



Research

# Georgian Economic Climate

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Issue 29

# GEORGIAN ECONOMIC CLIMATE, Q1 2025



Research

“Georgian Economic Climate” is a product of Policy and Management Consulting Group (PMCG).

In this bulletin, which is based on the ifo Institute’s methodology, we discuss Georgia’s economic climate, informed by the assessments of various Georgian economists.\*

The survey for this particular issue was conducted in February 2025.

*\*Quarterly surveys are sent to a pool of approximately 60 economists. Response rates might fluctuate across quarters.*

# Summary



Research

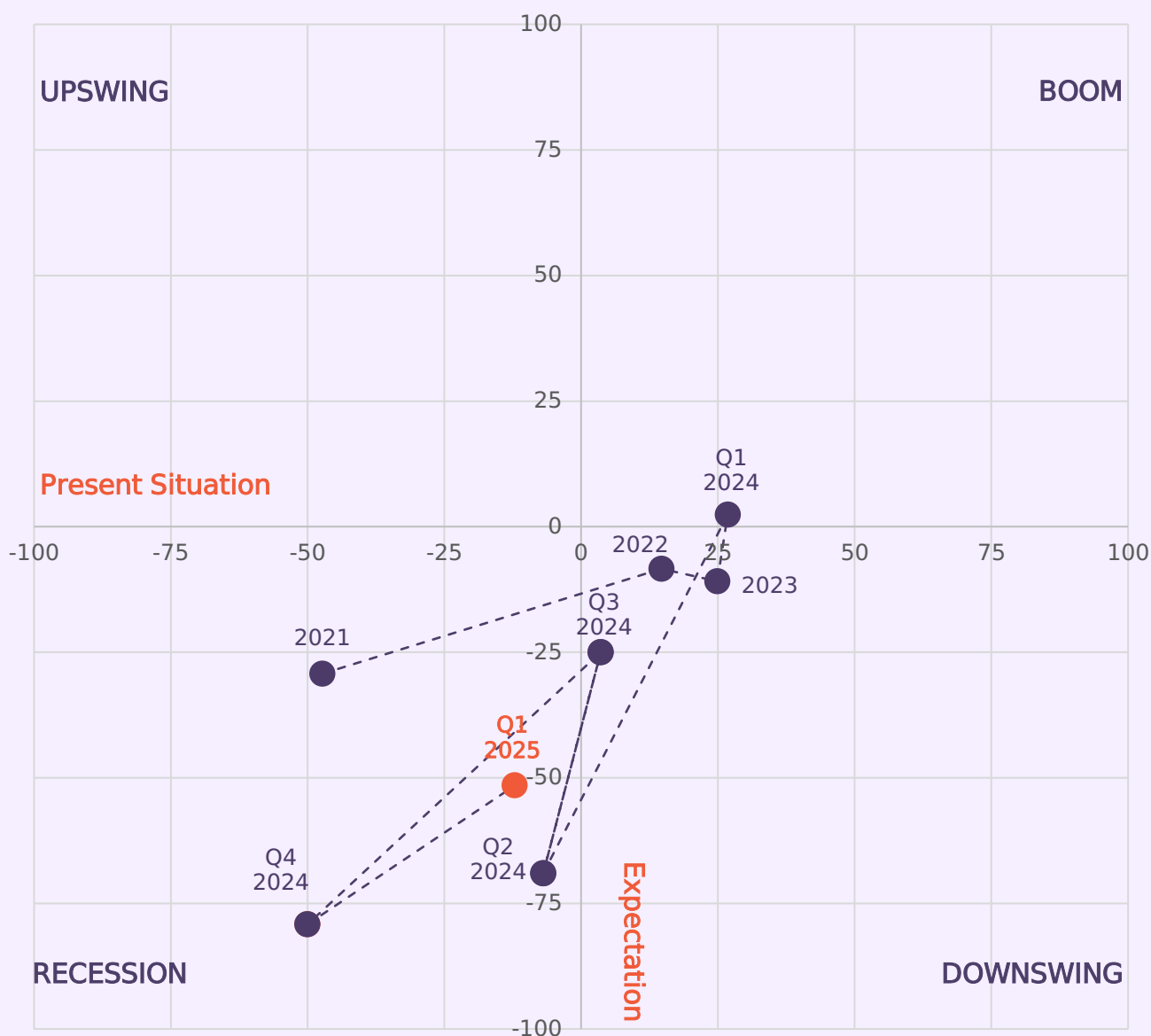
The main findings of a survey of Georgian economists conducted in Q1 2025 are as follows:

- Their assessment of Georgia's **present economic situation** was **negative**, while their forecast for Georgia's economic situation by the end of the next six months was also **negative**. Overall, their outlook slightly improved compared to the previous reporting period.
- On average, **predicted real GDP growth** for 2025 was **3.9%**.
- The inflation rate (year-on-year) was predicted to increase by the end of the next six months, with the **expected rate of inflation for 2025** being **4.7%**.
- Both **export and import volumes** were forecasted to **decrease** by the end of the next six months compared to corresponding period of 2024.
- In addition, according to the surveyed economists:
  - The **political crisis** had the greatest impact on the Georgian economy in Q1 2025. Other important factors included **exchange rate fluctuations** and **Russia's war on Ukraine**
  - The **reduction in foreign assistance**, including that from the United States Agency for International Development (USAID), was assessed **negatively** by 97% of the surveyed economists in terms of its effects on Georgia's economic and political climate. In addition, they expected the reduction to negatively impact **legislative reforms** and the **quality of public services**.

# GEORGIAN ECONOMIC CLIMATE

- In a survey of Georgian economists conducted in Q1 2025, the overall assessment of Georgia's **present economic situation** was **negative**. Although their outlook **slightly improved** compared to the previous quarter, it was **significantly worse than that for the corresponding quarter of 2024**.
- In Q1 2025, the surveyed economists' predictions regarding Georgia's **economic situation by the end of the next six months** were also **negative**.

## Georgian Economic Climate, Q1 2025



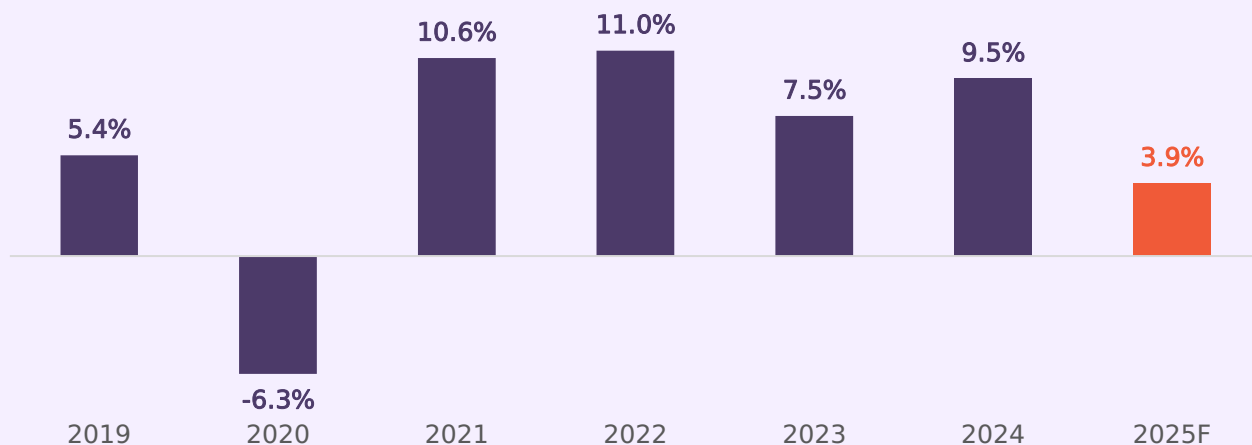
*\*The data presented for 2021, 2022, and 2023 represent quarterly averages.*

# MACROECONOMIC PREDICTIONS

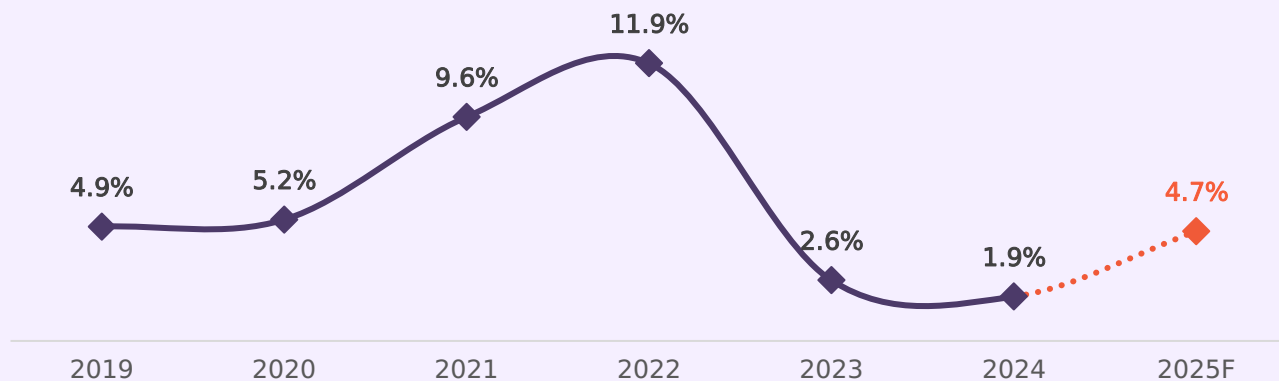
In addition to assessing the current economic situation and outlining their expectations for the end of the next six

months, the surveyed experts also made predictions about Georgia's main economic indicators.

**Graph 1:** Real GDP Growth in Georgia and its forecast for 2025 made by the surveyed economists in Q1 of 2025



**Graph 2:** Average YoY Inflation in Georgia and the forecast for 2025 made by the surveyed economists in Q1 of 2025



- On average, the **expected real GDP growth** for 2025 was **3.9%**, which is 5.6 percentage points **lower** than the actual 2024 figure.
- They expected the inflation rate (year-on-year) to increase by the end of the next six months. The **expected rate of inflation** for 2025 was **4.7%**, anticipating an **increase** of 2.8 percentage points compared to the actual 2024 figure.
- By the end of the next six months, compared to the corresponding period of the previous year, they expected the value of the Georgian Lari to **depreciate** against the US Dollar, Euro, Turkish Lira, and Russian Ruble.
- The volumes of **exports and imports were expected to decrease** for the next six months compared to the corresponding period of 2024.

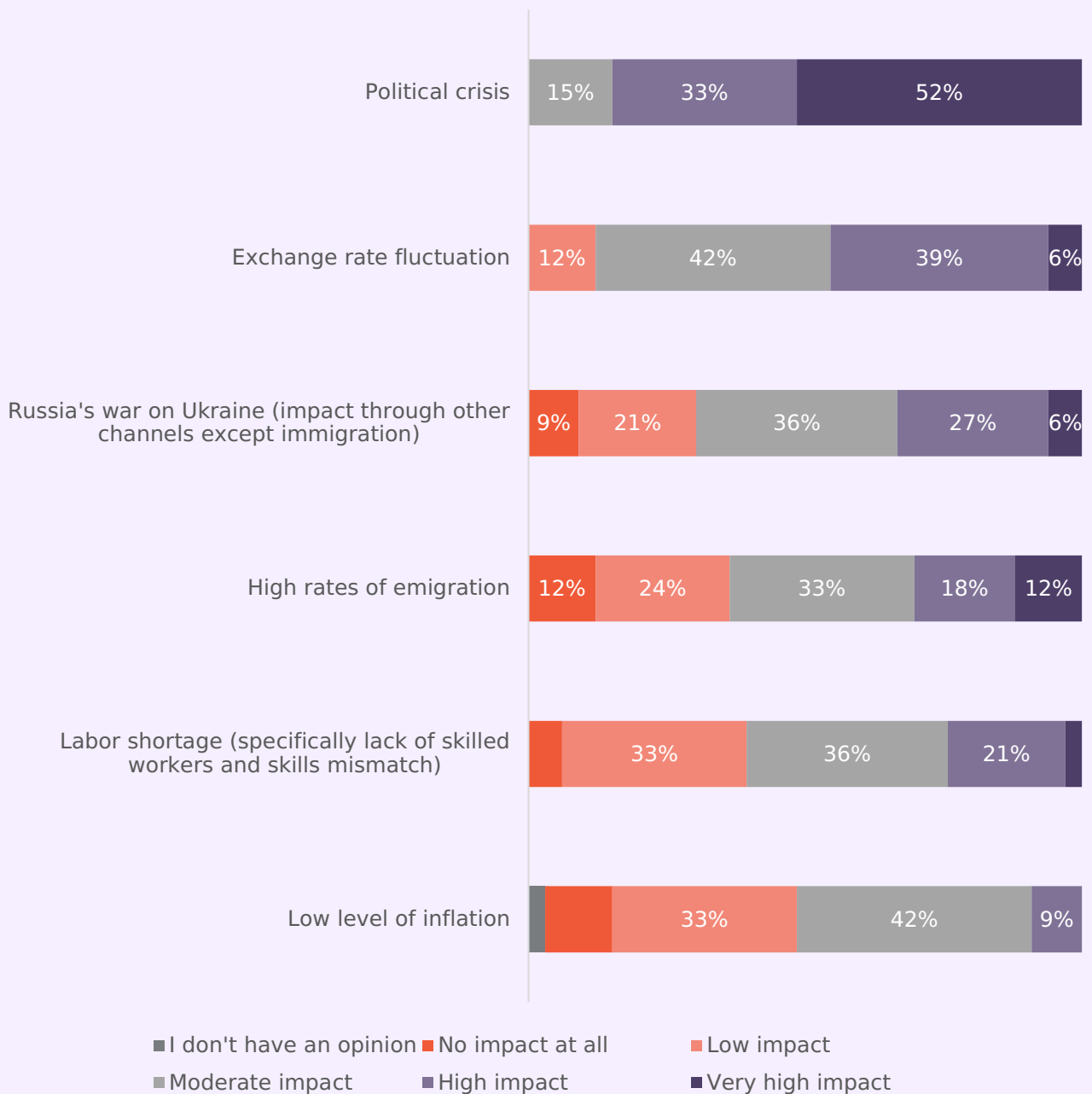


# SPECIAL QUESTIONS

- When asked to identify the factors having the greatest impact on the Georgian economy in Q1 2025, the surveyed economists pinpointed the **political crisis**. Other factors deemed

by respondents to have a considerable impact during this period included **exchange rate fluctuations, Russia's war on Ukraine, and a high rate of emigration.**

**Graph 3:** Assess from 1 (no impact at all) to 5 (very high impact) which factors do you consider have had the highest impact on the Georgian economy over Q1 of 2025.



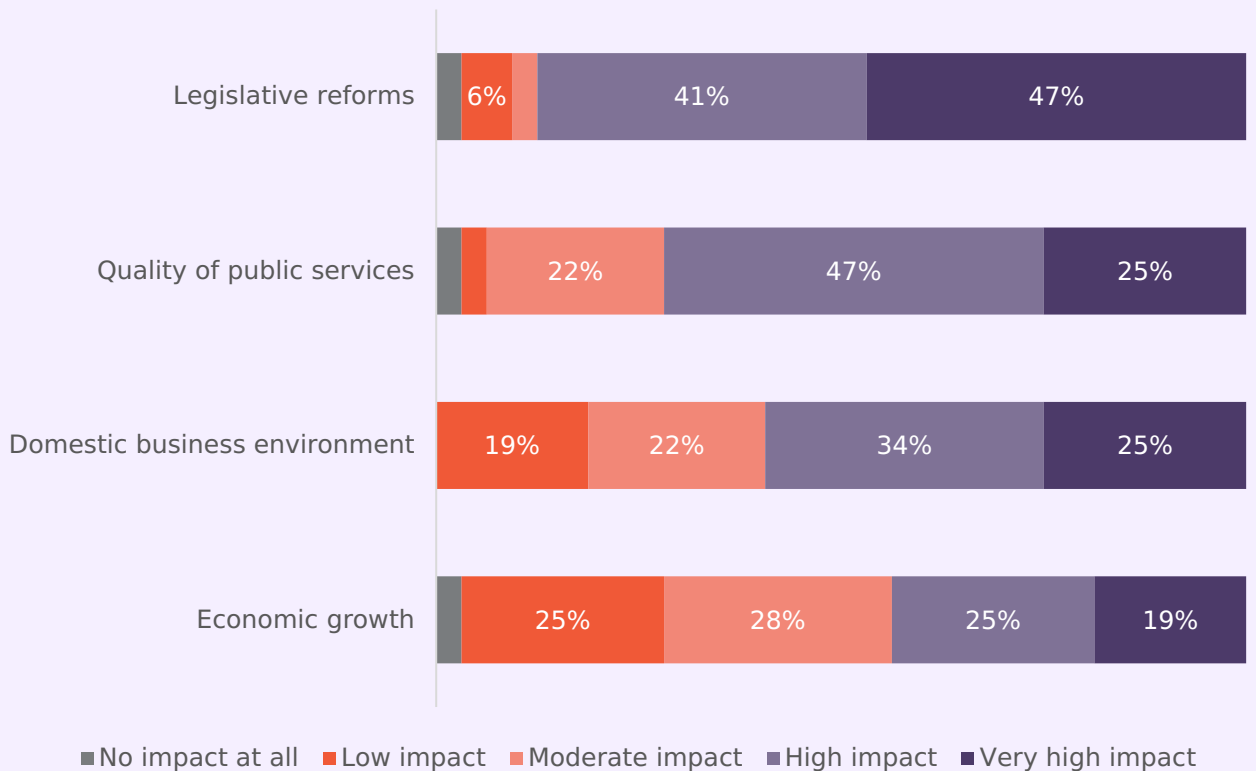
# SPECIAL QUESTIONS

- Surveyed economists assessed the impact of **reduced foreign assistance** (including from USAID) on Georgia's economic and political climate.
- Almost all of them (97%) believed that the reduction in foreign assistance would have a **negative or very negative** effect on Georgia's economic and political environment.
- In general, the surveyed economists agreed that the reduction in foreign assistance would have the most negative impact on **legislative reforms** and the **quality of public services**.

**Graph 4:** What impact do you think a reduction in foreign assistance (including USAID) will have on Georgian economic and political climate?

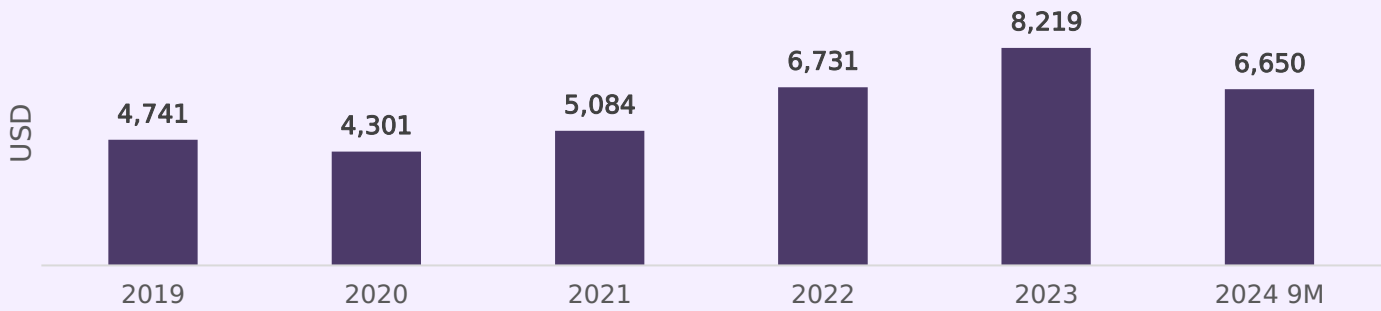


**Graph 5:** If you believe that a reduction in foreign assistance will negatively impact Georgian economic and political climate, please rate its effect on the following aspects on a scale from 1 (no impact) to 5 (very high impact). Otherwise, skip this question

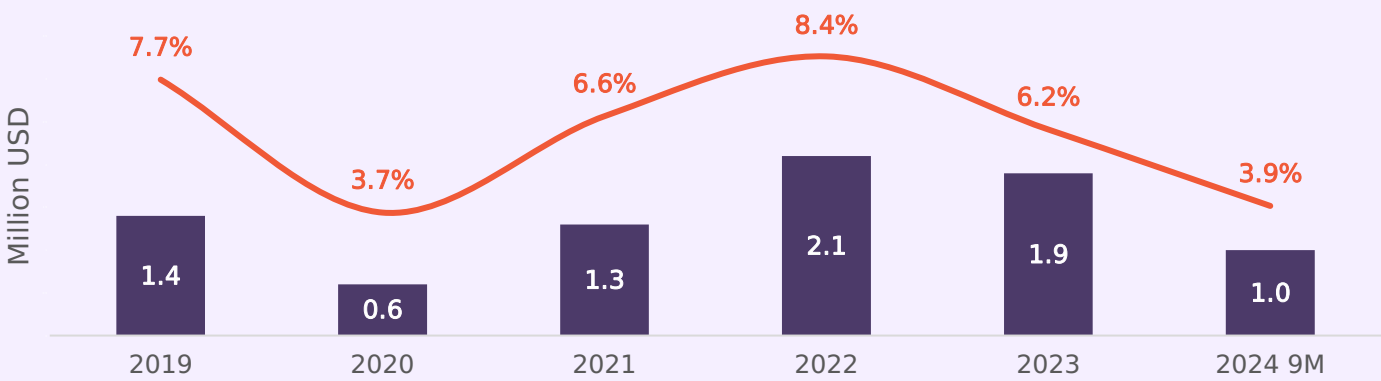


# OTHER ECONOMIC INDICATORS IN GEORGIA

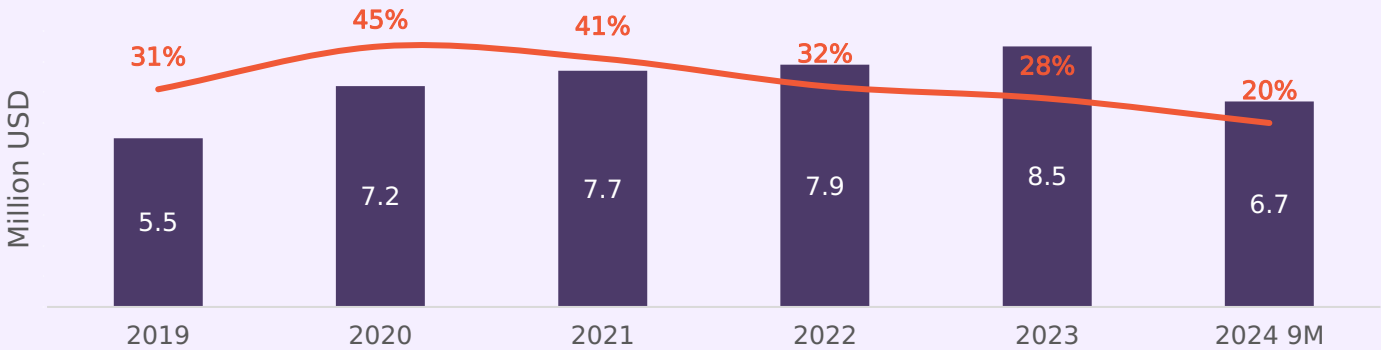
Graph 6: GDP per Capita in Current Prices



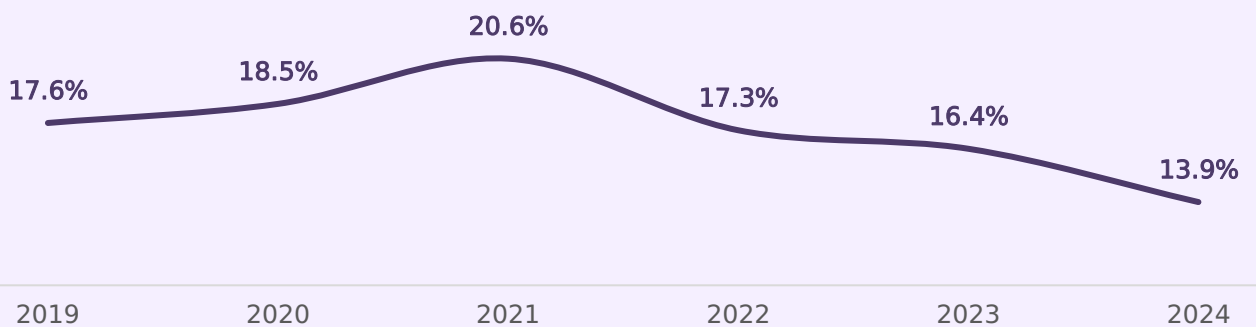
Graph 7: Foreign Direct Investment and Foreign Direct Investment as a % of GDP



Graph 8: Government External Debt and Government External Debt as a % of GDP



Graph 9: Unemployment Rate





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