

Economic relations between Georgia-Ukraine and Russia: Impact analysis of
Russia's War on Ukraine



March 7th, 2022

Georgia's exposure to Russia and Ukraine 2021 (Share in each category)

The total external flow of money from Russia and Ukraine to Georgia (Remittances, Export, tourism, FDI (3Q)) amounted to around **1.8 bln USD**.

2021, mln, USD	Remittances	Export	Tourism income	FDI (3Q)	Import
Total	2,349 (100%)	4,242.3 (100%)	1,245 (100%)	728.4 (100%)	10 084 (100%)
Russia (% in total)	411.4 (17.5%)	610 (14.3%)	151.7 (12.1%)	53.2 (7.3%)	1 022 (10%)
Ukraine (% in total)	112 (4.7%)	307 (7.3%)	164.2 (13.2%)	6.4 (0.9%)	452 (4.5%)

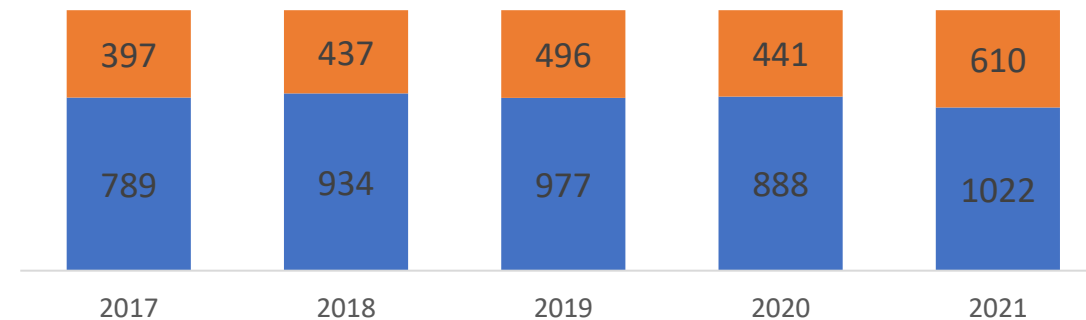
Georgia – Russian trade turnover: **1.6 bln USD (2021)**

- Export 610 mln USD, 14.3% of total

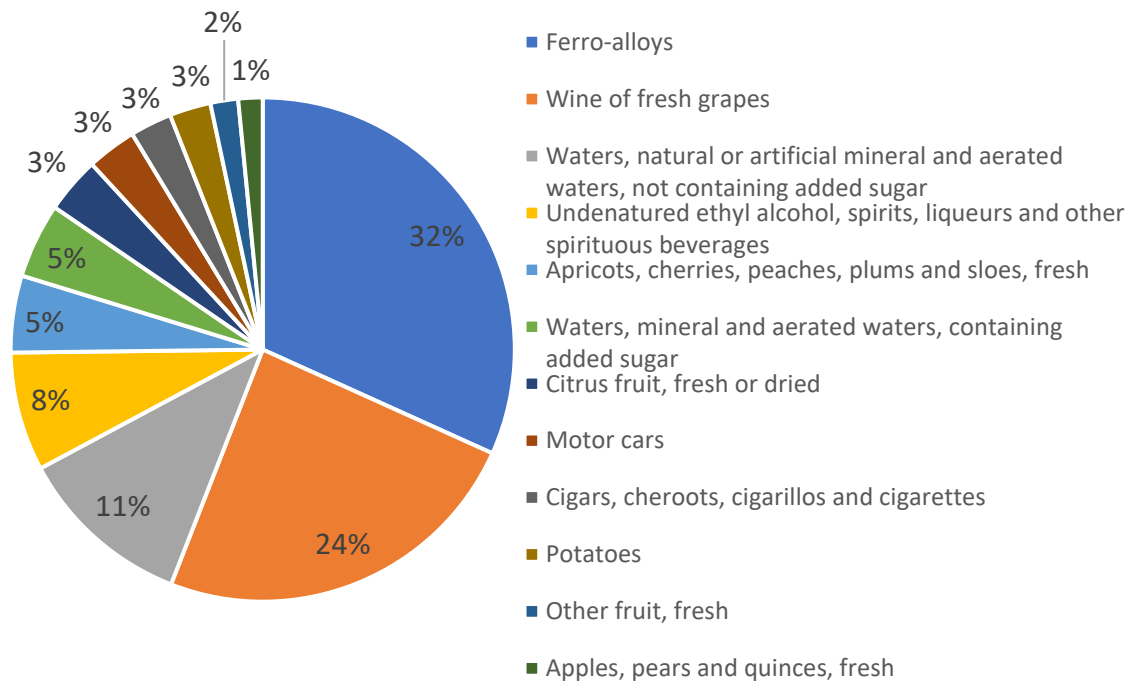
Export high-dependence on Russian Market: **Wine, Citruses, fresh fruits, potatoes.**

- Import 1 bln USD, 10% of total

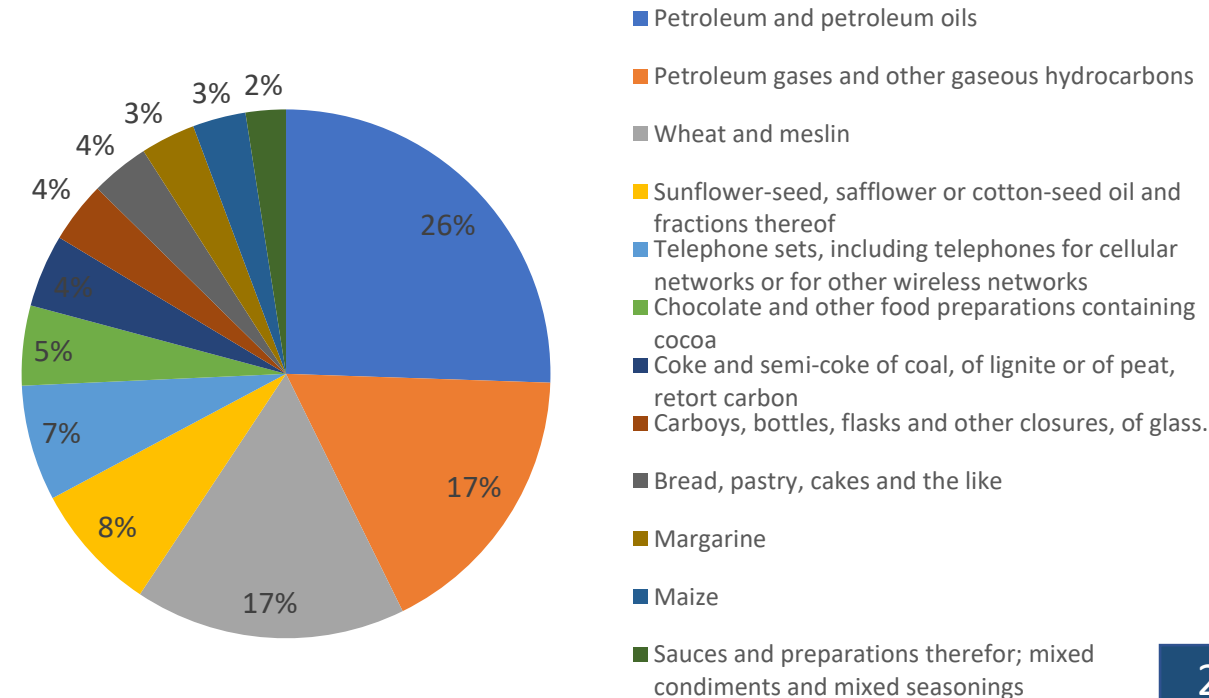
Trade Turnover (2021, mln USD)



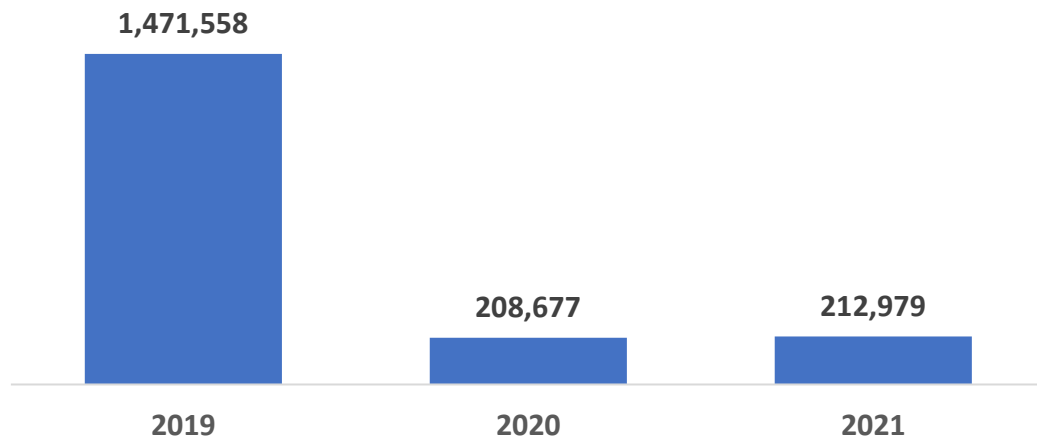
Top exported products to Russia (2021)



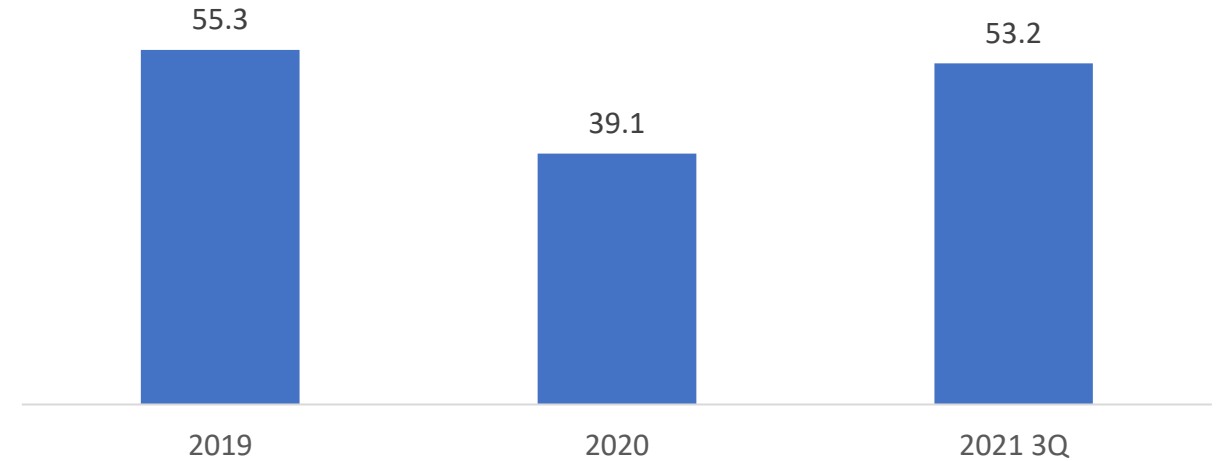
Top importer products from Russia (2021)



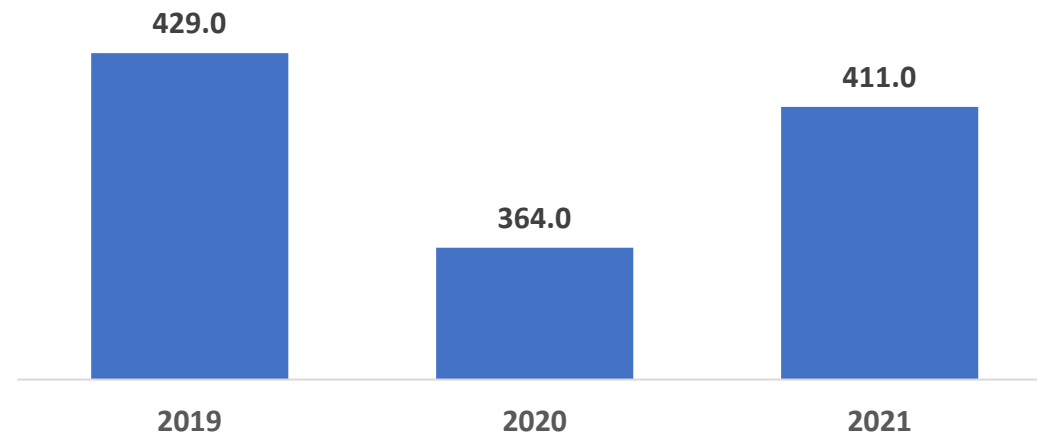
N of International visitor from Russia



FDI from Russia (mln, USD)



Remittances from Russia (mln, USD)

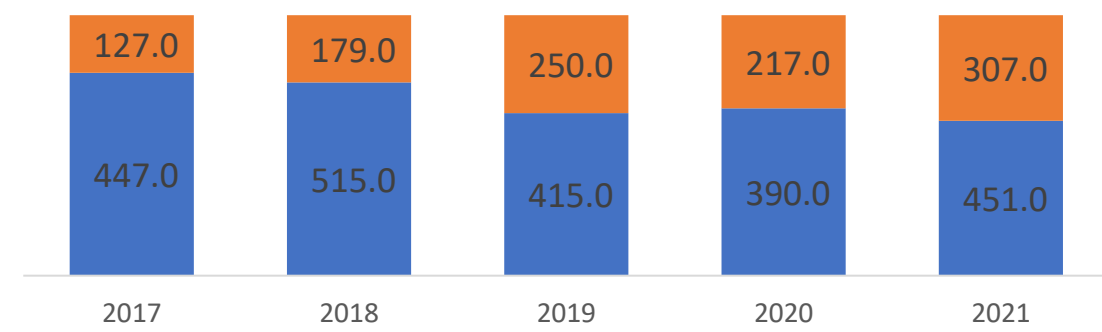


- In 2021 3Q, the biggest share of Russian FDI to Georgia went to the **manufacturing, real estate, and finance sectors**.
- FDI Reinvestment ratio in total investment:
2021 3Q: 8%
2020: 57%

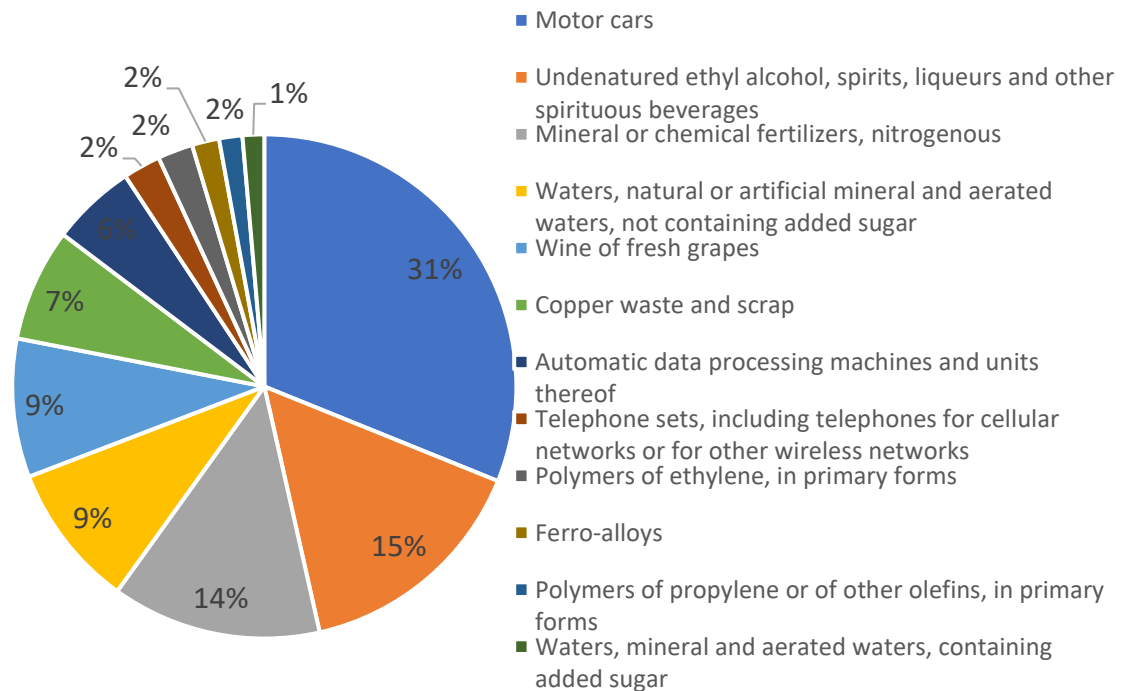
Georgia - Ukraine trade turnover: 759 mln USD (2021)

- Export 307.3 mln USD, 7.3% of total
- Import 451.8 mln USD, 4.5% of total

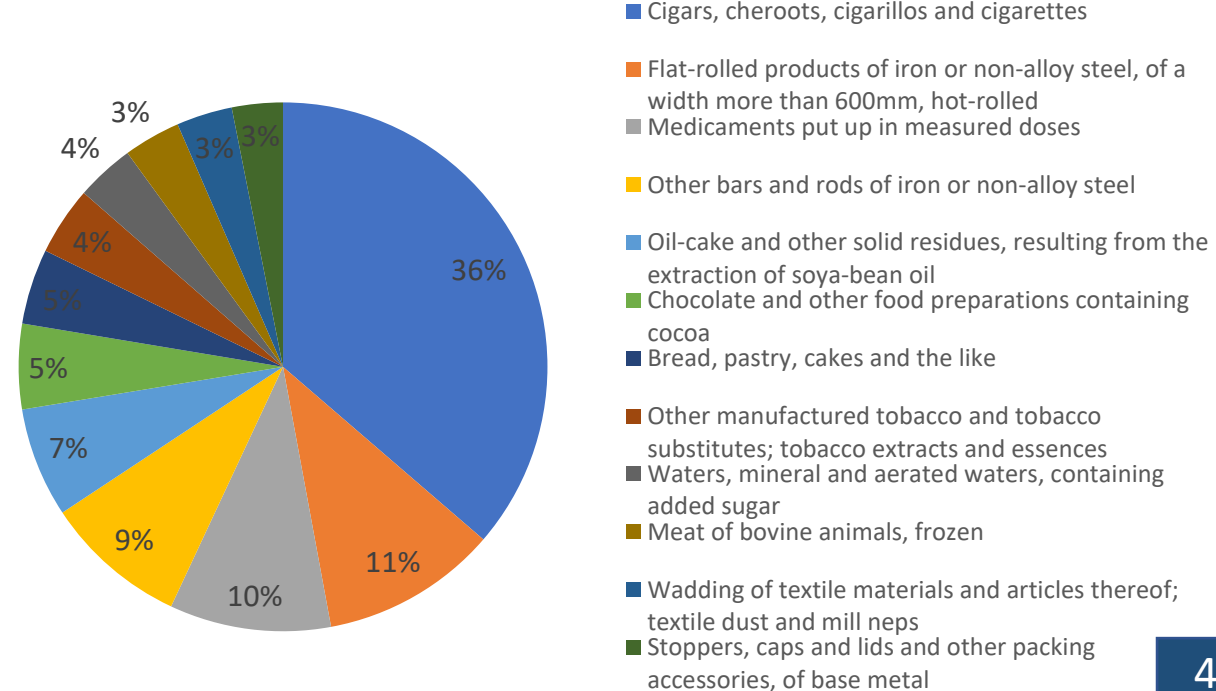
Trade Turnover (2021, mln USD)



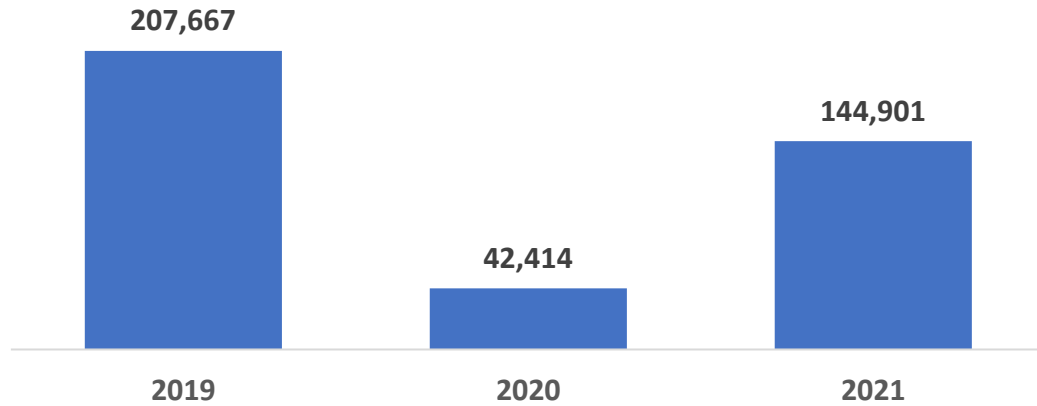
Top exported products to Ukraine (2021)



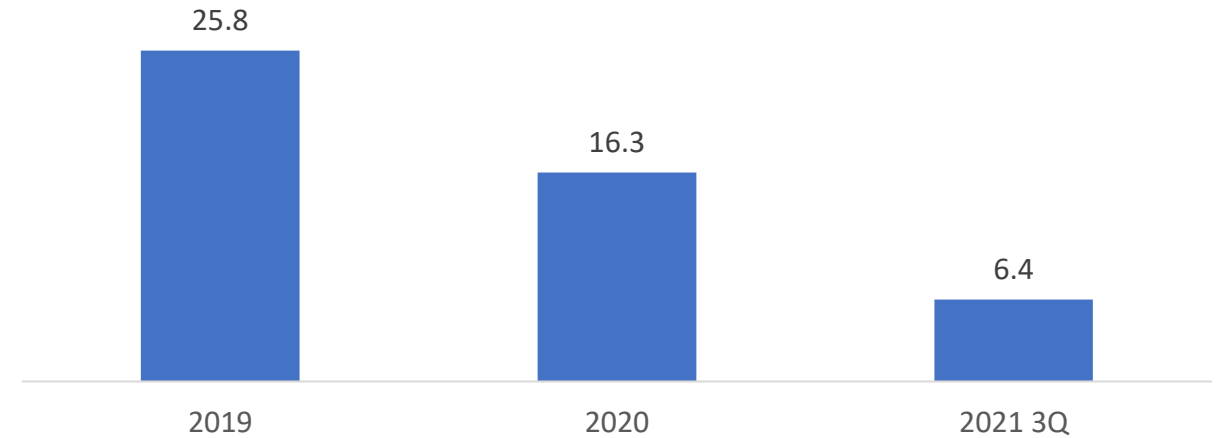
Top importer products from Ukraine (2021)



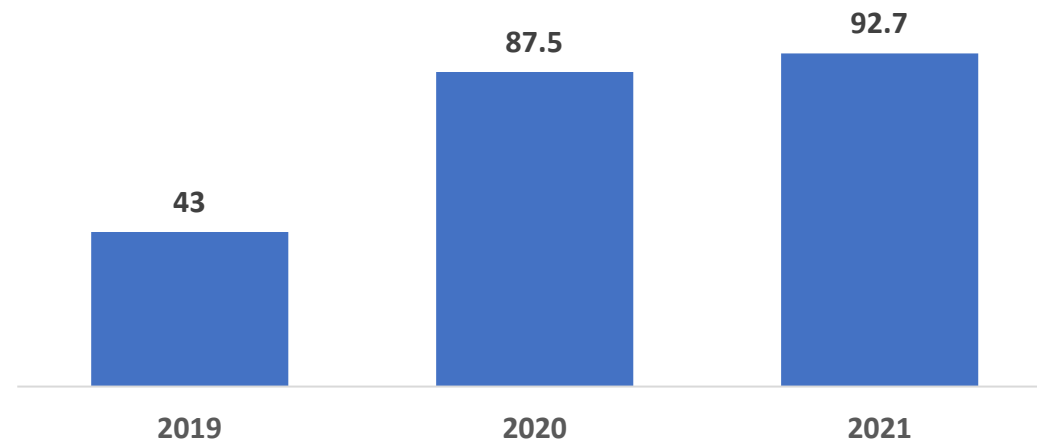
N of International visitor from Ukraine



FDI from Ukraine (mln, USD)



Remittances from Ukraine (mln, USD)



- FDI from Ukraine was accommodated to the following sectors: transport, real estate, and construction, manufacturing, etc.
- FDI Reinvestment ratio in total investment:
2021 3Q: 86%
2020: 64%



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Scenario 1 assumes conflict resolution in the short term 1-2 months and tourism recovery up to 75% of 2019. The forecast of the economic growth in scenario I is 3.0% in 2022, 1 GEL/USD at 3.25, and inflation at 7.0%.

Scenario 2 is a pessimistic forecast where conflict is protracted, additional sanctions are imposed on Russia, and tourism will recover at 60% of 2019. In the case of Scenario II, the economy will decrease by 1% in 2022, 1 GEL/USD at 3.4, and inflation at 9.0%.

2022 forecast		
	Scenario 1	Scenario 2
Real GDP growth, %	3.00%	-1.00%
Inflation, average	7.00%	9.00%
GEL/US\$, average	3.25	3.4
Monetary policy rate, eop	10.50%	11.00%
Current account deficit, % of GDP	9.50%	10.90%
Fiscal deficit, % of GDP	5.00%	5.70%

Release date: 01/03/2022



The growth outlook for Georgia in 2022 is closer to rapid resolution 3.5%-4.0% scenario, than to delayed resolution one with the range from negative 1.5% to positive 0.5%

2022 Forecast		
	Rapid Resolution	Delayed Resolution
Exports	0.5	-10.7
Tourism	-32.2% vs 2019	-44% vs 2019
Remittances	+2.3	-10.2
FDI	+10	0
Import of Goods and Services	+9.7	-4.8-1.1
Fiscal Deficit	5.5	7
Bank Real Credit	+6.5	+3.5
GDP Growth	3.50%	-1.5% - +0.5%

Release date: 28/02/2022

Thank You!