



2013

GEORGIAN TOURISM IN FIGURES

STRUCTURE &
INDUSTRY DATA

Summary

This yearbook provides information about the activities of the Georgian National Tourism Administration (GNTA) in the field of tourism in 2013. It is mainly about statistical data and trends in the tourism sector, activities undertaken by the GNTA to promote tourism and the standings of Georgia in international tourism indices.

In 2010, the Georgian National Tourism Administration was established as Legal Entity of Public Law under the Ministry of Economy and Sustainable Development and plays an essential role in the economic development of the tourism industry in Georgia. The mission of Georgian National Tourism Administration is to ensure sustainable tourism development through positioning Georgia as a unique travel destination on the international tourist map, improving visitor experience and maximizing their expenditures to significantly contribute to the national economy by effective cooperation with strategic partners.

From the statistical viewpoint, the performance of the tourism industry in Georgia in 2013 can be characterized as a period of further growth. In 2013 the number of international arrivals grew by 22%, overstepping the five million mark for the first time. The five-millionth international visitor was even awarded a prize to stress the importance of the fact.

The high growth rate in tourism was also highlighted by international organizations. According to the World Tourism Organization's report, "UNWTO World Tourism Barometer" (December, 2013), the increase in the number of international arrivals in Georgia was rated as the highest in Europe.

Domestic and international tourism are important factors in the Georgian economy. The expenditures of foreign guests in Georgia has a significant effect on the balance of payments. Approximately 58% of Georgia's service export revenue come from tourism. Revenues consisting of international tourism receipts demonstrated an increasing trend reaching USD 1,72 billion in 2013. Although the share of tourism in gross domestic product decreased in 2008 as a result of the global

financial crisis, since then it has shown significant growth, accounting for almost 6.5% of GDP in 2013.

In 2013, there were a total of 1,065 collective accommodation establishments in Georgia, comprising 15,967 rooms with 37,317 beds. These establishments are subdivided into hotels, which number 418, with a total of 10,801 rooms and 23,904 beds; and other accommodation establishments, which number 647 units and include 5,166 rooms with 13,413 beds.

The competitiveness of Georgian tourism on the world market increased by seven positions, ranking 66th among 140 nations in the Travel & Tourism Competitiveness Index in 2013 (Score: 4.10), as compared with 2011 (73rd position). In addition, according to "Rough Guides" Georgia ranks 5th among the top ten countries to visit in 2014, coming behind Brazil and Turkey. Georgia was successful in international relations as well, elected Vice-Chairman of the UNWTO Regional Commission for Europe and Vice-President of the Committee on Statistics and the Tourism Satellite Account. Georgia became a member of ICCA (International Conference and Congress Association).

The outlook for the tourism industry is highly optimistic. It is forecast that the industry will create more jobs and generate more income in the years to come. The number of arrivals to Georgia is expected to increase substantially thanks to various steps taken by both the government in general and the Georgian National Tourism Administration in particular.

Among the actions taken by the GNTA towards increasing the number of travelers in the country is: the development of tourism infrastructure, the facilitation of international travel, the improvement of service quality, large-scale marketing campaign, the increase of awareness about Georgia, implementation of marketing activities on domestic and international markets and tourist product development.

We firmly believe that this publication will become an important source of data and information that you will frequently come back to.

International Arrivals

International arrivals to Georgia have been growing rapidly over recent years. In 2013, their number reached 5,392,303, representing growth of 22%. The highest growth rate was registered in 2012, when the number of international arrivals increased by 57%.

The border crossing registration procedure allows the identification of different types of arrivals. Out of the total number of visits, 38% lasted longer than 24 hours, 40% were same-day visits, and 22% were for the purpose of transit.

A comparison of global growth rates and that of Georgia shows that in the past five years international arrivals in Georgia increased considerably faster than in the rest of the world. Even during the global financial crisis of 2008 when arrivals worldwide fell, the number of international arrivals to Georgia increased by 23%. This recent high growth rate has been highlighted by international organizations. According to the World Tourism Organization's report, "UNWTO World Tourism Barometer" (December, 2013), the increase in the number of international arrivals in Georgia was rated as the highest in Europe.

The statistics for the past three years demonstrate that the most popular season among international travelers is summer. During this period, the number of international arrivals equaled 1,880,515, (June: 490,796; July: 613,604; August: 776,115), which is 35% of all international arrivals.

The majority of all arrivals, 88% (4,732,529), were from neighboring countries: Turkey, Azerbaijan, Armenia, and Russia; only 12% arrive from other countries.

Turkey is the annual leader in terms of the number of international arrivals. Although number of visits from Armenia was greater in December with a total of 121,732 (27%), annual data showed Turkey to be in first place with 1,597,438 arrivals (an increase of 4%)

A significant increasing trend is observed in the number of travelers from the Russian Federation. This has been caused by the visa liberation process and the reintroduction of direct flights. In 2013 the increase in the number of arrivals from Russia was 49%. The largest percentage increase was registered in February (138%) and March (103%).

There has been a significant increase in the number of arrivals from Poland (80%) and Ukraine (66%), caused by the introduction of direct flights from Kutaisi International Airport to Poland (Wizz Air), and the addition of flights in the direction of Ukraine. It is important to mention here the significant role played by the marketing campaigns administered by the Georgian National Tourism Administration.

The introduction of direct flights to Iraq boosted the number of arrivals from that country. In 2013 their number stood at 41,239, a 494% increase over last year.

In 2013 there were 208,754 international arrivals from EU countries, representing a 4% share of total arrivals and an increase of 22% over last year.

The largest share of visitors, 87% (4,699,387) arrived in Georgia by land transport, followed by air transport, 585,701 (11%). Arrivals by sea and railway had almost the same share of 44,239 (1%) and 62,976 (1%) respectively. The busiest border is Sarpi (Turkish border), which saw 1,605,666 crossings in 2013, amounting to 30% of all border crossings. This is followed by Sadakhlo (Armenian border) at 17% and Tsiteli Khidi (Azerbaijani border) at 16%.

Basic Information

International travel statistics are provided by the Information-Analytical Department of the Ministry of Internal Affairs of Georgia.

Methodology

International travel statistics describe the dynamics of inbound travelers registered at 19 border checkpoints. The list of border checkpoints is provided below:

Air: Tbilisi International Airport, Batumi International Airport, Kutaisi International Airport.

Sea: Poti port, Batumi port, Kulevi port.

Land: Tbilisi, Akhkerpi, Guguti, Vale, Vakhtangisi, Ninotsminda, Sadakhlo (air and railway border checkpoints), Sarpi, Kazbegi, Tsodna, Tsiteli Khidi, Gardabani, Samtatskaro, Kulevi.

Main Published Indicators

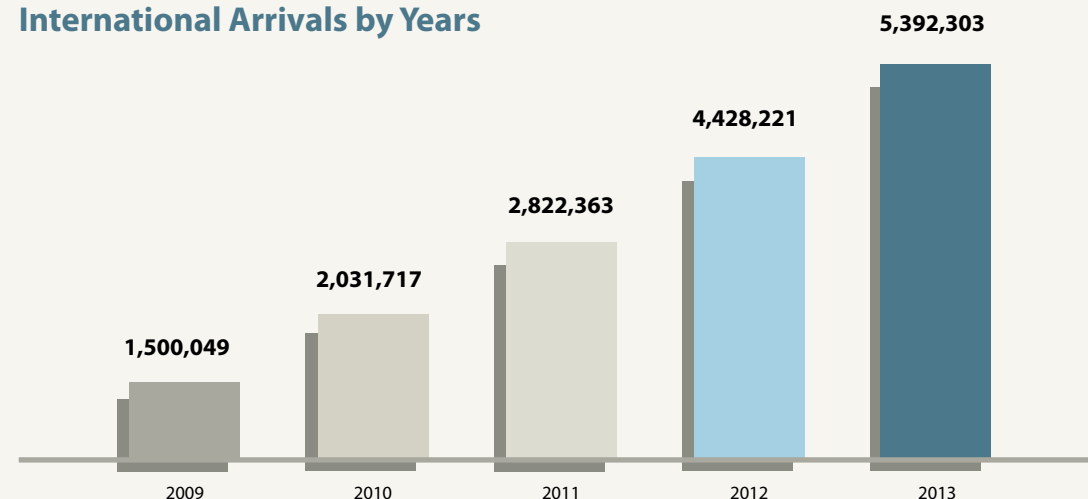
International arrivals by nationality, border, and border type. Visits lasting more and less than 24 hours, transit visits.

International Arrivals by Types

	2010	2011	2012	2013	Change (2012-2013) In %	
Total	2,031,717	2,822,363	4,428,221	5,392,303	964,082	22%
Including	↓	↓	↓	↓	↓	↓
24 hours and more	1,067,338	1,318,968	1,789,592	2,065,296	275,704	15%
Same-day visitors	695,767	1,011,990	1,883,670	2,138,216	254,546	14%
Transit	268,612	491,405	754,959	1,188,791	433,832	57%

Source: The Ministry of Internal Affairs of Georgia

International Arrivals by Years



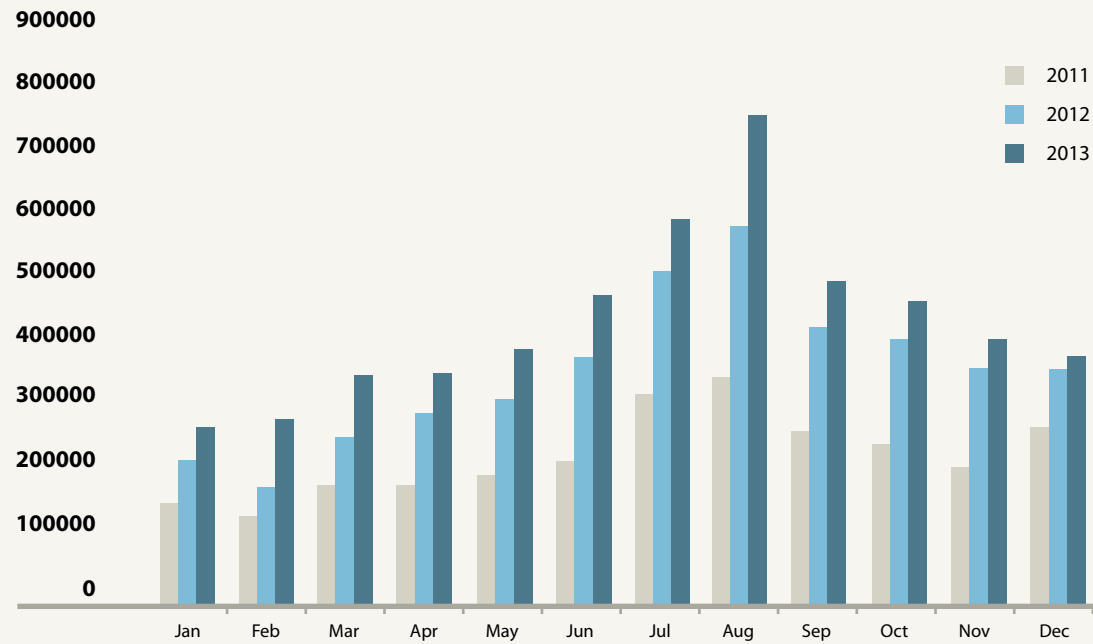
Source: The Ministry of Internal Affairs of Georgia

International Arrivals by Regions

Region	2012	2013	Change	change %
Total	4,428,221	5,392,303	964,082	22%
Europe	4,225,635	5,168,046	942,411	22%
Americas	33,898	32,593	-1,305	-4%
East Asia/Pacific	123,987	121,649	-2,338	-2%
Africa	7,110	5,024	-2,086	-29%
Middle East	17,141	63,063	45,922	268%

Source: The Ministry of Internal Affairs of Georgia

International Arrivals by Months



Source: The Ministry of Internal Affairs of Georgia



Source: The Ministry of Internal Affairs of Georgia



Source: The Ministry of Internal Affairs of Georgia

International Arrivals Top 15 Countries

Country	2012	2013	Change	In%
Turkey	1,533,236	1,597,438	64,202	4%
Armenia	921,929	1,291,838	369,909	40%
Azerbaijan	931,933	1,075,857	143,924	15%
Russia	513,930	767,396	253,466	49%
Ukraine	76,610	126,797	50,187	66%
Iran	89,697	85,598	-4,099	-5%
Iraq	6,947	41,239	34,292	494%
Israel	30,851	39,922	9,071	29%
Poland	20,563	36,946	16,383	80%
Germany	26,448	30,815	4,367	17%
USA	28,513	26,713	-1,800	-6%
Greece	19,777	22,024	2,247	11%
Kazakhstan	15,115	21,148	6,033	40%
United Kingdom	14,805	16,672	1,867	13%
France	12,004	14,239	2,235	19%

Source: The Ministry of Internal Affairs of Georgia

International Arrivals by Borders

Border name	Border with	2012	2013	Change	In%
Total	↓	4,428,221	5,392,303	964,082	22%
Including	↓	↓	↓	↓	↓
Sarpi	TR	1,550,123	1,605,666	55,543	4%
Sadakhlo	AM	635,518	922,891	287,373	45%
Tsiteli Khidi	AZ	748,502	851,202	102,700	14%
Kazbegi	RU	401,805	701,302	299,497	75%
Tbilisi Airport	.....	378,947	462,184	83,237	22%
Tsodna	AZ	179,623	211,333	31,710	18%
Ninotsminda	AM	195,401	209,920	14,519	7%
Vale	TR	92,568	129,474	36,906	40%
Kutaisi Airport	.....	4,145	68,568	64,423	1554%
Batumi Airport	.....	46,272	54,975	8,703	19%
Sadakhlo Railway	AZ	39,015	36,245	-2,770	-7%
Vakhtangisi	AM	33,543	34,489	946	3%
Guguti	AM	34,931	32,278	-2,653	-8%
Gardabani Railway	AZ	24,643	26,731	2,088	8%
Batumi Port	.....	21,483	22,712	1,229	6%
Poti Port	.....	38,352	19,006	-19,346	-50%
Kulevi Port	.....	2,332	2,521	189	8%
Samtatskaro	AZ	382	411	29	8%
Akhkerpi	AM	636	395	-241	-38%

Def: AM-Armenia, AZ-Azerbaijan, RU-Russia, TR-Turkey

Source: The Ministry of Internal Affairs of Georgia

Tourism an Important Sector of the Economy

Travel and tourism is one of the largest and fastest growing service industries globally. According to the World Travel and Tourism Council (WTTC), the industry's direct contribution to world GDP in 2013 was USD 2.2 trillion (2.9% of GDP) and it supported 101 million jobs. Taking into account its combined direct and indirect impacts, the WTTC assesses Travel and Tourism's total economic contribution to be 9.5% of world GDP in 2013; it is responsible for 1 in 11 jobs, 4.4% of total economic investment and 5.4% of world exports (Economic Impact of Travel and Tourism 2014, Annual Update, WTTC).

Tourism – an Invisible Export

The expenditure of foreign guests in Georgia has a huge effect on the Georgian balance of payments. Approximately 58% of Georgia's service export revenues come from tourism. On the asset side, the balance of payments reports Georgia's income from travel by foreign visitors in Georgia, and on the liabilities side, it shows expenditure by the Georgian residents while abroad.

In 2013, the foreign exchange income from foreign tourism in Georgia amounted to USD 1.72 billion. Compared to 2012, this indicator increased by 22%.

Foreign exchange expenditures for foreign tourism in Georgia amounted to USD 0.29 billion compared to 2012, this indicator also showed an increase of 15%.

In 2013, the balance of foreign tourism in Georgia amounted to USD 1.43 billion compared to 2012, this indicator also increased by 23%.

Employment Module in Tourism

In the fourth quarter of 2013, the total number of persons employed in tourism amounted to 168.8 thou-

sand. The largest share is employed in the transport sector, which accounts for 57% of all tourism employment. Other significant contributors are hotels and restaurants, with 20% of tourism employment. Employment in hotels and restaurants has increased by 17%, while in transport by 6%. The decrease of total employment compared to the same period last year is 6%, due to decrease in employment in other tourism sectors. In 2012 the total contribution of tourism to employment was 10%.

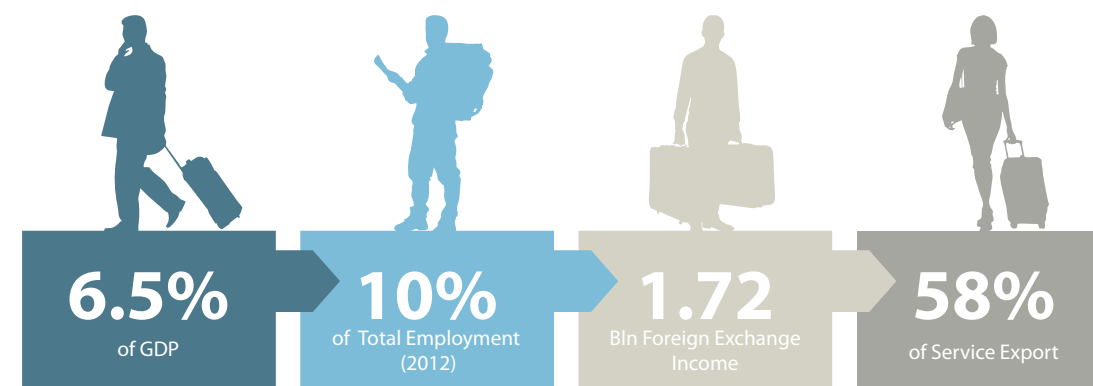
Share of Tourism in the Economy

Between 2012 and 2013, the total value added in the tourism sector increased by 10% and reached GEL 1.5 billion due to increased demand. As a result, tourism's gross value added, as a proportion of GDP, increased from 6.1% to 6.5%. The additional value added in the tourism industry in 2013 was mainly driven by accommodation (increase 13%) and passenger traffic (air transport increase 28%, other transport increase 3%).

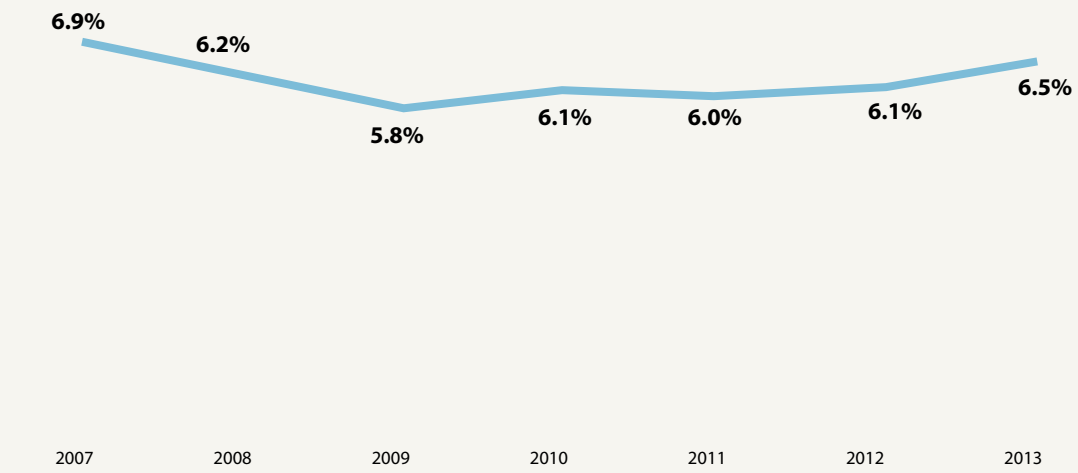
Main Published Indicators

1. Share of tourism in GDP
2. Share of tourism in total output
3. Number of employed persons in tourism
4. Foreign currency incomes from foreign tourism
5. Foreign currency expenses for foreign tourism
6. Balance of foreign tourism

More detailed information about the contribution of tourism to the economy, tourism receipts and employment can be found at the National Statistics Office website <http://geostat.ge/>, the National Bank of Georgia website www.nbg.ge, and the Georgian National Tourism Administration website www.gnta.ge

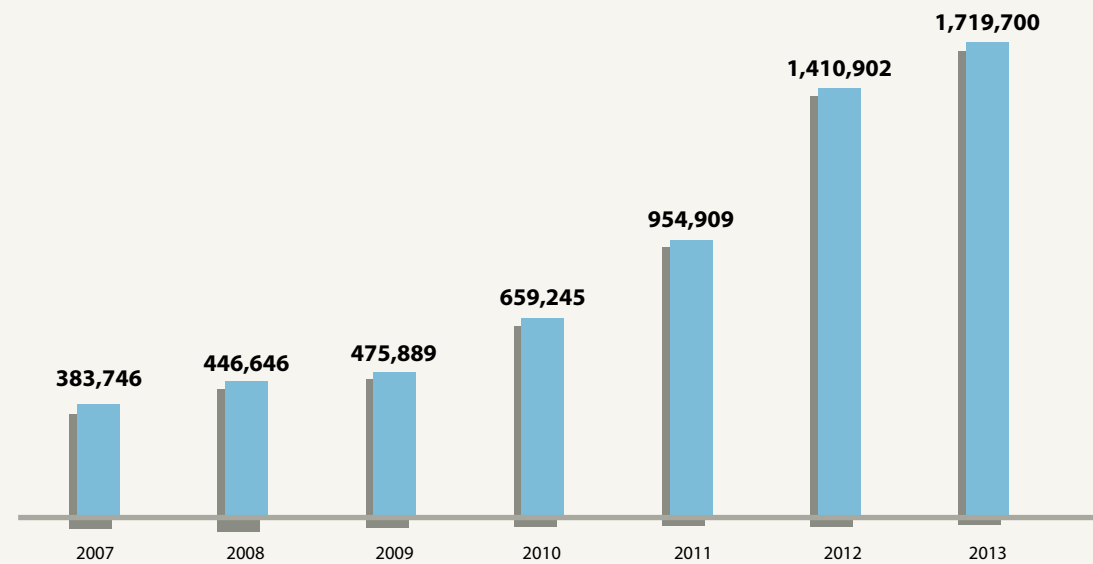


Share of Tourism in GDP



Source: National Statistics Office of Georgia

International Tourism Receipts

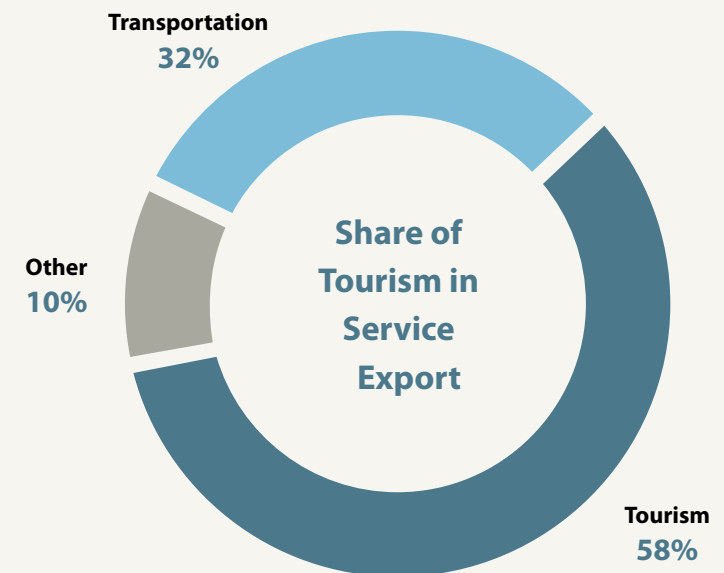


Source: National Bank of Georgia

Foreign Currency Revenues from Incoming Tourism 2006-2013 (Thousand USD)

	2006	2007	2008	2009	2010	2011	2012	2013
Total	312570.9	383745.8	446646	475889	659245.3	954908.5	1410901.7	1719699.8
Including	↓	↓	↓	↓	↓	↓	↓	↓
I.Q	58597.2	63889.6	85434.3	77676.3	100685.8	163989.8	235930.4	302817.7
II. Q	82760.9	90174.2	132430.9	114353.3	136565.1	222249.6	330826.5	426524.5
III. Q	101743	129086.9	125883.1	158388.4	231913.4	326568.5	487721.4	604201.8
IV. Q	69469.8	100595.1	102897.6	125470.9	190081	242100.6	356423.4	386155.8

Source: National Bank of Georgia



Source: National Bank of Georgia

The Aviation Market

The aviation market in Georgia has demonstrated considerable growth in the past few years. Three international and one domestic airport operate in Georgia, fully complying with International Civil Aviation Organization (ICAO) standards. Georgia's aviation market is primarily international, with the majority of flights being served by Tbilisi International Airport.

The Tbilisi and Batumi International Airports are run by a Turkish company - TAV Airports Holding Co. They started operations in February and May 2007, respectively. Mestia Airport (Queen Tamar Airport) was officially opened in 2011. The capacity of Tbilisi and Batumi International Airports is 2,000 and 300 passengers/hour respectively. As regards Mestia Airport, its capacity is 100 passengers/hour. The construction of Kopitnari International Airport (Kutaisi) was finished in September 2012. Its opening was marked by the launch of flights by the low-cost carrier (LCC) Wizz Air from Kutaisi to Kiev. Wizz Air is the third LCC in the Georgian market after Pegasus and FlyDubai.

Airlines

According to the Georgian Civil Aviation Agency (GCAA), Turkish Airlines is the dominant air company operating in Georgia and it has the largest number of passengers. In 2013, it served 327,912 (19%) passengers. Georgian Airways is the second most popular airline with 208,641 (12%) passengers. It is followed by Pegasus – 165,244 (9%) passengers; Ukraine International Airlines – with 161,168 (9%); Wizz air – 126,038 (7%); Belavia – 95,605 (5%) and Siberia Airlines (S7) – 88,283 (5%).

There are two airline companies offering charter flights to Moscow: Siberia Airlines and Georgian Airways. The entry of new airlines from Russia to the Georgian aviation market is in the process of negotiations.

In 2013 a new Turkish airline, Atlasjet international, began daily flights from Istanbul to Tbilisi and back. It will launch direct flights Tbilisi-Antalya-Tbilisi from summer 2014.

The Iraqi air company Al Naser Airlines also started to perform regular flights from Tbilisi International Airport in 2013. It began flights to three destinations from Tbilisi. The flights Najaf-Tbilisi, Basra-Tbilisi and Baghdad-Tbilisi were performed five times per week during daytime hours.

The first flight from Najaf arrived on July 4 2013, and

brought the company's management to Tbilisi International Airport.

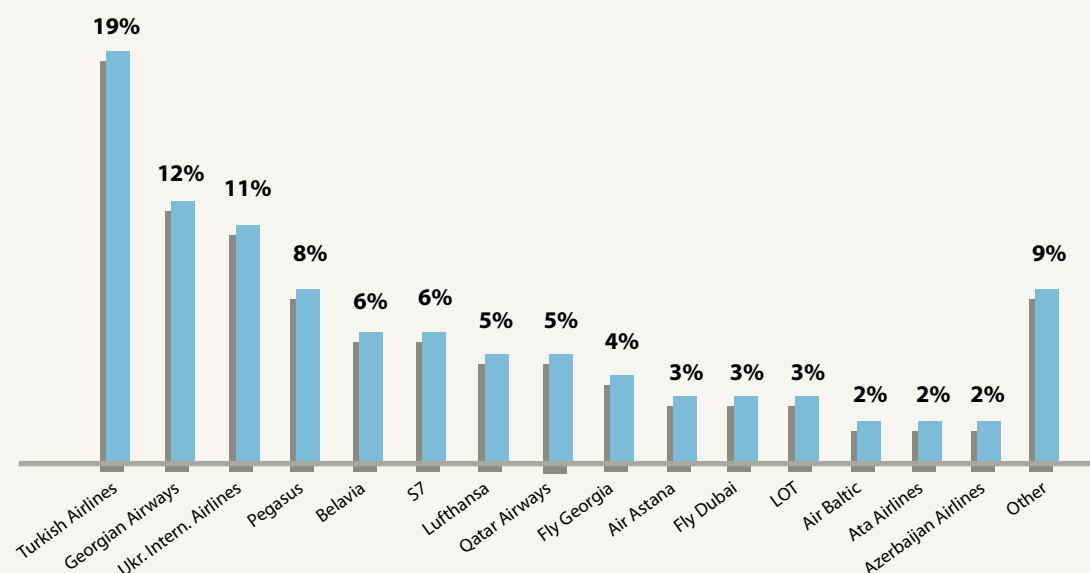
There are 24 foreign and one national airline companies offering regular flights from Georgia.

This year is going to be quite challenging for Georgia's aviation industry. New airlines are entering the market, while others are expressing greater interest and increasing flight frequencies on various routes.

The major airlines operating in Georgia are: Turkish Airlines, Georgian Airways, Ukraine International Airlines, Pegasus, Belavia, S7, Lufthansa, Qatar Airways, Fly Georgia, Air Astana, Fly Dubai, LOT, Air Baltic, Ata Airlines, Azerbaijan Airlines, etc.



Tbilisi International Airport: Share of Airlines

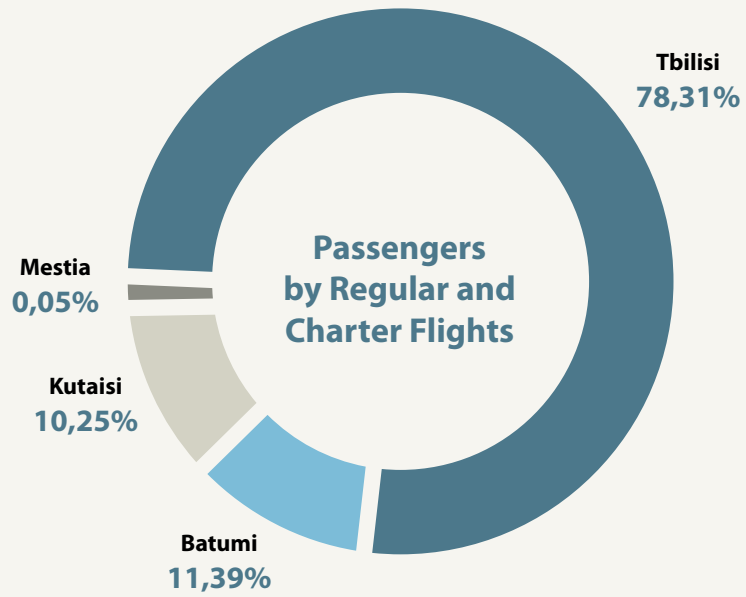


Source: Georgian Civil Aviation Agency

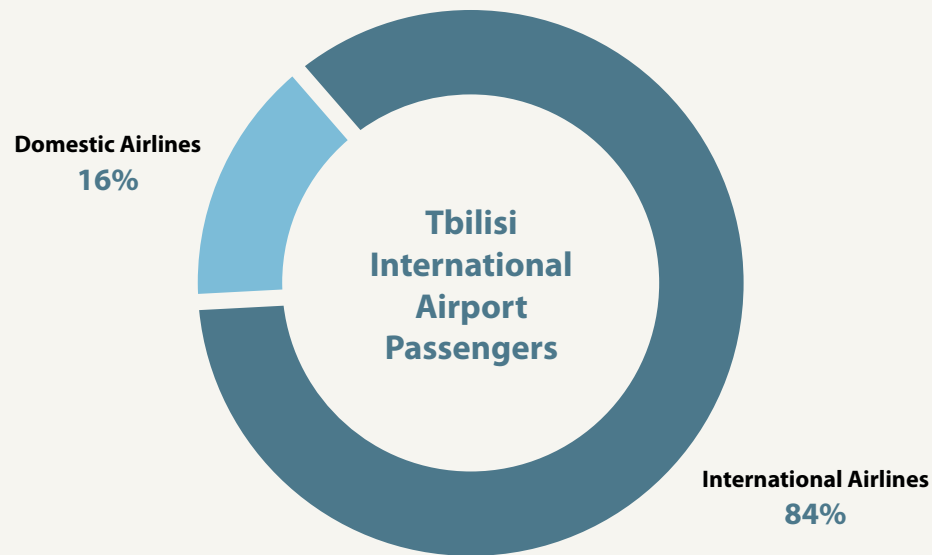
+18%
13,999
Flights

+31%
1,833,807
Passengers

Following airports included: Tbilisi International Airport, Kutaisi David the Builder International Airport, Batumi International Airport, Mestia Queen Tamar Airport.



Source: Georgian Civil Aviation Agency



Source: Georgian Civil Aviation Agency

New Routes from Georgia in 2013

Airline	Route	Frequency
Atlasjet Airlines	Tbilisi - Istanbul	Daily
Al Naser Airlines	Tbilisi - Baghdad Tbilisi - Basra* Tbilisi - Najaf*	Twice A Week
Iraqi Airways	Tbilisi - Baghdad Batumi - Baghdad*	Once A Week
Air Onix	Tbilisi - Simferopol*	Twice A Week
Travel Service	Batumi - Warsaw*	Once A Week
ISRAIR	Tbilisi - Tel Aviv*	Once A Week
Wizz Air	Kutaisi - Warsaw Kutaisi - Katowice	Twice A Week

Source: Georgian Civil Aviation Agency

Note: *= No flights currently.

Tbilisi International Airport: Passengers and Flights



Source: Georgian Civil Aviation Agency

Batumi International Airport: Passengers and Flights



Source: Georgian Civil Aviation Agency

Kutaisi International Airport: Passengers and Flights



Source: Georgian Civil Aviation Agency

Travel Behavior of International Visitors, 2013

A total of 60.3% of visits included at least one over-night stay and 39.7% were day trips.

Out of a total of visits, 69% were repeat visits and 31% of trips were for the first time. Thus, Georgia had up to 1,643,241 new visitors within the period covered.

Most of those visiting from neighboring countries have traveled to Georgia before. The highest share of repeat visits was observed among residents of Azerbaijan (89%). In contrast, a larger share of European visitors came to Georgia for the first time.

Duration and Purpose of Travel

The average duration of a trip was five nights and varied by country of residence. Visits from neighboring countries tend to last for shorter periods, except for visits from Russia, which averaged eight nights.

International visits were mostly undertaken for holiday, leisure or recreation purposes (37%). Other frequently observed purposes included visiting friends or relatives (26%), transit (17%), shopping (9%) and business/professional trips (4%). Only 7% of visits were for other purposes.

Accommodation

The most frequently used form of accommodation were hotels (43%). Slightly more than a third of tourists (34%) resided at a friend's or relative's private apartment. Other types of accommodation were less utilized by international visitors, 10% stayed in a guesthouse/hostel.

Travel Destinations

46% of international trips were to the capital city of

Georgia, followed by 41% of trips to Batumi. Other destinations had a lower number of visits. Among them Marneuli and Kazbegi were the most popular (8%), other destinations included: Rustavi (6%), Kobuleti (6%), Mtskheta (5%), Kutaisi (5%) and Borjomi 2%.

Basic Information

The Georgian National Tourism Administration is the ordering party of the inbound tourism survey to determine the total estimated number and structure of international visits to Georgia.

Methodology

The survey runs in a face-to-face form and a printed questionnaire is used. The data was gathered via a survey using quantitative research techniques based on the recommendations of the United Nations World Tourism Organization. Questioning is split up by place and time in a way that covers all social demographic groups of foreigners.

Interviews were conducted with international visitors aged 15 years or older at the moment of leaving Georgia. The interviews took place at the checkpoints of each type of border (land, airport, railway and port).

A Traveler is a person who moves between different geographic locations for any purpose and any duration.

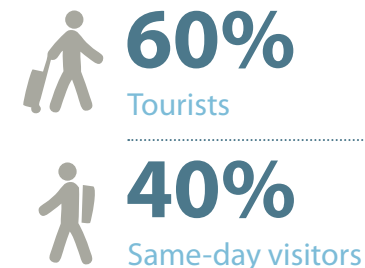
A Visitor is a traveler taking a trip to a main destination outside his/her usual environment, for less than a year, for any purpose (business, leisure or personal) other than to be employed by a resident entity in the country or place visited.

A Tourist is a visitor whose trip includes an over-night stay or is a same day visitor otherwise.

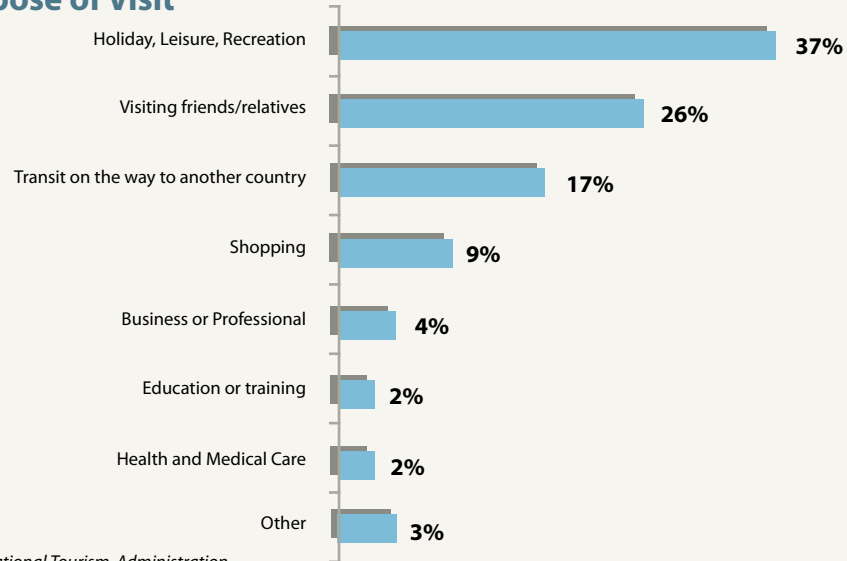
Main Published Indicators

Place of permanent residence; purpose of visit and frequency; length of stay; places visited; accommodation; source of information; accompanying persons; means of transport; organization of a trip; popular activities and attractions; satisfaction levels.

More detailed information is found at www.gnta.ge

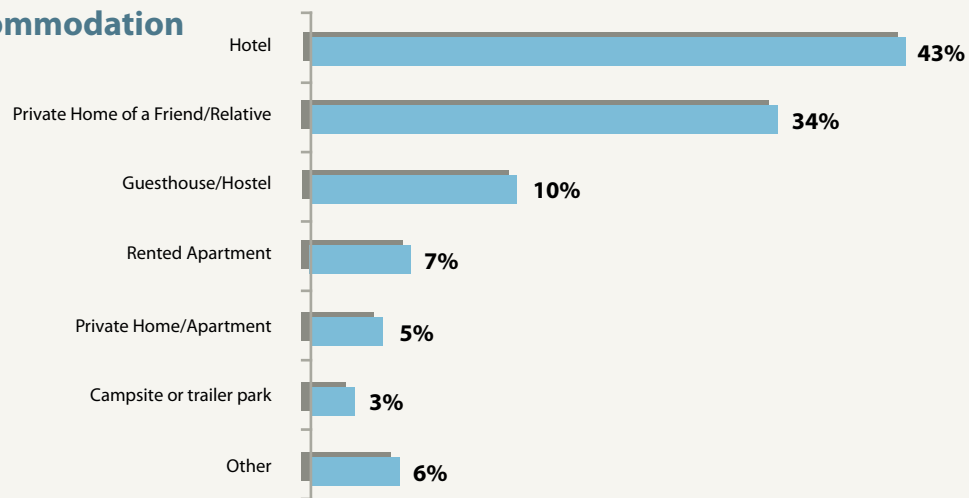


Main Purpose of Visit



Source: Georgian National Tourism Administration

Accommodation



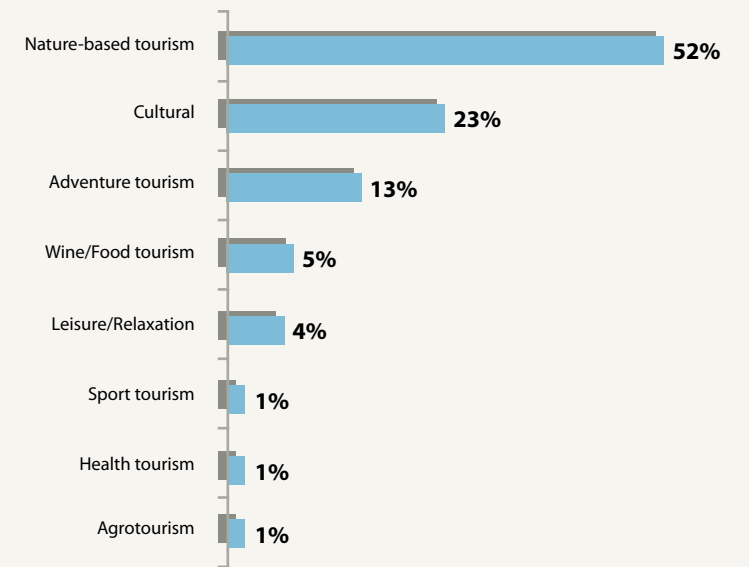
Source: Georgian National Tourism Administration

Average Length of Stay by Country of Residence

Country of Residence	Average Overnights
Russia	8
Azerbaijan	4
Armenia	4
Turkey	2

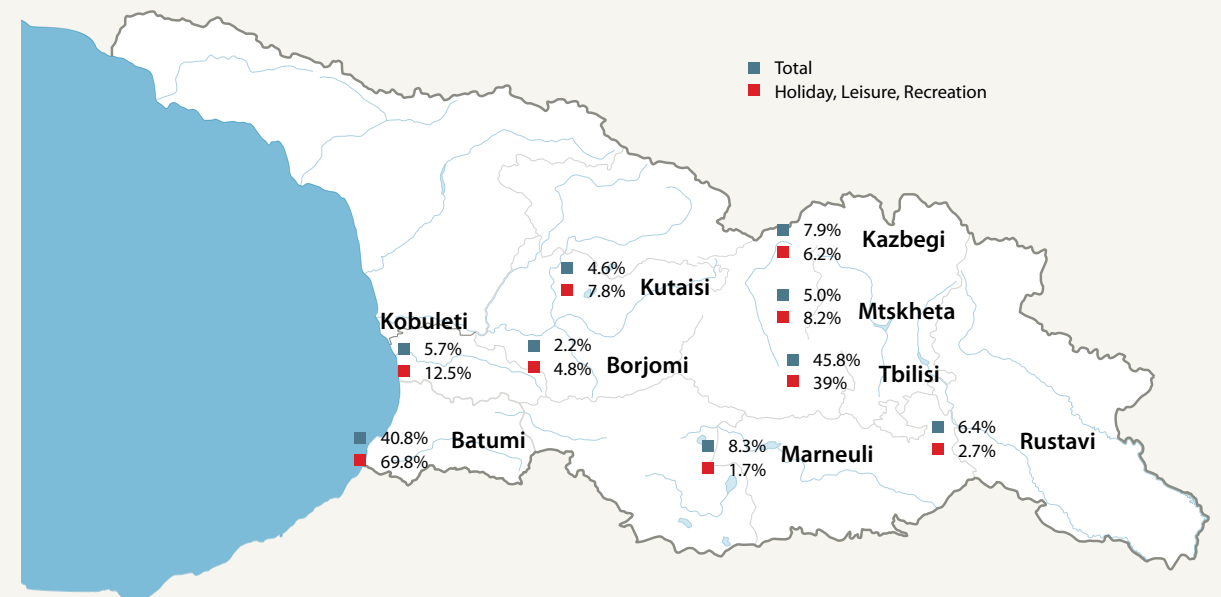
Source: Georgian National Tourism Administration

Tourism Types



Source: Georgian National Tourism Administration

Most Visited Destinations



Source: Georgian National Tourism Administration

Travel Behavior of the Georgian Residential Population, 2013



In 2013, the most domestic trips were made by inhabitants of villages, mainly vacations were spent in the central cities of Georgia.

While women and men make about the same number of domestic trips, a comparison between different age groups shows differences in travel behavior. Whereas people aged 18 to 24 were the most frequent travelers, taking 2.95 trips per year, people aged 55-64 took an average of 1.7 trips.

Duration and Purpose of Travel

Visitors' average overnight trip length was three nights and varied by place of residence. Visitors from Tbilisi tend to stay for longer periods (four nights on average) while other visitors spent two nights on average away from their usual environment.

Domestic visitors most often travel for visiting friends or relatives (VFR) (45%), followed by 15% of trips for holiday, leisure and recreation. Only 3% traveled for business or professional purposes. Other frequently observed visiting purposes include shopping (12%), health and medical care (9%) and visits to second home (4%).

Travel Destinations

The most common destination was Tbilisi, 25% of domestic trips were to the capital city of Georgia, followed by 8% of trips to Batumi and Kutaisi. Among other visited destinations were: Mtskheta (4%), Telavi (2%), Zugdidi (2%), Gori (2%) and Rustavi (2%).

Between regions most popular places were Imereti, Ajara and Kakheti with 17%, 12% and 8% respectively.

Accommodation

63% of domestic travelers stayed in a private home of

their relative or friend. This is partially due to the influence of the VFR segment. Considerably large number (14%) of Georgians stayed in their own houses, while 8% stopped in their second summer houses.

Basic Information

Georgian National Tourism Administration is the ordering party of domestic tourism survey as well, purpose of which is to determine the structure of domestic visits in Georgia.

Methodology

The results of this report are based on in-person, face-to-face interviews with respondents living in households throughout the territory of Georgia. The survey was designed to collect information from a representative sample of the resident population aged 15 and above who had a visiting experience in the country within the last month. The duration of the interview was 15-20 minutes.

Domestic tourism – tourism realized by residents within Georgia outside of their usual environment.

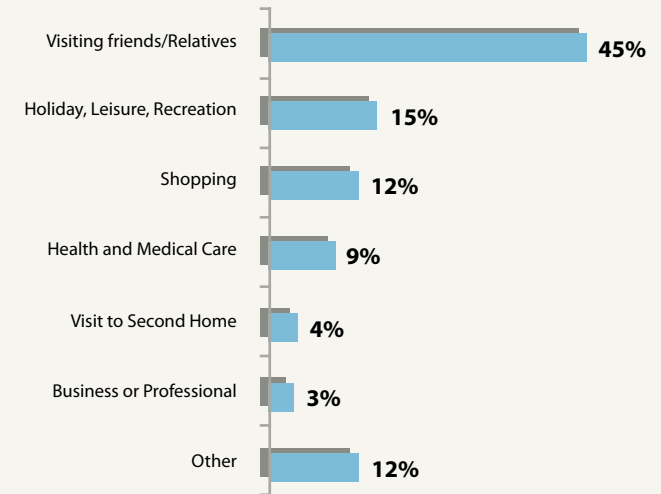
In the context of tourism statistics, GNTA uses two simultaneous methods for classification of domestic visit: location and regularity. Location method takes into consideration municipal structure of the country. Namely, for defining the usual environment it is crucial whether domestic traveler made a visit out of his/her municipality. Second method defines specific frequency of visits that is considered as a regular. Particularly, if a Georgian domestic traveler visits the other municipality less than one time per two weeks, it is not considered as regular; therefore it is classified as a domestic visit.

Main Published Indicators

Place of permanent residence, visit purpose and frequency, length of stay, places visited, accommodations, source of information, accompanying persons, means of transport, trip organization, popular activities and attractions, satisfaction level.

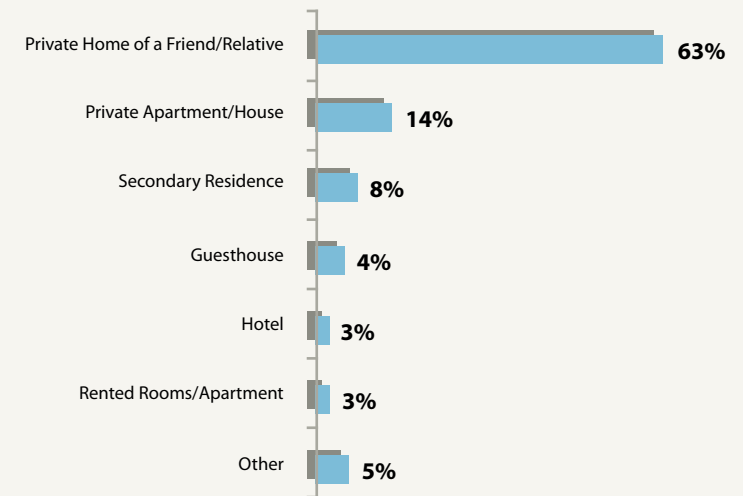
More detailed information is found at www.gnta.ge

Main Purpose of Visit



Source: Georgian National Tourism Administration

Accommodation



Source: Georgian National Tourism Administration

VFR 45%

Domestic Visitors Most Often Travel for Visiting Friends or Relatives (VFR) Purposes.

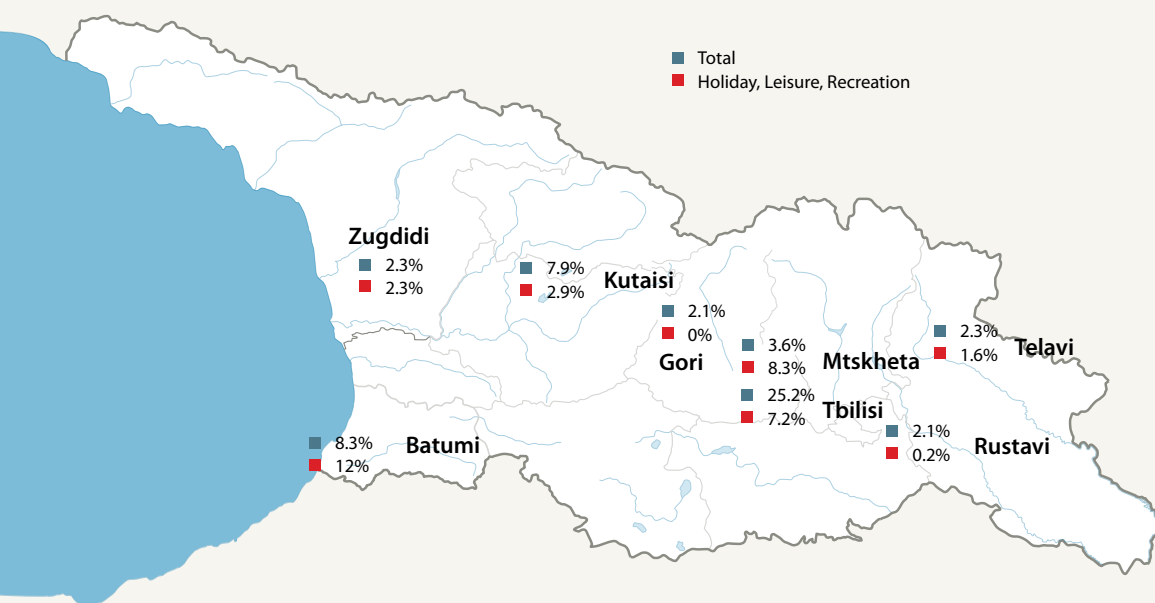


Duration of Stay

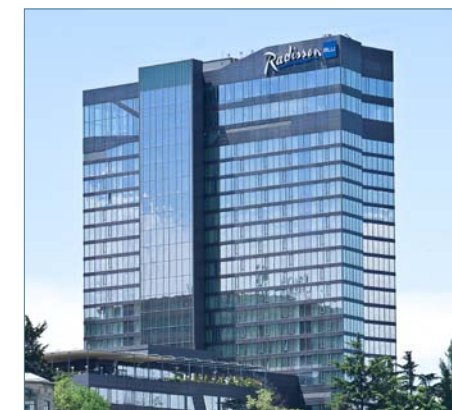
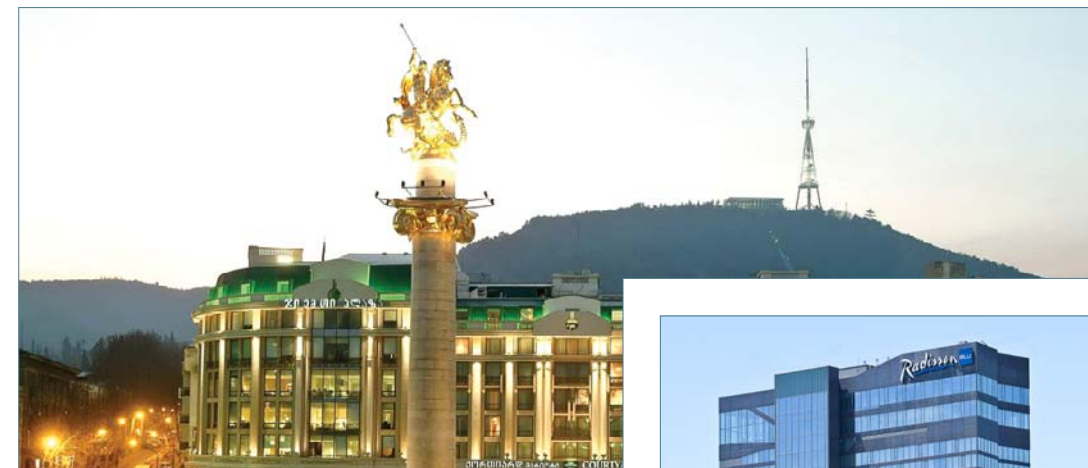
Place of Residence	Average Duration of Stay
Tbilisi	4
Regional Cities	2
Village	2

Source: Georgian National Tourism Administration

Most Visited Destinations



Source: Georgian National Tourism Administration



37,317
Beds in Georgia



Accommodation Market

The seaside region of Ajara and Samtskhe-Javakheti, dominate the Georgian hotel market. In Georgia there are around 1,065 accommodation units with a total capacity of 37,317 beds. The Adjara region boasts the largest number of beds.

Hotels account for 64% of the bed capacity, followed by family houses 17%, and guest houses 13%. With the increasing number of visitors, medium-term demand is already outstripping current supply. Consequently, it is expected that the supply of accommodation will increase considerably to keep pace with demand.

Tbilisi boasts several international hotel brands: Radisson Blu Iveria, Tbilisi Marriott, Courtyard Marriot, Sheraton Metechi Palace, Holiday Inn and Citadines. Several other international chains are expanding in the city as well. As regards Batumi, Sheraton and

Radisson Blu hotels have recently opened there and other major hotel projects are under construction, including: Kempinski, Holiday Inn, Ritz-Carlton, Hilton and Marriott, to name but a few.

A number of brand hotels are starting operations in the spa resorts of Georgia as well.

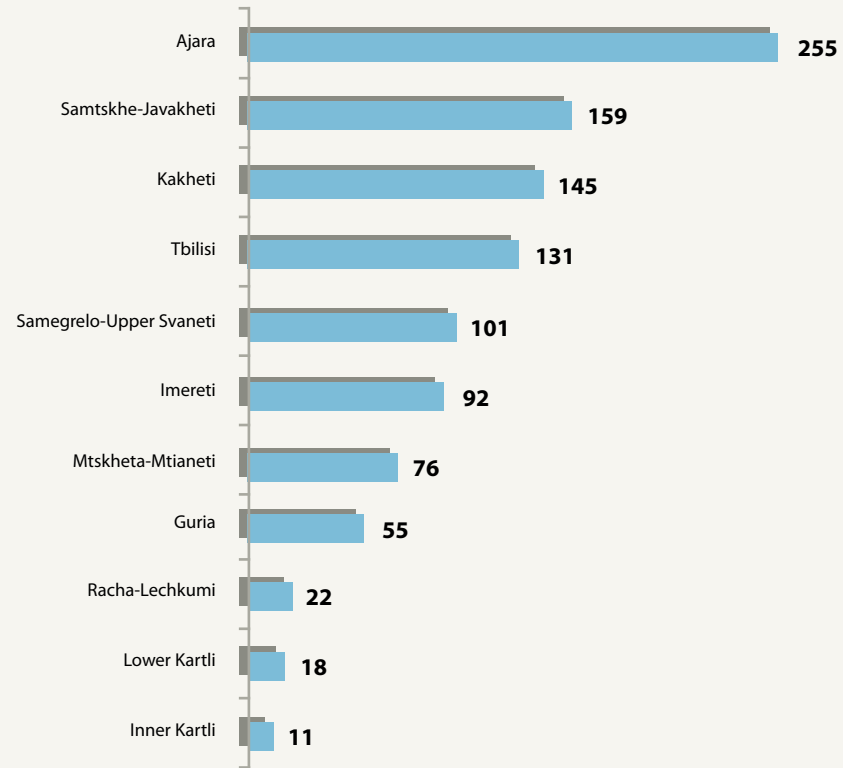
Planned and Ongoing Construction

There are currently around 80 planned and ongoing constructions of accommodation units in Georgia, including brand hotels: Radisson, Kempinski, Holiday Inn.

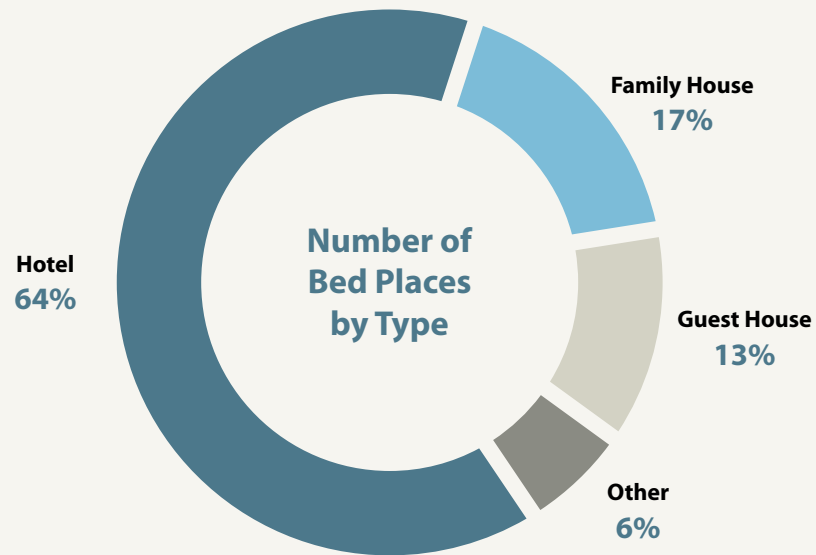
The majority of construction (88%) takes place in Tbilisi and the Ajara, Samtskhe-Javakheti, Imereti and Kakheti regions.

The estimated number of additional rooms being constructed is 4,000, with more than 7,000 beds.

Number of Accommodation Units

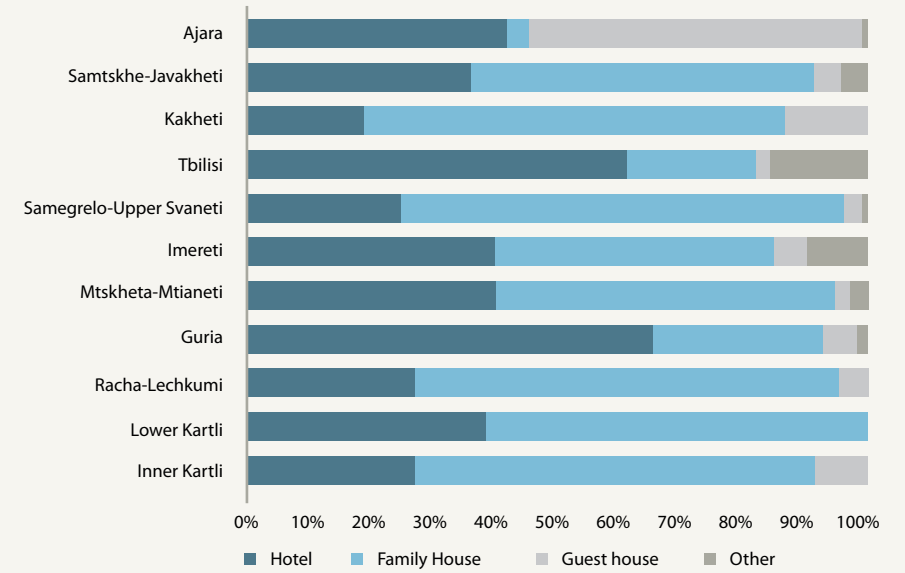


Source: Georgian National Tourism Administration



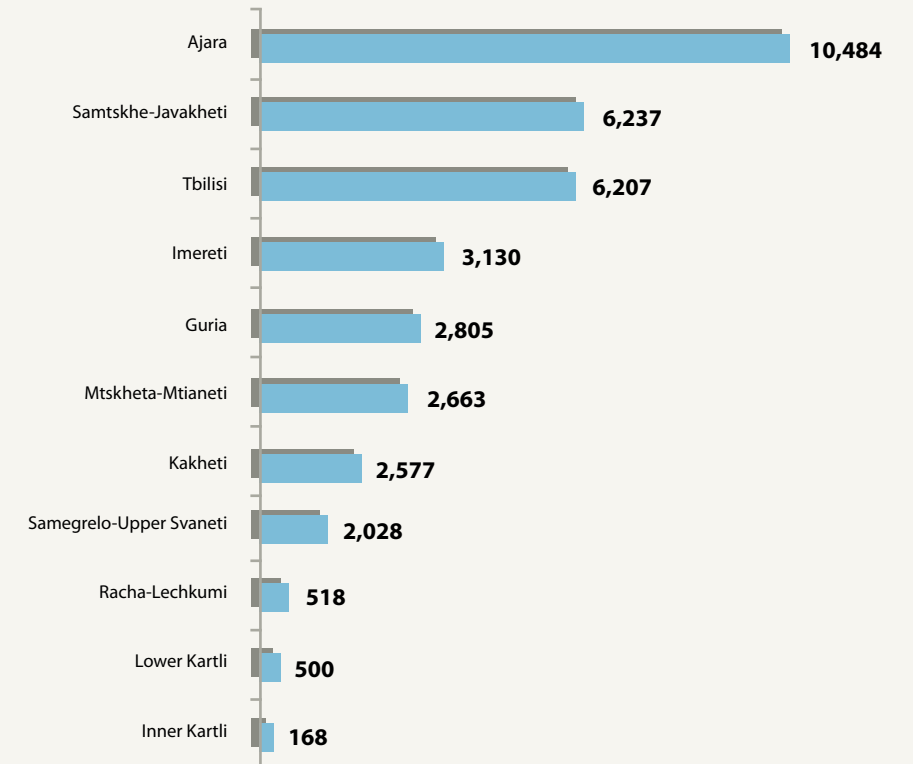
Source: Georgian National Tourism Administration

Accommodation Units by Types and Regions



Source: Georgian National Tourism Administration

Bed Capacity by Regions



Source: Georgian National Tourism Administration

Sector Outlook

Against the backdrop of the global economic crisis, the Georgian tourism industry continues to grow. The outlook for the industry is highly optimistic. It is forecast that the industry will create more jobs and generate more income in the years to come. The number of arrivals to Georgia is expected to increase substantially thanks to the various steps taken by both the government in general and the Georgian National Tourism Administration in particular.

Among the actions taken by the GNTA towards increasing the number of travelers in the country is: the development of tourism infrastructure, the facilitation of international travel, the improvement of service quality, increase of awareness about Georgia, implementation of marketing activities on domestic and international markets and tourist product development.

The development of tourist infrastructure stands high amongst the priorities of the government. New tourist information centers are in the process of construction throughout the country. Significant steps were taken towards travel facilitation and visa relaxation. Georgia has a no-visa policy with majority of countries. Among them are citizens of the United States, Canada, and European Union member states, who can enter Georgia solely on the basis of an Identity Card. Travelers from most other countries are given visas on arrival.

Another significant issue is service quality enhancement. This is achieved through intensive training for representatives of the tourism and hospitality industry throughout Georgia. Among the new services introduced for tourists were 24-hour hotline (#0800 800 909) and a team of mobile guides distributing information about Georgia.

The GNTA has actively worked to increase awareness of Georgia internationally. For this purpose, famous Georgians were appointed as representatives of Georgian National Tourism Administration in U.K. and Japan to promote Georgia as a tourism destination.

Marketing undoubtedly plays a vital role in tourism growth. Activities undertaken by the GNTA cover promotional campaigns on both domestic and international markets, press and familiarization trips, participation in international travel-fairs, production of print materials, social media marketing, etc.

Choosing the right markets is undoubtedly an inte-



According to "Rough Guides" Georgia Ranks 5th Among the Top Ten Countries to Visit in 2014

gral part of marketing. While maintaining existing markets, the GNTA also concentrates on tapping into new countries. Seven presentations were held in Ukraine, Azerbaijan, Lithuania and Latvia in 2013. Events were attended by more than 600 travel companies and media representatives. GNTA hosted 22 press and FAM trips and organized eight events of different themes throughout the country.

Making the most of Georgia's rich natural and cultural resources by offering new tourist products provides increased possibilities for targeting travelers of different tastes. The GNTA efforts focus on the development of different types of tourism such as MICE, wine, eco, and adventure, to name but a few.

As a result of these projects competitiveness of Georgian tourism on the world market increased by seven positions, ranking 66th among 140 nations in the Travel & Tourism Competitiveness index in 2013 (Score: 4.10), as compared with 2011 (73rd position). In addition, according to Rough Guides Georgia ranks 5th among the top ten countries to visit in 2014, coming behind Brazil and Turkey.

Georgia was successful in international relations as well. In 2013, agreements of cooperation in the field of tourism were signed with six countries (San Marino, Hungary, Poland, Serbia, Montenegro and Estonia).

As regards cooperation with international organizations, Georgia was elected as Vice-Chairman of the UNWTO Regional Commission for Europe and Vice-President of the Committee on Statistics and the Tourism Satellite Account. Georgia became a member of ICCA (International Conference and Congress Association).



European Youth Olympic Festival 2015

The 39th General Assembly of the European Olympic Committees chose the Georgian capital to host the Youth Olympic Festival in 2015. Over 4,000 athletes from 49 European countries will participate in the festival taking place in Tbilisi. The sporting infrastructure of the city will be renovated according to



European standards and an "Athletes' Village" will be built. For this event the city of Tbilisi is expected to host more than 10,000 visitors, most of them will require middle class hotel accommodation and the rest will need high class hotel accommodation, all within Tbilisi. Considering the fact that there are only 6,207 bed-places in Tbilisi (including guest houses and family home stays), there is an immediate need for new hotel investment to fill the gap in supply. This festival represents a good opportunity for the country to

showcase its rich tourism potential.

UEFA Super Cup 2015

The UEFA Executive Committee has given Tbilisi the opportunity to host a mega sport event, the UEFA Super Cup. The UEFA Super Cup is an annual football match between the winners of the Champions League and the Europa League. The game will be held at the newly renovated Mikheil Meshki Stadium or Dinamo Arena. This event will gather football fans from all over the world.

International Arrivals (UNWTO Classification)

	2012	2013	Change%
Central and Eastern Europe	2,541,032	3,390,455	33%
Armenia	921,929	1,291,838	40%
Azerbaijan	931,933	1,075,857	15%
Belarus	7,972	12,915	62%
Bulgaria	10,668	10,878	2%
Czech Republic	4,984	6,562	32%
Estonia	4,366	3,721	-15%
Kazakhstan	15,115	21,148	40%
Latvia	5,693	6,336	11%
Lithuania	5,319	5,647	6%
Moldova	4,001	5,442	36%
Poland	20,563	36,946	80%
Romania	3,597	3,524	-2%
Russia	513,930	767,396	49%
Ukraine	76,610	126,797	66%
Uzbekistan	5,852	5,738	-2%
Others	8,500	9,710	14%
Northern Europe	26,211	30,167	15%
Finland	2,236	3,331	49%
Sweden	3,714	4,182	13%
United Kingdom	14,805	16,672	13%
Others	5,456	5,982	10%
Southern Europe	37,286	42,853	15%
Greece	19,777	22,024	11%
Italy	8,438	9,677	15%
Spain	3,758	4,723	26%
Others	5,313	6,429	21%
Western Europe	56,617	66,661	18%
Austria	4,737	5,758	22%
Belgium	2,795	3,763	35%
France	12,004	14,239	19%
Germany	26,448	30,815	17%
Netherlands	7,437	8,181	10%
Switzerland	3,009	3,695	23%

Others	187	210	12%
East/Med Europe	1,564,489	1,637,910	5%
Israel	30,851	39,922	29%
Turkey	1,533,236	1,597,438	4%
Others	402	550	37%
Caribbean	497	568	14%
Central Amer.	314	193	-39%
North Amer.	31,697	30,214	-5%
Canada	2,951	3,290	11%
United States of America	28,513	26,713	-6%
Others	233	211	-9%
South Amer.	1,390	1,618	16%
North-East Asia	15,929	16,632	4%
China	9,995	8,830	-12%
Japan	3,447	4,513	31%
Others	2,487	3,289	32%
Oceania	2,229	2,838	27%
South Asia	97,925	93,043	-5%
Iran	89,697	85,598	-5%
Others	8,228	7,445	-10%
South-East Asia	7,904	9,136	16%
Philippines	6,310	7,255	15%
Others	1,594	1,881	18%
Middle East	17,141	63,063	268%
Egypt	2,596	9,103	251%
Iraq	6,947	41,239	494%
Saudi Arabia	1,169	3,780	223%
Syria	4,020	3,291	-18%
Others	2,409	5,650	135%
East Africa	3,789	2,591	-32%
West Africa	1,660	673	-59%
South Africa	990	1,044	5%
North Africa	582	655	13%
Central Africa	89	61	-31%
Other Countries	20,450	1,928	-91%
Total	4,428,221	5,392,303	22%

Acknowledgement



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National Bank of Georgia



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International School of Economics at Tbilisi State University



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