УДК 339.977
JEL F20

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MODERN TENDENCIES OF ECONOMIC DEVELOPMENT OF GEORGIA AND CHALLENGES: COMPARATIVE ANALYSIS OF GEORGIA-UKRAINE

In recent years Georgia faces the tendencies of economic increase, though country still faces the continuation of policies, because the social-economic condition of population has not improved significantly, particularly in direction of decreasing the level of poverty. The targets set in applicable strategic and program documents which are related to the important decrease of poverty and unemployment, are yet not achieved. Respectively, the main assignment for Georgia is the creation of principle for increasing long-term inclusive economic increase and elevation of population's wellbeing.

The economic development strategy of Georgia is directed to the rapid economic increase which provides the fortification of country's competitiveness. Based on strategy the establishment of such country is determined which will be the carrier of European values and high quality educational system, having the economic established on the principles of free market, oriented on export, competitive in region. For achieving such targets it is important to consider three basic principles: 1. Provision of rapid and effective economic increase oriented on the development of real (industrial) sector of economic. 2. Economic policy supporting the inclusive economic increase. 3. Rational use of natural resources in the process of economic development.

The basic direction in foreign and domestic policy of Georgia is the integration in EU. Respectively, for the country the effective execution of "Association Agreement between Georgia and EU" and development of economic cooperation with partner countries is important.

For evaluation the priorities of inclusive economic increase and development of international relations in Georgia it is necessary to study the social-economic development tendencies, identification of factors preventing the economic increase processes and for solving them the development of recommendations. For developing the study and optimal recommendations of these problems it is important to make the comparative analysis of countries.

Due to the principles of social-economic development concepts of Georgia, also in relevance with the priorities of economic cooperation with partner countries during the comparative analysis of countries the natural-resource, economic and political as well as ethnic, cultural, historic and other factors are to be considered.

Key Words: *economic developemnt;comparative analysis; challenges; Georgia; Ukraine.*

Problem statement. Georgia and Ukraine have whole range of similarities according to the non effective usage of natural-resource potential, economic development regulations, political and historic-cultural factors. Relevantly, for evaluating the modern tendencies and challenges of economic development of Georgia, also for developing recommendations the comparative analysis will be significant.

According to the basic indicators of Georgia and Ukraine there are following similarities-differencies (see scheme 1).

Table 1.

Basic indicators of Georgia and Ukraine

	Georgia	**Ukraine**
Territory	69 700 sq.m.	603 700 sq.m.
Population	3, 7 mln people	45,4 mln people
Closeness	58 p/sq.m.	78 p.sq.m.
Nominal entire domestic product	14 332,9 mln USD	93 270,5mln USD
Nominal entire domestic product per one person	$3852	$3575
Real increase of domestic product value	2,8%	2.3%
Inflation	6,4%	14,6%
Agricultural land area	3771,2 thousand ha	41,5 mln ha
Agricultural land area in total land fund of the country	36,8%	71,2%
Human evolution index	0.733	0.729
The portion of agriculture in entire domestic product	9,3%	10,2%
The portion of recruited in agriculture	48%	24,7%
Level of unemployemtn	11,8%	9.4%
Inflation, as of 2017	7,1%	15,9%
Number of years spent on study	13,8	11,67
Educational expenses /total European indicator 5-12%/	2,5%	5,9%

Source: [3]

The comparative analysis of Georgia and Ukraine shows that according to the territory Ukraine occupies 8.7 times more area comparing to Georgia, and has 12.3 times more population. Nominal entire domestic product in Georgia is 14 332.9 mln USD, in Ukraine – 93 270.5 mln USD (6.5 times more). The agricultural land in Georgia occupies 3771.2 thousand hectares, in Ukraine – 41.5 mln ha (11.2 times more). According to the qualitative indicators there are no significant differences distinguished. For example, nominal entire domestic product per one person in Georgia is 3852 USD, in Ukraine 3575 USD, the real average annual increase of entire domestic product in both countries are almost similar (in Georgia 2.8%, in Ukraine 2.3%), the human evolution index (the average level of evolution) in both countries is 0.7 and so on. There is no important difference between the rest indicators. According to the cultural-historic factors of Georgia and Ukraine have multi-century lasted relations. Thus, it may be concluded that considering the average level of evolution, also based on the intensivity indicators of using natural-resource potential, political and other factors Georgia and Ukraine have no significant

differences. The comparative analysis of these countries it is reasonable in relevance with the following factors:

- natural-resource factors–Georgia and Ukraine have relevant natural-resource potential, though the level of using them per one person is inefficient, which from the point of production establishes limiting conditions [4];
- economic factors:In both countries similar tendencies of economic increase are denoted. First of all, economic policies in Georgia have started with liberalization and strict fiscal policy, which caused the termination of inflation and terms for free evolution in comparison with the country economic. In Ukraine during recent period the tendencies for decreasing entire domestic product and increase of inflation. Namely, the indicator of entire domestic product in 2016 in comparison with the previous year is decreases by 6.8%, particularly the level of inflation is high which basically is conditioned by the devaluation of hryvnia [5]. Like Georgia the liberalization of economic and pursue of strict fiscal policy creates available terms for economic development.
- political factors:both countries have similar political risks from neighbor countries;
- historic-cultural factors:Georgia and Ukraine have multi-century life and coexistence model.

Unresolved issues. In relevance with the comparative analysis of data similar tendencies of economic development in Georgia and Ukraine are expected. The comparative analyses of tendencies of economic development of these two countries reveal the modern challenges and assist the development of economic relations between countries.

The target of study is the revealing of modern challenges on the basis of analysis of tendencies of economic development of country and development of recommendations for overcoming them.

Results of the research. For making comparative analysis of countries it is important to make analysis of mutual agreements and memorandums. More than 104 kinds of agreements and memorandums have been signed between Georgia and Republic of Ukraine in the fields of free trade, economic, communication, Customs', transport, state secutiry, competitive policy, education, defense and other areas, also by Ministries, among them the "Agreement about commercial-economic cooperation development between the governments of the Republics of Georgia and Ukraine," "Agreement about friendship, cooperation and inter-assistance between the Republic of Georgia and Ukraine," "Agreement between the governments of Republic of Georgia and Ukraine in the field of communication," "Agreement about scientific-technical cooperation between the Government of Republic of Georgia and Government of Ukraine," "Agreement about cooperation between the Governments of the Republics of Georgia and Ukraine in the field of health care," "Agreement about railway transport operation between the governments of Republics of Georgia and Ukraine," "Agreement about free trade between the Governments of Republics of Georgia and Ukraine" and other [6].

The expansion of effective economic cooperation on the basis of agreements and memorandums depends on the tendencies of economic development in these countries.

When making the estimation of tendencies of economic development of Georgia we should consider that the long-term development of 2014-2020 has been planned on the basis of rapid economic increase. For 2020 Georgia will be the country of revenue higher than the average. Namely, the entire domestic product per one person for the end of 2020 it will be more than 8500 USD. For achieving such result it is necessary to have the annual speed of economic increase in 7% at least [7].

Based on the information of World Bank, the economic increase in Georgia in 2017 is considered to be 5.2%. According to the "global economic perspectives" of new report of Bank, the economic increase indicator for 2018 will be increased up to 5.3%, though for 2019 will be decreased till 5.0%. It should be also denoted that according to the last report, World Bank has improved the prognosis of economic increase of Georgia by 0.7%, for 2018 – 0.3%. Also the same organization has decreased the prognosis of global economic increase for 2017 and 2018. According to the report made by Bank in 2017, also in 2018 the economic increase throughout the world has been decreased by 0.1% average [8].

The tendency of economic increase in Georgia is generally increasable. Though, according to sectors indicators are various. The tendency for increasing the entire domestic product during recent year has been increased for several times (see figure 1).

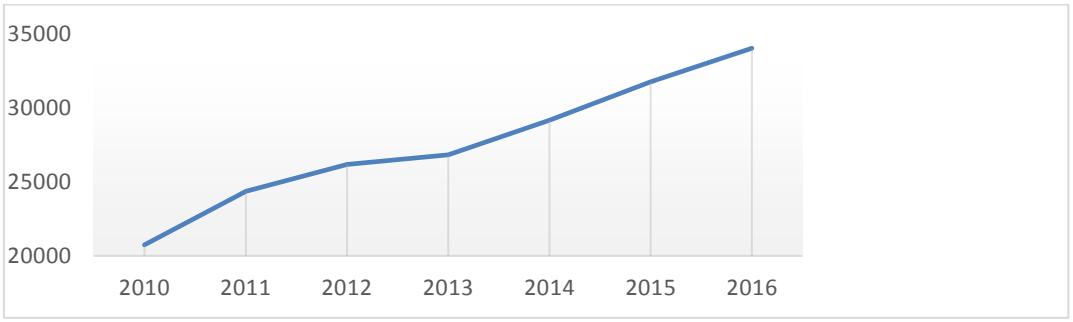


Figure 1. Tendency of increase of the entire domestic product in Georgia (Mln GEL)
Source: [9]

In 2016 the economic increase in Georgia comprised 2.7%. The main factor of economic increase was investments, namely positive tendencies have been determined in domestic as well as direct foreign investments. In the region of Caucasus, Georgia is distinguished for the point of view of investment attraction. The volume of direct foreign investments in 2016 was 1 645 mln USD, which is 5% more than the relevant indicator of 2015. Also, it should also be denoted that in formation of economic increase the privet sector plays priority role. During the same period the turnover of business sector increased by 13.3%, in this sector the number of recruited person has been increased by 6.2% [10].

According to the economic sectors of Georgia the tendencies of increase are differentiated. According to the traditional attitudes there are three sectors in economic examined: agriculture (primary sector), industry (secondary sector) and service (third sector). The sectors named are reasonably to characterize according to the industrial factors used in sector. Primarily, basically land and natural resources are used in sector, in second sector – physical capital, and in third sector – labor force. Sometimes fourth sector is also used in the form of economic established on knowledge, where product is

produced using human capital, education, knowledge and other intellectual industrial factors. The scientific researches it has been evidenced that casting orientation on progress technologies became the motor force of economic of highly developed countries. With these technologies countries increased the volume of export which in its turn made entire economic move forward [11]. Such conceptual attitude is particularly important for those countries which start from the economic development to traditional economic (from agriculture) and using the economic and modern technologies established on knowledge try to obtain positions at international markets.

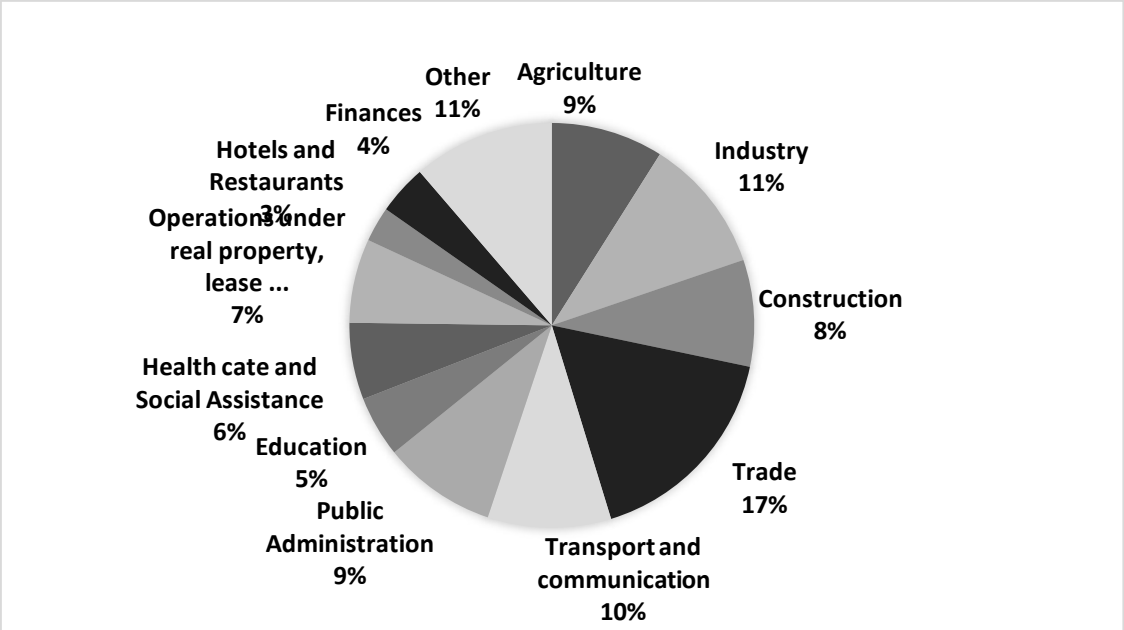


Figure 2. The structure of entire domestic product in Georgia, 2016

Source: www.geostat.ge

The most part of the structure of entire domestic product in Georgia is occupied by trade – 17%, industry – 11%, transport and communication – 10%, agriculture – 9.3%, construction – 8% and so on.

The volume of nominal entire domestic product of Ukraine is 6.5 times more than relevant indicator, though based on the calculation per one person this indicator in Georgia is 271 mln GEL more than comparing to Ukraine.

In accordance with program 2036 of social-economic development program of Ukraine the main strategic target of this country is the increase of entire domestic product by 500 billions of USD and the expected income for one Ukrainian – by 500 billions of USD [12]. Based on the information of 2015 the entire domestic product of Ukraine is 85 billions of USD and based on calculation per one person is 1450 USD. Mentioned incomes are allocated between populations unequally – gene coefficient is 0.3. due to the mentioned, for the social-economic development of Ukraine is the most important to have the annual stable increase of economic. For this it is necessary to make effective usage of resources, modernization of non competitive monopolized system, orientation on innovative development and other. For 2036 for achieving the above mentioned entire domestic

product it is planned to have the annual increase of this indicator by 15% till 2030 and from 2031 - by 12%.

In terms of such increase tendency it is reasonable to have the structural transformation of economic. The structure of relevant entire domestic product of Ukraine as of the information of 2015 mostly is oriented on the extensive development of economic (see table 2).

Table2.

Structure of economic of Ukraine in 2015

Entire domestic product	**100%**	**85 billions of USD**
Agriculture	10,2%	8,7
Industry	16,9%	14,4
Construction	2,2%	1,9
Energy	2,9%	2,5
Commerce	14,2%	12,1
Transport	7%	5,9
Information and tele communication	3%	2,5
Public administration and defense	4,8%	4,1
Health care and education	8,4%	7,1
Art, sport and culture	0,8%	0,7
Financial and insurance business	4,4%	3,7
Other kinds of businesses	24,9%	21,2

Source: [13].

As it is seen from the table, the most proportional rate in economic the field of industry is presented with 16.9%, also trade – with 14.2%, 10.2% is occupied by agriculture, 8.4% is occupied by healthcare and education. For 2036 the significant increase of major economic indicators is planned (see table 3)

For 2036 for achieving target it is reasonable to develop economic established on innovations, particularly in the field of energy. Currently in economic of Ukraine considering the formulated stages it is expected to increase the portion of energy sector up to 6%. In accordance with strategic targets 2036 the portion of agriculture is decreased by 1%, industry – 0.9%, construction – 2.8%, trade – 2.2%, healthcare and education – 1.4% and

so on. For achieving the tendencies planned for increase of economic first of all it would be necessary to to execute system investments, particularly in real sectors of economic.

Table 3.

Tendency of increasing basic economic indicators in Ukraine for 2036

Allocation income	7000 USD
Currently	1400 USD
Minimum wage rate	450 USD
Currently	55 USD
Minimum pension	250 USD
Currently	43 USD
Average salary	1000 USD
Currently	190 USD
Average pension	450 USD
Currently	65 USD
interim minimum	300 USD
Currentgly	55 USD
Differentiation of incomes based on various groups of population	See figure above

Source: [13]

The problems of formation of effective model of economic of Ukraine are actively researched by Ukrainian scientists. Generally, during the process of general economic development model selection for Post Soviet countries whole range of methodology complications are characteristic. From theoretic point of view, selection is wide, though due to practical opinions there are significant complications are raised in the processes of economic transformation. It is known that market transformation may be executed in several directions, including it is important to have important macro-economic stabilization, liberalization of prices and markets, privatization and restructurization, institutional policies. These directions in the form of so-called “shock therapy” the approbation was awarded to the following countries: Poland, Czech, Moldova, Romania, Kirgizstan and other countries. Though, the mixed reformation ways have been selected through the elements of institutionalism. As researchers as the majority of politicians the market transformation model of Ukraine has been negatively assessed, particularly is applies to the institutional policies. Respectively, for achieving the targets established dueing the long-term period of social-economic development of Ukraine it is actual to make corrections of transformation model.

On the basis of entire domestic product it is important to make the estimation of tendencies of increase according to the sectors. The analysis made according to the economic sectors of Georgia has shown that during last five years it was the construction sector which has developed most – by average 16.3%. The tendencies of increase have been distinguished also on the basis of information available at www.geostat.ge in the sectors of trade (8%), transport (8.5%), communication (6.2%) and finances (10.6).

The sector of construction is distinguished for particular tendency increasing from the fields of economic of Georgia (see figure3).

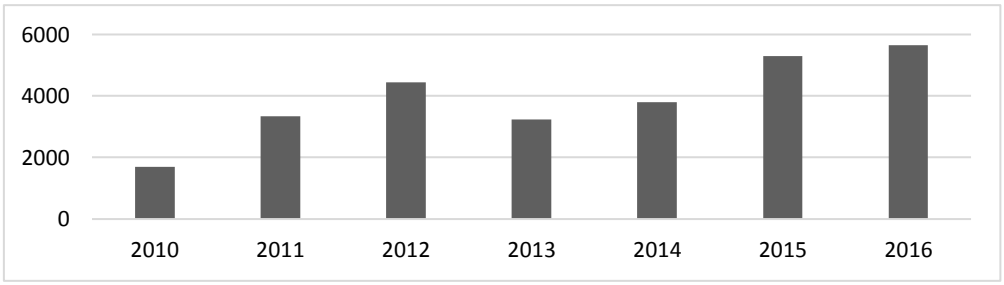


Figure 3. Increasing tendency of construction sector Mln of GEL

Source: www.economy.ge

In construction sector comparing to 2010 the indicator of production has been increased by more than 4 mln of GEL. The numericity of recruited in contradiction with the tendency of increase in sector (see figure 4).

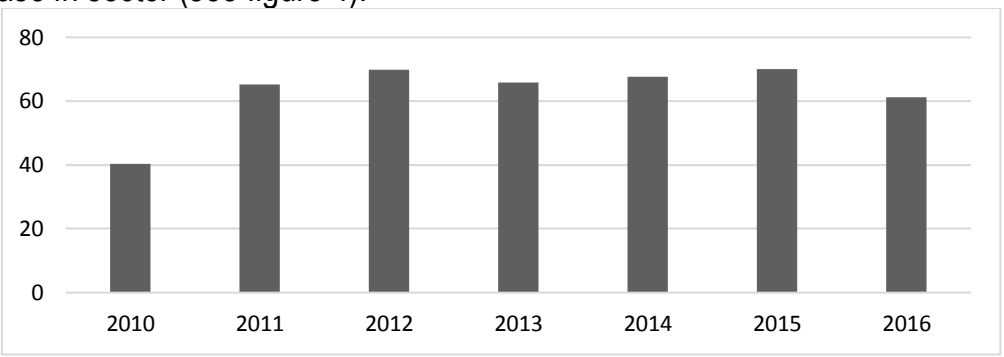


Figure 4. Number of recruited in the field of construction (1000 men)

The industrial production in Georgia is characterized by increase tendency annually, though there is no industrial boom denoted. The study of major economic indicators of industrial field has shown that the number of enterprises registered in 2016 is 598947, which is 126390 GEL more than the relevant indicator of 2012. The volume of product is manufactured in the same period has been increased by 11060.9 mln of GEL. In 2016 the added value comprised 16772.4 mln GEL [14].

The agro-food sector is the traditional field of activity for Georgia, though yet the level of competition of majority of products is low. Basically, wine and nuts are examined among the competitive products. The level of competition of rest of the products is low or not competitive [15]. From the point of development tendencies in this sector the low economic increase has been noted (average 1.2%). The portion of agriculture in Georgia is almost the same in entire domestic product, as in Ukraine. From the point of productivity there are low figures in both countries. Generally, the important similarity of Ukraine with Georgia according to resource potential is associated with the inefficient usage of resources mostly, particularly in agriculture – in both countries agriculture provides the small number of population with agro-food products. Almost half of the population in Georgia is approximately 9.3% of entire domestic product. It is clear that this very small indicator and from the social as well as economic point of view, is the problem for country, for example, 2.7% of population in countryside in Israel is recruited but the country is the leader in the field of agrarian production, because main motor way is business and not specifically agriculture [16]. In Georgia the tendencies of increase of agro-business are distinguished,

though the increase speeds are low and is not enough for achieving the stable food supply [17].

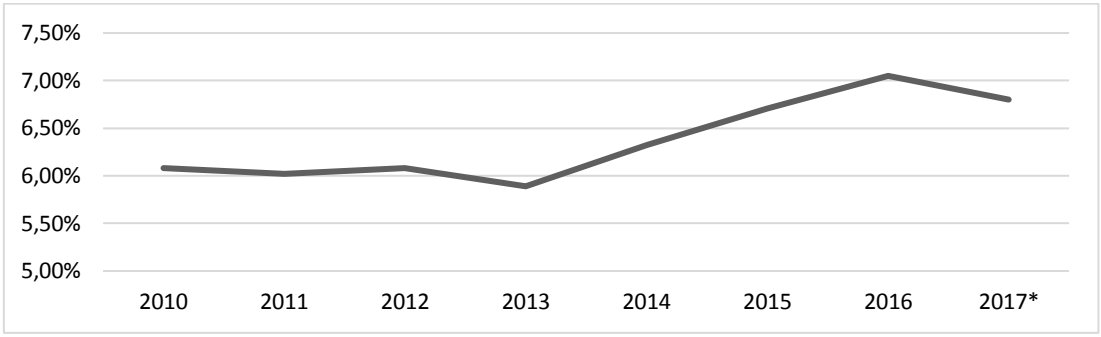


Figure 5. Agro-business increase tendency in Georgia

Source:www.geostat.ge

The positive tendency of increase lasted in the sector of tourism, which represents one of the rapid increasing and significant direction of economic of Georgia (see figures 6 and 7). In 2016 the incomes from international tourism has increased by 12% and in comparison with the previous year by 230 billions of USD more than the currency income has been fixed. During last 5 years tourism has been established as one of the important sectors. In the beginning of year the negative impact has been made on economic increase by the decreased indicator of consummation. Though, since second half of 2016 the volume of monetary transfers have significantly increased and as a result, in 2016 this indicator had 6.6% increase which had positive reflection on the indicators of wellbeing of population [18].

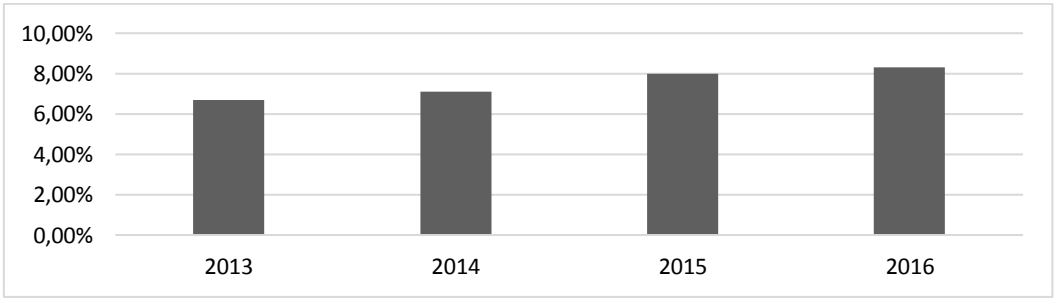


Figure 6. Tendencies of increase of tourism sector

Source:www.economy.ge

Generally, the development of tourism, as the additional income source, improves the social-economic problems. It is clear that it'd be better to search for such field of activity which is traditional for population and also is characterized with comparatively less expenditures and high marge of profit. Such field for Georgia is vine and wine-growing and respectively wine tourism, evenmore that the demand on this tourist product is increasing [19]. Also it is possible to develop other kinds of agro-tourism.

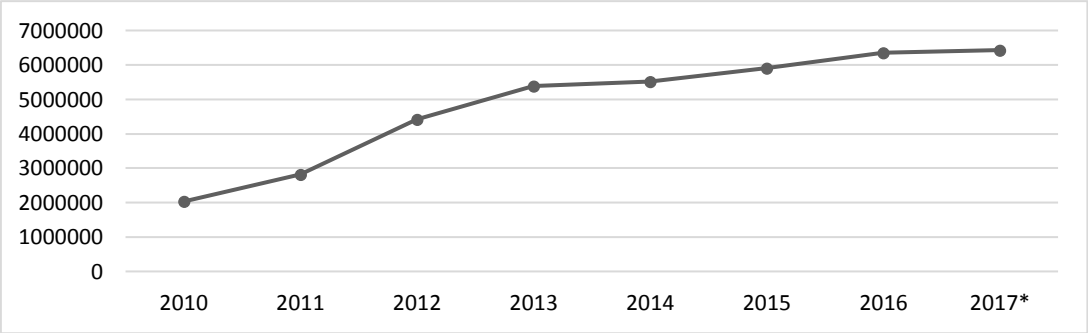


Figure 7. International travel statistics

The level of unemployment in Georgia is 16%[1].. This indicator for the countries of such group is not high, though in real approximately two thirds of labor force is self-employed. The majority of self-employed people are recruited in agriculture. Their majority produces the product for their own consummation. Due to the mentioned, the numbers of unemployed and self-employed people in the country comprise 70% of hardworking population. The population of countryside of Georgia even nowadays actively seeks the new ways of income and employment for maintaining self-being. For them it is better to seek for such field of activity which is traditional, is relevance with their cultural-psychology environment, and is characterized with comparatively less expenditures and high marge of profit [20].

The increase of direct foreign investment had no effective impact on the economic development of country, including the indicator of employment. Generally, the execution of direct foreign investments assists the obtaining of new knowledge and implementation of technologies, which is the precondition of increase of export, diverisifcation and new work places. Though, in Georgia this tendency is not denoted in scale which is necessary for the long-term economic increase. The mentioned was caused due to the fact that the great part of investments was directed in capital encompassing fields, where volume of employment is small.

Respectively executed economic policy could not provide the desirable result from the point of increasing export competitiveness. It was negligible to make the diversification of export; the increase of import volume has significantly run forward which caused the increase of negative foreign trade balance, which is the serious macro-economic risk for the economic of country.

Table 4.

The tendency of export-import change in Georgia Mln USD

	export	import	Foreign trade balance
2010	1677	5236	-3559
2011	2186	7072	-4886
2012	2377	8056	-5680
2013	2910	8023	-5112
2014	2861	8602	-5741
2015	2205	7300	-5096
2016	2113	7295	-5181

As it is seen from the data, the indicators of export and import are increasing, though still the import volume exceeds export (see figure 8).

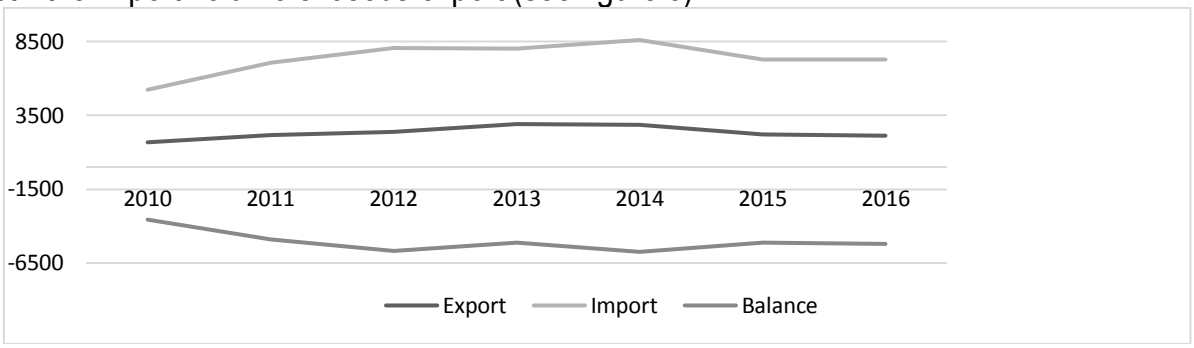


Figure 8. The correlation of export-import in Georgia

Source:www.geostat.ge

Ukraine is the strategic partner of Georgia. Respectively, important part of foreign trade of Georgia comes on this country (see figure 9).

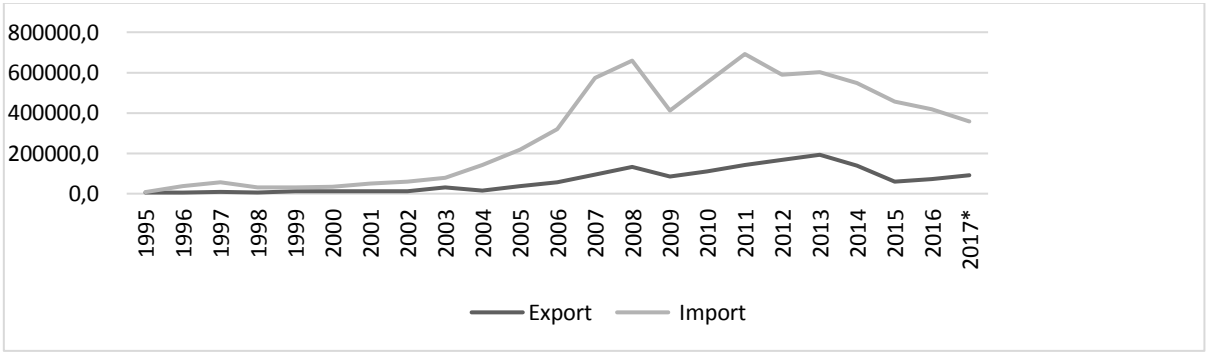


Figure 9. The commercial turnover of Georgia-Ukraine according to 1995-2017*, (export-import), Thousand USD

The % portion of Georgian export in Ukraine and occupied place between the exporter countries in dynamic are given in the figure10.

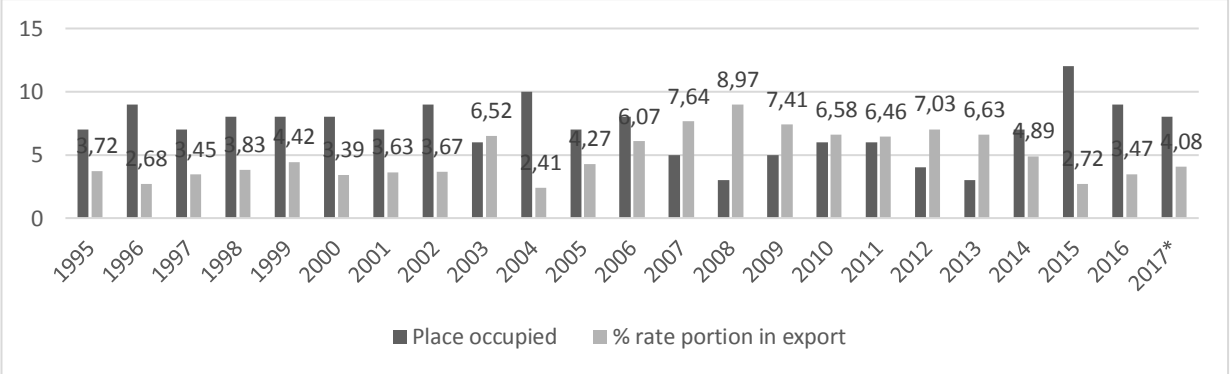


Figure 10. The portion of export of Georgia in Ukraine.

Source:www.geostat.ge

The economic relations of Georgia – Ukraine is especially distinguished in agro-food sector. From Georgia to Ukraine in 2016 the export of agro-food products iin amount

of 54.4 mln USD has been made, which is 34% more than the indicator of previous year. The portion of Ukraine in entire agro-food export is 7.9% (see figure11).

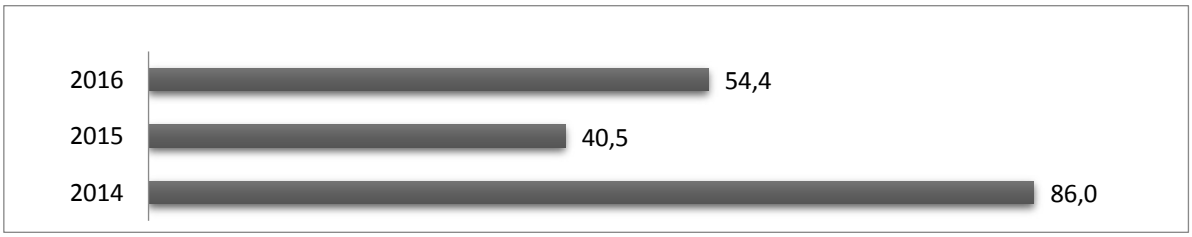


Figure 11. The volume of export of Georgian agro-food products in Ukraine (Mln USD)
Source: [22].

From the agro-food products exported in Ukraine the spirits, mineral and salt waters, natural wines of grape, citrus, nuts, leave of bay-tree, greens, dried fruit, cigarette, frozen fish, tea and other are distinguished. The total cost of export of mentioned products according to the years comprise 97-98% of entire value of export of agro-food export in Ukraine.

In 2016 in comparison with the previous year the value of export of of basic exporting products, namely the export of spirits has been increased by 63% (17.4 mln USD), mineral waters – by 2% (13.9 mln USD), wine – by 58% (12.4 mln USD), citruses - by 77% (3.2 mln USD), nuts – by 89% (1.7 mln USD).

During the first 10 months of 2017 the value of product exported in Ukraine from Georgia has been increased by 25% in comparison with the analogue period of previous year and comprised 47.2 mln USD. The increase of export is basically caused by natural wines of grape (by 45%), mineral and salt waters (by 23%) and spirits (by 14%) from the point of increase of export.

The contradictory tendency is denoted from the point of tendency of import executed from Ukraine to Georgia. In 2016 the agro-food product with the value of 221.2 mln USD has been imported from Ukraine to Georgia. This indicator is decreased by 4% comparing to previous year and in comparison with 2014 the mentioned indicator was decreased by 14%. The portion of Ukraine in entire agro-food import comprised 21.0% (see figure 12).



Figure 12.Volume of agro-food products imported from Ukraine to Georgia (Miln USD)

Mostly tobacco, sugar, soya, chocolate products, chicken meat, oil, flour confectionary products, non alcoholic distilled beverages, milk powder and other are imported from

Ukraine to Georgia. As of 2016 data, the value of imported tobacco comprised 61 mln USD and its portion is 28% in entire value of import of agro-food product imported from Ukraine. In 2016, in comparison with 2015 the value of imported tobacco has been decreased by 11%. Relevantly, the decrease in importing tobacco is one of the reasons for decreasing the import of agro-food product executed from Ukraine. As of 2016 daya the decrease has been experienced by the import of chocolate products and oil.

In 2016 the value of chocolate products imported from Ukraine, has been decreased by 16% and comprised 11.7 mln USD, and the import of oil has decreased by 50% and comprised 9.1 mln USD.

In difference with the above mentioned prodicts, the tendency of important increase the import of sugar is characterized. In 2016 the value of imported sugar comprised 23 mln USD, while the mentioned indicator in 2015 was only 0.8 miln USD. The import of soya, bird meat and butter has been increased. Generally, the comparative analysis of indicators has shown that in 2016 in the sector of agro-food the commercial balance of Georgia with Ukraine is negative and comprised 166.9 mln USD.

Based on advance data of 2017 the value of product imported in Georgia is increased by 14% comparing to analogue period of previous year and comprised 186 mln USD, which basically is caused by the increase of tobacco (23%) and pork (8 times) import. At the same period, also the value of imported cattle frozen meat, meat of alive pigs and bird meat has been increased. In 2012-2017 the commercial balance between Georgia and Ukraine gives clear impression in tables 5, 6 and 7.

Table 5.

The indicators of foreign trade of Georgia-Ukraine in agro-food sector / Thousand USD

	2012	**2013**	**2014**	**2015**	**2016**	**2017 (10 months)**
export	112,864	119,549	85,980	40,472	54,361	47,189
import	234,911	267,006	258,394	230,196	221,211	186,228
balance	**-122,047**	**-147,457**	**-172,414**	**-189,724**	**-166,850**	**-139,039**

Source: tables are executed on the basis of information available from the Ministry of Agriculture of Georgia

Table 6.

Volume of export of agro-food production from Georgia to Ukraine

code	title	2014		2015		2016	
		Thousand USD	tons	Thousand USD	tons	Thousand USD	tons
Export, totally		**85,980**		**40,472**		**54,361**	
	Spirits, with spirit concentration less than	23,728	3,302,035	10,661	2,275,706	17,420	5,128,458

	80% (liter 100% spirit)						
	Mineral and salt waters (liter)	28,093	30,817,781	13,574	16,542,246	13,912	22,179,009
	Natural wines of grape (liter)	20,412	6,280,399	7,876	2,696,033	12,405	4,846,788
	citruses	3,044	6,984	1,822	4,076	3,218	7,801
	nuts	4,675	649	911	152	1,722	343
	Leave of bay-tree	1,292	842	1,221	771	1,131	686
	greens	2,260	1,934	1,833	1,547	1,097	1,390
	Dogwood, dried fruit	950	1,712	1,307	3,020	1,076	2,448
	Tobacco (thousand sticks)	3	58	1	21	529	43,510
	Frozen fish	24	40	163	322	229	423
	tea	207	183	272	120	211	93
	Rest of products	1,290		831		1,412	

Source: tables are executed on the basis of information available from the Ministry of Agriculture of Georgia

Table 7.

Volume of import of agro-food from Georgia to Ukraine

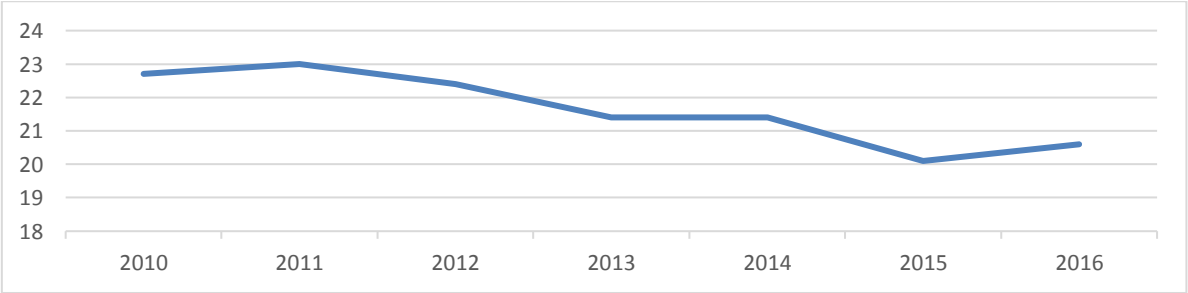
	title	2014		2015		2016	
		Thousand USD	tons	Thousand USD	tons	Thousand USD	tons
Total Import		**258,394**		**230,196**		**221,211**	
	Tobacco (thousand sticks)	93,002	6,930,362	68,539	5,711,957	61,031	5,673,901
	sugar	271	379	834	1,826	23,059	43,061
	Soya	498	1,008	6,826	12,976	13,749	32,167
	Chocolate products	18,531	6,726	13,864	5,926	11,666	5,361
	Bird meat	14,730	9,396	7,985	6,302	9,545	9,019
	oil	17,917	15,627	18,049	17,601	9,105	9,230
	Floury confectionary products	12,290	6,718	8,784	5,878	8,189	5,884
	butter	1,800	444	3,375	1,072	6,464	1,885

	Non alcoholic distilled beverages (liter)	8,863	9,691,370	8,398	10,642,985	6,315	9,288,053
	Confectionary from sugar	7,333	4,385	6,508	4,760	5,585	4,381
	Margarine	8,499	6,186	5,820	4,566	4,907	3,849
	Animal food	4,606	8,403	4,122	9,627	4,198	10,287
	Milk powder	8,266	3,183	8,430	4,938	4,014	2,712
	Coffee and tea extracts	3,562	659	4,470	895	3,496	1,034
	Spirit beverages	4,266	642,508	5,387	1,122,410	2,287	590,776
	Rest products	53,962		58,804		47,600	

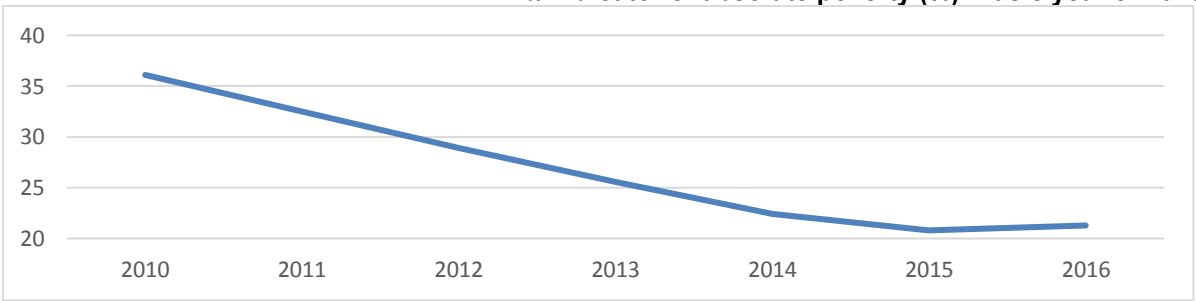
Source: tables are executed on the basis of information available from the Ministry of Agriculture of Georgia

The result gained by the above mentioned economic increase and export-import inefficient structure could not provide the significant decrease of the level of poverty. It may be said that in recent decade the figures of poverty had not changed almost. Also the portion of population being under 60% of median consummation in Georgia is still high, which is certified by the below figures.

a/ Indicator of relative poverty (%)



b/ indicator of absolute poverty (%). Basic year of 2015



c/ Gini coefficient

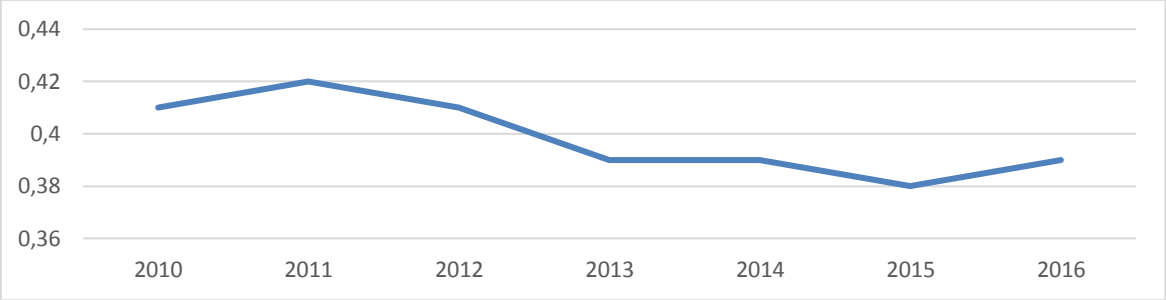


Figure13. The indicators of poverty in Georgia

Source: www.geostat.ge

Inequality rate in Georgia is calculated by economists' calculations, two times higher than the European level. The richest 10% of the country's income is 17-18 times higher than the poorest income, and the difference in cash revenues is even greater. This is also indicative of the Gini coefficient that has continued to increase in 2016 [23]. According to the National Statistics Office of Georgia, in 2016, the Gini coefficient amounted to more than 0,39 per gross revenue, and in 2015 it was 0.38. 21% of the population lives in absolute poverty, which is very high. This means that every fifth person lives below the poverty line.

The poverty rate is high in Ukraine too. Gini coefficient varies within a period of 0,35-04. The level of inequality limits economic freedom in society and causes stagnation. The improvement of trade-economic relations between Georgia and Ukraine can contribute to the elimination of inequalities in income and the welfare of the population.

Ukraine in the trade relations with Georgia in 2014-2016 has moved from the 3rd place to the 8th place according to the export data, and according to the import was 6th place. The trend of decrease is also observed in the current period. Due to the trend of decreasing trade relations, experts estimate that export losses are only 30 million USD in January-February of 2016.

Except the trade-economic relations, Ukraine is an important economic partner for Georgia, even with the utilization of investment potential. In 1996-2015 Georgia invested 63 million USD from Ukraine, while the volume of investments from Georgia amounted to 14.7 million USD. Accordingly, Ukraine's investments are positive and 48.3 million dollars, which will have a positive effect on the economic development of the countries.

Conclusion. The trends of development of Georgia and Ukraine and the trade-economic relations between these two countries, the identification of the impeding factors of development has revealed a number of problems, including:

- Georgia and Ukraine according to quantitative indicators (area, population, GDP, agricultural land, etc.) are different countries, but calculating one per capita economic indicators are almost similar. Countries have a resource potential for economic development, but their level of use is quite low, which negatively impacts economic growth trends. Effective use of resource potential is a significant reserve of economic growth;
- the overall trade turnover between Georgia and Ukraine has decreased by 13.7% in recent years. Changes in the trade sector between Georgia and Ukraine are

caused by economic and non-economic reasons. The main impact of the decrease in trade turnover and the deterioration of economic indicators have caused unstable conditions in Ukraine. In accordance with market risks, exporters and importers moved in anticipation, which significantly reduced the export-import volume. The trade volume and export-volume volume between Georgia and Ukraine is expected to be stabilized by political and economic factors;

- the inflation of Ukrainian hryvnia has led to a reduction in the purchasing power of this country, and consequently decreased revenues from exports have risen in the short term, exported from Georgia to Ukraine. The fluctuation rate of the Georgian Lari also affected the economic processes between Georgia and Ukraine. Larisa and Green stabilization will increase markets' purchasing power and sustainable sustainability of the country's gross revenue;
- because of the visa-free regime with the European Union and high market capacity, some of the producers in Georgia have replaced export-oriented markets in relatively stable markets, mainly in EU countries. These markets became an alternative to the Ukrainian market, especially for agro-food products. Ukraine is a traditional partner country for Georgia, and therefore, developing and implementing stimulating economic policies, it is possible to expand partnership relations between the two countries, especially in the agricultural sector;
- negative trends of economic development are high inflation in Georgia, especially in Ukraine. This process leads to reduction of real income in the population and negatively impact on the demand for work force. The level of unemployment in these countries worsens poverty and reduces the welfare of the population. It is necessary to set up economic mechanisms for reducing inflation and stabilization.
- in Georgia and Ukraine, trends of demand for investments are observed by the state, but lately the tendency of increasing demand for business sector investments is not observed. This conjuncture is a hindering factor for sustainable development of the economy. Increasing investment in business sphere is a key step in economic growth. With the improvement of the business environment and the relevant legislative initiatives, the state needs to provide businessmen with an interest in investing.

Prospects for further research. Thus, the conclusion is that Ukraine and development trends have primarily a positive impact on the trade-economic relations and economic growth in the short run, however, failed to provide Georgia and Ukraine's economy, raising competitiveness and inclusive economic growth for sustainable development Conditions for the long term. Economic growth trends did not have a significant impact on the reduction of unemployment and poverty rates, not substantially reflected on the welfare of these countries. Increasing prosperity by reducing unemployment, improving labor and living conditions, forming a basic social security system and developing human capital. Based on this, it is necessary to develop a new economic policy that will be based on innovative approaches and models.

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СУЧАСНІ ТЕНДЕНЦІЇ ТА ВИКЛИКИ ЕКОНОМІЧНОГО РОЗВИТКУ ГРУЗІЇ: ПОРІВНЯЛЬНИЙ АНАЛІЗ ГРУЗІЇ ТА УКРАЇНИ

Стратегія економічного розвитку Грузії спрямована на швидке економічне зростання, яке забезпечує зміцнення конкурентоспроможності країни. На підставі стратегії визначається створення такої країни, яка буде носієм європейських цінностей та високоякісної системи освіти, економічно встановлена на принципах вільного ринку, орієнтована на експорт, конкурентоспроможна в регіоні. Для досягнення таких цілей важливо розглянути три основних принципи: 1. Забезпечення швидкого та ефективного економічного зростання, орієнтованого на розвиток реального (промислового) сектору економіки. 2. Економічна політика підтримки всеохоплюючого економічного зростання. 3. Раціональне використання природних ресурсів у процесі економічного розвитку.

Основним напрямком зовнішньої та внутрішньої політики Грузії є інтеграція в ЄС. Відповідно, для країни важливим є ефективне виконання "Угоди про асоціацію між Грузією та ЄС" та розвиток економічного співробітництва з країнами-партнерами.

Для оцінки пріоритетів інклюзивного економічного зростання та розвитку міжнародних відносин у Грузії необхідно вивчити тенденції соціально-економічного розвитку та виявити чинники, що перешкоджають процесам економічного зростання.

Ключові слова: *економічний розвиток; порівняльний аналіз; виклики; Грузія; Україна.*

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СОВРЕМЕННЫЕ ТЕНДЕНЦИИ И ВЫЗОВЫ ЭКОНОМИЧЕСКОГО РАЗВИТИЯ ГРУЗИИ: СРАВНИТЕЛЬНЫЙ АНАЛИЗ ГРУЗИИ И УКРАИНЫ

Стратегия экономического развития Грузии направлена на быстрый экономический рост, обеспечивает укрепление конкурентоспособности страны. На основании стратегии определяется создание такой страны, которая будет носителем европейских ценностей и высококачественной системы образования, экономически установлена на принципах свободного рынка, ориентированная на экспорт, конкурентоспособная в регионе. Для достижения таких целей важно рассмотреть три основных принципа: 1. Обеспечение быстрого и эффективного экономического роста, ориентированного на развитие реального (промышленного) сектора экономики. 2. Экономическая политика поддержки всеобъемлющего экономического роста. 3. Рациональное использование природных ресурсов в процессе экономического развития. Основным направлением внешней и внутренней политики Грузии является интеграция в ЕС. Соответственно, для страны важно эффективное выполнение "Соглашения об ассоциации между Грузией и ЕС" и развитие экономического сотрудничества со странами-партнерами. Для оценки приоритетов инклюзивного экономического развития международных отношений в Грузии необходимо изучить тенденции социально-экономического развития и выявить факторы, препятствующие процессам экономического роста.

Ключевые слова: *экономическое развитие; сравнительный анализ; вызовы; Грузия; Украина.*