Responding to the Coronavirus Crisis
Update on Georgia (14/04/20)

Key short-term priorities
Provide liquidity to the economy, particularly SMEs, revenue support to vulnerable individuals, extra external assistance to boost confidence

EBRD Policy Comparator

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Economic channels of disruption
Tourism, private consumption, external demand
- Severe lockdown causing sharp decline in economic activity and consumption pattern.
- Expected reduction in remittances to further decrease disposable incomes of households.
- Tightening global financial markets and reduced foreign demand for exports of goods and services leading to lower FX receipts and pressure on domestic FX market.
- Tourism (revenues: 18.8% of GDP in 2019) will be heavily hit.

Crisis response measures to date
Support for healthcare, businesses and vulnerable population
- Total support package at 4.7% of GDP: GEL 2 billion for economic and social measures and additional GEL 351 million for healthcare.
- Postponement of certain tax payments, doubling of the VAT refunds by the end of the year and subsidized interest payments on loans for companies in the most affected sectors.
- Major social assistance measures include coverage of utility fees for smaller household users by the state and deferring loan repayments for individuals.
- Lowered capital and liquidity requirements, relaxed regulatory requirements to support loan restructuring.

Selected crisis impact indicators
EBRD GDP growth outlook (April 2020) 2020: recession (new forecasts out on May 13) 2021: strong recovery
Rapid estimate of economic growth 2.2% y/y (February 2020) (down from 5.1% in January)
Number of international visitors February: -0.6% y/y (% change) January: 19.8% y/y
Goods exports March: -22.1% y/y (% change, in nominal values) Jan-March: -5.9% y/y
Exchange rate change 1-27 March: -19.9% (minus means depreciation) 27 March 14 April: 11.1%

Selected crisis response indicators
Exemption from property and income taxes 4 months, companies in tourism sector, provided that the beneficiaries extend support for their personnel
Payment holidays for loans 3 months, for mortgages and household loans
VAT refund Doubled to GEL 1.2 billion in 2020
Increase in capital investment GEL 300 million