COUNTRY COMPETITIVENESS AS THE BASIS FOR THE CREATION OF THE EFFICIENT EXPORT STRATEGY

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Abstract - The paper reviews specific topics of the formulation and management of the Export Strategies. Export competitiveness should be viewed as the part of Country competitiveness Export Strategies became of vital importance for Georgia. After the signing DCFTA with EU Georgian officials were wondering that export potential of Georgia would be utilized in the best possible way. Unfortunately utilization of export potential is only possible by developing and executing efficient Export Strategies. The author reviews different approaches to formulate export strategies. In addition, the article reviews different indicators for evaluating the efficiency of the export strategies.

Key words - Country Competitiveness, Export Competitiveness, Export Strategy, Export Strategy Formulation and Management, Evaluation of the Efficiency of the Export Strategies.
Conference Topic - Management

I. INTRODUCTION

Often in scientific circles, mistrust regarding the reliability of competitiveness, economic freedom, trade promotion or other indices is expressed. Part of the economists think that it is not advisable to form any serious strategies based on these indices. This mistrust is probably caused by less awareness in these issues, especially because of the absence of tangible, confirmed ties between these indices and the real economic figures. We often witness only superficial talks about indices, focusing on the place of the particular index of the country in certain rankings, which causes its politicization and discussion of the fundamental issues is not taken into account. In this publication we will try to concentrate on the indices focusing on country's competitiveness and trade support. Such a choice was determined by two important issues: first is the direct connection of these indices with the competitiveness of the country's exports and second - both of these indices are made by the World Economic Forum and hence certain unified methodological approaches exist. Also it would be interesting to try and link specific Export Strategy with the Country Competitiveness.

1.1. Indices of country's competitiveness and trade support and their relations with the export competitiveness.

Lot of attention was given to the competitiveness index of countries represented by the World Economic Forum. Thus, our task is not to discuss this index in details. Opinions on this issue have been expressed by the author and other scientists both in Georgia and around the world (see bibliography[12-23[). Based on this index, let's try to understand export competitiveness of different countries. Today, when globalization has created unique competitive conditions, struggling for the export markets has become a crucial task. Specifically, "development of export markets for many firms that face economic challenges are the possibility of survival and not the choice" [1]. If the particular directions and products are not selected, it will be difficult to ensure economic growth. Economic growth should be based on well-understood competitive advantages and supportive actions oriented towards effective realization of existing competitive advantages.
Otherwise, the country will find itself in a situation where its economy is oriented on dying sectors and will try to maintain the artificial vitality of these sectors. In fact, the country will appear in the state of retro economics. "Retro economics is the state of economy when existing companies use outdated technologies, but there is still some demand for their products"[2].

Unfortunately, the reforms carried out in Georgia couldn't not make it able for the country to integrate into the modern world economy. Instead, they contributed to its deinstitutionalization and marginalization [3]. Under these conditions it is necessary to explicitly express the existing interconnections between competitiveness and export potential.

5 leading countries have been selected according to the Competitiveness Index for 2017-2018 to assess existing links between competitiveness and export potential. According to the data of the International Trade Center, these states and Georgia were compared with regard to the fundamental export indicators. See table 1.

Table 1. Fundamental export indicators of leading countries in the rankings for competitiveness index and Georgia.

Country	Export (thousand US dollars)	Trade balance (thousand US dollars)	Share of export in the world export (%)	Share of import in the world import (%)	Number of export products	Share of three products in the total export	Share of three markets in the total export
Switzerland	304 688 646	35 533 861	1,89	1.64	4541	46,2	37,2
USA	1 453 169 633	-796 491 086	9,00	13,73	5168	15,6	42,2
Singapore	329 868 096	46 862 251	2,04	1,73	4620	25,2	36,2
Holland	569 376 621	65 196 526	3,53	3,08	4985	18,0	41,5
Germany	1 340 751 954	280 079 536	8,3	6,47	4950	13,3	24,3
Georgia	2 113 469	- 5 121 169	0,01	0,04	1735	30,9	26,0

Even the simplest analysis reveals that the export ratings of leading countries in competitiveness are also very impressive. Only the US has a negative trade balance. A separate study will be needed on this issue, as the US is more oriented towards exporting services. What is the common picture? First of all, the number of export products of all countries is very impressive at the 4-digit level of the harmonized system of goods, ranging from 4541 to 5168. Thus export growth is achieved through diversification of export products. This is proved by the second indicator, which shows the share of three leading export products in the country's total exports. The fact is that high export diversification clearly reduces the commodity concentrations. Interestingly, the tendency to increase market concentration is observed, particularly leading countries prefer the market concentration or in other words, they trade intensively with a small number of trading partners. Diversification of export products is more important than export geography. In Georgia, the picture is radically different - low quantity of export products, high commodity concentrations and market spread. Perhaps it is clear that the main way to solve the problem is to increase the number of export products, which should be based on modern industrial policy. Strong links between the competitiveness and export indicators of the country is clearly confirmed based on the conducted analysis. Perhaps, it is important to discuss the issues of interdependence between trade promotion index and export competitiveness. The trade facilitation index is also developed by World Economic Forum. Trade promotion implies any activity that reduces trade transaction costs and promotes the increase of efficiency. In the 21st century it became clear that the impact of various non-tariff barriers on foreign trade increased sharply. The importance of non-tariff barriers far outweighs the importance of tariff barriers. It is therefore necessary to assess the importance of these non-tariff barriers. The trade facilitation index includes 4 sub-indices, which combine 57 different indices in 7 columns. Our selected 5 leading competitive countries took following places in the rankings for trade promotion index: Singapore - 1; Holland - 2; Federal Republic of Germany - 9; Switzerland - 11; USA - 22. Georgia occupies 41th places. Obviously, leader countries with respect to the competitiveness also take very high places in the trade promotion index rankings. Relatively low indicator of USA can be explained by its administration's attempt to protect the internal market through certain barriers and we shouldn't forget that this is the most capacious market in the world. Promotion of trade is a precondition of export competitiveness and hence, it is necessary for Georgia to take appropriate steps in this direction. Let's see respective indicators for Georgia in more details.

According to the 1st column, Georgia occupies 9th position (6th position in 2014). 2nd column shows access to foreign markets with Georgia holding 33th position, (63th position in 2014). 3rd column shows the efficiency and transparency of the border administration with Georgia holding 39th place (41th position in 2014). Fourth column is the availability and quality of transport infrastructure where Georgia occupies 76th position (70th position in 2014). 5th column shows the availability and quality of transport services, with Georgia occupying 98th position (101th position in 2014). 6th column is about access to information-communication technologies where Georgia occupies 33rd position (50th position in 2014). The 7th pillar is the functioning environment with Georgia holding 33rd position (50th position in 2014).

It is also interesting to note considerations of experts who created index on the hazardous factors to export growth from Georgia, these are: identification of potential markets and buyers; incompatible skills to product technology and development; technical requirements and standards abroad; low availability of trade finances; ensure quantitative/qualitative

requirements of buyers; difficulties in access to essential items for import in a competitive price. Probably all of the abovementioned factors are well known for Georgian researchers over the last 20 years. Unfortunately, few things have been done to solve these problems and it is difficult to say how many of them will be solved in the nearest future.

For the completion of analysis, it is necessary to compare export, import and GDP growth rates with each other for Georgia that will enable us to determine further potential for export growth. See tables 2 and 3.

Table 2. Georgia's GDP, export and import dynamics

	GDP current (us billions)	Export (thousand US dollars)	Import (thousand US dollars)
2011	14.435	2186	7072
2012	15.846	2377	8056
2013	16.14	2910	8023
2014	16.509	2861	8602
2015	13.994	2205	7300
2016	14.333	2113	7295
2017	15.165	2751	7956

Table 3. GDP, Export and import growth compared to the previous year.

	GDP current	Export	Import
2012	9,7	8,7	13,9
2013	1,8	22,4	-0,5
2014	2,3	-1,7	7,2
2015	-15,3	-23,0	-15,2
2016	2,4	-4,2	-0,01
2017	6.0	30.0	9.0

Low speed of export growth will be easy to understand if we discuss number of export products in the same period at the 4-digit level of harmonized system of commodity nomenclature.

Number of export products at 4 digit levels:
2012- 1641
2013 -1713
2014 -1715
2015 -1749
2016–1735

Low nomenclature of export production forms two sub-tasks under the objective of export growth. Particularly, in the short-run export growth must be carried out with existing export products, while the export growth in the long-run should be carried out through creating of new export products. There are two directions for solving the first task: a) access to the new export markets; b) selling existing export products in a higher price niche. Solutions for both of these tasks should be based on well-known strategies: leadership in costs; differentiation strategy. Production with large volumes is essential for the first strategy - this way is less realistic given Georgian reality and analysis of export products. Georgian export products, for example wine, are impossible to produce in large quantities, since the volume of wine is limited by grape harvest, and the latter's growth is limited by the appropriate climatic zones and land. Mass production in terms of the meeting demands of global economy is also restricted by resource scarcity in Georgia. Hence, we should consider the possibility of using differentiation strategies. For the use of a differentiation strategy in the classical sense, it is necessary on the side of consumers to perceive the high quality or distinction of the product and readiness to pay the additional price for this distinction. The peculiarities of the differentiation strategy are quite interesting in terms of export, namely export itself favors maintaining prices at high levels, since the user is physiologically affiliated with the high price of imported products. This factor can be considered as quite positive.

1.2. Types of the Export Strategies

Now it would be very important to link findings of Country Competitiveness with the Export Startegies. Reviewing the Export Strategies is very important for distinguishing Strategies on the Macro and Micro level or the firm strategies needed for sustainable development. It should be noted that in current context strategies on the macro level are less popular and major emphasis is put on the trade facilitation activities. These topics would be reviewed later. Now we would concentrate on the practical issues of the Export Strategies. As we already mentioned, Export Strategies are becoming a choice, a way to survive in the tough competitive environment. Firms are urged to find every way for growth and thus explore Export Strategies. Clear, that Export Strategies are theoretically and practically well developed issues, but the dynamism born by Globalization demands some changes. In the modern Export Strategies

markets are important as well as entry modes and entry time. There should be specifically defined markets, where geographical aspects are as important as a good definition of market segments. These activities are leading to succesfull export strategies. In this direction theoreticians are offering different ways to the managers.

Lately the definition of the Trade Intensivity Index has become popular. This topic was reviewed in the Author's previous article "Export Potential and Competitive Advantage [4].

Success of any strategy is determined by utilization of the competitive advantage, thus the better utilized compatitive advantage is the more successful the export strategy is. Competitive advantage is considered the basis for the strategy. It should be noted that succesfull export strategy could serve as a source of the competitive advantage. For example, some production was exported based on the high quality of the product, increased sales volume gave the firm opportunity to seek economy of scale, which by itself creates new competitive advantage and gives opportunity for entering new export markets by lowering prices.

In exporting consumer products the most important is creation of the value chain. Value chain would serve as the basis for the competitive advantage. Thus we could consider different options - direct and indirect exports, strategic partnership or alliances.

In the export of industrial goods they are supplied directly to the industrial consumers, the most important topics are production price, readiness of the product to be industrially explored, supplying time and stability. The range of these factors differs from the factors considered previously (consumer products). Thus the importance of the general exporting strategies increased and the state support for the exporting strategies becomes vital. When we are considering succesful exporting strategies on the state level first of all we are considering exporting strategies utilized by Japan, Taiwan, Thailand, South Korea, China and Ireland. In any of these cases export strategies based on the competitive advantage, combination of the high productivity and low labour costs. It should be noted, that the combination of these factors also worked well in the high tech industries. Later the growth of the Irish exports also was based on the same factors in addition with the high emigration of Irish people (first of all in Great Britain and USA) and the perfect knowledge of the English language.

Even the simple analysis reveals, that export strategies on the macro level where clearly based on the existing competitive advantage. In the same manner we could review the export strategies on the micro level, where competitive advantage should be clearly defined. Thus the competitive advantage should be the basis of the export strategy and taking into consideration the fact, that globalization changed type of competition, export strategies should be globally oriented. Many researchers are putting the equal sign between this statement and the possibility to produce products at low costs. This position is not right for every sector, its right in the production of the mass products, where the price competition plays a major role. Beside this, there always exists niche demand and production which have the specific features, the export strategies for these products differed. In the modern global competition these specific features could be created based on the artistic factors. For example, while in the production of the mass building materials the major factors would be low production costs and low prices, the same production for the niche demand should have some unique characteristics, and should meet specific demands of the consumers.

Reviewing the export strategies on the macro level, we should also review activities of the International Organizations. Regarding exporting strategies, first of all we should consider International Trade Center, which supports creation of the export strategies through special Programme "Export led Poverty Reduction"[5]. Also should be noted World Bank sectoral initiatives and researches, which are aiming at increasing export potential of the underdeveloped countries. It should be noted that the success of the Initiated by International Donors projects are fully depend on the receiving countries policies. If the country doesn't have competitive advantage, participation of the International Donors couldn't change this reality and project will not be sustainable. The projects would be succesful if they are based on the existing or the potential competitive advantage.

There is an ongoing discussion of the role of the State in the formulation and success of the Export Strategies. We should make one note, successful export strategy on the macro level means improved trade balance, higher growth of exports, or declaring export as the major economic growth indicator and creating additional jobs. Export Strategy on the macro level means creation of the specific conditions for the production and exporting of some products, not creating special conditions for some firms. In this regard macro Export Strategies should be oriented on the creation of trade facilitating conditions. More open trading regimes means to remove barriers on the domestic market. From the 1990s most popular is the idea, that having only preferences couldn't be realistic, international trade is the two way traffic, thus we are using the term "Trade Facilitation", which covers some specific actions.

According to the World Bank research: "under the Trade Facilitation we consider any actions which decrease the export/import tariffs. The marginal effect of infrastructure improvement on exports appears to be decreasing in per capita income. In contrast, the impact of information and communication technology on exports appears increasingly important for richer countries. Trade facilitation measures can be undertaken along two

dimensions: a "hard" dimension related to tangible infrastructure such as roads, ports, highways, telecommunications, as well as a "soft" dimension related to transparency, customs management, business management, and other institutional aspects that are intangible. "[6]. According to the findings of this research in Georgia activities should be focused on the improvement of infrastructure and customs manangement. For Georgian exporters information support would be important, which should be focused on the specific markets rather than general. Thus we face two problems, first is the cost efficiency, second is the fairness or is it fair to assist one exporter if there are hundreds of exporters? The solution of these problems should be based on the world experience. First of all effective mechanisms for Public Private co-operation should be created.

Such mechanisms are competitiveness Councills, Industry Associations, etc. Competitiveness Councills provide day-to day monitoring of the competitiveness of State, some industries, also they are facilitating the agreement between State and private sector regarding priorities. When such priorities are agreed, special market research activities would be undertaken and would solve the above mentioned problems.

Also we should review the use of information-communication technologies as the Special tool for the trade facilitation. In the modern service oriented economy it would be quite difficult to organize giant production facilities in Georgia, thus the orientation should be towards many small exporting companies, where access to the information resources is more valuable than low production costs.

World practice determined the advantage of the sectoral, rather then general export strategies. In this case sectors with the real or potential advantages are identified and supported export strategies in these sectors. In the Georgian reality these sectors could be sectors creating higher value added export products on the basis of the existing export products, such as production of jewellery, special batteries on the basis of the manganese, products of hazelnuts, etc. Second important sphere would be the production with the specific features, specialy designed building materials, artistic and designer products. It should be noted that due to the scarcity of the resources all directions couldn't be developed simultaneously. Thus the choice should be made between two opportunities: high growth of exports or growth of new jobs related to the export. First set of strategies (creation of the higher value added products) creates more jobs, while second set leads to the high growth of exports. These topics should be discussed on the meetings of the Competitiveness Councills.

1.3. Modern approaches for the Creation of the Export Strategies on the firm level

As it was mentioned above the export strategies on the firm level became the strategies to survive in the global competitive environment, rather than choice to diversify sales and make more sustainable growth. Different approaches regarding export strategies have been considered, one quite well-known approach named as "Upssalla Model", where sales on the domestic market were considered as the opportunity to gain experience and competitive advantage and only after start exporting. In the scientific publications of the last period have been noted that "Upssalla Model" concerns the Firms growth model introduced by Edith Penrouse. Researches noted "Penrouse not only recognizes that managers (agents) may control and coordinate resources (structures) but also, resources exert influence over human agents and impinge upon managerial initiative".[7]. Thus the basis for the export strategy was the resources of the firm, resourse formulated the strategy and the ways to utilize competitive advantage. It should be noted, that Globalization somehow changed these approaches. Now we could consider firms which are initially operating on the global market and thus economies of scale is utilized through global production. Globalization changed attitudes towards the exports and we could consider quite interesting relations: competitive advantage-export-increased competitive advantage. Thus the export transforms from the result of the competitive advantage into the source for the competitive advantage. Now it's clear why all companies strive to export as much as possible. Thus export strategies from the firm growth strategies transformed into the strategies to guarantee firms sustainability.

In these conditions it has become vital to evaluate efficiency of the exporting strategies. First of all major criteria should be identified. From different criteria more appropriate ones are: export growth and export share in total sales. First criteria proves the growth of export from year to year, second indicates the efficiency of export sales management in comparison with total sales management. It should be noted that for the states with the narrow domestic market the success of the export strategies are vital. Firms face objective obstacles. In case of huge domestic market, fails in the export sales could be easily balanced with the intensification of sales on the domestic market. In the case of Georgia we could consider wine exports. Following the embargo of Russian Federation on Georgian wines, situation became catastrophic, as a) Georgian domestic market is narrow, b) 80 % of wine exports were going to Russian Federation. Thus, in the formulation of the export strategies firms should consider all these topics and try to diversify exports markets as much as possible.

Accordingly, the evaluation of the efficiency of the export strategies means the evaluation of their sustainability, which forms the basis for the further economic development. Sustainable export strategies should be oriented to support different activities, these serve as the basis for the sustainability of the strategies. Whiach are these activities?

The Globalization of the world economy had made the competition very tough. Companies couldn't feel secured even on the domestic market. Thus from the second half of the XX-th century different export support activities became fashionable. These support activities could be divided in three main blocks: financial, informational and specific. Financial support activities included special tax exemptions, low interest rate credits, export insurance schemes and etc. These activities have been qualified as the discrimination practice and World Trade Organization member States take the obligation not to use them. Information services included as the general information as well the specific market research activities provided by the respective Governments or with their support. Under the informational activities could be considered special training programmes provided for the export oriented companies staff, while charges claimed to the Government Agencies. Specific activities include the support of the companies in the participation in the different Trade Fairs and Shows, organization of the Promo actions.

As usual nowdays are used different mechanisms and their combination, special attention is paid to stay in line with WTO Rules and Procedures. Same time always is asked question how efficient are these support activities? How we can prove by outcomes that Government funds have been utilized in the best possible way?

Considering these questions the majority of authors put stress on the identical problem of the all export support strategies, this is the fact, tha same approach is used with all exporting companies. Using the standard approach had its one positive aspects, using the standard approach we are providing standard activities, preventing the different treatment for different exporters and thus preventing the lobbying of the interests. Same time identical approach didn't allow to consider specificity of different industries. In practice even two companies interested in the same export market needed different treatment. In the Georgian reality beside the above mentioned problems should be considered additional specific factors. First of all the low number of exporting products, as a result in some industries Georgia have only one exporter. Thus supporting the export of such products in reality would mean the support of a one company. All these problems of the export oriented companies transformed in the major decision, which model are the companies going to use: standartization of the international support programmes or their adaptation. Adapted programmes better are focusing on the specific market needs, but there costs are high. Standartized programmes are cheap, but they didn't consider market differences. Attention to this topic is quite high as theoretical as from practical points of view. Some researches showed the positive relations between adaption and performance [8]; some researches showed no relations between two, [9]; and some researches showed the negative relations [10]. To review this topic in detailed manner would be better to range exporters in order to see the bigger picture and thus undertake adequate decisions.

Exporters could be ranged by different factors. "Drawing from contingency and the organizational learning perspective, the authors develop and test a model of the effects of different forms of international experience - duration, scope and intensity – on the performance outcomes of promotion adaptation" [11].

Above mentioned factors should be defined as follows: duration factor means, when company entered the export operations, volume defines the number of the export markets, intensity defines the dependence on the exports. These factors are creating the practical experience of the exporting company and heavily influencing on the identification of the best support forms for their export activities. For the efficient functioning of the export support strategies crucial factor is the fact, who provides the support activities. Low efficiency of the export support strategies could be explained by the fact, that ussualy providers are governmental structures. For the last period more frequently are used specialized structures. World practice revealed the efficiency by using specialized trading companies. It is very important to use most appropriate trading intermediary. Just review them in general.

From the beginning should be distinguished trading companies and export manangement companies, as they are providing different functions. Trading companies are buying and selling goods, while export management companies based on their market intelligence and practice are assisting exporters to define best buyers. Thus trading companiesa are performing all functions of the seller – packaging, marking products, forming the selling party of the product and etc. Trading companies are very depended on the financial resources, which are vital for the reducing costs and taking normal profit. Export manangement companies didn't undertake these functions and mainly assisting exporters to meet the importers needs. For sure they are giving recommendations for exporters, but the major field of there activities is the creation of the good selling environment based on the market conditions. We also should review the creation of export alliances. Generally speaking there are different types of export alliamces. The simpliest one is, when same produt exportes are creating alliance in order to better utilize the opportunities of the new export market.

Quite often these alliances are called horizontal alliances, as the members of the alliance are on the same stage of the value chain. In this alliance exporters are pursuing same objectives, as the information on the export country, co-financing of the promo actions, joint market research activities. This form of the export alliance plays more and more minor role. Vertical variant of the export alliance is

the alliance where members are on the different stages of the value chain, such as suppliers, producers, trading companies, international marketing intermediaries, financial-banking structures. The participation of the banks becomes crucial, as the participation of the banks supports the solution of the tough financial problem, which is connected with the high expenses of the fianancial resources for the exporting operations. The high economical and political risks are putting banks in the position, when they are asking higher interest rates for the financial resources for the export operations. In the same manner should be considered the participation of the insurance companies in the export alliances. In this case members of the export alliances are doing there general functions and thus assisting each other to reach the major goal - increase the export sales or enter new export markets. Using the export alliances you face different theoretical and practical problems, for example: how profits would be distributed, who would sell on the export market and etc. As the practice proves there is no one model, which could solve all problems. You should consider industry and export markets specifics, take into consideration the existing selling practices. Generally speaking export manangement companies would better support exporters in the obtaining relevant information, in other cases would be better to use trading companies or export alliances. Coming back to Georgian realities, with no doubts firstly should be solved problems with the legislation. This is absolutely necessary in the case of the export alliances, where we don't have any type of legislation. Re-trading companies we could use the status of the special trading companies, but the sphere of the use should be widened. Majority of trading companies are profitable while working in both directions such as exports and imports. Also we should consider the fact, that in some products (fruits, vegetables) seasonal fluctuations are high. Also we should bear in the mind the fact that in Georian exports is very high participation of the imported products. Thus the effective use of the Special Trading Company status needs quite a lot specific decisions and changes in legislation, first of all in the Tax Code.

Also we should base any type of the export support strategy on the practical needs of the exporters, thus they should define the nature and scope of the support strategies. So the recommendations from the exporters should serve as the basis for the creation of the export support strategies.

1.4. Special economic zones and development of service export

Export growth strategies in nowdays should be oriented on the creation of the existing competitive advantage or try to build up competitive advantage using different factors, for example as differencies in Law obligations. Formation of special economic zones is the economic issue on which there is a wide variety of opinions. In this publication we will try to discuss the pure economic aspects of this issue and the ways that increase the efficiency of these economic zones. In general, free economic zones (FEZ) are not guarantee of economic growth. FEZ is an effective weapon only when it performs a certain function, more competitively than others. Generally, free economic zones can be divided into three parts: industrial zones; trade zones and financial zones. In the industrial zones assembling enterprises are concentrated and the production takes place in the presence of low taxes and low-cost and productive workers. In the industrial zones, as a rule, electric appliances are produced. It is essential that this industrial zone is located near large ports to deliver products in large volumes and amounts. Considering all these aspects, the importance of industrial zones in Georgia is not so high. There is no successful and inexpensive workforce in Georgia, nor a large deep water port. Thus the efficiency of the industrial zone will not be relevant in the nearest future.

Free trade zones are created in an area where some countries can create favorable conditions for trade. Some specific factors should be considered: political and military stability, existing conflicts and etc. South Caucasus region is characterized by high levels of political instability. From our three neighbors (Armenia, Azerbaijan, Turkey) only we have normal trade relations with all of these three. It is necessary to use this unique conditions. Namely, the formation of a free trade zone where trading companies of these states will have possibility of free trade and will not violate the national legislation or the public opinion established in their own countries. Taking into account all the factors, Southern part of Georgia perfectly complies with these conditions. The Baku-Tbilisi-Kars Railway will further strengthen the potential of this free trade zone. In the future, interest of the trade companies in Russian Federation and the Islamic Republic of Iran in this trade zone isn't excluded. Good transport infrastructure, the former USSR military base warehouse creates preconditions for efficient functioning of this trading zone. For the promotion of trade operations, possibility of provision of the status of a special trading company by the Georgian legislation will be considered. Re-export operations should help companies working in the zone to maximize the possibility of geographically developing operations. The expansion of trade geography will be possible by making trade companies of the Islamic Republic of Iran interested in the trade zone. Obviously formation of a similar free trade zone should be planned after the construction of a deep-water port in Anaklia.

We should also consider the possibilities of formation of free financial zones. Free financial zones can become a precondition for creating sustainable and highly paid jobs. It is advisable to consider these types of zones functioning at Tbilisi or Kutaisi

international airports. It is necessary to review the legislative regulations in detail, in some cases the use of the legislations of other countries in the territory of free financial zones is possible. It is advisable that companies operating in the zone have minimum requirements to hire local staff, while actively use highly qualified staff in implementing higher education programs.

We need to consider various opportunities for export of service. First of all, attention should be paid to the export of education services. Higher education is actually a competitive advantage of Georgia, it is necessary to take further steps in this direction, which will increase Georgia's attractiveness as a regional educational hub. First of all, the credits at bachelor and postgraduate study programs and hence, teaching periods should be reduced. In case of undergraduate it should be 180 credits and 3 years, and in case of master's - 90 credits and 1,5 years. At the initial stage it can be made at foreign educational programs that have passed international accreditation. This increases the attractiveness, since there is the growth of the flexibility of programs and the international confirmation of their quality is also present.

It is reasonable to consider the development of distance learning methods for non-Georgian citizens. This is a rather risky decision, because we create our competitors for the implementation of the educational program. On the other hand, this option should be offered to citizens of those countries, from which the probability of attracting students for attending learning is low. Thus we will act in the form 21st century's competitive struggle is characterized with, when we use each other's competitive forms simultaneously.

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