

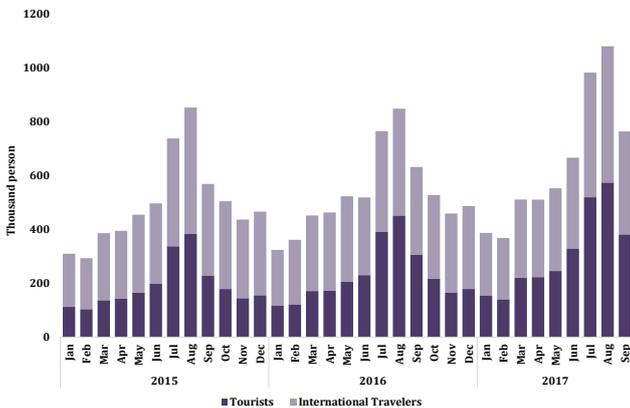
In the first three quarters of 2017, compared to the corresponding period of 2016:

- The number of tourists increased by 29%; in the third quarter, the proportion of tourists making up total international travelers reached its peak at 52.1%.
- The proportion of air travel in all travel rose by 26% while travel by land decreased by 5%.
- The number of persons arriving at any of Georgia's three international airports (Batumi, Kutaisi, and Tbilisi) increased by 47%.
- Payments made by foreign credit cards in Georgia increased by 39%.

This newsletter examines the trends of tourists and international travelers for the first three quarters of 2017. According to the Georgian National Tourism Administration (GNTA), international travelers are broken down into the following categories:

- Tourist – a traveler who leaves his/her permanent residence by his/her own will for leisure, health, business or other purposes and his/her travel consist of at least an overnight stay. Moreover, he/she has to stay in the visited country for no more than one year and must not be employed in the given country.
- Transit visitor – a visitor who stays in Georgia for no more than 24 hours and leaves the country using a border checkpoint other than the one which he/she used to enter Georgia.
- One-day visitor – an international traveler who leaves the country using the same border checkpoint and stays in the country for no more than 24 hours.

International Travelers and Tourist Dynamics, Jan 2015- Sep 2017



According to the data from the first three quarters of 2017, the number of international travelers in Georgia reached 5,822,835 including 2,783,594 tourists (48% of total international travelers), 1,299,925 transit visitors (22%), and 1,739,316 one-day visitors (30%). Compared to the first three quarters of 2016, in the first three quarters of 2017 the total amount of international travelers increased by 19%. During the same period, the number of tourists increased by 29%.

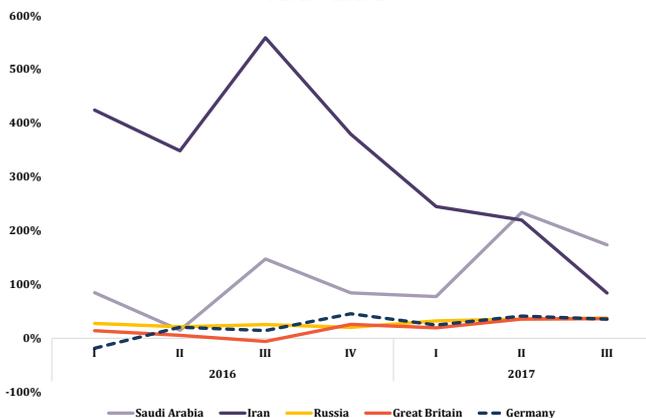
In 2017, most tourists visited Georgia in August (573,368 tourists) which is a 27% increase compared to the corresponding period of 2016. In February, on the other hand, the lowest amount of tourists was recorded (139,918) which is a 16% increase compared to February 2016.

Source: Georgian National Tourism Administration

According to the first three quarters of 2017, the top five countries from which most tourists visited Georgia are as follows: Russia (726,636; 26% of total number of tourists); Azerbaijan (355,486; 13%); Armenia (306,223; 11%); Turkey (277,340; 10%); and Iran (257,820; 9%). In the same period, from Europe, (other than the already mentioned countries above) most tourists visited Georgia from the following countries: Ukraine, Poland, and Germany. It must be noted that the share of these countries in the total number of tourists is fairly small (5%, 2%, and 1% respectively).

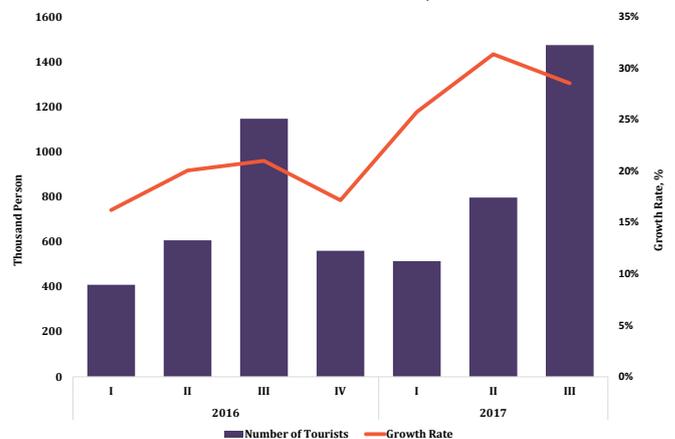
Notably, the majority of tourists visiting Georgia (approximately 90%) came from 20 countries. Since 2015, the share of tourists from these 20 countries in the total number of tourists dropped though has a negative trend.

Tourists' Growth Rate in Georgia by Countries, I 2016 - III 2017



Source: Ministry of Internal Affairs of Georgia

Number of Tourists and its Growth Rate, I 2016 - III 2017



Source: Georgian National Tourism Administration

The positive trend in the number of tourists visiting Georgia in the first nine months of 2017 has mainly been caused by an increased number of tourists from Russia, Iran, Azerbaijan, Armenia, and Saudi Arabia. In 2017, traditionally, most tourists visited Georgia in the third quarter (1,473,600 tourists). Their share in international travelers was 52.1%. In this period, compared to the third quarter of 2016, of the 29% increase in the number of tourists, 86% comprises Russia (38%), Iran (23%), Armenia (10%), Saudi Arabia (9%), and Azerbaijan (6%). At the same time, according to the data of the third quarter of 2017, the biggest increases were from Saudi Arabia (174%), Iran (84%), Russia (38%), the UK (36%), and Germany (35%).

Number of Passengers by Airports, Jan-Sep, 2016-2017

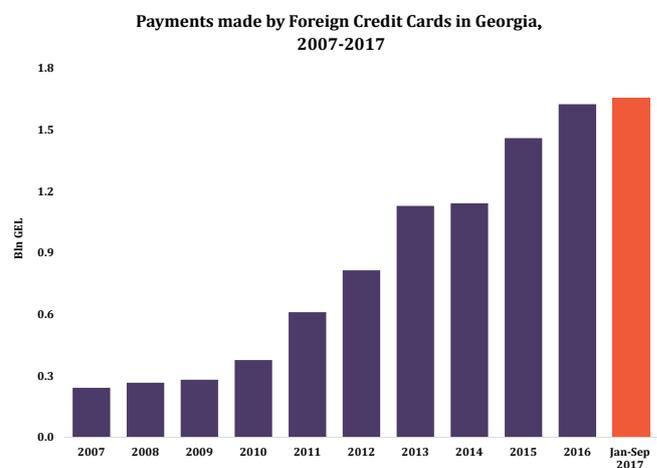
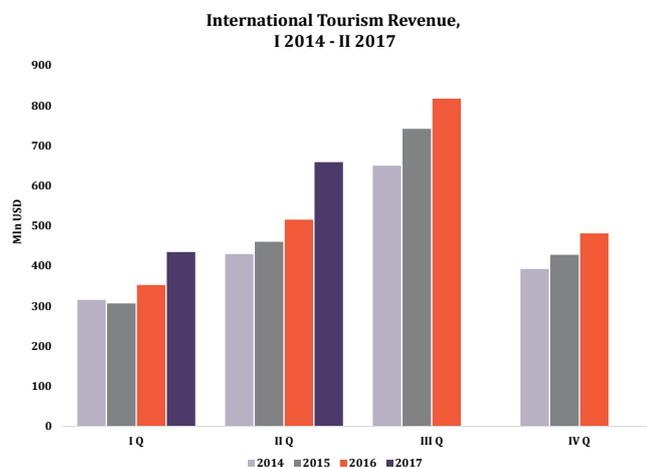


Building and maintaining good airports is crucial to tourism development. In the first three quarters of 2016, 17% of the total number of travelers entered Georgia using air travel. This proportion increased to 22% in 2017.

During the first three quarters of 2017, Tbilisi International Airport received the majority of international travelers (76%), followed by Batumi (12%) and Kutaisi (10%). Compared to the first three quarters of 2016, in 2017 the number of travelers arriving at Batumi airport increased by 8%. For Kutaisi airport, the same indicator increased by 21% and for Tbilisi decreased by 2.8%.

Source: Georgian National Tourism Administration

Revenue from international tourism¹ increased in the first and second quarters of 2017. In the first quarter this revenue amounted to USD 434 million which is a 23% rise compared to the corresponding period of 2016. This amounted to USD 658 million in the second quarter of 2017 which is a 28% rise compared to the corresponding period of 2016.



Source: Georgian National Tourism Administration
National Bank of Georgia

Payments made by foreign credit cards in Georgia are characterized by increasing trend since 2007. Especially high volume of these cards were amounted in 2015 (GEL 1.46 bln) and 2016 (GEL 1.62 bln). According to the data from three quarters of 2017, the volume of these payments is GEL 1.65 billion which is already higher (by GEL 29 mln) compared to 2016.

In January-September 2017, compared to the corresponding period of 2016, payments made by foreign credit cards in Georgia increased by 39% (GEL 461 mln). During this period, these payments increased most significantly in January (37%), July (38%) and September (76%).

¹Revenue from tourism is the value of goods and services purchased by non-residents in Georgia excluding the staff of foreign embassies and consulates. The revenue also excludes the costs of arrival and departure from Georgia. Tourist expenses are calculated using a study conducted on border checkpoints. Visitors complete a survey in which he/she states the purpose of the visit and information about expenses in the country.

Basic Economic Indicators	IV 2015	2015	I 2016	II 2016	III 2016	IV 2016	2016	I 2017*	II 2017*
Nominal GDP (mln USD)	6682.3	13988.1	3018.8	3642.6	3767.3	3784.5	14332.8	3195.7	3748.3
GDP Per Capita (USD)	994.7	3766.6	811.4	979.1	1012.6	1017.2	3852.5	859.5	1008.1
GDP real growth (%)	2.9%	2.9%	2.6%	3.0%	2.3%	2.8%	2.7%	5.1%	4.7%
Consumer Price Index (annual average)		4.0%					2.1%		
Foreign Direct Investment (USD)	267.9	1564.5	388.6	445.3	463.3	330.3	1665.9	404.4	346.6
Unemployment Rate (%)		12%					11.8%		
External Public Debt (mln USD)	4315	4315	4396	4404	4461	4515	4515	4581	4855
Poverty Rate (relative)		20.1%					20.6		