

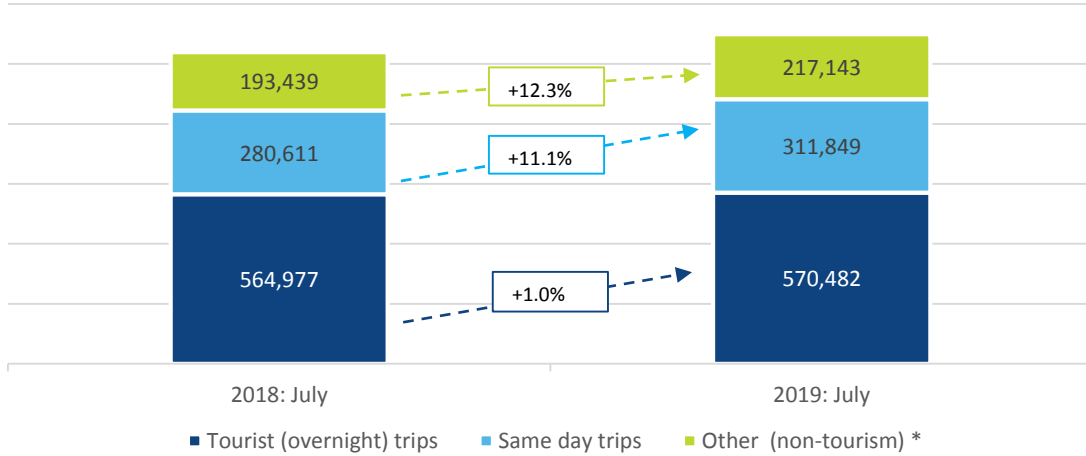
- ❑ The total number of visitors increased by 4.3% YoY in July while the number of tourists was up by 1.0% YoY over the same period. Non-tourism* trips went up by 12.3% and the total number of travelers, including all types of visits of non-residents increased by 5.8%.
- ❑ Despite the drop from Russia and even larger one from Iran, slightly positive dynamics were maintained thanks to the balancing impact from other countries. Furthermore, as weekly data indicates, the ending weeks of July were characterized with the improving performance – on the one hand, the decline from Russia was moderating and on the other, the composition of international visitors was changing in favor of the countries with much higher per visitor spending, such as visitors from the EU, Saudi Arabia and Israel.
- ❑ As for the inflow estimates, those are based on surveys with material adjustments as the survey results are volatile. The adjustments are made for the monthly data as well as later, for the balance of payments quarterly numbers, also incorporating the results of updated surveys. Therefore, the final official estimates of inflows are not yet available.
- ❑ According to the TBC Research estimates, tourism inflows** in July likely dropped slightly YoY in the range of -5% to 0% or from around -20.0 mln USD to 0 in absolute terms, when expressed in USD. Measured in EUR and GEL, the increase stood in the range of -1% to 4% and 11% to 17%, respectively.
- ❑ Going forward, up to 5% growth of tourism inflows in USD terms over the next 12 months seems reasonable with 3.4% increase based on updated information. This implies around 6% and 9% increase in FY 2019 and 2020. Without the flight ban, the growth would have been around 17% over the next 12 month and 15% and 16% for the FY 2019 and 2020.
- ❑ The projection is based on the assumption of around initial 30% and thereafter around 20% of inflows drop from Russia over July 2019 – June 2020, the base effect of Iran to wane starting from October 2019, inflows from Turkey, after being declining until June 2019, to rise by around 5%. As for the other countries, trend rate of growth is assumed, however, with the declining tendency. For the major source countries/regions this translates into EU increasing at around 30%, Armenia and Azerbaijan at around 5%, Israel at 20%, while Ukraine, other CIS countries, middle east excluding Iran in the range of 15 to 25% and other countries in the range of 10-15%.

**non-tourism international trips include travelers under 15 and those who cross border more than 8 times in a year*

***There is considerable amount of uncertainty regarding the tourism inflows as latest surveys indicate decline of per visitor spending, even before the introduction of the flight ban, partly to be explained by the GEL depreciation against the USD and lower per visitor spending when measured in USD, leading to the downward revision of Q2 2019 numbers. Since the publication of this update Q2 inflows' growth figures were revised down, also affecting the projection of tourism inflows (see latest [monthly update](#)).*

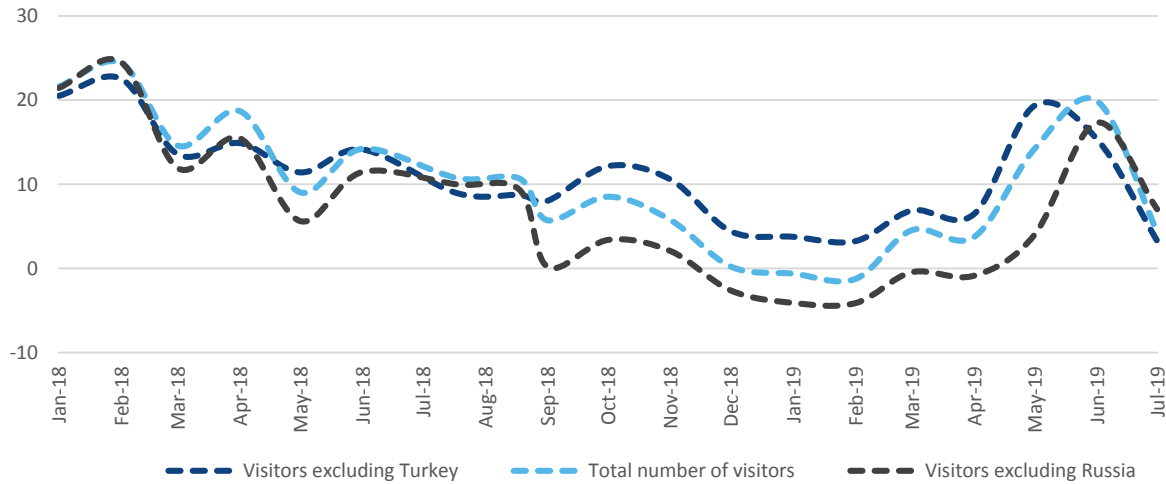
All categories of trips up, other than arrivals by planes

Breakdown of international traveler trips in July
(Persons)

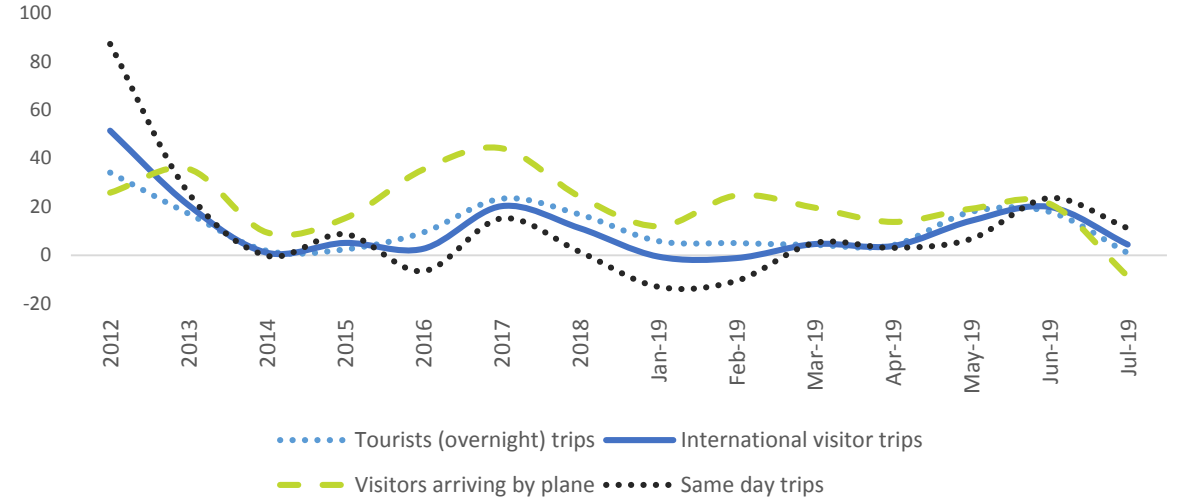


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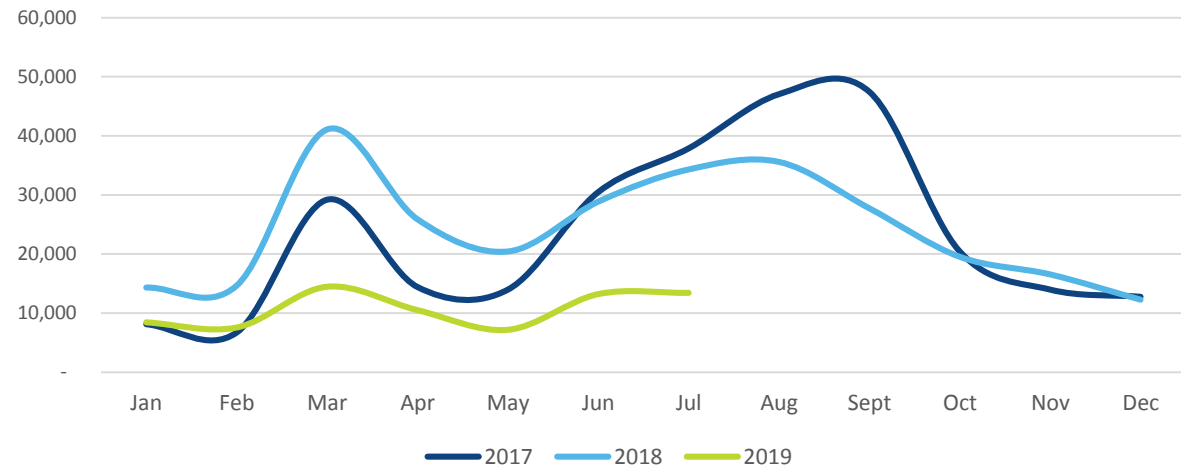
Annual growth of number of visitors
(including overnight trips, %)



Growth of visitors by types of visits
(YoY, %)

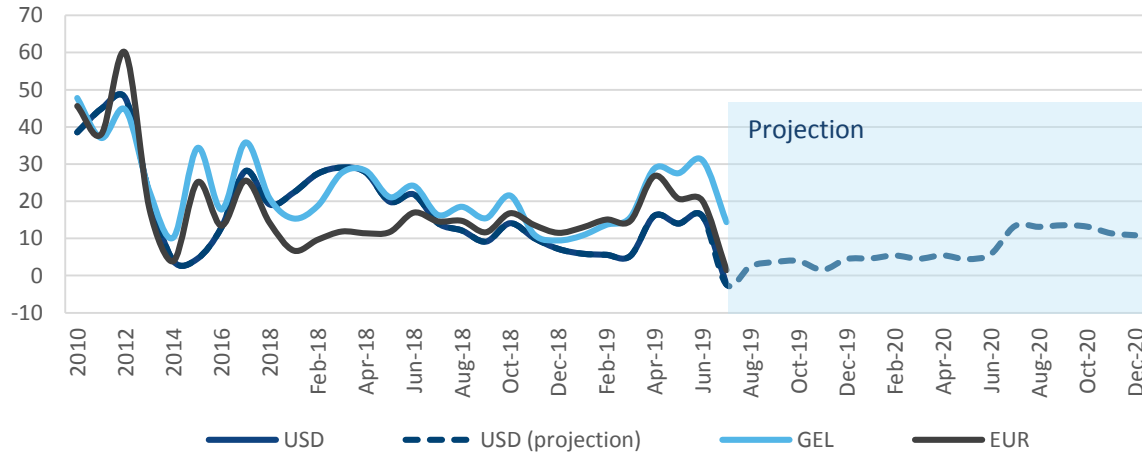


Number of visitors from Iran
(Persons)



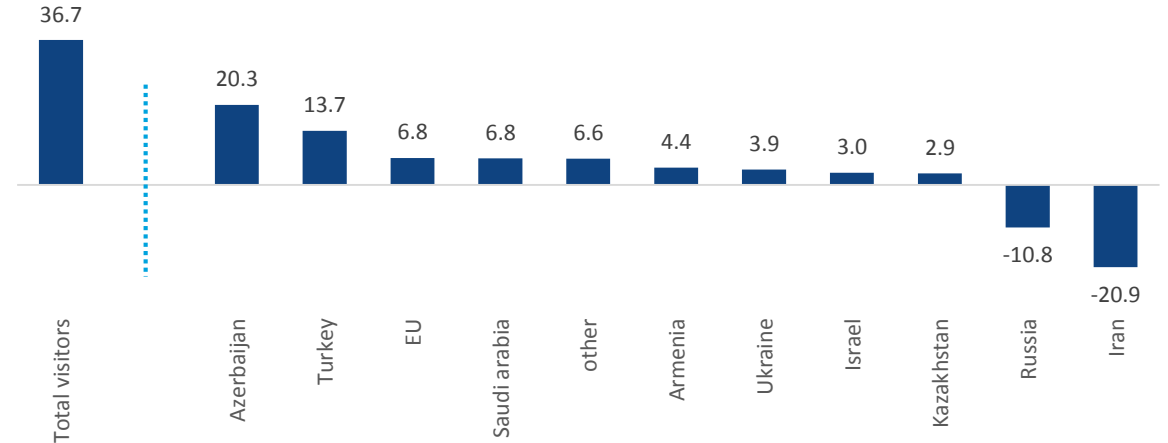
Inflows' growth up to 5% in USD terms in coming months

Growth of tourism inflows* in different currencies and projections (YoY,%)

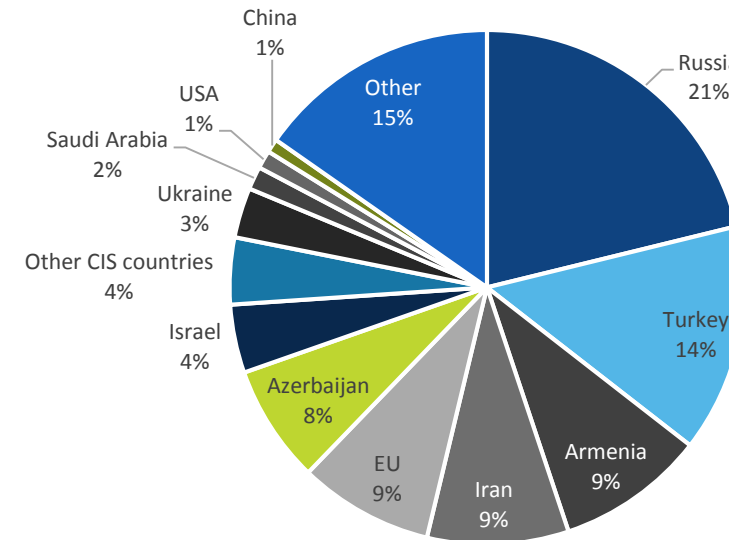


*Since the publication of this update Q2 2019 tourism inflows' growth was revised downwards. There is considerable amount of uncertainty regarding the tourism inflows as latest surveys indicate decline of per visitor spending, even before the introduction of the flight ban, partly to be explained by the GEL depreciation against the USD. Therefore, the estimates given in this publication differ from those published in the latest [monthly update](#).

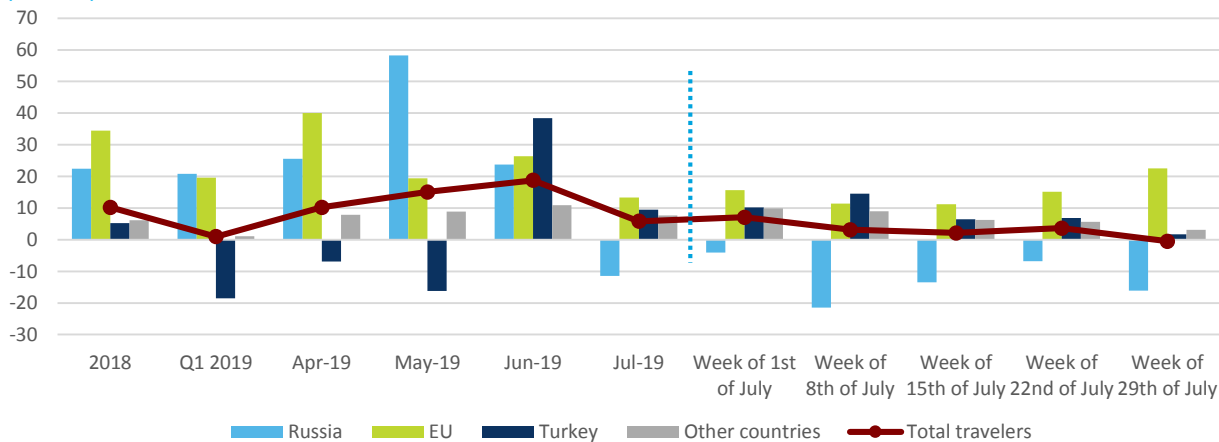
Change of international visitors by countries in July (YoY, 1000 persons)



Share in tourism inflows (2018)



Growth of all types international travelers** by countries/regions (YoY, %)



**including tourists, same day trips, and non-tourist arrivals.

Source: MIA, GNTA, NBG, TBC Research estimates

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