

## FOCUS ON LIFE-LONG LEARNING

Tbilisi Hills CEO speaks on the importance of education for achieving Success

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## Hilik Bar - Lecture at the Sokhumi State University after the University of Oxford

The Israeli House is to open an Israeli Cabinet at the Sokhumi State University in order to support the University Education in Georgia. The cabinet will be called 'Sokhumi-Jerusalem' and will focus on lectures on the history and modernity of Israel, and lectures about the Holocaust.

The university also plans to invite famous figures from Israel. The first lecture will be conducted in December by the former Deputy Speaker of the Knesset Hilik Bar on the topic: 'A New Reality in the Enlarged Middle East.' The lecture will be held as part of Israeli Week, which is organized by the Israeli House. He previously gave this lecture at the University of Oxford.

Hilik Bar met with the Rector of the Sokhumi State University, Zurab Khonelidze, during his visit to Tbilisi. The rector briefed him about the book he is working on and shared his ideas on university diplomacy as the Georgian paradigm of peace, a new kind of international relations and diplomacy.

At the meeting, which was also attended by the President of the Israel-Georgia Chamber of Business Itsik Moshe, the decision to open an Israeli Cabinet was made.

Sokhumi State University, like other higher education institutions, will participate in the annual student competition about the Holocaust announced by the Israeli House and the Sarah



Ben Shemesh Foundation. The winning student will travel to Israel with a delegation. The delegation will visit the Yad Vashem Memorial Museum in Jerusalem, the army, Israeli universities, and will participate in a meeting with Israeli students.

Itsik Moshe, the Chairman of Israeli House, says the student delegation will include people

who are well acquainted with the history of the Jewish people and will represent Georgia with dignity during the visit. This will be the public diplomacy (Hasbara) of Georgia. The idea emerged to make the path of Jewish people from the Holocaust to victory an inspiration for Georgian students.

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GALT & TAGGART									
Prepared for Georgia Today Business by									
As of 28-Sep-2020									
Markets					Markets				
STOCKS	Price	w/w	m/m	BONDS	Price	w/w	m/m		
Bank of Georgia (BGEO LN)	GBP 9.00	+4.2%	-2.2%	GEORG 04/21	101.52 (YTM 4.03%)	+0.4%	-0.5%		
Georgia Capital (CGEO LN)	GBP 3.65	+4.0%	-6.4%	GEORG 04/21	102.11 (YTM 2.85%)	-0.3%	-0.6%		
TBC Bank Group (TBCG LN)	GBP 10.26	+3.4%	+13.0%	GRAIL 07/22	105.15 (YTM 4.69%)	+0.1%	+0.3%		
				GEBGG 07/23	104.48 (YTM 4.29%)	-0.0%	+1.3%		
COMMODITIES	Price	w/w	m/m	CURRENCIES	Price	w/w	m/m		
Crude Oil, Brent (US\$/bbl)	42.43	+2.4%	-5.8%	GEL / USD	3.3112	+2.6%	+7.4%		
Gold Spot (US\$/OZ)	1 881.48	-2.6%	-4.2%	GEL / EUR	3.8628	+1.7%	+5.3%		
				GEL / GBP	4.2543	+2.7%	+3.5%		
				GEL / CHF	3.5848	+1.3%	+5.3%		
				GEL / RUB	0.0419	-0.9%	+0.7%		
				GEL / TRY	0.4242	+0.3%	+0.9%		
				GEL / AZN	1.9478	+2.6%	+7.4%		
				GEL / AMD	0.0068	+1.5%	+7.9%		
				GEL / UAH	0.1172	+2.5%	+4.2%		
				EUR / USD	0.8572	+0.9%	+2.0%		
				GBP / USD	0.7793	-0.1%	+4.0%		
				CHF / USD	0.9251	+1.2%	+2.3%		
				RUB / USD	79.0660	+3.9%	+6.8%		
				TRY / USD	7.8062	+2.3%	+6.5%		
				AZN / USD	1.6989	+0.0%	+0.0%		
INDICES	Price	w/w	m/m						
FTSE 100	5 927.93	+2.1%	-0.6%						
FTSE 250	17 370.27	+3.0%	-2.4%						
DAX	12 870.87	+2.6%	-1.2%						
DOW JONES	27 584.06	+2.6%	-3.7%						
NASDAQ	11 117.53	+3.1%	-4.9%						
MSCI EM	134.09	-1.0%	-9.9%						
MSCI EM EE	1 069.88	-1.9%	-4.6%						
SP 500	3 351.60	+2.1%	-4.5%						
MSCI FM	2 226.68	-0.7%	-0.3%						
GT Index (GEL)	1 582.68	-	-						
GT Index (USD)	1 208.13	-	-						

# Georgian PM Visits Brussels, Receives Positive Messages of Support



BY TEAM GT

I really appreciate the strong and close partnership between Georgia and NATO. Georgia is one of NATO's most important partners, - NATO Secretary General Jens Stoltenberg stated at a joint press conference held after his meeting with Georgian Prime Minister Giorgi Gakharia in Brussels this week.

As the NATO Secretary General noted, Georgia can be proud of its contribution to the shared security and to NATO missions and operations.

"I really appreciate the strong and close partnership between Georgia and NATO. It is also a pleasure to welcome the Georgian Foreign Minister to NATO Headquarters, because I think that affects the

political importance of our partnership. Georgia is one of NATO's most important partners. You contribute to our shared security in many different ways, including with troops in NATO's training mission in Afghanistan. We can all be proud of what we do together, and you can be proud of your contributions to our shared security, and contributions to NATO missions and operations," Stoltenberg stated.

The Secretary General is said to have given the "highest assessment" to the reforms carried out by the Georgian authorities.

"[He said that] Georgia is one of the leaders in the region in terms of democratic reforms, as well as reforms implemented in the field of defense and security. He called on us to continue and further deepen the consolidation of our democratic processes in the future,"

Georgian Foreign Affairs Minister Davit Zalkaliani stated. "In the PM's meeting with Mr. Stoltenberg, there was an extremely meaningful discussion of the main processes of Georgia's NATO integration, as well as the situation in the region," he added.

"The Prime Minister emphasized Black Sea security and Georgia's role in this regard, which is extremely important and clear-cut: Georgia as a link, and Georgia as a country that must ensure the interests of our European and NATO partners in the region. It was noted that Georgia possesses all practical instruments in terms of NATO integration; that membership is our main priority; and that it is precisely these practical instruments, such as the joint package, the annual program, and the highly effective NATO-Georgia Commission, that provide an important guarantee that

Georgia will definitely achieve its ultimate goal of membership," Minister Zalkaliani told journalists.

In the Georgian Prime Minister's meeting with European Commission Vice President, European Commissioner Margaritis Schinas, talks concerned the challenges posed by the coronavirus pandemic and the significant financial support provided by the European Union to Georgia in this process. It was noted that the EU is Georgia's strategic partner and that the majority of the citizens of Georgia support the country's European integration.

It was highlighted that Georgia is a leader in the region in terms of democratic development and reforms, and that the recent reform of the electoral system, which involved transitioning to a more proportional electoral system, had brought the country to a new level of democratic development.

The talks also touched on the opportunities provided to Georgia by the Association Agreement, the Free Trade Agreement, and visa liberalization. It was noted that Georgia has more ambitions, and that it is necessary to ensure even greater integration and maximum utilization of the potential of the Black Sea region.

Schinas noted that Georgia is an "outstanding leader among the Eastern Part-

nership countries" but that a "differentiated, 'more for more' approach is needed, as Georgia, which is doing a lot for the purpose of European integration, deserves more."

In that regard, the Georgian PM's meeting with European Commissioner for Neighborhood and Enlargement, Oliver Varhelyi, was particularly significant, as it saw the signing of two financing agreements with a total budget of 129 million EUR, which aim to improve the socio-economic situation in Georgia as a result of the spread of the coronavirus. PM Gakharia stated that the signing of the COVID-19 Resilience Contract and the Integrated Territorial Development documents, within the framework of his visit to Brussels, is yet another confirmation of the special partnership between Georgia and the EU.

The European Commissioner spoke about the strengthening of transport and communication links, economic recovery, and development, to which the PM responded by highlighting the importance of developing physical transport and communication links with the EU in the political, economic, and security directions, noting that the majority of the population of Georgia supports Georgia's European and Euro-Atlantic integration. Georgia's important role in the wider Black Sea Region was also stressed.



## Georgia & the Azerbaijani-Armenian Tensions

BY MICHAEL GODWIN

The Armenian controlled territory of Nagorno-Karabakh is once again being contested, as Azerbaijani ground and air forces push into the territory. Early morning on September 27, Azeri armor, infantry, and combat air support units began a multi-pronged assault on the already disputed region. After alleging provocation by the Armenian Armed Forces and Armenian-backed Artsakh Defense Army, the two came to blows. Turkey has already begun their campaign of support for the Azerbaijani side. Russia, with its 102nd military base outside the Armenian city of Gyumri, has taken no clear stance to defend its long-time partner. All things considered, Georgia is left in the middle.

As each side goes into its own deliberations, and issues statements accusing the other of starting the aggression, salvos of artillery pound cities and towns, including the capital of the region, Stepanakert. Already, several aircraft and ground armor vehicles are burning. Upon the morning attack, reports of incredibly slow internet or no internet connection were reported all over Azerbaijan. According to inside sources, social media and some internet resources have been shut down or slowed considerably in Armenia too. Even the Ministry of Defense websites for each country were disrupted. On the front, reports of several T-72 series tanks and



An Armenian soldier from Nagorno-Karabakh firing a conventional artillery piece towards Azeri positions. Source: Armenian Defense Ministry, via Agence France-Presse — Getty Images

other disabled combat vehicles burning with the crews inside are being spread, along with accompanying videos, and Martial Law has been declared in some parts of Azerbaijan, in Armenia and in Nagorno-Karabakh. Here's how Georgia stands to play in this who's-who of international politics and warfare.

It's lost on no-one that neither Turkey nor Russia are particularly warm and cuddly with Georgia, and so Georgia will do its level best to stay in the shadows and uninvolved during this time. However, if the conflict rages too long or draws the titans of the Turks and Russians into the fray, something will have to give. Georgia can only stand so close to the heat for so long before catching fire itself.

First is the issue of the Russians. They have long kept a close relationship with

the Armenians, but their relationship isn't so cozy as to initiate military mobilization. Yet. If they engage, they will do so only in a limited capacity, wary of catching the ire of the international community, and especially the Turkish. They may not be a close friend of Ankara, but they are definitely not in a position to seek further hostility, especially considering their current stable yet tenuous footing in Syria.

The Russians are also not keen on the current government in power in Armenia, and a change of that could be beneficial to them. Prime Minister Nikol Pashinyan has thus far sailed a precarious course between friendship with Moscow and a mutual respect with NATO and the West. He's even gone so far as to rule out overt support from outside players in the new conflict, something which Azerbaijan

seems all too keen to take advantage of, with reports increasing in number and veracity of Turkish-backed Syrian mercenary units operating in the combat zone. However, the placement of the Russian military base in Gyumri adds a layer of complexity, and it's not outside the realm of possibility for a covert movement of forces, and "humanitarian assistance" to come through Georgian space. Russia is no stranger to such shadowy tactics, as they showed in Eastern Ukraine.

Back in Georgia, as eyes shift south, this is an opportune time for the Russians to further push forward the Administrative Boundary Line (ABL) of the occupied territories. Recently, even more intrusions into Georgian territory have taken place, seeing more and more people in the villages that lay adjacent to the ABL in peril of losing their homes and livelihoods. The Georgian ministries of Defense and Internal Affairs should take careful note of this. In addition, if they're smart, they should take this time to strengthen all of their own territorial positions.

Then there's the Turkish. Turkey and Georgia have so far enjoyed a relationship of tolerance and a healthy trade connection, and its people generally get along, with both sides enjoying the other's economic tourism benefits. Turkey, as a NATO member, also has certain obligations in its political and military relations; however, the Azerbaijani factor dilutes this. With Georgia caught in the middle of these two, the pressure to offer at a minimum vocal support of one or the other is clearly there.

Georgian neutrality is of no real concern

to Ankara, though. Regardless, the popular movements in each country may be enough to persuade the members of each government to take action. Azeris in Georgia have already taken to public displays of support for their homeland, as have the Armenians; even gathering at the Turkish border to protest in one case. Militarily, Georgia can't afford to get involved. The people behind the military wouldn't let that happen, and the outcry if it did would be massive. But material and intelligence support are very different matters. While information about such potential support is far from being revealed, this is a level of involvement that would have the greatest impact on the ongoing conflict. Besides, what goes on behind the scene is often of a greater strategic importance than the tactical maneuvers in the field.

In the meantime, Georgia will continue joining the international community in its calls for regional peace. Several foreign offices, including Georgia, the EU, the United States, Ukraine, Russia, Turkey, and even the Pope, have called for a cessation of the violence. Azerbaijan, for all of its statements, shows no clear intent on reigning back its forces from continuing their push, and, as a result, Armenia and their Artsakh dependents will mount their resistance accordingly. Just as with two dogs fighting, the only way to break them apart is by forcing their handlers to take action. Georgia will have to be part of that in some capacity, and as a regional neighbor it could be said that Tbilisi will have the loudest voice.

# Impacting the Influence of Youth on the Local Environmental Agenda in Georgia & Ukraine

**T**he EU-funded regional project 'More Influence of Youth on the Local Environmental Agenda in Georgia and Ukraine,' implemented by Eastern Partnership Civil Society Facility (EaP) Fellows, is ending this September. From January through September 2020, the regional team implemented research, educational, civic engagement, community outreach and awareness-raising activities. The project engaged more than 120 young people in the Georgian cities of Tbilisi, Kutaisi and Batumi, and in the Ukrainian cities of Kyiv, Lviv and Krivyi Rig.

The project team includes three EaP Fellows: Mariam Khuroshvili, Regional Project Coordinator; Bogdan Dyachenko, Coordinator in Ukraine; and Tea Turashvili, Digital Support Specialist. The project engaged with a number of local researchers, trainers and experts, who shared their experience and expertise with the project beneficiaries. H.E. Carl Hartzell, Ambassador of the European Union to Georgia, and H.E. Arad Benkoe, former Austrian Ambassador to Georgia, joined the EU Delegation representatives in promoting the project activities. In addition, EaP Fellows, EaP European School students, Young European Ambassadors, researchers, local students and environmental enthusiasts actively participated in each phase of project development.

To learn more about the project and its goals, GEORGIA TODAY talked to Mariam Khuroshvili.

## WHAT IS THE GOAL AND SCOPE OF THE PROJECT?

The project aims to involve young people in monitoring municipality budget execution and program implementation, improving the advocacy capacity and skills of young activists, raising public awareness of local environmental issues, and promoting youth-led initiatives and campaigns.

## WHAT KIND OF ACTIVITIES DOES THE PROJECT SUPPORT?

With this project, we have worked with



more than 60 young people in Georgia. Through a range of mechanisms, such as research, online webinars, social media campaigns, collaborative round-tables and environmental campaigns, we were able to advance social cohesion and generate tangible benefits. The project managed to raise the awareness of youth in respect of environmental issues at the local level, elaborate a budget monitoring and policy research paper on environmental agenda in all target municipalities, and enhance dialogue between youth and the local authorities through communication platforms and roundtables. As a result, the participants were

able to develop environmental initiatives and organize environmental campaigns.

The project was implemented in two phases. The first phase resulted in the implementation of municipality and budget monitoring activities related to local environmental priorities in the six target cities, as well as the development of a policy paper with a list of recommendations. The second phase focused on online training sessions and webinars (such as a two-week summer school 'To Be or not to be ECO-logical,' regional webinars, and the launch of a high-profile regional project). The Georgian participants were actively involved in

a social media campaign #beecological, promoting eco-friendly behavior within their communities. The project conducted two clean-up and greenery campaigns in Georgia, including a maple-tree planting activity in Batumi Central Park.

## WHAT ARE THE KEY ACHIEVEMENTS OF THE PROJECT?

I am tremendously excited to see a positive impact on the target audience, despite the COVID-related modifications. The key achievements of the project include:

- Raising public awareness of the European green deal and the importance of waste management, global and local environmental policy, youth participation and civic engagement mechanisms. Drawing on international case studies and research into local environmental issues, the project beneficiaries became more aware of both the global and local challenges and developed solutions to address these challenges, which they shared with the local authorities and other decision-makers.

- The regional study focused on local environmental policy and youth engagement.

- The round-tables in Kutaisi and Batumi enhanced dialogue between youth groups and the local decision-makers.

- The Online Summer School, social media campaigns and other community outreach activities raised public awareness of local environmental issues.

- The project produced the Budget Monitoring and Policy Research Paper on the municipal environmental agenda in Tbilisi, Kutaisi and Batumi.

- Youth empowerment was achieved through a communication platform for sharing, planning and implementing the initiatives of project beneficiaries.

- Two regional webinars were organized for Georgian and Ukrainian beneficiaries.

- The project enhanced dialogue between young activists and the local authorities.

- It promoted a positive image of the EU in Georgian society.

## DO ANY OF THE PROJECT ACTIVITIES STICK IN YOUR MIND AS MOST MEMORABLE?

The greenery campaign at Batumi Central Park. Davit Diasamidze, Head of the Greenery and Landscape Planning Department of Batumi, made it possible to organize a tree-planting activity in Batumi Central Park, which is frequented by nearly every visitor to the city. We all planted trees individually and joint forces to plant the 'Most EU Trees of Batumi.' Thus, we were able to promote a positive image of the EU in the local community.

## WHY IS THE INVOLVEMENT OF YOUTH IN ENVIRONMENTAL ACTIVITIES IMPORTANT?

I always remember June 17, 2015, when I met Ban Ki-Moon, the Secretary-General of the UN, at the United Nations Headquarters in New York City. I was attending the panel on 'Youth and Peacebuilding' along with 75 young leaders from around the world. I was extremely impressed and motivated by the degree of cultural diversity that the audience represented. It was at that very moment that I realized the importance of prompting positive social change in the world! This statement made back then has stuck with me to this day: "You are the first generation that can end global poverty, and the last generation that can address the impact of climate change."

As I work on the issues of youth and environment, my goal is to increase the influence of our young fellows, because I believe that by saving the environment, we are saving our planet and our lives. We cannot put this off. Now is the right time to do it. By engaging youth, we lay the foundation for bringing about lasting and far-reaching impact around the world.

I strongly believe that many new actors and stakeholders, along with our partners and friends, will gladly join us in implementing our ambitious and need-driven ideas!

# Corona Updates: Georgian Cases Hit a Record High

BY TEAM GT

**O**n October 1, a record-high number of coronavirus infections was detected in Georgia, as the country reported 448 new cases of coronavirus in 24 hours, bringing the total number of infected people to 6640.

The head of the department at the Infectious Diseases Hospital, Marina Endeladze, told reporters that of the 448 new cases, 241 were confirmed in the Adjara region, where the situation in terms of virus spreading "becomes more alarming by the day."

At the same time, 62 new cases of COVID-19 were reported had been between 30-35 throughout the week.

"Adjara is still the leader, we have 241 cases there, in Imereti 98, in Tbilisi 62, Samegrelo - Zemo Svaneti 15, Samtskhe - Javakheti 9, Guria 7, Shida Kartli 7, Kakheti 2. We have 6 imported cases," Endeladze said.

The number of recovered patients increased by 299 to reach 3419.

Another patient died of coronavirus in Georgia on October 1, meaning the total number of deaths since the start of the outbreak in Georgia now stands at 41.

Currently, there are 3,155 active cases of coronavirus in the country, of which 35 are in critical condition and 33 are on artificial respiration. 9 of the patients on artificial respiration were transferred from occupied Abkhazia.

Endeladze commented on this drastic increase in infection cases, noting that

there may be a peak of coronavirus cases for a few days and "then the number will gradually decrease."

She noted that it is good that all the infected are being identified.

## SCHOOLS RE-OPEN, SOON TO BE FOLLOWED BY KINDERGARTENS AND UNIVERSITIES

On October 1, schools in Georgia's major cities finally opened their classrooms to children in the 1st to 6th grades, who have been studying online since September 15. Other grades and university students will likely have to wait until October 19 to attend their institutions in person. Kindergartens will open for pupils from 12 October. Said changes will not apply to Adjara, where the education process will continue remotely.

## ADJARA CONTINUES AS GEORGIA'S CORONA HOT-SPOT

Considering the epidemiological situation in the Autonomous Republic of Adjara, the ban on public and intercity transport remains in force, and restaurants are open only until 22:00. The Interagency Coordination Council has advised elderly citizens, especially in Adjara, to refrain from leaving their homes except in cases of urgent necessity.

## NEW RECOMMENDATIONS

New recommendations on assessing the recovery status of asymptomatic individuals were discussed this week. Public healthcare experts say that relevant

recommendations have changed around the world. Namely, based on statements issued by the US Centers for Disease Control and the World Health Organization, individuals are practically no longer contagious once eight days have passed since the onset of symptoms - the test may give positive results but the ability of the virus to infect other people is minimal or virtually nonexistent. Correspondingly, persons who were tested 12 days prior and are no longer exhibiting any symptoms will be considered to have recovered and will be able to return to normal social life without a repeat test. The aforementioned scheme of granting persons recovered status will be reflected in the guidelines of the Ministry of Healthcare.

As regards symptomatic individuals, the minimum duration of hospitalization until recovery for patients in clinics is 13 days, which means ten days of exhibiting symptoms followed by a three-day asymptomatic period.

The Ministry of Healthcare also presented information about the process of treating COVID-infected persons at home. At present up to 800 infected persons are being treated at home under the supervision of a doctor, with more than 600 of these in Adjara.

## NEW ON-THE-SPOT COVID-19 TESTS TO ROLL OUT SHORTLY

New coronavirus tests that show results on-the-spot will soon be available around the globe. The tests, which look like pregnancy tests and are read by a health worker, will show whether the patient is COVID positive or negative in just 15



Image source: careplus.eu

to 30 minutes.

The initiative was launched back in March by the WHO, the European Commission, the Gates Foundation, and the French government in order to slow the spread of the pandemic, save more lives and lend a special helping hand to low and middle-income countries. The rapid antigen tests will be supplied by two companies to these countries for \$5 each or less.

One of the tests, from the South Korean company SD BioSensor, has recently been approved by the WHO. Another manufacturer, US company Abbott, is expected to get it shortly.

"The quick and easy but high-quality tests will allow mass screening of health workers, who are dying in disproportionate numbers in low-income countries," writes the Guardian.

Bulk orders for the tests have been made to favor low and middle-income countries, according to Catharina Boehme, CEO of the non-profit Foundation for Innovative New Diagnostics (Find), one of the main initiators.

"We needed to secure volumes for low- and middle-income countries before all the other countries place their orders and the poor populations again lose out. For us, the message is about unprecedented collaboration. We are really able to show what can be achieved when the world and leading global health partners come together with a shared priority," said Boehme.

# "A Good Time for Putin to Get Rid of Lukashenko"

INTERVIEW BY VAZHA TAVBERIDZE

Despite losing all legitimacy in the eyes of the civilized world, Belarus' Lukashenko took his oath of office during an unannounced ceremony, seemingly intent on staying in power at all costs and through Russian assistance. Whether his bet on the Kremlin pays off, and what political fortunes he will have to pay his benefactors, remains to be seen, but it is clear the country's protests have entered another, slightly more convoluted, stage. The Georgian Institute for Security Policy spoke with policy analyst Kaciaryna Šmacina of the Belarusian Institute for Strategic Studies about the prospects for fledgling Belarusian democracy.

"One thing we can be sure about is that Russia wants to keep us in its sphere of influence, and ideally they would like to see us as a weak neighbor, as long as Putin is in power, and now they understand that they will capitalize on the situation in any case, be it Lukashenko staying in power or a new leader coming in, because they understand that the scope of the political dependence won't change overnight," she tells us. "The recent meeting in Sochi is proof of it. First, it's interesting that it was totally behind closed doors with no clear public statements, but sources close to the Kremlin leaked that Putin will try to convince Lukashenko to leave and to transfer power. It's also interesting that this 1.5 billion allocation they announced is unlikely to reach the Belarusian people because we have so much debt to pay. Even if it were to be injected into the Belarusian economy, it would only be enough to sustain us up to October at most, and I think that's a move from Putin just to buy time to maneuver. Russia is just buying time and also serv-



Image source:  
belfercenter.org

ing as an informal mediator for its own benefits.

## WHY WOULD PUTIN TRY TO CONVINCE LUKASHENKO TO TRANSFER POWER?

Lukashenko and Putin are not friends, despite the public rhetoric of brotherhood: they can barely tolerate each other. Now is a good time for Putin to get rid of Lukashenko and pave the way for constitutional reform, and I think that the Belarusian elites close to Lukashenko realize that he is not eternal and at some point he will have to leave. This will change the status quo, needing them to relocate resources, and now is a good time to do so because the longer you prolong the agony, the harder it will be to benefit from it; so I think it's a good time to get rid of him.

## EVERYONE WINS EXCEPT LUKASHENKO. WHAT HAS HE TO GAIN IF HE ACCEPTS PUTIN'S PROPOSAL AND LEAVES?

It's not like Lukashenko has much room to maneuver, because he is no longer legitimate and has very little support

among the population. When everyone hates you, and you question even the loyalty of people inside the system, how can you rule the country? And for how long when your economy is crumbling and the only guy you can reach out to for support is Putin, essentially because no one else is willing to talk to you? It pretty much spells the end.

## SO RUSSIA TRIES TO KEEP YOU AS A WEAK NEIGHBOR AND IN ITS SPHERE OF INFLUENCE. WHAT DO THE BELARUSIANS THINK OF THAT?

Public opinion polls say that we want to be in good relations with both east and west, and actually we don't have a clearly anti-Russian mood. In the public perception, Russia is still a friendly neighbor, but Belarusians don't want to integrate, that's important: they want to be independent but have good ties with Russia.

## WHAT WOULD THE OPPOSITION AND PROTESTORS' POLICY TOWARDS THE BIGGER NEIGHBOR BE SHOULD THE DEMOCRATIC LEADERSHIP WIN?

All the candidates were smart enough when they ran with their agenda to talk very cautiously about Russia, and that makes sense as you don't want to irritate Russia straight away with anti-Russian sentiment. But then again, most of them said they want to review all the existing treaties with Russia, examine them against Belarusian national interests, and because Lukashenko concluded those perhaps not with the people's interests in mind but for his personal gain, they say they would review the union state integration agenda and not necessarily proceed with it. So, the potential new Belarusian leadership is not pro-Russian, which is important to understand, because many Ukrainians see it that way and maybe some other neighbors when the Minsk protests are not openly anti-Russian.

## AND IF RUSSIA DOES INDEED PARTICIPATE IN THE MEDIATION, DO YOU THINK IT WILL YIELD GOOD RESULTS FOR BELARUS AND ITS STATEHOOD?

It is important to include other influential partners on the other side, like international organizations and Western powers which would be a counterweight to Russia.

## IF LUKASHENKO STAYS IN POWER WITH THE HELP OF THE KREMLIN, NEW DEMANDS WILL BE MADE OF HIM, ONE POSSIBLE ONE THE RECOGNITION OF THE OCCUPIED TERRITORIES OF GEORGIA AND CRIMEA.

Yes, it is possible, because Lukashenko does not have much leverage or power in negotiations and would essentially agree to everything. But I would be more worried should Putin proceed with integration or pushing towards placing military bases here. This would not only change the diplomatic power-play but

would mean actual reconfiguration of powers in the region, and this would pose a threat both to NATO and all the neighboring countries.

## SUPPOSE THE UNION COMES TO PASS, WHAT WOULD BELARUSIANS DO?

There is very little support for this integration agenda, and we did have protests on the integration talks. Now, when the protest moods are boiling against Lukashenko, it won't make much difference who to protest against, especially if an external actor comes in. Besides, Putin doesn't have enough ground in Belarus to support for the integration state; the polls show less than 10%.

## AND IF HE BRINGS IN THE MILITARY AND FORCES YOU, WHAT IS BELARUS GOING TO DO IN THAT CASE? GO TO WAR?

The situation is different from Crimea: he has much less support here for integration. The people will stand for independence and democracy.

## IS BELARUS A GOOD OPPORTUNITY FOR PUTIN TO RAISE HIS PLUMMETING POPULARITY RATINGS?

It's an opportunity and, like what he did with Crimea, he might sell it as a win domestically, with Putin being the peacemaker. Or if it evolves into some sort of real annexation, he might also sell this to the population through his propaganda tools. But this won't solve his problem in Khabarovsk, or the internal discontent with how things are going down in Russia.



## Regional Interconnections: More Opportunities for Georgia's Security & Prosperity. Part II

BY VICTOR KIPIANI,  
GEOCASE CHAIR

Our country must understand perfectly how complex the Black Sea region is; how complicated ongoing processes in the Middle East are; how powerful the opposing external factors that Georgia's principal foreign vector is currently facing are; and how urgent it is to activate a format of co-operation that corresponds to new realities with our strategic ally, the United States, in the spheres of defense and security. It should also be underlined that the trend mentioned in this article is nothing new for global policy: in academic circles, it is referred to as a doctrinal line of Realism.

The aim of this line is to find practical solutions in politics, freeing the process creators from unrealistic illusions and impressions and 'earthing' its management. This can be achieved through a healthy and pragmatic merging of one's own national interests with others, and by the technical realization of those rational decisions which were made as a result. It is noteworthy that many more countries (which are important to us and we are accountable to) have begun to adopt such an approach in politics.

It is therefore in Georgia's national interest to graduate from this school of Realism with distinction and to encourage young people with the necessary political and management skills and methods to enter the real process of decision making. All this would be a big step towards improving the country's resilience in new global and regional systems.

Also, for Georgia, any form of co-operation must have a concrete goal—co-operation simply for the sake of co-operation is pointless—but this is becoming ever more difficult to achieve given the

current rising dominance of national and state egocentrism around the world. Without specific benefits, others will not let us enjoy their resources simply because of declarations and will not waste valuable resources and expectations. Making important decisions will therefore be increasingly subjected to the 'stress-test of practical profitability'. We, Georgians, must understand this very well.

This urgency of the need to understand this test becomes even clearer if we remember that in relations between countries, might, strength and size will continue to be defining factors, and whose impact will indeed presumably increase in the new post-pandemic world. Through the prism of our country's expectations, this circumstance almost doubles the need for 'Georgian Realism'. In an egocentric world, then, what should Georgia's 'ego-standard' resemble?

The answer to this question requires us to consider two main secondary issues: What would the practical benefits of co-operation be in terms of our national interests? And how would the interests of this co-operating country correspond to those of our allies? Finding positive answers to both these sub-issues can simplify the decision-making process and guide us towards the means of carrying it out; whereas in terms of practical results, any kind of decision should serve two main missions: better security and greater prosperity for Georgia.

## WAYS, APPROACHES, SOLUTIONS...

Several key issues require additional thinking and discussion. In order to tame the occupying country's expansion and revisionism in the region, NATO's model of regional security is quite unsatisfactory. On the Alliance's eastern flank, eliminating the asymmetry between the Baltic and Black seas requires the urgent establishment of a so-called 'Enhanced Forward Presence' in the Black Sea region.

The region's unpredictable geopolitics and military imbalance make this issue an absolute and urgent priority, and the political deadlock within NATO over the question of novel approaches generates dangerous levels of uncertainty for Georgia, as well as for several partner countries. Moreover, the inadequacy of the current regional security configuration is equally harmful to our strategic ally and pushes us towards a much more non-standard solution. I still believe that our bilateral contractual relations with our strategic partner could be a possible solution, one whose analogue could be found in international practice (albeit with some variations).

If the Alliance halts or slows its eastern expansion, I would regard the following as a possible path to follow: establishing a tightly knit collective security system with a regional twist alongside the United States and several regional partners. Analogues to such a partnership exist, and their advantage presumably lies in their greater mobility and practicality. For example, I would mention the recent US initiative regarding the creation in the Indian and Pacific oceans of a formal 'mini' alliance, similar to NATO, bringing them together with India, Japan and Australia. In general, and with a high degree of probability, the 'dotted criss-crossing' (hub and spokes) of global security is not without interest for our region.

## THE REGIONAL ECONOMY: ADDITIONAL RESOURCES AND OPPORTUNITIES

When talking about economic co-operation in the region, there are a number of interesting formats with which our participation would have a positive impact on our country's economy. This is particularly the case as, unlike the political conjuncture, the amplitude of the country's proactivity is significantly higher within regional economic co-operation. Perhaps the most interesting example of

such a project is the so-called 'C5+1' regional model, which alongside security also calls for interaction on economic issues.

Although the main members of the 'C5' format are five countries of Central Asia, were Georgia to join of this initiative would mean launching trade and transport connections with this very promising region as well as greater economic turnover and attracting more investment. From the point of view of the countries of Central Asia, connections with Georgia—a country of the Black Sea region—would promise better and more diverse access to foreign markets. It is also noteworthy that the '+1' of this format refers to our strategic ally, the United States, which would obviously further increase the practical benefits for Georgia.

If we speak with the language of Realism by becoming involved in similar regional economic projects, our country would be both open to vital co-operation with the West as well as to pragmatically necessary co-operation with the East. We should also consider the fact that, besides increasing economic interconnections, regional projects with healthy interests can also help to decrease regional misunderstandings and conflicts.

## REMARKS ON THE IMPORTANCE OF BILATERALISM...

Co-operation between Georgia and the West is regularly covered in the media, and it is a fact that the rate of our country's integration with different Western structures is increasing. In this regard, the United States' multilateral relations with Georgia are particularly noteworthy, as they are vital to defending Georgia's sovereignty and essential to ensuring regional security.

I recently mentioned during a discussion that Georgia is not only a reliable partner for the United States in the region, but could also become a 'security lock' at the crossroads of Western interests in

the Black Sea region and Middle East. I believe that thinking according to new standards would help us to better imagine prospects for the development of Georgian-Western and Georgian-American co-operation, and would simplify the further refining of rational and operational co-operation tailored to the region.

It is a fact that, in the system of global relations, contributing countries have a special responsibility to foresee and proactively respond to developing events. Moreover, they need to think equally about their own interests as well as those of their partners and allies in order to properly arrange and balance them in the 'big picture'.

When the world takes a new turn in its historic development and a new fundamental rearrangement of international relations begins, the burden of obligation shouldered by the countries responsible for this system of relations increases tenfold. For example, during the previous century, a new reference point of different rules for post-war Europe was marked by the Truman Doctrine, after which a new system for order and security was established in this part of the continent. Truman's doctrine was revealed in practice through the Marshall Plan and the creation of NATO. With these two 'mega projects', Western political civilization stood up against the spread of Communism across Europe.

Even now, in this post-pandemic era, the world will unavoidably reach a new reference point, and the time for fundamentally new approaches and practical actions will once again be upon us.

One of the main challenges nowadays is halting and suppressing regional revisionism. The bold decisions needed to achieve this aim require courage and freedom of choice. Georgia paid a huge human, moral and material price to obtain her own freedom of choice: let us hope that the Western world very well sees and appreciates this.

# British Entrepreneur Stephen Fear on Georgia's Post-Covid Investment Potential

BY KATIE RUTH DAVIES

**S**tephen Fear, British entrepreneur, businessman, philanthropist and author, with 50 years' international business experience, has an established property empire and interests in a number of industries, including green technology, hotels, residential care and manufacturing.

He's a regular jet-setter and in the past couple of years, the founder of the Fear Group has visited Georgia several times, and was planning his next business trip this year until the pandemic hit. But Covid-19 and grounded flights have not held him back from his usual busy life doing business. GEORGIA TODAY spoke to him to find out more.

## STEPHEN- HOW DID YOU FIRST HEAR ABOUT GEORGIA AND WHAT ARE YOUR IMPRESSIONS OF THE COUNTRY?

I first heard about it through Derek Pickup who has been involved with Georgia over 30 years, Chairing the Bristol-Tbilisi Twinning Association and who was appointed as the Honorary Consul of Georgia lives in Bristol. He kept telling me how fantastic Georgia was and how wonderful the people were and that I really needed to go there and "just buy everything". He's a real champion for the country. We'll say we're investing in a project, say in Birmingham, and he'll say "What about so-and-so project in Tbilisi". But he was right. Particularly regarding the Georgian hospitality, and I've become very close to those Georgian's I've made friends with.

## ON COVID 19, WHAT DO YOU SEE AS THE CURRENT CHALLENGES AND WHAT MIGHT THE OPPORTUNITIES BE BEYOND THE PANDEMIC?

One of the key things is communication. Connectivity will continue in a different form. I'm used to flying to meet business associates all over the world. Now it's just a daily commute to the living room! Meeting business associates online is easy enough to do with friends and old associates, but it's harder when forming new relationships, especially for those lacking experience. Online business is a necessity and is something that will surely continue beyond Covid 19. If we don't keep our economies going, it won't be good for anyone, including those who fall sick with coronavirus. Hospitals and doctors need money, and while I mean no disrespect to the great public services we have, they tend to be the receivers of money not the producers, not the builders of the economy and though they are necessary to the existence of the economy, supporting such services falls to the entrepreneurs and businesspeople. It is our responsibility as entrepreneurs to feed these systems and to keep them going. Entrepreneurs looking into going in to an enterprise have this responsibility which goes way beyond making money for themselves, meaning they must feed back into their own communities.

Humanity will survive this virus. It's hit us particularly hard, but we must remain positive and outward-looking. I've been very impressed with how Georgia has handled the pandemic, which says a lot not just for the government but for the people of Georgia for obeying the rules. It says a lot for law and

order and democracy that they managed it so well.

## TOURISM IS A BIG ECONOMIC DRIVER FOR GEORGIA, WHICH JUST RECENTLY HOSTED THE UNWTO EXECUTIVE COUNCIL IN TBILISI FOR THE FIRST TIME EVER. WHAT'S YOUR VIEW ON GEORGIA'S TOURISM POTENTIAL?

Georgia has a real opportunity as soon as people can travel again. British people are used to going to Spain and France, to Europe. Georgia is a little further away, a little more exotic. There's something about it, though- the great mountains for skiing and hiking, the sea-side resorts on the Black Sea beaches, the country-side for mountain-walking and exotic nature for birdwatching. Georgia [has] some wonderful memories for me; - there are some really wonderful places. Tbilisi is for anyone who wants to see a cosmopolitan city, the food, the atmosphere, and the people; - I never felt unsafe at all. And that hospitality.

## WHAT DO YOU THINK GEORGIA SHOULD BE LOOKING TO DO TO BRING BACK TOURISM?

Georgia needs to stay a little bit upmarket, that little bit different. Not to run down those mass-tourism locations, but Georgia is something that can be marketed as exclusive without being expensive. The cities there have a cosmopolitan atmosphere, particularly Tbilisi. There's a huge amount of interesting of places to go and see. And the majority of people under 40 speak excellent English, so there's no obstacle to doing business there or visiting on holiday. I've always found it very straightforward communicating with Georgians. I found them to be progressive and having a deep love for their country and the work they do. Added to that, Georgia is well placed on the map, and these days less often confused with the US State.

## ANY BUSINESS-FRIENDLY COUNTRY NEEDS A STABLE AND SECURE ENVIRONMENT. GEORGIA HAS PROVEN ITSELF TO BE COMMITTED TO STABILITY AND SECURITY IN THE REGION AND BEYOND. WHAT'S YOUR TAKE ON GEORGIA'S INVESTMENT POTENTIAL?

It has great potential, which is one of the reasons I originally went there. I was surprised at how easy it was to get to know people, at how willing they were to offer help. The people working on a mining project we were looking into from the digger and truck drivers to the miners, were all so friendly and giving. This counts when you go to a new country looking to do business. Of all the places I've been, the language challenges, getting people to do things, and trust are key factors. When Georgians say they will do something, in my experience, they do it. As an investor looking to grow a business somewhere, this is a real benefit. It's one thing to have something in writing, but if you can't trust your partner to keep their word, it can be very difficult to get a business off the ground. We've found the Georgians very easy to work with. They want to see investment working for Georgia. I see Georgia as a small country with a big heart.

## WHICH AREAS MIGHT BE OF SPECIAL INTEREST TO BRITISH BUSINESSES, GIVEN

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## YOUR EXPERIENCE AND KNOWLEDGE OF GEORGIA?

We were very interested in the hotel business in Georgia, and also mining. My concern, and this is with the hotel industry globally, is that we can't tell how soon it will recover. There are certainly opportunities, though. Skiing and beach holidays will be popular again post-pandemic, and there will be opportunities to keep our eyes open for, among them closed-down hotels that were under-capitalized before this started and now looking for investment and refurbishment. We'll certainly be looking to see what there is, and where possible to get back the original management. After all, they built up the business, and it would be sad to pick over the bones of what they and their families lost, as no one was expecting what happened. If the pandemic ends in 12-18 months, the time to start looking for investments is now, to prepare your business to be in poll position in a year's time. And I would encourage any international businessperson looking to invest in Georgia to

remember the people that built those businesses, and see if you can re-employ them and involve them in the project. I've found in my life that involving local people in your business stands you in much better stead for success.

There's a lot going for manufacturing in Georgia too, because of the Free Trade Agreements Georgia has all round the world. And this is something we at Fear Group are looking into. I'd say anyone wanting to set up a manufacturing business should start looking early, because I think after this pandemic ends, there will be quite a few people clamoring to do business in Georgia, which is a gateway to Asia, in a great location and with a lot to offer.

## YOUNG ENTREPRENEURS ARE A GROWING AND EVER-MORE ENCOURAGED POOL OF TALENT IN GEORGIA. WHAT IS THE POTENTIAL THERE, AND WHAT CAN BE DONE TO EXPAND THE MOVEMENT?

Georgia has a lot of young (and not-so-

young) entrepreneurs who want to create. It's become a very modern democracy in my view, and has tremendous potential, with a decent size landmass and a lot of young people.

Setting up a mentoring scheme in the cities would be a good thing. One of the problems for people first going into business is where to get advice from, but the government should ensure those giving out advice are suitably qualified and experienced enough to do so.

When you start out as an entrepreneur, even in a small family business, it can be very lonely when things go wrong and you have no-one to turn to. Sometimes, getting a little bit of the right advice at that difficult pinch-point can turn a small business that might collapse into a global enterprise. So, I think an advice structure is good and is a sign of a strong democracy. The issue is that those who are successful rarely have the time to devote to helping others. It takes a special someone, and the government should look into finding such people. Entrepreneurs should be all about progressing the society they live in by creating prosperity and wealth. Because it's not only about the wealth you get, but a lot of that needs to go back into society to prop up the bottom and create a rounded entrepreneurial spirit, something which is lacking in many countries. Georgia, because it's a newer and well-established democracy, has the opportunity to do something very special in this regard.

I gave a lecture to young entrepreneurs when I was in Tbilisi a couple of years ago, who showed a great interest, and in fact still correspond with me to this day. I said to them, it is a very important thing that you do: - go into enterprise, build your business, but build it with your heart in foundation, not for just to making money.

Opportunities don't go away, and in a crisis there are more: gaps appear, and filling in those gaps and creating an enterprise there means considering others. When building our businesses, when you've made it and earned your millions, hold your hand out and pull up those still trying, because they are the ones who will build the prosperity in the world beyond this pandemic.

If Georgia can just get through this, I see a great future for it in tourism, manufacturing, and aspiring entrepreneurs.

## GEORGIAN AMBASSADORS IN THE UK, AMONG OTHERS, HAVE WORKED PARTICULARLY HARD TO STRENGTHEN GEORGIA-UK RELATIONS. WHAT DO YOU SEE AS THE FUTURE OF THOSE RELATIONS?

Georgian ambassadors have been wonderful. They really do promote Georgia, and do so with class, style and thought. They really are inspirational. There's a great connection between Georgia and the UK. With proactive ambassadors such as we currently have in the UK, Sophio Katsarava, the relations will continue, and Brexit shouldn't interfere with that: the individuals are the same, the friendships haven't changed. The Fear Group for one remains interested in Georgia. I'd be there now if not for the virus. We're looking into opportunities right now, in fact, including our old mining ambitions, which Covid-19 put on hold, and we're in negotiations specific to Georgia. Of course, Georgia Today will be the first to know the results of these negotiations.

# Switzerland Enshrines its Crypto-friendly Policies into Law

**M** G Law Office, through the contribution of partners Archil Giorgadze and Nicola Mariani, joined by senior associates Ana Kochiashvili, Tamar Jikia, associate Mariam Kalandadze, junior associates Ana Jikia and Lasha Machavariani is partnering with Georgia Today on a regular section of the paper which will provide updated information regarding significant legal changes and developments in Georgia. In particular, we will highlight significant issues which may impact businesses operating in Georgia.

Switzerland has been leading the efforts in the global adoption of tokenized digital assets and has recently amended its Code of Obligations to welcome crypto currencies and blockchain technology into mainstream adoption. While Switzerland is not the first country to enact extensive blockchain legislation, it became one of the first major financial centers, with a full set of laws (the Laws) to govern blockchain transactions.

The Federal Council of Switzerland introduced a new package of amendments to the Swiss Code of Obligations that aims to create a new category of transferable securities. Pursuant to new legislation, companies have the possibility to create digital shares and other assets that can be listed and traded on blockchain. The Laws cover the exchange of digital securities using distributed ledger technology (DLT), set standards for crypto currency exchanges, and address money laundering issues. The Laws further regulate the segregation of crypto-based assets in case of bankruptcy and create a new licence type for DLT trading facilities.

Urs Bolt, one of Switzerland's top Fin-

Tech influencers, and product manager for digital banking at leading digitization specialist ti&M, states that "Overall, it will create one of the most favorable regulatory environments in the world. It will allow the financial center to lead in the digital asset space and hopefully attract new business into CryptoValley". Fiorenzo Manganiello, Blockchain expert in Switzerland, applauds the country's efforts to bring more clarity and certainty to its regulatory framework. He believes these changes will greatly benefit the finance market and its participants, and will facilitate the development of digital currency exchanges.

## NEW OPPORTUNITIES THAT THE LAWS CREATE

The new regulations allow for the registration of DLT securities in a DLT electronic register at the time of their issuance and establish a procedure for registration. The registration procedure has to be transparent and meet certain requirements of data integrity and IT systems. With this opportunity, it will be possible to transfer rights and evidence the legitimacy of the holder of a right, like the other forms of securities.

DLT securities will be traded, and offers related to such securities will be exchanged through DLT-based trading facilities. According to the Laws, there is a new type of licence for the establishment and operation of the DLT trading facility, the requirements of which are similar to those applicable to the licence for the establishment and operation of the stock exchange. Through DLT trading facilities, it will be possible to carry out multilateral trading of DLT securities, exchange bids and conclude contracts based on non-discretionary rules.

The Laws also separate crypto-based assets from third-party custodians in

case of bankruptcy proceedings are launched against them.

Since distributed ledger technologies are growing rapidly, the market needs and interests towards them are increasing consistently. Swiss laws now address the market needs and provide a clear legal framework for DLT based facilities and securities, which makes it possible to increase the use of blockchain technology in trading.

## THE FIRST MAJOR FINANCIAL CENTER TO ENACT CRYPTO LEGISLATION

Neighboring Liechtenstein has already enacted extensive blockchain legislation, but it chose to create new laws rather than amend its current laws. Liechtenstein passed its "Blockchain Act", which came into effect in January 2020. The Swiss government had to move quickly to pass its own "Blockchain Act" in order to maintain its leading position as one of the most crypto-friendly nations in the world. The business issues digital assets through its Swiss banking-grade platform and has regulatory approval in Liechtenstein and Switzerland.

Unlike Liechtenstein, Switzerland had no need to create a new law, given its regulatory flexibility, so existing laws had only to be amended and will likely be amended again, as the sector develops.

## FIRST COUNTRY TO ATTEMPT TO REGULATE CRYPTO CURRENCY BANKING

Crypto banks, which aim to serve asset managers, regular banks and start-ups, will now be regulated, just like any other financial institutions. In August 2019, the Swiss independent financial markets regulator, FINMA (FINMA), granted Switzerland's two new crypto asset banks,



Seba and Sygnum, provisional banking and securities licenses. They are the first such licenses granted anywhere in the world, and will enable the banks to integrate cryptocurrency into a wide range of services such as deposits, withdrawals, lending and investing.

## THE LAWS WILL CONSOLIDATE SWITZERLAND'S CURRENT BLOCKCHAIN GROWTH

Switzerland currently houses about 900 blockchain companies with an estimated total staff of about 4,700. These figures are expected to rise when the new bill comes into full effect.

The Laws are expected to stir the Swiss banking sector into seeing the technology and its associated innovations in a new light. The Laws are expected to come into force early 2021.

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Note: this article does not constitute

legal advice. You are responsible for consulting with your own professional legal advisors concerning specific circumstances for your business.

MG Law is the first full-service law firm in Georgia to be founded by international partners. The firm advises a diverse group of Georgian and foreign companies, financial institutions, investment funds, governments and public enterprises.

Among many other areas, the firm primarily focus on the following sectors: Banking & Finance, Capital Markets, Arbitration & Litigation, Labor & Employment, Infrastructure and Project Finance, Energy Law, Real Estate, Tax and Customs, Investment Law, Corporate Law, and Cryptocurrency & Blockchain.

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# CENN Hosts Conference on Digitalization as a Driver of Growth for Caucasus Tourism Businesses

**T**oday, the tourism industry appears considerably different to that of one year ago. The outbreak of COVID-19 has created a serious challenge for the tourism sector, resulting in the global travel industry shutting down. Caucasus countries are no exception, where tourism plays an important role for the economic development and social wellbeing of the region. While this is a challenging time, it also provides an opportunity for the travel and tourism industry to develop new skills and use innovative technologies in order to position the Caucasus region as a new tourism destination.

The challenge for the Caucasus tourism sector is to make the best use of information to promote and increase the number of tourists in the Caucasus as a regional destination for rural, eco and adventure tourism. Information and Communication Technologies (ICT) play a crucial role in this respect, mainly due to their potential in promoting social, economic and environmental sustainability objectives.

The new project Digital Caucasus, implemented by CENN and its partners in Armenia and Azerbaijan via a grant awarded by USAID's E&E Bureau, Economic Development, Governance and Enterprise Growth (EDGE) Project, aims to address the above challenges in the heavily affected tourism industry and contribute to the digital transformation of SMEs for smart economic growth in the Caucasus tourism sector. In Georgia, the 'Digital Caucasus' project focuses on the regions of Adjara, Kvemo Kartli, Samtskhe-Javakheti, and Kakheti.

The ultimate goal of this project is to ensure the economic growth of the Caucasus tourism sector by catalyzing its digital transformation and building strong

regional partnerships and new alliances between SMEs in the region. To this end, the project promotes the online presence of the Caucasus region by creating a Caucasus Tourist Destination Portal. The Project supports up to 250 SMEs from Georgia, Armenia and Azerbaijan to improve their business operations and increase their sales. Furthermore, it streamlines gender integration and women's engagement in the tourism sector by supporting female-owned and female-managed businesses.

On September 29, CENN, with the financial support of USAID's E&E Bureau, Economic Development, Governance and Enterprise Growth (EDGE) Project, held a kick-off event for Digital Caucasus and a thematic forum titled "Digitalization: The Driver of Growth for Caucasus Tourism Businesses." The event was opened by CENN Executive Director, Nana Janashia, and Medea Janiashvili, Deputy Head of the Georgian National Tourism Administration.

The CENN Executive Director discussed the current challenges in the tourism industry worldwide and noted that tourism was a source of income for

numerous people. However, "following the closure of borders and imposing restrictions on travel amid the coronavirus pandemic, the situation has changed drastically, showing the need for changes and innovative ideas," she noted.

"Regarding Georgia, if we compare the current situation to the previous year, the number of international travelers has decreased by 96.4%, while the income earned from travel has decreased by approximately 78%. This crisis has shown that the transformation of tourism industry is mandatory," Ms. Janashia said, adding that more emphasis on green tourism is crucial for the sector, in the region and globally.

The Deputy Head of GNTA, Medea Janiashvili, spoke about the visions of the National Tourism Administration and noted "the need to create ecotourism products for the development of the sector in the country and the region as a whole." She stressed the importance of new initiatives and expressed support for the Digital Caucasus project, highlighting the significant contribution of CENN and its activities to this process and the development of ecotourism in



Georgia and in the region in general.

Ana Petriashvili, CENN Project Officer, presented details of the project to the audience and noted that in these challenging times, digital transformation could serve as one of the main factors for economic development. "Considering this, positioning the Caucasus region as a unique tourist destination using modern ICT tools is one of the main directions the project focuses on," she noted.

The kick-off event included short presentations about the project and a thematic panel discussion covering the tourism potential of the region as a unique destination, and digitalization as the driver of economic growth for regional tourism service providers. During the discussion, experts in the sector talked about perspectives of tourism development in the regional dimension, and advantages of green tourism development, and provided insight on how digital marketing can support the economic growth of SMEs involved in the tourism value chain.

Natalia Bakhtadze-Engländer, Co-founder and Consultant at the Georgian Ecotourism Association, and Lali Tevzadze, National Coordinator of the TJS program, talked about the importance of the trans-boundary tourism

product, and steps taken during its development.

Tornike Guruli, Professor at Ilia State University, then presented different opportunities digital marketing can offer the tourism sector, while Rati Kochlamazashvili, Deputy Chairman of the Georgian Farmers' Association (GFA), talked about GFA's role in the development and promotion of Agritourism in Georgia.

Irakli Gogoladze, from the iknow company and founding member of the Georgian ICT Cluster; Guja Narimanashvili, Founder of the TravelGuide Application; and Sopo Bagauri from the Transcaucasian Trail also contributed to the event.

The event was facilitated by Ia Tabagari, Tourism analyst, and brought together service providers involved in the regional tourism value chain, public authorities and non-governmental organizations active in the sector.



# Tbilisi Hills CEO on the Importance of School Construction & Education for Achieving Success

**L**earning and education is the key to success. This was once again proved by the new initiative of Tbilisi Hills Golf & Residences, which, as a company that cares a lot about education/learning all life long, is planning to build a school in the residential complex for its resident families.

It is already a well-known fact that the company offers its customers maximum quality, comfort and innovations; however, its management believes that this alone is not enough, and education and constant development are the main conditions for a successful and meaningful life.

GEORGIA TODAY spoke to Anastasija Udalova, CEO of Tbilisi Hills Golf & Residences, to find out more.

“Education teaches people to work hard, and achieve results in school or in any course. The second thing is discipline, to do all your homework and study in a way which shows a good performance in school. And of course, the main thing is that education and learning teaches you to think and to put everything you’ve learnt into your overview for the world, as well as helping you to make decisions based on careful thought and knowledge. Education is a must in achieving higher results. I don’t believe that people who have no education can achieve high results.”

## WHEN DOES A PERSON START AND STOP LEARNING IN LIFE?

People start learning from the day they are born. Everything in life teaches you how to or not to behave. And this goes on until the last day in your life, through school, university and beyond. I’ve never stopped studying, and I enjoy this process, which is why I hope that as far as I can give time for education in my schedule, I will study a lot.

## TELL US ABOUT YOUR EXPERIENCE AND EDUCATION.

I have Masters in Law and another in Sociology. Now I’m doing my executive MBA in Stockholm School of Economics, and as for my plans, I’m going to start chemistry studies because of the new business which I will start in parallel to Tbilisi Hills, in Riga. What I found out relatively recently is that in learning, the mind brightens; especially when

you’re focusing on more than one aspect in life. When you study, you see the things you do for a living from a different angle. The same happens when you meet new people and hear another point of view, another methodology, and you see that you can do it in different way. When you’re working and not studying, you’re just doing it as you know; you don’t make a new impact on it. That’s why learning is a must for business.

## WHAT HAVE YOU LEARNED FROM GEORGIAN PEOPLE AND WHAT YOU WOULD LIKE TO TEACH THEM?

From Georgian people, I’ve learned to be less stressed, because they are very resilient to stress. They’ve taught me to have an open heart, because they are very open to new people. We, as Latvians and Baltic people, are little bit more closed and more reserved: Georgians aren’t. I’ve learned from them how much you can achieve if you meet face-to-face, and I’ve learned patience.

## WHY DO YOU PLAN TO BUILD A SCHOOL AT TBILISI HILLS?

As I said, education is very important for me, as it is for our shareholders, and we wanted education for the residents of Tbilisi Hills to be more achievable. There was also a timing issue, in order for resident parents and children not to spend time traveling to school and back. Plus, we’re trying to do everything for our residents to make their living here as comfortable as it can be, and of course, their children are the most important part in life. Simply, it’s a must for us to have a school there.

## WHAT MAKES A GOOD WORKER AND WHAT DO YOU VALUE MOST IN THE TBILISI HILLS TEAM/YOUR CO-WORKERS?

Another thing I’ve learned in Georgia is that resumes doesn’t matter, because people may have a very nice CV, but when you meet them in person and start working with them, it can appear that maybe their education was not so good, or maybe something changed in their lives. Meeting in person and listening to how they speak, and how they act during interviews, is a must. That’s why the team we have now in Tbilisi Hills



is like a big family, a family which is loyal, very friendly, super talented, oriented on results, and all interested in doing the best for our residents, because our reputation is, for us, a very important thing. A good worker is always in the process of self-education, as is a CEO who gives good workers an opportunity to change and improve their qualifications. If a worker decides they want to further themselves, say via study, but in parallel stay in the company, my goal is to give them the access to such studies. This makes for happy co-workers.

## WHO IS PURCHASING REAL ESTATE IN TBILISI HILLS?

The people purchasing real estate here are very ambitious. Many of those who first bought land plots here are definitely happy with a healthy amount of risk, as we started sales two years ago, especially knowing the history of the real estate business in Georgia. Now the situation has changed, but still, we appreciate the risk they took in investing so early. These people are definitely very smart and are good professionals in their businesses. They all have the same values: family, a good environment, a healthy lifestyle

(many do sports on a daily basis), and education, and we’ve had a lot of conversations with them about education and what they see in their children’s future lives. A good sense of humor is also a common feature, because we have a lot of nice humorous chats in our restaurant and terrace.

## HOW CAN ONE ENSURE THAT PROFESSIONALISM DOESN’T KILL THE JOY TO WORK AND THE WILLINGNESS TO LEARN NEW SKILLS?

If a person is professional, he can’t kill the joy to work. A real professional understands what Socrates said: “You know that you don’t know.” A professional knows there is still much to learn. If a person wakes up in the morning and says “OK, I know everything about this job,” then it’s time to go and find another profession, because in that profession you are dead; you lost all the sense of challenge. Work you enjoy gives you new challenges every day: you just need to see them.

## YOU READ A LOT. WHAT IS THE LAST BOOK YOU READ THAT YOU CAN RECOMMEND TO OUR READERS?

I read a lot of books, and I only read them in physical form, because I don’t like electronic books. I tried audio books, but it didn’t work for me so well. The last book I read, which I finished last week, was ‘Churchill and Orwell: The Fight for Freedom.’ It was a book about Churchill and Orwell’s biography of their lifetime and how they survived the Second World War. And now, I was listening to Orwell’s ‘Animals’ Farm.’ I read it a few years ago, but decided to refresh. What I can recommend to readers, my must-read book, is The Little Prince. This is something I re-read from time to time because it always shows you another angle to what’s going on in your life. Easier reading comes in Fitzgerald’s book ‘Tender is a Night,’ I love it. If we are going for Russian classics, then I would name Bulgakov’s ‘Master and Margarita.’ For the business, the last I read is Daniel Kahneman’s ‘Thinking, Fast and Slow,’ and a very good book is David Bohm’s ‘On Dialogue.’ And the main thing I can recommend is to read and read more. Because you always have something to discuss with a person who reads books.

## Agreement Signed on the Temporary Employment of Georgian Auxiliary Workers in Israeli Long-Term Care Facilities

**O**n September 30, Israeli Minister of Foreign Affairs, Gaby Ashkenazi, and Georgia’s Ambassador, Lasha Zhvania, signed in Jerusalem a bilateral agreement on the temporary employment of Georgian auxiliary workers in Israel. On October 1, Georgian Minister of IDPs from the Occupied Territories, Labor, Health & Social Affairs, Ekaterine Tikaradze, and Israeli Ambassador Ran Gidor, signed the Implementation Protocol for said agreement in Tbilisi.

The two documents are designed to facilitate the recruitment and temporary employment of hundreds of Georgian auxiliary workers in long-term care facilities in Israel, caring for persons with

chronic or complex medical conditions and/or physical or cognitive disabilities. Teams of diplomats, civil servants, lawyers and experts from government departments in both countries have been working diligently and assiduously over the past few months in order to put in place a system of recruitment, training and employment which would be fair, effective and efficient. The entire process will be implemented, monitored and supervised by relevant government bodies in order to guarantee that all legal requirements (in both jurisdictions) are fully adhered to.

“Georgia is the first country approached by the Israeli authorities for the purpose of employing foreign auxiliary workers in long-term care facilities. This reflects



the deep friendship between the two nations, as well as the excellent working relations between our respective governments and embassies,” the Israeli

Embassy in Georgia announced. The Israeli Embassy noted its particular gratitude for the personal contribution of Georgian Deputy Minister of IDPs,

Labor, Health & Social Affairs, Tamila Barkalaia, and the State Minister for Reconciliation and Civic Equality, Tea Akhvediani (in her previous capacity).

**Black Sea Bulletin**  
COVID-19 in the Black Sea region

Ukraine

Issue #4 22.09.2020

# Black Sea Bulletin: COVID-19 in the Black Sea region

The spread of novel coronavirus COVID-19 has resulted in global pandemics, followed by an abrupt economic crisis, as economies stood still in order to overcome the threat to people's lives. In this bulletin, we overview the readiness to the healthcare and economic crisis, the evolution of the pandemic, and characteristics of the lockdown for the six countries in the Black Sea Region.

**PREPAREDNESS FOR THE CRISIS**  
First, it is interesting to observe how prepared the countries were for a healthcare emergency like current pandemic. The Global Health Security (GHS) Index is a comprehensive assessment and a benchmarking tool of health security and related capabilities across 195 countries, and it can be used as a proxy of countries' readiness to the healthcare crisis. The average GHS index score for the whole world in 2019 was 40.2, which is bettered by each country in the region, except Ukraine, meaning that the Black Sea region overall can be thought to have an adequate health preparedness compared to the world. However, as the best-ranked country in the region (Turkey) is ranked 40th, the region is still far from advanced in its readiness for a healthcare crisis.

In a sub-pillar of the index called "Rapid response to and mitigation of the spread of an epidemic", which potentially indicates how successful the countries would be in tackling COVID-19, Turkey ranks the highest in the region, with a world rank of 30, followed by Bulgaria (ranked 39th) and Georgia (ranked 45th). Russia and Romania are ranked 50th and 55th respectively, while Ukraine is doing the worst in the region, ranked 97th in the world on this metric.

Based on the EBRD monitor, which assessed both healthcare and the economic resilience of their members using a matrix tool, Bulgaria, Georgia, Russia and Ukraine have a high number of physicians per 100K people, while Romania and Turkey have a "moderate" score on this metric. This implies that the number of healthcare workers are adequate for each country in the region.

Another measure which shows the readiness of the healthcare sector is the public sector health expenditure as a share of GDP, which measures how prioritized the healthcare sector is for the country. Georgia is one country which scores low on this metric, while Russia and Ukraine have a moderate score and the remaining countries in the region (Bulgaria, Romania, Turkey) score high.

**SPREAD OF THE VIRUS**

It is of paramount importance to track the spread of the virus over time in the Black Sea region, as lockdown measures and economic impacts of the pandemic highly depend on the capacity of the healthcare system to take care of the infected at each point in time.

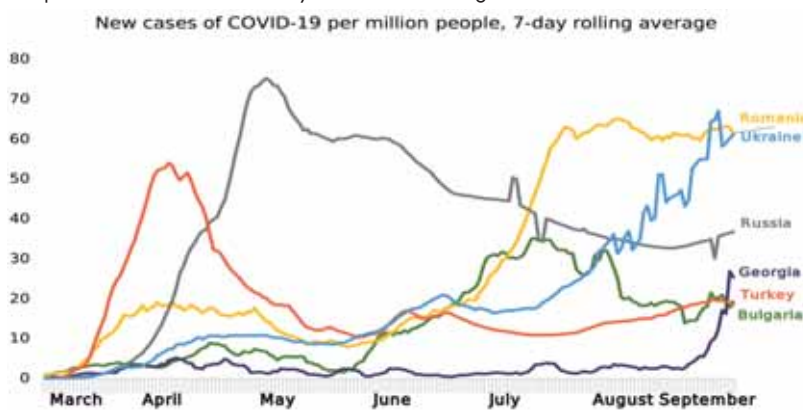
Instead of looking at cumulative cases, it is more interesting to analyze new cases per day, which shows the exact shape of the expansion of the virus, adjusted for

Country	Public sector health expenditure as a share of GDP	Physicians per 100,000 people
Bulgaria	High	High
Georgia	Low	High
Romania	High	Moderate
Russia	Moderate	High
Turkey	High	Moderate
Ukraine	Moderate	High

Global Health Security Index 2019 and global rank in the index

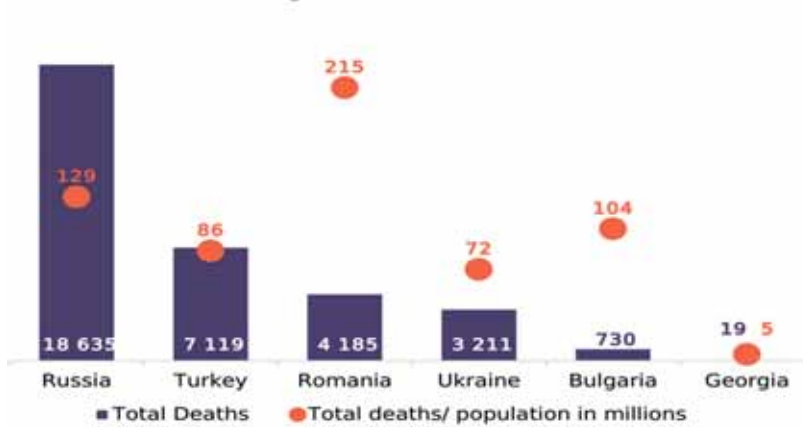


Graph 1: Global Health Security Index 2019 and global rank in the index



Graph 2: New cases of COVID-19 per million people, 7-day rolling average

Total deaths and total deaths per 1 million people in Black sea region as of 15.09.2020



Graph 3: Total deaths and total deaths per million people in Black Sea region as of 15.09.2020

Average Government Response Stringency Index score and respective rank of the country (01.02.20 - 31.08.20)



Graph 4: Average Government Response Stringency Index score and respective rank of the country

millions of population, in order to make the figures comparable to each other, and presented as a 7-day rolling average, in order to smooth the curve. Please note that even though this analysis is useful for tracking the evolution of the virus, the number of confirmed cases are correlated with testing rates and are always

fewer than the actual cases.

Turkey was a country which had the quickest emergence of the virus; however, in April, it managed to bend the curve and, by the start of May, limited new cases per million to 20, remaining stabilized at this number since then. Russia was the second country with a

Google Mobility Report - Average percent changes from the baseline (15.02.20-11.09.20)

	Retail and recreation	Grocery and pharmacy	Parks	Transit stations	Workplaces	Residential
Bulgaria	-15.5%	-5.7%	36.8%	-21.0%	-22.9%	3.7%
Georgia	-23.7%	-8.4%	15.3%	-25.7%	-29.4%	6.4%
Romania	-24.8%	-9.0%	3.2%	-29.3%	-24.3%	5.3%
Russia	-12.3%	0.8%	33.2%	-14.6%	-22.8%	2.4%
Turkey	-30.7%	-3.4%	13.3%	-29.5%	-25.2%	7.9%
Ukraine	-12.7%	0.5%	36.1%	-15.0%	-21.8%	3.0%

Table 2: Google Mobility Report - Average percent changes from the baseline (15.02.20-11.09.20)

sharp rise in the number of cases, and its peak of 75 new cases per million in May has been unmatched so far. Despite having managed to bend the curve quickly, the decline in the number of cases has been slow. In July, it stabilized at somewhat higher, around the 30-40 new cases per day interval.

Romania and Ukraine managed to keep new cases relatively low until the start of July. Romania figures jumped up to around 60 new cases per million people per day in July and has been stable at this high level since, while in Ukraine growth was more gradual, peaking at around 65 in September.

Bulgaria was relatively successful in its efforts to tackle the spread of the virus, peaking at 30 new cases per million in July, and managing to get down to around 20 cases per day in September.

Georgia was extremely successful, keeping the new cases per day under 5 until the end of August; however, a sharp growth has been observed since the start of September, but the figure is still relatively low at around 25 new cases per million per day.

Georgia, unsurprisingly, is also leading in terms of low total deaths (19) and low death rates when adjusted to the population in millions (5 cumulative deaths per million people).

As of September 15th, Russia has the most registered deaths from COVID-19 (18,635), followed by Turkey (7,119).

However, it is Romania which has the highest death rate in the region, as about 215 people have died from COVID-19 per 1 mln people. Romania is followed by Russia (129 deaths per million).

Even though Bulgaria managed to keep the absolute number of deaths relatively low and is in 5th place in this regard, it has the 3rd highest death rate per million (104).

As for Ukraine, it is ranked 4th in terms of cumulative deaths (3,211) and 4th in terms of deaths per million (72).

**GOVERNMENT RESPONSE AND MOBILITY**

In order to keep the cases low, the governments had to act strictly and induce harsh lockdown measures for extended periods of time. The Government Response Stringency Index assesses the overall strictness of the lockdown in 185 countries on a scale of 0-100 on a daily basis, by combining multiple criteria for strictness.

Average Stringency Index scores for Black Sea countries were calculated and

analyzed for the period from February to August.

Georgia, which has the highest average score (64.6) in the region, and ranks 32nd in the world, managed to keep cases low by turning to strict containment measures.

However, not turning to the most stringent measures does not always translate to an elevated number of deaths: Bulgaria's case is a good example, as it has the lowest Stringency Index score in the region (ranking 153rd in the world), but at the same time is second in terms of lowest deaths and active cases.

Since February, Google has been tracking the mobility of people in different types of locations, and in order to see the impact of the COVID-19, has been comparing the figures to the baselines taken over the 5-week period in January-February for each day of the week. These mobility estimates can provide early insights into how huge the containment of economic activity was.

As the data does not account for seasonality, there is a huge growth in mobility in park areas for most countries, mostly attributable to improved weather compared to the baseline.

Turkey recorded the highest decline in the region in mobility of retail and recreation (-30.7%) and transit stations (-29.5%). Turkey also recorded the highest growth in residential mobility (7.9%), implying that time spent at home increased by the most.

Mobility in groceries and pharmacies did not rise on average over the period. In fact, apart from Russia and Ukraine, which registered a slight increase, the mobility saw a small decline.

Georgia had the highest decline in workplace mobility on average over the period (-29.4%); however, each of the six countries recorded a decline of more than 20%.

The decisions about the measures taken by the government were made by keeping in mind a major trade-off between two priorities: people and the economy, or in other words, it was the question about saving more lives or more livelihoods. It is quite likely that gains in lives could be offset by losses in livelihoods, and vice versa. In the upcoming Black Sea bulletin, the economic implications of the spread of the virus and government responses to the virus, as well as the measures taken for the recovery from the economic crisis, will be explored in more depth for each country of the region.

Basic Economic Indicators, 2019

	Confirmed COVID-19 cases (16.09.20)	Nominal GDP (USD bn)	GDP Per capita, PPP (USD)	GDP Real Growth (%)	CPI (%)	Unemployment (%)
Bulgaria	18 216	67.9	24 561.2	3.4	3.1	4.2
Georgia	7 756	17.7	15 636.6	3.1	4.9	11.6
Romania	105 298	250.1	32 297.3	4.1	3.8	3.9
Russia	1 079 519	1 700	29 181.4	1.3	4.5	4.6
Turkey	296 391	754.4	27 875.2	0.9	15.2	13.7
Ukraine	162 660	153.8	19 341.2	3.2	7.9	8.2

Table 3: Basic economic indicators, 2019



## Hilik Bar - Lecture at the Sokhumi State University after the University of Oxford

Continued from page 1

Israeli House is also to open an Israeli Cabinet at the Grigol Robakidze University during the Israeli Week in December 2020, at the event summarizing the year. Israeli cabinets are already operating at the University of Georgia, the Georgian-American University and the European University. With the support of the Israeli House and the Sarah Ben Shemesh Foundation, Holocaust History is being taught at all four universities.

Israeli House will add an additional section in the Israeli Cabinets, about the Jewish Heritage, in cooperation with European Association for the Preserva-

tion and Promotion of Jewish Culture and Heritage (AEPJ). Israeli House is the official representative of the European Route of Jewish Heritage in Georgia certified by the Council of Europe.

These universities and the Jewish/Israeli Library, which was also established with the support of Israeli House and the Sarah Ben Shemesh Foundation, are frequently visited by Israeli politicians and public figures. Israeli former Minister of Defense and nowadays the Minister of Economy Amir Peretz delivered a public lecture at the Gr. Robakidze University, and the Georgian-American University awarded Hilik Bar with the title of Honorary Doctor.



# ISET ECONOMIC INDICATORS

International School of Economics at TSU

  
GDP FORECAST

For more: [WWW.ISET-PI.GE](http://WWW.ISET-PI.GE)

## ISET GDP Forecast | Riding Out the Pandemic Storm: Trends, Projections & Uncertainties

BY DAVIT KESHELAVA  
AND YASYA BABYCH

ISET-PI has updated its real GDP growth forecast for the third and fourth quarters of 2020. Here are the highlights of this month's release:

### HIGHLIGHTS

- Recently, Geostat released the preliminary estimate of real GDP growth for the second quarter of 2020, which now stands at -12.6%.
- The real GDP growth rate contracted by 7.7% and 5.5% year-on-year in June and July 2020, respectively. Consequently, the estimated real GDP for the first seven months of 2020 amounted to -5.8%.
- ISET-PI's forecast of real GDP growth for the third quarter of 2020 stands at -11.6%. The second estimate for the fourth quarter growth forecast stands at -11.8%. Notably, our econometric model depends only on the retrospective information (past observations), thus, an abnormally large negative growth of the real GDP during the quarantine period causes overestimation of the contraction in the following quarters.
- Based on July's data, we expect annual growth in 2020 to be -8.5%. Once again, this is most likely an overestimation of the reality, since the nature of the shock (a transitory lockdown event) in the second quarter of 2020, had not had relevant analogues in the Georgian data.
- In addition, the National Bank of Georgia revised its expectation for real GDP growth down from -4% to -5% in 2020. According to the Monetary Policy Report, among the reasons behind the prediction's downward revision is weaker external demand than previously expected due to delays in the resumption of tourism inflows. However, domestic demand has been stronger than anticipated that was facilitated by fiscal stimulus and stronger credit activity as well as by better-than-expected remittance dynamics. The later effect is not expected to be strong enough to outweigh the effect of reduced external demand.

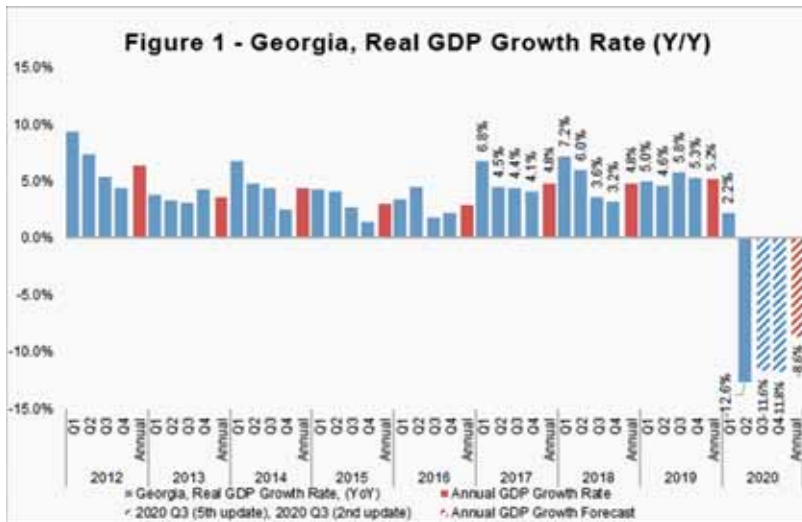
### GDP GROWTH BY SECTOR.

The Georgian statistics office, Geostat, has released its preliminary estimate of GDP growth for the second quarter of 2020 (based on VAT taxpayers' turnover data). Its estimated growth figure is -12.3%. According to Geostat, administrative and support service activities (-54.7% yearly), accommodation and food service activities (-40% yearly), Professional, scientific and technical activities (-28.8% yearly), arts, entertainment and recreation (-24.1% yearly), construction (-24.5% yearly) and transportation and storage (-22.6% yearly) were the sectors with the largest negative contribution to the annual real GDP growth in the second quarter of 2020. While the human health and social work activities (14.3% yearly), education (11.7% yearly), mining and quarrying (6.4% yearly) and agriculture, forestry and fishing (4.7% yearly) sectors were the only sectors having a positive impact to the Q2 growth figure.

### EXTERNAL MERCHANDISE TRADE.

Weak external demand, continued social distancing and weak consumer sentiment in the partner countries due to COVID-19 pandemic had a notable negative impact on the trade statistics. In July, Georgia's exports experienced a 21.6% annual decline. This drop was driven by a reduction in the export/re-export of motor cars, cigarettes, and medicine to Azerbaijan, alongside the declining export of ferro-alloys and wine to Russia; export/re-export of motor cars and mineral water to Ukraine; the re-export of trucks to Armenia; and export of ferro-alloys to Iran. There was moreover significant decline in the export of goods to the European Union motivated by a drop in the export of copper ores and concentrates in Spain and Romania. While Georgian exports to Bulgaria and China (due to improved re-export of copper ores and concentrates and precious metals) experienced notable growth.

During this period, the import of goods decreased by 14.3%, driven by a reduction in petroleum and fuel product import from Azerbaijan and Turkmenistan (mostly due to reduced crude oil prices



in the international market), packaged medicines and non-ferrous metal structures from Turkey, sugar and tobacco products from Ukraine, and fewer imports from China (due to reduced import of carbon steel rollers and bulldozers), Romania (due to reduced import of petroleum and fuel products), and Germany (due to reduced import of motor cars). Consequently, the trade deficit shrank by 9.4% yearly, and amounted to 442 million USD.

### MONEY INFLOW.

As every country suffered economically in the aftermath of the health and oil price crises, there was a significant slowdown in remittance inflows from the rest of the world in March, April and May. Nevertheless, money inflow started to recover in June and July, experiencing 17.8% and 22.1% annual increase respectively. The main contributors to this rise were Azerbaijan, EU, Turkey, and Israel, whereas money inflow decreased from Russia.

### INTERNATIONAL VISITS AND TOURISM.

Tourism arrivals and receipts declined sharply as a result of numerous travel bans, and due to precautionary behaviors. In July, the number of international visitors decreased by 95.6% yearly, while the decline in tourist numbers (visitors who spent 24 hours or more in Georgia)

amounted to 93.5%. In summary, decreased inflows and the dramatically reduced number of visitors and tourists over the corresponding month have made a significant negative contribution to the growth forecast.

### FOREIGN DIRECT INVESTMENT.

Nevertheless, foreign direct investment (FDI) in Georgia amounted to 237.8 million USD in the second quarter of 2020, which is 0.5% higher than the adjusted data from Q2 2020. According to Geostat, FDI experienced notable increase in such sectors as agriculture, fishing (487.7% yearly), construction (273.4% yearly), mining (130.5% yearly) and, communication (125.6% yearly), while FDI decreased in all the other sectors (the largest decline was observable in financial, and health and social work sectors). The recent trends in FDI are not taken into consideration in our model yet.

### EXCHANGE RATE.

The real effective exchange rate (REER) depreciated by 0.8% monthly in July, and appreciated by 1.2% relative to the same month of the previous year. In addition, the lari exchange rate experienced a slight depreciation against the US dollar and the euro (falling by 0.5% and 4.7% respectively in monthly terms). While GEL appreciated against Turkish lira and Russian ruble by 1.3% and 4.5% respec-

tively in monthly terms. Overall, REER-related variables had a small negative contribution to the Q3 and Q4 real GDP growth projections.

### INFLATION.

In July, the annual inflation rate reached 5.7%, which is 2.7 percentage points higher than the targeted 3%. The main contributors to the annual price increase were increased food (raised by 11.4% yearly) and tobacco prices (raised by 12.7% yearly), which accounted for 3 and 0.4 percentage points of annual inflation rate, respectively. However, decreased gasoline and diesel prices (24.8% and 23.5% annually respectively) made a negative contribution (-1.1 ppts) to the annual inflation measure. The latter trend is mostly a reflection of significantly weakened oil prices on the global market (Europe Brent Spot Price (COP) decreased by 32.4% yearly). While, the measure of core inflation amounted to 5.8%.

### MONETARY POLICY.

In addition, the National Bank of Georgia (NBG) reduced the Monetary Policy Rate (MPR) by 0.25 percentage point to 8% in August to stimulate borrowing and contribute to higher growth. While, in September, monetary policy committee of NBG decided to keep MPR unchanged due to significant depreciation of the national currency and risks of emerging inflationary expectations.

Our forecasting model is based on the Leading Economic Indicator (LEI) methodology developed by the New Economic School, Moscow, Russia. We have constructed a dynamic model of the Georgian economy, which assumes that all economic variables, including GDP itself, are driven by a small number of factors that can be extracted from the data well before the GDP growth estimates are published. For each quarter, ISET-PI produces five consecutive monthly forecasts (or "vintages"), which increase in precision as time passes. Our first forecast (the 1st vintage) is available around five months before the end of the quarter in question. The last forecast (the 5th vintage) is published in the first month of the next quarter.

# Flora, Fauna Great & Small: Guria



BLOG BY TONY HANMER

I missed recounting some of the wildlife encounters, both animal and vegetable, which we had on our August camping shakedown, during which my wife demonstrated the same admirable enthusiasm for camping which runs in my family.

Our wonderful wooded camping spot near Ureki did have one major floral drawback, in the form of truly monstrous

little thorns which grow between the trees and the beach. They are reminiscent of the virtually two-dimensional "paper thorns" of my southern African childhood, but in a 3D version. Tiny, it detaches itself from its parent stalk at the lightest touch, and fastens onto one's shoe or skin, where its spiky form, reminding one of the lethal Medieval weapon, the Morningstar, causes pain quite out of proportion to its size. I don't know what its technical name is, but I would happily call it Morningstar from Hell, and consign it there.

We were serenaded by crickets and/or grasshoppers seeking mates at night, once their predator birds had retired, but not loudly enough to dispel sleep. The cicadas were out too, any time of the day or night, but also not close enough to be a nuisance. Their ridiculously long-lived larval form is famous for emerging from the ground for a few weeks' loud mating calls, egg-laying and death... only in year intervals of 1, 2, 3, 5, 7, 11, 13 or 17. Does that number sequence ring a bell? Yes, the cicada's adult arrival happens only in PRIME NUMBER year counts.

Apparently to confuse would-be predators' sense of any regularity. To me, one of the most mysterious facts of nature: an insect counting the primes.

On the beach, herons stalked seafood at the water's edge, while I stalked them with my long lens. But there was more, much more, to come just up the road: the new Dendrological Park, set up by Mr Ivanishvili for the public good. Here, trees from all over (hence the park's name, referring to them) have been assembled to flourish together, all designated by their Latin names, but alas not by the equivalents in English. Some photos show how large their root balls were, how much effort was involved in digging them up and transporting them here.

Birds too, these named in English: macaws and parrots, ibises, pelicans, Canada geese and even some crowned cranes from Africa. Either caged or in a large though still netted-over area with its own lake. While I delighted as a photographer at the chance to capture such specimens through the lens, I was also sobered by their being in captivity instead of free. It's quite a dichotomy, this pair of feelings: wonder at their beauty but sadness that they must be enclosed from freedom in order for us to see them. I did take photos, but the images will always be tainted by the circumstances.

The park is free for entry this year; that may change in future, but for the moment thousands of people have been taking advantage, as did we. It was so close to where we were staying that to miss seeing it for the first time, even in order just to form an opinion firsthand, would have felt wrong. So we went. I will always be in balance against the caging of animals, though.

Georgia itself has so many endemic species of flora and fauna that seeing only what is native to the country is also a feast for the senses, although given the diversity of climates here, one would have to travel quite far to see most of them. Some are vanishingly rare or shy anyway: I have seen bear skins in Svaneti, heard of encounters with them, but never seen the animal itself with my own eyes. The same with the wolves which occasionally hunt the local pigs or calves. I have, however, seen the buzzards which sometimes take (or simply kill and leave) our free-range chickens. I have neither a rifle nor the license to use one, but my neighbors do, and insist on shooting at the raptors given any chance. Such is the reality up here. Freedom for an animal



might not mean long life anyway. "Nature red in tooth and claw" indeed, including us!

Tony Hanmer has lived in Georgia since 1999, in Svaneti since 2007, and been a weekly writer and photographer for GT since early 2011. He runs the "Svaneti Renaissance" Facebook group, now with nearly 2000 members, at [www.facebook.com/groups/SvanetiRenaissance/](http://www.facebook.com/groups/SvanetiRenaissance/). He and his wife also run their own guest house in Etseri: [www.facebook.com/hanmer.house.svaneti](http://www.facebook.com/hanmer.house.svaneti)



# Corona Wants to Hang Around

OP-ED BY NUGZAR B. RUHADZE

The problem is purely medical, but the treatment is behavioral. Corona keeps attacking us, equipped with a natural means of assault, using all its destructive power without fear of being defeated any time soon. And what makes us seem so amusing is that we are trying to cope with it only with a socially organized set of measures, this being our maximum at this stage of the war.

The world is at a complete loss, but keeps going. The term Green Zone has become a real ear-pleaser, and Georgia has managed to maintain itself within that haven of safety as yet. Interestingly, this is a case when the people and government have worked in unison to save the day, with exceptionally elevated standards of performance on both sides. Thanks, but we're not even half way done: the infection lingers on, the vaccine is not even on the horizon, business has faltered, people are getting tired, and spirits are drooping with little chance of being revived in the near future.

So, what is the best step to take in these circumstances? Rumor has it that the

killer bug has manifested the ability of reinventing its lethal power instead of dwindling away. We are literally inundated with corona stories and recommendations, some of them giving us an unlikely perspective of its further development. Meanwhile, people continue getting sick, some facing death with dreaded certainty. The number of cases has been growing in this country, too, and so an additional piece of advice even on an amateurish level can surely do no harm? It could at least serve as a reminder of the danger still lurking around the corner.

One of the greatest frustrations that would kill the joy of recovery from the virus is that the immunity from the illness survives only for a brief while, a little over a month. Another disappointment is that the harm done by the pest to the human organism is greater than we thought: heart, blood vessels, brain, lungs, kidneys, intestines can be injured to the point of fatality.

The direst among the resulting pictures is that this whole scene is taking place against a deteriorating social background where the mindboggling question persists: economics or health? We certainly need to make money to survive, but without health, it is doubtful we are unlikely to achieve wellbeing.

Saying we're proud that we're in control

**PROTECT YOURSELF AND THOSE AROUND YOU**



Stay at home if you are sick



Wash your hands regularly



Cover your coughs and sneezes



Keep 1.5 metres away from others (as much as you can)



Avoid touching your face



Get tested if you have symptoms

of the virus would be an exaggeration. It would be much better to say we're ceaselessly aware of its damaging presence and are behaving accordingly until medicinal science finds a serious way to curb it. I know God will help too, but He will only help those who are ready to help themselves. The medical and the administrative teams working to alleviate the situation are doing their best to thwart the epidemic: statistics are accurate, available tests are enough in number, effective contact-tracing is in place, hospital capacity is adequate, and tightening measures are ready to go into action.

There is practically nothing else one can do, but additional precaution wouldn't hurt. For instance: approach only folks that are certain to have no infection; learn to avoid social get-togethers, even the most attractive ones; stay away from each other at a non-kissing distance; forget activities that can wait a while; say no to out-of-town visitors; don't make monsters out of masks; don't spread pessimism about our economic future, because negativity never helps; preventive self-isolation is always good, especially for self-education. There are official standards of safety, well-publicized, but such self-imposed measures might also be good: don't think that it is only others that catch the virus and die!

# Documentary 'Tskhinvali 1920' Premieres

BY VAZHA TAVBERIDZE

The documentary "Tskhinvali 1920" was shown to specialists in conflict studies, historians and experts in a closed presentation. The documentary, which was worked on for two months, focuses on the events that transpired in the Tskhinvali region in 1920, exactly 100 years ago. What really happened in 1920? Who would want to falsify the historical facts, portray the provocation by the Bolsheviks and the suppression of the uprising against the Democratic Republic of Georgia as genocide and damage Georgia's image? And why? The film answers these questions with facts, using documentary materials and analysis of proven historical events.

"We tried to present this historical



issue as objectively as possible, not to cover it from nationalist positions, and I can boldly say that all the words uttered in this film are supported by relevant documents, archive materials," said Davit Bragvadze, founder of the Georgian Institute for Security Policy. "The final product is of very high quality and is quite a powerful and decent response to the Russian propaganda."

The idea of filming "Tskhinvali 1920" belongs to the Georgian Institute for Security Policy. Historians Dimitri Silakadze and Davit Khvadagiani worked on it for two months with director of the film Mikheil Basiladze, and director of photography Kakha Bukhrashvili.

The film is in Georgian with English subtitles. It is planned to dub it into Russian in the near future. After a private screening, the premiere of "Tskhinvali 1920" is set to be broadcast on TV and made available online.

# Meet the Designer with We'Ar Art: Flying Painter



Unlike most autumns, this one has started with uncertainties. The fear of the unknown, planted deep within our human nature, has us further worried amidst the pandemic.

Bengü Akcardak, the co-founder of BI Auction and founder of WE'AR ART, is especially worried about one particular field.

"The pandemic has hit many sectors so much, but I am especially worried about art, artists and of course fashion designers," Bengü tells GEORGIA TODAY.

"During my studies at Tbilisi Academy on Fashion Design in 2018, I had the chance to see up-close how difficult it is to be a fashion designer; to create, to implement, to protect against copiers, to set up a shop or studio, to simply survive. So, with gratitude to GEORGIA TODAY, my project to introduce 'Georgian Designers' will now reach 'fashion lovers' who are interested in creativity, in design rather than in just a label," Bengü says.

WE'AR ART is a copyrighted brand/slogan with a unique philosophy: to create awareness of fashion and art. Since 2018, the WE'AR ART collection has only worked for one common 'good': raising

funds through charity events and sponsoring competitions for young artists.

GEORGIA TODAY begins a collaboration with WE'AR ART to present to our readers Georgian fashion designers with a unique taste. This week, you'll read about the 'Flying Painter' a brand uniting fashion and art. We had Natalia Vatsadze walk us through the creative processes of the brand.

## HOW DID YOUR CAREER AS A DESIGNER KICK OFF?

I was making up the design of clothes and then having it tailored. I did not know how to sew then, and I still don't. Some people liked what I made and asked me to think of something for them, too. I started taking my self-designed clothes to a store and they agreed to sell them. In 2017, my friend Eka Kecbaia was invited to Fabrika and in one of the complex's spaces, she was to open a clothing store-workshop. She brought me along and that is how I become one of the "designers" for Flying Painter.

## WHERE DID YOU GET YOUR EDUCATION RELATED TO THE FIELD YOU WORK IN? HOW IMPORTANT DO YOU DEEM PROFESSIONAL EDUCATION IN MAKING A DESIGNER?

I am an art expert historian by profession. I graduated college, studied in the painting academy, researched and studied the art scene of the 90's and suddenly I realized that I wanted to do what I was writing about. In 2008, I headed a painter group with some of my friends, called 'Bulioni' that gave, and still gives performances of a social and political character. In 2013, the group presented Georgia at the Venice biennale. In 2018, at Frankfurt book market, we had a personal exhibition. In 2019, we received a Sigizmund Valishevsky prize in Poland, for the contribution we had made to the art scene.

Eka and I are the "design-artists" of Flying Painter. We have no professional education in the design field. Today, self-education is more of a real and popular choice. We learned many things in the working process. In Flying Painter, it's the artists that create the clothes, that is what makes it so interesting.

## HAVE YOU TAKEN PART IN ANY FASHION SHOWS?

We're not much interested in participating in fashion shows. We've been involved in fashion weeks, but it's the exhibitions and social performances that interest us more.

## WHAT IS THE MAIN IDEA OF YOUR DESIGNS/BRAND?

Flying Painter offers clothes created by artists, and the brand answers to different political and social themes.

Flying Painter is an everyday-wear that reminds us of our constitutional rights, with texts written inside the pockets of the clothes that underline the reality we are living in with its restrictions.

Flying Painter does not merely produce clothes: its collections and works are artistic projects with questions, standings and critique.

## WHAT KIND OF PERSON WEARS FLYING PAINTER?

It is important for the person who wears our clothes to stand out, to be dressed in high-quality, exclusive attire.

## WHAT IS THE FEELING YOU GET WHEN YOU SEE SOMEONE STROLLING DOWN THE STREETS IN YOUR DESIGN?



I get so happy and excited that I want to go over and tell them they were made by me! I try my best to keep myself from doing it.

## HOW HAS THE CORONAVIRUS PANDEMIC AFFECTED YOUR BUSINESS AND DESIGNING STYLE?

It's a tough time, but we've not stopped working, not even for a day.

Flying Painter had a website from its very first day, so we've always had online sales, but we still believe we need to develop it. We ourselves consult with the customers who enter our store. Our customer will always find something new with us, but, of course, like many people, we find it hard to work as intensively as we did before the pandemic.

## WHAT IS THE INSPIRATION BEHIND YOUR WORKS?

Living itself, the everyday life and the willingness to fall out of this routine.

## WHICH INTERNATIONAL ARTISTS OR DESIGNERS HAVE INFLUENCED YOUR WORK?

The source of our inspiration comes more from unknown stories. For example, the design of one of our shirts was inspired by a 1913 diary that belongs to

Nina Dzamiashvili, who had graduated from Gori's Elene Tarkhan-Mouravi School where she had, for five years, learned how to sew, knit and embroider. One of the drawings found in the diary manifested an example of self-organization and self-development related to the history of women's social empowerment.

## HOW DO YOU VIEW GEORGIAN TRADITIONAL CLOTHING? HAS IT SOMEHOW INSPIRED YOUR DESIGNS?

I personally love traditional clothes from Khevsureti. I don't think it has inspired our designs, though. Maybe on some subconscious level.



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