

## Country Brief Georgia - June 2013



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### 1. BASIC DATA <sup>1</sup>

**Land area:** 69,700 sq km

**Population:** 4.5m (Jan 2012)

**Main towns Population in '000 (2010):**

Tbilisi (capital): 1,153, Kutaisi: 193, Zugdidi: 175, Batumi: 124

**Climate:** Western Georgia - humid, subtropical climate. Eastern Georgia - subtropical to temperate

**Languages:** Georgian is the state language; Russian is spoken in the towns; Armenian, Azeri, Abkhaz and Ossetian are also spoken

**Weights and measures:** Metric system

<sup>1</sup> Country Report 1st Quarter 2013 Economist Intelligence Unit

**Currency:** The Lari was introduced on September 25th 1995, replacing the Georgian coupon  
**Time:** Four hours ahead of GMT  
**Fiscal year:** Calendar year  
**President:** Mikheil Saakashvili  
**Prime minister:** Bidzina Ivanishvili  
**Agriculture minister:** Davit Kirvalidze

## 2. Economic overview of Georgia<sup>2 3</sup>

Georgia is characterized by a lower-middle-income economy.

The war in August 2008 with Russia caused substantial damage to infrastructure, as well as an influx of several thousand internally displaced persons (IDPs) from the conflict areas. Public funds, supplemented by a large amount of foreign aid, are being used to provide humanitarian assistance to IDPs, and to rebuild military and civilian infrastructure.

Real GDP expanded by 7% in 2011. This represented a continuing strong pick-up, following the negative impact of the global economic recession of 2009, which came in the wake of the war in 2008. In early February 2013 Georgian and Russian officials confirmed that Russia planned to resume imports of Georgian wine and mineral water over the next few months. It is thus expected that relations between the two countries is busy improving.

Table 1 indicates the principal imports and exports of Georgia.

**Table 1: Principal exports and imports of Georgia in 2011**

Principal exports 2011	% of total	Principal imports 2011	% of total
Automotives	20.6	Oil & gas 16.3	16.3
Ferrous metals	11.6	Automotives	7.2
Copper & scrap black metals	9.2	Pharmaceuticals	2.9

## 3. Agricultural production in Georgia<sup>4</sup>

Following post-independence turmoil, domestic food production experienced a severe decline. Agriculture has performed erratically in recent years. The estimated share of agriculture's GDP has fallen to around 11% in 2006 from 35% in the mid-1990s. In 2010 the agricultural sector, which typically accounts for around 10% of total GDP, performed poorly, contracting by 1.7%. The performance of the agricultural sector, which remains primarily subsistence based, was hindered by poor weather conditions, including floods and hail at the start of the year and then by drought during the harvesting season. The presence of subsistence farming makes it more difficult for Georgian farmers to compete effectively on global financial markets.

In an address to the Ministry of Agriculture on 8<sup>th</sup> March 2011, the president called for the direct interference of the state in the agricultural sector. The president pledged that Georgia's agricultural sector would be transformed into a sector befitting the 21st century within 12-18 months.

Agriculture as origin of GDP was 11% in 2011. A contraction in year-on-year output was recorded in agriculture (-4.4%, 2012 vs 2011). The agricultural outturn for the year is expected to be much weaker than the 5.5% expansion recorded in 2011. Hailstorms in July and August caused considerable damage to a range of crops, including fruit, vineyards and corn.

2 Country Report Georgia June 2011 Economist Intelligence Unit

3 Country Report First Quarter 2013 Economist Intelligence Unit

4 Country Profile – 2007 Georgia. Economist Intelligence Unit

#### 4. Trade between SA and Georgia

##### 4.1 Imports of products (all) by SA from Georgia

Table 2 indicate all SA imports from Georgia with a value of more than R10 000.

**Table 2: Imports with a value of more than R10 000 (all products) by SA from Georgia (Millions of Rand - Array 2012)<sup>5</sup>**

HS	Description	2010	2011	2012
Total	Georgia	10.393	3.095	4.122
39	Plastic	2.363	1.267	1.960
84	Machinery	2.670	0.275	0.523
02	Meat	0.000	0.000	0.492
90	Optic,Nt 8544; Med Instr	0.130	0.768	0.296
62	Woven Apparel	0.000	0.000	0.273
20	Preserved Food	0.225	0.220	0.258
85	Electrical Machinery	0.671	0.074	0.214
49	Book+Newspapr;Manuscrpt	0.001	0.001	0.059
24	Tobacco	0.011	0.020	0.019
82	Tool,Cutlry, Of Base Mtls	0.000	0.002	0.011

##### 4.2 Export of products (all) by SA to Georgia

Table 3 indicate all SA exports to Georgia with a value of more than R40 000.

**Table 3: Exports with a value of more than R40 000 (all products) by SA to Georgia (Millions of Rand - Array 2012)<sup>6</sup>**

HS	Description	2010	2011	2012
Total	Georgia	12.891	25.408	256.571
84	Machinery	3.555	0.023	125.575
26	Ores,Slag,Ash	0.044	-	77.895
87	Vehicles, Not Railway	1.775	10.099	33.335
08	Edible Fruit And Nuts	4.769	11.052	13.592
24	Tobacco	1.156	3.130	2.495
23	Food Waste; Animal Feed	-	-	1.176
12	Misc Grain,Seed,Fruit	-	-	0.938
73	Iron/Steel Products	0.066	0.000	0.826
30	Pharmaceutical Products	-	0.170	0.454
39	Plastic	0.006	0.367	0.127
63	Misc Textile Articles	0.000	-	0.052
85	Electrical Machinery	0.286	0.107	0.048
48	Paper,Paperboard	-	-	0.045

<sup>5</sup> World Trade Atlas

<sup>6</sup> World Trade Atlas

### 4.3 Total trade balance between SA and Georgia

Table 4 indicates that SA had a trade surplus with Georgia over the period under discussion.

**Table 4: Total trade balance between SA and Georgia (Millions of Rand)**

	2010	2011	2012
Exports to Georgia	12.891	25.408	256.571
Imports by SA	10.393	3.095	4.122
Trade Balance	2.498	22.313	252.449

### 4.4 Imports of agricultural/forestry/fisheries products by SA from Georgia

Table 5 indicates the import of agricultural/forestry/fisheries products with a value of more than R2000 by SA from Georgia.

**Table 5: Array of agricultural/forestry/fisheries imports with a value of more than R2 000 by SA from Georgia (Millions of Rand) - Array 2012<sup>7</sup>**

HS	Description	2010	2011	2012
Total	Agri/Fish/Forest Products	0.664	0.249	0.515
020727	Turkey Cuts And Edible Offal (Including Liver) Fro	-	-	0.492
240220	Cigarettes Containing Tobacco	0.011	0.018	0.011
240210	Cigars, Cheroots And Cigarillos, Containing Tobacc	-	0.002	0.008
481420	Wallpaper And Similar Wallcoverings, Of Paper Coat	-	-	0.002

### 4.5 Export of agricultural forestry/fisheries products by SA to Georgia

Table 6 indicates the export of agricultural/forestry/fisheries products with a value of more than R500 000 from SA to Georgia

**Table 6: Array of agricultural/forestry/fisheries exports with a value of more than R500 000 by SA to Georgia (Millions of Rand- Array 2012)<sup>8</sup>**

HS	Description	2010	2011	2012
Total	Agri/Fish/Forest Products	6.428	14.184	12.995
080550	Lemons And Limes, Fresh Or Dried	1.704	2.396	5.248
240120	Tobacco, Partly Or Wholly Stemmed/Stripped	-	-	2.495
080510	Oranges, Fresh	2.253	3.471	1.439
080810	Apples, Fresh	0.207	2.399	1.207
230120	Flours, Meals And Pellets, Of Fish Or Of Crustacea	-	-	1.176
080610	Grapes, Fresh	-	0.149	0.893

### 4.6 Agricultural/forestry/fisheries trade balance between SA and Georgia

Table 7 indicate that SA had a trade surplus in the trade of agricultural/ forestry/fisheries products over this period.

<sup>7</sup> World Trade Atlas

<sup>8</sup> World Trade Atlas

**Table 7: Agricultural/forestry/fisheries trade balance between SA and the Georgia  
(Millions of Rand) <sup>9</sup>**

	<b>2010</b>	<b>201</b>	<b>2011</b>
Exports to Georgia	6.428	14.184	12.995
Imports by SA	0.664	0.249	0.515
Trade surplus	5.764	13.935	12.480