

FactCheck



Irakli Gharibashvili:

Prime Minister of Georgia



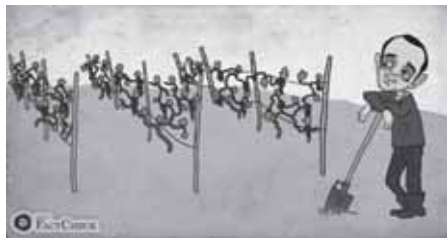
“More than 4,000 hectares of vineyards have been planted over the past two years.” *true*

Veriko SUKHIASHVILI
FactCheck

During his speech at the Parliament of Georgia, the Prime Minister of Georgia, Irakli Gharibashvili, summarised the Government of Georgia's two years of work and talked about each ministry separately. Whilst assessing the work of the Ministry of Agriculture, the Prime Minister underscored the importance of successful grape harvests and stated: “In the past several years, during the grape harvest, we subsidised both white and red grapes. A total of 218,000 tonnes of grapes have been bought from farmers with the help of the state in the past two years. The wine growers received a total of GEL 289 million as revenues in two years. Of course, the successful grape harvests have given the people hope and encouraged them to plant more vineyards. As a result, more than 4,000 hectares of vineyards have been planted over the past two years in our country.”

FactCheck took interest in the accuracy of the Prime Minister's statement.

We contacted the Ministry of Agriculture of Georgia and requested statistics concerning Georgia's vineyards, both previously existing as well as those planted in the past two years. According to the Ministry, the last agricultural census in the country was held in 2004. According to this census, a total



of 37,419 hectares of vineyards were recorded in Georgia.

The National Wine Agency started to implement the vineyard cadastre programme in 2014. The cadastral survey of the Racha-Lechkhumi region was conducted at the first stage. An analysis of the survey found that a total of 572.3 hectares of vineyards are situated in Racha as of today which are represented in the form of 5,510 plots, mainly belonging to private farmers. The majority of the vineyards are situated in the Ambrolauri Municipality. There are currently 233 hectares of vineyards situated in Lechkhumi (Tsageri Municipality) as of today and, similar to Racha, these vineyards usually belong to private farmers. Similar cadastral work will be conducted in Kakheti in 2015. According to the Agency's information, a tender has already been announced for the cadastral survey of the Kvareli Municipality vineyards.

According to the National Wine Agency, a total of 5,000 hectares of vineyards were planted in Georgia in 2013

and 2014. Of this, about 4,700 hectares were planted in Kakheti, 50 hectares in Racha and 250 hectares in Shida Kartli, Imereti, Guria and Samegrelo combined. According to the Agency's explanation, the calculations between the censuses are approximate and a variety of sources were used for them: information of the municipalities and the regional agricultural offices, the number of produced seedlings, the information of different cellars and winegrowers about planting the vineyards and so on. The total area of planted vineyards is calculated by summarising this information.

Internet research also produced some information confirming the planting of vineyards over the past two years. According to these sources, vineyards were planted in Racha-Lechkhumi (45 hectares in Racha and 10 hectares in Tsageri), the Kvareli Municipality (380 hectares of Saperavi, 162 hectares of Rkatsiteli and 10 hectares of Kakhetian Green) and other municipalities of Kakheti as well.

In his statement the Prime Minister also elaborated upon the amount of grapes bought from farmers and the income they received from this. According to the statistics of the National Wine Agency, a total of 217,678 tonnes of grapes were processed in 2013 and 2014 (93,072 tonnes in 2013 and 124,606 tonnes in 2014) and the revenues from their sales amounted to GEL 289,091,593 (GEL 175,341,271 in 2013 and GEL 113,750,322 in 2014) which coincides with the numbers stated by Mr Gharibashvili.

90% of the Ground Coffee sold by Weight in Georgia is Bogus

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fee was that it had low humidity and caffeine content. People buy coffee because of the caffeine, so if the coffee doesn't contain caffeine that means it is of low quality.”

Currently the import share of ground coffee from Armenia stands at around 150 tonnes (USD 553,400) as of the first six months of the current year's data, provided by GeoStat. For example, in 2009, import amounted to 1,184.3 tonnes. Moreover, in 2015, Georgia was the country that actually managed to export coffee to Armenia.

“Coffee imported from Armenia is the cheapest priced bean of Robusta sort. Their main target is Tbilisi and the Javakheti region, where many ethnic Armenians are settled,” said Lomtadize, Cherie.

Contrary to 2014, this year Georgia managed to re-export ground coffee. The only destination has been Armenia. In total 257.4 tonnes of ground coffee, worth USD 540,800, was re-exported to Armenia during January-June 2015.

In Lomtadize's words, there is no monopoly on the Georgian coffee market right now. He estimates the business environment to be quite fair and competitive. That is why he decided to enter this segment. However, while local players received a free and antimonopoly environment of doing business in the Georgian ground coffee segment, the problem that has

been raised regarding Armenian coffee - that it is of low quality - still remains.

“All the individuals or companies that sell ground coffee combined with various mixtures are doing it legally. There is always a list of ingredients on the back of the ware typed in a small script. Soy might not be harmful to the health but it is not coffee,” said Lomtadize.

In Lomtadize's words, the margin on ground and bean coffee is quite low. The main share of the company's profit is made up by packaged coffee brands, consisting of highest quality expensive sorts of coffee.

The company produces 4 distinctive brands at the moment: - the first and cheapest one is Cherie Natiffee. It is comprised of 75% Robusta and 25% Arabica, and average price at stores is - GEL 1.50 for 100g bag. It is followed by Cherie Original - 60% is Robusta and 40% Arabica - it costs GEL 2.50. Then we have Cherie Classic; it is 100% Arabica. Lastly, there is Cherie Gold, also 100% Arabica relatively dark roasted product. As for ground coffee sold by weight, it is 100% Robusta.

Cherie is distributed all over the country. Over 60% of our sales are in Tbilisi. Out of the other regions, Samegrelo is the next bestselling for the company. “Further growth of the company is directly linked to the improvement of overall economic conditions.”

The company has exported two test batches to Turkmeni-

stan and Uzbekistan. “We see much more opportunities in post-Soviet markets. One can still find their niche there. Accordingly, we decided to target them. We have patented our brand in 15 post-Soviet states,” Lomtadize told THE FINANCIAL.

Out of 80 countries Georgia is 27th, with 0.588 cups per capita, by coffee consumption. Georgia's per-capita consumption of 0.588 cups a day is almost the same as Turkey, Kazakhstan and Azerbaijan combined.

It was recently announced that local coffee importer BB Company plans to open a coffee factory in Tbilisi, supported by their Italian partners. BB Company will develop a Georgian roasted coffee blend and supply it to the local market before venturing further afield and selling it to foreign markets.

BB Company took out a GEL 1.8 million loan from Bank of Georgia to establish the new coffee enterprise, which will be built within the Governmental programme Produce in Georgia. The state will cover 10 percent of the loan.



Rehabilitation of Tourist Infrastructure to Start in Bakuriani

Development of tourist infrastructure is starting in Bakuriani. A memorandum of understanding on this project has been signed between the state and private sector in the Hotel Radisson.

The memorandum was signed by the Ministry of Economy, National Agency for State Property Management, Mountain Resort Development Company, and the representatives of Akhali Mitarbi, a company that is a part of the Reconstruction and Development Company of Georgia.

According to the memorandum, the Government of Georgia will finance the construction of the Kokhta and Mitarbi ropeways with GEL 48 million. The Reconstruction and Development Company of Georgia will make an investment of GEL 70 million in the real estate part of the project, which will be one of the largest investments in the revival of mountain tourism.

It is significant that the project will be implemented through Public-Private Partnership, a model just recently introduced in Georgia and one that is necessary for the development of the market economy, Minister of Economy Giorgi Kvirikashvili commented.

Founder of TBC Group, Mamuka Khazaradze, esti-



mated the project to be an unprecedented case of partnership between the state and private sector. “This is a new step in the development of Georgian tourism. After the project is finished, we will have a skiing resort of the highest standard, such as we see in Austria, France or Switzerland. It is important to note that each building or construction will be built according to a very strict and profound general plan, with the highest quality materials used, and it's also noteworthy that the resort will have exquisite architecture. This project will act as an example to others, and will encourage further development of tourism infrastructure and the

creation of an attractive investment environment. As a result of these developments, additional workplaces will be created and local entrepreneurship will be encouraged,” stated Mamuka Khazaradze.

He also noted that the general plan will be designed by a famous Canadian company, which was invited onto this project by the Reconstruction and Development Company of Georgia. The project itself belongs to Georgian company Architects.ge.

The construction of ropeways will be implemented by Austrian company Doppelmayr, the world's leading company in skiing and mountain infrastructure development.

Area of Vineyards by Regions in 2014 (Hectares)	
Georgia, Overall	37,419
Including:	
Ajara	42
Guria	268
Imereti	8,584
Kakheti	22,227
Mtskheta-Mtianeti	792
Racha-Lechkhumi and Lower Svaneti	1,348
Samegrelo-Upper Svaneti	775
Samtskhe-Javakheti	6
Kvemo Kartli	1,757
Shida Kartli	1,622

CONCLUSION

FACTCHECK CONCLUDES THAT IRAKLI GHARIBASHVILI'S STATEMENT: “MORE THAN 4,000 HECTARES OF VINEYARDS HAVE BEEN PLANTED OVER THE PAST TWO YEARS,” IS TRUE.

TRUE



EUROPEAN
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G | M | F

The German Marshall Fund
of the United States



Kingdom of the Netherlands

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Armenia's EaCU Membership to Force Revision of Trade Relations with Georgia

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The external trade of Georgia with EU countries amounted to USD 1,434 million, up 2 percent compared to the corresponding indicator of the previous year. Exports amounted to USD 293 million (2 percent lower), while imports amounted to USD 1,141 million (3 percent higher). The share of these countries in the external trade of Georgia amounted to 30 percent, 27 percent in exports and 31 percent in imports (from January-June 2014 - 26, 21 and 28 percent correspondingly). 33 percent of the trade deficit came to EU countries (31 percent from January-June 2014).

Meanwhile, the external trade of Georgia with CIS countries totalled USD 1,356 million (21 percent lower compared to January-June 2014). Exports stood at USD 417 million (45 percent lower), while imports equalled USD 939 million (2 percent lower). The share of the CIS countries in the external trade of Georgia constituted 28 percent, 39 percent in exports and 26 percent in imports (from January-June 2014 - 32, 53 and 24 percent, respectively). From January-June 2015, compared to the corresponding period of the previous year, CIS countries accounted for 20 percent of the overall trade deficit (8 percent from January-June 2014).

"We think that easier access

to EU markets through the Association Agreement and the DCFTA should help to boost Georgia's attractiveness as an investment location over the medium to long term. More generally, Georgia's business environment compares favourably with rating peers," Muscatelli, Fitch Ratings, told The FINANCIAL.



TBC Bank Wins Multiple Awards for Corporate and Consumer Digital Banking in Central & Eastern Europe and Georgia

TBC Bank has been recognized by Global Finance Magazine with the fourth consecutive Best Consumer and Corporate Digital Bank in Georgia awards in 2015. The Bank's consumer digital banking has also been recognized for the Best SMS/Text Banking 2015 in the Central & Eastern European (CEE) region.

According to the publication's press release, winners were chosen based on the strength of strategy for attracting and servicing digital customers, success in getting clients to use digital offerings, growth of digital customers, breadth of product offerings, evidence of tangible benefits gained from digital initiatives, and web/mobile site design and functionality. Award winners were evaluated by Infosys, a global leader in consulting, technology and outsource-



ing, with the final selections for the first round of winners made by the Global Finance editors.

Commenting on the news, Vakhtang Butskhrikidze, TBC Bank's Chief Executive Officer said: "We are proud to receive this recognition for our consistent commitment to provide our customers with the world-class digital banking services. This win solidifies TBC Bank as a leader in consumer and

corporate digital banking in Georgia and in the region."

This is the 16th year Global Finance has named the World's Best Digital Banks and details on all First Round winners will be published in our September issue. The overall Regional and Global winners, and Global Sub-Category winners, will be revealed on 27th October at Global Finance's Best Digital Bank Awards dinner in London.



Giorgi Chogovadze:

Head of the Georgian National Tourism Administration



"Compared to the same period of the previous year, the number of visitors grew by 14.7% and the number of tourists increased by 5% in May."

Ani NADIRASHVILI
FactCheck

As stated by the Head of the Georgian National Tourism Administration, Giorgi Chogovadze, despite the fact that Georgia has endured very severe political and economic factors over the last months, the number of visitors grew by 14.7% and the number of tourists increased by 5% in May 2015.

FactCheck took interest in the accuracy of the statement.

First of all and to clarify, a visitor is an individual who travels from his native or permanent environment to a certain place, stays there for less than a year and is not employed. Those visitors who spend at least one night in a specific place are qualified as tourists.

According to the information of the Georgian National Tourism Administration, there were 454,000 visitors to Georgia in May 2015 which represents a 14.7% increase as compared to the same period of the previous year. According to the data of the first five months of 2015, there were 1,835,000 visitors to Georgia in total which represents a 2% increase (35,000) as compared to the same period of the previous year.

In regard to the number of tourists, there were 164,000 tourists in Georgia in May 2015. Consequently, the number of tourists rose by 5% as compared to the same period of the previous year. However, according to the data of the

first five months of 2015, the number of tourists decreased by 3% (23,427) as compared to the same period of the previous year.

FactCheck also took interest in the numbers of tourists from the countries with which Georgia introduced visa requirements in September 2014. From these 24 countries on the visa requirement list, an increase of visitors was registered only from India. The number of Indian citizens who entered Georgia rose by 10% in January-May of this year. The highest number of visitors from these visa requirement countries usually came from Iraq. However, after the first five months of 2015, the number of visitors from Iraq dropped by 93% which in nominal numbers represents 6,678 visitors.

FactCheck also took inter-

est in the degree of impact had by the imposition of the new visa regulations and the introduction of electronic visas upon the number of visitors from those countries which have a visa regime with Georgia. We selected the top five countries in terms of their entries into Georgia. As illustrated by the table the trend of declining numbers of visitors from these countries still continues. It must also be noted that in the last five months the drop in the number of visitors has decreased slightly which might be due to some extent to the introduction of the electronic visas.

In regard to June's data which was published after Giorgi Chogovadze's statement, the number of visitors rose by 9.3% as compared to the same period of the last year and reached 496,000.

Table 1: Countries Where the Highest Growth of Tourists to Georgia (both Quantitative and Percentage) were Registered (January-May 2015)

Countries	2015	Difference (As compared to the same period of the previous year)
Belarus	42%	1,626
Armenia	33%	26,461
Lithuania	44%	1,372
Slovakia	63%	348
Uzbekistan	104%	1,193
Russia	43%	21,302
United Arab Emirates	840%	1,532
United States of America	36%	878

Table 2: Top Five Countries with a Visa Regime with Georgia in Terms of Entry into Georgia

	2014 (September-December)	2015 (January-May)
Iran	-84%	-88%
Iraq	-97%	-88%
Egypt	-84%	-42%
China	-42%	-21%
India	-27%	24%

CONCLUSION

ACCORDING TO THE INFORMATION OF THE GEORGIAN NATIONAL TOURISM ADMINISTRATION, THE NUMBER OF VISITORS FOR THE FIRST FIVE MONTHS OF 2015 REACHED 1,835,000 AND REPRESENTS A 2% INCREASE AS COMPARED TO THE SAME PERIOD OF THE PREVIOUS YEAR. IN REGARD TO THE NUMBER OF VISITORS TO GEORGIA, IT DROPPED BY 3% IF WE TAKE THE FIRST FIVE MONTHS OF THE YEAR BUT REGISTERED A 5% INCREASE IF WE COMPARE MAY 2015 TO MAY 2014. IN THE WAKE OF THE IMPOSITION OF STRICT VISA REGULATIONS FROM 1 SEPTEMBER 2014, THE NUMBER OF VISITORS FROM IRAN, IRAQ, CHINA AND EGYPT REMAINS DECREASED. HOWEVER, ACCORDING TO THE DATA OF THE FIRST FIVE MONTHS OF 2015 THE TREND OF DECREASE IS SLIGHTLY LOWER. FACTCHECK CONCLUDES THAT GIORGI CHOGOVADZE'S STATEMENT IS MOSTLY TRUE.

MOSTLY TRUE



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