**Georgia** Georgiens flagga

The small country just at the south slopes of Caucasus that became known for its “Rose Revolution” 2003, its rapid democratization process, fight against corruption and its positive investment climate. But Georgia´s economy was hardly hit by the short war with Russia in August 2008 about the break-away-republic South Ossetia and the following Russian embargo, as well as the global financial crisis.

The relation with Russia is still very strained. The both break-away-republics, Abkhazia and South Ossetia, have proclaimed independence and get economic and political support from Russia. Georgia has strong support from the West, not least the USA, and received a massive 4,5 billion USD donation package during 3 years after the war. Georgia is becoming an important transit country, and not only for oil from the neighboring Azerbaijan, but also other goods in east-west trade. Harbor and road facilities are developed. However, present economic slowdown in the CIS region is negatively impacting on Georgian trade and growth, not least remittances from Georgians working in Russia are declining. The currency, Lari (GEL), is now at record low levels. In October this year parliamentary elections are scheduled. There is a growing unpopularity with the ruling government coalition, but the opposition is very fragmented, so the outcome is very unpredictable.

Key facts (Sources: IMF, World Bank, The Economist, Business Monitor Int´l, National Bank of Georgia)

2014 2015e 2016f 2017f

Population (mn) 4,0 4,0 4,0 4,0

GDP (nom.; USD, bn) 16,5 13,6 14,0 15,7

GDP-growth, real (%, y-o-y) +4,8 +2,1 +2,7 +3,4

GDP/capita (USD) 3.807 3.157 3.270 3.800

Budget balance (% of GDP) -2,1 -3,3 -3,0 -2,6

Inflation (CPI; e-o-p, %) 2,0 6,2 4,2 4,0

Export (USD, bn) 7,0 7,5 8,3 8,9

Import (USD, bn) 9,9 10,1 10,7 11,5

Balance of trade (USD, bn) -2,9 -2,6 -2,4 -2,6

Current account (USD, bn) -1,6 -1,7 -1,5 -1,6

Current account (% of GDP) -9,8 -12,3 -11,5 -10,8

Foreign reserves (USD, bn) 2,7 3,3 3,5 3,6

Total external debt (USD, bn) 14,6 15,8 16,9 18,0

Total external debt (% of GDP) 88,9 116,4 120,5 114,6

Exchange rate (GEL/USD) 1,89 2,40 2,35 2,30