

FactCheck



Otar Danelia:

Minister of Agriculture of Georgia



"Increase in the price of bread defies any logic... we have wheat reserves and the price of wheat on the markets has also decreased."

Veriko SUKHIASHVILI
FactCheck

Table 2: Balance of Wheat

Indicator	2010	2011	2012	2013	2014	Subtotal
Wheat production (thous. tons)	102	102	102	102	102	510
Wheat imports (thous. tons)	48	57	87	81	35	308
Wheat exports (thous. tons)	707	677	670	733	551	3338
Total wheat (thous. tons)	857	832	859	910	672	4228
Wheat stocks (thous. tons)	102	102	102	102	102	510
Wheat consumption (thous. tons)	102	102	102	102	102	510

According to the statement of the Minister of Agriculture of Georgia, Otar Danelia, the increase in the price of bread defies any logic: "We must use every method available to us to prevent this from happening. If any kind of help is necessary from the state, we will support this field but the increase in the price of bread definitely defies any kind of logic."

FactCheck verified the accuracy of the aforementioned statement.

About 170,000 tonnes of wheat were harvested in Georgia in 2015 which is a record high number as compared to the past several years. According to the data from 2010 to 2014, Georgia consumes about 940,000 tonnes of wheat each year. About 90% of the necessary wheat is imported. The share of local production in the overall consumption varied from 6% to 10% from 2010 to 2014.

Wheat is mainly imported from Russia, Kazakhstan and Ukraine. In 2014, Russia's share in overall wheat imports was 87.2% (494,034 tonnes), Kazakhstan's share was 10.4% (58,984 tonnes) and Ukraine's share constituted 1.8% (10,424 tonnes). As Russia and Ukraine are the main sources of import, we present wheat prices in these countries by year.

The issue of the increases in the price of bread has become so widely discussed due to the depreciation of GEL. The national currency has depreciated by almost 40% as compared to the same period of the previous year and its exchange rate with regard to USD has reached 2.45

Source: National Statistics Office of Georgia

(when the discussion about the bread price increases started, the exchange rate was set at 2.30). On the other hand, Russian wheat has become 25% cheaper thus far in 2015 whilst the price of Ukrainian wheat has decreased by 16%. Hence, it is clear that the decrease in wheat prices in USD fails to balance the price increases caused as a result of the depreciation of GEL. The fact that local production has been increased has also been taken into account but this is still not enough to cover the effects of the depreciation of the national currency.

Despite the fact that wheat has become cheaper, the price of wheat flour has gone up. FactCheck asked the Executive Director of the Georgian Wheat Association, Levan Silagava, to comment upon this issue. According to his statement,

the depreciation of the national currency has caused the price of wheat flour to go up. Despite the fact that wheat has become cheaper, the mills are buying wheat in USD which is why the price of flour has increased (in this case from GEL 37 to GEL 44).

We also asked the Chairman of the Bread Products Association of Georgia and the Director of the 4th Bread Factory, Malkhaz Dolidze, to comment upon the issue. The growth of the price of flour was due to the depreciation of GEL and the violation of market principles. According to him, the prices for all products used in the production of bread have gone up: salt, yeast and fat. This is supplemented by the growth in electricity tariffs with all of the conditions in place for the growth of the price of bread.

Table 4: Average Annual Price for Wheat in Russia and Ukraine from 2010 to 2015 (USD/tonnes)

Year	2010	2011	2012	2013	2014	2015 (eight months)
Russia	350.9	415.7	248.8	281.0	221.6	166.6
Ukraine	166.0	229.7	237.2	245.4	205.7	172.4

CONCLUSION

A RECORD AMOUNT OF WHEAT (170,000 TONNES) WAS HARVESTED IN GEORGIA IN 2015. HOWEVER, LOCAL PRODUCTION COVERS ONLY FROM 6% TO 10% OF THE COUNTRY'S ANNUAL CONSUMPTION. IN ADDITION, ACCORDING TO EXPERTS, ONLY 12% TO 15% OF THE WHEAT HARVESTED IN GEORGIA IS USED IN THE PRODUCTION OF FOODSTUFFS. THE LARGEST WHEAT IMPORTER COUNTRY TO GEORGIA IS RUSSIA (90%). WHEAT IN RUSSIA HAS BECOME CHEAPER. HOWEVER, THE DROP IN WHEAT PRICES IN USD FAILS TO BALANCE THE PRICE INCREASES CAUSED DUE TO THE DEPRECIATION OF GEL. IN THE SITUATION WHEN WHEAT FLOUR HAS BECOME MORE EXPENSIVE, ELECTRICITY TARIFFS HAVE INCREASED, THERE IS A GROWING INFLATION IN THE COUNTRY AND THE NATIONAL CURRENCY CONTINUES TO DEPRECIATE, THE PRICE OF BREAD IS ALSO AFFECTED. BREAD PRODUCING COMPANIES SAY THAT THE PRICES OF ALL PRODUCTS USED IN THE PRODUCTION OF BREAD HAVE GONE UP. HENCE, FACTCHECK CONCLUDES THAT OTAR DANELIA'S STATEMENT IS MOSTLY FALSE.



MOSTLY FALSE



EUROPEAN
ENDOWMENT OF DEMOCRACY



The German Marshall Fund
of the United States



Kingdom of the Netherlands

STRENGTHENING TRANSATLANTIC COOPERATION

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ADB Loan to Help Georgia Better Manage Resources, Improve Equality

The FINANCIAL



The Asian Development Bank (ADB) has approved a \$75 million loan to assist government reforms aimed at increasing savings and domestic resources and creating investment opportunities to address inequality of income.

"The program will be supporting the government's agenda to make more money available for social protection programs and small businesses in the face of economic contraction caused by economic slowdown in the region," said Tariq Niazi, Principal Public Management Specialist in ADB's Central and West Asia Department.

Georgia's economy grew at an annual average rate of 5.8% in 2004-2014, but the slowdown in the Russian Federation led the government to cut its growth projection for 2015 by more than half to 2%.

The program will further improve the government's debt management capacity by strengthening processes; increasing transparency; and introducing a medium-term debt management strategy, according to ADB.

"This will help develop the domestic debt market to facilitate expansion of Georgian bond and capital markets,"

said Kathie Julian, ADB's Country Director in Georgia. "It will also boost fiscal risk management by implementing a strategy to deal with different types of risks and to better manage and assess contingent liabilities."

To generate more domestic savings, the program introduces a supplementary pensions system based on defined contributions. This will streamline the existing pension system—which currently accounts for almost 20% of public expenditure but barely provides a lifeline for many elderly people—so it is affordable for both individuals and society, and fiscally sustainable in the long term.

Finally, the program will enhance access to finance for micro, small, and medium-

sized enterprises, especially those run and managed by women. A Gender Action Plan will ensure equal opportunities for women in economic activities, and provide business training for future female entrepreneurs.

ADB, based in Manila, is dedicated to reducing poverty in Asia and the Pacific through inclusive economic growth, environmentally sustainable growth, and regional integration. Established in 1966, it is owned by 67 members – 48 from the region. In 2014, ADB assistance totaled \$22.9 billion, including co-financing of \$9.2 billion. As of 2014, ADB assistance to Georgia totaled more than \$1.6 billion, including approved loans and technical assistance grants.

Facebook Unveils 360-degree Videos For News Feed

The FINANCIAL – Facebook said on September 23 that starting today, 360-degree videos will begin rolling out in News Feed, according to Nasdaq.

To create 360 videos, a special set of cameras is used to record all 360 degrees of a scene simultaneously. This means that when the video is playing on Facebook, viewers can choose what angle they want to see it from. On the web they can do this by dragging around the video with their cursor, and on mobile

devices they do it by dragging with finger &c or even just by turning their device.

"You'll be able to hold up your phone and the 360 video will follow you as you turn, looking around, to experience things from all over the world like never before," Facebook said.

"If you're using Facebook on the web or on Android, you should be able to see 360 videos in News Feed soon. We plan to roll this out for iOS in the coming months," the company said.

The company noted that there are a number of publishers sharing new 360 videos on Facebook today, including Star Wars, Discovery, GoPro, LeBron James & Uninterrupted, NBC's Saturday Night Live, and VICE. These videos help show the range of possibilities with this new medium. Disney and Lucasfilm are debuting an exclusive 360 experience from its upcoming movie Star Wars: The Force Awakens, bringing fans inside the beloved Star Wars universe.

FOR SALE

9,8 ha non-agricultural, privately owned parcel for industrial use (cadaster code # 01.19.26.004.088) located next to Tbilisi Airport

Address: Airport settlement, Samgori district, Tbilisi
Tel: +995 599 529 529
info@cei.ge



Invitation to Participate in the Sales Procedures Announced by the Embassy of the Republic of France in Georgia on the Sale of 3933 sq/m Land Plot Located in the Center of Tbilisi

The Embassy of the Republic of France in Georgia has announced a Sales Procedures on the sale of land plot located adjacent to the Rustaveli Avenue at 4 Khazina St., Tbilisi, Georgia. The land plot has the following characteristics: cadastral code – 01.15.04.007.010; total area of the land plot - 3933 sq/m. The land plot qualifies as type 2 recreational zone with the following coefficients: K1= [0,2], K2=[undefined] and K3=[Undefined].

Please, take into account that the Sales Procedures will be conducted in accordance with the Rules for Submission of Offers available on the web-page of the Embassy: ambafrance-ge.org, or by e-mail request at contact.tbilissi-amba@diplomatie.gouv.fr. The interested Parties shall submit their Expression of Interest in a form and to the addressee(s) envisaged in the Rules for Submission of Offers..

In case of additional questions, please, contact [the consul or his representative] at the following e-mail [contact.tbilissi-amba@diplomatie.gouv.fr] or call at [(00 995 32) 272 14 90] from Monday to Friday from 9:30 AM till 12:30 PM.

The Expression of Interest shall be submitted to the Contact Person indicated above no later than 15th of October 2015.

VTB Group will allocate five hundred thousand US dollar funding to the Georgian Gymnastics Federation, affected by the flood in Tbilisi

VTB Group will allocate five hundred thousand US dollar funding to the Georgian Gymnastics Federation. Infamous flood on June 13 severely damaged the building of a federation and the sport equipment was almost totally destroyed. Allocated funds will be spent on restoring damaged building and purchasing new sport equipment. Thanks to the provided financing up to five hundred sportsmen and youth will have opportunity to train in improved conditions with sport equipment of the international standards.

Grand opening of the newly renovated building of the federation is planned at the beginning of year 2016.

VTB Bank (Georgia) CEO, Archil Kontselidze, stated:

Since the year 2012 VTB Bank (Georgia) is the General Sponsor of the Georgian Gymnastics Federation. June 13 flood did severe damage



to the federation. Unfortunately, Tbilisi flood claimed lives of many people, significantly damaging population and infrastructure of the city. Although 3 months have already passed since the tragic event and restoration works are actively being implemented, many things are left to be done. This is the exact reason why support of the

Business Sector is as important as ever. In aid to victims of June 13 flood, VTB Group has allocated 1,433,000 GEL (one million four hundred and thirty three thousand Georgian Lari) in total. I am sure that funds allocated to the Gymnastics Federation will be reflected on future development and success of sportsmen.



Mikheil Saakashvili:

“Ivanishvili has falsified the results of the population census and registered 800,000 Georgians as living in Russia. This was done in order to bring electoral votes from polling stations opened in Russia.”

Nodar CHACHANIDZE
FactCheck

The former President of Georgia, Mikheil Saakashvili, discussed the on-going political processes in Georgia on air on Rustavi 2. Mr Saakashvili also mentioned the upcoming Parliamentary elections scheduled for the next year and stated: “Bidzina Ivanishvili has clearly falsified the results of the population census and registered 800,000 citizens of Georgia as living in Russia. Why exactly in Russia? Because Ivanishvili himself and his principal representative in Russia (Zurab Abashidze) know exactly how to bring in votes. There are no 800,000 Georgian citizens in Russia. The maximum amount of Georgians living there is approximately 150,000-200,000.”

FactCheck took interest in this topic and verified the statement of the former President.

In his statement, Mikheil Saakashvili referred to the 2014 universal population census. According to the National Statistics Office of Georgia (preliminary data), results of the census show that as of 1 January 2015, there are 3,729,635 residents of Georgia. According to the previous census, which was conducted in 2002, there were 4,371,500 individuals living in Georgia.

The former President believes that the decrease in the population happened artificially in order to have a high number of Georgians regis-

tered as having emigrated, including those who now live in Russia which will enable the Government of Georgia to falsify elections. Therefore, Mr Saakashvili refers to those citizens of Georgia who reside in Russia and have the right to take part in elections in Georgia. Since 2008 (Russia-Georgia war), no polling stations have been opened for Georgian citizens on the territory of Russia. In his aforementioned statement, Mikheil Saakashvili presumed that the Government of Georgia will open polling stations in Russia for the next elections.

In order to figure out the number of Georgian citizens who live in Russia according to the 2014 population census, FactCheck contacted the National Statistics Office of Georgia. The letter which FactCheck received from the National Statistics Office of Georgia says that the data of the 2014 population census is being processed and will be published at the end of April 2016. Additionally, the data on citizens of Georgia who live in Russia are based on the 2002 universal population census according to which there are 72,950 Georgian immigrants who live in Russia.

The unofficial information from the Ministry on Diaspora Issues was also interesting. According to this information, there are 800,000-900,000 Georgians who live in Russia. This number, however, as stated by the Ministry's representative, is unofficial and as such cannot be counted upon as accurate.

In addition to the 2002 population census, there are two additional sources of official data regarding the number of Georgians who live in Russia. According to the 1989 population census of the Soviet Union, there were 130,688 ethnic Georgians who lived in Russia whilst according to the 2010 universal population census of the Russian Federation, the number of Georgians living there was 157,803.

It needs to be mentioned that the aforementioned numbers concern ethnic Georgians who live in Russia whilst Mikheil Saakashvili talked about citizens of Georgia; that is, about those individuals who have the right to vote. During the research process, FactCheck tried to contact Mr Saakashvili to obtain additional details about his statement. Unfortunately, we were unable to receive answers to our questions.

As we have mentioned earlier, the former President made an assumption that for the 2016 Parliamentary elections, polling stations will be opened in Russia and Georgian citizens who live there will be able to vote. In order to obtain information about this, FactCheck contacted the Central Election Commission of Georgia (CEC). The Commission's representative stated that the opening of polling stations in Russia is a matter of political consideration. At the present time, however, the CEC does not have information on whether or not any real steps are being made in this regard.

CONCLUSION

ACCORDING TO THE OFFICIAL DATA OBTAINED BY FACTCHECK, THE HIGHEST NUMBER OF ETHNIC GEORGIANS WHO LIVE IN RUSSIA IS RECORDED AT 157,803. THIS NUMBER WAS REGISTERED AS A RESULT OF THE UNIVERSAL POPULATION CENSUS OF THE RUSSIAN FEDERATION CONDUCTED IN 2010. IT IS LOGICAL TO ASSUME THAT THE NUMBER OF GEORGIANS WHO HAVE THE RIGHT TO PARTICIPATE IN ELECTIONS IN GEORGIA IS LOWER THAN THE NUMBER OF ETHNIC GEORGIANS WHO LIVE IN RUSSIA.

FOR THE PRESENT TIME, FACTCHECK LEAVES MIKHEIL SAAKASHVILI'S STATEMENT WITHOUT A VERDICT. HOWEVER, AFTER THE PUBLICATION OF RELEVANT STATISTICS OR IN LIGHT OF NEW EVENTS, WE WILL RETURN TO THIS ISSUE.

