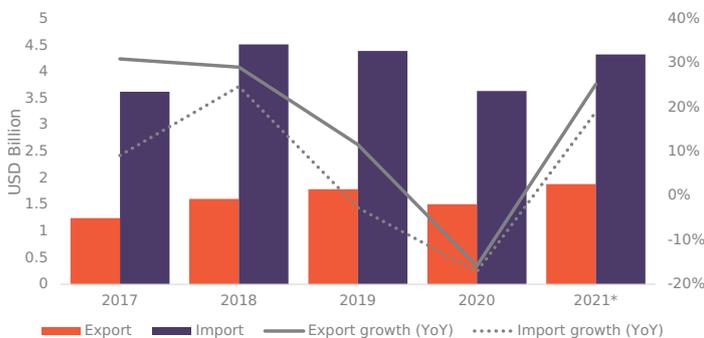


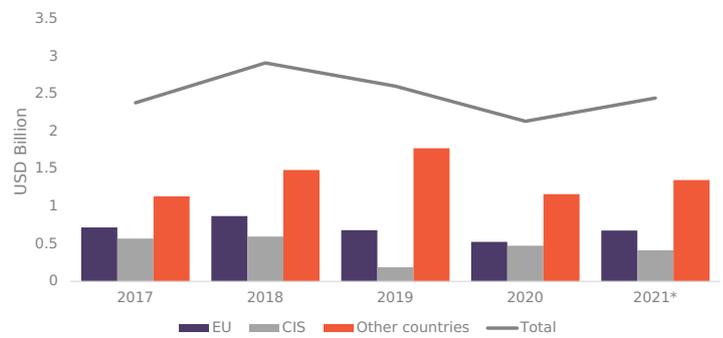
- In the first half of 2021, external trade turnover in Georgia amounted to 6.2 bln USD, which is 20.7% more than corresponding period of 2020 and 0.5% more than the prepandemic period of January-June 2019.
- Georgian exports amounted to 1.9 bln in January-June 2021, which is 25.2% more than in January-June of 2020 and 5.3% more than in January-June of 2019. Moreover, Georgian imports recorded 4.3 bln USD, which is 18.9% more than in the first half of 2020 and 1.5% less than in the corresponding period of 2019.
- In the first half of 2021 Georgian trade deficit increased by 0.3 bln USD (14.5%), compared to the first half of 2020, and decreased by 0.16 bln USD (6.1%), compared to the corresponding period of 2019 and amounted to 2.44 bln USD.
- In the period of January-June 2021, compared to January-June of 2020, trade turnover increased with the EU (9.9%), Russia (24.8%) and China (22.7%). However, compared to the corresponding period of 2019, trade turnover increased with Russia (12.3%) and China (27.9%), but decreased with the EU (-14%).
- Georgia's main total trade partners in the first half of 2021 were Turkey (15.2%), Russia (11.8%) and China (10.5%). Main export partners were China (15.4%), Russia (14%) and Azerbaijan (8.4%). Moreover, main import partners were Turkey (18%), Russia (10.8%) and China (8.4%).

Georgia's imports and exports and growth rates
YoY
(January-June, 2017-2021)



Source: National Statistics Office of Georgia

Trade deficit of Georgia with EU, CIS and other countries
(January-June, 2017-2021)



Source: National Statistics Office of Georgia

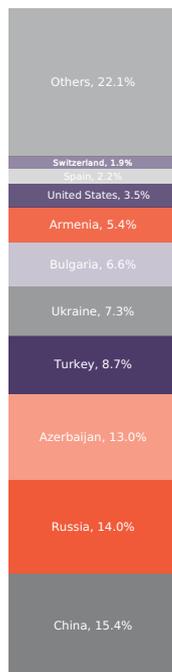
In the first half of 2021 Georgian exports increased by 25.2%, compared to the first half of 2020. Moreover, Georgian imports increased by 18.9%. It worth to note that compared to the prepandemic corresponding period of 2019, Georgian exports increased by 5.3%, while imports slightly decreased by 1.5%.

In the first half of 2021 Georgia's trade balance amounted to negative 2.44 bln USD, which is a 14.5% increase, compared to the corresponding period of 2020 and 6.1% decrease, compared to the first half of 2019.

Georgian imports by countries
(January - June, 2021*)



Georgian exports by countries
(January - June, 2021*)



Source: National Statistics Office of Georgia

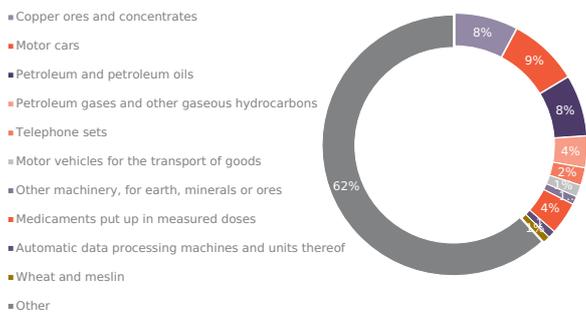
In the first half of 2021, the main export partners of Georgia were China, Russia and Azerbaijan, each of them having a share of 15.4%, 14% and 13% respectively. It is worth noting that in 2021 top three major export partners of Georgia have not changed compared to the same period of 2020, when China, Azerbaijan, and Russia accounted for 13.6%, 13.5% and 12.5% of Georgian exports. Interestingly, China being the biggest export partner of Georgia for first halves of 2020 and 2021, had the share of only 2.9% in Georgian exports during the same period of 2019. The increase in export could mostly be contributed to increase in export of copper ores and concentrates.

In the first half of 2021, Georgia's main import partners were Turkey (18% of total imports), Russia (10.8%) and China (8.4%). The same countries were the biggest import partners of Georgia in the first half of 2020 as well: Turkey (16.8%), Russia (11.2%) and China (9.2%).

In the first half of 2021, 77.9% of Georgian exports are concentrated among the top ten partners, which is 0.5 percentage points higher than the similar figure of 2020. Imports are slightly more diversified with top ten partners having 68.5% of total imports, which is 0.9 percentage points lower than it was in 2020.

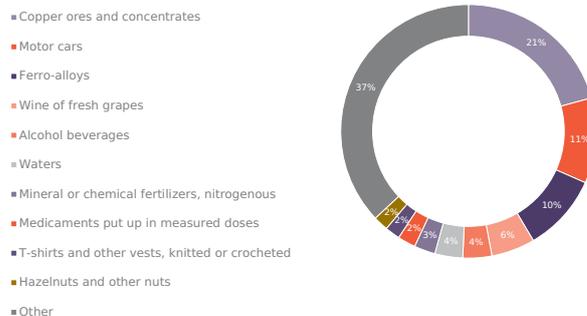
It is worth noting that while in 2020 there were only two EU member states amongst top ten import partners (Germany and Italy), in the first half of 2021 there are three of them (Germany, Italy and Romania). Amongst top ten export partners there are two EU member states (Bulgaria and Spain).

Major imported goods (January - June, 2021*)



Source: National Statistics Office of Georgia

Major exported goods (January - June, 2021*)



Source: National Statistics Office of Georgia

In the first half of 2021, Georgia's ten most exported goods amounted to 63% of total exports, which is 5% less than in 2020. Georgia relies more on imported products and, therefore, the structure of imports is more diverse with the ten most imported products amounting to only 38% of total imports.

In the first half of 2021, compared to the corresponding period in 2020, there were no significant movements recorded amongst export and import figures of major commodity groups. Interestingly, commodity groups of copper ores and motor cars appear among both: top 2 exported (copper ores - the first export commodity group with 391 mln USD; motor cars - the second export commodity group with 205.4 mln USD) and top 2 imported goods (motor cars - the first import commodity group with 371.4 mln USD; copper ores - the second import commodity group with 335.5 mln USD). This can partially be explained by the re-export of these product types. The favorable institutional and legislative situation in Georgia significantly lowers import/export costs and makes Georgia a regional hub for reexporting. It is worth noting that reexporting in Georgia took a significant hit due to increase of customs duty rates in Armenia in 2020¹.

It is important to analyze the dynamics of trade turnovers of main trading partners (China, EU and Russia) of Georgia. It is worth noting that Georgia has functioning free trade agreements with the EU and China.

In the first half of 2021, compared with the first half of 2020, a 9.9% increase (5% decrease in exports; 16% increase in imports) in trade turnover with the EU and 24.8% increase (40% increase in exports, 17% increase in imports) in the case of Russia was observed. Trade turnover with China, also indicated growth with a 22.7% increase (11% decrease in imports, 40% increase in exports).

In comparison with the first half of 2020, combined trade turnover with the EU, Russia, and China increased by 17% in 2021 and reached 2.7 bln USD. Moreover, trade turnover with these trading partners increased by 0.3% compared to the pre-pandemic first half of 2019.

Georgia's External Trade Turnover with Russia, the EU and China (January-June, 2017-2021*)



Source: National Statistics Office of Georgia

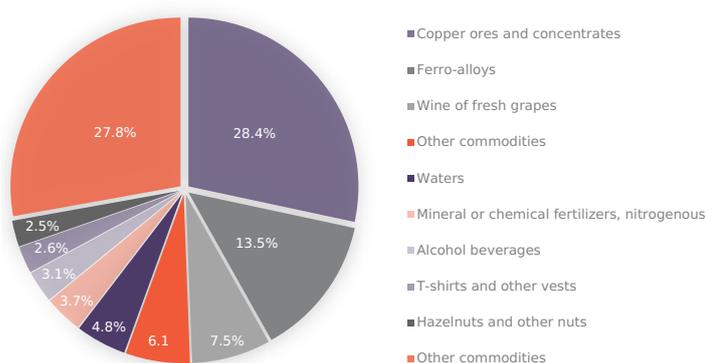
In the recovery phase of COVID-19 crisis it is important to consider the domestic export, defined as export of goods that are produced in Georgia (or imported ones whose value was significantly changed after domestic procession).

Total domestic exports in Georgia in the first half of 2021 recorded 1.4 bln USD, which is 8.3% more than in the first half of 2020 and 6.1% more than in the first half of 2019. It amounts to 73.1%, expressed as percentage of total exports.

Copper ores and concentrates are leading amongst domestic exports with 28.4% in domestic export and are followed by ferro alloys (13.5%). Wine of fresh grapes occupies 7.5% of domestic exports.

It is worth noting that there are no significant movements amongst top three domestic export commodities compared to previous years.

Domestic Exports in Georgia (January - June, 2021*)



Source: National Statistics Office of Georgia

* Preliminary data

¹ <https://bm.ge/en/article/we-still-keep-the-role-of-re-exporting-hub-in-the-region--company/79665/>

Basic Economic Indicators	2017	2018	2019	2020	2021 Q1
Nominal GDP (mln USD)	16 248.5	17 596.6	17 470.7	15 888.1*	3 400*
GDP per Capita (USD)	4 358.5	4 722.0	4 696.2	4 274.6*	912.5*
GDP Real Growth (%)	4.8%	4.8%	5.0%	-6.2%*	-4.5%*
Inflation	6.0%	2.6%	4.9%	5.2%	4.5
FDI (mln USD)	1 978.3	1 306.3	1 310.8*	616.9*	125.4*
Unemployment Rate (%)	21.6%	19.2%	17.6%	18.5%	21.9%
External Debt (mln USD)	5 177	5 434	5 741	7 535	7 721
Poverty Rate (relative)	22.3%	20.5%	20.1%	19.7%	21.3%

*preliminary data