

# Caucasus and Central Asia market and our focus



# Regional Context for Economic Growth

- Ø In 2020 The hardest economic turmoil fixed in Armenia with – 8.0% caused not only by Covid19 Affect but also by Political and Military tensions. With the same conditions Azerbaijan faced 5% decrease in GDP.
- Ø Based on The World Bank Forecast Georgia will be leader in the Caucasus region with expected Economic Growth level by 4.0%, followed by Armenia 3.1% and Azerbaijan 1.9% in 2021.
- Ø In 2020 Uzbekistan with 0.6% and Tajikistan with 2.2% GDP growth were the only states in Post soviet Countries having positive performance within Covid19 Pandemic.
- Ø Prominent Forecast is declared for Central Asian Countries' Economic development in 2021 with leading position for Uzbekistan 4.3%, followed by Kyrgyz Republic 3.8%, Tajikistan 3.5% and Kazakhstan by 2.5%.

Europe and Central Asia country forecasts  
(Real GDP growth at market prices in percent, unless indicated otherwise)

	(Real GDP growth at market prices in percent, unless indicated otherwise)					Percentage point differences from June 2020 projections	
	2018	2019	2020e	2021f	2022f	2020e	2021f
Georgia	4.9	5.1	-6.0	4.0	6.0	-1.2	0.0
Azerbaijan	1.5	2.2	-5.0	1.9	4.5	-2.4	-0.3
Armenia	5.2	7.6	-8.0	3.1	4.5	-5.2	-1.8

Source: The World Bank.

Europe and Central Asia country forecasts  
(Real GDP growth at market prices in percent, unless indicated otherwise)

	(Real GDP growth at market prices in percent, unless indicated otherwise)					Percentage point differences from June 2020 projections	
	2018	2019	2020e	2021f	2022f	2020e	2021f
Kazakhstan	4.1	4.5	-2.5	2.5	3.5	0.5	0.0
Kyrgyz Republic	3.8	4.5	-8.0	3.8	4.5	-4.0	-1.8
Tajikistan	7.3	7.5	2.2	3.5	5.5	4.2	-0.2
Uzbekistan	5.4	5.6	0.6	4.3	4.5	-0.9	-2.3

Source: The World Bank.



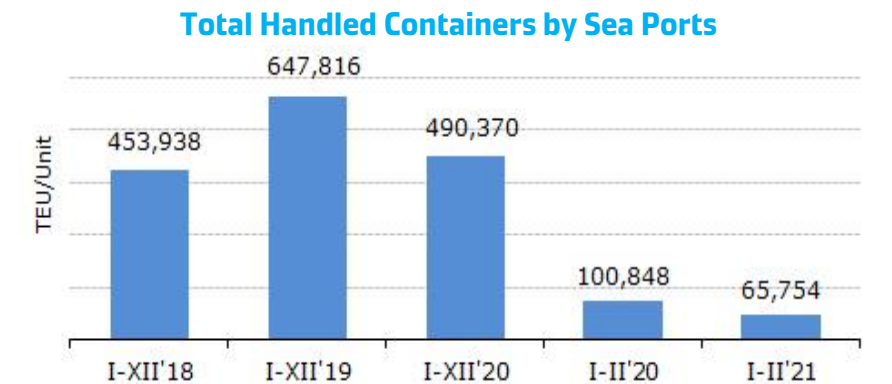
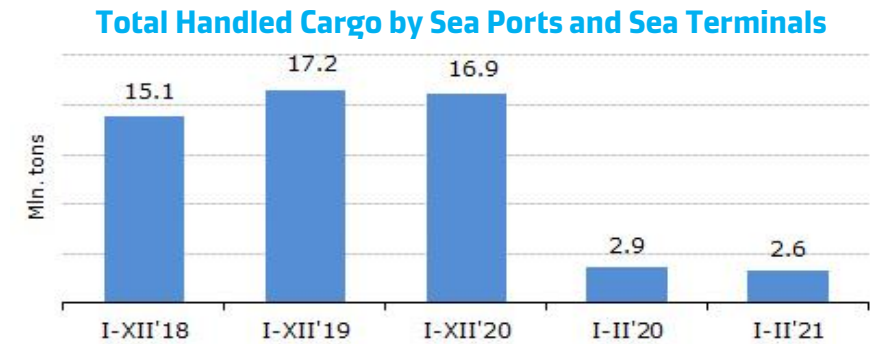
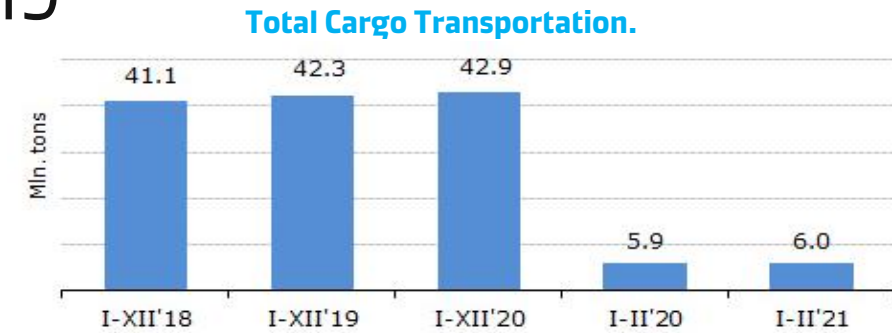
# Georgia Container Industry within Covid19

Ø Despite the Covid19 negative effect on Georgia's Economic growth, Total cargo Transportation kept positive trend with 0.6 Mln. tons increase in 2020 compare to the previous year. The same positive development we can see in Jan-Feb of 2021 compared with the same period last year.

Ø Handled Cargo by Sea Ports and Sea Terminals showed slight decrease in 2020 by 0.3 Mln. Tons compare with previous year. Besides, the same amount difference was applicable between amount of first two months in 2021 vs Jan-Feb data of 2020.

Ø Total Volume of Handled Containers (TEU) by Sea ports was drastically dropped down by 24,3% in 2020 compare with 2019. The same negative trend is declared in the beginning of 2021.

Ø Volume of Handled Containers was decreased in both main Sea Ports in Poti and Batumi. Based on first two months of 2021 to the same period last year Poti Sea Port volume-wised performance shrunk by 31.6%, while Batumi Sea Port underperformed by 44.7%.



Source: The Ministry of Economy and Sustainable Development of Georgia



# Reasons behind decreased turnover In Georgia

## Macroeconomic Determinants

- Economic Downturn with negative GDP growth by - 6% in Georgia;
- Depreciated GEL against USD by 19.6%;
- Increase of Discount Rate by 16.9%, thus enlarged Commercial Loan burdens;
- Public Debt exceeded the critical level and reached 62.8% of GDP;
- Declined Amount of Public Procurement for immense Infrastructural Projects;
- Dwindled Money Transferees in USD & EUR from Abroad to Georgia.

## Regional Economic Determinants:

- Economic turmoil in Armenia with growth of - 8%;
- Azerbaijan faced 5% decrease in GDP;
- Kazakhstan managed to fix Economic performance on -2.8%;
- Kyrgyz Republic as Armenia Economic Development drastically plummeted by 8%;
- Tajikistan and Uzbekistan Economic performance reduced till 2.2% and 0.6%.

## Interindustry Determinants:

- Container shortage in FEA, mostly in China;
- Space unavailability in FEA, mostly in China;
- Carriers internal priorities
- Increased Rates on OF by approx. 250% on Far and Middle East Regions;
- Establishment of Alternative Logistical Solutions for FEA;
- Bander Abas Port Activation by using indirect routings.

# Maersk in Georgia - Opportunities for Caucasus & CA

In order to Navigate through the Pandemic storm and to make sure logistics run smoothly we as Global Container Logistic Integrator:



Actively Communicating with Customers to be posted on the production schedule and accordingly informing customers about any possible delays;



Offering an alternative Logistic Solutions with Intercontinental Rail Service (ICR) from China to Georgia and Azerbaijan;



Offering Rail Combined Mode (RCM) In land Delivery service to offer One Stop Shop Handling for Azerbaijanian market;



Creating Direct Inland services from Poti till Central Asia Land Locked Countries with Multimodal Solutions.