



Georgian Economy Plans to Reopen Tbilisi and Resume Tourism

Georgia | Economy
May 8, 2020

Reopening Tbilisi

The government decided to lift lockdown in the capital Tbilisi from May 11 as part of a gradual easing of coronavirus restrictions. Tbilisi was locked down on April 15, few days ahead of Easter holiday, with bans on vehicles entering or leaving. The production activities, as well as some retail and wholesale shops with entrances from the street will also be resumed from May 11 across country. Georgia still has a state of emergency through May 22, which includes nationwide curfew. The number of new cases of pandemic began to shrink this week and reduced to 5 in the last 24 hours while testing increased from c.500 to 1,800 in last 2 weeks. As epidemiological situation is better than expected a few weeks ago, government accelerates economic reopening timeline presented on 24 April.

Resuming tourism

Georgia sets goal to open its doors to foreign tourists after months of lockdown due to the pandemic and to welcome international travelers with a new image - Georgia - Safe Destination! "Georgia looks forward to welcoming international tourists starting July 1. Health and safety of our citizens and visitors will remain our top priority" Georgian Prime Minister Gakharia tweeted on May 7. Earlier, the country plans to resume domestic tourism from June 15.

Government's latest Tourism Recovery & Anti-Crisis Plan presented on May 7, includes recovery as well as safety measures:

Tax exemptions and other support (budget of GEL 200mn):

- Tourism sector will be fully exempted from property taxes in 2020 (GEL 45mn savings)
- Personal income tax for companies operating in the tourism sector will be postponed until end-2020 (GEL 90mn)
- Bank loan subsidies for hotels (GEL 60mn for 3,000 hotels)
- Support to travel agencies and guides (GEL 5mn)

Georgia to be promoted as a safe destination:

- Introduction of international safety standards at border crossings and airports (IATA/ ICAO/EC), at guest accommodation/guides/F&B (WHO & UNWTO) and at transportation companies
- Support to the private sector in the introduction of standards and conducting trainings
- Negotiations with air carriers on the resumption of operation
- Creation of safe corridors between countries
- Integration of Georgia in the cooperation with EU Members States
- International marketing campaign Georgia - Safe Destination!

Support to other industries

Prime Minister announced that tourism is the first in terms of post-crisis opening and support. This will be followed by support schemes for agriculture, construction and development, and anti-crisis actions in education.

Eva Bochorishvili

Head of Research | evabochorishvili@gt.ge | +995 32 2401 111 ext. 8036

Lasha Kavtaradze

Head of Macroeconomic Analysis and Forecasting | lashakavtaradze@gt.ge | +995 32 2401 111 ext. 7473



Disclaimer

This document is the property of and has been prepared by JSC Galt & Taggart ("Galt & Taggart"), a member of Bank of Georgia group PLC ("Group") solely for informational purposes and independently of the respective companies mentioned herein. This document does not constitute or form part of, and should not be construed as, an offer or solicitation or invitation of an offer to buy, sell or subscribe for any securities or assets and nothing contained herein shall form the basis of any contract or commitment whatsoever or shall be considered as a recommendation to take any such actions.

Galt & Taggart is authorized to perform professional activities on the Georgian market. The distribution of this document in certain jurisdictions may be restricted by law. Persons into whose possession this document comes are required by Galt & Taggart to inform themselves about and to observe any and all restrictions applicable to them. This document is not directed to, or intended for distribution, directly or indirectly, to, or use by, any person or entity that is a citizen or resident located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction.

Investments (or any short-term transactions) in emerging markets involve significant risk and volatility and may not be suitable for everyone. The recipients of this document must make their own investment decisions as they believe appropriate based on their specific objectives and financial situation. When doing so, such recipients should be sure to make their own assessment of the risks inherent in emerging market investments, including potential political and economic instability, other political risks including without limitation changes to laws and tariffs, and nationalization of assets, and currency exchange risk.

No representation, warranty or undertaking, express or implied, is or will be made by Galt & Taggart or any other member of the Group or their respective directors, employees, affiliates, advisers or agents or any other person as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of this document and the information contained herein (and whether any information has been omitted from this document) and no reliance should be placed on it. This document should not be considered as a complete description of the markets, industries and/or companies referred to herein. Nothing contained in this document is, is to be construed as, or shall be relied on as legal, investment, business or tax advice, whether relating to the past or the future, by Galt & Taggart any other member of the Group or any of their respective directors, employees, affiliates, advisers or agents in any respect. Recipients are required to make their own independent investigation and appraisal of the matters discussed herein. Any investment decision should be made at the investor's sole discretion. To the extent permitted by law, Galt & Taggart, any other member of the Group and their respective directors, employees, affiliates, advisers and agents disclaim all liability whatsoever (in negligence or otherwise) for any loss or damages however arising, directly or indirectly, from any use of this document or its contents or otherwise arising in connection with this document, or for any act, or failure to act, by any party, on the basis of this document.

The information in this document is subject to verification, completion and change without notice and Galt & Taggart is not under any obligation to update or keep current the information contained herein. The delivery of this document shall not, under any circumstances, create any implication that there has been no change in the information since the date hereof or the date upon which this document has been most recently updated, or that the information contained in this document is correct as at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. No representation or warranty, expressed or implied, is made by Galt & Taggart or any other member of the Group, or any of their respective directors, employees, affiliates, advisers or agents with respect to the accuracy or completeness of such information.

The information provided and opinions expressed in this document are based on the information available as of the issue date and are solely those of Galt & Taggart as part of its internal research coverage. Opinions, forecasts and estimates contained herein are based on information obtained from third party sources believed to be reliable and in good faith, and may change without notice. Third party publications, studies and surveys generally state that the data contained therein have been obtained from sources believed to be reliable, but that there is no guarantee of the accuracy or completeness of such data. Accordingly, undue reliance should not be placed on any such data contained in this document. Neither Galt & Taggart, any other member of the Group, nor their respective directors, employees, affiliates, advisers or agents make any representation or warranty, express or implied, of this document's usefulness in predicting the future performance, or in estimating the current or future value, of any security or asset.

Galt & Taggart does, and seeks to do, and any other member of the Group may or seek to do business with companies covered in its research. As a result, investors should be aware of a potential conflict of interest that may affect the objectivity of the information contained in this document.

Unauthorized copying, distribution, publication or retransmission of all or any part of this document by any medium or in any form for any purpose is strictly prohibited.

The recipients of this document are responsible for protecting against viruses and other destructive items. Receipt of the electronic transmission is at risk of the recipient and it is his/her responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

Head of Research

Eva Bochorishvili | evabochorishvili@gt.ge

Head of Macroeconomic Analysis and Forecasting

Lasha Kavtaradze | lashakavtaradze@gt.ge

Head of Analytics

Giorgi Iremashvili | giremashvili@gt.ge

Analyst

Nika Megutnishvili | nmegutnishvili@gt.ge

Address: 79 D. Agmashenebeli Avenue, Tbilisi 0102, Georgia

Tel: + (995) 32 2401 111

Email: research@gt.ge