

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

## 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
<b>Total</b>	2,349 (100%)	4,242.3 (100%)	1,245 (100%)	728.4 (100%)	10 084 (100%)
<b>Russia (% in total)</b>	411.4 (17.5%)	610 (14.3%)	151.7 (12.1%)	53.2 (7.3%)	1 022 (10%)
<b>Ukraine (% in total)</b>	112 (4.7%)	307 (7.3%)	164.2 (13.2%)	6.4 (0.9%)	452 (4.5%)

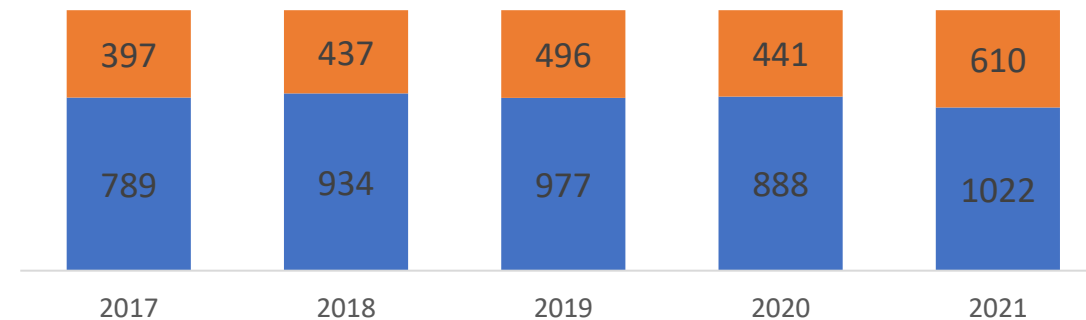
Georgia – Russian trade turnover: **1.6 bln USD (2021)**

- Export 610 mln USD, 14.3% of total

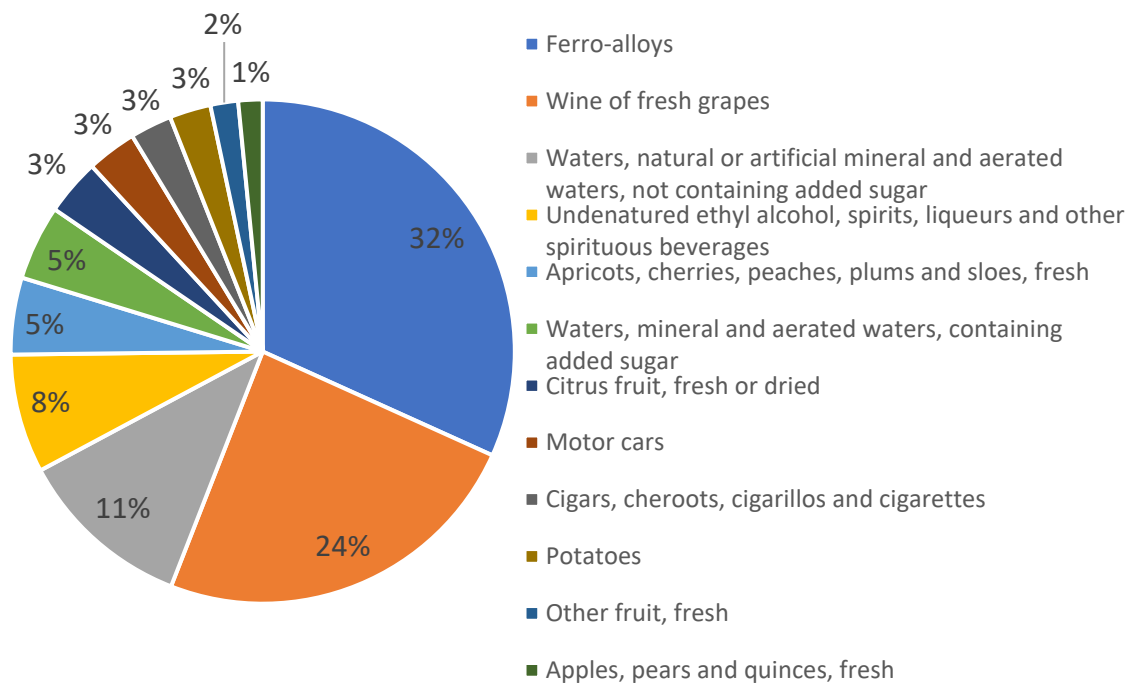
Export high-dependence on Russian Market: **Wine, Citruses, fresh fruits, potatoes.**

- Import 1 bln USD, 10% of total

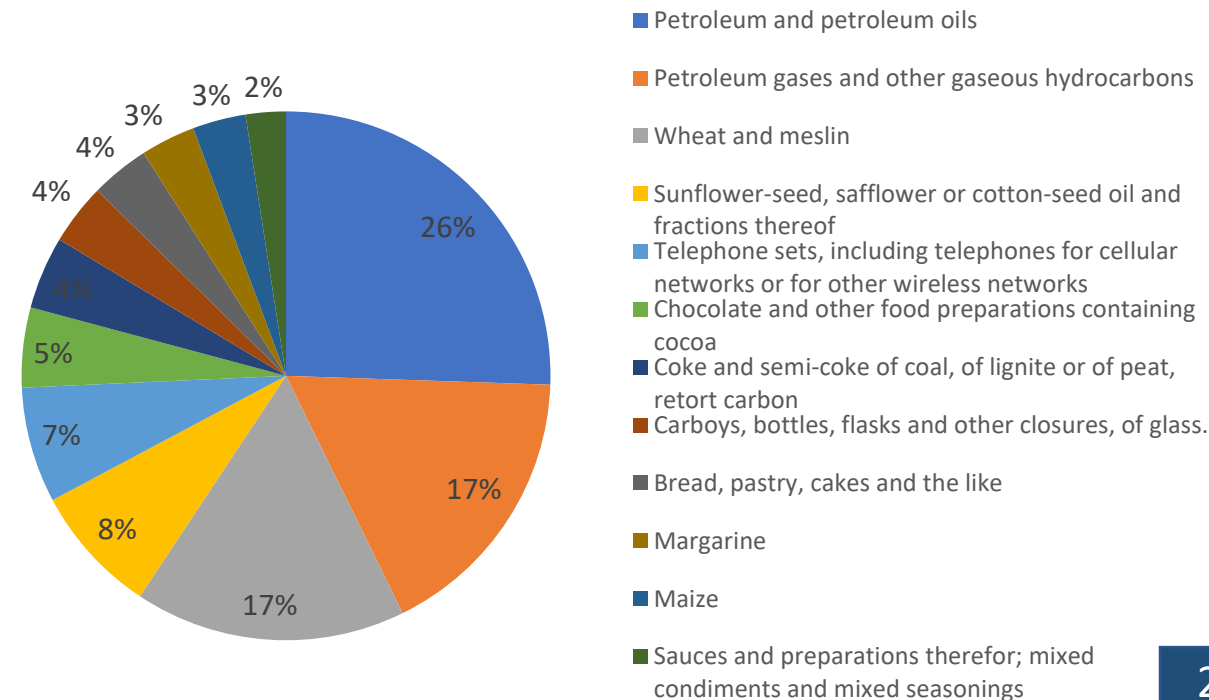
Trade Turnover (2021, mln USD)



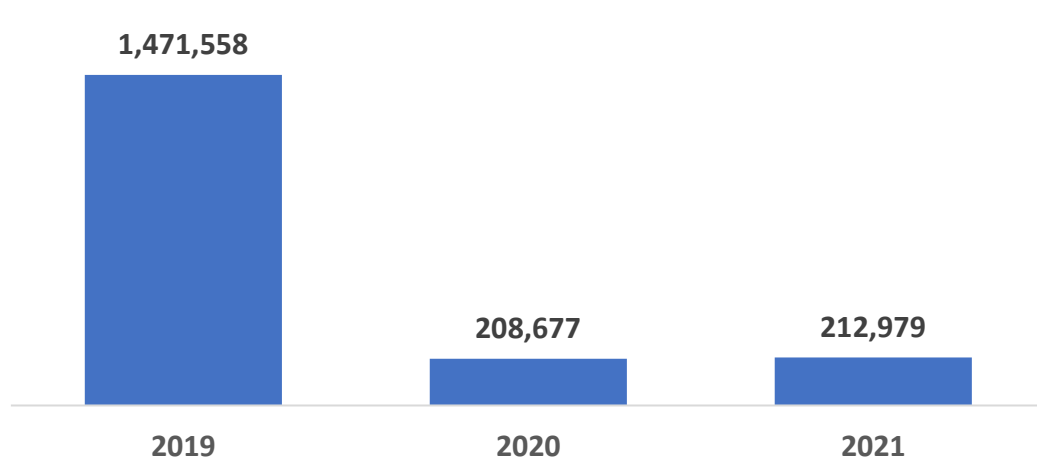
Top exported products to Russia (2021)



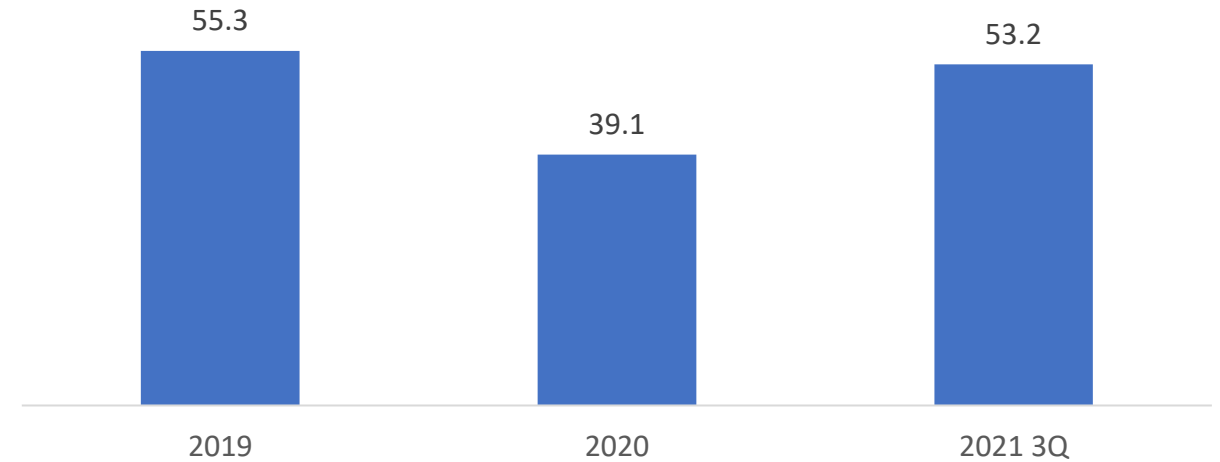
Top importer products from Russia (2021)



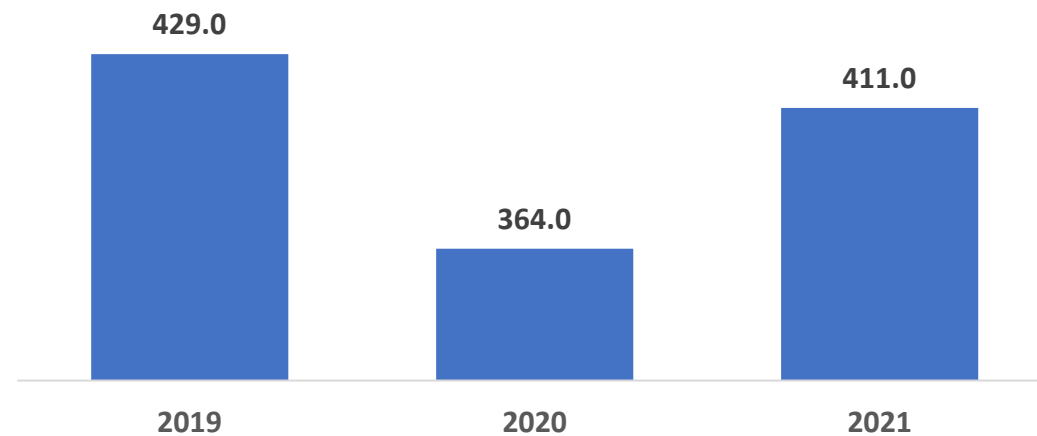
### N of International visitor from Russia



### FDI from Russia (mln, USD)



### Remittances from Russia (mln, USD)

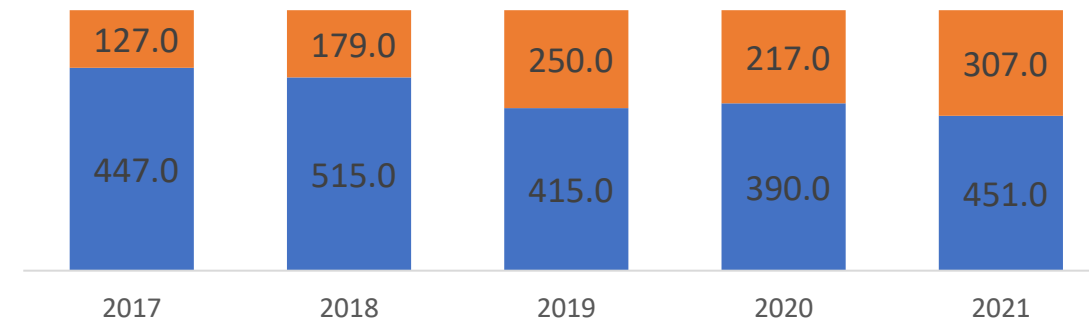


- In 2021 3Q, the biggest share of Russian FDI to Georgia went to the **manufacturing, real estate, and finance sectors**.
- FDI Reinvestment ratio in total investment:  
2021 3Q: 8%  
2020: 57%

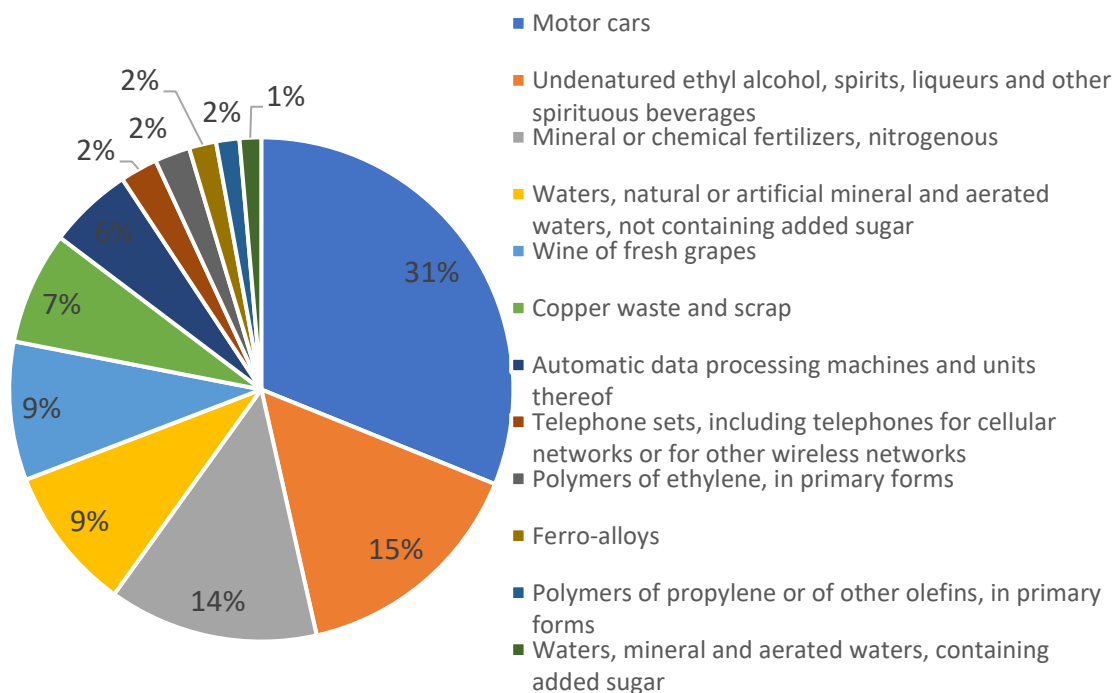
## Georgia - Ukraine trade turnover: 759 mln USD (2021)

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

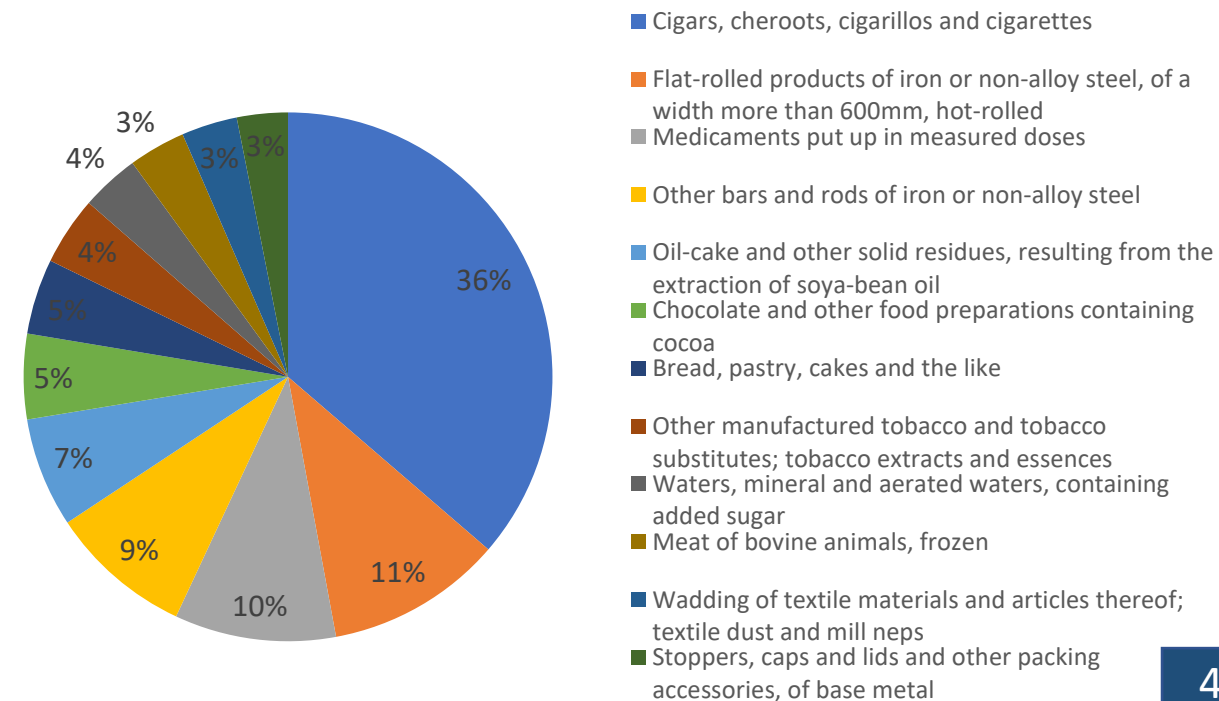
### Trade Turnover (2021, mln USD)



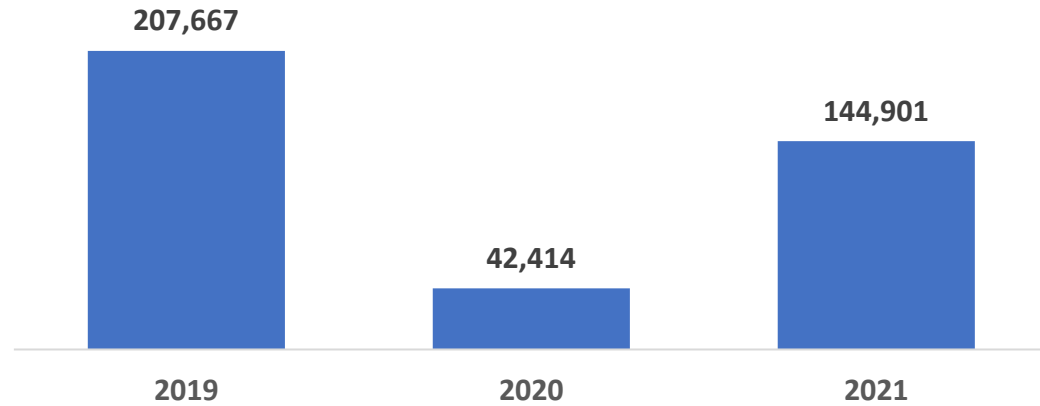
### Top exported products to Ukraine (2021)



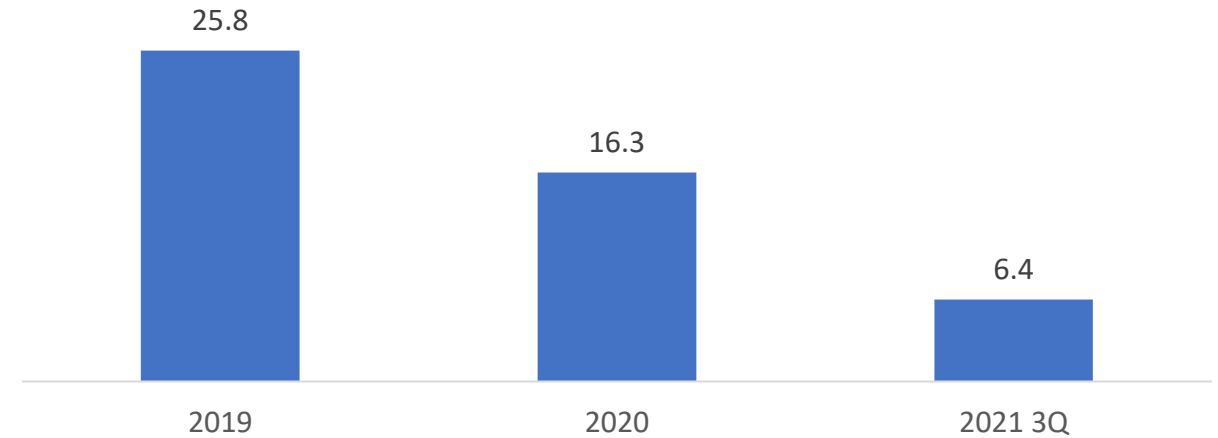
### Top importer products from Ukraine (2021)



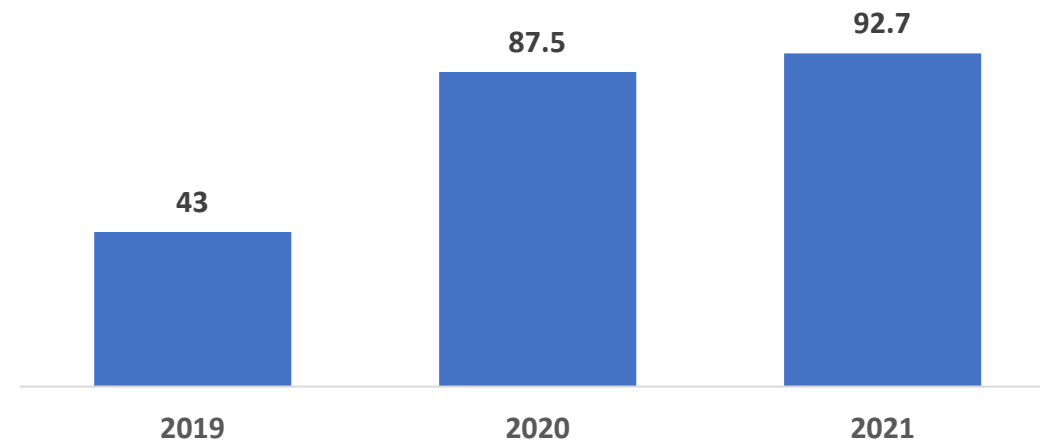
N of International visitor from Ukraine



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%



## GALT & TAGGART

**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!**