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





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

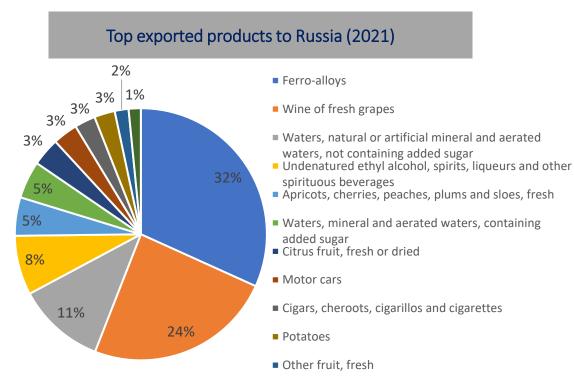


Georgia – Russian trade turnover: **1.6 bln USD (2021)** 

• 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



Apples, pears and quinces, fresh



Trade Turnover (2021, mln USD)

#### Top importer products from Russia (2021)

3% 2%

17%

3%

4%

4%

5%

7%

8%

Petroleum and petroleum oils

Petroleum gases and other gaseous hydrocarbons

Wheat and meslin

- Sunflower-seed, safflower or cotton-seed oil and fractions thereof
- Telephone sets, including telephones for cellular networks or for other wireless networks
- Chocolate and other food preparations containing cocoa
- Coke and semi-coke of coal, of lignite or of peat, retort carbon
- Carboys, bottles, flasks and other closures, of glass.
- Bread, pastry, cakes and the like
- Margarine

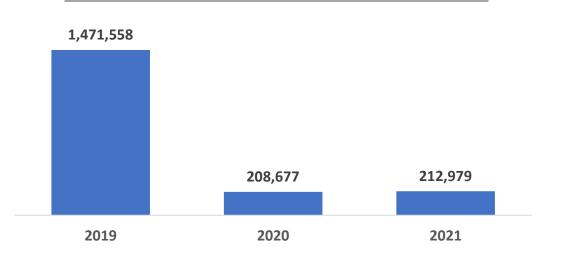
17%

- Maize
- Sauces and preparations therefor; mixed condiments and mixed seasonings

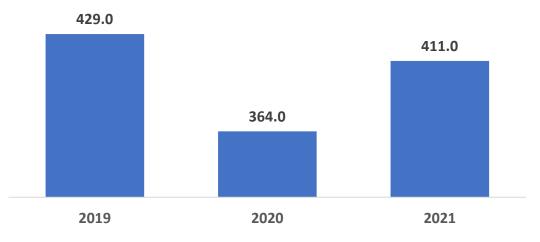
### Georgia – Russia (FDI, Tourism, Remittances)

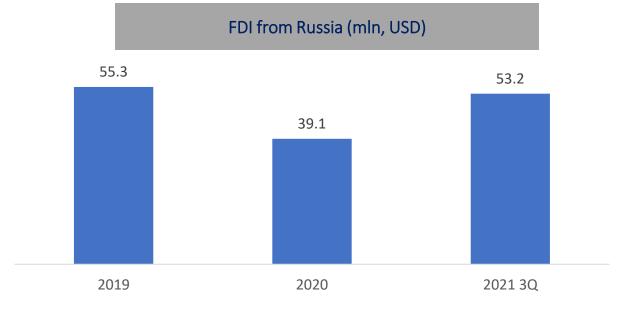


#### N of International visitor from Russia



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%

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Trade Turnover (2021, mln USD)



#### Top importer products from Ukraine (2021)

- Cigars, cheroots, cigarillos and cigarettes
- Flat-rolled products of iron or non-alloy steel, of a width more than 600mm, hot-rolled
  Medicaments put up in measured doses
- Other bars and rods of iron or non-alloy steel
- Oil-cake and other solid residues, resulting from the extraction of soya-bean oil
- Chocolate and other food preparations containing cocoa
- Bread, pastry, cakes and the like
- Other manufactured tobacco and tobacco substitutes; tobacco extracts and essences
- Waters, mineral and aerated waters, containing added sugar
- Meat of bovine animals, frozen
- Wadding of textile materials and articles thereof; textile dust and mill neps

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Stoppers, caps and lids and other packing accessories, of base metal

#### Top exported products to Ukraine (2021)

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

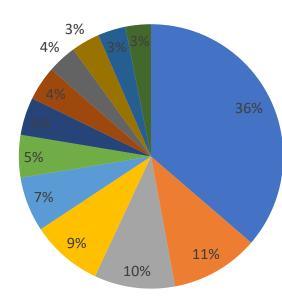
# 2% 1%

2% 6% 7% 9% 9% 15% 14%

2%

#### Motor cars

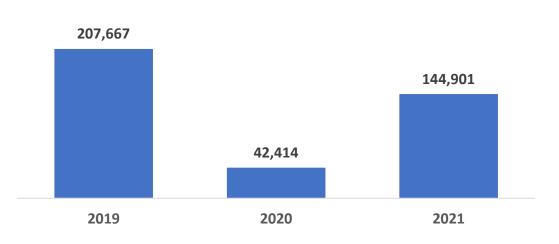
- Undenatured ethyl alcohol, spirits, liqueurs and other spirituous beverages
- Mineral or chemical fertilizers, nitrogenous
- Waters, natural or artificial mineral and aerated waters, not containing added sugar
- Wine of fresh grapes
- Copper waste and scrap
- Automatic data processing machines and units thereof
- Telephone sets, including telephones for cellular networks or for other wireless networks
- Polymers of ethylene, in primary forms
- Ferro-alloys
- Polymers of propylene or of other olefins, in primary forms
- Waters, mineral and aerated waters, containing added sugar



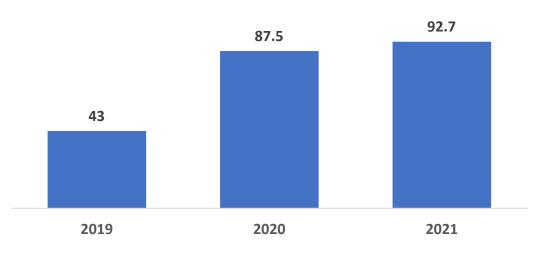
### Georgia – Ukraine (FDI, Tourism, Remittances)



#### N of International visitor from Ukraine



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%





**Scenario 1** assumes conflict resolution in the short term1-2 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

# **ATBC CAPITAL**

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!