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TBILISI SILK ROAD FORUM AND BENEFITS BROUGHT TO GEORGIA

October has been a really busy month for Tbilisi, becoming a meeting place for over 700 high level government and business leaders from Asia and beyond through 15-16 October, 2015. Institutional and non-institutional investors from over 34 countries gathered in the frames of the Tbilisi Silk Road Forum initiated by the Prime Minister of Georgia, conducted by Government of Georgia and co-organized by the People's Republic of China. Event was supported by the Asian Development Bank. The Ministry of Economy and Sustainable Development of Georgia, Enterprise Georgia and Ministry of Foreign Affairs of Georgia played a crucial part in the planning and implementation of this important conference.

The primary goal of this important forum was to establish a platform for an annual high level meeting of all interested states and international organizations in order to explore opportunities, align visions and enhance partnership. The Forum, in the format of an international conference, attempted to discover new ideas for possible scenarios to enhance cooperation in the fields of transport, infrastructure, trade, energy, and people-to-people contacts across the "Silk Road" belt.

In fact the words "Silk Road" are associated with the caravans loaded with silk and spices from China traveling over the deserts, steppes, forests and mountains all the way to Europe and the British Isles. The caravans are gone, but the Silk Road persists. The camel trains have been replaced by modern highways, railways, and pipelines through which modern "silk and spices" - energy, natural resources, manufactured goods, peoples and ideas - travel. Therefore, the mentioned international conference encouraged discussions and dialogue to once again highlight that the new Silk Road can become an inexhaustible resource for economic development and political stability for many countries, spreading its benefits from economic and trade to cultural and social factors.

The scope of the forum was truly impressive with five discussion panels all of which contributed to reflecting today's significant issues such as Silk Road revival opportunities and challenges, contributing to the development of the Silk Road, infrastructure projects and initiatives needed to increase trade and transit at the regional level, the role of IFIs in developing the Silk Road, and simplification of market access through free trade regimes.

Tbilisi Silk Road Forum featured addresses by distinguished keynote speakers and panelists pro-


H.E. Irakli Garibashvili, Prime Minister of Georgia


"My government's goal is to build Georgia into a prosperous country that leverages its geographic location as a vital crossroads connecting East and West, and North and South. Georgia is Europe's natural gateway towards Asia - marking Europe's eastern-most entry point by both land and sea. I like to say we are Europe's "shortcut" to the Silk Road".

viding a unique platform for business executives and policymakers to share their perspectives on key issues at specialized side events. Business was one of the strong pillars of the partnership within various Silk Road initiatives and central to the event.

To make the forum more interactive and spread word to a global audience, forum organizers invited Suminima Udas, CNN International's Delhi-based correspondent, to moderate one of the key panels



and share her perspectives. At the same time Ms. Udas is responsible for covering key political, economic, social, environmental and general interest stories from the country and presents CNN International's monthly series "The Silk Road: Past, Present, Future". This TV Series have been initiated by the CNN international team in cooperation with Enterprise Georgia.

THE SILK ROAD PAST PRESENT FUTURE

Tbilisi Silk Road Forum hosted some world renowned economists, government and private sector representatives whose non-exhaustive list includes H.H. Sheikh Nahyan Bin Mubarak Al Nahyan, the Minister of Culture, Youth, and Social Development, Head of the UAE Delegation; Wencai Zhang, Vice President of the Asian Development Bank (ADB); László Baranyay, Vice President of the European Investment Bank (EIB); Dr. Hernando de Soto and Simeon Djankov, both

world-recognized economists.

The forum was opened by Dr. Hernando de Soto, a renowned economist who shared his views on how to reestablish the historic Silk Road to reinvigorate trade with Asia. According to the leading economist, "Silk Road" itself is a kind of brand that the country should benefit from and Georgia acted wisely by taking up the initiative of hosting this impressive forum and inviting so many decision-makers from around the world. It gave delegates the chance to see how Georgia has progressed over the years and explore the investment potential in numerous directions. During one of his interactions, Dr. Hernando de Soto also advised the Georgian government to take the example of Singapore, Switzerland and Macao and put in place some reforms or introduce initiatives that will only be associated with Georgia and implemented in this country.



"I was truly impressed by the members of the Georgian government, the team spirit I saw, as well as their motivation and drive for development. Unfortunately, not many governments do realize that globalization is the ultimate way for further development and the Georgian government is among those few who regard integration into the global economy as the right move," noted de Soto during one of the media interviews.


Tbilisi Silk Road Forum; Panel discussion: "Seizing Investment Opportunities in Georgia"



Tbilisi Silk Road Forum; Panel discussion: "Revival of the Silk Road-new opportunities for enhancing trade and economic cooperation"

Georgian Prime Minister Irakli Garibashvili made several important points during his address to the international audience and underscored the potential of Georgia as well as the most promising sectors in the country. According to the Prime Minister, by working together, the countries along the Silk Road can transport goods from China to Europe significantly faster and at a fraction of the cost.

"The fact that hundreds of businessmen and women have come to this forum is proof of the Silk Road's potential. I firmly believe that trade and commerce will drive peaceful cooperation.

I know I speak for all governments represented here when I say that our business leaders are among our nation's best ambassadors. They build the bridges that unite us. The potential of the new Silk Road is not modest, and nor is the scope of this forum. We discuss here regional cooperation across a number of important sectors - transport, infrastructure, energy, hospitality and cross-border trade. Moreover, we benefit from the guidance and input of highly experienced moderators and panelists" noted PM Garibashvili.

"My government's goal is to build Georgia into a prosperous country that leverages its geo-

graphic location as a vital crossroads connecting East and West, and North and South. Georgia is Europe's natural gateway towards Asia - marking Europe's eastern-most entry point by both land and sea. I like to say we are Europe's "shortcut" to the Silk Road. With our deep ties to the European Union, including our new Association and Free Trade agreements, our historical links throughout the region, and our burgeoning trade with China, India, Japan, and elsewhere in the Middle East and Asia, Georgia is the ideal platform for today's discussion," the Prime Minister added while addressing the participants of the Forum.

GEORGIA IS ALREADY FEELING THE FIRST BENEFITS OF THE TBILISI SILK ROAD FORUM

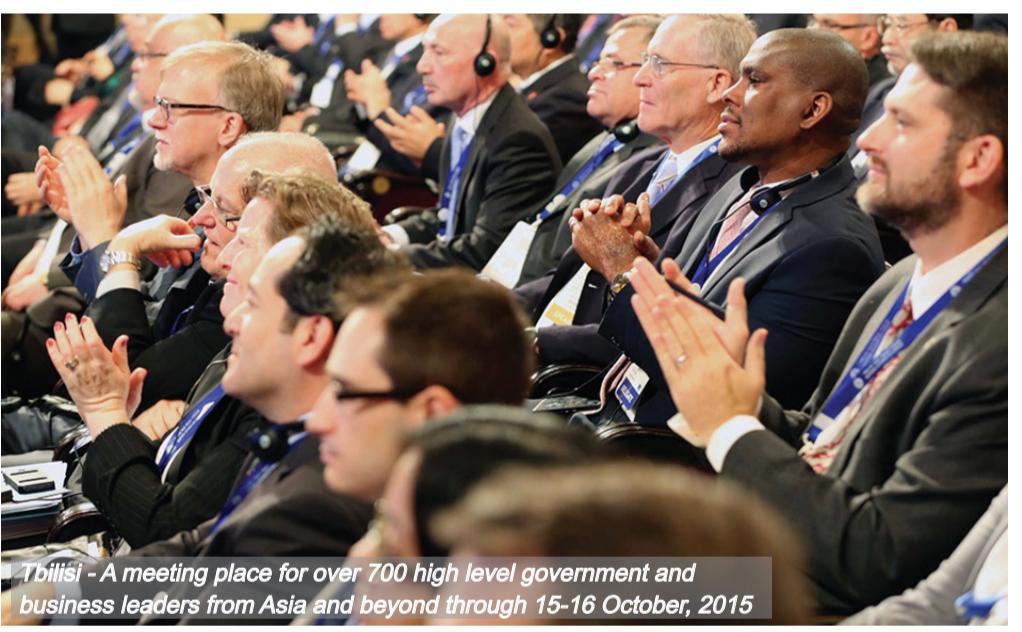
According to Dimitry Kumishvili, Minister of Economy and Sustainable Development of Georgia, just prior to the forum Chinese and Georgian governments signed a MoU for the "Silk Road" belt initiative. In the frames of the agreement the People's Republic of China has allocated 40 billion USD for the implementation of this global project.

"Georgia is already feeling the first benefits of the Tbilisi Silk Road Forum. The Anaklia Deep Sea Port development project is considered as one of the first and major tasks to be implemented within the New Silk Road initiative. We have already asked potential investors to submit expressions of interest to develop the mixed-cargo port on a build, operate and transfer basis. The newly-developed port will be located on Georgia's Black Sea coast near Anaklia in western Georgia, and will be spread over 1,000 hectares and have access to a deep sea canyon," said Dimitry Kumishvili, Minister of Economy and Sustainable Development of Georgia. "The Port will be able to receive large vessels of at least 6,500 TEU (twenty-foot equivalent unit). Georgia's role as a transit destination will drastically increase after the completion of this ambitious project. We plan to develop Free Industrial Zone next to the Anaklia-port, this will of course create additional jobs in the region."

Moreover, investing in developing the Silk Road happens every day. The Chinese side created several instruments to finance infrastructural projects. These instruments are the Silk Road Fund and other important financial institutions, which are dedicated to financing the infrastructural projects. At the same time, Chinese investors expressed interest in building a new toll road through the Rikoti Pass which connects the eastern and western parts of Georgia. The existing tunnel, which was built during the Soviet Union, has been undergoing repair for several years and been closed for some periods, forcing drivers to instead use a winding mountain road.



Tbilisi Silk Road Forum; H.E. Irakli Garibashvili, Prime Minister of Georgia and H.H. Sheikh Nahyan Bin Mubarak Al Nahyan, Minister of Culture, Youth, and Social Development, Head of UAE Delegation.



Tbilisi - A meeting place for over 700 high level government and business leaders from Asia and beyond through 15-16 October, 2015

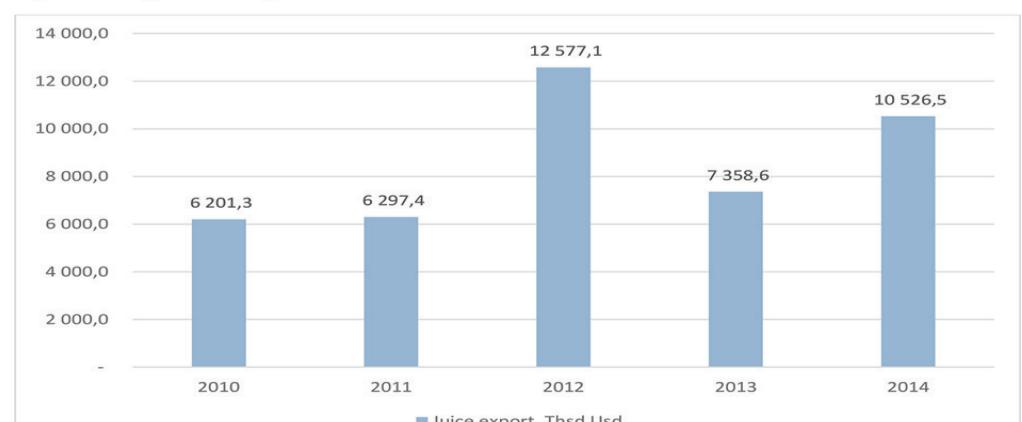
OVERVIEW OF JUICE EXPORT FROM GEORGIA



Oranges, apples, grapes and bananas are the most popular fruits in the world and the first three are grown in Georgia. A multitude of micro-climatic zones and a favorable environment have been contributing to the commercialization of fruit production in Georgia since the early 1960s and it became a significant export product to the rest of the Soviet Union. Moreover, the unique taste and high quality of Georgian juices is preconditioned by local water which is rich in minerals.

Since 1980, the production of apples worldwide has more than doubled and consumption has grown at the same rate. The Shida Kartli region of Georgia has been the most renowned for apple orchards and processing also takes place locally. All large scale juice-producing companies in Georgia are equipped with modern technological lines and are compatible with international standards of export procedures to developed countries.

Figure 1: Georgia's Juice Export Overview



In 2014 juice export was over 10.6 USD – a 30% increase from 2013 indicates.

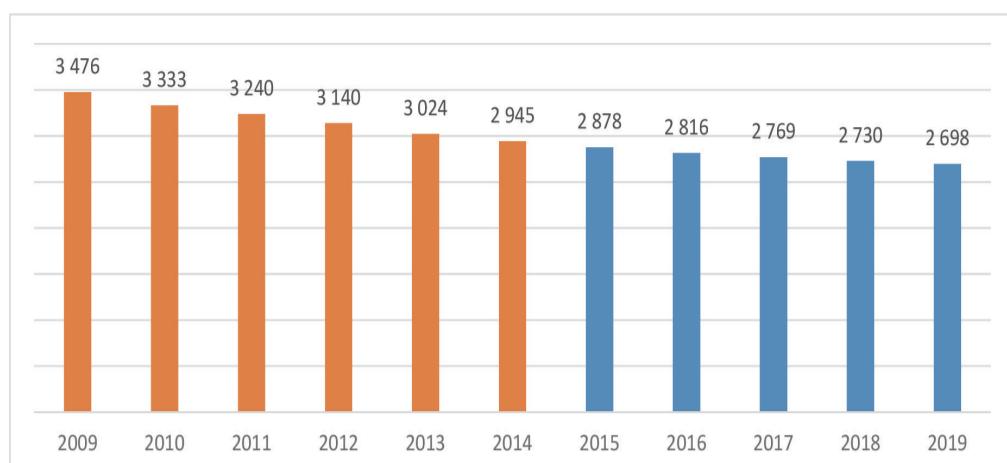
Table 1: Top 10 Export Markets of Georgian Juice

2013	2014		
Top 10 Countries	USD 7.4 million	Top 10 Countries	USD 10.6 million
Germany	32%	USA	34.4%
USA	18.1%	Germany	22.4%
Netherlands	7%	Russia	6.1%
Kazakhstan	6.1%	Australia	5.9%
Greece	5.6%	Greece	5.9%
Australia	5.2%	Kazakhstan	5.7%
France	4.3%	Hungary	2.6%
Italy	3.1%	Malaysia	2.2%
Russia	2.4%	Italy	1.8%
Azerbaijan	2.3%	Armenia	1.2%
Other Countries	12%	Other Countries	14%
Total # of Countries	38	Total # of Countries	38

Georgia exports juice to 38 countries, though its key target markets are Germany and the USA, which makes up 50-55% of total export for the past two years.

JUICE MARKET. GERMANY.

Figure 1: Juice Market Size in Germany / Million liters



The German juice market has been decreasing since 2009 and is expected to decrease by 7% from 2014 to 2019.

German consumers remain more focused on soft drinks and flavored water, since youth in a 2014 survey regarded juices as old fashioned drinks. Juice posted a further decline in off-trade volume sales, lower than that seen the previous year. CAGR declined by 3% and the 2% drop in 2014, compared to the review period, can be seen as an improvement, which proves the hopes of producers that the decline in demand for juice is becoming less sharp and more controllable.

Figure 2: Total German imported quantity of juice (tons) from 2010 – 2014 and Germany's import of juice from Georgia.



From 2011 to 2014 juice import decreased by 8%, but in the last year a slight increase of 1.2% was recorded.

The largest exporter countries after Germany are Brazil, Italy, Netherlands, Poland and Austria (exported quantity in 2014 ranges from 238,507 tons to 75,230 tons). Georgia exported 1,626 tons to Germany in 2014.

Table 1: Total Imports to Germany by product (tons)

	2010	2011	2012	2013	2014
Total	1,063,851	1,110,878	1,044,920	1,001,770	1,013,545
Orange juice	34%	35%	34%	35%	39%
Grapefruit juice	3%	3%	2%	2%	2%
Single citrus juice	3%	3%	3%	3%	3%
Pineapple juice	5%	4%	4%	4%	4%
Tomato juice	1%	1%	1%	1%	1%
Grape juice	13%	14%	14%	12%	12%
Apple juice	32%	30%	32%	32%	27%
Cranberry juice	0%	0%	1%	1%	1%
Juice of fruit or vegetable juice	0%	0%	17%	18%	16%
Mixtures of juices, unfermented juice	3%	3%	3%	4%	5%
Fruit&veg juice nes (exc mx)	6%	7%	0%	0%	0%

Table 2: Total Imports to Germany by value

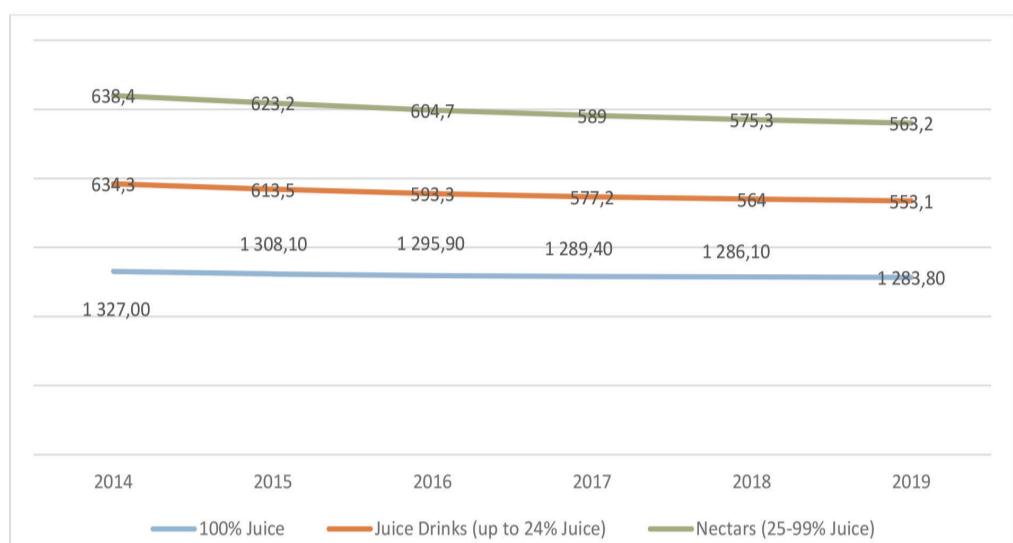
	2010	2011	2012	2013	2014
Total	1,352,908	1,917,480	1,758,456	1,605,137	1,511,897
Orange juice	34%	36%	35%	34%	39%
Grapefruit juice	2%	2%	2%	2%	2%
Single citrus juice	7%	6%	5%	5%	7%
Pineapple juice	4%	3%	2%	2%	2%
Tomato juice	0%	0%	0%	0%	0%
Grape juice	6%	5%	7%	8%	6%
Apple juice	26%	31%	31%	28%	22%
Cranberry juice	0%	0%	2%	2%	2%
Juice of fruit or vegetables juice	0%	0%	13%	15%	14%
Mixtures of juices, unfermented juice	3%	3%	4%	4%	6%
Fruit&veg juice nes (exc mx)	16%	14%	0%	0%	0%

The majority of German consumers prefer Orange and Apple juices.

Table 3 Off-trade Sales of Juice by Category: Volume 2009-2014

million litres	2009	2010	2011	2012	2013	2014
100% Juice	1,585.7	1,525.0	1,510.5	1,433.0	1,358.8	1,327.0
- Frozen 100% Juice	-	-	-	-	-	-
- Not from Concentrate 100% Juice	132.5	134.0	137.7	143.5	148.4	155.0
- Reconstituted 100% Juice	1,453.2	1,391.0	1,372.8	1,289.5	1,210.4	1,172.0
Fruit-Flavored Drinks (No Juice Content)	-	-	-	-	-	-
Juice Drinks (up to 24% Juice)	755.4	703.7	663.4	670.7	656.0	634.3
- Frozen Juice Drinks	-	-	-	-	-	-
- Unfrozen Juice Drinks	755.4	703.7	663.4	670.7	656.0	634.3
Nectars (25-99% Juice)	718.4	705.4	675.8	657.4	649.7	638.4
- Frozen Nectars	-	-	-	-	-	-
- Unfrozen Nectars	718.4	705.4	675.8	657.4	649.7	638.4

Figure 3: Forecast Off-trade Sales of Juice by Category: Volume 2014-2019



Juice buyers are seeking to either minimize their spending or choose to spend more money on premium offerings, which is why juice consumers are commonly selecting either private label or premium brands. Mid-priced products are thus seeing the strongest decline in actual volume sales. Relatively weak brand profiles have led to consumers looking at juice more in terms of classification than brand name, lack of marketing activities from major manufacturers is also playing a significant role in this trend.

Figure 4: Annual consumption of juice, liters per capita



Consumption of juice declined from 2009 by 15% and as displayed in Figure 4 it will continue decreasing by 1-2% a year.

Figure 5: Annual expenditure per capita on juices, US\$



Volume sales of juice is expected to decline throughout 2014-2019, although the decline will be weaker than that seen over the review period. Increases in product prices, particularly in orange juice, sharpened the category's decline over the review period. As for regionally produced juices, of domestic fruits, juice still has more potential in the premium segment. However, as juice producers lack the marketing power of other big soft drinks players like Coca-Cola and Red Bull, the popularity of juice will continue to diminish among consumers.

It is expected that natural and healthier products will show a growing preference among consumers, thus, they are more expensive to produce. Average off-trade unit price is expected to see a steady increase over the forecast period at constant 2014 prices.

The leading player in the juice producing industry in terms of off-trade value terms remains Eckes-Granini Deutschland GmbH. The company posted a small gain in share in 2014 since many of the company's products offer value-added features, such as fruit pulp in Granini samtig & fein or minerals in Hohes C Plus. With discounters Aldi and Lidl ranking second and third in value terms, private labels continued to have a strong presence in Germany's juice sector in 2014.

Contradictory behavior of consumers in terms of juice purchasing remained in 2014. Therefore, some consumers tend to buy cheaper products, while others are still loyal to trusted brands and products which are regarded as being healthier. Mid-priced brands are suffering the most from this trend, for example Punica and Albi, which are positioned in the three major juice categories, namely 100% juice, unfrozen nectars and unfrozen juice drinks.

The juice market in Germany in 2014 continued to be dominated by domestic players, hence international manufacturers have less presence in this market than in other soft drinks categories. Most German brands, such as Granini, Hohes C and Becker's Bester, are very well-known. However, some international companies did have a significant presence, in particular PepsiCo with the Punica brand.

GEORGIAN PRODUCTS ON SHOW AT "ANUGA 2015"



On 10-14, September 2015, Cologne hosted "Anuga 2015", one of the largest and most influential international food & beverage fairs with over 7 000 exhibitors from 100 countries.

Enterprise Georgia supported the participation of Georgian exporters of organic juices, jams, sauces, hazelnuts and mineral water in the trade fair. Georgian industry leaders such as "Kula", "Marneuli Food Factory", "Georgian Product Renaissance", "Anka Fair Trade", "Aer Company", "Nutex/Nutsg", "Euronat/Saga-2008" and "Healthy Water" displayed their products for a broad international audience, while company representatives held individual meetings with potential buyers.



With numerous topic-specific events and networking platforms, "Anuga 2015" is the central hub for the food sector. By offering a friendly atmosphere for business and networking, this event genuinely creates the right environment for making good connections and showing products to decision-makers from national and international trade, leading importers and buyers from important catering companies.

Participating at influential trade fairs like "Anuga 2015" can be highly beneficial for Georgian exporters who strive to establish their presence on the international market. This particular event attracts approximately 155,000 decision-makers from the trade and catering sectors, guaranteeing the highest levels of contact and business opportunities.

Georgian products internationally on targeted markets via product exhibitions, inbound and outbound trade missions, online marketing, product competitions and more.

In order to create the right platform for the establishment of new connections and to make Georgian products more accessible to interested parties, Enterprise Georgia regularly organizes such events and plans to increase Georgia's export potential along with earning its place on the international market.

Since January 2015, over 87 companies have been supported by Enterprise Georgia to participate at 11 food and beverage international fairs. The list of events includes "Gulfood 2015"-UAE, "Taste Georgia"-UK, "Sial China 2015", "Slovak-Georgian Business Forum", "NYC Summer Fancy show"- New York, "Riga Food 2015"-Latvia, "Discover Georgia" and Investment Forum - New York, USA, "Polagra Food 2015"-Poland, Anuga 2015-Germany and "CPHI Worldwide 2015"-Spain.

ENTERPRISE GEORGIA SUPPORTS TBILISI FASHION WEEK

The 12th season of Tbilisi Fashion Week (TFW)- supported by Enterprise Georgia for the third consecutive year -was held on October 8-11, 2015, and saw S/S 2016 collections of Georgian designers presented to local and foreign guests.

Established in 2009, Tbilisi Fashion Week mostly represents works of Georgian designers and is a multi-component event including catwalks, showrooms, contest of new designers, B2B meetings as well as seminars and workshops. Both well-known designers and newcomers, such as George Shaghashvili, Chubika, Dalood, Lako Lukia, Mariam Gvasalia, Mach&Mach, Giorgi Keburia, Alexander Akhalkatsishvili, Atelier 27, Lika 4 Lika, and BULLY presented their collections during the three-day event. Enterprise Georgia, together with the Ministry of Economy and Sustainable Development of Georgia, has been actively supporting the fashion industry for by inviting buyers, bloggers, and fashion editors to visit Georgia during

Tbilisi Fashion Week.

On top of the above-mentioned, under the patronage of Enterprise Georgia Georgian Apparel Factory, key players participated in Tbilisi Fashion Week and presented their products at the TFW showroom. "We consider Tbilisi Fashion Week to be a significant platform for showcasing the production of local factories and helping them establish links with potential buyers, at the same time opening vast opportunities for local manufacturers to get international orders and work with world renowned brands," noted Ketevan Bochorishvili, vice minister of Economy and Sustainable Development of Georgia.

In general, Enterprise Georgia strives to boost local production and puts in place many programs to help SMEs get easier access to the finance and knowledge they need to operate a successful business. Development of apparel manufacturing is among the main priorities of the Agency.



TBILISI
FASHION
WEEK
8-11 OCTOBER / SPRING / SUMMER 2016

87 COMPANIES WERE SUPPORTED AT 10 INTERNATIONAL EVENTS



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GEORGIAN PRODUCTS DISPLAYED AT CPHI WORLDWIDE 2015



From October 13-15, 2015, Enterprise Georgia, an agency promoting entrepreneurial activities under the Ministry of Economy and Sustainable Development of Georgia, supported the participation of Georgian pharmaceutical companies at CPHI Worldwide, one of the most influential and popular international fairs in the chemical and pharmaceutical world.

Georgian pharmaceutical products were placed for display by the key players of the Georgian market, namely GM Pharmaceuticals (PSP), Aversi-Rational and Ynnovas. The Ynnovas Company is officially involved in the Prime Minister initiated program "Produce in Georgia" and has received financial support from Enterprise Georgia to begin its operations.

Participation at this international fair was important for the Georgian companies as the event gathered over 36 000 professionals from 153 countries among which were suppliers from the major pharmaceutical markets, such as China, India and the USA, as well as the emerging markets of Turkey, Russia and Malaysia. The broad international audience had a chance to see Georgian produce and interact with the highly qualified representatives of each company while Georgian delegation members were offered an opportunity to participate in the Pharma Forum, a 'village' for disseminating the event's content. For the first time in 25 years, there was an area dedicated exclusively to content and knowledge exchange. This new area housed a number of activities, including informative meetings, three Innovation Galleries (CPHI, CISE and Innopack) showcasing the latest products brought by exhibitors, and additional commercial explorations (non-pharma), with special focus on the top five positions in terms of sustainability during this year's edition.