

12/10/2021

Weekly Highlights

Real GDP growth was 10.3% y/y in August 2021

Georgia's economy grew by 10.3% y/y in August 2021, after growing by 9.9% y/y in previous month, based on Geostat's rapid estimates. Notably, real GDP of August 2021 was also up by 4.5% compared to August 2019 level. In August, economic activity was up in all sectors except construction and mining. Notably, the continued growth in remittances/tourism, along with an acceleration in government capital spending and corporate bank lending fuelled the growth. Overall, in 8M21, real GDP growth was 12.0% y/y (+5.5% compared to 8M19).

Current account deficit improved markedly in 2Q21

Current account deficit reduced by 8.4% y/y to 8.0% of GDP in 2Q21, down from 11.8% of GDP in 2Q20, according to NBG. The improvement in the CA balance was supported by surge in transfers, up 58.7% y/y to US\$ 537.9mn (11.2% of GDP), followed by a recovery in service balance (reflecting the rebound in tourism revenues), up 26.4x y/y to US\$ 143.9mn.

Meanwhile, merchandize trade deficit, traditionally the major contributor to deficit creation, widened by 23.3% y/y to US\$ 755.6mn, as exports increased by 49.0% y/y and imports by 42.9% y/y. Notably, other investments at US\$ 318.2mn (6.7% of GDP) were key funding source of CA deficit, while net FDI stood at US\$ 148.0mn (3.1% of GDP) in 2Q21. Overall, CA deficit came in at 9.2% of GDP in 1H21, down from 11.3% of GDP in 1H20

**Exchange rate-** As a result of December 10, the value of one dollar became 3.1004 GEL and the value of one euro became 3.4932 GEL.

**Covid 19-** Confirmed coronavirus cases 882 822, within the past 24 hours 3 454; Recovered- 825 442; within the past 24 hours- 3 334; Fatal outcome- 12 631, within the past 24 hours- 49.

Articles of the Week

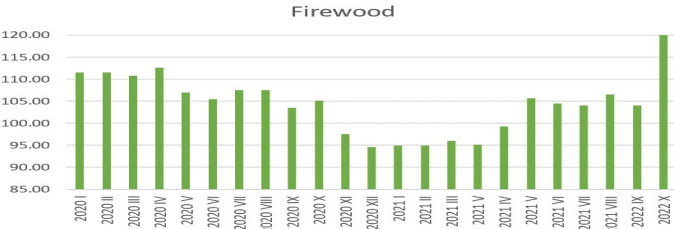
In Germany, 500,000 Rachuli spruces are sold annually in the REWE network - Fair Trees Fund

Germany's retail chain REWE sells 0.5 million Rachuli spruces annually for Christmas, Zhana Babunashvili, head of project development and management at BM.GE Fair Trees Fund, told BM.GE.

The Danish company Fair Trees established the Fair Trees Fund in 2007 and started exporting Caucasian fir seeds from Racha, specifically from the village of Tlugh in Ambrolauri municipality, to Denmark, also planting spruces in collaboration with local farmers and selling them in Europe.Rachuli fir is sold under the Fair Trade brand in the modern world, which means that the company sells fir under the most moral and ethical brand.The company sells Rachuli fir in Germany, France, Belgium, the Netherlands and Portugal. From here Germany is one of the big markets. The cost of a 1 -1.2 meter spruce is 35-40 euros. As a result, the multibillion-dollar spruce industry starts in one of the poorest regions - Racha.

Source:

Detailed consumer price indices of firewood in Georgia (Previous month = 100)



Trade balance of Fuel wood, in logs, in billets, in twigs, in faggots or in similar forms (excluding wood waste) of Georgia acording to the positions of the SITC (2020) \*thousands of \$

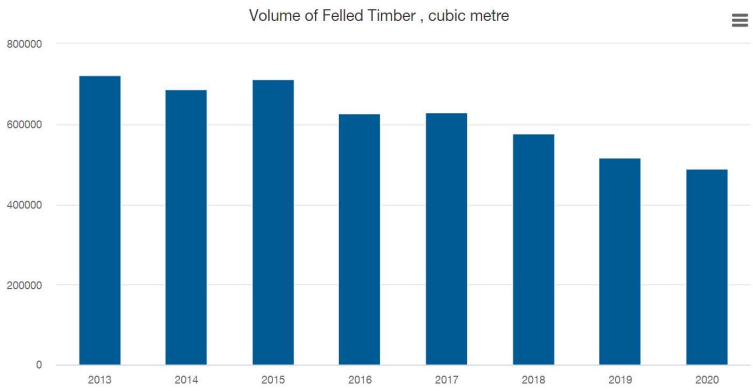
Products	EXPORT					IMPORT					TRADE BALANCE				
	2017	2018	2019	2020	2021 Q3	2017	2018	2019	2020	2021 Q3	2017	2018	2019	2020	2021
Fuel wood, in logs, in billets, in twigs, in faggots or in similar forms (excluding wood waste).	366.5	370.9	0.3	4.8	25.0	88.0	92.0	9.6	-	-	278.5	278.9	(9.4)	4.8	25.0

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## Agricultural Report on Georgia #23

Volume of Felled Timber 2010-2020



Volume of felled timber (cubic metre)											
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Georgia	876 749	681 669	518 792	723 030	687 171	712 336	628 035	630 462	578 031	515 879	488 773
Adjara A/R	77 868	86 236	71 313	75 894	77 981	75 510	65 422	69 034	58 631	58 490	58 828
Samegrelo-Zemo	16 193	10 546	26 836	10 150	12 425	12 269	8 526	13 185	9 268	5 039	4 121
Guria	97 440	43 643	34 580	90 449	77 744	80 775	57 443	53 277	45 483	33 854	33 088
Imereti	181 706	150 756	91 025	136 938	124 109	140 086	121 773	132 067	97 051	94 698	69 632
Racha-Lechkhumi and Kvemo Svaneti	86 944	61 884	45 517	52 772	63 897	74 956	63 545	66 790	52 485	45 339	40 824
Shida Kartli	37 148	42 992	51 067	54 165	58 545	60 919	59 145	49 523	50 114	34 466	39 313
Mtskheta-Mtianeti	91 524	42 671	44 229	57 709	49 124	29 019	39 538	49 564	54 202	46 763	53 180
Kakheti	94 374	96 543	63 692	91 197	82 728	89 170	79 784	81 956	102 682	95 045	88 132
Kvemo Kartli	89 704	75 668	46 622	46 980	56 817	52 496	44 222	42 799	34 343	45 566	36 536
Samtskhe-Javakheti	103 848	70 730	43 911	85 883	66 871	76 661	71 284	58 267	58 257	41 288	49 948
Protected areas	...	...	...	20 893	16 930	20 475	17 353	14 001	15 515	15 333	15 170

Governmental, Non-governmental grants and subsidies of Agriculture

**Green Grant program**

The grant program supports the development of energy efficiency and renewable energy (including markets) in the country. The program includes co-financing of the following energy-efficient / renewable energy technologies: thermal insulation, factory-made vacuum-type solar water heater, simple solar-powered water heater, and air heater.The program is implemented in the following municipalities of Georgia: Akhalkalaki, Borjomi, Dedoplistskaro, Kazbegi, Keda, Khulo, Lagodekhi or Tetrtskaro.

A simple type of solar water heater and air heater: The amount of co-financing is up to 90% of the cost, not more than 1,000 GEL.Factory-made vacuum-type water heater: Co-financing amount up to 80% of the cost, not more than 3,000 GEL.Thermal insulation of the first floor of the building - the amount of co-financing is up to 70% of the cost, not more than 8,000 GEL.Complete thermal insulation of the building: The amount of co-financing is up to 60% of the value, not more than 12,000 GEL.

Applications under the Green Grant Program will be accepted from October 8, 2021 to December 31, 2021. No more than 50 applications will be funded in each municipality under the program.

For more information visit: <http://gmg.undp.rda.gov.ge/>

Agricultural commodities

Grains						
INDEX	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT	TIME (EST)
C 1:COM Corn (CBOT)	USD/bu.	590.50	-125	-0.21%	Mar 2022	2:19 PM
W 1:COM Wheat (CBOT)	USD/bu.	783.75	+7.00	+0.90%	Mar 2022	2:19 PM
O 1:COM Oats (CBOT)	USD/bu.	714.00	-0.50	-0.07%	Mar 2022	2:19 PM
RR1:COM Rough Rice (CBOT)	USD/cwt	13.84	+0.04	+0.29%	Jan 2022	2:17 PM
S 1:COM Soybean (CBOT)	USD/bu.	1275.00	+275	+0.22%	Mar 2022	2:19 PM
SM1:COM Soybean Meal (CBOT)	USD/T.	365.60	+6.40	+1.78%	Mar 2022	2:19 PM
BO1:COM Soybean Oil (CBOT)	USD/lb.	53.61	-130	-2.37%	Mar 2022	2:19 PM
RS1:COM Canola (ICE)	CAD/MT	979.90	-180	-0.18%	Mar 2022	2:19 PM
Softs						
INDEX	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT	TIME (EST)
CC1:COM Cocoa (ICE)	USD/MT	2,466.00	+15.00	+0.61%	Mar 2022	1:29 PM
KC1:COM Coffee 'C' (ICE)	USD/lb.	232.60	-7.60	-3.16%	Mar 2022	1:29 PM
SB1:COM Sugar #11 (ICE)	USD/lb.	19.71	+0.02	+0.10%	Mar 2022	12:59 PM
JO1:COM Orange Juice (ICE)	USD/lb.	127.40	-155	-1.20%	Jan 2022	1:59 PM
CT1:COM Cotton #2 (ICE)	USD/lb.	106.23	-0.36	-0.34%	Mar 2022	2:19 PM
OL1:COM Wool (ASX)	--	--	--	--	N/A	--
LB1:COM Lumber (CME)	USD/1000 board feet	1,069.30	+45.00	+4.39%	Jan 2022	2:31 PM
OR1:COM Rubber (Singapore)	USD/kg	172.20	+0.50	+0.29%	Mar 2022	12:00 AM
DL1:COM Ethanol (CBOT)	USD/gal.	2.14	0.00	0.00%	Jan 2022	12/9/2021
Livestock						
INDEX	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT	TIME (EST)
LC1:COM Live Cattle (CME)	USD/lb.	138.25	+0.45	+0.33%	Feb 2022	2:04 PM
FC1:COM Feeder Cattle (CME)	USD/lb.	165.13	+1.05	+0.64%	Jan 2022	2:04 PM
LI1:COM Lean Hogs (CME)	USD/lb.	80.75	+2.93	+3.76%	Feb 2022	2:04 PM

Economic Data on Georgia									
GDP									
	2019	I 20*	II 20*	III 20*	IV 20*	2020*	I 21*	II 21*	
GDP at Current Prices, Bn ₾	49.3	11.1	10.8	13.4	14	49.3	11.5	15.5	
GDP at Constant 2015 prices, Bn ₾	40.3	9.2	8.7	9.7	10.1	37.6	8.8	11.2	
GDP Real Growth, Percentage	5	3.3	-14.5	-8.8	-7.4	-8.8	-4.1	28.9	
GDP Deflator Change, Percentage	5.2	6.0	5.5	7.9	8.0	7.3	7.9	11.6	
GDP Per Capita (At Current Prices), ₾	3 239.4	2 983.3	2 897.6	3 600.1	3 753.0	13 234.1	3 081.3	4 161.4	
GDP Per Capita (At Current Prices), \$	4 696.2	1 019.3	923.1	1 160.6	1 147.5	4 255.7	929.7	1 250.7	
GDP at Current Prices, Bn US Dollars	7.5	3.8	3.4	4.3	4.3	15.3	3.5	4.7	
Share of Agriculture in GDP, Percentage	7.4	TBA				8.4	TBA	TBA	
Population & Unemployment									
	2019	I 20	II 20	III 20	IV 20	I 21	II 21	III 21	
Economically Active Population (Workforce), Thousand People	1572.8	1545.2	1515	1528.9	1505.7	1447.2	1559.1	1592	
Employed, Thousand People	1295.9	1282.7	1237.6	1288.11	1197.9	1129.7	1214.8	1281.2	
Unemployed, Thousand People	276.9	262.6	277.4	259.8	307.8	317.5	344.6	310.8	
Unemployment Rate, Percentage	17.6	18.3	18.3	17	20.4	21.9	22.1	19.5	
Consumer Price Index (Inflation)									
	2015	2016	2017	2018	2019	2020			
Annual Average to the Annual Average	104	102.1	106	102.6	104.9	105.2			
December over Previous Year's December	104.9	101.8	109.7	101.5	107	102.4			

Review of Caucasian fir

Description

The Caucasian fir is Native to the Caucasus mountains and northeastern Turkey. It grows at elevations of 3,000 to 7,200 feet above sea level on mountains with an annual rainfall of over 40 inches so it is best suited for a northern climate. It dislikes hot, dry summers and clay soils. It casts dense shade with branches that often reach the ground. It is easy to transplant and is one of the easier *Abies* sp. to grow. Leaves provide winter interest and a great backdrop to other landscape plants. The shoots are often pubescent (hairy). Commonly grown as a commercial Christmas tree, the wood is soft and white and is used for construction or as paper pulp.

**Insects, Diseases, and Other Plant Problems:** None serious. Balsam woolly adelgids, bark beetles, spruce budworms, aphids, bagworms, and scale. Cankers, heart rot, root rot, needle rust, and twig blight. Intolerant of urban pollution often damaged by deer.

Quick ID Hints:

- black-green needle color with white stripes
- smooth bark with resin blisters
- long cones, 6"
- circular leaf scars



Overview of European Christmas tree market

The European demand for live trees reaches about 50 million per year, compared with the demand for about 35 million of the trees in the United States. Denmark is a major producer of live Christmas trees, about 90 percent are exported to other European nations, such as Great Britain, France, Germany and Austria. Denmark exported about 1 million trees to Great Britain in 2004. 2005 Christmas tree sales in Denmark was about kr1.2 billion (US\$204 million, €160 million), of this amount kr1.1 billion was in exports. The leading European producers of natural Christmas trees are found in central and western Europe. 2018 estimates indicated that Germany produced 18 million Christmas trees annually, followed by France's 6 million trees, Denmark's 10 million trees, Belgium's 5.2 million trees, and Great Britain's 4.4. million Christmas trees produced. The seeds used to grow Christmas trees in most European countries are harvested in Georgia (90%). The working conditions of seed pickers in a largely unregulated industry has been highlighted as a concern to the main companies buying seeds for cultivation in Denmark. Ultimately the growing of Christmas trees that end up in the majority of homes across Europe have been produced by workers in conditions protected by European law. However, the seeds harvested in Georgia to produce those trees are collected by workers in very poor conditions. Source: [https://en.wikipedia.org/wiki/Christmas\\_tree\\_production#Europe](https://en.wikipedia.org/wiki/Christmas_tree_production#Europe)

Company review - Pelamushito

The company "Pelamushito", the producer of hot and cold desserts of up to 12 types, has opened a new branch at 193 Agmashenebeli Street, Tbilisi.As the founder of "Pelamushito" Nino Gogaladze told bm.ge, Felamush desserts are prepared on the spot and the facility offers customers both placement and delivery services."All 12 of our 12 species, including 7 hot and 4 cold Pelamush, will be available at this facility and they will be prepared on the spot.

It is noteworthy that the pandemic stopped us and we were closed this period, however we have other plans for expansion along with the new branch. "We want to open as many branches as possible throughout the city in the shortest possible time, and then go to the regions as well," said the founder of Pelamushito.For



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