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DEVELOPMENT REGARDING TRANSPORT POLICIES

Replies to the questionnaire on transport development

Addendum 10

Transmitted by the Government of Georgia

Road transport

I. GENERAL TRANSPORT POLICY ASPECTS

Item 1

Since the beginning of the 1990s, as a result of the new social and economic order, the privatization of motor transport has developed rapidly in Georgia. Formerly, motor transport and other motor transport activities were carried out by the State, which was subsequently replaced by juridical and physical persons.

Item 2

Today, Georgia's pool of motor vehicles consists of 247,841 private cars, 47,681 trucks and 22,738 passenger transport vehicles.

Item 3

In response to the pressing need to protect the environment, the Administration prepared a programme on measures to improve the environmental safety of road transport in Georgia, which was approved by Presidential Decree No. 302 of 29 July 2001.

Item 4

In Georgia, urban and collective transport receives tax exemptions (Tax Code of Georgia, article 101, paragraph V). In accordance with the aforementioned exemptions, this mode of transport is not subject to value added tax (VAT).

Item 5

There is currently almost no monitoring of the rational use of energy in road transport.

II. ECONOMIC, TECHNOLOGICAL AND OPERATIONAL ASPECTS

Item 6

There have been no major technological changes in the transport infrastructure, and no traffic control measures have been introduced.

Item 7

In order to improve the profitability and productivity of transport operations, the Administration has adopted the following recommendations:

- Composition of expenditure included in the cost of road transport services, and methods of assessing their financial implications;
- Methods of calculating prices and tariffs for road transport services.

Item 10

The Administration is not responsible for identifying and localizing permanent traffic impediments.

Item 11

Today, Georgia's fleet of motor vehicles is antiquated and the number of vehicles does not correspond to real demands. In order to ensure the modernization of the fleet of motor vehicles, the Tax Code of Georgia has been amended with a view to liberalizing taxes on the import of new motor vehicles.

Item 13

Existing legislation does not provide for any privileges or priorities for capital investments in the road transport infrastructure.

Item 14

Data for 2001 indicate that in Georgia 240 million passengers were transported by motor vehicles; passenger traffic was 4,700 million passengers/kilometre (km). Twenty million tons of freight was transported; the freight traffic was 520 million tons/km.

Rail transport

Item 14 (c)

In 2001, Georgian railways transported 2.05 million passengers. Passenger traffic was 400.8 million passengers/km.

Item 14 (d)

In 2001, Georgian railways transported 13,209.6 thousand tons of freight; that amount includes 9,074.6 thousand tons of oil and oil products.

In 2000, 11,496.1 tons of freight were transported. In 2001, freight transport increased by 1,713.5 thousand tons, or 14.8%.

Freight turnover in 2001 was 4,480.6 million tariff tons/km.

Freight turnover in 2000 was 3,912.1 million tariff tons/km. In 2001, turnover increased by 568.5 tariff tons/km, or 14.5%.

Item 14 (f)

Maximum number of passenger carriages:	22
Minimum number of passenger carriages:	10
Number of seats in passenger carriages:	
International carriage:	18
Carriages with sleeping berths:	36
Carriages with reserved seats:	54
Ordinary carriages:	81
In modernized international carriages:	
First class:	18
Second class:	36
Third class:	56

The carrying capacity of freight wagons is 50-60 tons.

Air transport

Georgia's air transport sector consists of aviation enterprises (airline companies, airports, technical services, freight services, fuel supply companies and so on) that are predominantly engaged in international transport. According to 2001 indicators, domestic air transport accounted for only 0.5% of all air transport and consisted mostly of charter flights. Irregular and insignificant domestic air traffic was due, on the one hand, to the existence of alternative means of transporting passengers and freight and, on the other, to the high cost of air transport and, as a result, the high cost of air fares. This situation has been brought about by a number of provisions of the Tax Code. In spite of the Administration's requirements, VAT and the excise tax system, which apply to international air transport, do not apply to domestic air transport; this is why domestic air transport is unprofitable and uncompetitive vis-à-vis other forms of transport. It should be pointed out that Georgia's rugged terrain requires the use of helicopters, which carry out flights to remote high-mountain regions. However, such flights can be used only for tourism. For the reasons stated above ordinary flights are not feasible. This has a negative impact on the social situation of people living in high-mountain regions (Kodori valley, Ajar mountainous zone, Mestia mountainous zone and others), for whom links with the country's central regions are difficult for long periods of the year, owing to the impassability of roads and inclement climatic conditions.

While Georgia's civilian airports have a broad infrastructure, most airports are in need of renovation. Georgia's main airports are in Tbilisi, Kutaisi, Senaki and Batumi. In 2001, the overall number of passengers transported by those four airports was 268,698, including passengers on domestic flights. A total of 121 domestic flights transported 1,320 passengers in 2001, or 568 fewer passengers than in 2000 and 3,235 fewer passengers than in 1999. Total air traffic indicators for 2001, as compared with domestic traffic are: Tbilisi airport - 0.15%; Kutaisi airport - 7.97%; Senaki airport - 0; and Batumi airport - 5.16%. In 2001, 249,585 passengers were transported from Tbilisi airport, 3,981 from Kutaisi airport and 12,829 from Batumi airport. At Senaki airport, there are many flights for international organizations and humanitarian missions.
