



## Main Theme of Week

- First Seminar of the International Trade Academy for the Georgian organizations by the Ministry of Economic Development of Georgia and HSBC Bank have already been held
- According to the decision of the French government 705 073 Euros was donated to Georgia in framework of the FACEP program
- MCC's Samtskhe-Javakheti Road Rehabilitation Project envisages rehabilitation of around 223 km road in Kvemo Kartli and Samtskhe-Javakheti regions

## Economic and Business News

### First Seminar of the International Trade Academy

**HSBC Bank and the Ministry of Economic Development of Georgia signed a document which implies the execution of joint initiatives in order to support export and import of Georgia in order to use and develop the existing possibilities in foreign trade.**

According to the signed document online tools will be created for the businesses planning to expand their possibilities in terms of foreign trade; trainings will be executed.

One of the most important initiatives is the formation of an international trade academy, where seminars prepared by the National Investment Agency and HSBC Bank will be held. They will be specially fit to the necessities of Georgian importers and exporters and will provide them with detailed information about international trade products, instruments and the legislation.

**First Seminar of the International Trade Academy for the Georgian organizations by the Ministry of Economic Development of Georgia and HSBC Bank have already been held in Hotel „Courtyard Marriot“ on May 6, 2010.**

More than 60 general and financial managers of different organizations engaged in foreign trade participated in the seminar. The seminar was dedicated to the financing of foreign trade.

The idea of the International Trade Academy belongs to HSBC Bank. This project is being successfully held in several countries, including Britain and France. The Academies are focused on the needs of the market. In Georgia it is focused on monetary market and the legislation related to it.

HSBC Bank and the Ministry of Economic Development of Georgia will periodically hold similar seminars.

### Donated Grant

**According to the decision of the French government 705 073 Euros was donated to Georgia in frameworks of the FACEP program of the Ministries of Economy, Industry and Labor in order to perform the preliminary researches concerning the rehabilitation and widening the runways.** The Minister of Economic Development met the representatives of ADPI Company (construction of Paris airport) The issue of performing preliminary researches concerning the rehabilitation and widening the runways was discussed.

According to the decision of the Georgian government the works will be performed by the French company – ADPI. The Georgian side also took the responsibility to perform geotechnical and topographic researches at their own expense and that they would give the necessary space and logistics to the French side in order to carry out the works. The French side is planning to finish their works within 6 months.

Donated sum will completely be spent on the preliminary researches concerning the rehabilitation and widening

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the runways; the project will be processed in details afterwards.

## Banking Sector

### Current Tendencies of Bank Deposits

**Total volume of deposits in the country's banking sector (including term deposits and current accounts of non-financial and households sectors, including payable interest) increased by 1.8 percent (62.2 million GEL) compared to the previous month and exceeded 3.6 billion GEL by April 1, 2010.**

According to the data of National Bank of Georgia, in March, the volume of current accounts of non-financial and households sectors and the volume of term deposits increased by 0.7 percent (8.6 million GEL) and 2.6 percent (57.6 million GEL).

The larization ratio of deposits increased by 1.5 percentage points compared to the figure for March 1, 2010 and amounted to 28.7 percent by April 1, 2010. In March the annual average weighted interest rate for all deposits amounted to 9.0 percent, in particular, the interest rate for national currency denominated deposits was 10.7 percent and the interest rate for foreign currency denominated deposits was 8.8 percent.

The share of US dollar in the total volume of foreign currency denominated deposits equals to 76.5 percent and the share of Euro equals to 22.3 percent.

### Volume of lending by commercial banks

**The volume of lending by commercial banks (including loans to non-residents) increased by 1.4 percent compared to the previous month and exceeded 5.3 billion GEL by April 1, 2010.**

According to the data of National Bank of Georgia, the volume of loans provided in the national currency increased by 75.8 million GEL (6.3 percent), while the volume of loans in foreign currency decreased by 3.3 million GEL (0.1 percent).

By the end of March 2010, commercial banks issued to resident legal entities 591.1 million GEL worth of national currency-denominated loans (6.8 percent or 37.4 million GEL more compared to previos month) and 2.5 billion GEL worth of loans in foreign currency (0.8 percent or 19.5 million GEL more, respectively).

Out of the total volume of lending to legal entities, the biggest share falls on trade – 47.1 percent. Compared to February the volume of loans provided for trade increased by 3.0 percent (42.1 million GEL) and

exceeded 1.4 billion GEL.

Share of loans provided to the industrial sector constituted 22.1 percent of all loans to legal entities and amounted to 677.4 million GEL by April 1, 2010 (2.0 percent or 13.0 million GEL increase compared to the previous month). 11.7 percent fall on construction, amounting to 359.0 million GEL (3.1 percent or 10.9 million GEL increase, respectively). Thus, 81.0 percent of the total volume of lending to the legal entities falls only on three sectors – industry, construction and trade.

The volume of lending to individuals increased by 0.4 percent (7.3 million GEL), during the past month, and exceeded 2.0 billion GEL by April 1, 2010.

## New Office

**On May 4, 2010, Bank Republic establishes brand new office in Tbilisi, at Tamar Mephe Avenue.**

Bank Republic informs, that in new branch existing and potential customers can readily enjoy the innovative banking solutions and superior service.

Bank Republic has Employing more than 1 000 staff, serving its clients through 49 branches and service centers.

## Samtskhe-Javakheti Road Rehabilitation Project

**Millennium Challenge Corporation's (MCC) Samtskhe-Javakheti Road Rehabilitation Project envisages rehabilitation of around 223 km road in Kvemo Kartli and Samtskhe-Javakheti regions.** Construction works are intensively conducted on all sections of the road.

„AzerinSaat“ is one of four construction companies selected by MCG through the international competitive bidding. According to 50 million USD contract, company carries out rehabilitation works on the Teleti-Koda-Asureti (19km) and the Nardevani-Satkhe (47,8km) road sections. The road construction-rehabilitation works are also performed by: Ashtrom International Ltd (Israel), the joint venture Papenburg/Black Sea Group (Germany-Georgia), and Akkord Insaat Senaye (Azerbaijan).

Samtskhe-Javakheti Road Rehabilitation Project (203,5 million USD) is aimed at improving the road network in the regions of Samtskhe-Javakheti and Kvemo Kartli. As a result of Project implementation, better conditions will be created for trade, tourism and other business development. The rehabilitation will support to link these two regions to other parts of Georgia, which, on its part, will accelerate social, political and economic integration of population. Construction/rehabilitation works will be completed by the end of 2010.

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## Daily Economic Statistics

### Indexes

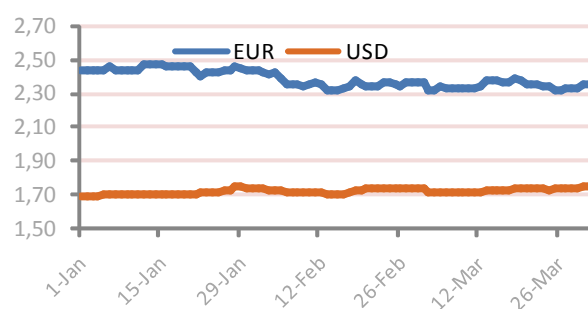
	06.05.10	07.05.10	Change
NASDAQ	2 402,29	2 327,79	▼ -3,1%
S&P 500	1165,87	1134,52	▼ -2,69%
Dow Jones	10 868,12	10 573,23	▼ -2,71%
Georgia's Eurobond (price)	104,69	104,59	▼ -0,1%
Georgia's Eurobond (yield)	5,733	5,767	▲ 0,59%

Source:

Yahoo Finance, Galt & Taggart Securities

### Foreign Exchange Rates (GEL)

	USD	EUR
07.05.10	1,7940	2,2943
06.05.10	1,7699	2,2913
05.05.10	1,7693	2,3215
04.05.10	1,7686	2,3392
03.05.10	1,7683	2,3545



Source:

National Bank of Georgia

### World Prices (USD)

	03.05.10	04.05.10	05.05.10	06.05.10	07.05.10
BRENT (DTD) (1 Barrel)	86,15	84,79	80,95	79,07	76,39
Gold (1 Uncia)	1175,25	1184,25	1172,00	1178,00	1199,60
Silver (1 Uncia)	18,62	18,71	17,63	17,69	17,70
Cooper (1 KG)	7,365	7,365	6,801	6,945	6,872

Source:

MetalPrices.com, LBMA.org.uk, Yahoo Finance

## Main Macroeconomic Indicators

- In 2009, nominal GDP of Georgia amounted 17 948,6 mln. USD, while in 2004 it amounted 5 125 mln. USD

	2004	2005	2006	2007	2008	2009*
Nominal GDP (mln. GEL)	9824,3	11620,9	13789,9	16993,8	19074,9	17948,6
Real growth of GDP	5,9%	9,6%	9,4%	12,3%	2,3%	-3,9%
GDP per capita (GEL)	2276,7	2689,1	3133,1	3866,9	4352,9	4092,8

\*Adjusted evaluations will be published by end of November of 2010

Source:

National Statistics Office of Georgia

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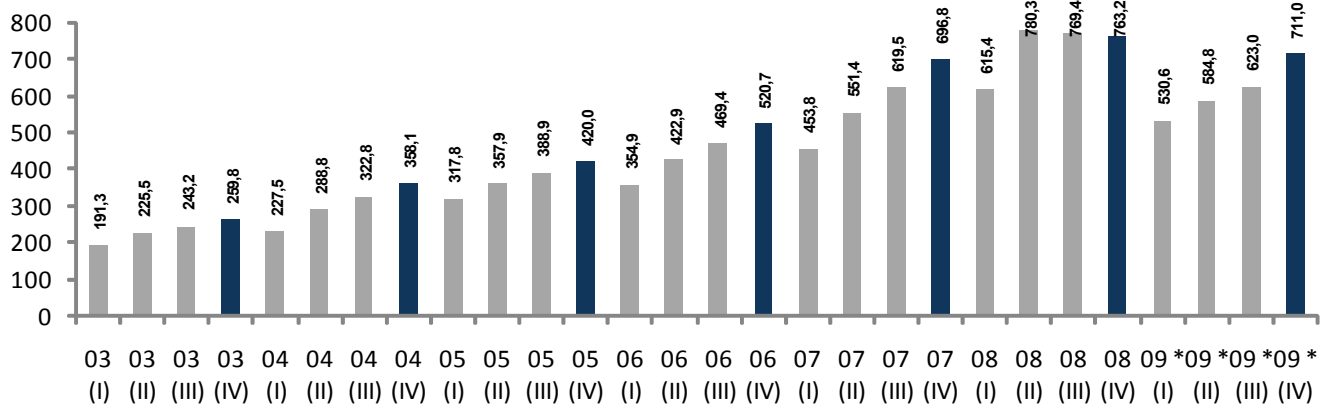
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## GDP per capita (USD)

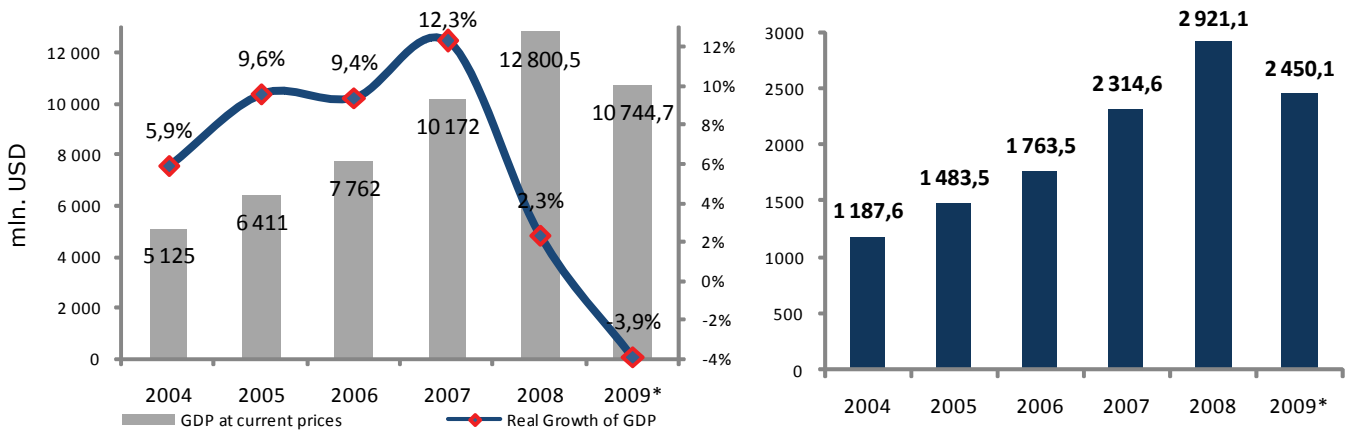


Source:

National Statistics Office of Georgia

## GDP at current prices and real growth

## GDP per capita (Annual, USD)



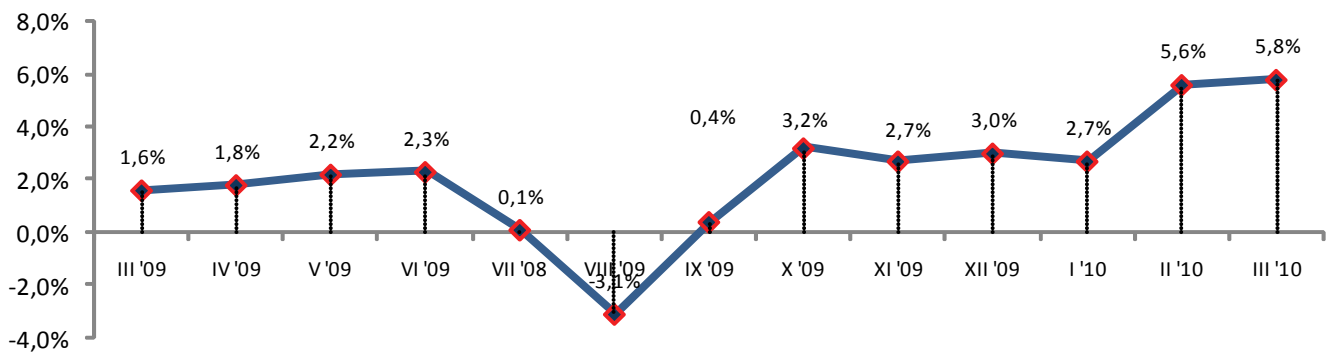
Source:

National Statistics Office of Georgia

Remark:

\*Adjusted evaluations will be published by end of November of 2010

## Inflation



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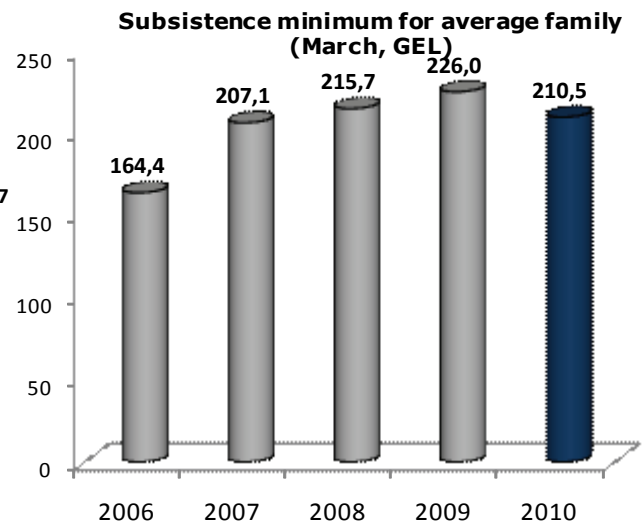
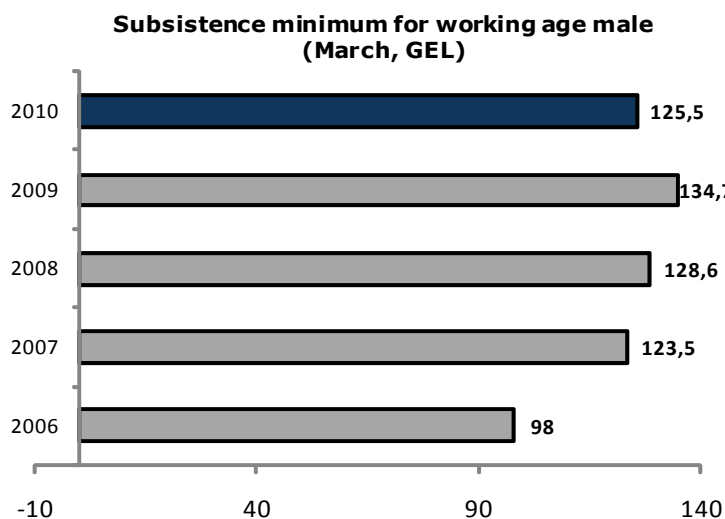
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## Social Statistics

	2005	2006	2007	2008
Active population (labour force, thousand person)	2023,9	2021,8	1965,3	1917,8
Employed	1744,6	1747,3	1704,3	1601,9
Salaried employees	600,5	603,9	625,4	572,4
Self-employed	1143,3	1141,6	1078,8	1028,5
Not classified	0,8	1,8	0,1	1,1
Unemployed	279,3	274,5	261,0	315,8
Unemployment rate (%)	13,8	13,6	13,3	16,5



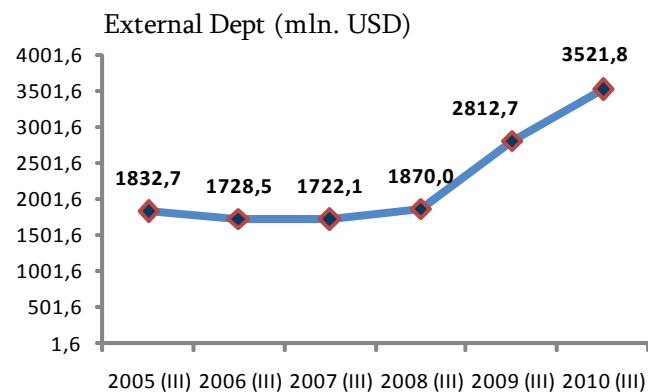
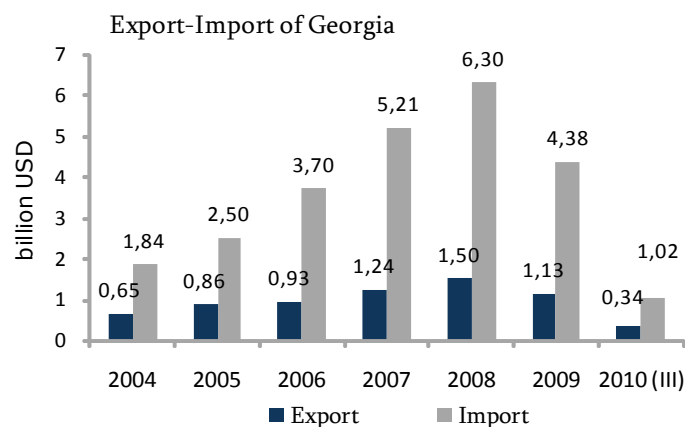
	2006	2007	2008	2009	2010*
Working age male	106,5	118,6	127,9	128,8	125,5
Average consumer	94,4	105,0	113,3	114,1	111,1
Average family	178,7	198,9	214,6	216,0	210,5

(\* March, GEL)

Source:

National Statistics Office of Georgia

## External Economic Statistics



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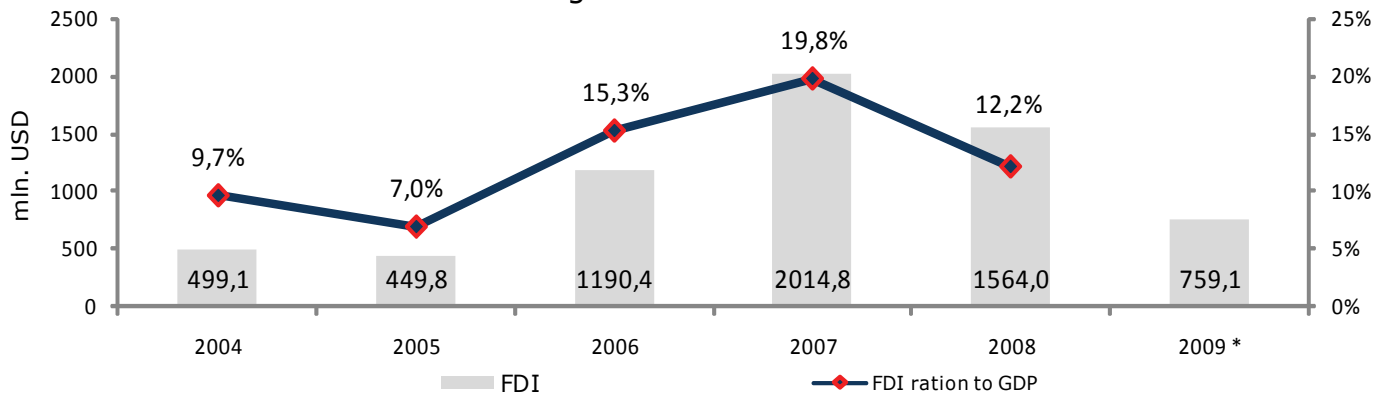
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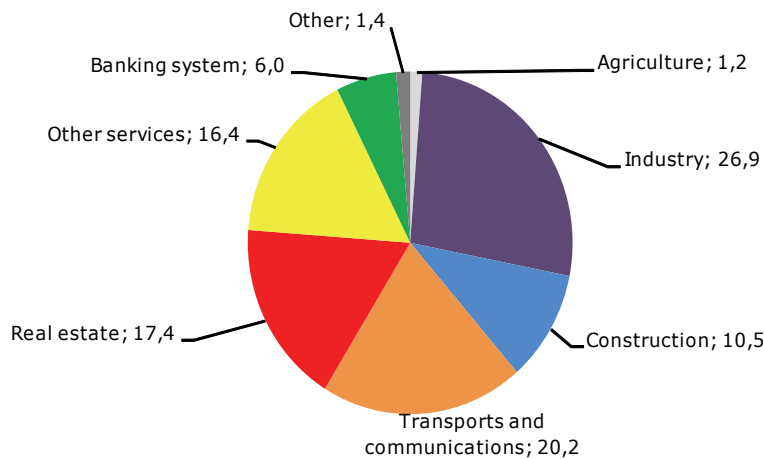
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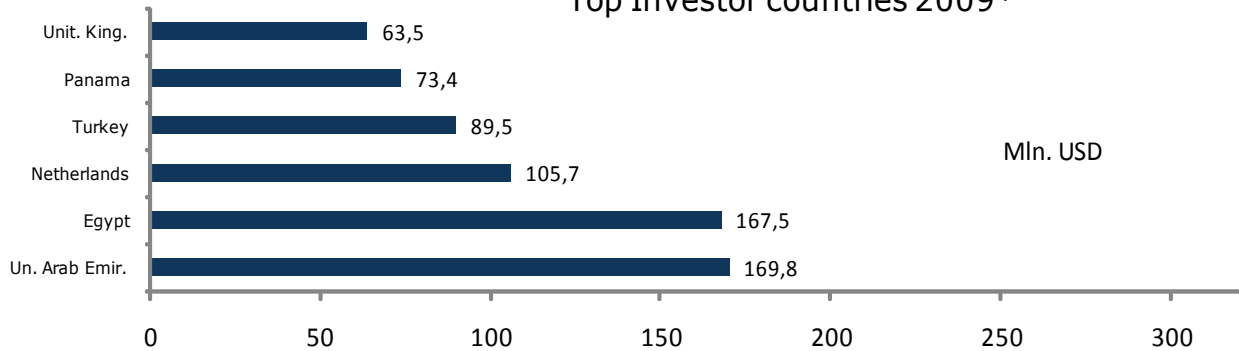
## Foreign Direct Investments



## FDI by Economic Sectors (2009\*, %)



## Top Investor countries 2009\*



- Foreign Direct Investments in Georgia in 2009\* was 759,1 mln.USD

	2006	2007	2008	2009	2010 (II)
Registered Export (FOB)	936,2	1232,4	1496,1	1135,0	216,4
Registered Import (CIF)	3677,7	5214,9	6304,6	4378,3	598,9
Turnover	4613,9	6447,3	7800,6	5513,3	815,3
FDI in Georgia	1190,4	2014,8	1564,0	759,1*	-
Foreign dept of Georgia	1697,5	1790,0	2691,4	3381,5	3394,6

(mln. USD) Data for 2009 is preliminary

source :

National Statistics Office of Georgia, National Investment Agency, Ministry of Finance of Georgia

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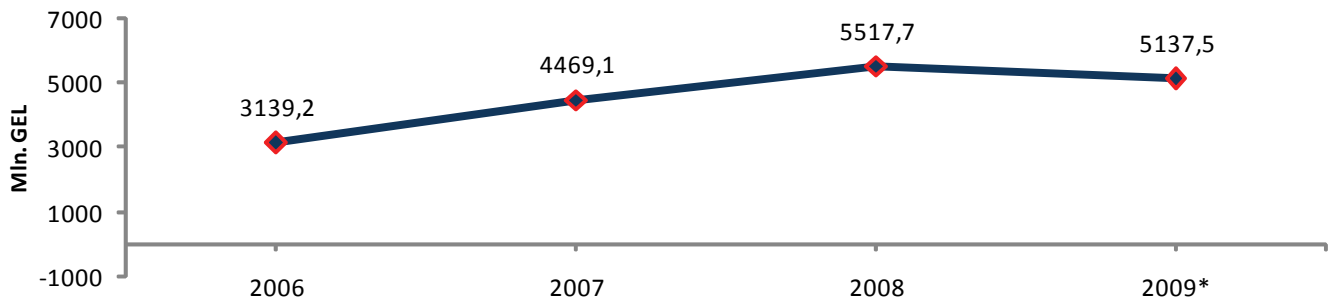
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## State Budget Revenues



	2006	2007	2008	2009
<b>Revenues</b>	3139,2	4469,1	5517,7	5137,5
Taxes	2130,3	3010,5	4541,6	4260,0
Social contributions	502,8	722,0		
Grants	167,6	208,7	617,2	555,5
Other revenues	338,5	527,8	359,0	322

(მლნ. ლარი)

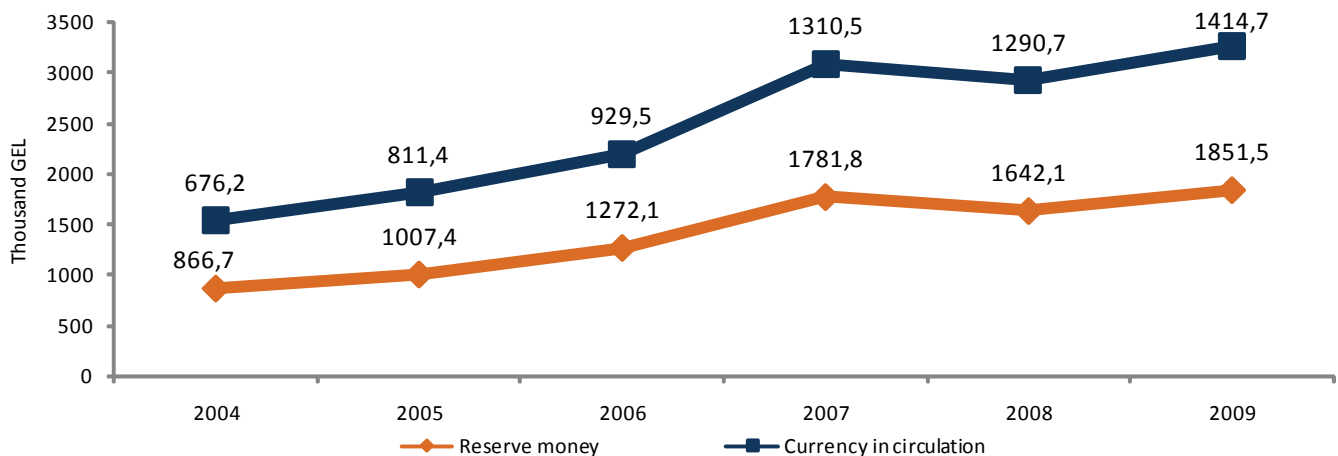
Remark:

Datas for 2009 are plans

Source:

Georgian law about State Budget

## Monetary Indicators



	2004	2005	2006	2007	2008	2009
Reserve money	866,7	1007,4	1272,1	1781,8	1642,1	1851,5
Currency in Circulation	676,2	811,4	929,5	1310,5	1290,7	1414,7

Source:

National Bank of Georgia

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## Weekly Economic Digest



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### Useful Links:

<b>Ministry of Economic Development of Georgia</b>	<a href="http://www.economy.ge">www.economy.ge</a>
Georgian National Investment Agency	<a href="http://www.investingeorgia.org">www.investingeorgia.org</a>
Department of Tourism and Resorts of Georgia	<a href="http://www.dort.gov.ge">www.dort.gov.ge</a>
Department of Privatization of Georgia	<a href="http://www.privatization.ge">www.privatization.ge</a>
Georgian National Agency for Standards, Technical Regulations and Metrology	<a href="http://www.gnims.caucasus.net">www.gnims.caucasus.net</a>
Department of Statistics of Georgia	<a href="http://www.statistics.ge">www.statistics.ge</a>
Georgian State Inspection of Technical Supervision	<a href="http://www.techinspection.ge">www.techinspection.ge</a>
Enterprises Management Agency	<a href="http://www.ema.ge">www.ema.ge</a>
National Bank of Georgia	<a href="http://www.nbg.gov.ge">www.nbg.gov.ge</a>
Parliaments of Georgia	<a href="http://www.parliament.ge">www.parliament.ge</a>
Government of Georgia	<a href="http://www.government.gov.ge">www.government.gov.ge</a>
Ministry of Environment Protection and Natural Resources of Georgia	<a href="http://www.garemo.itdc.ge">www.garemo.itdc.ge</a>
Ministry of Energy of Georgia	<a href="http://www.minenergy.gov.ge">www.minenergy.gov.ge</a>
Ministry of Agriculture of Georgia	<a href="http://www.maf.ge">www.maf.ge</a>
Ministry of Finance of Georgia	<a href="http://www.mof.ge">www.mof.ge</a>
Georgia's profile	<a href="http://www.georgia.gov.ge">www.georgia.gov.ge</a>

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