Georgia is a country of emigration\(^1\). Since the mid-1990s, Georgian migration patterns have been characterized as labor emigration driven by socio-economic challenges (high unemployment, poverty, and low salaries). As different studies have indicated, the significant proportion of Georgian labor emigrants reside and work illegally in their host country\(^2\). The primary motivation for Georgian emigrants is to be able to send money back to their families in Georgia to support them\(^3\). This bulletin discusses Georgia’s emigration trends and the role of remittances in the Georgian economy on macro and micro levels over the last decade.

From 2012 to 2017, emigration flow from Georgia decreased by 6% and amounted to 85 thousand persons. Over this period, the average net migration\(^4\) was -7 thousand. However, from 2018, emigration flows started to grow and in 2019 reached 105 thousand, the highest figure over the last decade. Together with other factors, the increased emigration flow could be attributed to the visa liberalization agreement reached between the EU and Georgia that was introduced in 2017. From 2018 to 2021, the average net migration amounted to -7 thousand.

In 2020, due to the COVID-19 pandemic and travel restrictions, the emigration flow decreased to 74 thousand, making it the only year of the covered period in which there was positive net migration (16 thousand). However, in 2021 it rebounded again and amounted to 100 thousand persons, giving us the lowest annual net migration figure over the analyzed period.

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To depict a clearer picture of the effect of remittances on the Georgian economy, it is important to compare its volume to FDI, revenues from international tourism, and exports. Over the last decade, the average remittances per year amounted to 1.53 billion USD, which is 18% higher than FDI over the same period. However, remittances was 23% lower than revenues from international tourism and 49% lower than the export volume during this time.

It is worth noting that Georgia’s economic dependence on remittances became obvious in 2020 when, during the COVID-19 crisis, revenues from international travel and FDI declined by 88% and 53%, respectively, representing 1 billion USD. In contrast, remittances increased by 8.8% reached 1.9 billion USD in the same year to become the second-biggest source of foreign currency inflows after exports.

Members of households receiving remittances and those not receiving remittances might have somewhat distinct incentives to seek jobs. Accordingly, some interesting features are notable when it comes to the share of households receiving income from hired employment. The highest figure for households receiving no remittances but receiving income from hired employment was recorded in 2018 at 55%, and the lowest was in 2019 at 50%. In contrast, as for remittance-receiving households, the highest share was shown in 2015 at 45% and the lowest was in 2014 at 34%.

From 2012 to 2021, the share of remittance-receiving households taking income from hired employment was significantly lower than households accepting no remittances. On average, the share of households receiving income from hired employment was 14 percentage points higher in households with no remittances. Additionally, the monthly average income of remittance-receiving households amounted to 37% higher than households accepting no remittances. Over the analyzed period, the average monthly income of remittance-receiving households amounted to 1,318 GEL - 28% higher than households without remittances.

Overall, emigration from Georgia remains significant and economic dependence on remittances is high. The visa liberalization agreement signed with the EU in 2017 has influenced the emigration characteristics of Georgia. Specifically, emigration flows from Georgia have since increased, with remittances from EU countries increasing notably to exceed remittances from post-Soviet countries. There is still a trend of illegal labor migration from Georgia, with the aforementioned agreement not permitting Georgian citizens to legally work in the EU.

Over the past decade, remittance inflows have been a valuable source of foreign currency inflows in Georgia and an essential source of income for the households receiving them. It is observable that households receiving remittances have a higher income than those without remittances. However, it is also noticeable that remittances might have negatively affected the job-seeking motivation of the given emigrant’s family members, as the share of the remittance-receiving households to also obtain income from hired employment is notably lower than that of households not receiving remittances.

From 2012 to 2021, the proportion of households receiving remittances fluctuated, although an increasing tendency was observed up until 2014. Overall, the lowest figure was recorded in 2020 (5.8%) and the highest in 2014 (8.6%). Over the analyzed period, the monthly average amount of remittances per remittance-receiving household demonstrated two prominent trends: the number fluctuated from 2012 to 2016, but then showed strong growth from 2017 to 2021. This increase might be attributed to the depreciation of the GEL over this period. From 2012 to 2021, average income from remittances did not change in USD, remaining steady at 227 USD.

On average, from 2012 to 2021, the monthly remittances per remittance-receiving household amounted to GEL 536 - (41% of the average total monthly income of remittance-receiving households). Furthermore, the monthly average income of remittance-receiving households was considerably higher than those receiving no remittances. Over the analyzed period, the average monthly income of remittance-receiving households amounted to 1,318 GEL - 28% higher than households without remittances.

To get a broader perspective of the economic effect of emigration and remittances on the Georgian economy, it is essential to narrow the scope and compare the incomes of households receiving remittances and those not receiving them.