

# Featured Interview



**Giorgi Doborjginidze**

*Head of Georgian Logistics Association*

*Please tell us more about Georgian Logistics Association*

Georgian Logistics Association (GLA) was founded in 2011. Our members include international and local companies from transportation/logistics and supply chain management.

GLA provides a neutral platform to promote the common interests in the Georgian logistics industry. GLA supports the exchange of knowledge and ideas among its members and stakeholders, develops partnership links between service providers and buyers of logistics services and ultimately contributes into the development of Georgia's logistics sector.

GLA is committed to the promotion of the awareness about the importance of logistics and supply chain management in industry, science and the public sphere, to systematically identify and document logistical problems, to develop methods and processes, to address these problems on an interdisciplinary and sector-focused basis and to promote and continuously optimize the application of the relevant solutions.

GLA's vision is to be a leading professional logistics association in the Caucasus region, holding strong local and international position.

*What is the role of a logistics hub in increase*

*of Georgia's competitiveness?*

Logistics is a key pillar of Georgia's competitiveness as a business location in East Europe. It is one of the key factors of competitiveness for economic development. Growing economic integration between the companies in East and West and the further globalization of the markets creates unique opportunity for Georgia to be integrated in the international trade.

The globalization of trade and production is an issue that is affecting Eastern European countries. Those countries that create the best conditions will attract companies that are part of the global economy. This is particularly important for developing countries for which access to world markets is a critical part of their drive for prosperity. There are many aspects, why the global players take location decisions, but one important aspect is the quality and cost of logistics. It is of no use having very low production costs in a particular place if the finished product cannot be delivered easily, cheaply, and reliably to the customer. There are two principal aspects to good logistics. The first is cost: lower costs are self-evidently attractive to firms. The second is quality: logistic reliability is paramount for many companies.

*What are key challenges for the development of*

*transport and logistics sector in Georgia?*

Development of an efficient transport system is an important factor for the growth of the logistics industry and for economic prosperity of Georgia as well. The EU integration and globalization process and changing market structures, which requires a fundamental restructuring and reorientation of the transportation and logistics market in Georgia. With the increasing need for competitiveness, the ability of our country to reduce logistics costs through the provision of adequate and efficient intermodal transport systems is more critical than ever.

Nowadays the Georgian logistics market is characterized with limited services, low service level and high costs. In Georgia the term "logistics" traditionally only comprises transport and storage. Logistics standards have not been established yet, and there is a lack of qualified logistics service providers. IT systems for the planning and monitoring of supply chains are still the exception. International companies in Georgia find it difficult to implement coherent strategies due to poor logistics know-how and infrastructure. The need of these companies for high-quality services, such as short-notice delivery of parts – within a few hours – consistent tracking and tracing, and an overall supply

chain management, is as strongly developed as in Western countries.

Due to development of efficient intermodal transportation network and efficient logistics infrastructure Georgia has a real chance to attract international logistics providers and global players in the region, which enables Georgia to be a member of the international competition. Sufficient logistics infrastructure and consolidation of logistics know-how will involve our country in the international competition of logistics locations.

*What infrastructure should be available in Georgia to ensure the development of T&L sector?*

*What are best practices in that regard?*

Georgian economy will grow at over 5% next couple of years, which implies more outputs, and more demand for specialized logistics services. Intermodality and logistics integration are the key issues for the development of logistics sector in Georgia. Because of growing freight traffic and increasing imbalance in the use of the various transport modes and infrastructure, the transport system in Georgia is showing inefficiency from a socio-economic point of view.

Increase of the effectiveness of intermodal hinterland connections of the Georgian ports are becoming one of the major importance.

For this reason, the development of modern intermodal terminals and logistics centers is necessary. Logistics centers create the significant benefits for the development T&L sector and economic development of Georgia. They support development of high quality logistics services and distribution efficiency for local businesses, and attract international players to the local market. Logistics centers enable quick access to the market for suppliers and customers, reduce the time and costs associated with managing multiple suppliers and take an advantage of the convenience that is a result of working with a single-source provider.