

ცხუმ-აფხაზეთის მეცნიერებათა აკადემია

XXVIII

მეცნიერებათა  
მეცნიერებათა

# მეცნიერებათა XXVIII

ცხუმ-აფხაზეთის მეცნიერებათა აკადემია



ცხუმ-აფხაზეთის მეცნიერებათა აკადემია  
Tskhum-Abkhazian Academy of Sciences

შ რ ო მ ე ბ ი  
PROCEEDINGS  
XXIII

რეცენზირებადი და რეფერირებადი სამეცნიერო ჟურნალი  
Peer-reviewed and refereed scientific journal

Google Scholar

თბილისი 2023  
Tbilisi 2023

**რედაქტორი:** თემურ ჩილაჩავა

**რედაქტორის მოადგილე:** თემურ შენგელია

**პასუხისმგებელი მდივანი:** გიორგი ფოჩხუა

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ISSN 2233-3363 (Print)

ISSN 2720-8370 (On-line)

უაკ (UDC) 908(479.224)

c-998

# წინასიტყვაობა

ცხუმ-აფხაზეთის მეცნიერებათა აკადემია დაარსდა 2011 წლის 17 იანვარს სრულიად საქართველოს კათალიკოს-პატრიარქის, მცხეთა-თბილისის მთავარეპისკოპოსის, ბიჭვინთისა და ცხუმ აფხაზეთის მიტროპოლიტის, უწმინდესისა და უნეტარესის ილია II ლოცვა-კურთხევით.

2011 წლიდან აკადემიამ დაიწყო სამეცნიერო შრომების კრებულების გამოცემა, სადაც წარმოდგენილია სამეცნიერო კვლევები აქტუალურ საკითხებზე, მათ შორის აფხაზეთის პრობლემატიკაზე. სამეცნიერო ჟურნალებში ძირითადად გამოქვეყნებულია აფხაზეთის მკვიდრ და აფხაზეთის თემატიკაზე მომუშავე მეცნიერების კვლევები, ასევე ჟურნალებში წარმოდგენილია საქართველოს სხვა კუთხეებისა და უცხოელი მეცნიერების ნაშრომები.

2023 წლის 18 ივნისს ცხუმ-აფხაზეთის მეცნიერებათა აკადემიამ ჩაატარა I საერთაშორისო სამეცნიერო კონფერენცია „ეკონომიკური განვითარების აქტუალური პრობლემები და გამოწვევები თანამედროვე მსოფლიოში“.

კონფერენციაზე პლენარული მოხსენება „საქართველოს ეკონომიკური გამოწვევები კონფორტაციული გლობალიზაციის პირობებში“ გააკეთა საქართველოს მეცნიერებათა ეროვნული აკადემიის აკადემიკოს-მდივანმა აკადემიკოს ვლადიმერ (ლადო) პაპავამ.

კონფერენციაზე მუშაობდა ორი სექცია: ეკონომიკისა და ბიზნესის, ასევე ტურიზმის.

სამეცნიერო კონფერენციაზე გაკეთებული მოხსენებებიდან შეირჩა საუკეთესოები, რომლებიც წარმოდგენილია ცხუმ-აფხაზეთის მეცნიერებათა აკადემიის 23-ე ტომში.

ცხუმ-აფხაზეთის მეცნიერებათა აკადემიის პრეზიდენტი  
აკადემიკოსი თემურ ჩილაჩავა

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## Preface

Tskhum-Abkhazian Academy of Sciences was founded on January 17, 2011 with the blessing of the Catholicos-Patriarch of All Georgia, Archbishop of Mtskheta-Tbilisi, Metropolitan bishop of Bichvinta and Tskhum Abkhazia, His Holiness and Beatitude Ilia II.

Since 2011 the Academy has begun publishing collections of scientific works, which present scientific studies on current issues, including the problems of Abkhazia. Researches by natives of Abkhazia and scientists working on Abkhazian topics are mainly published in scientific journals. The Journals also present works of authors from different parts of Georgia and foreign scientists.

On June 18, 2023, the 1<sup>st</sup> International Scientific Conference “The Main Problems and Challenges of the Economic Development in the Modern World” was held by the Tskhum-Abkhazian Academy of Sciences.

At the conference, the academician-secretary of the National Academy of Sciences of Georgia, academician Vladimer (Lado) Papava made a plenary report “Economic challenges of Georgia in the conditions of confrontational globalization”.

Two sections worked at the conference: economy and business, as well as tourism. The best ones have been selected from the papers made at the scientific conference that are presented in the Volume XXIII of the Tskhum-Abkhazian Academy of Sciences.

President of Tskhum-Abkhazian Academy of Sciences  
Academician Temur Chilachava

## METHODOLOGY OF ETHNO-CULTURAL RESEARCH ON IMPACT SOCIAL CAPITAL ON ECONOMY

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*Presented by the Scientific Committee of the 1<sup>st</sup> International Conference and the Institute of Economics and Business of the Tskhum-Abkhazian Academy of Sciences*

**Abstract.** Within last 50 years, one of the most important scientific problems, which has become the subject of scientific research for economists, sociologists, historians and psychologists, is the social capital. The concept “social capital” is not homogenous, and its etymological and linguistic explanation is not uniform; it belongs to the sphere of multidisciplinary research. In economic literature intensive discussion of the concept of “social capital” started in the beginning of the 1990s. Great interest of the scientists in the concept of “social capital” can be explained with the fact that the founders of the present theory distinctly determined the fundamentals of economically efficient functioning of the modern society, by such concepts as: social networks, trust, culture, etc. Analysis of the scientific literature clarifies that important studies on separate aspects of the social capital exist in the modern economic science; however, this problem, especially, its multicultural aspects and influence on business, has not been fully studied both from the viewpoint of theory and practice.

**Keywords:** *Social capital, ethnic groups, culture, measurement.*

**Introduction.** Analysis of the scientific literature shows that the term “social capital” has been introduced by renowned scientists - politologist [Putnam, 2001] and sociologist J. Koulman [Koulman, 2001]. Their scientific works were dedicated to study of different aspects of the social capital. To this problem J. Koulman dedicated more than one important studies, among them should be mentioned his fundamental work [Koulman, 2001], in which he explains the nature of social and human capital. Since the day of its publication the sphere of special capital research significantly widens and it becomes the subject of intensive scientific study.

Under the social capital we understand a complex of human relations, which experiences conversion in human, financial, physical and other forms of capital [Shengelia, 2017]. Existence

of such capital in the social groups promotes improvement of efficiency in production [Koulman, 2001], that's why this concept has occupied an important place in the theory and practice of modern management. The society, in which the social capital reveals positive influence on economic processes and events, is characterized by fast economic growth, and its members are given more opportunity for development. Social and economic capital can be characterized by common indicators, such as: opportunity of accumulation, liquidity, ability of conversion and growth, limitation, opportunity of transfer, etc. Unlike economic, an ability of accumulation of the social capital is not a material indicator, but it is specificity of the network, in which the individual groups act. The scientific studies outline existence of direct correlative relation between the social capital and economic development.

### **Origin and Development of the Conception of “Social Capital”**

We should search for the historical fundamentals of the concept of “social capital” in XVIII-XIX centuries. They are connected with the works of such authors, as Durham, Simmel, Weber and Tocqueville. Modern conception of the social capital originated in the fundamental studies of three renowned scientists - Bourdieu, Koulman, Putnam [Shengelia, 2016]. They developed modern interdisciplinary theory of the “social capital”. In 1916 the term “social capital” was first used by L. Hanifan in discussion “Important substances in everyday life of people”. He considered solidarity of groups and social relations to be such substances. Deep and comprehensive sociological analysis of the “social capital” is presented in the works of French sociologist P. Bourdieu. The author explains the “social capital” as the union of human potential resources, which are connected by institutionalized strong networks of mutual acquaintance and recognition [Bourdieu, 1986]. J. Koulman considers that the social capital is a potential of mutual trust and mutual assistance, which is being purposefully formed in the interpersonal relationships [Koulman, 2001]. Multicultural aspects of the theory of social capital were developed by F. Fukuyama and other researchers; this significantly determined current condition of scientific discussions in this direction. Quite objectively F. Fukuyama considers that trust is in excess in the society forming the social capital, which differs from other forms of capital by that it is being formed and transferred through such cultural mechanisms, as religion, traditions and historical habits [Fukuyama, 2000].

It is also clear that the conception of social capital is a logical development of the human conception. The scientists consider that trust, as a component of the social capital, stimulates reduction of transaction costs, promotes exchange of rich information and harmonization of different interests of the participants. Therefore, the person's reputation becomes an important active, which exercises great influence on deepening of trusting relations. Increase of the factor of interpersonal distrust causes increased expenses. Respectively, reduction in transactional

expenses of corporations can be considered as the result of putting investment into the trust and the social capital. Fundamental research on the trust, as a determinant of the social capital is given in the book of Francis Fukuyama “The Trust”, in which the author discussed the social capital as certain potential of the society or a part of it, which is built on the trust of its members. In Fukuyama’s opinion, trust among the members of the society is expectation that other members will behave more or less honestly, more attentively to the needs of others, in compliance with the general norms established in the society. A part of these norms is connected with the fundamental values (for example, perception of God and justice), but they also involve such universal issues, as professional standards and ethical code. Fukuyama also discussed the important influence that the social capital and the trust have on the rule of society economic life. He determined the direct connection existing between the level of interpersonal and organizational trust and motivation of the company employees [Fukuyama, 2000].

### **Influence of Cultural Determinants on Social Capital**

Scientific studies determined that nature of the social capital largely depends on the cultural determinants of the society. Namely, R. Putnam considers that the social capital is historically and culturally conditioned [Putnam, 2001]. In his book “The Trust” F. Fukuyama expresses consideration that the social capital has deep cultural roots. Fukuyama determined culture as “hereditary ethnic habit” and considered that ethnic codes, on the basis of which the society regulated behavior of people, made culture the most important part of the society [Fukuyama, 2000].

Culturological studies clarify relation of the social capital with such cultural measures, as individualism and collectivism. The social capital, as a rule, is more distinctly shown in individualistic cultures [Inglehart, Baker, 2000], despite the fact that this tendency spreads on such collectivistic cultures, as in Japan and South Korea, which are distinguished with “Confucian dynamism” and high degree of trust. Studies clearly show that these countries are rich and developed industrial states, in which positive dynamics of gross domestic product (GDP) per capita is conditioned by growth of individualism [Hofstede, 1997]. Proceeding from this we can suppose that high level social capital of these countries is, first of all, connected with definite norms of cultural relations (for example, in Japan and South Korea with Confucian religion the economic progress is based on trust, which dominates not only between the family members, but between different social groups as well), and also with growth of individualism in these cultures.

Social capital is a cumulative value and growth of its accumulation happens in the background of growth in social relations of the individual with other social layers. This is well seen in the individualistic cultures, where a man can be involved in different social groups and

has a high degree of trust with its members. In the collectivistic culture deep social relations get a man closer with a small amount of groups. In his researches F. Fukuyama stresses that culture has important influence of the social capital, which is reflected in economic life of the society, while trust, due to reduction of legal formalities and bureaucracy, promotes important reduction in organizational expenses. Cultural factors play a structure-forming role [Fukuyama, 2000].

Empirical studies [Shengelia, 2017] proved existence of direct correlation between the social capital and separate determinants of culture. Famous scientist R. Inglehart discussed relations between a level of trust, economic development of the country and cultural determinants according to the religious belonging [Inglehart, 2000]. From the historical viewpoint in protestant societies a level of interpersonal trust, compared with catholic societies, is higher that is conditioned by the principle of “serving God with labor”. This tendency is preserved even if we control economic development: Important correlation is between interpersonal trust and GDP per capita ( $r=0.60$ ). The author concludes that even rich catholic countries are historically at a lower scale than the protestant states [Berishvili, 2017].

### **Measurement of Indicators of Social Capital in Ethnocultural Groups**

One of the main hypotheses of the present study is that ethnic cultures influence peculiarities of the social capital and practice of business. Table 1 shows main ethnic groups, in which in the social capital of Georgia were studied intercultural differences and the relation with economic determinants of the individuals. In the process of research were selected 578 representatives of five ethnic groups living in the central cities of Georgia (Tbilisi, Kutaisi and Batumi). The method of interviews was used in the process of research. Main goal of research was to measure the social capital of dominant ethnic groups in Georgia and to determine its influence on the business practice. In the process of interviews, a standard questionnaire was used [Shengelia T., Berishvili Kh. 2014]. Methodologically purpose of the research was to study structure of the social capital, social-economic views. Following ethnic groups were selected for research: Georgians, Azerbaijanians, Armenians, Jews, and Russians.

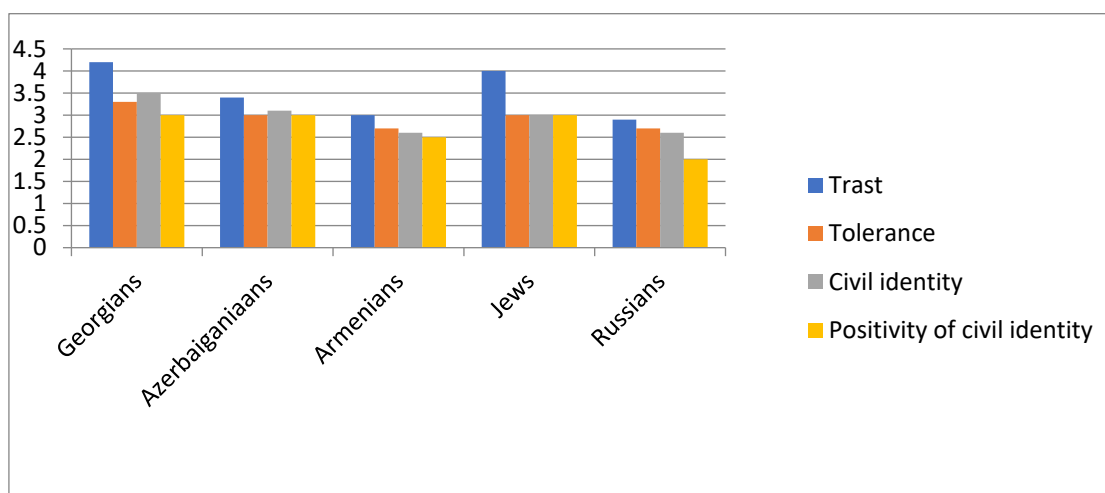
**Table № 1. Sample of study of social capital of different ethnic groups in Georgia**

Ethnic group	Number of people	Average age	Men	Women
Georgians	161	37	80	81
Azerbaijanians	130	35	75	55
Armenians	110	36	65	45
Jews	94	32	50	44
Russians	79	38	49	30

Results of measuring the social capital indicators in ethnic groups living on the territory of Georgia were reflected in histogram №1.



**Histogram №1. Measurement of the social capital indicators of five ethnic groups living on the territory of Georgia**



Histogram №1 shows that indicators of all components of the social capital are different between the ethnic groups. However, before discussing these differences it is necessary to determine to what extent they are statistically important (Table №2).

**Table №2. Differences in the social capital in compliance with Kruskal-Wallace criteria according to ethnic groups living in Georgia**

	Trust	Tolerance	Civil identity	Civil identity (positivity)
Georgians (Average rank)	443,9	445,2	436,3	433,4
Azerbaijanians (Average rank)	421,7	442,0	441,5	465,5
Armenians (Average rank)	417,1	404,2	387,6	388,5
Jews (Average rank)	401,1	366,0	370,9	380,9
Russians (Average rank)	325,5	439,1	445,3	510,2
$\chi^2$	11,0	16,3	14,5	23,0
p	0,05	0,006	0,013	0,001

In ethnic groups the lowest scores according to trust were revealed in Azerbaijanians, Armenians and Russians. In dominant ethnic groups living in Georgia the factor of trust is generally low, which is proved by other studies as well [Shengelia., Berishvili 2014]. The lowest indicator of trust is noticed in Russians - 3 scores on five-score scale and in Armenians (histogram 1), for other groups indicator of trust of middle group fluctuates approximately from

3 to 4 scores. Thus, results of the research showed that from 5 ethnic groups in 4, which significantly differ by ethnocultural determinants, the indicators of trust differ that is proved by Kruskal-Wallis H-criteria indicators. It is also important that differences exist inside the groups as well, but they are not principled; i.e. within one state it is less supposed that we'll be able to find groups, representatives of which possess very low or very high factor of trust. Therefore, we can conclude that in general a tendency of low trust dominates among the ethnic groups, which is preserved in separate ethnic groups independently of cultural peculiarities.

The research discussed an indicator of common tolerance (histogram 1), which involved indicators of tolerance among the representatives of different groups.

It can be said that common tolerance is lower in Russians and Armenians than in the representatives of other ethnic groups. In the process of estimation of tolerance indicator, we notice influence of culture of ethnic groups. At different stages of country modernization tolerance in ethnic groups can be different. Aboriginal groups, as a rule, are less tolerant towards the representatives of other groups.

According to civil identity main difference is that this indicator is low for Russians, Azerbaijanians and Armenians, but is high for Georgians and Jews. Similar tendency was fixed in the process of researching the positivity of civil identity.

Thus, if we sum up general indicators of the social capital in ethnic group studied in the research, we can conclude the following. In researched social groups trust and civil identity are low, but tolerance is higher. Proceeding from this if we consider the social capital at the macrolevel, only trust cannot always be a determinant of the social capital in the process of estimating the social capital in the polyculture society. It is insufficient to determine only interpersonal trust - it can be intergroup determinant of the social capital; such capital possibly won't go beyond an ethnic group. The social capital should be estimated systemically and outward group indicators of the social capital should be involved in the system parameters. At the social level it is: determinants of the civil identity and the level of tolerance. If we transfer determinants of the social capital of ethnic group on business practice, we can conclude that trust and tolerance play a negative role in business practice of the ethnocultural groups, when the civil identity is positively reflected in it. More than one studies were dedicated to this issue (see for example: Shengelia, 2017), in which influence of trust on development of a multinational company is studied.

**Conclusion.** Problem of the “social capital” is extensively discussed in economic and social sciences. Concept of the “social capital” is of non-homogenous and controversial nature. Difference in scientific approaches to this phenomenon complicates the methodology of its measurement. The social capital is in close relationship with the indicator of ethnic culture and

to some extent it is determined by this phenomenon. Due to this research of cross-cultural aspects of the social capital in the multicultural society and determination of their influence on development of business has become important in the process of studying the ethnocultural peculiarities of economic development of countries. Georgia belongs to such countries. The scientists proved that degree of trust is connected with economic success of the country. It is considered that in the cultures, in which trust is higher, business expenses reduce. In such countries a level of investment is higher. In the process of determining the influence of the social capital determinants on business practice in dominant ethnic group in Georgia, it was proved that trust and tolerance play a negative role in development of business, while civil identity is positively reflected in it.

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## სოციალური კაპიტალის ეკონომიკაზე ეთნო-კულტურული გავლენის კვლევის მეთოდოლოგია

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*წარდგენილია ცხუმ-აფხაზეთის მეცნიერებათა აკადემიის I საერთაშორისო კონფერენციის სამეცნიერო კომიტეტისა და ეკონომიკისა და ბიზნესის ინსტიტუტის მიერ*

**აბსტრაქტი.** ბოლო 50 წლის განმავლობაში ერთ-ერთი უმნიშვნელოვანესი სამეცნიერო პრობლემა, რომელიც გახდა ეკონომისტების, სოციოლოგების, ისტორიკოსებისა და ფსიქოლოგების სამეცნიერო კვლევის საგანი, არის სოციალური კაპიტალი. ცნება “სოციალური კაპიტალი” არ არის ჰომოგენური და მისი ეტიმოლოგიური და ლინგვისტური ახსნა არ არის ერთგვაროვანი; ის მულტიდისციპლინარული კვლევის სფეროს განეკუთვნება. ეკონომიკურ ლიტერატურაში “სოციალური კაპიტალის” კონცეფციის ინტენსიური განხილვა დაიწყო 1990-იანი წლების დასაწყისში. მეცნიერთა დიდი ინტერესი “სოციალური კაპიტალის” კონცეფციით აიხსნება იმით, რომ დღევანდელი თეორიის ფუძემდებლები მკაფიოდ განსაზღვრავდნენ თანამედროვე საზოგადოების ეკონომიკურად ეფექტიანი ფუნქციონირების საფუძვლებს ისეთი ცნებებით, როგორიცაა: სოციალური ქსელები, ნდობა, კულტურა და ა.შ. სამეცნიერო ლიტერატურის ანალიზი ცხადყოფს, რომ თანამედროვე ეკონომიკურ მეცნიერებაში არსებობს მნიშვნელოვანი კვლევები სოციალური კაპიტალის ცალკეულ ასპექტებზე, თუმცა, ეს პრობლემა, განსაკუთრებით მისი მულტიკულტურული ასპექტები და გავლენა ბიზნესზე, ბოლომდე არ არის შესწავლილი როგორც თეორიის, ასევე პრაქტიკის თვალსაზრისით.

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## FEATURES OF THE USE OF LOGISTICS IN THE FIELD OF BANKING SERVICES

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**Abstract.** The article discusses the main banking processes from the point of view of logistics. The bank's financial flows are defined and presented in the form of logistic flows, the stages of the mentioned flows are described. The opinions of the authors given in the paper about the indicated main shortcomings of banking logistics, among which the following are distinguished: the difficulty of finding and calculating information; the presence of a large number of adjustments related to the peculiarities of accounting; Difficulty in long-term planning; Absence of an adequate basis for comparison with analogues. It is also important that the analysis should be carried out on the information base of the balanced system of indicators, which was developed by D. Norton and R. Kaplan in the early 1990s of the 20th Century, which is a combination of non-financial indicators characteristic of the traditional financial and bank development perspective of the past period. The article presents a proposal from the authors, according to which it is appropriate to use a complex approach in the practice of logistics, thus compensating for certain shortcomings.

**Keywords:** *Banking logistics, logistic processes of the bank.*

Banking logistics itself is a system of planning, analysis, accounting and control of flow processes of banking activity.

The bank's logistics processes are realized on the basis of economic instruments (methods). There are a significant number of effective economic methods of bank logistics. In order to facilitate their selection, it is considered expedient to systematize the given methods

according to logistics elements, such as: planning, analysis, accounting, control (Table 1). In addition, the applicable economic methods of bank logistics depend on the operational or strategic period of the bank's activity.

In our opinion, the most important tool of logistics, which is important in any type of bank's activity, is the control of compliance of the actual indicators with the plan and the analysis of the bottlenecks related to it.

In the system of analysis of planned and actual indicators, the data about the already happened financial and economic facts, which are formed in the banking accounting system, are processed. When comparing planned and actual data, real and expected indicators are combined, not only for the past and present, but also for the future. As a result of the mentioned, the financial service of the bank has the opportunity to provide the management with relevant information for making management decisions in the interests of the bank's future development. Thus, deviations are a signal about the need to plan measures in relation to the perfection of the bank's activities.

**Table 1. Classification of economic methods of bank logistics**

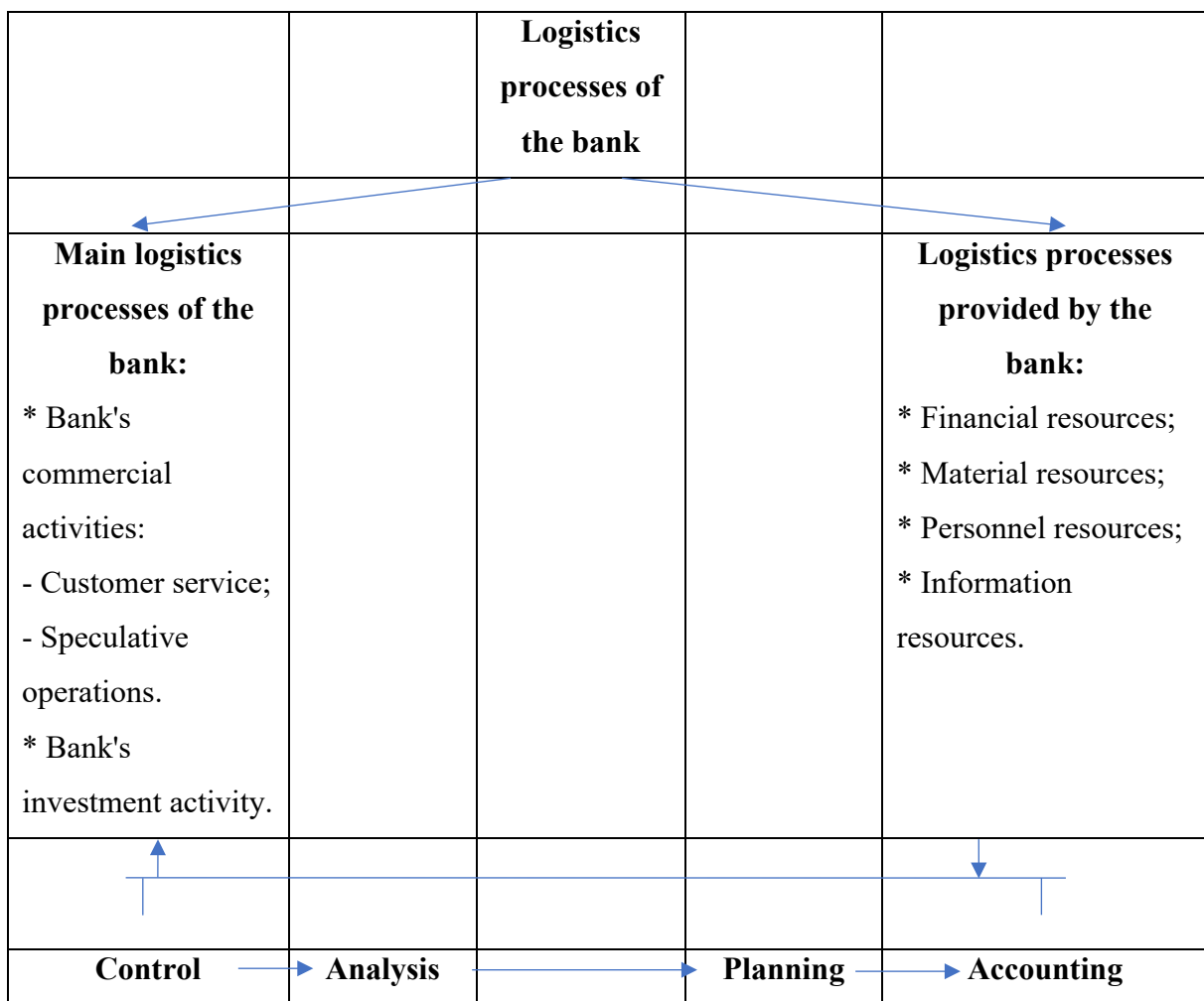
	<b>Methods:</b>	
<b>Applicability of methods:</b>	<b>Strategic time period:</b>	<b>Operational time period:</b>
Planning	<ul style="list-style-type: none"> <li>- Budgeting;</li> <li>- Hierarchy of strategy;</li> <li>- Balanced indicator system (Balanced Scorecard).</li> </ul>	<ul style="list-style-type: none"> <li>- Financial planning;</li> <li>- Planning the results of the bank's activities;</li> <li>- Efficiency indicators according to the subdivisions of the bank.</li> </ul>
Analysis	<ul style="list-style-type: none"> <li>- Methods of expert assessments;</li> <li>- Methods of statistical analysis.</li> </ul>	
Accounting		<ul style="list-style-type: none"> <li>- Reports on the bank's economic activity;</li> <li>- Management reporting system;</li> <li>- Reporting analysis methods.</li> </ul>
Control	<ul style="list-style-type: none"> <li>- Control of conformity of actual indicators with the planned (deviation analysis);</li> <li>- Early warning system;</li> <li>- Narrow places analysis.</li> </ul>	

Some researchers recommend that this analysis be carried out on the information base of the Balanced Scorecard (BSC), which was developed in the early 1990s of the 20th century by D. Norton and R. Kaplan, which is widely spread in today's world practice. The balanced system of indicators is a combination of traditional financial indicators characteristic of the past period with other indicators, including non-financial ones characteristic of the strategic perspective of the bank's development.

The bank's logistics processes can be divided into two groups (Fig. 1):

- Basic logistics processes;
- Providers of logistics processes.

**Figure 1. Logistic processes of the bank**



The main logistics processes of the bank are the processes that are necessary for the commercial and investment activities of the bank, related to the execution of the current work (credits, deposits, deposit operations, corporate finance, management of accounts, etc.). Control and analysis processes belong to them.

The providers of the bank's logistics processes are the processes of providing the bank with resources, and they include the distribution of financial, material, personnel and



informational resources for the implementation of banking services. These processes also include strategic planning and accounting.

Consider the bank's logistics processes on the example of financial flows, which are the central link in the bank's logistics system. The study of the literature in relation to this issue showed us that a small number of scientific papers are dedicated to the study of the financial flows of the bank. Among the researchers, there is no unified opinion regarding the essence of the bank's financial flows. In our opinion, the movement of financial resources in monetary form should be understood under the bank's financial flow.

The peculiarity of the bank's financial flow structure is related to the specifics of direct banking activity. As a whole, the bank's financial flow is a combination of cash flows related to operational, innovative and financial activities (Fig. 2).

The logistical process of cash flows through the bank consists of several continuously repeating elements (stages):

- Cash flow planning in terms of different types of bank activities;
- Bank cash flow analysis;
- Bank cash flow accounting;
- Providing effective control over the bank's cash flows.

**Figure 2. Financial flows of the bank**

Financial flows of the bank		
Cash flow from operating activities	Cash flow from investing activities	Cash flow from financial activities
Cash gain (loss)	Cash flows from the purchase (sale) of fixed assets, intangible assets and other long-term assets	Issue of shares, Redemption of own shares
Cash flows from changes in operating assets	Cash flows from the purchase (sale) of investment securities	Sale of previously redeemed own shares
Cash flows from changes in operating liabilities	Cash flows from acquisitions (sales) from subsidiaries and structural units	Payment of dividends

The first stage of the bank's cash flow logistics process is cash flow planning - it is predictive in nature with efforts to determine the uncertainty of a number of initial proposals. Therefore, it is carried out in the form of multivariate planning calculations and is called upon to solve a number of tasks, such as ensuring current planning, coordination of subdivision activities, substantiation of bank expenses, creation of a base for evaluation and control of banking activity plans.

The main goal of the second stage of the bank's cash flow logistics process is cash flow analysis - it represents the balance of cash flows passing through the bank. Therefore, one of the main problems that need to be constantly solved in the process of banking activity is the problem of liquidity.

Analysis of cash flows is one of the most important stages of the bank's cash flow logistics process, as a result of which the main directions and methods of ensuring the balance of the bank's cash flows are determined, and the reserves for increasing the efficiency of management considered in financial planning are revealed.

In the process of implementation of the third stage, coordination of the functions and tasks of the bank's accounting, financial and operational management services is carried out. Its main purpose is the organization of accounting and the formation of appropriate reporting, which provides bank managers with the necessary information for their comprehensive analysis, planning and control.

The object of the fourth stage - control of the bank's cash flows is the detection of the formation of the proportionality of cash flows and liquidity. In case of deviations from the planned indicators, it will be necessary to identify their reasons, evaluate them from the point of view of objectivity and take them into account when forming the plan for the next period. It should be noted that at any stage of the logistical process of cash flows, the bank should focus on optimizing cash turnover and finding ways to increase its effectiveness.

Analytical papers may use expert evaluation methods and statistical analysis methods. Among them, the first one is implemented on the basis of mediated matrices of expert preferences, and the second one is as a regression and dispersion analysis method, an exponential accumulation method, a multivariate statistical analysis method.

Based on the above, it is possible to make the following short conclusion:

1. It is indicated that the main shortcomings of the indicated methods of banking logistics, in the opinion of the authors, are: The difficulty of finding information and the difficulty of calculation; The presence of a large number of adjustments related to the peculiarities of accounting; Difficulty in long-term planning; Absence of an adequate basis for comparison with analogues.

2. It is noted that this type of analysis should be carried out on the information base of the Balanced Scorecard (BSC), which was developed in the early 1990s. by D. Norton and R. Kaplan. The balanced system of indicators is a combination of traditional financial indicators characteristic of the past period and non-financial indicators characteristic of the strategic perspective of the bank's development.
3. The author's proposal is proposed that in the practice of banking logistics, a complex approach is appropriate, that is, complex tools of logistics should be used. The complex use of the above methods will be the basis for compensating each other's shortcomings.

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## ლოგისტიკის გამოყენების თავისებურებები საბანკო მომსახურებების სფეროში

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კონფერენციის სამეცნიერო კომიტეტისა და ეკონომიკისა და ბიზნესის  
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ლოგისტიკის თვალსაზრისით. ბანკის ფინანსური ნაკადები განისაზღვრება და  
წარმოდგენილია ლოგისტიკური ნაკადების ფორმითა და აღწერილია აღნიშნული  
ნაკადების ეტაპები. ნაშრომში მოცემულია ავტორების მოსაზრებები საბანკო  
ლოგისტიკის მითითებულ ძირითად ნაკლოვანებებზე, რომელთა შორის  
გამოირჩევა: ინფორმაციის მოძიებისა და გამოთვლის სირთულე; ბუღალტრული  
აღრიცხვის თავისებურებებთან დაკავშირებული კორექტირების დიდი  
რაოდენობით არსებობა; გრძელვადიანი დაგეგმვის სირთულე; ანალოგებთან  
შედარების ადეკვატური საფუძვლის არარსებობა. ასევე მნიშვნელოვანია, რომ  
ანალიზი განხორციელდეს ინდიკატორების დაბალანსებული სისტემის  
საინფორმაციო ბაზაზე, რომელიც შეიმუშავა დ.ნორტონმა და რ.კაპლანმა მე-20  
საუკუნის 90-იანი წლების დასაწყისში, რომელიც წარმოადგენს გასული პერიოდის  
ტრადიციული ფინანსური და საბანკო განვითარების პერსპექტივისათვის  
დამახასიათებელი არაფინანსური მაჩვენებლების ერთობლიობას. სტატიაში



წარმოდგენილია ავტორების წინადადება, რომლის მიხედვითაც მიზანშეწონილია ლოჯის ტიკის პრაქტიკაში კომპლექსური მიდგომის გამოყენება, რითაც ანაზღაურდება გარკვეული ხარვეზები.

*საკვანძო სიტყვები: საბანკო ლოგისტიკა, ბანკის ლოგისტიკური პროცესები.*

## IMPORTANCE OF FISCAL AND MONETARY POLICY OF THE COUNTRY'S ECONOMIC DEVELOPMENT

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**Abstract.** After the collapse of the Soviet Union and gaining independence, Georgia, as a transition economy country, faced many problems in the process of transition to a market economy, which required quick solutions and radical reforms. At such a time, it was necessary from the side of the state, on the one hand, to promote business activities and on the other hand, to implement economically necessary state regulation using such tools as fiscal and monetary policy.

In the modern world, the economic development of the country significantly depends on the fiscal and monetary policy, because in the conditions of the market economy, despite many other factors, its influence on the interest rate and aggregate demand is great. This is confirmed by Keynes' theory of liquidity preference, according to which the interest rate can balance the supply of money and the demand for money. At the same time, fiscal policy is a lever in the hands of the government that can influence the aggregate demand for goods and services in the short term.

The country went through a difficult, but more or less successful process of reforms, which adjusted the country's budgetary - tax and monetary credit systems. The mutual influence of these two regulation systems on each other is so great that their incorrect use may be harmful and hinder the economic development of the country.

The corona pandemic raging in the world in 2020-2021 showed us even more the role and importance of fiscal and monetary policy in the process of overcoming the economic crisis. Therefore, the purpose of the article is to analyze how important the mutual coordination of fiscal and monetary policies is for the positive management of macroeconomic processes, ensuring price stability and the economic development of the country.

**Keywords:** *Independent Georgia, monetary policy, fiscal policy, payment system, state budget, macroeconomics.*

Establishing an economic system based on a market economy in the first years of independence was very difficult for our country. Civil strife, hostilities in Abkhazia and South Ossetia, energy and transport blockades, an extremely tense criminal environment, loss of old traditional ties and suppliers, high labor migration, which contributed to unprecedented economic recession, hyperinflation and catastrophic unemployment. The current situation required the implementation of quick decisions and radical reforms in the country, as well as the abolition or minimization of various types of regulatory systems.

In this regard, the reforms implemented in the tax and budget system are worth noting. On January 1, 2004, the Law “On the Budgetary System of Georgia” entered into force, according to which significant changes were made in the country's budgetary regulation. According to the new tax code, thirteen general state taxes were reduced to five, and one of the six local taxes remained. Tax liberalization also took place on January 1, 2017, with the country moving to the “Estonian model” of the tax system, which means that reinvested profits by companies are exempt from taxation, allowing the private sector to use their profits for new investments and creating additional jobs.

The economic and financial crisis that developed in the world in the 21st century, as well as the coronavirus pandemic (COVID-19), revealed the increased importance of fiscal and monetary policy, as the country overcomes the economic crisis, creates jobs and produces, the improvement of macroeconomic indicators depends on fiscal and monetary incentives.

In the long term, through fiscal policy, the government can influence economic growth, and in the short term, by changing government purchases and tax rates, the combined demand for goods and services can influence supply.

If the fiscal policy carried out by the government is aimed at reducing the aggregate demand, which in itself reduces the production of goods and employment, the central bank can balance it by conducting an expansionary monetary policy, that is, by increasing the money supply, which will leave the aggregate demand for goods and consumption unchanged, and promote economic growth. Therefore, mutual coordination of fiscal and monetary policy is important for positive management of macroeconomic processes.

In the conditions of world economic globalization, price stability, low inflation, effective use of existing production resources and capital depends on the development and implementation of such fiscal and monetary-credit policy, which takes into account both the

socio-economic situation inside the country, as well as the situation outside the country, in the world economy, and Adherent processes.

On July 1, 2011, the Parliament of Georgia adopted the Organic Law “On Economic Freedom”, which came into effect on December 31, 2013. With the Constitution of Georgia and this law, the citizens of Georgia establish the guarantees of economic rights and freedoms of present and future generations. Amendments were made to the said law in December 2018 and entered into force on January 1, 2019. In order to ensure fiscal discipline and efficient management of public finances, three fiscal rules apply in Georgia:

1. The ratio of the state's unified budget deficit to GDP, defined by the Budget Code of Georgia - no more than 3%;
2. Government debt to GDP ratio - no more than 60%;
3. From the date of entry into force of the said organic law, introducing a new type of general state tax, except for excise, or increasing the upper limit of the existing rate according to the type of general state tax, except for excise, is possible only through a referendum.

In the modern world, it is more and more difficult to carry out such monetary and fiscal policy, which will prevent the country from short-term economic fluctuations, because it is impossible to accurately predict the state of the economy, therefore, in many cases, the reaction is done to the already occurring economic changes.

Fiscal or financial-budgetary policy, which is used to stabilize the economy - these are changes made by the government in public spending and taxes to ensure full employment and non-inflationary national product production. If the increase in aggregate demand exceeds the increase in production potential, inflation occurs. Otherwise, we are dealing with incomplete employment. Therefore, one of the important tasks of the government's financial policy is to stabilize the economy, which means minimizing cycles.

Studies and observations show that most changes in fiscal policy that have positive economic effects in the short run have negative effects on production and output in the long run. However, an increase in government spending and a reduction in the tax rate, which in the short term increases demand, output, and tax revenues, will be acceptable if this change also positively affects the long-term development of the economy and neutralizes the negative effects of the increase in public debt, as well as contributes to savings and increasing the capital stock. In short, the fiscal policy should take into account the developed situation in the economy, the business cycle.

There are two main types of fiscal policy: discrete and non-discrete fiscal policy. Discrete fiscal policy refers to the deliberate manipulation of public spending and taxes by the

government in order to change the real volume of production, control inflation and accelerate economic growth. Non-discrete fiscal policy - refers to varying government expenditures and revenues without government intervention and automatically influencing business cycles.

As for the monetary policy, as is known here, the main goal of the National Bank's activity is price stability in the country. In addition, the National Bank should ensure the stability and transparency of the financial system, and should promote the growth of the country's economy. Price stability is a necessary condition for efficient allocation of resources and long-term investments.

Dealing with inflation is one of the most difficult tasks of economic policy, because it is difficult on the one hand to take care of low rates of inflation in order to maintain stability, and on the other hand to give incentives to production, which is caused by high prices.

Since 2009, the monetary policy mode of the National Bank has been inflation targeting, during which the National Bank influences inflation by managing interest rates. In particular, changes in short-term interest rates are transmitted to longer-term interest rates and then to interest rates on loans. Changes in interest rates on loans affect aggregate demand in the country, which ultimately affects the price level.

The monetary policy rate (refinancing rate) is the main instrument of the monetary and credit policy of the National Bank and it represents a kind of benchmark for market rates. The decision to change the interest rate was made by the Monetary Policy Committee of the National Bank of Georgia as a result of observing the current and expected economic processes and financial markets.

It must be said that macroeconomic instability is characteristic of countries with developing economies, including Georgia. One of the reasons for this can be attributed to the fact that about 70% of economic assets are still owned by the state, which are not used and included in the economy. The European Bank for Reconstruction and Development (EBRD) study is also noteworthy, according to which, to this day, the low rate of competition remains an important challenge for countries with transition and developing economies, which remains one of the hindering factors for the economic development of our country.

### **Conclusion**

1. According to international experience and individual studies, successful examples of fiscal policy tightening (when the level of public debt is reduced) are mainly manifested in cases where the tightening is focused on the reduction of current public expenditures and not on the reduction of public investments or the increase of taxes.

2. Fiscal policy is one of the important economic levers available to the government, which determines the macroeconomic situation of the country, and is a means of influencing economic crises. Therefore, its role in the process of achieving both short-term and long-term macroeconomic balance is important.
3. With the use of fiscal policy instruments, it is possible not only to determine the level of production and employment of goods, but also to form the incomes of individuals. Therefore, it is important not only in terms of economic development, but also in the process of redistribution of income and resources.
4. Despite the existence of the Organic Law “On Economic Freedom”, it would be good to establish various tax benefits for investors, which would encourage foreign companies to invest in Georgia. A clear example of this is Singapore.
5. The National Bank should be as free as possible from state influences and in its decisions. should be coordinated with fiscal policy.
6. Fiscal and monetary policy should be compatible with EU practice. The existing policy in the direction of public finance management of EU countries serves three main goals:
  - effective budgetary policy, deficit control and prevention of unsustainable fiscal policy;
  - reducing the cyclicity of fiscal policy;
  - Increasing the efficiency of spending of state finances.

And finally, the influential British economist, John Maynard Keynes said - “fiscal policy does not have to serve a legitimate and balanced budget, but it can be used to manage economic cycles and facilitate the process”.

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## ფისკალური და მონეტარული პოლიტიკის მნიშვნელობა ქვეყნის ეკონომიკურ განვითარებაში

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კონფერენციის სამეცნიერო კომიტეტისა და ეკონომიკისა და ბიზნესის  
ინსტიტუტის მიერ*

**აბსტრაქტი.** საბჭოთა კავშირის დაშლის და დამოუკიდებლობის მოპოვების შემდეგ, საქართველო, როგორც გარდამავალი ეკონომიკის ქვეყანა, საბაზრო ეკონომიკაზე გადასვლის პროცესში აღმოჩნდა მრავალი პრობლემების წინაშე, რაც მოითხოვდა სწრაფი გადაწყვეტილებების და რადიკალური რეფორმების გატარებას. ასეთ დროს სახელმწიფოს მხრიდან საჭირო იყო, ერთის მხრივ ბიზნეს საქმიანობისათვის ხელშეწყობა და მეორეს მხრივ ეკონომიკურად საჭირო სახელმწიფო რეგულირების განხორციელება ისეთი ინსტრუმენტების გამოყენებით, როგორიცაა ფისკალური და მონეტარული პოლიტიკა.

თანამედროვე მსოფლიოში ქვეყნის ეკონომიკური განვითარება მნიშვნელოვნად დამოკიდებულია ფისკალურ და მონეტარულ პოლიტიკაზე, რადგანაც საბაზრო ეკონომიკის პირობებში, მიუხედავად სხვა უამრავი ფაქტორისა, დიდია მისი გავლენა სარგებლის განაკვეთსა და ერთობლივ მოთხოვნაზე. ამას ადასტურებს ქეინსის ლიკვიდურობის უპირატესობის თეორია, რომლის მიხედვითაც სარგებლის განაკვეთს შეუძლია გააწონასწოროს ფულის მიწოდება და ფულზე მოთხოვნა. ამასთანავე ფისკალური პოლიტიკა ის ბერკეტი მთავრობის

ხელში, რომლითაც მოკლევადიან პერიოდში შეუძლია ზემოქმედება მოახდინოს საქონლისა და მომსახურების ერთობლივ მოთხოვნაზე.

ქვეყანამ რთულად, მაგრამ მეტნაკლებად წარმატებით გაიარა რეფორმების პროცესი, რომლითაც მოწესრიგდა ქვეყნის საბიუჯეტო - საგადასახადო და ფულად საკრედიტო სისტემა. ამ ორი რეგულირების სისტემის ერთმანეთზე ურთიერთ ზეგავლენა იმდენად დიდია, რომ მათი არასწორად გამოყენება შესაძლოა დამაზიანებელი აღმოჩნდეს და შემაფერხებელი ქვეყნის ეკონომიკური განვითარებისათვის.

2020-2021 წლებში მსოფლიოში გამძვინვარებულმა კორონა პანდემიამ კიდევ უფრო მეტად დაგვანახა ფისკალური და მონეტარული პოლიტიკის როლი და მნიშვნელობა ეკონომიკური კრიზისის დაძლევის პროცესში. აქედან გამომდინარე, სტატიის მიზანია გავანალიზოთ თუ რამდენად მნიშვნელოვანია ფისკალური და მონეტარული პოლიტიკის ურთიერთ კოორდინაცია მაკროეკონომიკური პროცესების პოზიტიურად მართვისათვის, ფასების სტაბილურობის უზრუნველყოფისათვის და ქვეყნის ეკონომიკური განვითარებისათვის.

*საკვანძო სიტყვები: დამოუკიდებელი საქართველო, მონეტარული პოლიტიკა, ფისკალური პოლიტიკა, საგადასახადო სისტემა, სახელმწიფო ბიუჯეტი, მაკროეკონომიკა.*

**ON THE ACCOUNTING SYSTEMS**  
**(ACCORDING TO MONUMENTS OF THE ANCIENT NEAR EAST)**

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**Abstract.** The analysis of archaeological material made it possible to answer the following questions: when, where, why, and how accounting systems, mathematics, the art of writing, and script originated and developed producing the social-economic revolution.

The work describes the accounting systems used in Near East since the Neolith Age. The accounting was kept with the help of clay tokens, denoting numbers, and various goods. Sometimes the clay tokens were attached to clay bullae hung on wool ropes or were put into spherical bulla-envelopes and then sealed. They were stamped on the outer surface of the clay bullae and denoted the number of tokens in the bullae.

The process of stamping with the tokens on the outer surface of the clay bullae resulted in the appearance of pictographic, linear and cuneiform scripts in 3500-2800 BC. These scripts are found on numerous clay tablets, the deciphering of which proves that writing is an immediate result of counting goods and was used for economic and administrative registration.

**Keywords:** *Accounting systems, clay tokens, clay bullae, the origin of writing.*

**Introduction.** The simultaneous conception and development of economics, applied mathematics, the art of writing and script is confirmed in 3,709 pieces of clay tablets dated back to the 3500-2340 years BC, found around 1928-1976 in the Sumerian city of Uruk at the archaeological site of the Eana complex. The archaeological site of Uruk, which is approximately 250 hectares, is located in Mesopotamia, in the southern province of Iraq, near the city of Nasiriyah, 35 km east of the Buranun (Euphrates) River. Uruk was founded in IV millennium BC. It is known in written monuments as Sumerian Unug, Hebrew 'Erek, Ancient Greek Orékh and Arabic Al-Warka. It is assumed that the word Iraq is derived from the form Erek ([www.ancient.eu/uruk](http://www.ancient.eu/uruk)). The Sumerians called their country Kiengir / Kiengi and their

language - Emegir / Emegi. The Akkadian Semites mentioned it as Shumeru, the writers of the Old Testament - Shinar.

During the excavations of the Uruk temple in 1929-1930, the German archaeologist Julius Jordan found 1.25-3.25 cm long clay tokens, (“clay tokens”, “jetons d’argile”). The small tokens represented e.g. “cow”, “ox”, “pig”, “dog”, “goat”, “sheep”, “sheep’s milk”, “lamb”, “wool”, “cloth”, “bread”, “cereals” (“barley”, “wheat”), “oil”, “honey”, “beer”, “dishes” or anything else (Schmandt-Besserat 1996:72-78). Figure-symbols are geometric bodies of different shapes, - “triangle”, “quadruple”, “disco”, “core”, “hemisphere”, “cylinder”, “tetrahedron”, “ovoid”, “cone”, “bicone”, “Paraboloid”, “Pyramid”, etc., some of which have lines and dots on it (Schmandt-Besserat 1992, II:xxi-xxxiii; Schmandt-Besserat 1996:15, 16, 18, 20-21, 40, 43, 49, 52, 53, 69-70, 72-78, 128-157).

In 1958, the American archaeologist Vivian Broman-Morales presented material in his master's thesis on clay tokens, such as “cones”, “tetrahedrons” and “miniature vessels”, discovered in the Neolithic settlement at Jarmo, east of the city of Kerkuk, Iraq, in an archaeological site (Broman Morales 1983:387, 388, 390, 396, Plate 168.3-7, Plate 170.4). Similar clay tokens of the same age were also discovered in Tefe Sarab (Broman Morales 1990:ix, 23-24, 54, Plate 16, i-o, p-s).

Subsequently, valuable archaeological materials were collected in thirty museums of fifteen countries and also in private collections: 8162 pieces of clay tokens and 235 pieces of clay spherical bulla envelope (“bulla”, “bulle-enveloppe”). Such tokens and bulla envelopes have been found in 116 archaeological sites of Middle Eastern countries - Iran, Iraq, Syria, Turkey, Jordan, Israel, and Palestine, which date back to the IX-I millennium BC. “For scientists, their purpose remained unclear for a long time, and they were initially considered as some insignificant cult objects” (Gamkrelidze et al. 2008:503).

As a result of the systematic study of these archaeological materials in 1969-1971, the French-American art historian Denise Schmandt-Besserat developed the latest scientific concept and published her fundamental works, in which research questions are depicted in a convincing and well-founded manner, for example, about economic transactions, economic accounting and settlement systems, the origin and development of writing. According to his research, small clay tokens and bulla envelopes were used for essential economic, administrative, social, and religious activities, for accounting agricultural and workshop products. The figure-symbols are counting tokens, by counting the number of tokens the quantity of various exchangeable products or goods were determined. For example, cone-shaped clay tokens representing “a small amount of grain [barley]” represented the number “one”, and a core-shaped clay token representing “a large amount of grain [barley]” represented

the number “ten”, etc. (Schmandt-Besserat 1992, I:6; Schmandt-Besserat 1996:7, 119; Gamkrelidze et al. 2008:501, 503).

The quantity of these tokens or counting tokens, addition or subtraction was an indicator of the number of items. This system of accounting improved the forms of communication, correspondence, data processing and information storage, which was necessary for optimal, best decision-making. As D. Schmandt-Besserat says, clay counting tokens “were part and parcel of the Neolithic phenomenon; that is, the so-called agricultural revolution” (Schmandt-Besserat 1992, I:41).

At the beginning of the 4th millennium BC, early Mesopotamia farming and herding societies gradually simplified accounting systems for crop yields, products (e.g., grain, milk, dairy products, oil, etc.), land areas, and labor (e.g., sexagesimal system, bi-sexagesimal system, etc.). During the processing of archaeological materials of this period, the following two steps are distinguished:

- I. Accounting of products by means of clay tokens;
- II. Accounting of products by drawing signs on clay plates.

At the first level, appropriate clay tokens were used to count agricultural products and other types of objects. In some cases, figures and symbols were pierced in order to be attached to the pile of clay poured into the wool. They were often placed in a clay ball, a hollow envelope, at the head of the tokens, which was closed and sealed. The sealed and closed envelope had to be opened later in order to check the number of tokens in it. If the envelope was made of wet, not dry clay, then geometric images - concave figures - were imprinted on its outer surface by firmly holding the tokens, which recorded the number of tokens that were placed in the envelope. These concave figures conveyed the corresponding product and its quantity and it was a step forward in the emergence of the art of writing.

At the second stage, the placing and storage of tokens in clay pots was mostly stopped. Instead of that, they began to flatten raw clay envelopes. Thus, the craft of making clay tablets advanced gradually, which improved and spread in certain areas of ancient Mesopotamia. At this period of time, tokens were printed on the surface of the raw clay plate, which represented the corresponding concave figures. To say shortly, clay tokens were gradually replaced by corresponding concave figures on clay tablets, which, for example, denoted grain and its quantity.

Thus, there were created clay tablets where concave figures were depicted. According to archaeological materials, these concave figures denoted, for example, “one”, “ten”, “sixty”, “sheep”, “wool”, “cloth”, “pot”, “milk jar”, “cereal” and various other goods. Between the period of 3350 BC and 2800 BC, construction activities expanded, pottery technology

advanced, and works of art were created at Uruk. Cultural development gave birth to economic, religious, political, and social structures. To develop urban economic activity, it was necessary to strengthen the control of work performance, planning, trading and taxation, collection, delivery, and receipt of goods, accounting of taxes and donations, registration of temples, public buildings and land, calculation of area and construction cost, etc. During this period, early farming societies such as the Sumerian Engars / Mungars<sup>1</sup> - “farmers”, simplified printing on clay tablets to register economic activity. Some tokens were not used anymore, but for example, concave tokens representing “one”, “ten” and “sixty” are attested on clay tablets during the later period as well. They began frequent use of a stylus, a pointed stick. According to the geometric principle, flat figures corresponding to concave figures, so-called pictograms, signs were drawn on raw clay plates with a stick. This was the first important step toward the conception of writing<sup>2</sup> and writing signs. According to many archeological materials, it is confirmed that the accountants of economic accounts of the Uruk temple depicted the tokens of goods and the numbers expressing their quantity on clay tablets.

Since about 3000 BC, the tokens drawn with a stylus on a soft clay plate (Sumerian dub) gradually transformed into nail-like (wedge) marks, which were given phonetic meanings. With this writing system, it was called “cuneiform (wedge) script”, the inscriptions on the clay tablets made with the signs were read in the Emegir - Sumerian language.

In the “schools of transcribes” (Sumerian Eduba) Mesopotamia, the signs of the cuneiform script were written and preserved, for example, tables of multiplication of natural numbers in the hexadecimal system, the “Pythagoras theorem”, tables of trigonometric functions, accounts of land, goods, dishes, receipt, exchange and distribution, balance sheet, irrigation tax, ransom money, interest loans and debts, lists of agricultural products and food rations, etc.

According to the archeological material, the cuneiform script was active since 2800 BC to 63 BC. It was used by: Sumerians, Elamites, Hittites, Akkadians, Assyrian-Babylonians, Hittites, Urartians, Canaanites, ancient Persians, and other ancient peoples. According to the special literature, 263,659 pieces of clay tablets with cuneiform script have been cataloged in museums, universities, libraries, and private collections in Europe, America, Canada, Iraq, Iran, Syria, Turkey, and other countries.

**Conclusion.** The maintenance of economic accounting and writing systems is a genius achievement of human beings, which took about 5000 years to develop since the beginning of the Neolithic period in Mesopotamia. According to the research of D. Schmandt-Besserat, it is

<sup>1</sup> Comp. Sumerian engar, mungar - “farmer”: Georgian monagari - “offspring”.

<sup>2</sup> Comp. Sumerian sar - “writing”: Georgian tser-a, Megrelian char-u-a, Laz char-e - “writing”.

clear that writing as a socio-cultural phenomenon derives from the type of communication and information exchange that first arose in early farming societies due to the need of recording economic activities for example, due to the need to make an account of the excess amount of agricultural products (Gamkrelidze et al. 2008:500; comp. Tenu 2016:16).

Between the period of 3500 BC and 2800 BC, the appearance of the art of writing and script among accountants in Uruk led us to the end of oral communication and oral arithmetic operations. Since this period of time, quantitative methods began to be used and processed, and the information about the problem was searched, recorded, and analyzed. Creating a possible plan for the problem and the optimal decision-making process. This has caused a socio-economic revolution of society and significantly raised the standard of living.

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**საბუღალტრო აღრიცხვის სისტემების შესახებ**  
**(უძველესი ახლო აღმოსავლეთის ძეგლების მიხედვით)**

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*წარდგენილია ცხუმ-აფხაზეთის მეცნიერებათა აკადემიის I საერთაშორისო კონფერენციის სამეცნიერო კომიტეტისა და ეკონომიკისა და ბიზნესის ინსტიტუტის მიერ*

**აბსტრაქტი.** არქეოლოგიური მასალის შესწავლის შედეგად, შრომაში პასუხი გაცემულია შემდეგ კითხვებზე: სად, როდის, რატომ და როგორ გაჩნდა და განვითარდა საბუღალტრო აღრიცხვის სისტემები, მათემატიკა, წერის ხელოვნება და დამწერლობა, რამაც გამოიწვია სოციალურ-ეკონომიკური რევოლუცია.

შრომაში განხილულია საბუღალტრო აღრიცხვის სისტემები, რომელიც ნეოლითის ხანიდან გავრცელებული იყო ახლო აღმოსავლეთში. აღრიცხვა ხორციელდებოდა თიხის ფიგურა-სიმბოლოების, საანგარიშო კოჭების სისტემის მეშვეობით, რომლებიც რიცხვებსა და სხვადასხვა ტიპის საქონელს აღნიშნავდა. გარკვეულ პერიოდში ფიგურა-სიმბოლოები თიხის გუნდაზე მატყლის ბაწარზე ასხმული მაგრდებოდა ან ბურთისებური ყულაბების შიგნით იყრებოდა და ილუქებოდა. ზოგ შემთხვევაში ისინი თიხის ყულაბების გარეთა ზედაპირზე იბეჭდებოდა, რაც ყულაბებში მოთავსებული კოჭების, ანუ “პროტო-ფულადი ნიშნების” რაოდენობას აღრიცხავდა.

თიხის ყულაბების გარეთა ზედაპირზე ფიგურა-სიმბოლოების ბეჭდვის პროცესმა ჩამოაყალიბა ნახატ-ნიშნის, ხაზოვანი და ლურსმული დამწერლობები, რომლებიც ძვ.წ. 3500-2800 წლებში ჩნდება. ამ დამწერლობებითაა შესრულებული უამრავი თიხის ფირფიტა, რომელთა გაშიფრვით დასტურდება, რომ წერა საქონლის, ანუ შრომის პროდუქტის დათვლის პირდაპირი შედეგია და

გამოიყენებოდა სამეურნეო-ადმინისტრაციული აღრიცხვა-ანგარიშების შესაქმნელად.

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## THE IMPACT OF GLOBALIZATION ON WINE INDUSTRY

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*Presented by the Scientific Committee of the 1<sup>st</sup> International Conference and the Institute of Economics and Business of the Tskhum-Abkhazian Academy of Sciences*

**Abstract.** This project seeks to explore and analyse the effects of globalization on the wine industry. It will firstly describe the development of the wine industry, since its emergence, and after it will pay considerable attention to the definition of the term globalization. Mostly it will focus on the differences between “old world” and “new world” wine countries, characteristics of those areas, and production and marketing strategies. Additionally, it will examine three waves of discussion about globalization, what will help reader to formulate their own understanding of this controversial term. All of these will help to illustrate the influence of globalization on the wine industry and assist readers to perceive development of wine industry and comprehend the globalization’s impact on it.

**Keywords:** *Wine industry, globalization, “old world” wine countries, “new world” wine countries, “hyper-globalists”, “globalization sceptics”, “post-sceptics”.*

**Introduction.** Amongst man-made agricultural products, wine can be considered as the most complex, astonishing, and mysterious drink on our planet (Millon, 2013). Most simply it can be described as a fermented juice of crushed grapes, which is converted from a fruit juice into an alcohol drink (Johnson, 1991; Millon, 2013; Johnson & Robinson, 2013). However, simplicity does not fit wine (Johnson & Robinson, 2013). “A bottle of wine contains more philosophy than all the books in the world” this is how lavishly it is described by famous French chemist and biologist Louis Pasteur, who discovered principles of vaccination and microbial fermentation (Pettinger, 2017). It is also interesting, that humans started cultivating and treading of the grapes far earlier than recording the history (Johnson & Robinson, 2013). All of these

emphasize complexity, mysteriousness, and old age of that drink. What consequently evolves desire not only drink and enjoy it, but also learn more about it.

**Main Part.** Wine industry, since it emerged from ancient times, has witnessed great impacts from all kinds of evolutionary modifications. From god's and Pharaoh's drink in Egypt (Millon, 2013), wine has transformed to the product which is consumed all around the globe (McCarthy, 2016). Here it bears noting, that globalization, in this transformation, has played a huge role. Globalization is such a complex and controversial term, that there are thousands of inherently different definitions, what makes the selection of the universal explanation almost impossible (Zajda& Rust, 2009). Only in 1998, 3000 definitions of this term were accounted (Zajda, et al., 2008). However, at its most basic and by mixing different scholars' definitions, globalization can be described as a process of interaction and integration between, peoples, cultures, corporations, markets, countries and their governments across our planet (Held, et al., 1999; Goldblatt, et al., 1997; Al-Rodhan, 2006; Church, 2008; Bresser-Pereira, 2008). This definition is a generalisation and it is far not enough to comprehend this term profoundly. Besides that, globalization process has several dimensions, such as, political, economic, and socio-cultural (Held, et al., 1999). These dimensions, often are interlinked and influenced by one another activity or inactivity (Held, et al., 1999). This research mainly will focus on the economic dimension, as it is about globalization's impact on the wine industry, which is the part of the world economy. It is very important at this point, to mention three main perspectives or waves of discussion about globalization, because in the globalization literature are three inherently different views regarding its definition, origin, and effects on economy. It is not a new story, that some people perceive globalization as a positive thing and some perceive it as a negative thing. This is caused by peoples' different perceptions, because for some it might be understood as a set of opened opportunities and for some as a homogenisation of traditions and cultures. These perceptions consequently caused different waves of discussion about globalization. The first wave - hyperglobalists perspective, second wave - globalization sceptics perspective, and third wave - transformationalists or post-sceptics perspective (Held, et al., 1999; Mertell, 2007). First wavers believe that globalization is a real and new process, which evolved from transportation and communication technology advancements, and increased international trade (Friedman, 1999; Ohmae, 2002). Also, they claim that ultimately our planet will transform to the borderless territory, where local governments will become purposeless or they will function as a catalyst for global investments and capital flows (Ohmae, 2002). Following this, sceptics argued, that globalization is a myth and current state is an extension of internationalisation or regionalisation (Hirst, et al., 2009). Which is only beneficial for

particular regional blocks and in which nation-state still remains very powerful, for instance, triadic economical regional blocks which consists of North America, the European Union and Japan (Hirst, Thompson, & Bromley, Globalization in question, 2009). Lastly, supporters of the third wave stated, that nation-states and societies are witnessing a process of transformation because they are adjusting to the more interlinked and unpredictable reality (Held, McGrew, Goldblatt, & Perraton, 1999). They suggested the more modified interpretation, which asserts that globalization is a real and historically transformative process (Held, McGrew, Goldblatt, & Perraton, 1999). Also, they claim that nowadays globalization is unprecedented throughout the human history and as it is historically transformative process it had pre-modern forms, which they mention as a pre-globalization (Held, McGrew, Goldblatt, & Perraton, 1999). This information is important because the reader has to formulate their own understanding of what is meant by the term globalization, before appraising its effects on the wine industry. The table below is made according to Mertell (2007) and it is only visualisation, to illustrate the differences between those three.

**Table 1.1**

	<b>Hyper-globalists</b>	<b>Sceptics</b>	<b>Post-sceptics</b>
Perception	Globalization is real and it is causal	Globalization is myth, and internationalisation is caused by other forces	Globalization is real and it had pre-modern shapes such as internationalization or regionalization (pre-globalization).
Economy	Increased interdependence of economies will cause global economic integration and free world trade	International economy works for the good of triadic regional blocks', Protectionism	Entirely transformed, globalised but still differentiated in some extent
Culture	Homogenised	Conflict of cultures, Globalization, Westernisation, increased inequality, Nationalism	Hybridisation, international culture influences local cultures, however it will never be homogenised

Origins	Globalization is new process	Internationalisation is not new process	Internationalisation and pre-globalization are old, however current state of globalization is unprecedented
Future perspective	Globalization is good, it is inevitable and irrepressible	Dominance of triad, nation-state remains, inequality rises, it is avoidable	Non-prognostic, it can be directed in several ways

Afterward these explanations, regardless readers opinion everyone can agree that the biggest impact on the wine industry has made the emergence of “new world” wine countries, as it made wine truly global product and formed new vine-growing and wine-making practices. “New world” is wine-producing area, which developed after Christopher Columbus “big explorations” in the late 15th century (Anderson, 2004). According to O’Rourke and Williams (2000; 2004) exactly these discoveries can be considered as the starting point of the globalization. Broadly speaking, producers from these places mostly prefer to rely on technologies and experimentation rather than traditions and old practices (Anderson, The world's wine markets: globalization at work, 2004). This approach, for some people, is perceived negatively because they believe that eventually, it will lead to homogenisation of centennial wine-making traditions (Anderson, The world's wine markets: globalization at work, 2004). People with this mindset mostly are from “old world” wine countries, where viticulture and wine-making practices were firstly originated (Anderson, The world's wine markets: globalization at work, 2004). For others, the emergence of the “new world” is the biggest contributor in the wine-industry development, as it opened markets and opportunities for all wine-producing countries, what ultimately will lead to more refined wine-making practices and mass production (Campbell & Guibert, Wine, Society, and Globalization, 2008).

### Differences Between “Old World” and “New World” wine

**Old World** - these wines coming from regions and countries where viticulture and wine-making practices were firstly originated. Such countries are Georgia, Italy, France, Spain, Greece, Portugal, Germany, Austria, and Hungary. Additionally, relying on the definition, countries such as Moldova, Armenia, and Turkey can be considered as an “old world” regions (Puckette, 2012).

**New World** - wines coming from regions and countries where viticulture was imported after the “big explorations”, are considered as “new world”. Such countries are Australia, The United States, New Zealand, Argentina, Chile, Columbia, Peru, and South Africa. Some people consider Japan, India, and China, as a “new world” as well (Puckette, 2012). The table below demonstrates the differences between those two wines. What is written there is a generalisation and it is not fundamental definitions.

**Table 1.2**

	<b>Old World</b>	<b>New World</b>
Naming and labelling	The name is labelled on bottle based on grape-growing place	The name is labelled on bottle based on the grape variety
Characteristics	Wines are lighter-bodied with lower alcohol level, higher acidity, and more tannins	Wines are full-bodied, with higher alcohol level, lower acidity, and less tannins
Wine-making procedures	Wine-making process must follow strict regulations. Priority is tradition	Wine-making process is experimental and non-traditional. Priority is technology, new research and new practices

### **The Origins and First Expansion (Pre-globalization) of Wine and Viticulture**

Most of academics agree that wine emerges alongside the dawn of civilization from the South Caucasus region (Anderson, 2001; Guibert& Campbell, 2007; Johnson & Robinson, 2013; Millon, 2013). This is proved, by the most recent biomolecular, archaeological, and archaeobotanical research by Patrick McGovern et al. (2017), which found the first in the world evidences of wine-making in the country of Georgia, dated as far as 6000 BC. Thus, depending on this scientifically proven research, as a starting point of wine expansion can be considered Georgia. From there, wine left its cradle of origin and expanded to the Egypt and Phoenicia, around 3000 BC (Johnson & Robinson, 2013; Johnson, 1991; Millon, 2013). Millon (2013) writes, that in the second millennium BC, Phoenician mongers mostly from Sidon and Tyre (coastal cities in nowadays Lebanon territory) firstly brought wine with them on journeys across the Italian peninsula, North Africa, and Iberian peninsula. Based on Johnson & Robinson (2013) after Egypt and Phoenicia grapes appeared in Greece in around 2000 BC. Numerous archaeological evidences have been found in Greece which proves the existence of wine and viticulture there (Johnson & Robinson, 2013). Wine in Greece was very popular drink and it was considered as a symbol of voluptuous and luxurious life (Johnson & Robinson, 2013; Millon, 2013). Here we see that after approximately 1000 years, in Greece the attitude changed.



It is not only pharaoh's drink anymore, it became accessible for ordinary people as well. However, it is still considered as a part of a luxurious life. From Greece wine has spread all around the European continent and found its true home in France, Italy and Spain (Johnson & Robinson, 2013).

### **Development of Viticulture in “New World”**

Vine and its cultivation practices were brought in the “new world” by Spanish and Portuguese people in the early 16th century after the “big explorations” (Anderson, 2004; Campbell & Guibert, 2008; Millon, 2013). Particularly: in Mexico it was brought in the 1520s; in Bolivia, Columbia, and Peru in 1530s; in Chile 1540s; In Argentina in 1550s; and in California it did not appear until 1619; in Australia vine was brought by British in 1788: and in New Zealand in 1819 (Anderson, 2004). In North America, attempts of cultivating and using the same varieties and technologies as in South America were unsuccessful, until Spanish Jesuits (religious congregation of the Catholic church) have not moved there from Baja California, exactly they advanced wine-making practices in North America (Anderson, 2004; Campbell & Guibert, 2008). In “new world” viticulture was limited by poor technology, difficulties of transportation and relatively small local markets (Anderson, 2004). Australian wine-production until the 1840s was only for local consumption (Anderson, 2004). From the 1990s, by the adoption of efficient production, marketing, and distribution practices Australia was able to gain growing market shares in North America, Europe, and East Asia (Anderson, 2004). From this period wine can be considered as truly global product because any kind of wine became accessible on any continent.

**Conclusion.** Wine-industry can be considered truly globalised only afterward humans discovered “new world”, and realize full natural and geographical area of our planet. However, it took time until all wine-producing countries enter into global world wine-trade. As increased international trade and advancements in transportation has increased wine production and expanded area of wine consumption. Also, regardless improved production and transportation techniques wine consumption was increasing slightly. That was due to peoples' attitude, as wine, for many people was still considered as a part of luxurious life, exactly like in ancient Greece 4000 years ago. In short, this paper has demonstrated that globalization affected global wine industry positively, as it opened and interlinked all continents and countries to each other and increased interdependence of national economies what facilitates global wine trade. Also, it bears noting, that even in nowadays situation, where main proponents of globalization are retrieving, the future of the wine industry is not in danger. Because, world is such interlinked

and interdependent that even if USA, UK, and France, will implement protectionist economic policies, there will always be other increasingly growing huge economies such as China, India, and Japan, which will be open and which will emerge as a new proponents of the globalization principles. Additionally, these Asian countries are emerging as an increasingly growing wine consumer countries (Anderson, Nelgen, & Pinilla, Global wine markets, 1860 to 2016: a statistical compendium, 2017).

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## გლობალიზაციის გავლენა ღვინის ინდუსტრიაზე

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*წარდგენილია ცხუმ-აფხაზეთის მეცნიერებათა აკადემიის I საერთაშორისო კონფერენციის სამეცნიერო კომიტეტისა და ეკონომიკისა და ბიზნესის ინსტიტუტის მიერ*

**აბსტრაქტი.** სტატიაში განხილული და გაანალიზებულია გლობალიზაციის გავლენა ღვინის ინდუსტრიაზე. პირველ რიგში მასში აღწერილია ღვინის მრეწველობის განვითარება მისი გაჩენის დღიდან, რის შემდგომაც ყურადღება ეთმობა ტერმინ გლობალიზაციის განმარტებას. სტატია ძირითადად ფოკუსირებულია “მველი სამყაროს” და “ახალი სამყაროს” ღვინის ქვეყნების განსხვავებაზე, თავისებურებებზე და წარმოებისა და მარკეტინგული სტრატეგიების განხილვაზე. გარდა ამისა, მასში დიდი ყურადღება ეთმობა გლობალიზაციის შესახებ დისკუსიის სამ ტალღას, რაც დაეხმარება მკითხველს ჩამოაყალიბოს საკუთარი აზრი ამ საკამათო ტერმინის შესახებ. ზემოაღნიშნული ხელს შეუწყობს გლობალიზაციის გავლენის ილუსტრირებას ღვინის მრეწველობაზე, დაეხმარება მკითხველს ღვინის ინდუსტრიის განვითარების აღქმაში და ღვინის ბიზნესზე მისი გავლენის მნიშვნელობის გაცნობიერებაში.

*საკვანძო სიტყვები: ღვინის ინდუსტრია, გლობალიზაცია, “მველი სამყაროს” ღვინის ქვეყნები, “ახალი სამყაროს” ღვინის ქვეყნები, “ჰიპერ-გლობალისტები”, “გლობალიზაციის სკეპტიკოსები”, “პოსტ-სკეპტიკოსები”.*

## THE INFLUENCE OF THE RUSSIA-UKRAINE WAR ON THE DEVELOPMENT OF THE ECONOMY OF THE WORLD AND GEORGIA

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*Presented by the Scientific Committee of the 1<sup>st</sup> International Conference and the Institute  
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**Abstract.** In the post-pandemic stage of 2022-2023, the world economy faced severe new challenges, as the economic stagnation and depression caused by the COVID-19 pandemic was compounded by the start of hostilities in Ukraine by the Russian Federation on February 24, 2022. The world civilized community imposed strict sanctions against Russia in order to deter aggression. At the same time, the difficulties for the economy of many countries of the world have worsened and reached a critical point. At the same time, the post-pandemic challenges were also accompanied by the problems characteristic of the global recession - the increase in prices and inflation levels, the decrease in investments, the fall in the exchange rate of the national currency, unemployment, the energy crisis, the increase in the price of real estate, the increase in the vulnerability of the population and other problems.

**Keywords:** *Russia-Ukraine war, global recession, post-pandemic challenges, monetary policy of the National Bank, International Monetary Fund, World Bank Group.*

**Introduction.** Along with the economic damage caused by the COVID-19 pandemic, Russia's invasion of Ukraine has significantly disrupted global business and world economic growth prospects. This is accompanied by a high-inflationary environment, in response to which the central banks of most countries of the world have tightened their monetary policy, and even more restrictions are expected.

Against the backdrop of increased interest rates, stagflationary risks have also increased. The tightening of financial conditions globally poses the risks of economic growth restrictions and additional inflationary pressure for countries with developed and developing economies.



As of 2022, the pandemic has almost ended, and most of the countries in the world have significantly reduced their budgets for the fight against Covid-19. The main surprise in the month of February 2022 was the start of the Russia-Ukraine war. The war created many uncertainties and undefined risks in the world economy.

Along with the political crisis, Russia's invasion of Ukraine caused a sharp rise in the prices of energy resources and food products globally, because before the war, Russia and Ukraine were one of the largest exporters of basic raw materials (natural gas, oil resources, grain, etc.). Also, the sanctions imposed by the international community and the ongoing war in Ukraine limited the supply of goods from these countries and led to an increase in the prices of energy resources and food products on the international markets. However, from the second half of 2022, following the recovery of supply chains on the international commodity markets, a trend of price reduction was evident. This positive dynamic was caused by the improvement of production prospects in America and Russia and the recovery of exports from Ukraine to the Black Sea ports.

Current trends in international markets are the basis for cautious optimism, although inflationary risks and the high uncertainty of world economic development trends are also worth noting.

The current Russia-Ukraine war has different effects on different countries. In Georgia, due to its geopolitical location, foreign demand increased more than expected. The influx of citizens of Russia, Belarus and Ukraine in large numbers and the gradual recovery of tourism had a positive impact on economic activity. Also, the potential of the economy is showing signs of faster recovery than expected, which is also stimulated by the growing foreign direct investment. Accordingly, the forecast of economic growth in 2022 has increased to 10.0%. Economic growth in the country exceeds its potential level. However, the growth of credit activity has slowed down as a result of tighter monetary policy and recently implemented macroprudential instruments. slowed down.

Along with this, it should be noted that the tightened monetary policies of the European Central Bank and the Federal Reserve System have the effect of tightening the policy on foreign currency lending. Fiscal stimulus is also decreasing. Given these trends. In the conditions of strong supply shocks, keeping inflation expectations at a low level remains a significant challenge, as inflation has long exceeded the target rate as a result of consecutive shocks, which creates risks of the so-called “second round” effect and an increase in medium-term inflation expectations.

### **The impact of the Russia-Ukraine war on the world economy**

In the third quarter of 2022, the high inflationary environment was maintained in both developed and growing developing countries. This is mainly due to the challenges in the background of the ongoing war in Ukraine and the high prices of products on the international commodity markets. However, it should be noted that recently oil prices, as well as food prices, have a tendency to decrease.

In the third quarter of 2022, the pace of economic activity slowed in the US, due to sharply increased consumer prices and a tightening financial environment. At the same time, the volume of exports slightly worsened, and the commodity stocks decreased. Along with the Russia-Ukraine war, the US government continues to impose sanctions against Russia, which is an additional challenge for the country. The annual level of inflation remains quite high, reaching 8.2% in September 2022. In response to increased inflation expectations, the Federal Reserve increased the federal funds rate to a range of 3-3.25%.

According to the International Monetary Fund's estimate for October 2022, the real economic growth in the USA was determined by 1.6%, which is 0.7 pp less than the previous forecast<sup>6</sup>, and 1% is predicted in 2023. As for inflation, its forecast rate is 8.1% in 2022, and 3.5% in 2023.

At the end of 2022, the rate of improvement in economic activity slowed down in the EU area as well. This is due to the challenges in the background of the Russia-Ukraine war. Due to economic sanctions, there is also an expectation of an energy crisis in most EU countries, as a result of which consumer and business sentiments have worsened.

Also, the euro depreciated recently, against the background of which the annual rate of inflation is still high, which reached 10% in September, which is a record high indicator in the history of the existence of the European Union. It should also be noted that European countries have imposed several packages of economic sanctions against Russia in order to reduce dependence on it, which is an additional pressure on the economic activity of EU countries. According to the International Monetary Fund, the economic growth forecast for the European Union in 2022 is 3.1%, which is an improvement of 0.5 pp compared to the previous forecast and is mainly explained by higher than expected growth indicators in the first half of the year. In 2023, the growth will be 0.5%. The predicted inflation rate in 2022 is 8.3%, and in 2023 - 5.7% [International Monetary Fund. (2022). World Economic Outlook: Countering the Cost-of-Living Crisis. Washington, (WEO, October 2022)].

In the third quarter of 2022, economic activity in Turkey continued to improve at a slow pace. Consumer sentiment and consumption remain weak, largely due to the recent record depreciation of the Turkish lira. Against the backdrop of devaluation, inflationary pressures

increased further, with annual inflation reaching 8.5% in September 2022, while exports also increased.

According to the IMF's October estimate, Turkey's real economic growth in 2022 amounted to 5%, which is an improvement of 2.3 pp compared to the previous forecast, and 3% growth is predicted in 2023. As for inflation, its rate is 73.1% by 2022, and 51.2% in 2023.

Economic activity in Russia worsened in the third quarter of 2022 due to economic sanctions imposed by the international community (US, EU). Investments, consumer spending and retail sales all fell. Against the backdrop of the imposed sanctions, the business environment in the Russian Federation has also deteriorated. Shortly after the start of the war, against the background of a record depreciation of the Russian ruble, despite its subsequent strengthening, the annual inflation rate increased significantly, which amounted to 13.7% in September. At the same time, in response to increased expectations, the Central Bank of Russia decided to increase the monetary policy rate to 20% in February, which was gradually reduced again to 7.5% in September. It is also worth noting that, since the end of March, as a result of the active use of capital controls, the official exchange rate of the ruble has stabilized against the US dollar.

According to the IMF forecast, the economic growth of the Russian Federation in 2022 was set at 3.4%, which is an improvement of 2.6 pp compared to the forecast of 2021, and in 2023 a drop of 2.3% is expected. The projected inflation level will be 13.8% in 2022 and 5% in 2023.

In the context of the war waged by Russia, the post-pandemic challenges in Ukraine have been further exacerbated by the shocks caused by the hostilities. The number of dead is increasing every day, and more than 8 million Ukrainians have already left the country. As a result of the war, such important infrastructure facilities as roads, bridges, ports, airports and fuel storage depots have been destroyed. Also, residential houses, hospitals, which destroys the potential of the business environment and economy.

According to the IMF, the real economy of Ukraine will shrink by 35% in 2022, and the expected level of inflation is 20.6%. It is important that, against the destructive war, the civilized part of the world, including Georgia, supports Ukraine and also provides economic and humanitarian aid.

At the end of 2022, there was high economic activity in Armenia. This is mainly due to the high influx of Russian citizens into the country, against the background of which the business environment and the service sector have improved. However, the tense geopolitical situation and the military conflict with Azerbaijan have a negative impact on Armenia's economic activity. The annual rate of inflation is also high, reaching 9.9% in September 2022.

Armenia's economic growth in 2022 is 7%, which is an improvement of 5.5 percentage points compared to the previous forecast, and in 2023 it is predicted to be 3.5%. As for the forecasted inflation, it will equal 8.5% on average in 2022, and 7% in 2023.

In 2022, the growth rates in both the oil and non-oil sectors of Azerbaijan continued to improve. This was largely facilitated by the high oil prices in the international market and the improvement of the industrial sector, and the volume of investments also increased. Against this background, the foreign sector also improved. However, at the same time, the annual rate of inflation remained high, reaching 15.6% in September, and the exchange rate of the Azerbaijani manat against the US dollar stabilized.

In 2022, economic growth in Azerbaijan amounted to 3.7%, which is an improvement of 0.9 pp compared to the previous forecast, and in 2023, the forecasted rate will be 2.5%. As for inflation, it was 12.2% in 2022, and 10.8% in 2023.

Based on the assessment of the economic development trends of the countries discussed above, it is noteworthy to note the level of world economic growth and global inflation rates and forecast assumptions. According to the October 2022 reports of the International Monetary Fund (IMF), Global economic growth in 2022 is expected to be 3.2%, as in the previous forecast, and 2.7% in 2023, which is a 0.2 percentage point (pp) deterioration. However, against the background of increased inflationary pressure, the expected level of global inflation is 8.8% in 2022 and 6.5% in 2023. As for developed and developing countries, their real growth forecast in 2022, as well as in 2023, is equal to 3.7%, which is an improvement of 0.1 points compared to the previous forecast. As for inflation, the forecast for 2022 is 9.9%, and for 2023 it is expected to be 8.1%.

### **The impact of the Russia-Ukraine war and the trends of Georgia's economic development**

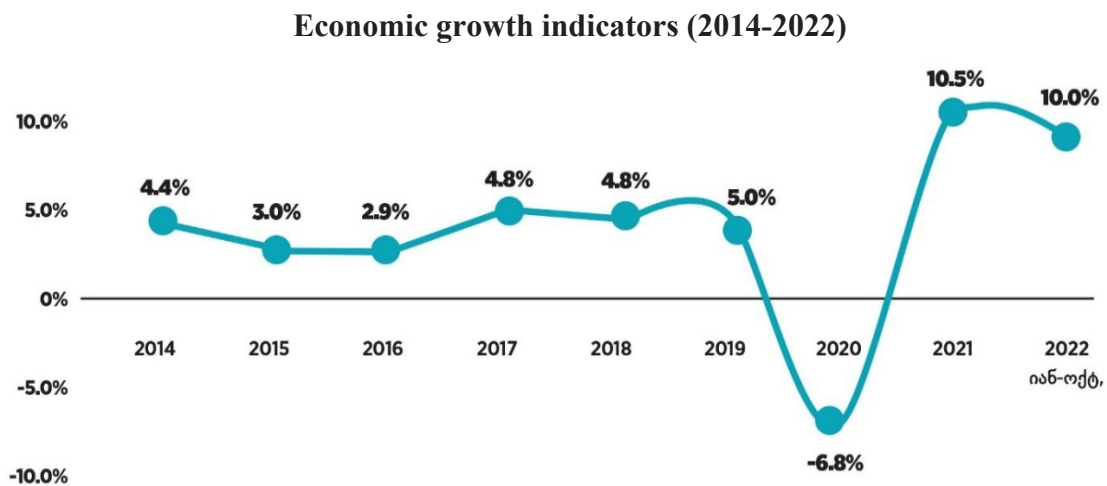
Georgia, as a country with a small open economy, is sufficiently sensitive to global events, therefore, in the conditions of the current high inflation environment, the National Bank remains focused on reducing inflation and maintains a tighter monetary policy.

The main challenge of the post-pandemic period in Georgia is the high inflation rate, which, unfortunately, came true and the rapid increase in prices continued in 2022. The increase in prices by more than 10-15% did not allow the National Bank to reduce the strict monetary policy and, on the contrary, increased the refinancing rate from 9% to 11%.

The year 2022 turned out to be more positive than expected in terms of ending the pandemic. The pandemic has almost ended in Gaza, which completely removed strict

regulations and restrictions on the tourism sector, and significantly reduced the costs of the country's budget against Covid-19.

The main surprise of 2022 was the Russia-Ukraine war. The war created a lot of uncertainty in the economy. It was expected that economically, Georgia would suffer significantly, but the opposite happened. The migration of Russian citizens to Georgia accelerated the growth of the Georgian economy and strengthened the exchange rate of the GEL. The strengthening of the GEL and high economic growth eased the burden of the state debt, which exceeded the critical limit of 60% of the gross domestic product (GDP) at the end of 2020. By 2022, the Georgian government predicted a 6% growth of the economy. Due to the start of the war, the future of the development of the Georgian economy became unclear. In March-April, international organizations reduced the growth forecast of Georgian economy to 3%. During this period, the government of Georgia did not change its forecast and left it at 6% until autumn. In November, it increased the expected growth forecast for 2022 to 10%.



Source: Data of the national statistical service of Georgia

The Russian-Ukraine war did not slow down the growth rate of the Georgian economy, on the contrary, it accelerated it. The main reason for this is about 200,000 migrants from Russia, Ukraine and Belarus who came to live in Georgia. First of all, the migration to the real estate sector has increased the demand for buying and renting residential houses. In January-November, Georgia received 2.5 billion US dollars from Russian visitors (including migrants) and remittances from Russia. If we add to this the money brought in, this amount probably reaches 3.5 billion dollars. Exports, which increased by 32% in 2022, made a significant contribution to the high economic growth. In the 11th month of 2022, Sakarya received 1.2 billion dollars more income from exports than in the 11th month of 2021.

In January-September 2022, the highest economic growth was observed in the following sectors: electricity supply - 52%, information and communication - 45%, transport - 29%, mining industry - 22% and hotels and restaurants - 21%. The healthcare sector decreased by 4.7%. The annual inflation level in Georgia in January-November 2022 was 10.4%. It was even higher at the beginning of the year - 13.9%, which is a record high in the last 10 years. High inflation was not only a problem of Georgia, it affected almost all countries of the world. The main cause of inflation at the global level was the deficit of the state budgets increased due to the pandemic and the eased monetary policy. To a certain extent, the situation was exacerbated by global logistical difficulties. However, high inflation started in 2021, and in 2022, the world inflation rate was expected to decrease. This did not happen, because the start of the war in Ukraine significantly increased the price of oil, gas and other products.

**Conclusion.** In the post-pandemic stage of 2022-2023, the world economy faced new severe challenges, as the economic stagnation and depression caused by the COVID-19 pandemic was compounded by the start of hostilities in Ukraine by the Russian Federation on February 24, 2022. The world civilized community imposed strict sanctions against Russia in order to deter aggression. At the same time, the difficulties for the economy of many countries of the world have worsened and reached a critical point. Along with this, the post-pandemic challenges were also accompanied by the problems characteristic of the global recession - the increase in prices and inflation levels, the reduction of investments, the fall and instability of the exchange rate of the national currency, unemployment, the energy crisis, the increase in the price of real estate, the increase in the vulnerability of the population and other problems.

Despite the fact that the global GDP in 2022 will exceed 100 trillion dollars for the first time in history, 57% of this amount is held by developed countries, including the USA (25% of the world economy) and the European Union (17%). Among developing countries, China with 18%. Russia's share is only 2%.

It is the West that will take the brunt of the crisis in 2023. The economic decline started after the cost of electricity, fuel and heat reached 13% of GDP in 2021. In the last year 2022, they exceeded 17%. The increase in energy prices was a direct result of Russian aggression. Because the West imposed sanctions against Russia's oil and natural gas, and the Kremlin cut off gas supplies to the European Union. Europe is more at risk of recession (recession not only for two quarters, but for the entire year 2023).

As the world's leading oil and gas producer, the US is in a much better position than the EU, which is 60% import dependent. Experts estimate the probability of a recession in the US at 70%. This is shown by the research conducted by Bloomberg in December.

At the same time, the global recession will significantly affect the reduction of per capita income, economic growth and other macroeconomic indicators. The post-pandemic consequences are particularly hard on those countries that have a weak healthcare system and are mainly dependent on imports of goods and services, tourism and foreign remittances.

The above-mentioned post-pandemic challenges are significantly aggravated by the Russia-Ukraine hostilities, which will have a particularly sharp impact on the economies of both developed and vulnerable developing countries.

The post-pandemic challenges and the Russia-Ukraine war will continue for a long time, its defeat will require a long time and the mobilization of billions of funds, which will accordingly exacerbate the global recession process, while the world financial crisis and depression will doubt the solvency of countries, and as a result, most countries in the world will be at risk of financial crisis and default. It is possible to stand.

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## რუსეთ-უკრაინის ომის გავლენა მსოფლიოსა და საქართველოს

### ეკონომიკის განვითარებაზე

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კონფერენციის სამეცნიერო კომიტეტისა და ეკონომიკისა და ბიზნესის  
ინსტიტუტის მიერ*

**აბსტრაქტი.** პოსტპანდემიურ ეტაპზე 2022-2023 წლებში მსოფლიო ეკონომიკა ახალი მძიმე გამოწვევების წინაშე დადგა, რადგანაც COVID-19 პანდემიით განპირობებულ ეკონომიკურ სტაგნაციასა და დეპრესიას 2022 წლის 24 თებერვალს რუსეთის ფედერაციის მიერ უკრაინაში საომარი მოქმედებების დაწყება დაემატა. მსოფლიო ცივილიზებულმა თანამეგობრობამ რუსეთის ფედერაციის წინააღმდეგ აგრესიის შეკავების მიზნით მკაცრი სანქციები დააწესა, რაც იმავდროულად, მსოფლიოს მრავალი ქვეყნის ეკონომიკისთვის სირთულეები კიდევ მეტად გაამწვავა და კრიტიკულ ნიშნულს მიაღწია. ამასთან ერთად პოსტ-პანდემიურ გამოწვევებს გლობალური რეცესიის მახასიათებელი პრობლემებიც დაემატა: ფასებისა და ინფლაციის დონის ზრდა, ინვესტიციების შემცირება, ეროვნული ვალუტის გაცვლითი კურსის ვარდნა, უმუშევრობა, ენერგეტიკული კრიზისი, უძრავი ქონების გაძვირება, მოსახლეობის მოწყვლადობის ზრდა და სხვა პრობლემები.

COVID-19 პანდემიის შედეგად მიღებულ ეკონომიკურ ზარალთან ერთად, რუსეთის უკრაინაში შეჭრამ გლობალური ბიზნესისა და მსოფლიო ეკონომიკის ზრდის პერსპექტივები მნიშვნელოვნად გააუარესა. ამასთან ერთად რუსეთ-უკრაინის მოულოდნელმა ომმა მსოფლიო ეკონომიკაში ბევრი გაურკვევლობა და



განუსაზღვრელი რისკები წარმოშვა, რაც განსაკუთრებით მწვავედ აისახება, როგორც განვითარებულ ასევე მოწყვლად განვითარებადი ქვეყნების ეკონომიკაზე, მათ შორის საქართველოს ეკონომიკის ზრდაზე და განვითარებაზე.

პოსტ-პანდემიური გამოწვევები და რუსეთ-უკრაინის ომი თუ ხანგრძლივად გაგრძელდება, მის დამარცხებას დიდი დრო და მილიარდობით ფინანსების მობილიზება დასჭირდება, რაც შესაბამისად მეტად გაამწვავებს გლობალური რეცესიის პროცესს, ამასთან მსოფლიო ფინანსური კრიზისი და დეპრესია ეჭვის ქვეშ დააყენებს ქვეყნების გადახდისუნარიანობასა და შედეგად მსოფლიოს უმრავლესი ქვეყნები ფინანსური კრიზისისა და დეფოლტის საფრთხის წინაშეც კი შესაძლებელია დადგნენ.

*საკვანძო სიტყვები: რუსეთ-უკრაინის ომი, გლობალური რეცესია, პოსტ-პანდემიური გამოწვევები, საქართველოს ეროვნული ბანკის მონეტარული პოლიტიკა, საერთაშორისო სავალუტო ფონდი, მსოფლიო ბანკის ჯგუფი.*

## FEATURES OF LIBERALIZATION AND IMPACT ON COUNTRIES WITH SMALL ECONOMIES

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**Abstract.** Integration into the international economic processes and liberalization of foreign economic ties are a prerequisite for the economic development of those developing countries, which have small economy. Present level of globalization highlighted the issues of liberalization of economic activity, but by the scientists' opinion the economic results of this process are ambiguous. Peculiarities and influence of liberalization on the national economy are of a controversial character when interests of the general public are suffered in this process. The issue of integration into the world economy passes from economic to socio-political plane. The present thesis is clearly seen today in the activities of many states, among them, in the activities of Georgia, which at the world markets in conditions of crisis and turbulence is searching for the mechanisms of protection of national producers and grows the scales of protectionism. It is also logical that determination of optimal integrational processes and their use in small economies of developing countries remain urgent in conditions of the present-day turbulence.

**Keywords:** *Integration, liberalization, foreign trade, optimization, small economy, development.*

### Introduction

Contemporary economic studies mostly discuss positive influence of economic integration and liberalization of foreign trade on economic development of the countries with small economy. Liberalization of markets is focused on stimulation of economic growth and development and positive reflection on wellbeing of the consumers. Contemporary level of globalization made liberalization of economic activity most important, but economic results of this process are not uniform from the viewpoint of both national economies and, on the whole,

the entire world. In conditions of the present-day economic turbulence an optimal use of the integrational processes in small economies of the transitional countries is a most complicated and important task.

### **Review of the Problem**

To determine relevance of the problem it is necessary to give general theoretical evaluation to the global integrational processes and to assess their influence on liberalization of the foreign economic activity. By today, in conditions of full or partial liberalization, many studies exist concerning the issue of the world economy modelling. More often, a basic starting point is selected to be realization of main ideas of Doha round in the WTO (World Trade Organization) talks, which were oriented to the principle of openness of economies [Lynn, 2012]. Main purpose of the non-statistical methods (mostly of expert evaluations) of use of mathematical models of different scenarios is to establish the scales of influence of the world economy liberalization on the countries and separate regions. Despite essential methodological difference of these models, a general approach to the change of world economy presented in them is unified, which witnesses unity of scientific approaches to liberalization, as to the most attractive and undoubtedly required variant [Bount, 2016].

Majority of the scientific studies witness a positive contribution of liberalization on the world economy growth. By the data of A. Bount, full liberalization, abolishment of tariffs, internal subsidies and donations will cause growth of the world wellbeing (of general income) by USD 100 billion, i.e. 0,33% of the world GDP. At the same time, 73,8% of the world income comes on developed countries, 24,1% - on developing countries and 2,2% - on the category of the least developing countries [Bount, 2016]. By the evaluation of Pascal Lamm, general positive effect will equal USD 130 billion [OECED, 2015]. More optimistic studies also exist, which cite the data of high reliability with entirely other proportions of divisions of final results among the countries. Finally, the scientists come to the conclusion that general effect of liberalization can, possibly, be inessential for the world, but positive, though conditional assumptions always exist. We should understand that liberalization does not bring benefit to absolutely all members of the society. In result of liberalization, individual entrepreneurs, in the process of redistribution of production functions and new flows of profit, can experience losses. This principle is acknowledged in the fundamental studies on international business, which on the whole support policy of liberalization. At the same time, it is also clear that when the nations receive profit from the international trade (in conditions of liberalization), it is also possible that the international trade can damage separate groups inside the nations [Charnovitz, 2016].

In the study of famous scientist R. Driskill it is substantiated that even in the widely used basic models of the foreign trade, which attach a priority to free trade (D. Ricardo, Heksher-Olin), essential contradictions exist (R. Driskill, 2015). The issues on distribution of potential effects depend on specialization of the country and its competitive advantages, but distribution of profit inside the nation, first of all, is determined by distribution of the rights of ownership on the production factors. Profit of one group of countries is reached only at the expense of other losses. Potentials for partial compensation of losses to the defeated by the winners, which according to Pareto are necessary for preservation of optimum, are not realizable in real life. Respectively, an actual growth of general wellbeing cannot be considered positive when the interests of the general public are violated, which in its turn leads to the growth of social tension, instability in the society that in fact is not taken into consideration in the studies of free trade results [Haniotis, 2014].

On the whole, influence of liberalization on the growth of national economy, and in result of this, on reduction of poverty in the country is doubted in the work of P. Rodrigues and D. Rodric (Rodrigues, Rodric, 2015). In this work the authors discuss the peculiarities of economic growth in the countries, having high and low trade barriers. Relying on extensive empiric data, the scientists reveal some general tendencies. The thesis of unchanged stimulation of the economic growth in result of free trade is not shared by the scientists. Supporting the liberalization, as a perspective direction, the authors point to existence of various terms, which may make protectionist approaches to be efficient [Dadush, 2012].

In result of the above-mentioned analysis, we come to the conclusion on the need of a balanced approach to the issue of ambivalent assessments of influence of trade liberalization on the national economy and liberalization of the national economy.

### **Optimization of Integrational Processes in Small Economies of Transitional Countries**

Georgia's membership in WTO is, surely, a serious step on the way of liberalization of foreign economic activity in the country, but it would not be right to assert that the national economies, in conditions of WTO, act in the regime free from protectionism and the trade is entirely open. Today to support the national economies all the WTO-member countries use a wide range of both tariff and non-tariff restrictions. Even more, if we look, on the whole, at the present-day economic situation and the world trade tendencies, we can notice the tendency of growth in protection measures. Within this context we consider it necessary to study experience of work in the WTO-member countries for its further adaptation and elaboration of efficient foreign trade policy for Georgia in new economic conditions.

In terms of economic crisis, an example of protectionist measures is the so-called American Act of Restoration and Reinvestment, which was adopted in the beginning of 2009 by the US Congress. In compliance with the present Act, it is forbidden to use the means allocated for reanimation of economy, in construction and repair projects, metallurgy and other spheres, if the resources involved in the project are not produced in the USA [Charnovitz, 2016].

Protectionism appears in a number of small economies of developing countries. Particular difficulties are experienced by the states, which much depend on the US dollar and international markets. For example, Ecuador in July 2009 received WTO official permit on increase of tariffs and quotas. In 2009 Ecuador announced some new import restrictions on 630 commodity positions. This concerned about 8% of the customs tariff space of the country and 23% of import. Customs duties increased on more than 350 goods and quota restrictions were introduced on 270 different goods for a year [Driskill, 2015].

In the period of 2008 economic crisis, a new wave of tension appeared between two leading gamblers of the international trade - the USA and China. Under the pressure of the US Steel Casting Union started an anti-dumping investigation on the China imported steel pipes. From 2006 to 2008 the volume of their supplies increased 4 times and reached 2, 6 billion dollars. Under the influence of the steel lobby, the USA introduced the anti-dumping customs duties on the Chinese produce, which suspended new supplies. China immediately responded to this. It considered that the USA abused protectionism. This is only continuation of a whole series of mutual accusations started from September 2009, after the USA introduced 35% customs duties on the Chinese automobile tires. Problems in bilateral relations intensified in steel casting, paper, automobile, chemical, food industry and they remain up to the present day [Back, 2015].

It is possible that just the unity of such steps, which form barriers on the way of international cooperation, led to a sharp growth of the probability that crisis would go up, which now more often is talked about. According to the WTO statistics, the amount of anti-dumping complaints already in 2009 increased by 16%, and this took place after reduction of several years and their increase will definitely continue [Haniotis, 2014]. By the calculations of the IFPRI (International Food Product Research Institute), a dangerous growth of tariffs led to 7% reduction of the international trade [Dadush, 2012].

Thus, we should once more mention that growth of protectionism is an established and sustainable tendency, which dominates in the modern world economy. Introduction of the protectional measures in a short-term perspective will be favorable for some countries and will provoke transition to similar policy of other countries. All this will negatively influence the international trade and will reject the process of liberalization of the national economies. Taking

into consideration the above-mentioned arguments that liberalization, as such, is not an absolute and undoubted wellbeing, the recommendations for the government on the need to continue support to progressing changes of used protectionist measures look quite substantiated. It is important to establish an optimal balance between protectionism and economic integration, which is an essential instrument for development of the national economies.

Further integration of Georgia, first of all membership in WTO and liberalization of foreign economic activity (reduction of tariff restrictions) requires adequate adaptation of the methods for protection of the home market. As an example, we can consider such strategic and important branch for Georgia as agriculture is. It is also the sphere, in which a wide range of protectionist measures is revealed. The most intensive debates in discussion, concerning further development of the world integration processes, namely, at the Doha round of talks, were dedicated to the protectionist tendencies of agriculture. Talking on agriculture we should outline the system of EU (European Union) measures. United Europe spends about EUR 50 billion a year to support its agriculture [OECD, 2015]. WTO norms are not violated mostly because of well-thought instruments for development of those agricultural territories, which are based on the conception of multifunctionality [Krugman, 2006], but on the whole, are oriented on support of the agricultural production. The USA, despite devotion to market economy and free trade, is known for the strong program of support to its agrarian sector. All this witnesses an intensive use of protection mechanisms by the developed countries, which do not always support freedom of trade. To study such experience will assist to adapt to the new terms and to raise competitiveness of the Georgian companies within the global competition.

The methods of market support, which are used today in Georgia, often have weak effect. It is necessary to search for new instruments to protect the national producers. In result of study of acting measures for support of the national production, in the near future we'll have to increase the volumes of import established today, after we observe the obligations we shouldered before WTO. At the same time, it should be taken into consideration that any restrictive policy, in the form of direct prohibitions, strict quotas or high tariffs, leads to increase in prices for the inner consumers. In result, this will cause direct reflection of all tariff measures in the final price of commodity. It should be boldly mentioned that numerous attempts of the state to provide more beneficial conditions for the national producers at the expense of classical tariff policy, are compensated by the population of Georgia. Respectively, with introduction of state restrictions on trade, first of all, those buyers are damaged, which are forced to pay for the imported goods, when the producers face risks by losing balance at the home market, as according to the market balance theories they produce goods more than is necessary. In any case, the received balance leads to general losses of economy, at the expense of large losses of

the producers, which will outweigh the benefits of the producers and potential income of the state (for example, the budget revenues received from introduction of a tariff, which is its preference over the quotas, but despite this, is not actively used in Georgia) (Shengelia, Berishvili 2020). Discussing quotas or subsidies, it should also be mentioned about the expenses of economic subjects on the right to receive financial assistance or quota rent (a permit on selling determined amount of goods at a preferential price within the quota), which often leads to dishonest competition. Supposing the existence of more efficient trade regimes and optimal complex of measures, which enable maximization of benefit received from foreign economic activity, we consider their introduction in Georgia to be less possible due to serious influence of interested lobbyists. If we discuss the possibility to introduce such assistance to home market of Georgia, we should take into consideration that the interested groups can always be founded, which will manage to advance their interests and to have an impact on adoption of political decisions. Respectively, awareness of the fact, that no ideal political system exists, causes the idea that free trade, as the variant of full absence of regulating measures, will lead to more just and equal terms for all gamblers (Berishvili, 2017).

Despite this, the richest restrictive measures are often used in Georgia. We can remember as an example the restrictions on export of tobacco and alcohol in 2010 (Shengelia, Berishvili 2014). Such measures have negative influence on economy. Main declared reason of restrictions - not to permit growth of inner prices - cannot be reached, and the producers, facing such sharp interference, lose any interest in putting long-term investments into the branch. Structural changes of economy can happen only in result of large-scale changes in economic systems and new orientation of economy. Such changes can be reached at the expense of partial liberalization and intensification of competition. One of the mechanisms of activation of internal resources here is just open economy. For example, free trade, as the result of the process of liberalization, forms preconditions for strengthening and consolidation, which enables to use more efficiently the effect of scale. Along with this, it generates open new competitive environment for innovations and new ideas, allows increase of pressure on the part of foreign organizations and intensifies the need for increase of their competitiveness in modernization. At the same time, the possibilities and need appear to share and study foreign experience. But, as we have earlier mentioned, it is necessary to most cautiously use such instruments of development.

The government of Georgia recently conducted gradually the liberalization of the economic activity and consistently expands smooth and controlled economic integration of the country into the world economy. One of the last steps in this direction is removal of customs barriers with Turkey, determined in 2004. Intensification of integration of economy with the

European Union (EU) has positive influence and stimulates further development of commodity producers in the country. This effect is also connected with deep relations of both markets and state production sectors. Today it is possible to make prognosis on intensification of integration, increase in goods turnover and freight carryings, and import substitution within the united frames. At the same time, in Georgia, producers in the agricultural sector are forced to reconcile with intensification of competition and sharp demands of the European market. Despite this, expansion of the production cooperation is expected and further development of other forms of production organization is possible, which will increase competitiveness of the Georgian producers and will compensate an appearance of new demands at the market of Georgia (Berishvili, 2019).

Implementation of such projects is an example of institutional changes. Fundamental reforms of market and new rules of game are difficult to be planned, mostly their realization. At the same time, managed liberalization of trade within clearly determined and studied frames will give possibility to prepare ground and to spread further optimization and improvement of an institutional base of participant countries. Consideration of the need to remove the tariff restrictions will stimulate development of non-tariff methods of market protection and search for the new balance between the protectionism and deepening of integration.

Such managed integration and cooperation can be given a good stimulus for further development of the national economies of the country. Development of different variants of mutual investments, expansion of industrial and technological cooperation of the companies, coordination of foreign economic policy and protectionist measures acquires new importance for the growth of economies of all the participants. Despite the need for protection of own market, relevantly planned integrational processes represent a powerful instrument for economic development.

### **Conclusion**

Existence of peculiarities of the large-scale liberalization process and their influence on the national economy and wellbeing of the population is of contradictory character. In conditions, when the interests of the large segments of the population can be damaged, the issues of integration into the world economy pass from the economic to socio-political plane. The present thesis today is clearly seen in the activities of numerous states, which at in conditions of crisis and turbulence, at the markets are in search of variants for protection of the national producers and increase the scales of protectionism. This leads to formation of new institutional terms for functioning of the national economic systems. That's why, gradual integration into the world economy and cautious entrance to the WTO of the countries with the



transitional small economy is a substantiated and correct strategy. Stage by stage deepening of the integrational processes and liberalization of trade should be combined with adaptation of the measures of home market assistance, with the formation of new instruments for stimulation of the state protectionism and competitiveness of the national economy.

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## ლიბერალიზაციის თავისებურებები და ზეგავლენა მცირე ეკონომიკის მქონე ქვეყნებზე

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**აბსტრაქტი.** საერთაშორისო ეკონომიკურ პროცესებში ინტეგრაცია და საგარეო ეკონომიკური კავშირების ლიბერალიზაცია არის მცირე ეკონომიკის მქონე ქვეყნების განვითარების წინაპირობა. გლობალიზაციის დღევანდელმა დონემ ხაზი გაუსვა ეკონომიკური საქმიანობის ლიბერალიზაციის საკითხების მნიშვნელობას, მაგრამ მეცნიერთა აზრით, ამ პროცესის ეკონომიკური შედეგები ბუნდოვანია. ლიბერალიზაციის თავისებურებები და გავლენა ეროვნულ ეკონომიკაზე საკამათო ხასიათს ატარებს. მსოფლიო ეკონომიკაში ინტეგრაციის საკითხი ეკონომიკურიდან სოციალურ-პოლიტიკურ პლანზე გადადის. ეს თეზისი დღეს ნათლად ჩანს მრავალი სახელმწიფოს საქმიანობაში, მათ შორის საქართველოში, რომელიც მსოფლიო ბაზარზე კრიზისისა და ტურბულენტობის პირობებში ეძებს ეროვნული მწარმოებლების დაცვის მექანიზმებს და ზრდის პროტექციონიზმის მასშტაბებს. ასევე ლოგიკურია ისიც, რომ დღევანდელი ტურბულენტობის პირობებში, ოპტიმალური ინტეგრაციული პროცესების დადგენა და მათი გამოყენება განვითარებადი ქვეყნების მცირე ეკონომიკებში გადაუდებელ ამოცანად რჩება.

**საკვანძო სიტყვები:** ინტეგრაცია, ლიბერალიზაცია, საგარეო ვაჭრობა, ოპტიმიზაცია, განვითარება.

## IMPACT OF INVESTMENTS AND INNOVATIONS ON DEVELOPING AND TRANSITION ECONOMY COUNTRIES - THE EXAMPLE OF GEORGIA

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**Abstract.** The fact that direct foreign investments play a major role in the development of economies of transition and developing countries in the conditions of modern globalization has already been clearly confirmed, Georgia is no exception, where the statistical data of the last few years reveal the growing trend of foreign investments.

As it has already been said, investing in developing countries has the ability to significantly improve the economic-social situation, which has a subtle impact on improving the living standards of the population. Making appropriate investments in the process of improving various innovative technologies can improve the infrastructure, ensure access to basic services, increase the amenities of the population and increase the availability of local services. Investments, especially the involvement of innovative technologies, have positive effects on health, education and overall economic opportunities.

Investments in renewable energy sources and energy efficiency have a significant impact on the path to energy independence of countries with economies like Georgia in terms of access to sustainable, modern energy services.

Investing in renewable energy projects not only increases access to energy and stimulates economic growth, but also creates job opportunities in developing countries. It contributes to raising living standards and reducing poverty, as well as contributing to the achievement of the Sustainable Development Goals and the uptake of affordable and clean energy.

**Keywords:** *Foreign investments, innovative technologies, economic growth, renewable energy.*

**Introduction.** International organizations have contributed greatly to the development of the green energy network, through efforts to finance green energy programs and introduce small-scale renewable energy co-financing initiatives, SEFA actively promotes the growth of renewable energy sources in developing countries [6].

High-income countries should do more to help developing and transition economies promote economic growth, reduce poverty and inequality, and close the gap in achieving the Sustainable Development Goals by investing in developing countries. Despite the growth of sustainable finance, most of it remains in high-income countries, leaving low-income countries in need of financing. To close this gap, high-income countries need to remove barriers to access to finance in developing countries and allocate more finance to investment.

Therefore, we can say that the solution will be possible in the implementation of more foreign direct investments and, accordingly, in the case of introducing more innovative technologies [5].

Countries in transition can reap many benefits from foreign investment in developing countries, such as increased competitiveness, favorable productivity spreads, access to new technologies, market expansion, and improved labor training and skills, leading to higher wages and employment [8].

In today's globalized world, it is crucial for countries to tap the potential of foreign investment in developing countries. By investing in these countries, companies can reap the benefits of economic growth and development while promoting sustainability for all. These investments provide access to new markets, resources, technologies and opportunities that drive economic growth, create jobs and build local infrastructure. In addition, foreign investment is a major source of financing for sustainable development initiatives, such as renewable energy projects or environmental protection programs.

#### Direct foreign investments in Georgia in 2013-2022

year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022*
all	1039.2	1837.0	1728.8	1654.0	1990.5	351.5	1 352.2	589.8	1241.8	2000.0
I Q.	291.8	331.9	343.4	392.9	415.0	337.3	318.4	173.8	134.3	575.5
II Q.	224.1	217.6	493.2	452.6	398.1	423.3	249.6	246.4	322.5	361.3
III Q.	271.6	749.5	531.1	507.8	637.0	373.0	406.2	296.9	373.9	739.3
IV Q.	251.6	538.0	361.0	300.6	540.5	218.0	378.0	-127.2	411.1	324.0

Source: National Statistical Service of Georgia [4]

As the data in the table shows, the flow of direct foreign investments in Georgia is characterized by a growing trend, the exception is the period of the Covid pandemic, which caused significant damage not only to Georgia but also to many developed countries of the world, and in the post-pandemic period, we can say that the investment flows are characterized by a sharp progress, which finds its fragile reflection. On the path of social economic well-being of the country and the introduction of innovative technologies [3].

Foreign direct investment enables the transfer of technology - especially in the form of new types of capital - that cannot be achieved through trade in goods and services alone. FDI can also promote competition in the domestic market [2].

Recipients of FDI often receive training of employees in the process of operating a new business, which contributes to the development of human capital in the host country.

Bosworth and Collins note that a dollar increase in capital inflows is associated with about a 50-cent increase in domestic investment. (Both capital inflows and domestic investment are expressed as percentages of GDP).

Despite the evidence presented in recent studies, other papers and various researchers indicate that developing countries should be cautious about the benefits of FDI and approach the issue critically [7].

It should be said, however, that “countries seeking to expand their access to international capital markets should focus on developing credible enforcement mechanisms rather than trying to attract more FDI”.

But it should be emphasized that while there is a need to introduce some controls on the inflow of foreign investment, excessive leverage can also limit the benefits of foreign direct investment [8].

**Conclusion.** In terms of improving the investment environment, it is necessary to have an impartial and fair justice system in the country, which will be based on the principle of the rule of law. The strategic partners of Sakartvelo are also named as one of the most important factors in the mentioned circumstance.

Both economic theory and recent empirical evidence suggest that FDI has a positive impact on developing host countries. But studies also indicate some potential risks: it may be a factor of excessive expectations, but investments may be limited by excessive leverage, to conclude, we can say that, considering the abundance of positive factors, developing countries should focus on improving the investment climate for all types of capital, both domestic and foreign.

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**ინვესტიციებისა და ინოვაციების გავლენა განვითარებად და  
გარდამავალი ეკონომიკის ქვეყნებზე - საქართველოს მაგალითზე**

**გიორგი რიჟვაძე**

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კონფერენციის სამეცნიერო კომიტეტისა და ეკონომიკისა და ბიზნესის  
ინსტიტუტის მიერ*

**აბსტრაქტი.** ის ფაქტი, რომ პირდაპირი უცხოური ინვესტიციები დიდ როლს  
თამაშობს თანამედროვე გლობალიზაციის პირობებში გარდამავალი და  
განვითარებადი ქვეყნის ეკონომიკების განვითარებაში უკვე ცხადად არის  
დადასტურებული, მათ შორის გამონაკლისს არც საქართველო წარმოადგენს, სადაც  
ბოლო რამდენიმე წლის სტატისტიკური მონაცემები ცხადყოფს უცხოური  
ინვესტიციების მზარდი ტენდენციის შესახებ.

როგორც უკვე ითქვა განვითარებად ქვეყნებში ინვესტირებას აქვს  
შესაძლებლობა მნიშვნელოვნად გააუმჯობესოს ეკონომიკურ - სოციალური  
მდგომარეობა რაც თავის მხრივ გავლენას ახდენს მოსახლეობის ცხოვრების დონის  
გაუმჯობესებაში. შესაბამისი ინვესტიციების განხორციელებას ინოვაციური  
მიმართულების სხვადასხვა ტექნოლოგიის გაუმჯობესების პროცესში შეუძლია  
გააუმჯობესოს ინფრასტრუქტურა, უზრუნველყოს ხელმისაწვდომობა ძირითად  
სერვისებზე, გაზარდოს მოსახლეობის კეთილმოწყობა და გაზარდოს  
ადგილობრივი სერვისების ხელმისაწვდომობა. ინვესტიციები განსაკუთრებით კი  
ინოვაციური ტექნოლოგიების ჩართულობა დადებით გავლენას ახდენს  
ჯანმრთელობაზე, განათლებასა და საერთო ეკონომიკურ შესაძლებლობებზე [1].



ინვესტიციების განხორციელება განახლებად ენერგიის წყაროებში და ენერგო ეფექტურობაში, მნიშვნელოვან გავლენას ახდენს საქართველოს მსგავსი ეკონომიკის მქონე ქვეყნების ენერგოდამოუკიდებლობის მოპოვების გზაზე მდგრად, თანამედროვე ენერგეტიკულ სერვისებზე ხელმისაწვდომობის კუთხით.

განახლებადი ენერგიის პროექტებში ინვესტიციების განხორციელება არა მხოლოდ აძლიერებს ენერგიაზე ხელმისაწვდომობას და ასტიმულირებს ეკონომიკურ ზრდას, არამედ ქმნის სამუშაო შესაძლებლობებს განვითარებად ქვეყნებში. ეს ხელს უწყობს ცხოვრების დონის ამაღლებას და სიღარიბის შემცირებას, ასევე ხელს უწყობს მდგრადი განვითარების მიზნების მიღწევას და ხელმისაწვდომი და სუფთა ენერგიის ათვისებას.

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## THE STATE OF TOURISM AND RECREATIONAL RESOURCES OF ABKHAZIA IN THE POST-CONFLICT SPACE AND ASPECTS OF ENSURING SUSTAINABILITY

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*Presented by the Scientific Committee of the 1<sup>st</sup> International Conference and the Institute  
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**Abstract.** Knowledge of the features of exploitation of tourist and recreational resources of Abkhazia is important for ensuring the safety of rare natural phenomena and rational nature management. Abkhazia, as the most demanded part of the resort and tourism industry, currently uses a very small part of the resources consumed annually in the 80-90s of the last century in the tourism sector. The reason is a difficult crime situation, an unfavorable investment environment and a low vote of confidence on the part of tourists.

The tendencies of irrational use of tourist and recreational resources under the actual government are clearly visible. Under the conditions of occupation, a number of facts of appropriation by the Russian Federation of the desired resort complexes have already become the norm. A luxurious state-owned villa built on the coast of Mysser was handed over to Russia in exchange for the restoration of the Abkhazian railway and airport. During the Olympics in Sochi, 1 million cubic meters of water will be taken from the rivers and coast of Abkhazia. The removal of meters of inert material has reduced the area of the beach through erosion at many seaside resorts. The export of a large amount of timber has become a prerequisite for the degradation of the ecosystems of Abkhazia.

In the post-de-occupation period, it is necessary to draw up a new landscape and architectural general plan of Abkhazia, with the national park of Abkhazia, functional zones and energy-saving ecotourism infrastructure. Prior to this, the active participation of international environmental organizations is important in order to preserve the existing unique biodiversity and ensure environmental sustainability.

**Keywords:** *Abkhazia, tourism, recreation, ecology, sustainability.*

**Relevance of the topic.** The study of the current state of tourism and recreational resources of Abkhazia is important to ensure the preservation of unique and rare natural phenomena and rational nature management for future generations.

The climate of Abkhazia, relief, proximity and contrasts of the sea and mountains, biodiversity, underground world and canyon-like valleys have attracted hundreds of thousands of tourists since time immemorial.

The main goal of our study is to find out what the situation is after 30 years at tourist and recreational facilities in the occupied territory of Abkhazia, to identify environmental and socio-economic threats and to identify potential exploitation opportunities.

The mountain systems of Abkhazia, valleys, passes, panoramic views offered interesting conditions for lovers of mining, adventure tourism and mountaineering. A clear confirmation of this is the peaks of the Abkhazian Caucasus: Dombayulgen (4046 m), Gvandra (3989 m), Ertsakhvi (3910 m), Ptish (3789 m), Safricha (3789 m), Didi Khutia (3544 m), Patara. Khutia (3280 m.), Azhara (2907 m). Passes between the peaks of these mountains: Safricha (3550 m), Gvandra (2950 m), Nahari (2880 m), Nauri (2860 m), Kluhori (2896 m), Marukhi (2769 m), Sancharo (2292 m). ), Magana (2265 m). The Marukhi and Kluhori passes were used for tourists from the North Caucasus and represented a medium and difficult category in the route network of pass tourism. Departure mainly: Dombay-Teberda-Northern shelter (Russian Federation)-Southern shelter (Georgia, Abkhazia). A similar route was presented at the head of the Bzip valley - in the Pskhu valley. Glaciers Achapara, Gvandra, Marukh, Ptish, Safrichi, Klich, Khutia are important objects for lovers of glacial and extreme tourism.

There are also many unique mountain-climatic and ski areas in the Caucasus of Abkhazia. One of them is Gagra-alpiuri (the same Mamdzishkha), located not far from Gagra. This object is presented at an altitude of 1873 meters above sea level. Since the beginning of the 20th century, a 30 km long road has been built here, first for wagons, then paved. It was also planned to build a cable car on this site, which would take tourists from the sea to the top of the mountain in 20 minutes. The uniqueness of this mountain was that in October, when there was still a “velvet” season, snow fell here on the coast, and a tourist could be skiing from the sea in half an hour. That is, in half an hour he survived three seasons: autumn, summer and winter.

De facto tour operators in Abkhazia offer tourists hiking in the Kelasuri, Bzif and Machar valleys. They try to stay away from the Kodori and Gumista valleys, so as not to accidentally get into the mined area [1].

Abkhazia is distinguished by a variety of natural monuments. Among them are the most important karst caves: Novoafonskaya, Abrskilskaya, Krubera, Pantyukhin well... Of the above, comfortable and amateur caving caves Novoafonskaya and Abrskilskaya were used, and the rest were reserved for professional sports. speleologists. Only the cave of New Athos received 1 million tourists during the year in 1987.

The rivers in Abkhazia Bzif, Kodori, Chkhalta, Sakeni, Kelasuri and Marukh are multifunctional tourist sites. In accordance with the existing technical characteristics, it is possible to organize water and recreational, as well as rafting, canyoning and fishing tours. As for the rivers Enguri, Psou and Galigada, they are only suitable for bathing and recreational and fishing tours. Here, not far from Gagra, the world's smallest river Reprua flows.

Lake Ritsi is the deepest lake (101 m) in Georgia and is a recreational place with boats. There are wooden houses on the shore. In the lower part of Bzif there are Lakes Malaya Ritsa and Blue Lake, interesting for tourism. An interesting mountain tourist route is presented in Amtkeli - the municipality of Gulrifshi Lake (507 m above sea level). Fishing tours are also interesting in Inkiti - a relict lake on Cape Bichvinti, where 10 species of fish are found [2].

Of the balneological centers of Abkhazia, only the resort complex Avadhari is currently functioning. The thermal baths of Tkvarcheli are fully depreciated, as for the thermal waters of Kindgi, bathing is carried out in the wild [3].

On the coast of Abkhazia Gagry, Bichvinta, Mysera, Gantiadi, Leselidze, Gudauta, New Afon, Sukhumi, Gulripshi, Tamish, Kindgi, Ochamchire, Mziuri create interesting sea resorts. From here, cruise liners often called in Sukhumi, and passenger pleasure boats once an hour went to the ports of Gagra and Ochamchira and provided tourist services along with other sea transport. Cliffs protruded from the existing coast line in the upper and lower part of Esher and Gagra-Chigirifshsky district, which increased the transparency of the water and represented a real paradise for divers.

Lyonozov, who bought a piece of land here at the end of the 19th century, made a big contribution to the development of the Müsser coast as a resort. Doctor Kovarsky knew about the uniqueness of this place, he opened a hotel and boarding house here. In 1913, another hotel “Villa Roza” was founded here. A total of 200 dachas were planted on this coastal territory, which caused a violation of the ecological balance. That is why Müssera was soon declared a reserve [4].

In the 1970s, a fashionable state-owned country house was built in one of the bays of the protected area, with an area of more than 180 hectares. It was leased to the Russian side under an agreement dated September 14, 1995 between the Government of Abkhazia and the Main Directorate of Security of the Russian Federation. A new agreement between the governments

of the Russian Federation and Abkhazia on the transfer of property to Russia and its use on the territory of Abkhazia was signed in January 2022. Russia claims that delaying consideration of the issue of ratifying the agreement on Gosagarak will affect Russia's willingness to invest in such large-scale projects as the construction of an airport, the reconstruction of tourist facilities and railways [5].

In the past century, the coastline, formed by natural factors, was subjected to strong anthropogenic impact (sediment removal from the coast, the construction of hydroelectric power stations and ports, irrational bank protection) and underwent noticeable undesirable transformations (washout of beaches, coastal erosion). Often, their trend became irreversible, and coastal infrastructure was threatened with catastrophic destruction. The resort, tourist and transport infrastructure of the region is mainly located in a strip of 3-5 km along the coast. The acceleration of the sustainable economic development of the country, the growth of maritime traffic, the construction of harbors and the actual implementation of the resort and tourism industry will increase the risks on the sea coast, which requires the restoration, protection and stability of the coast.

Based on the norms of recreation and use of beaches (the area of the beach per vacationer is 62 m<sup>2</sup>), it should be noted that the rather unstable state of the beaches of Abkhazia and the trend of their development clearly cannot meet these requirements, and in most cases (Gudauta, New Athons, Eshera, Babushara, Varche, Kindgi, Ochamchire, Gagida, Phichori) we have very deplorable social and dangerous geoeological conditions. It is clear that the protection of the coast and the cessation of erosion processes is a prerequisite for the protection and survival of tourism and recreation facilities located on its coastline [6].

As a result of an irrational, consumerist attitude to the natural resources of Abkhazia and inattention to the processes of environmental pollution in the occupied territory, an alarming ecological situation has been developing for years.

Inert materials are mined and exported in a barbaric manner, with no consideration or concern for environmental conditions. Intensive export of inert materials from Abkhazia began in 2008. During this period, for the construction of the Olympic city of Sochi, the Russian side daily exported from the port of Sukhumi a large amount of inert material, only 1 million tons. According to experts, the unplanned, barbaric extraction of inert materials in the coastal zone of Abkhazia exposes the Black Sea ecosystem to real danger, which will lead to the degradation of coasts and beaches, the creation of new problem areas, the aggravation of existing situations, and the expansion of the sea due to intensive extraction of inert materials. With such a trend, Kvemo Gulrif and Ochamchire may be among the settlements that will lose their recreation area, and in a few years, it will probably become necessary to evacuate the local population

from these places. As a result of ongoing processes, the width of the beach area near Cape Sukhumi has already noticeably decreased, and existing processes are also noticeable in other areas.

The already difficult environmental picture is also exacerbated by the export of unique wood species from Abkhazia for sawn timber (Bichvinta pine, ugchari, Georgian maple, boxwood...) [7].

Accordingly, the reduction (abrasion) of coastal beaches and the cutting of unique forest cover lead to the degradation of tourist and recreational areas, which ultimately reduces the efficiency and marketing opportunities for tourist and recreational resources.

Urgent and long-term investments are considered as the most important factor in achieving sustainable development of the post-conflict space of Abkhazia and restoring the tourist and recreational infrastructure. However, long-term capital investment is linked to security in post-conflict Abkhazia. And in the conditions of the volatile political situation in the region, the impossibility of determining priorities for economic development, and profound changes in the views of the political elite, large-scale actions with their unexpected negative consequences may become a possible manifestation. political risk factor [8].

Thus, the main tourist and recreational resources of the studied region show a completely new picture in the post-conflict space of Abkhazia in the conditions of political, socio-economic and environmental instability. A person who, in turn, has diametrically changed the political spectrum of the region, which has the character of an action directed against universal human values and serves to form a regime against the formation and strengthening of the Georgian statehood, hinders the recovery of the economy. The tourism business here will continue to be discrete, since the intensity of tourist flows from the “countries of the free world” is possible only under conditions of de-occupation, when the fear of the tourist disappears and a vote of confidence appears in the local service personnel and the population.

The fear factor is reinforced by the still existing mined areas, which pose a threat to both tourists and the local population. That is why it is important to carry out demining operations with the support of international organizations.

In the post-de-occupation period, it is necessary to draw up a new master plan for the landscape and architectural planning of Abkhazia so that individual mistakes made during the tourist boom in the Adjara region are not repeated. Aspects of preserving and restoring the green environment should be brought to the fore. A national park of Abkhazia with its important functional areas and energy-saving ecotourism infrastructure should be created. Maximum priority should be given to electric, cycling and electric vehicles (both public and private fleets).

Bypass roads should be created throughout Abkhazia so that the coastal road network is intended only for the local population and tourists, which will be the best way to increase the intensity of tourist flows.

In resort centers, it is necessary to arrange a water supply and sewerage network, as well as install treatment facilities near the confluence of rivers with the sea.

Under the conditions of de-occupation, the purposeful implementation of the above measures will contribute to the optimal use of the tourist and recreational resources of Abkhazia, the socio-economic development of the region, and the restoration of the brotherhood bridge destroyed by enmity.

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## აფხაზეთის ტურისტულ-რეკრეაციული რესურსების მდგომარეობა პოსტკონფლიქტურ სივრცეში და მდგრადობის უზრუნველყოფის ასპექტები

**მალხაზ ღვინჯილია**

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ფენომენების შენარჩუნებისა და რაციონალური ბუნებათსარგებლობის  
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საინვესტიციო გარემო და ტურისტების მხრიდან ნდობის დაბალი ვოლუმია.

კარგად ჩანს დეფაქტო ხელისუფლების პირობებში ტურისტულ-  
რეკრეაციული რესურსების არარაციონალური ათვისების ტენდენციები.  
ოკუპაციის პირობებში უკვე ნორმად იქცა რუსეთის ფედერაციის მხრიდან მისთვის  
სასურველი საკურორტო კომპლექსების მითვისების არაერთი ფაქტი. მიუსერის  
სანაპირო ზოლში აგებული ფეშენებელური სახელმწიფო აგარაკი გადაეცა რუსეთს,



აფხაზეთის რკინიგზისა და აეროპორტის რეაბილიტაციის სანაცვლოდ. სოჭში მიმდინარე ოლიმპიადის პერიოდში აფხაზეთის მდინარეებიდან და სანაპირო ზოლიდან 1მლნ კუბ. მეტრი ინერტული მასალის გატანამ არაერთ ზღვისპირა კურორტზე აბრაზიის შედეგად შეამცირა საპლაჟე სივრცე. დიდი რაოდენობით სამერქნე ხე-ტყის გატანა კი აფხაზეთის ეკოსისტემების დეგრადაციის წინაპირობა გახდა.

დეოკუპაციის შემდგომ პერიოდში აუცილებელია აფხაზეთის ახალი ლანდშაფტურ-არქიტექტურული დაგეგმარების გენერალური გეგმის შედგენა, აფხაზეთის ეროვნული პარკით, ფუნქციონალური ზონებითა და ენერგოდამზოგავი ეკოტურისტული ინფრასტრუქტურით. მანამდე კი მნიშვნელოვანია საერთაშორისო გარემოსდაცვითი ორგანიზაციების აქტიური ჩართულობა არსებული უნიკალური ბიომრავალფეროვნების შენარჩუნებისა და ეკოლოგიური მდგრადობის უზრუნველყოფის მიზნით.

*საკვანძო სიტყვები: აფხაზეთი, ტურიზმი, რეკრეაცია, ეკოლოგია, მდგრადობა.*

## DEVELOPMENT OF TOURISM IN THE BLACK SEA REGION OF GEORGIA IN THE POST-PANDEMIC PERIOD IN THE CONTEXT OF RUSSIAN MEDIA

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*Presented by the Scientific Committee of the 1<sup>st</sup> International Conference and the Institute of Geography and Tourism of the Tskhum-Abkhazian Academy of Sciences*

**Abstract.** Russian news media cover and analyze the development of tourism in the Black Sea region of Georgia quite frequently. As we all know, they consider the development of tourism in Abkhazia, as an independent state, separately, while regarding the rest of the Black Sea area as Georgia. As long as Georgia has no control over its state borders, we are obliged to keep an eye on the development of tourism in Russia-captured Abkhazia.

According to the Ministry of Tourism of Abkhazia, 45% of the 1.15 million tourists vacationing in Abkhazia in 2022 stayed overnight. By the end of 2022, 858 accommodation facilities with 39,000 beds were registered in Abkhazia (8.3% more than in 2021) [1]. Tourists also stay in the private sector. In 2022, 1 million 150 thousand people visited Abkhazia for vacation and excursions. This indicator was a record for the last 29 years.

“According to the verbal survey and monitoring of tourist facilities and collective accommodation facilities, the average number of people arriving in Abkhazia in 2022 is about 1 million 150 thousand people. These are one-day tourists, sightseers and those who stayed in collective accommodation facilities. And in the private sector”, said Inara Benia, head of the Department of Analysis, Forecasting and Development of the Resort and Tourism Industry of the Ministry of Tourism of Abkhazia [2].

**Keywords:** *Tourism in Georgia, Tourism in Abkhazia in the post-pandemic period, global code of ethics, tourist destinations.*

**Relevance of the topic.** The study concerns the development of tourism in the Black Sea region of Georgia according to Russian sources. Georgia does not have the means to conduct

independent research. Russian news media write and analyze quite a lot about the development of tourism in the Black Sea region of Georgia. As it is known, they separately discuss the development of tourism in Abkhazia as an independent state, while in the rest of the Black Sea they consider the whole of Georgia. As long as Georgia cannot control its state borders, we are obliged to keep an eye on the development of tourism in Russia-captured Abkhazia.

According to Benia, 2021 was an unprecedented year in terms of the number of tourists coming to Abkhazia, and there is an explanation for this. “There is such a phenomenon as pent-up demand, when people have not been anywhere for vacation for two years, and then, such an opportunity arose and they took advantage of it - travel became a necessity for people, not a luxury. In 2021, due to the imposed demand, people came to us in search of an ecologically clean place, where they could recover from the COVID infection, breathe fresh air - it is known that Abkhazia has been prominent since Soviet times as therapeutic for people with lung diseases. All this played its role and everyone who could not vacation during the pandemic, chose to come here”, said Benia.

As for 2022, according to Benia, it had a good start, there was significant activity in property bookings, but then the sales decreased due to the newly emerged situation in the world. In addition, the demand was affected by the increase in prices of many products and services, due to which tour operators were forced to mark prices up by an average of 20-40%. “Later, due to low demand, prices began to decrease gradually, various promotions and discounts were organized, and the season entered a stable course, in summer the occupancy of tourist facilities reached 100% in some areas, with an average level of 85-90%. Comfortable hotels, in which it was already difficult to reserve places in July-August”, said the representative of the Ministry of Tourism. According to the Ministry of Tourism, as of December 26, 632,189 people visited Lake Ritsa, 392,065 people visited New Athos Cave. In general, according to Benia, the 2022 season “showed stable results and highlighted the development prospects of new destinations such as ecological, rural, health and wellness, pilgrimage tourism, caravan and camping” [3].

To date, 788 accommodation facilities with a total of 39,323 beds are officially registered in Abkhazia. Of these, 112 facilities and 22419 beds are legal entities, 543 objects and 15700 beds are entrepreneurs, 133 objects and 1204 beds are individuals. For reference, it was in 1980-1990 when tourism was developing in Soviet Abkhazia, and in 1990 there were as many as 125 facilities with a total of 34502 tourist beds [4].

In the summer of 2022, 14% of tourists from Russia visited Abkhazia. As the news agency REGNUM reports, according to Roman Garev, associate professor at the Department of Hotel and Tourist Business at the Plekhanov Russian University of Economics, in 2023, Russian citizens will maintain their interest in vacationing in Egypt, Turkey and Abkhazia.

The fact is that Russians have found themselves with limited vacation options and they are looking for new destinations to compensate. Georgia would not be considered such a place, as they do not have diplomatic relations with us. Flights were one-sidedly terminated by them, while citizens of Georgia had limited visas. All of a sudden, Russia lifted these restrictions. Why? One answer may be to protect the interests of their own population and allow new recreation areas. An analytical magazine, Forbes, made an analysis of how the European tourism industry suffered due to restrictions on tourists from Russia.

Russians have traditionally been a significant contributor to the growth of tourism revenues for many European countries, with European visa refusal rates being one of the lowest for them.

But the pandemic has halted the growing tourist flow, and the Russia-Ukraine conflict has almost brought it to a standstill. According to the data of ATOR (Association of Tour Operators of Russia), in the summer of 2022, tourist trips from Russia to Europe decreased by 90-95%. In September, the European Union suspended the simplified visa regime with Russia, and some European countries stopped accepting visas for Russian citizens. What income were Europeans receiving from Russian tourists?

On September 12, 2022, the decision of the European Union to suspend the agreement on the simplified visa regime with Russia entered into force. Since 2007, the agreement has made it easier for Russians to travel to EU countries, with its signing, visa fees have been reduced, it has become easier to obtain multiple-entry visas, and the list of documents required to obtain them has been reduced.

According to the statement of the Association of Tour Operators of Russia (ATOR), the representative offices of Belgium, Denmark, Lithuania, Latvia, the Netherlands, Poland, Slovakia, the Czech Republic and Estonia have already stopped accepting applications for tourist visas from Russian citizens. Among the “loyal countries” of the European Union, which have not yet stopped accepting documents from the Russians, are Hungary, Greece, Italy, Spain, France, as well as Cyprus with its national visa.

Before the pandemic, Russian tourists traveled in Europe to a great extent, increasing their spending in these countries year by year. According to the data of the Russian Border Service, nine of the 20 foreign countries popular among Russians in 2019 (in terms of outbound tourist flow) were from the Schengen area. Germany (1.42 million tourists), Italy (1.36 million tourists) and Spain (1.06 million tourists) are the top three, and 900,000 tourists stayed in Greece.

According to the OneTwoTrip travel planning service provided by Forbes, in 2019, the share of Russian bookings in the Schengen countries was 32% of total sales to all foreign

destinations. In terms of popularity, Italy ranks first among European countries (6.4% of all foreign orders), followed by Germany (5%), and Spain.

How much were Russians spending?

According to the data of the United Nations World Tourism Organization (UNWTO), in 2018 Russians' spending on foreign trips amounted to \$34.5 billion, which is 11.2% more than in the previous year. Russia was then seventh worldwide in terms of spending on foreign travel by its citizens. Chinese tourists spent the most in overseas travel markets in 2019 at \$277.3 billion, followed by US citizens at \$144 billion and Germans at \$94 billion.

What did the Europeans lose?

Italy lost about 1 billion euros from Russian travelers who are traditionally in the top three after Chinese and Americans. The most popular Italian destinations among Russians were Rimini - with 15% of the tourist flow from Russia, Rome - 10% and Venice - 9%. According to preliminary estimates of Federberg Hotel Association, by the end of 2022, the capital of Italy alone will lose about 150 million euros due to the absence of Russians.

In 2021, Greece reached the pre-crisis level in terms of the number of Russian tourists. Before the pandemic, in 2019, 600,000 Russians vacationed in this country. In 2013-2014, up to 1 million Russians vacationed in Greece per year, with the average cost of the trip at about 1,000 euros per person. It turns out that in the best years, Greece received about 1 billion euros a year from Russian tourists.

Cyprus, which has long been a favorite holiday destination for Russian and Ukrainian citizens, has already lost 600 million euros as for 2022, mainly due to the closure of EU airspace to Russian planes [5].

At the same time, during this agitation, it is important to remember the obligation of the private sector according to the UNWTO Global Code of Ethics for Tourism:

The above-mentioned code defines the norms and frameworks of the behavior of tourists, as well as the responsibility of the receiving countries. The UNWTO Global Code of Ethics for Tourism is responsible for and represents a road map for the development of sustainable tourism, approved by the UN General Assembly in 2001.

Its 10 principles, which cover the economic, social, cultural and environmental components of tourism, aim to help the sector maximize benefits while minimizing potentially negative impacts.

- Tourism industry should promote tolerance and gender equality and respect for human rights, while simultaneously fighting against the exploitation of the most vulnerable groups of the society;

- Tourism practitioners (not just the state) must protect the environment and natural heritage, conserve resources and avoid waste production, ideally agreeing to limit their activities in highly sensitive areas;
- Tourism companies should involve locals in the economic and social structures of destinations, giving priority to the local workforce. It is also necessary to study the impact of development projects and dialogue with the host population;
- Tourism professionals must provide tourists with objective information about the travel country and its conditions, show concern for the safety of clients, provide assistance through appropriate insurance and assistance systems, and promote the cultural and spiritual fulfilment of tourists;
- Tourism enterprises should not use their positions, just as they should not impose socio-cultural models on host communities. They should be involved in local development, avoiding excessive repatriation of profits and ensuring the fundamental rights of employees [6].

The World Committee on Tourism Ethics (WCTE), an impartial body which reports directly to the UNWTO General Assembly, met under a new chair and with a new composition. After deliberations, the Committee agreed to issue the following statement:

The World Committee on Tourism Ethics, welcoming the statement of UN Secretary-General that “Continuing the war in Ukraine is morally unacceptable, politically indefensible and militarily nonsensical”, in firm belief that tourism is a vital force for peace and a factor for friendship and mutual understanding among the peoples of the world, urges the Russian Federation to end its invasion against Ukraine which is putting millions of lives at risk, threatening their peace and security. Guided by Article 1 of the UNWTO Global Code of Ethics for Tourism, the Committee calls on all efforts to be extended towards peace negotiations in accordance with the fundamental principles of the United Nations Charter.

While the right to tourism is forcibly taken away during conflicts, tourism is always a reminder of the importance of dialogue, peace, tolerance, and sustainable development among countries.

The WCTE functions are to interpret, apply, and evaluate the provisions of the UNWTO Global Code of Ethics for Tourism, in addition to ensuring the promotion of its ethical principles and the monitoring of its practical implementation by governments and the private sector [7].

Consequently, tourism business should not be politicized. On the contrary, the duty of tourism is to serve tourists regardless of their origin and views.

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**ტურიზმის განვითარება საქართველოს შავიზღვისპირეთში  
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კონფერენციის სამეცნიერო კომიტეტისა და გეოგრაფიისა და ტურიზმის  
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**აბსტრაქტი.** კვლევა ეხება ტურიზმის განვითარებას საქართველოს შავიზღვისპირეთში რუსული წყაროების მიხედვით. საქართველოს არ გააჩნია საშუალება დამოუკიდებლად აწარმოოს კვლევა. რუსული საინფორმაციო საშუალებები კი საკმაოდ ბევრს წერენ და ანალიზს აკეთებენ ტურიზმის განვითარებაზე საქართველოს შავიზღვისპირეთში. როგორც ცნობილია, ისინი ცალკე განიხილავენ აფხაზეთში ტურიზმის განვითარებას, როგორც დამოუკიდებელ სახელმწიფოში, ხოლო დანარჩენ შავიზღვისპირეთში მოიაზრებენ მთელ საქართველოს. სანამ საქართველო ვერ აკონტროლებს თავის სახელმწიფო საზღვრებს, ჩვენ ვაღიარებთ ვართ თვალი მივადევნოთ ტურიზმის განვითარებას რუსეთის მიერ მიტაცებულ აფხაზეთში.

რუსეთის ფედერაციის მიერ უკრაინაში შეჭრამ გამოიწვია შემდეგი ცვლილებები ევროპულ ტურიზმში:

- რუსეთს შეეზღუდა დასვენების არჩევანი და ისინი ეძებენ საკომპენსაციოდ დანიშნულების ახალ ადგილებს. საქართველო არ მოიაზრებოდა ასეთ ადგილად, რადგან მათ არა აქვთ ჩვენთან დიპლომატიური ურთიერთობები. ფრენები მათ მიერ იყო ცალმხრივად შეწყვეტილი, ხოლო საქართველოს მოქალაქეებს - ვიზები შეზღუდული ქონდათ. სრულიად მოულოდნელად რუსეთმა გააუქმა ეს შეზღუდვები.



- რუსეთის ტუროპერატორთა ასოციაციამ (ATOR) განცხადების თანახმად ბელგიის, დანიის, ლიტვის, ლატვიის, ნიდერლანდების, პოლონეთის, სლოვაკეთის, ჩეხეთის რესპუბლიკისა და ესტონეთის წარმომადგენლობებმა უკვე შეწყვიტეს რუსეთის მოქალაქეებისგან განაცხადების მიღება ტურისტულ ვიზებზე.
- იტალიამ დაკარგა დაახლოებით 1 მილიარდი ევრო რუსი მოგზაურობისგან, რომლებიც ტრადიციულად შედიან პირველ სამეულში. 2019 წელს, ამ ქვეყანაში 600 000 რუსი ისვენებდა. 2013-2014 წლებში საბერძნეთში წელიწადში 1 მილიონამდე რუსი ისვენებდა, მოგზაურობის საშუალო ღირებულება ერთ ადამიანზე დაახლოებით 1000 ევრო იყო. გამოდის, რომ საუკეთესო წლებში საბერძნეთი რუსი ტურისტებისგან წელიწადში დაახლოებით 1 მილიარდ ევროს იღებდა.
- აუცილებელია ამ აჟიოტაჟთან დაკავშირებით გვახსოვდეს კერძო სექტორის ვალდებულება UNWTO-ს ტურიზმის ეთიკის გლობალური კოდექსის მიხედვით:

ზემოაღნიშნული კოდექსი განსაზღვრავს როგორც ტურისტების ქცევის ნორმებს და ჩარჩოებს, ისე მიმღები ქვეყნების პასუხისმგებლობას. UNWTO-ს ტურიზმის ეთიკის გლობალური კოდექსი პასუხისმგებელია და წარმოადგენს მდგრადი ტურიზმის განვითარების საგზაო რუკას, რომელიც დამტკიცებულია გაეროს გენერალური ასამბლეის მიერ 2001 წელს.
- მისი 10 პრინციპი, რომელიც მოიცავს ტურიზმის ეკონომიკურ, სოციალურ, კულტურულ და გარემოსდაცვით კომპონენტებს, მიზნად ისახავს დაეხმაროს სექტორს სარგებლის მაქსიმალურ გაზრდაში, ხოლო პოტენციურად უარყოფითი ზემოქმედების მინიმუმამდე შემცირებაში.
- ამრიგად, ტურიზმის ბიზნესი არ უნდა იყოს პოლიტიზირებული. პირიქით, ტურიზმის მოვალეობაა ტურისტების მომსახურება განურჩევლად მათი წარმომავლობისა და შეხედულებებისა.

*საკვანძო სიტყვები: ტურიზმი საქართველოში, აფხაზეთში ტურიზმი პოსტპანდემიურ პერიოდში, გლობალური ეთიკური კოდექსი, ტურისტული დესტინაციები.*

## COMPARATIVE GEOGRAPHIC AND CARTOGRAPHIC ANALYSIS OF POST-WAR CHANGES IN THE BORDER STRIP OF THE PSOU RIVER SECTION OF THE GEORGIAN-RUSSIAN STATE BORDER

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*Presented by the Scientific Committee of the 1<sup>st</sup> International Conference and the Institute  
of Geography and Tourism of the Tskhum-Abkhazian Academy of Sciences*

**Abstract.** Subject of the study is a comparative geographic and cartographic analysis of the post-war changes in the border strip of the Psou River section of the Georgian-Russian state border. An important section of the northwestern section of the state border of Georgia is the border across the Psou River, which occupies the second place in the border region of the country in terms of length (after the Alazani River) among the border rivers. As a result of long-term transformational processes, the border along this river was formed on the basis of a historical connection with a neighboring state and represented a sufficient contact area, characterized by intensive economic ties. As a result of the well-known events of the 90s of the last century, this section of the border has not been controlled by Georgia for the last 30 years, which created socio-economic problems on the border zone (Georgia side) and caused depopulation of settlements. Therefore, the geographical study and analysis of this space is a topical issue.

Based on studies conducted on electronic versions of topographic maps published in the 70-80s of the last century, a geographic and cartometric analysis of this section of the border zone was carried out. Obtained data is compared with modern satellite images and orthophotomaps. The results of the study are presented in tables and graphs.

**Keywords:** *State border, Psou river, topographic maps, border zone, geography.*

An important part of the northwestern section of the state border of Georgia is the border passing through the Psou River, which is territorially located in the Gagra zone. Psou ranks second in length among the border rivers in the country's border zone (after the Alazani River) [3]. As a result of long-term transformational processes, the border along this river was formed on the basis of a historical connection with a neighboring state and represented a fairly contact area, which was also characterized by an intensive economic connection. As a consequence of the well-known events conducted in 90s of the 20th century, this section of the border was not controlled by Georgia for the last 30 years, which created socio-economic problems in the border zone (from Georgia), which caused the lowering of settlements. Therefore, the geographical study and analysis of this space is a topical issue.

The formation of the state border of Georgia in the part of Abkhazia has a long history and was characterized by significant transformations (changes in geographical location) [1]. In 1921, Soviet power was established in Abkhazia and the Abkhazian SSR was proclaimed on its territory within the boundaries of the Sukhumi district until 1904. In 1922-1928, the Transcaucasian SFSR demanded from the Russian SFSR to transfer the border to the Psou River, north-west of the Abkhazian SSR on basis of the 1920 agreement. It was implemented in 1929[3].

Since the beginning of the 90s, important socio-economic changes have been taking place on the section of the Psou River in the Georgia-Russia state border zone, which is associated with the consequences of the war in Abkhazia, provoked by the Russian Federation.

The data obtained by our study on electronic versions of topographic maps published in the 70s and 80s are compared with modern satellite images and orthophotomaps. As a result of the geographic and cartometric analysis of the research results, the data obtained are presented in tables.

When conducting research, topographic maps and their electronic counterparts, as well as Google Earth maps were mainly used.

When processing information obtained from different scales, cartographic forms of comparison and analysis were used (graph-analytical method, determination of plan and height coordinates, etc.), methods of mathematical analysis and approximation.

The land border of Georgia with the Krasnodar Territory of the Russian Federation is 84.25 km long (according to a map at a scale of 1: 50,000) and Psou river cover 53.77 km of it.

In order to simplify the coordination of the location of points of the state border line and bring them into a single system of mutual location, we carried out picketing along the border line from the selected place of the starting point of the river section (Fig. 1). When picketing, the distance between the pickets (5 km) was determined taking into account the significant

length (53.77 km) of this section of the state border. The boundary line from the starting point of the river section follows the Psou valley in such a way that its left side is on the territory of Georgia, and the right side is on the territory of Russia [3].

Drawing the border along the river also has a negative side - drawing the border in this way often leads to an artificial division of settlements, which is also associated with geographical and economic difficulties. For example, in the Psou section as a border line, the choice of a river type in the border area of Georgia caused the problem of the village of Aibga, which is still divided into two parts - the left one is under the jurisdiction of Georgia, and the right one belongs to the Russian Federation, although it is a single economic complex. Due to the complexity of the terrain, the road connecting the left bank of the Aibga with the Black Sea coast passed along the right bank of the river. By this decision, part of Georgia was also forced to unite with its own state through the Russian Federation. If in the Soviet period such a situation created only economic difficulties and was associated with excessive spending of the time budget, then after the restoration of Georgia's jurisdiction in Abkhazia, this will also be given political significance. Therefore, our country will be forced to build the most difficult 14-kilometer section of the road connecting Aibgi with the Leselidze resort. The village of Aibga, whose territorial affiliation has repeatedly changed in the recent past, has faced the same problem in the modern period, since it has become the subject of a territorial dispute between the Russian Federation and the so-called. “the government of Abkhazia” [2].

In this part of the border, the first section of the right side ( $\approx 18$  km) is occupied by settlements and agricultural land adjacent to them. Here, on the Georgian side, the main settlement is the village Leselidze - characterized by a quarterly layout, developing along the coast in the direction from S/A to N/W (Fig. 1). From the South East to Northwest the village is limited by the railway line, which it crosses a little. At the same place in the northern the village of Salme, begins the villages that are part of Kheivani Community - and in it the village Kultubani.

At  $\approx 9$  km from PK 0, begins the village of Sulevo, which is part of the Leselidze community and has a quarterly layout, which is bordered on the north side by the left Pkhista River, tributary of the Psou, beyond which the village of Salkhino begins, which is part of the Mikelripshi community and stretches along the Psou River (for example, a school) and private estates extends almost to the village and Tsodniskari. The community center of the village of Mikelripshi is more spread to the east, its quarters are located along the main road, and the village of Demerchentsi, which is part of its community, is actually a suburb and does not have administrative and other buildings.

An improved dirt road ends on the left side of the Psou River, near the village of Tsubliani, which actually consists of several dwellings. The river enters a narrow valley, the width of which

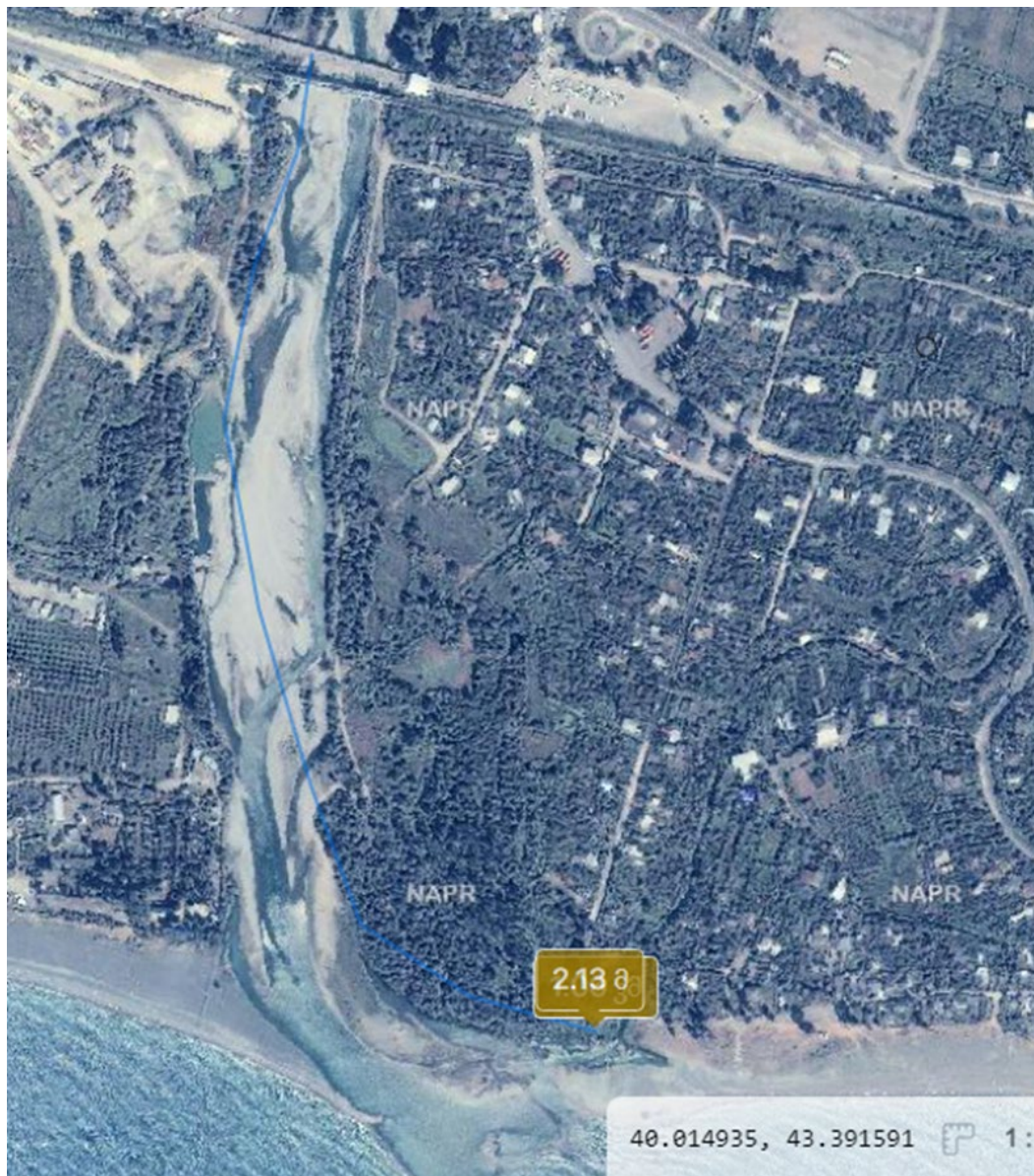


Fig. 1. River Location of the mouth of the Psou on a satellite image  
(the blue line shows the border on a topographic map at a scale of 1:50000)

fluctuates between 50-100m. The right side stretches in a wider strip and a dirt road is laid here. This continues for about 6.5 km, after which a dirt road crosses the iron bridge on the right side, that continues to the village of Aibga. The Georgian part of Aibga is located on both sides of the river Katarkha, connected with each other and with the right side by bridges. The village of Aibga is the last village of this outlier, the northern tip of Georgia is also located here - on the bridge across the Psou River ( $\varphi=43.5862$ ;  $\lambda=40.2420$ ;  $X=600267.439$ ;  $Y=4826663.049$ ) [4, 5].



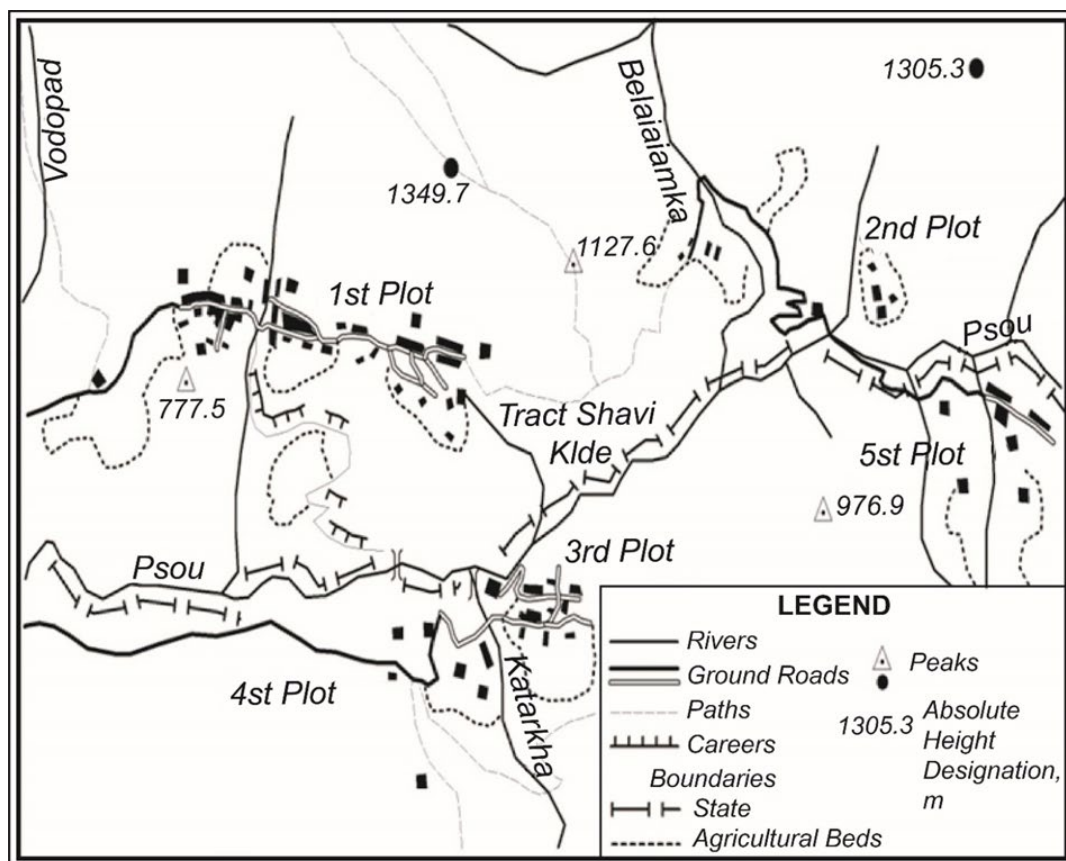


Fig. 2. Village location of Aibga (According to the topographic map of the 1970-80s).

(D. Nikolaishvili, R. Tolordava)

The road network in this section of the state border zone is unevenly developed. This is especially true for its quality. So, for example, if in the coastal strip (the village Leselidze), the coastal street, and the highway running along the right side of the railway (Tbilisi-Leselidze) are asphalted, then the internal roads are paved. For the rest of the part, the asphalt road goes only in a northerly direction, through the centers of settlements, and ends at the village of Tsablani. From the northern shore of Mikelripshi, an asphalt road separates from it, which ends at the agricultural farm. The rest of the territory is covered with dirt, improved dirt and field roads [4, 5].

The border zone, the depth of which was 2 km on the Georgian side, has now been expanded to 11 km from the state border and includes eight settlements - Bagripshi, Khashpshi, Khishkha, Mekhadiri, Mkialripshi (Mikelripshi), Lapstakha, Giatchripshi and Tsandripshi. According to the data of 1959, the number of the population in these villages looked like (table 1), [6].

Table 1. Number of population in border zone villages

N	Name		Destination	Number of population	
	Georgian	Abkhazian		1959	2011
1	Leselidze	Giatchripsh	township/resort	646 (2964)*	1500
2	Salme		village	1268	1659 **
3	Soul		village	1050	880**
4	Kheivani		village	3040	1303
5	Gantiadi	Tsandripsh	township	5281	5170
6	Khashupse	Khashpstar	village	303 (975) *	271
7	Baghnari	Khishkha	village	520 (1050) *	334
8	Nakaduli	Makhadir	village	682 (1565) *	1779
9	Mkialripshi	Mkialripsh	village	250 (1348) *	326
10	Tsalkoti	Lapstarkha	village	638	724**

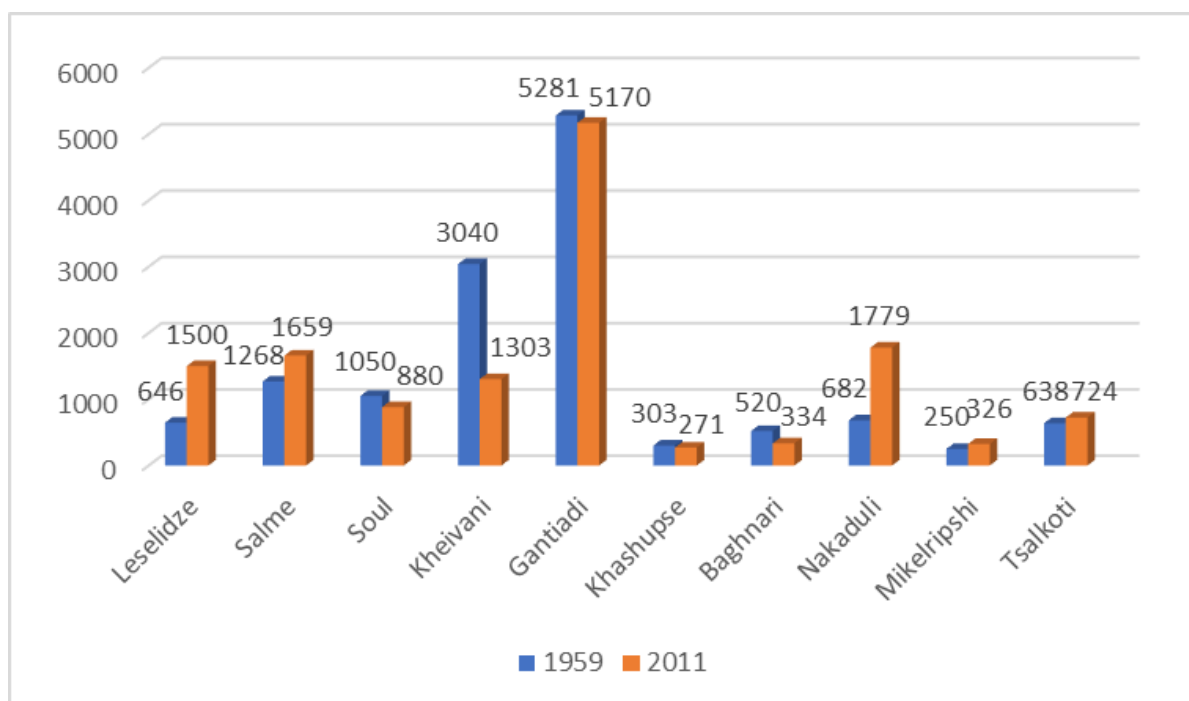


Fig. 3. Population change of settlements located in the border zone in 1959-2011

60-year (1959-2020) dynamics of the population change in the border area can be observed on the example of Mikelripshi village (Table 2).

Table 2. Population change in the border village of Mikelripshi in 1959-2020.

1959	1970	1979	1989	2003	2011	2015	2016	2017	2018	2019	2020
5281	7206	6990	7358	4387	5170	5096	5069	5038	5010	4989	4963

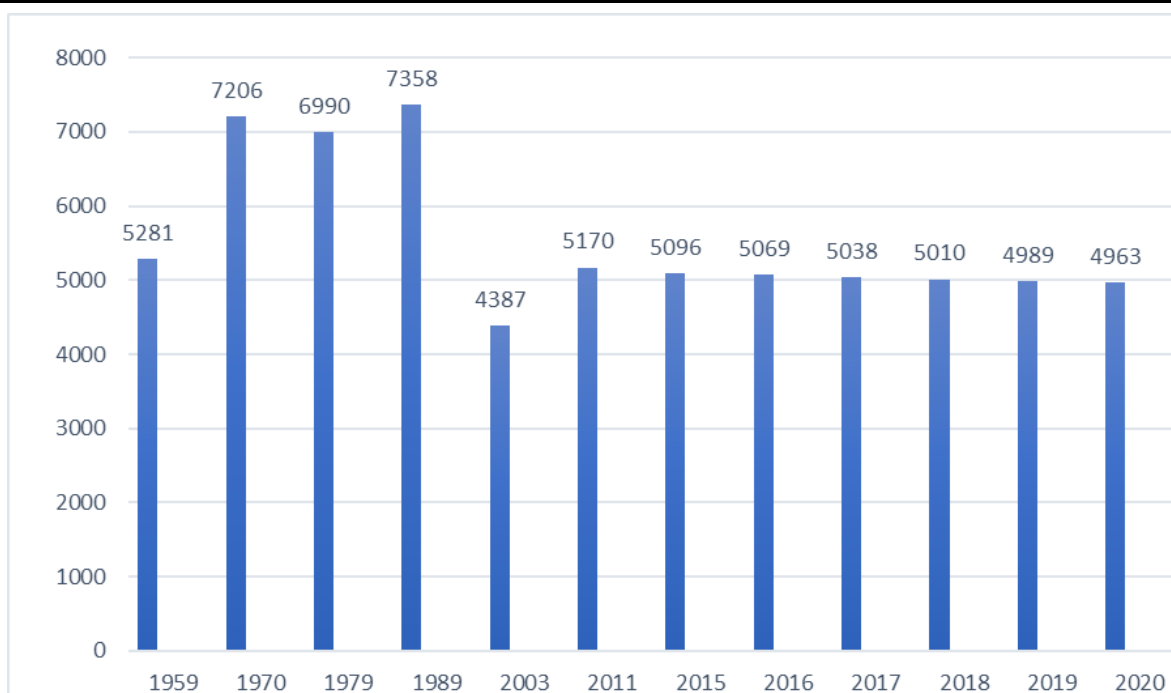


Fig. 4. Dynamics of population change in the village of Mikkelfish 1959-2020

As for economic activities the analysis of satellite images and orthophotos showed that the changes on the right bank of the Psou river (in terms of renewal) are more impressive than on the Georgian one. This is especially noticeable in the coastal zone and along the Psou river, where agricultural activity is observed - new plantations, country houses, etc. are laid. (for example, a settlement was built on a free area of up to 8 hectares on the opposite side of the village of Mikelripshi (Fig. 5).

On the part of Georgia, there is a suspension of agricultural activities and a trend of afforestation. For example, a satellite image shows that houses in one of the districts on the left side of Aibga are completely destroyed [5] (Fig. 6).





Fig. 5. New building on the right bank of Psou

Table 3. Absolute heights and rectangular coordinates of border pickets and intersections with important objects

N	Picketage	Object name	Coordinates		H
			Y	X	
1	P K 0	Crossing point of the river border with the baseline of territorial waters, the beginning of this section of the border	4804122.50	581748.94	-0.46
2	P K 0+260	North-western tip of the island	4804413.98	581625.04	
3	P K 0+940	Crossing point of river and railway bridge R.4x160	4805067.05	581598.10	
4	P K 0+1110	Motor bridge over the river ( $ir \frac{120-10}{80}$ )	4805224.60	581627.30	



Fig.6. The modern situation of Aibga village

5	P K 0+1590	Right unnamed tributary of Psou	4805694.12	581657.05	
6	P K 0+2130	Beginning of an island	4806238.05	581689.24	
	P K 0+2346	Tip of an island	4806492.45	581701.88	
7	P K 0+2860	3.59 km long river dams on the right side of Psou, 100m from the river	4806859.38	581934.04	
8	P K 0+3940	Nameless pool located 230 m to the right from Psou	4808009.88	582061.13	45.0
9	P K 0+4640	The confluence of the left nameless tributary of the Psou	4808514.62	581712.51	50.0
10	P K 1		4808606.30	581831.98	47.8
11	PK 2		4812465.66	584223.43	
12	P K 2+1790	The confluence of Pkhista river, which is the right tributary of the Psou river	4814007.62	584483.42	65.0

13	P K 2+2360 P K 2+2710	Beginning of an island Tip of an island	4814512.76 4814787.76	584665.04 584775.27	
14	P K 2+4880	Windmill located on the left side of Psou river	4816715.01	585553.91	145.0
15	P K 3		4816820.56	585678.65	
16	P K 3+130	The confluence of the left nameless tributary of the Psou	4816916.31	585719.71	230.0
17	PK 3+3970	Motor bridge 45-4/10	4819632.76	588104.24	
18	PK 4		4820546.49	588496.72	
19	P K 4+4890	The confluence of Arkva river which is the left tributary of Psou river	4824590.97	589354.84	233.0
20	PK 5		4824632.88	589447.74	271.0
21	P K 5+940	Motor bridge ( $\frac{13-4}{10}$ )	4824565.57	590308.08	270.0
22	P K 5+1190	Small island	4824459.20	590566.74	275.0
23	PK 5+1680	The confluence of the right nameless tributary of the Psou	4824288.18	590974.76	
24	P K 6	The confluence of Vodopad river which is the right tributary of Psou river	4825069.38	593841.76	440.0
25	P K 6+3850	Motor bridge ( $\frac{26-3}{3}$ )	4825407.27	597141.82	480.0
26	P K 6+4350	Wooden bridge ( $\frac{6-4}{10}$ )	4825395.48	597596.14	484.0
27	P K 6+4390	The confluence of Katarkha river which is the right tributary of Psou river	4825411.85	597665.17	484.0
28	PK 7		4825556.90	598130.60	
29	P K 7+1710	The confluence of the left nameless tributary of the Psou	4826370.45	5994741.7	550.4
30	P K 7+2590	Motor bridge ( $\frac{12-2}{3}$ )	4826663.44	600261.42	613.0

31	P K 7+3900	The confluence of Mendelikha river which is the left tributary of Psou river	4826644.63	601563.29	622.2
32	PK 8		4826092.26	602195.08	
33	P K 8+710	The confluence of the left nameless tributary of the Psou	4825778.05	602763.83	696.0
34	P K 8+1090	The confluence of Arashkha river which is the right tributary of Psou river	4825858.41	603126.33	
35	PK 8+2990	The confluence of Katarkha river which is the right tributary of Psou river	4825109.76	604645.76	775.0
36	PK 9		4825898.65	606107.92	
37	P K 9+150	The confluence of Glubokaia river which is the left tributary of Psou river	4825759.80	606169.22	940.0
38	PK 10		4824051.45	610018.81	
39	PK 11		4823340.19	614551.37	
40		Headland of Psou river	4823341.53	614854.86	2111. 0

On topographical maps with a scale of 1:50000, having created a 5 km picket line along the border, it was possible to bring 40 geographic objects into a single system. As well as coordinate 40 geographic objects along the Psou river section of the Georgian-Russian state border with the determination of their physical and geographical characteristics.

Based on electronic versions of topographic maps of different scales, published in the 70-80s of the last century and on orthophotos obtained in the recent period (2015-2020), a geographical-cartometrical analysis of the border zone was carried out. Some indicators of post-war social-economic transformations are determined by the method of comparison of received data.

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საქართველო-რუსეთის სახელმწიფო საზღვრის მდინარე ფსოუს  
მონაკვეთის სასაზღვრო ზოლში ომის შემდგომი ცვლილებების  
შედარებითი გეოგრაფიულ-კარტოგრაფიული ანალიზი

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*წარდგენილია ცხუმ-აფხაზეთის მეცნიერებათა აკადემიის I საერთაშორისო  
კონფერენციის სამეცნიერო კომიტეტისა და გეოგრაფიისა და ტურიზმის  
ინსტიტუტის მიერ*

**აბსტრაქტი.** საქართველოს სახელმწიფო მიჯნის ჩრდილოეთ-დასავლეთ  
მონაკვეთის მნიშვნელოვან ნაწილს წარმოადგენს მდინარე ფსოუზე გამავალი  
საზღვარი, რომელიც ქვეყნის სასაზღვრო სივრცეში სიგრძით მეორე ადგილს  
იკავებს (მდ. ალაზნის შემდეგ) სასაზღვრო მდინარეებს შორის. საზღვარი ამ  
მდინარეზე ხანგრძლივი ტრანსფორმაციული პროცესების შედეგად, მეზობელ  
სახელმწიფოსთან ისტორიული ურთიერთობის საფუძველზე ჩამოყალიბდა და  
საკმაოდ კონტაქტურ მონაკვეთს წარმოადგენდა, რომელიც ინტენსიური  
ეკონომიკური კავშირითაც გამოირჩეოდა. გასული საუკუნის 90-იანი წლების  
ცნობილი მოვლენების შედეგად საზღვრის ამ მონაკვეთზე ბოლო 30 წელია  
საქართველოს მხრიდან კონტროლი ვერ ხორციელდება, რამაც სასაზღვრო ზონაში  
(საქართველოს მხარის) სოციალურ-ეკონომიკური პრობლემების შექმნა და  
დასახლებული ადგილების დაცლა გამოიწვია. აქედან გამომდინარე, მოცემული

სივრცის გეოგრაფიული შესწავლა და ანალიზი მეტად აქტუალურ საკითხს წარმოადგენს.

ნაშრომში გასული საუკუნის 70-80-იან წლებში გამოცემული ტოპოგრაფიული რუკების ელექტრონულ ვერსიებზე ჩატარებული კვლევების საფუძველზე ჩატარებულია სასაზღვრო ზონის მოცემული მონაკვეთის გეოგრაფიულ-კარტომეტრიული ანალიზი, მიღებული მონაცემები შედარებულია თანამედროვე სატელიტურ სურათებთან და ორთოფოტოებთან. კვლევის შედეგები ასახულია ცხრილებსა და გრაფიკებში.

*საკვანძო სიტყვები: სახელმწიფო საზღვარი, მდინარე ფსოუ, ტოპოგრაფიული რუკები, სასაზღვრო ზონა, გეოგრაფია.*



## THE HISTORICAL MEMORY AS WAY TO SAVE OUR IDENTITY

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**Abstract.** “Historical memory” is the most important component of self-identification of a person, a social group and society as a whole.

Historical memory can help people affected by a terrible past feel that society is fully aware of their pain, condemns the actions that caused this pain, and gives some confidence that such actions will not be repeated in the future.

When the bearers of historical memory die, historical memory naturally changes, revisiting and rethinking the facts of the past. Some details disappear forever, while others, on the contrary, expand and are added under the influence of today's reality.

We remember Abkhazia and all the memories, and while I am there, my memory will exist, but when I and my generation are gone, the memory will also disappear. Although I tell my children a lot about Abkhazia, what I remember and experience is a completely different perception, and therefore I consider it necessary while I and the representatives of the previous generation are still alive and doing this. Historical memory, document as much as possible.

The initiative of certain groups of the population of Abkhazia was to create an interactive map on which one could mark their house and download information about the people living in this house, thereby giving an opportunity to generations not born and not raised in Abkhazia. To have an idea of where and how their ancestors lived. It will be especially good if the return to Abkhazia does not take place during our lifetime (I hope) and that future generations know about their heritage and history.

**Keywords:** *Historical memory, collective memory, Abkhazia, identity.*

Historical or collective memory is the way in which people construct specific narratives about historical periods. This means that people tell stories from the past, but they change as information is learned. That is why it is important to create an oral history archive, as well as a

folk virtual family museum, so that after we, the dead and displaced people of Abkhazia, and our previous generation, the historical memory does not completely disappear.

The concepts of “history” and “historical memory” are not synonymous, as it may seem at first glance. The study of history aims at the most accurate reflection of the past, the most objective description of events, presenting their causes and clarifying the patterns and results of the historical process. Historical memory is primarily related to the oral tradition of information transmission, it is always subjective, related to a specific individual or social group. The memory, which keeps the events of the past in its slot, reproduces this information with the help of imagination, awakened feelings, sensations, facts of the present. These processes are closely related.

In the 1920s, the French sociologist and philosopher Maurice Halbwachs was the first to talk about “collective memory”. His central thesis states - very emphatically - that every society creates the past it needs to imagine itself. The past is used as a reservoir of symbols, signs, “eternal” truths, from which collective memory selects reference points that create an identity to base society's current and future goals on. According to Jan Assmann, based on Halbwachs, collective identity emerges from this shared memory: “The sense of social belonging that we call 'collective identity' is based on the sharing of common knowledge and common memory”.

Collective memory is based on the continuous production of forms of representation. Certain narratives and icons are always subject to reproduction and formation.

This form of memory takes on a collective character in the process of oral exchange. The second form of collective memory that Assman identifies are concrete, materialized, and solid objects separate from everyday life, such as texts and monuments. Ian Assman also developed the concept of cultural memory [1].

According to the American sociologist Eviathar Zerubavel, collective memory is common to families, ethnic groups, nations, and other mnemonic entities. Collective memory is not a simple collection of personal reminiscences of members of a community. It includes memories common to all members of the community as a group.

J. According to Werch, collective memory is a memory that is conditioned by various stories, narratives, primarily of a historical nature. Relevant texts (annals, chronicles, school books, etc.) are considered tools of collective memory [2].

When the witnesses of historical events die, the historical memory naturally changes, the facts of the past are re-examined and interpreted. Some details disappear forever, while others, on the contrary, expand, adding shadows of present reality... Thus, unlike history as scientific knowledge of the past, historical memory is a resource that connects time. Historical memory is the most important component of the self-identification of an individual, a social group and



society as a whole, because the separation of animated images of the historical past is a type of memory that is of particular importance for the integration of social groups. The growth of interest in one's own past, which is observed in modern society, is explained precisely by the desire to “identify” historical memory.

It is very important to celebrate holidays and dates related to important historical events, because these events are given symbolic importance.

History usually begins at the moment when tradition ends, when social memory fades or collapses. As long as the memory continues to exist, there is no need to record it in writing or fix it in any way at all. Therefore, the need to write the history of a particular period, society, and even a person only arises when they have already gone so far into the past that we have little chance of finding many witnesses around us who retain any memory of them.

Unlike historical science, collective memory is not a detailed reconstruction of facts. Rather, “common memory” relies on central codes, places, archetypes, myths, festivals, and rituals that largely ignore historical differentiation. “It feeds on vague, mixed, global and inseparable memories, special or symbolic, which can transfer, disappear, cut and project in any way (...) and makes the memory sacred”, explains the French historian Pierre Nora [3].

It's very painful, emotionally charged, and exhausting, with accompanying shifts in collective memory that tend to reflect highly subjective memories and often distance themselves from the larger story. If individual experiences are not taken into account, or if they are too quickly transferred to more general experiences, then there is a risk that important opportunities for the process of social integration remain untapped.

The victims of gross violations of human rights, atrocities such as genocide, wars and ethnic cleansing are not easily forgotten or forgiven. However, historical memory is not just memory: when we preserve memory, it means that we remember well or do not allow ourselves to forget the horrors of the past.

When the preservation of historical memory is organized at the public and official level by state bodies, it often happens that people remember what they themselves have not experienced. Victims do not need such artificial reminders: they usually cannot forget the bitter experience. Official commemoration is usually organized so that other members of society and those not directly affected are informed about what happened and publicly acknowledge the suffering of the victims [4].

No human right is directly related to the preservation of historical memory, but the types of events that society deems necessary to remember are almost always associated with a fact that affects a certain group of people.

We remember wars mostly where civilians and combatants die. We remember the cases of ethnic cleansing not only because it was a systematic violation of human rights, but because these violations were directed against certain groups and without any justification, these groups were treated inhumanely [5].

After the war, the country's infrastructure is damaged, the provision of refugees fleeing ethnic cleansing exceeds the country's existing capacity, and the number of victims of the original tragedy is increasing.

When horrific events are given official status that society must never forget, then the survivors or victims of those events may experience some satisfaction in the public acknowledgment that what happened was wrong. They may also have some hope that they will no longer be seen as groups of individuals whose rights may again be violated. Unfortunately, many people in the world have not received even this small satisfaction: the number of terrible events that society does not remember far exceeds the number that we acknowledge and celebrate.

I remember Abkhazia, my home and the places where I grew up, and as long as I am there, my memory will exist, but when my generation and I are gone, our memory will disappear. Although I talk to my children a lot about Abkhazia, but I hear and what I experience are completely different perceptions, and that's why I think that it is necessary, as long as I and the representatives of the previous generation are still alive and carry this historical memory, to document it as much as possible.

The connection between historical memory and human rights is essential both for assessing the past and for the future. Tragic events caused by both human action and inaction deserve our remembrance and respect for past victims who died or were injured. But just as important is the forward-looking aspect of memory, which is too often pushed into the background when it comes to the need to acknowledge one's own role in the causes of these terrible events.

I think it is important to have a meeting place where displaced people can come at any time and share their pain and experiences with each other. Unfortunately, the topic of Abkhazia is slowly being forgotten, it is not often discussed in political circles, and if we, the representatives of this area, do not try to voice this topic and do nothing so that this topic is not forgotten, maybe we will share the same fate as the residents of other territories in the recent past.

The inclusion of the historical memory resource in the socio-cultural circulation is an important task. The leading role is assigned to cultural management bodies to perform the coordination function.

It is interesting to create an archive of oral history (records of memories of city and village residents, oral information); as well as a folk virtual family museum (an interactive resource that will make it possible to present materials on the history of families on the site; any family (with the help of specialists) will be able to create their own virtual exposition on this resource).

There was an initiative by individual groups of the Abkhazian population to create an interactive map where it would be possible to mark one's house and upload information about the people living in that house, which would enable virtually generations who were not born and raised in Abkhazia to have an idea of where and how they lived. their ancestors. This will be good especially if our return to Abkhazia does not happen in our lifetime and future generations will know about their property. But this activity needs some financing.

I hope that we will be able to return to Abkhazia and share our historical memory with future generations.

**Conclusion.** Historical memory is “the most important component of the self-identification of an individual, a social group and society as a whole, because the separation of animated images of the historical past is a type of memory that is of particular importance for the integration of social groups...”.

When the bearers of historical memory die, historical memory naturally changes, the facts of the past are re-examined and interpreted. Some details disappear forever, while others, on the contrary, expand, adding the influence of today's reality.

We remember Abkhazia and all the memories, and as long as I am there, my memory will exist, but when my generation and I are gone, our memory will disappear. Although I talk to my children a lot about Abkhazia, what I hear and what I experience are completely different perceptions, and that's why I think that it is necessary, as long as I and the representatives of the previous generation are still alive and carry this historical memory, to document it as much as possible.

There was an initiative by individual groups of the Abkhazian population to create an interactive map where it would be possible to mark one's house and upload information about the people living in that house, making it possible virtually for generations who were not born and raised in Abkhazia to have an idea of where and how they lived. their ancestors. This will be good especially if our return to Abkhazia in our lifetime (I hope we will) will not happen and future generations will know about their property.

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## ისტორიული მეხსიერება, როგორც გზა ჩვენი იდენტობის გადასარჩენად

მაია ღვინჯილია

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კონფერენციის სამეცნიერო კომიტეტისა და გეოგრაფიისა და ტურიზმის  
ინსტიტუტის მიერ*

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ჯგუფის და მთლიანად საზოგადოების თვითიდენტიფიკაციის ყველაზე  
მნიშვნელოვანი კომპონენტი.

ისტორიულ მეხსიერებას შეუძლია დაეხმაროს მათ, ვინც დაზარალდა  
საშინელი წარსულით, იგრძნონ, რომ საზოგადოება მთლიანად აღიარებს მათ  
ტკივილს, გმობს ქმედებებს, რამაც გამოიწვია ეს ტკივილი და უზრუნველყოს  
გარკვეული გარანტია, რომ ასეთი ქმედებები არ განმეორდება მომავალში.

როდესაც ისტორიული მეხსიერების მატარებლები გარდაიცვლებიან,  
ისტორიული მეხსიერება ბუნებრივად იცვლება, წარსულის ფაქტების ხელახლა  
განხილვა და ინტერპრეტაცია ხდება. ზოგიერთი დეტალი სამუდამოდ ქრება, ზოგი  
კი პირიქით, ფართოვდება და ემატება დღევანდელი რეალობის გავლენით.

ჩვენ გვახსოვს აფხაზეთი და ყველა მოგონება და სანამ მე ვიქნები, ჩემი  
მეხსიერება იარსებებს, მაგრამ როცა მე და ჩემი თაობა წავალთ, მეხსიერებაც  
გაქრება. მიუხედავად იმისა, რომ ჩემს შვილებს ბევრს ველაპარაკები აფხაზეთზე,  
მაგრამ რაც მახსოვს და განვიცდი, სრულიად განსხვავებული აღქმა და ამიტომ  
მიმაჩნია, რომ აუცილებელია, სანამ მე და წინა თაობის წარმომადგენლები ჯერ  
კიდევ ცოცხლები ვართ და ამას ვატარებთ. ისტორიული მეხსიერება, რაც შეიძლება  
მეტი დოკუმენტირება.

აფხაზეთის მოსახლეობის ცალკეული ჯგუფების ინიციატივა იყო შეექმნათ ინტერაქტიული რუკა, სადაც შესაძლებელი იქნებოდა საკუთარი სახლის მონიშვნა და ამ სახლში მცხოვრები ადამიანების შესახებ ინფორმაციის ატვირთვა, რითაც შესაძლებელი გახდებოდა პრაქტიკულად აფხაზეთში არ დაბადებული და გაზრდილი თაობებისთვის. რომ ჰქონდეთ წარმოდგენა სად და როგორ ცხოვრობდნენ მათი წინაპრები. ეს განსაკუთრებით კარგი იქნება, თუ აფხაზეთში დაბრუნება ჩვენს სიცოცხლეშივე (იმედი მაქვს) არ მოხდება და რათა მომავალმა თაობებმა იცოდნენ მათი საკუთრებისა და ისტორიის შესახებ.

*საკვანძო სიტყვები: ისტორიული მეხსიერება, კოლექტიური მეხსიერება, აფხაზეთი, იდენტობა.*

## SUSTAINABLE DEVELOPMENT AND ECOTOURISM AS THE MAIN MECHANISM OF BIODIVERSITY PROTECTION

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**Abstract.** In the work “Sustainable development and ecotourism as the main mechanism of biodiversity protection”. Key issues such as the Sustainable Development Goals are discussed, which is a global strategy, it applies to the whole world, both developing and developed countries, therefore all countries of the world have supported the fulfillment of all seventeen Sustainable Development Goals at the national level until 2030. The UN Sustainable Development Goals are integral to the internal reforms of the Government of Georgia. is part of Achieving the Sustainable Development Goals requires an integration. The author discusses one of the most important goals of sustainable development, the protection of biodiversity, its role on various vitally important resources, and he also covers the world's hotspots of biodiversity, which are thirty-six worldwide, and among them is Georgia, where there is a great diversity of species and the threats faced by the existing species, every year Biodiversity is being lost, the author notes that the mechanism of biodiversity protection is determined by protected areas, they represent habitat and shelter for species. Therefore, it is necessary to dramatically increase the various categories of protected areas. Protected areas condition the development of ecotourism, which is the realization of sustainable development and implies renewal of tourist resources as well as socio-economic well-being rated.

**Keywords:** *Biodiversity, ecotourism, sustainable development, threats.*

Sustainable development encompasses the path towards the sustainable well-being of current populations, which also meets the needs of future generations. It involves economic and

social sustainability, which seeks to balance the reduction of natural resources with the long-term prosperity of society.

Sustainable development requires the creation of policies that prioritize economic sustainability, considering the conservation of the environment as a paramount concern.

With the rapid growth of the world's population, the demand for resources is increasing, making the use of sustainable development crucial. It is important to note that achieving sustainable development is impossible without addressing existing patterns and trends of change.

Today, global mass consumption and ecological issues are prevalent. Deforestation, biodiversity loss, air pollution in urban areas, climate-induced natural disasters, and others are all significant ecological problems. Therefore, it is essential to have a rapid global response and innovative approaches to finding solutions, in order to change individual behaviors, institutional structures, and policies effectively for the principles of sustainable development to be realized and implemented.

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On September 25, 2015, the leaders of 193 nations gathered in New York and adopted an ambitious agenda for global sustainability. They agreed on the new framework for sustainable development called “Transforming Our World: The 2030 Agenda for Sustainable Development”.

The new agenda for sustainable development consists of 17 global goals and 169 targets that must be defined to prioritize the achievement of sustainable development worldwide over the next 15 years, from 2016 to 2030 [2].

The goals of sustainable development are a global strategy that applies to the whole world, including both developed and developing countries. Therefore, every country in the world has a stake in achieving the seven objectives of sustainable development by 2030.



The achievement of sustainable development goals requires an integrated approach that addresses the interdependence of all goals. The goal emphasizes “partnerships for the goals”, recognizing that the realization of the goals of sustainable development is impossible without global, regional, and local partnerships. These partnerships are oriented towards the principles of global solidarity. They involve the balancing of interests and the sharing of responsibilities and benefits. The main aim is to achieve the objectives of sustainable development by focusing on the preservation and sustainable use of ecosystems, including biodiversity. Specifically, the goal serves the conservation of biodiversity and the proper management of various ecosystems, including forests, as well as the effective integration of biodiversity concerns into our main agenda, which is the achievement of sustainable development and the role of ecotourism in biodiversity conservation.

Biodiversity is the variety of all living organisms distributed on Earth. It includes the diversity of genes, species, and ecosystems.

Each component of biodiversity is significant because it serves its own function. The loss of any particular component of biodiversity can result in the elimination of ecosystem functions, such as water purification, pollination, medicinal resources, and more.

Biodiversity plays a crucial role in the creation of vital resources through complex processes. It not only addresses ecological problems, conservation, and protection but also contributes significantly to climate change mitigation, maintaining biodiversity reserves, and sustaining indigenous populations [1].

Forests cover approximately 30% of our planet's land area. They are essential not only for solving environmental problems but also for playing a major role in addressing climate change challenges. They provide habitat preservation and ensure the survival of indigenous populations.

Annually, about 13 million hectares of forests are being destroyed, while deforestation continues to occur in 3.6 million hectares of land due to human activities. The degradation and deforestation of forests, along with climate change, pose serious threats to the achievement of sustainable development goals and negatively impact the livelihoods of millions of people.

In 1992, the United Nations held the Earth Summit, which led to the establishment of the main mechanism for the protection and conservation of biodiversity and ecological processes on three-quarters of the Earth's surface.

Since 1992, the protected areas' coverage has significantly increased, and according to data from 2020, various categories of protected areas cover more than 26 million square kilometers, protecting different ecosystems, species, and genetic resources [2].

Therefore, since 1992, the coverage of protected areas has expanded considerably, and based on data from 2020, the coverage of protected areas represents various categories that preserve the diversity of ecosystems, species, and genetic resources.

For the implementation of ecotourism, it is necessary to consider the following factors together with other elements: product, price, location, and connection with the community.

As a result of our research (tourist surveys) conducted prior to the pandemic in 2018, the three most important elements of ecotourism that influence client's choice are as follows:

Uniqueness of various biodiversity in a region.

Guide professionalism, meaning extensive knowledge about a specific object or region.

Opportunities for active engagement.

Based on this research, it is essential to select the diverse biodiversity available in Georgia, which has the potential to strengthen ecotourism more effectively than before, as the progressive integration of ecotourism with biosphere reserves remains unattainable.

In Georgia, the currently protected territories are categorized as follows: 14 nature reserves, 13 national parks, 24 protected landscapes, 40 wilderness areas, 3 protected wetlands, and 2 biosphere reserves.

However, active work is ongoing to increase these numbers. The preserved territories of Georgia, which represent 75% of the country's territory, are home to diverse ecosystems and habitats of numerous species.

Within these protected territories, there are 90 species of mammals, accounting for 67% of the “Red List” species in Georgia.

Of note are the following: Eastern Caucasus lynx, Caucasian tur, Caucasian black grouse, Caucasian snowcock, Caucasian chamois, Caucasian salamander, Caucasian toad, and others.

Fourteen species of reptiles in Georgia are endemic to the Caucasus, while the majority of about 30 globally threatened species are also present in the region.

It should be noted that within the protected territories, 27 species of birds considered globally threatened are found. Based on available information, the entire protected territories constitute habitat areas for 314 species of protected flora.

In the past 50 years, the environment has undergone unprecedented changes worldwide, affecting natural territories, living organisms, climate, biodiversity, and the integrity of ecosystems. The increasing utilization of biological resources coincides with a reduction in the overall sustainability of ecosystems. The rapid decline in the population of plants and animals, which are vital for maintaining ecological balance, continues to be a concern. Based on recent assessments, the positive trend in the conservation of biodiversity and ecosystem services will

persist and improve further if the existing practices of energy consumption, food production, water supply, and resource management are modified.

Therefore, the preservation and conservation of the environment are possible in a way that aligns with social goals and enhances the quality of life. However, this requires proactive and effective measures at local, national, and global levels.

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**აბსტრაქტი.** ნაშრომში “მდგრადი განვითარება და ეკოტურიზმი, როგორც ბიომრავალფეროვნების დაცვის ძირითადი მექანიზმი”. განხილულია ისეთი ძირითადი საკითხები როგორიცაა მდგრადი განვითარების მიზნები, რომელიც გლობალური სტრატეგიაა, იგი ეხება მთელ მსოფლიოს, როგორც განვითარებად, ისე განვითარებულ ქვეყნებს, ამიტომ მსოფლიოს ყველა ქვეყანამ მხარი დაუჭირა მდგრადი განვითარების ჩვიდმეტივე მიზნის შესრულებას ეროვნულ დონეზე 2030 წლამდე. გაეროს მდგრადი განვითარების მიზნები საქართველოს მთავრობის შიდა რეფორმების განუყოფელი ნაწილია. მდგრადი განვითარების მიზნების მიღწევა მოითხოვს ინტეგრირებულ მიდგომას ყველა მიზნის ერთობლიობის მიმართ.

ნაშრომის ავტორები განიხილავენ მდგრადი განვითარების ერთ-ერთ უმნიშვნელოვანეს მიზანს, ბიომრავალფეროვნების დაცვას, მის როლს სხვადასხვა საციცოცხლოდ მნიშვნელოვან რესურსებზე, ასევე მათ მიერ გაშუქებულია ბიომრავალფეროვნების მსოფლიოს ცხელი წერტილები, რომელიც მსოფლიო მასშტაბით ოცდა თექვსმეტია და მათ შორისაა საქართველოც, სადაც სახეობრივი მრავალფეროვნებაა და დიდია არსებული სახეობების წინაშე მდგარი საფრთხეები, ყოველწლიურად მიმდინარეობს ბიომრავალფეროვნების კარგვა, ასევე აღნიშნავენ,

რომ ბიომრავალფეროვნების დაცვის მექანიზმს დაცული ტერიტორიები განაპირობებენ, ისინი წარმოადგენენ ჰაბიტატს და ქმნიან თავშესაფარს სახეობებისთვის. ამიტომ აუცილებელია მკვეთრად გაიზარდოს დაცული ტერიტორიების სხვადასხვა კატეგორიები. დაცული ტერიტორიები კი ეკოტურიზმის განვითარებას განაპირობებს, რომელიც მდგრადი განვითარების რეალიზატორია და გულისხმობს ტურისტული რესურსების განახლებას ასევე სოციალურ-ეკონომიურ კეთილდღეობას.

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## THE IMPACT OF DIGITAL TECHNOLOGIES ON THE DEVELOPMENT OF RURAL TOURISM IN GEORGIA

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**Abstract.** In 2020, the spread of COVID-19 and the associated pandemic proved to be the biggest devastating factor for all areas. The pandemic has had a major economic impact on international tourism. In 2020-2021, the tourism industry has lost hundreds of billions of dollars and millions of jobs. To overcome the crisis, anti-epidemic measures were implemented in many countries, which accelerated the transformation of world tourism, resulting in increased demand for domestic tourism and rural tourism. The article discusses the changes in the tourism sector of Georgia caused by the pandemic: a) the growing demand for domestic and rural tourism, b) the acceleration of digitalization processes.

One of the important branches of the world economy is rural tourism and agro tourism complex, which largely determines the employment of the population and the growth of income in tourist regions. During the pandemic, the lack of a full-fledged information service turned out to be an obstacle for consumers of domestic and rural tourism services in Georgia. Technical progress and extensive use of the Internet have created the so-called New Economy. Digitization has become a global trend, which by itself has led to the introduction of digital technologies in the tourism industry. Modern tourism requires the activation of digitization processes, which ensures the development of tourist products. The research confirmed that the active penetration of digital technologies in the field of tourism in Georgia will contribute to the development of domestic and rural tourism in the country.

**Keywords:** *Tourism development, digital technologies, digitalization processes, tourism product, domestic tourism, rural tourism.*

In the modern world, the tourism industry is presented as one of the most dynamically developing industries. Prior to the spread of the coronavirus (COVID-19) pandemic, it was one

of the most important sectors of the global economy, accounting for 10% of global GDP. The pandemic had a significant impact on the health of the population and the economy in almost all areas, but hit the tourism industry especially hard. Countries have imposed travel restrictions to contain the spread of the virus, significantly reducing domestic and international travel in early 2020. If before the pandemic, spending on travel and tourism around the world amounted to almost five trillion US dollars, then in 2020 this figure fell to 2.33 trillion. The global travel and tourism sector also suffered a significant loss in terms of employment, at around 62%. Since tourism is characterized by a multiplier effect, the crisis has spread to other sectors of the economy that are interconnected with tourism. Various sectors have been significantly affected, and in some cases even their structure has changed.<sup>1</sup>

Despite all the negative consequences of the crisis, after the coronavirus pandemic, the modern tourism industry has been transformed: the need for changes has arisen, and the demand for domestic and rural tourism has increased. The increased demand for domestic tourism during the crisis period was primarily due to the fact that the sanitary-epidemiological situation and social distancing were almost resolved. Accordingly, in 2020, the existence and development of “new demand” tourism products, which include the following areas: wine tourism, protected areas, rural tourism, eco and agro tourism, and mountain resorts, became part of the anti-crisis plan of the tourism sector of Georgia. Rural tourism and agro-tourism largely determine the employment and income growth of the local population.

Rural tourism and the market system of cultural tourism are two of the priority areas in the communities adjacent to the administrative border in Georgia (Gori, Kareli, Kaspi, and Zugdidi). However, as a result of the research of non-governmental organizations, there were factors that hindered the development of tourism in this direction. For example: lack of accommodation facilities for short-term tourist arrivals; insufficient marketing of events and festivals (an example is the Anaklia Music Festival). It was revealed that 25% of family hotels in the Zugdidi municipality do not use any online platform and do not make it known that they manage to attract visitors through personal contacts. The shortcomings of the objects presented on various e-commerce channels are manifested in the provision of information, which indicates their lack of knowledge about digital marketing. This circumstance makes it difficult to turn an “intangible” tourist product into a “tangible” one for potential customers, which

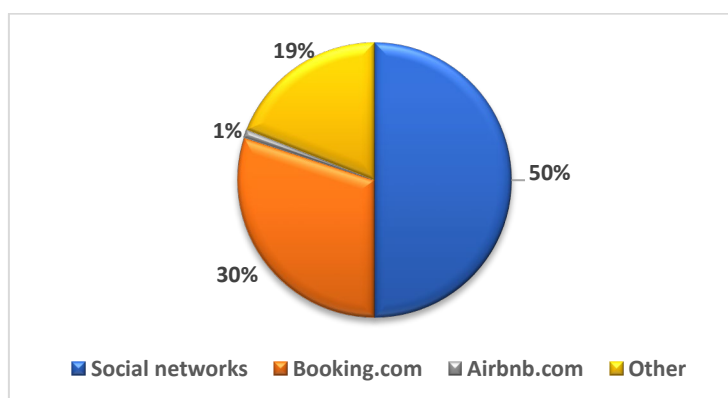
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<sup>1</sup> Letandze N., International tourism during the pandemic and its aftermath: challenges and perspectives, “SEU and Science”, SEU scientific peer-reviewed journal, No. 13, 2022;

ultimately leads to the loss of the object by a potential buyer or makes it difficult for the visitor to make the right choice when booking a product or service.<sup>2</sup>

The digitization of tourism is not a new direction in the industry. Along with the development of the global Internet, certain changes were observed in the tourism industry. For example, Airbnb was founded in August 2008 and is now a global short-term rental platform. Such services and platforms as Skyscanner and Booking.com, which expand the opportunities for the development of unorganized tourism, began to gain popularity in 2008-2009. The trend of digitization in tourism implies the gradual movement of all market participants into the online sphere. This means the appropriate reorientation of financial flows, which becomes a prerequisite for the profitability of the tourism industry. Currently, the development and promotion of digital products for both traditional and new tourist destinations is considered a promising area.<sup>3</sup>

We conducted research in Zugdidi municipality, in the villages adjacent to the occupation line: Anaklia and Ganmukhuri. 50% of the surveyed owners of small family-type hotels use social networks; 30% have posted on Booking.com; and only 1% refer to the online platform Airbnb.



In Georgia, as well as in the whole world, the main challenge in the post-pandemic period is the necessity of the digitalization process of the tourism sector, which is very important for the full recovery and further development of the tourism industry, promoting domestic tourism and rural tourism.

In general, the adaptation of the Internet to the tourism industry leads to the involvement of more people in this field every year. In the process of planning their trip, modern tourists increasingly use various digital channels. As a result, the scale of the industry and the demand for travel are increasing. Although the demand for domestic tourism has increased, the trends of more active implementation of virtual and augmented reality (augmented reality allows for

<sup>2</sup> Design services for the development of the urban planning plan of the city of Zugdidi

<sup>3</sup> Tevdoradze S., Digital challenges in the tourism industry - Gtuni, collection of works #12, 2022



achieving several marketing goals at the same time) technologies have become relevant. The tools for meeting the needs of tourists are changing, but their needs remain the same: a safe socio-political and ecological environment. Rural tourism meets these needs to some extent. Accordingly, it is necessary to strengthen the existing tourist facilities in the village with digital technologies, which will help to integrate them into important online platforms and increase the opportunity for tourists to visit villages.

Digitization of tourism is a necessary condition for progress; it is necessary for each party involved in the industry to adopt modern technologies and communicate with customers using digital channels, which will directly affect the tourism industry and positively affect its development. It is desirable that the implementation of digital technologies in tourism be encouraged by the state by conducting trainings, events, and presentations on the importance of data analysis and creating “tech-incubators” where interested parties will be taught data analysis and AI and work on their implementation in the tourism industry in various ways.

**Conclusion.** In Georgia, the specifics of rural tourism and its impact on the economic and agrarian sectors have not yet been properly studied. The development of rural tourism in the country is most effective from a social and economic point of view if it is carried out through strategic plans and programs developed at the regional, national, or international level.<sup>4</sup> Also, more active involvement by the private sector using digital technologies will increase the number of tourists much more. It is necessary to strengthen the existing tourist facilities in the village with digital technologies, which will help integrate them on important online platforms.

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## ციფრული ტექნოლოგიების გავლენა სოფლის ტურიზმის განვითარებაზე საქართველოში

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*წარდგენილია ცხუმ-აფხაზეთის მეცნიერებათა აკადემიის I საერთაშორისო კონფერენციის სამეცნიერო კომიტეტისა და გეოგრაფიისა და ტურიზმის ინსტიტუტის მიერ*

**აბსტრაქტი.** უდიდესი დამაზარალებელი ფაქტორი აღმოჩნდა 2020 წელს გავრცელებული COVID-19 და მასთან დაკავშირებული პანდემია ყველა სფეროსთვის. მან უმძიმესი ეკონომიკური გავლენა იქონია საერთაშორისო ტურიზმზე. 2020-2021 წლებში ტურიზმის ინდუსტრიამ დაკარგა ასობით მილიარდი დოლარი და მილიონობით სამუშაო ადგილი. კრიზისის დასაძლევად მრავალ ქვეყანაში გატარდა ანტიეპიდემიური ღონისძიებები, რომლებმაც დააჩქარა მსოფლიო ტურიზმის ტრანსფორმაცია, შედეგად გაიზარდა მოთხოვნა შიდა ტურიზმზე და სასოფლო ტურიზმზე. სტატიაში განხილულია კორონავირუსული პანდემიით გამოწვეული ის ცვლილებები, რომლებიც აღინიშნება საქართველოში ტურიზმის მიმართულებით: ა) მზარდი მოთხოვნილებები შიდა ტურიზმზე და სოფლის ტურიზმზე, ბ) ციფრული ტექნოლოგიების როლის ზრდა ტურიზმის (სოფლის ტურიზმის) დინამიურ განვითარებაში.

მსოფლიო ეკონომიკაში ერთ-ერთი მნიშვნელოვანი სექტორია სოფლის ტურიზმი და აგროტურისტული კომპლექსი, რომელიც ტურისტულ რეგიონებში მნიშვნელოვნად განსაზღვრავს მოსახლეობის დასაქმებას და შემოსავლების ზრდას. პანდემიის პერიოდში საქართველოში შიდა ტურიზმის მიმართულებით მომხმარებლების გადაადგილებისა და სოფლის მონახულების შემაფერხებელი ფაქტორი აღმოჩნდა სრულფასოვანი საინფორმაციო სერვისის არქონა. ზოგადად,

ტექნოლოგიურმა წინსვლამ, განსაკუთრებით კი ინტერნეტის ფართო გამოყენებამ, შექმნა ე.წ. ახალი ეკონომიკა და დიჯიტალიზაცია გახდა გლობალური ტენდენცია, რამაც თავისთავად გამოიწვია ციფრული ტექნოლოგიების დანერგვა ტურისტულ ინდუსტრიაში. თანამედროვე ტურიზმი საჭიროებს დიჯიტალიზაციის პროცესების გააქტიურებას, რაც უზრუნველყოფს ტურისტული პროდუქტების განვითარებას. კვლევამ დაადასტურა, რომ საქართველოში ტურიზმის სფეროში ციფრული ტექნოლოგიების აქტიური შეღწევა ხელს შეუწყობს ქვეყანაში შიდა ტურიზმის განვითარებას.

*საკვანძო სიტყვები: ტურიზმის განვითარება, ციფრული ტექნოლოგიები, დიჯიტალიზაციის პროცესები, ტურისტული პროდუქტი, შიდა ტურიზმი, სოფლის ტურიზმი.*

## ALTERNATIVE TOURISM, IN THE CONTEXT OF SUSTAINABLE TOURISM

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**Abstract.** Approaches to tourism in the modern world are a subject of constant discussion. Recently, more and more critical opinions are expressed about the negative impact of mass tourism on the environment. The development of the tourism market of the future is considered through alternative forms of tourism.

The problems of developing alternative tourism as a key part of the concept of sustainable tourism differ significantly between countries, taking into account economic, social and environmental factors. Alternative tourism combines tourism products or individual tourism services that differ from mass tourism in terms of delivery, organization and human resources. Alternative tourism is the application of sustainable development practices to tourism in regions where tourism has been chosen as a factor in economic development. Today, the popularity of specific forms of alternative tourism such as “ecotourism”, “volunteer tourism” and “voluntourism” has increased significantly. Tourism development, both in the countries of the world and in Georgia, is considered as a sustainable development tool through various government programs and strategies.

**Keywords:** *Alternative tourism, voluntourism, ecotourism, sustainable tourism.*

**Introduction.** By 2030, tourism sustainability can be achieved through a positive balance of environmental, socio-cultural and economic aspects of the tourism industry, which is necessary to ensure favorable working conditions, life and preservation of the local population of the destination.

The 21st Century Agenda for the Travel and Tourism Industry explains: Sustainable tourism products are products that are in harmony with the local environment, society, culture in a way that benefits rather than harms tourism development. Sustainability becomes the main

challenge in developing quality tourism products without negative impact on the natural and cultural environment that sustains and cares for them [1].

Approaches to tourism in the modern world are a subject of constant discussion. The development of the tourism market of the future is considered through alternative forms of tourism. Tourism can be divided into two main groups known as mass tourism and alternative tourism. These two types of tourism are different from each other. The concept of alternative tourism inseparably includes socio-economic, cultural and environmental dimensions.

**Peculiarities of Alternative Tourism.** The practice of moving people from country to country has a long history. For centuries, people have been traveling to distant parts of the world and getting to know new and foreign cultures, languages, cuisines, customs, and more. In the twentieth century, this practice took on an organized and mass character, which, in turn, led to the establishment of the concept of tourism. Recently, more and more critical opinions have been expressed about the negative impact of mass tourism on the environment. Too many tourist activities lead to the degradation of unique natural and historical sites. Today, tourism is one of the fastest-growing mass industries in the world, although alternative forms of mass tourism have emerged over the past few decades. Mass tourism is the organized movement of large numbers of people to specialized places. Alternative tourism involves small groups. Over the past few decades, tourists from high-income countries have increasingly turned to alternative forms of travel that provide rewarding experiences and promise sustainable development [2].

The problems of developing alternative tourism as a key part of the concept of sustainable tourism differ significantly between countries, taking into account economic, social and environmental factors. Tourism development, both in the countries of the world and in Georgia, is considered as a sustainable development tool through various government programs and strategies. Alternative tourism combines tourism products or individual tourism services that differ from mass tourism in terms of delivery, organization and human resources. Alternative tourism is the application of sustainable development practices to tourism in regions where tourism has been chosen as a factor in economic development. Today, the popularity of specific forms of alternative tourism such as “ecotourism”, “volunteer tourism” and “Voluntourism” has increased significantly [1].

In scientific studies, alternative tourism is described as “a form of tourism that is consistent with natural, social and community values and allows hosts and guests to enjoy positive and valuable relationships and shared experiences”. Providing alternative tourism experiences such as “ecotourism”, “voluntourism” - is fundamentally consistent with sustainability to ensure that impacts on resources and destinations are minimized.

Environmental factors such as the host community, biodiversity, and the prevention of irreversible environmental changes are emphasized in the sustainability literature. As a result of these factors, volunteer tourism has recently emerged as a phenomenon in the field of alternative tourism experiences. Ecotourism is a form of tourism developed using ecological resources: mountains, lakes, lagoons, valleys, caves, rich flora and fauna. Ecotourism is essential to understanding not only volunteer tourism, but also alternative tourism. The term itself covers a wide range of connotations: tourists with specific motivations, tourism practices, tourism products, technology levels, planning decisions, local, regional, national and international policies and as a development strategy. From the definitions of volunteer tourism and ecotourism, we can see that the main goal is to maintain the well-being of the local community where tourism takes place. Volunteer tourism can be seen as a development strategy that leads to sustainable development and is focused on the convergence of natural resources, locals and visitors who benefit from tourism activities [3].

The concept of “tourist-volunteer” has the following definition - this is a person, a volunteer, who voluntarily agreed to help the community for free, is responsible for fulfilling his obligations, combines voluntary work. Voluntourism is a form of tourism in which travelers participate in voluntary work, usually for charity. Their work can be related to agriculture, healthcare, education and many other fields. Another benefit of volunteerism is its role in poverty alleviation. If done in a sustainable way, volunteerism helps sustain local economies. The difference between volunteering and voluntarism is that volunteering is (we) dependent on volunteers to perform an important social or educational function, and voluntarism is (we)'s reliance on volunteers to support an institution or achieve a goal [4].

As M. Kruglova explains, “volunteer tourism can be considered a popular form of international travel that allows each volunteer to make an individual contribution to the sustainable development of tourism in the host country” [5]. Volunteers consider their work as a tool for social, cultural, economic and environmental development. Alternative tourism is a “new” form of tourism that tries to get closer to the local socio-political and economic reality. It strives to initiate a new relationship between tourists and host communities. Its main idea is to bring tourists closer to the local community. Integrating them into local life instead of locking them in a tourist enclave cut off from the outside world. The local community should be involved at all stages of the process: in decision-making, tourism planning and development and also in managing the final tourism product. Participatory form of governance, needs and wishes of local people should be introduced in the system. Alternative tourism experiences, contextualized in relation to the different elements of volunteerism, serious recreation and

ecotourism, facilitate interactions within the destination area. Alternative tourism tries to find and spread new opportunities for different, non-traditional forms of tourism [6].

**Conclusion.** Although tourism is recognized as an economic savior that provides jobs and boosts GDP, it is now also seen as the source of a wide range of serious problems, especially in developing economies. Alternative tourism is considered to be the most positive motive for tourism, because alternative tourists want to be more with living cultures. Instead of using special tourist accommodation and facilities, they prefer to use or share the services of local people. In this way, they get the opportunity to experience some aspect of their life. Alternative tourism combines tourism products or individual tourism services that differ from mass tourism in terms of delivery, organization and human resources involved. Due to its nature, ecotourism, volunteer tourism and the development of volunteerism in Georgia:

- It should be based on dialogue with the local population, which should be informed about its effects
- Must be carried out in an environmentally friendly environment and respect local culture and religious traditions
- Its scale should be adjusted to the development possibilities of the local area, measured from an aesthetic and ecological point of view
- Requires environmentally sensitive behavior and operation of tourists and operators.

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## ალტერნატიული ტურიზმი, მდგრადი ტურიზმის კონტექსტში

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**აბსტრაქტი.** თანამედროვე მსოფლიოში ტურიზმის მიმართ მიდგომები მუდმივი მსჯელობის საგანია. ბოლო დროს სულ უფრო და უფრო მეტი კრიტიკული აზრი გამოითქმის მასობრივი ტურიზმის, გარემოზე ნეგატიური ზემოქმედების შესახებ. მომავლის ტურისტული ბაზრის განვითარება განიხილება ტურიზმის ალტერნატიული ფორმების მეშვეობით.

ალტერნატიული ტურიზმის განვითარების პრობლემები, როგორც მდგრადი ტურიზმის კონცეფციის საკვანძო ნაწილი, მნიშვნელოვნად განსხვავდება ქვეყნებში, ეკონომიკურ, სოციალურ და გარემო ფაქტორების გათვალისწინებით. ალტერნატიული ტურიზმი აერთიანებს ტურისტულ პროდუქტებს ან ინდივიდუალურ ტურისტულ სერვისებს, რომლებიც განსხვავდება მასობრივი ტურიზმისგან მიწოდების, ორგანიზაციისა და ადამიანური რესურსების მეშვეობით. ალტერნატიული ტურიზმი არის მდგრადი განვითარების პრაქტიკის გამოყენება ტურიზმისთვის იმ რეგიონებში, სადაც ტურიზმი არჩეულია ეკონომიკური განვითარების ფაქტორად. დღეისათვის, ალტერნატიული ტურიზმის კონკრეტული ფორმების პოპულარობა, როგორიცაა “ეკოტურიზმი”, “მოხალისე ტურიზმი” და “ვოლუნტურიზმი” მნიშვნელოვნად გაიზარდა. ტურიზმის განვითარება, როგორც მსოფლიო ქვეყნებში ასევე საქართველოშიც განიხილება, როგორც მდგრადი განვითარების ინსტრუმენტი სხვადასხვა სამთავრობო პროგრამებისა და სტრატეგიების მეშვეობით.

**საკვანძო სიტყვები:** ალტერნატიული ტურიზმი, ვოლუნტურიზმი, ეკოტურიზმი, მდგრადი ტურიზმი.

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