to appear in news images related to the economy, more likely to appear in images related to TV, music or movies. Researchers trained a text classification model to determine which news posts related to these four topics. This kind of model is based on human decisions about which words are associated with particular topics in a sample of posts. The model then makes predictions about whether any of the posts mention those topics. All posts with news photos were included when classifying the content of the posts – those that showed people and those that did not.

The model used text that appeared alongside the post, including its title, caption and comment. Researchers validated the results of the models by asking human coders to examine a subset of posts.<sup>4</sup> Looking across all

44,056 posts – whether their images showed people or not – the model predicted that 5,678 posts mentioned entertainment, i.e., TV, music or movies (12.9%), 1,296 mentioned economic issues (2.9%), 1,529 mentioned immigration (3.5%) and 1,302 mentioned sports (3.0%).

The gender gap in posts mentioning entertainment was notably smaller than other topic categories. Women appeared much more often in news photos accompanying these posts than in those accompanying posts that mention other topics. The study found that 27% of posts mentioning entertainment exclusively showed women and 42% exclusively showed men. Overall, 58% of posts in this category showed at least one woman while 73% showed at least one man.

By contrast, posts that mentioned the economy showed the largest gender gap among topic categories, and people depicted in those photos were much less likely to show women. In fact, just 9% of these posts exclusively depicted women, while 69% showed exclusively men. The remaining 22% of images showed both men and women, with only 31% of these posts showing at least one woman – less than half the rate that women appeared in posts about entertainment. And 91% of posts that mentioned the economy showed at least one man.

The gender gap within posts about sports was also notable: 40% of the images with identifiable human faces accompanying those posts depicted at least one woman, compared with the 83% that depicted at least one man. Results were similar – but slightly

less pronounced – for posts that mentioned immigration.

These differences also appeared when examining the share of people who were women across posts mentioning each topic. In news posts about entertainment, 40% of depicted individuals were women. That number is 22% for news posts about the economy. In news posts about immigration, 33% of individuals were women. For posts about sports, women made up 26% of people shown.<sup>5</sup>

## Women's faces appear smaller than men's in news images

Men's faces appear slightly larger than women's faces, except in photos for posts about TV, music or movies. When it comes to how prominently individuals' faces were depicted in news photos, there was a modest difference between men and women. Researchers measured the size of women's faces relative to that of men's faces to capture prominence. The technique researchers used to measure faces only captures the size of a person's face, omitting features like hair, jewelry and headwear. The average male face occupied 3.8% of an image on average, while the average female face took up 3.5% of an image. These differences amount to the average male face being shown at a size 10% larger than the average female face.

The average size of women's faces was 19% smaller than the average size of men's faces in posts that discussed the economy. In posts that mentioned entertainment, women's faces were 7% larger than men's faces, on average.

Even among news images that featured multiple people, women had the largest face visible in the photograph for only 32% of images.

## Across outlets, women never appear more often than men

On average, none of the media outlets examined in the study showed more women than men in news photos. Among the outlets examined here, the percent of women depicted (among all individuals shown) ranged from 25% to 46% per outlet.

Each outlet created 2,592 posts in the three months between April 1 and June 30, 2018, on average, including all posts, whether their photos showed people or not. The outlet level total varied from 878 to 3,975 posts. A total of 1,471 posts – 3.3% of the full sample – were posted by news outlets multiple times with the same text and image; these posts are included in the analysis.

Out of the 17 media outlets, six showed women more prominently than men, on average, in terms of how large their faces appeared.

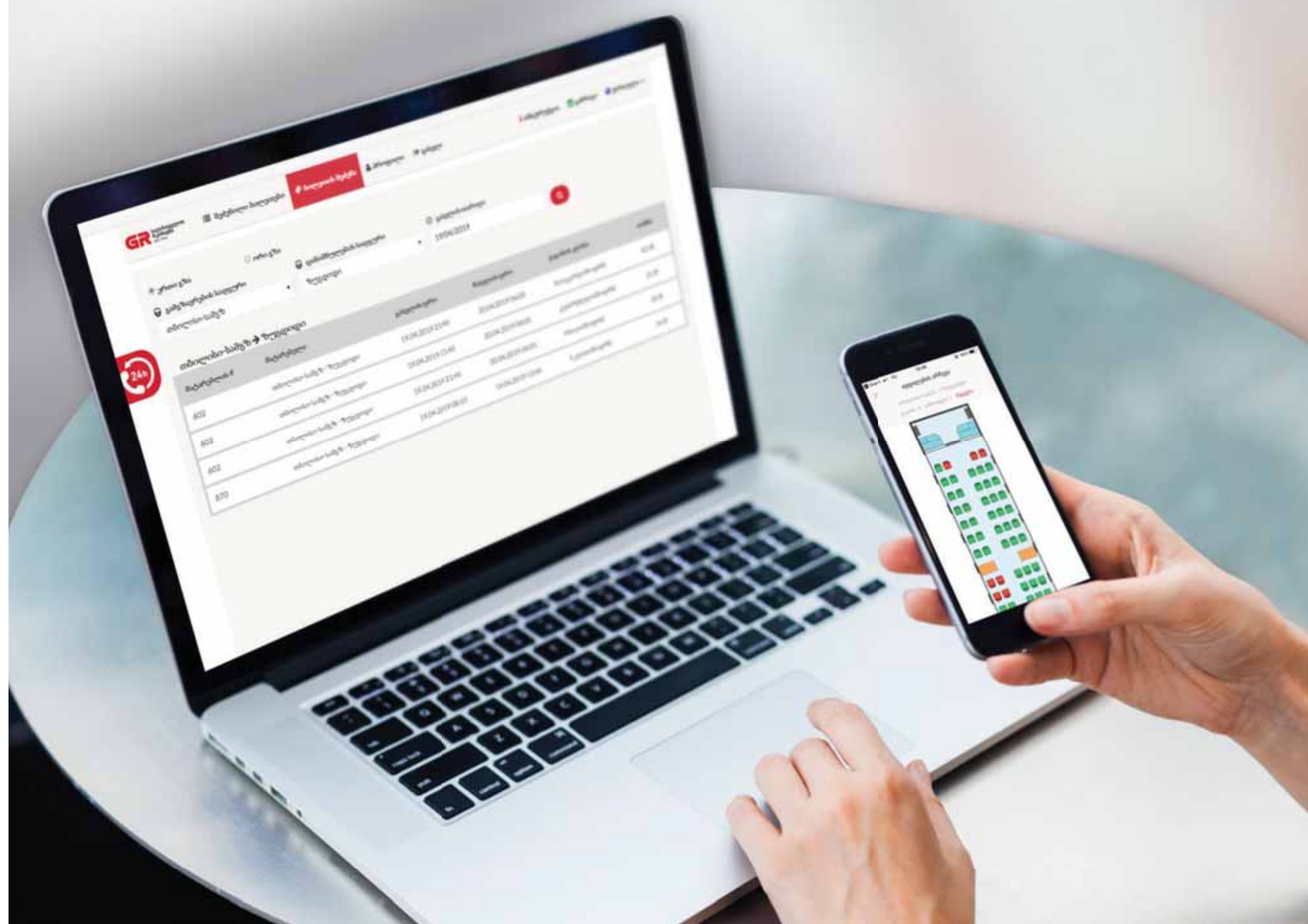


publicity



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# World's top miners keep performing but investors unimpressed

The FINANCIAL

The world's 40 largest mining companies continued to consolidate their stellar performance of the past several years by delivering steady growth in 2018, according to PwC's latest Mine 2019 report. As a group, the Top 40 increased revenue by 8%, buoyed by higher commodity price rises, and lifted production by 2%. They also boosted cash flows, paid down debt and provided a record dividend to shareholders of \$43 billion. Forecasts indicate continued steady performance in 2019. Revenue should remain stable, with weaker prices for coal and copper offsetting marginally higher production and higher average prices for iron ore.

Yet investors seemed unimpressed by the Top 40's result, judging by market valuations, which fell 18% over 2018. While total market capitalization rose in the first term of this year, it remains 8% down compared to the end of 2017. Over the past 15 years, total shareholders' return in mining has lagged that of the market as a whole as well as comparable industries such as oil and gas.

## Balance sheets remain strong; capital expenditure up but slow

In 2018 the Top 40 paid down \$15.5 billion in net borrowings, resulting in the gearing position dropping below the 10-year average. All liquidity and solvency ratios improved during the year, leaving the world's largest miners with strong balance sheets and cash flows.

In line with expectations, capital expenditures started to rise again, albeit from historically low levels. The 13% increase over the previous year to \$57 billion suggests that miners are continuing to proceed cautiously; approximately half (48%) of the capital expenditure in 2018 was for ongoing projects.

Copper and gold dominated spending in 2018, attracting \$30 billion worth of investment. Capital expenditure on coal was consistent, year on year, and it is expected that miners will maintain current production levels while the coal price



## MARKET CAPITALISATION OF THE TOP 40 DOWN 18% TO \$757 BILLION, 31 DEC 2018 WITH PARTIAL RECOVERY TO \$849 BN AT 30 APR 2019.

remains high.

## Shareholders, government and other stakeholders rewarded

An 11% lift in operating cash flows

has allowed the Top 40 to increase shareholder distributions in 2018 to a record \$43 billion. Dividend yield for the year was 5.5%. There was a notable jump in share buybacks to \$15 billion, up from \$4 billion in 2017. Rio Tinto and BHP accounted for 70% of the total activity returning proceeds of non-core disposals to shareholders.

In 2018 the share of value distributed to governments in the form of direct taxes and royalties increased from 19% to 21%. Employees re-

ceived 22% of the total value distribution from the Top 40.

## M&A activity picks up

After several years of sluggish activity, M&A picked up significantly in 2018. The value of announced transactions rose 137% to \$30 billion, driven by a flurry of activity in the gold sector, the on-going push by

miners to optimise their portfolios, and momentum to acquire energy metals projects.

"The renewed appetite for large transactions looks set to continue this year, with announced deal value to 30 April already exceeding the whole of 2017," said Mr O'Callaghan. "Post merger disposal of non-core assets in revised portfolios will support more deals activity in the near term."

## Gold sector consolidating

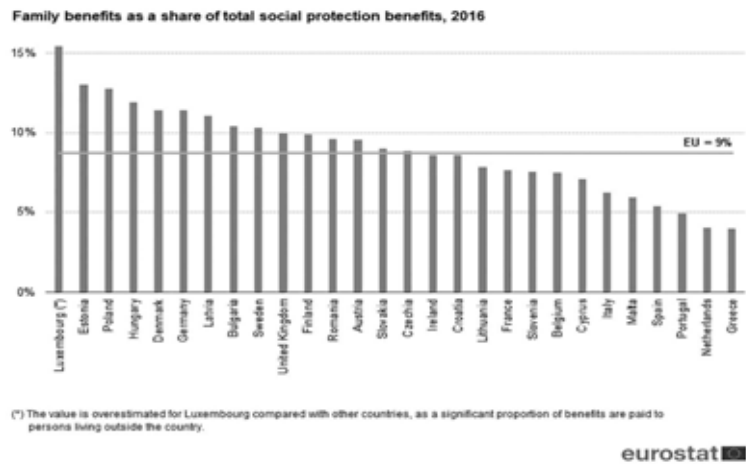
The gold sector is experiencing a renewed round of consolidation, driven by a shrinking pipeline of projects, fewer new high-grade discoveries and a lack of funding for junior developments. Gold deals increased from 8% of total Top 40 deal value in 2017 to 25% in 2018, and this year are tracking at close to 95% of deals as at the end of April.

# How much is spent on family benefits in the EU?

The FINANCIAL -- The EU Member States spent over €350 billion on family benefits in 2016 (2.4% of EU GDP). This represented 9% of the total spent on social protection benefits.

Over the last few years, the share of social protection expenditure on family benefits in the EU remained stable (it was also 9% in 2008). Social protection encompasses interventions from public or private bodies intended to relieve households and individuals of the burden of a defined set of risks or needs.

The share of social protection expenditure on family benefits varied significantly between EU



Member States. It accounted for more than 15% of total social benefits in Luxembourg, followed by Estonia and Poland (13%), and Hungary (12%). The lowest shares were registered in Greece and the Netherlands (both 4%), followed by Spain and Portugal (both 5%).

The annual family benefits expenditure per inhabitant was also highest in Luxembourg (€3,000 per inhabitant), followed by Denmark (€1,700), Sweden (€1,400), Germany and Finland (both €1,200). In 2016, four countries had family benefits expenditure below €200 per inhabitant: Romania and Bulgaria (both €120), Lithuania (€150), and Greece (€170).

## Production of gin in the EU

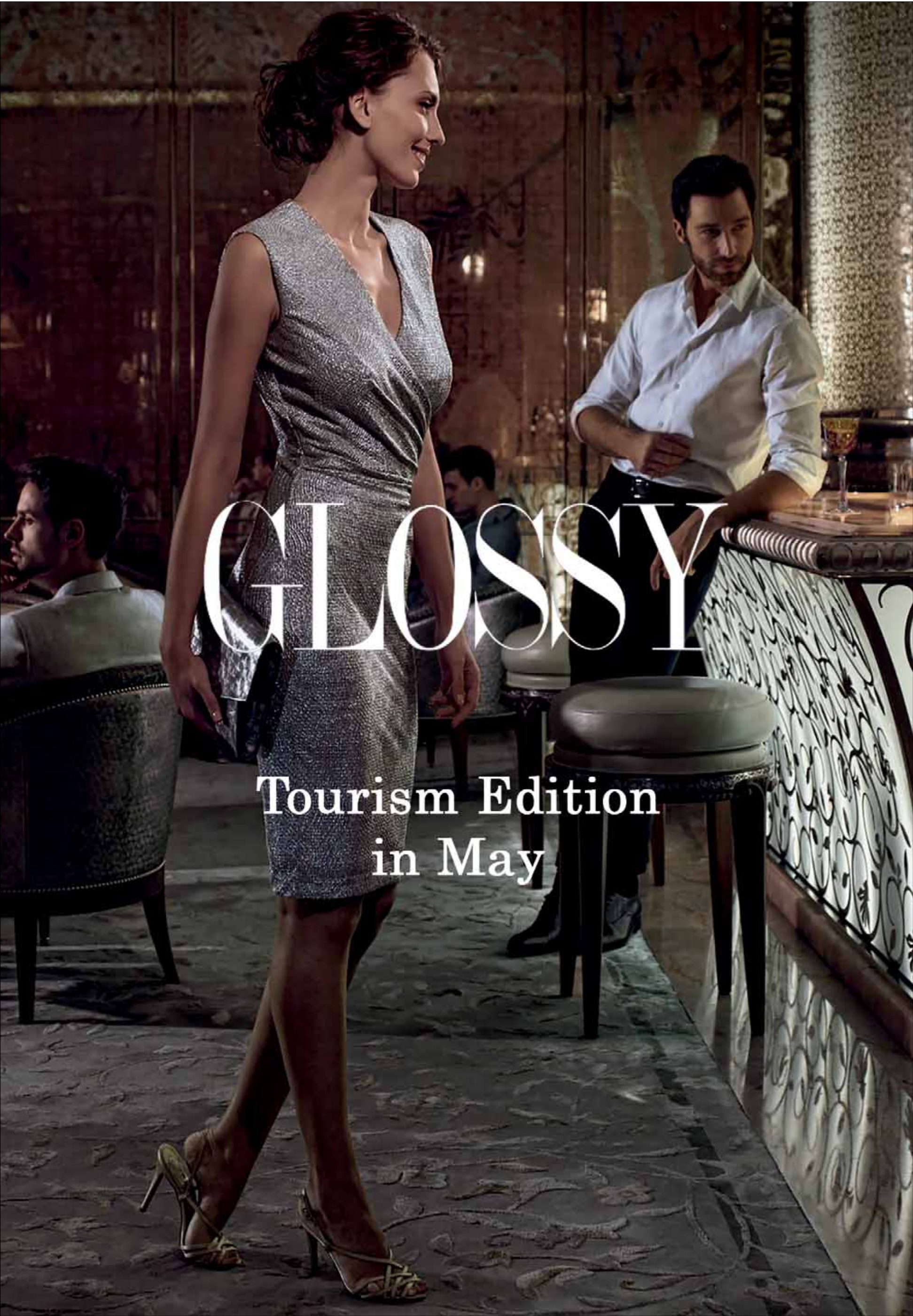
The FINANCIAL -- In 2017, 116 million pure alcohol litres of gin and geneva worth €729 million were produced by the European Union (EU) Member States. This was 44 million litres, or 62%, more than in 2007.

Among the EU Member States, the United Kingdom produced the most gin (82.8 million pure alcohol litres, 72 % of total EU gin production), followed at a distance by Spain (9.9 million litres, 8.5%), Belgium and Germany (both 3.5 million litres, 3.0%), the Netherlands (3.2 million litres, 2.8%), Slovakia (3.0 million litres, 2.6%), France (2.9 million litres, 2.5%) and Italy (1.0 million litres, 0.9 %).

These eight Member States produced 95% of the EU's gin in 2017.



publicity



# GLOSSY

Tourism Edition  
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# Building trust in drones - public concerns remain a barrier to drone adoption - PwC research

Less than a third of the public (31%) feel positive about drones, compared to 56% of business leaders

The FINANCIAL

Public perceptions remain a barrier to drone uptake in the UK according to new research from PwC. Less than a third of the public, (31%) feel positively towards drones, while more than two thirds are concerned about the potential use of drones for criminal purposes. This contrasts with 56% of business leaders who are positive about drones and their benefits. Including those already using drones in their business this rises to 83%.

PwC's latest research 'Building trust in drones - the importance of education, accountability and reward' - based on a survey of the public and business leaders on their attitudes towards drones and drone regulation - makes clear that business sees low public confidence in drone technology as a barrier to business development. More than a third (35%) of business leaders believe drones are not being adopted in their industry because of these negative perceptions. This is despite 43% of those surveyed believing their industry would benefit from drone use.

"There are clear disparities in attitudes towards drones between business and the wider public. It is also strikingly clear that the potential of drone technologies is not fully understood. The drone community across industry, government and civil society needs to change the public discourse from one of uncertainties and toys, to one of opportunity and accountability", Elaine Whyte, UK



drones leader at PwC, commented. "This can be achieved through better education on the wealth of use cases for drones, as well as increasing understanding of regulation and accountability. The public will only trust a new technology if they understand who is regulating and providing oversight.

"At PwC, we completed our first stock count audit last year using drones and our research has found that drones could add an additional £42bn to the UK economy by 2030. To really achieve these positive outcomes the drone community has much to do to educate wider society."

"Drones could transform how

we move people and goods around, boosting our economy and even saving lives", Aviation Minister Baroness Vere said.

"A drone used safely and responsibly is a great asset, which is why the Government is encouraging innovation and the development of technology in its forthcoming Aviation Strategy and Future Flight Challenge."

Education, accountability and enforcement

remain key to building trust

Underpinning the negative perception of drones is a lack of understanding from both business and the public of drone applications. Just over half (53%) of business leaders admit that there is a lack of understanding of drones in general, so they are not considered for their business.

In terms of accountability and regulation, 70% of the public would not feel confident in identifying a drone being misused. This lack of understanding about regulation and responsibility clearly underpins un-

certainty and negative perceptions more broadly. Responsibility for flying a drone also remains a contentious issue with 96% of the public wanting drone ownership to have a minimum age limit and 77% believing that limit should be 16 or above.

Enforcement is perhaps the only area where business leaders and the public agree with 85% of business leaders and 83% of the public believing that in the event of a serious drone incident, relevant authorities should be able to take decisive actions- including forcibly removing drones from the sky.

From November 2019, drone users in UK will be required to register themselves and take an online competency test.

The Government is strengthening powers to help police enforce drone rules. A new Drones Bill will give the police the power to land, seize and search drones with a warrant.

It is against the law to fly a drone above 400ft or within 5km of airport runways. If you recklessly or negligently endanger an aircraft with a drone it is a criminal offence and you could go to prison for up to five years. An interactive map can be found at [dronesafe.uk/restrictions](https://dronesafe.uk/restrictions).

And the intentional use of a device to commit an act of violence at an airport which could cause death, serious personal injury or endanger safe operations could result in life in prison, under the Aviation and Maritime Security Act. It is against the law to fly a drone near an airport or airfield. Report suspicious drone activity to your local police or call Crimestoppers UK on 0800 555 111.

From 30 November 2019, operators of drones between 250g and 20kg will be required to register and drone pilots take an online competency test. This will improve accountability of drone use and ensure the UK's skies are safer from irresponsible flyers.

Drones with an operating mass of more than 20 kg are subject to the whole of the UK Aviation regulations (as listed within the UK Air Navigation Order - ANO)

## Flying Cars Becoming Reality

Majority of customers believe these vehicles "will not be safe"

The FINANCIAL

A new class of vehicle is emerging that could turn dreams of "flying cars" into reality. Electric or hybrid-electric vertical takeoff and landing vehicles—known as "eVTOLs"—have the potential to revolutionize the future of human and cargo mobility, Deloitte Global report concludes.

There has been progress in the development of eVTOLs, but several barriers still stand in the way of widespread deployment. It will be an ongoing challenge to manage and regulate an increasingly diverse airspace. There



are also significant psychological barriers to overcome, as consumers grow accustomed to new modes of travel. In a poll of 10,000 consumers, Deloitte Global found that nearly half viewed autonomous aerial passenger vehicles as a potentially viable solution to roadway congestion. But 80 percent believe these vehicles "will not be safe" or are uncertain about their safety.

Advancements to eVTOL technologies (e.g. collision avoidance systems) and ground infrastructure will also need to be made. For example,

while onboard technology is maturing, energy management—including battery capacity—remains a limiting factor. Regarding infrastructure, most cities lack the requisite takeoff, landing, and service areas to accommodate eVTOL deployment.

"Considerable strides made in the advancement of elevated mobility, particularly in the last two years," says Robin Lineberger, Deloitte Global Aerospace & Defense leader. "While the public may focus on the viability of eVTOLs in human trans-

portation, the movement of cargo is just as important and will likely drive early adoption of these aircrafts."

Deloitte Global projects that between 2020-2025, passenger eVTOL prototypes will be tested and commercialized. In this period, different stakeholders will also work together to form regulation, support infrastructure, and create traffic management systems. In the following years, from 2025-2030, the wide use of cargo eVTOLs will usher in the first wave of commercialized passenger aircraft, with technology improving the safety and reliability of these vehicles. Finally, in 2030 and beyond, autonomous passenger eVTOLs will begin to be adopted, with greater social acceptance resulting in proliferation of the aircraft.

The emergence of eVTOLs could catalyze transformation across many different areas, specifically:

Air traffic management systems: Developing and deploying a new, complete air traffic management system is expected to be key for widespread adoption of eVTOLs. National governments will need to work together and in conjunction with local

municipalities to establish a universal set of requirements.

Physical infrastructure: Significant capital will be required to build vertiports and other infrastructure components. To secure adequate funding, extending current public/private partnerships or establishing new models will be necessary.

Aircraft development: Current helicopter developers and manufacturers are at risk of being disrupted. eVTOL aircraft manufacturers stand to gain from the promising potential of the industry. For example, the total US market size could eclipse US\$17 billion by 2040.

"Overall, the market for intra-city passenger eVTOLs in the US is projected to grow from US\$1 billion in 2025 to US\$13.8 billion in 2040, so the opportunity is significant," adds Lineberger. "However, eVTOLs pose a significant risk to traditional helicopter manufacturers—if they are to successfully traverse this disruption, they should consider reexamining product mixes, business models, or even shifting their focus to evolving markets for unmanned aerial transport."



financial news

Exports From International Tourism Hit USD 1.7 Trillion



The FINANCIAL

Exports generated by international tourism reached USD 1.7 trillion in 2018, a 4% increase in real terms over the previous year, a new report from the World Tourism Organization (UNWTO) shows. For the seventh year in a row, tourism exports grew faster than merchandise exports (+3%), reflecting solid demand for international travel in a generally robust economic environment. Strong growth in outbound travel from many source markets around the world fuelled revenues from international tourism to reach a total USD 1.7 trillion. This accounts for 29% of global service exports and 7% of overall exports of goods and services. These figures consolidate international tourism among the top five economic sectors in the world, behind chemical manufacturing and the fuel industry but ahead of the food and automotive industries. “Rather than growing in volume we need to grow in value. We are pleased to see that both emerging and advanced economies around the world are benefiting from rising tourism income,” said UNWTO

Secretary-General, Zurab Pololikashvili. “Revenues from international tourism translate into jobs, entrepreneurship and a better situation for people and local economies, while reducing trade deficits in many countries” he added. Total exports from international tourism include USD 1,448 billion in international tourism receipts (visitor spending in destinations) and USD 256 billion in international passenger transport services. Tourism constitutes a key source of foreign exchange and a major tool for export diversification for many destinations. International tourism receipts increased 4% in real terms (adjusting for exchange rate fluctuations and inflation) to reach USD 1,448 billion in 2018, about USD 100 billion more than the previous year. This is consistent with the 6% increase in international tourist arrivals in 2018. By regions, Asia and the Pacific led the way with 7% growth in international tourism receipts, followed by Europe with a 5% increase. The Middle East saw 3% growth, while Africa (+1%) and the Americas (0%) recorded more modest results. Central and Eastern Europe and North-East Asia (both +9%) were the subregions

with the strongest growth. France and Russia lead growth among top spenders

Growth in receipts was fuelled by strong demand for international travel in the context of a robust global economy. Among the world’s top ten source markets, France and the Russian Federation both recorded 11% growth in outbound spending in 2018, while Australia saw a 10% increase. China, the world’s top spender reported USD 277 billion in international tourism expenditure in 2018, a 5% increase in real terms from a year earlier, while the United States, the second largest, spent 7% more, to reach USD 144 billion. International expenditure from the United Kingdom grew 3% in 2018, and 4% from Italy, while Germany and the Republic of Korea both reported rather flat results. Further down the ranking, Spain enjoyed 12% higher spending on international tourism in 2018.

Migrant integration – self-employed persons



The FINANCIAL

In 2018, about 30.2 million people in the EU aged 20-64 were self-employed. Of these, around 26.7 million were native-born, while 3.5 million were born in a foreign country (of which 2.2 million were born outside the EU and 1.3 million were born in a different EU Member State). In relative terms, the share of self-employed persons among the native-born population in 2018 (14%) was higher than the share recorded for foreign-born persons (13% for persons born in a different EU Member State and 12% for persons born outside the EU). Across the EU Member States and for persons in employment, three out of ten native-born people in Greece were self-employed in 2018 (31%) and around one in five in Italy (22%) and Poland (18%). In contrast, the self-employed persons among the native-born population accounted

for less than 10% of total employment in Denmark and Luxembourg (both 7%) as well as in Germany and Sweden (both 9%). For persons born in a different EU Member State (than the Member State of residence), the highest self-employment rate was recorded in Poland (38%), followed - at some distance - by Malta (21%) and Estonia (20%). At the opposite end of the scale, the lowest self-employment rates for persons born in a different EU Member State were observed in Luxembourg (8%), followed by Hungary, Sweden, Austria, Germany and Cyprus (each 9%). The highest self-employment rate for persons born outside the EU in 2018 was recorded in Czechia (35%), followed by Poland (19%), Hungary, the United Kingdom (both 17%) and the Netherlands (16%). By contrast, the lowest rates were recorded in Estonia, Luxembourg and Austria (each 7%), followed by Sweden (8%), Slovenia, Ireland, Denmark and Germany (each 9%).

Consumer demand for personalisation and tech advances drives innovation in entertainment and media industry

The FINANCIAL

Now it's getting personal. According to PwC's Global Entertainment & Media Outlook 2019-2023, consumers are embracing the expanding opportunities to enjoy media experiences tailored to their needs, and companies are designing offerings and business models to revolve around those personal preferences. In a fundamental shift, they're leveraging data and usage patterns to pitch their products not at audiences of billions, but at billions of individuals. The result is an emerging world of media that's more personal than ever before: one in which empowered consumers control their own media consumption via an expanding range of smart devices, curate their personal selection of channels via over-the-top (OTT) services and bring more media content into their lives by embracing the smart home and connected car. It's also an increasingly mobile world, soon to be augmented by 5G networks. As personal connections proliferate, however, consumers continue to be concerned about the safety and privacy of the data. With trust at a premium, pressure is intensifying on companies to adapt to new privacy regimes.

Global industry growth continues to outpace GDP...

These profound shifts are taking

place against a background of ongoing global growth in entertainment & media (E&M) revenues. The Outlook – which provides revenue data and forecasts for 14 industry segments across 53 territories – projects that total global spending on E&M will rise at a compound annual growth rate (CAGR) of 4.3% over the next five years, to 2023. This growth rate will see the industry's global revenue reach US\$2.6tn in 2023, up from US\$2.1tn in 2018. Over the forecast period, six segments will exhibit growth above the average, and seven below it. (The 14th segment, data consumption, does not generate revenue.)

...but with sharp differences in growth rates at the segment level

Looking at specific E&M segments, virtual reality (VR) maintains its position as the highest-growth segment, but – after a year in which consumers' take-up continued to lag behind expectations – its lead over the OTT video segment is greatly diminished. Podcasts and esports, which sit within larger segments, have extremely strong growth revenue forecasts at CAGRs of 28.5% and 18.3%, respectively. At the lower end of the growth spectrum, the traditional TV and home video segment now has negative growth expectations for the first time, as cord-cutting by consumers continues to rise and sales of DVDs keep plummeting. The print-

exposed newspapers and consumer magazines segment has the worst forecast through to 2023, with revenues projected to suffer a compound annual decline of 2.3%.

Innovating for growth in a world of me media

The underlying shift that's reshaping and reorienting the entire industry is changing human behaviour, with a decisive turn towards personalisation. At one level, the new world of E&M appears more isolated, with growing numbers of people engrossed in their own choice of content. But there's also a dimension of personalisation that's inherently social, as people share playlists on music-streaming services, recommend movies to friends on social platforms or engage in multi-user video game battle royales. Advances in technology and service offerings are finally enabling people to move from passive to active consumption – not just of individual pieces of media, but of media as a whole. Many signs of this change are pinpointed in the Outlook. One is the trend for consumers to reject the bundles of channels offered by cable or satellite providers, and instead construct their own ad hoc bundles made up of OTT services. Global OTT revenue hit US\$38.2bn in 2018, and is forecast to almost double by 2023. Another sign is the rise of the smart home, with ownership of smart speaker devices set to rise at a 38.1% CAGR to hit 440mn devices globally in 2023.

A Positive Experience

Continued from p. 8

cessed high-value foodstuffs but also IT services come to mind as sectors where we could work. Georgia is very rich and diverse in terms of its opportunities.

**Q. What about the cultural relationship? What are your plans in this regard for the coming years?**

A. We have just launched a month of the German language in Georgia together with the Austrian and Swiss embassies. The programme runs through May and June with many events, film and theatrical shows, lectures, and events for kids. And all this not only in Tbilisi but also in other cities. I think it's a very rich programme and I hope it will find a wide audience.

I find it an honor that so many Georgians want to study German. In the school system, however, there are not enough teachers. I hope we can do something about this together with the Ministry of Education about, especially if the salaries of teachers rise in the future as is planned. It is necessary to attract people to the teaching profession.

**Q. What about Georgian cuisine? Which dish has become your favourite?**

A. Well, I liked Georgian cuisine even before we came to live in Georgia. In Moscow we found a lot of good Georgian restaurants and we liked to take our guests there. So from early on I've liked

Georgian 'pkhali' and many other dishes. And I really like the natural wines being produced in Georgia. They are increasingly coming to German markets and some German winemakers have even started themselves to produce wine according to the traditional Georgian method, in a qvevri..

**Q. What prospects does Georgia have in regard to the hospitality business here?**

A. The hospitality business is clearly developing, actually booming, in many regions of the country. The number of tourists is rising, especially from Germany and Western European countries. I think the further prospects are still great in terms of numbers and of revenues. The way for Georgia, as it seems to me, will be to focus on high value tourism, based on nature and culture and it is very important to preserve the cultural heritage and the natural beauty of Georgian landscapes. So it is crucial not to overdo constructions around tourism sites, such as Mestia, others in Svaneti, or Stepantsminda. Mountainous areas can be especially vulnerable in this regard. My experience is that you meet German tourists less on the beaches and in the casinos and mostly on the mountain trails and in the I museum. They are attracted precisely by what makes Georgia unique - and I very much hope that these treasures will be preserved for all future generations.

Note: Interview first published in GLOSSY magazine



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## Promised and delayed projects in Kutaisi

Continued from p. 13

of a direct sale. A part of this land plot – 204,606 sq. meters – was on the balance sheet of the Kutaisi Municipality. On the basis of an application of the National Agency of State Property and the State Governor and of Decree No. 244 of the Kutaisi City Council of March 21, 2016, the territory was transferred to the State. However, the construction of the multi-functional center of Kutaisi has yet to begin, while the transferred land plot still remains under the State's ownership. As representatives of the Kutaisi City Hall have notified us, negotiations regarding the return of the said property to the Kutaisi Municipality are not underway.

### The Technological University of Kutaisi

In 2016, the government announced the construction of a technological university in Kutaisi, naming the Cartu Foundation as the main funder of the project. The presentation of the project was attended by the former Prime Minister, Bidzina Ivanishvili, together with members of the government.

According to the project, the university complex to be developed on an area of 140 hectares is designed for 60,000

students. The total investment amount of the project equals USD 500 million. The first phase of the construction was to be completed in 2019, and it was planned to admit the first intake of students in the same year.

In June 2017, the government, on the basis of its decree, established Non-Entrepreneurial (Non-Commercial) Legal Entity (N(N)LE) University Complex of Kutaisi and appointed the Deputy Minister of Education and Science of Georgia, Teimuraz Murghulia, as the acting rector of the university complex which had yet to be built. According to the asset declaration of Teimuraz Murghulia, he received a remuneration of GEL 16,756 while working in this position during September-December 2018. Currently, Mr. Murghulia no longer holds the Dep-

uty Minister's post, although he retains the position of the acting rector of the Technological University.

The construction of the Technological University started with the digging of a foundation pit in the area adjacent to the Rioni Hydropower Plant in November 2017, although the construction works didn't continue according to the plan and the date of the completion of the construction was extended by several months. As the Head of Projects of the Cartu Foundation, Vakhtang Tsagareli, stated in an interview, the first phase of the construction of the Technological University will be completed in August 2020, instead of 2019.

Why was the deadline of the implementation of the project extended, and when will all the phases of the project be

completed? We sent a letter with these questions to the Ministry of Education, Science, Culture and Sport and N(N)LE University Complex of Kutaisi. We also asked them to provide copies of the plan of the development of the university and of the agreement between the Cartu Foundation and the Technical University of Munich on the development of academic and research programs. The Ministry of Education redirected our questions to N(N)LE University Complex of Kutaisi, but we couldn't locate the said legal entity at its official address. We were also unable to establish communication with the organization via electronic means.

Author: Transparency International Georgia



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