

Impact of Russia-Ukraine War on the Economy in Georgia

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Declaration

As the author of this paper, I declare that this thesis presented for the degree of Master of Business Administration is an original report of my research and has been written by me. References have been provided on all supporting pieces of literature and resources. I confirm that this thesis has been composed entirely by myself and that the work contained herein is my own except where explicitly stated otherwise in the text. Furthermore, this work has not been submitted for any other degree of professional qualification.

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Signature:

A handwritten signature in blue ink that reads "Bmendonca". The signature is written in a cursive style and is underlined with two parallel lines.

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Abstract

In the post-pandemic period of 2022-2023, the global economy faced severe new challenges. The economic stagnation and depression caused by the COVID-19 pandemic were made worse by the outbreak of hostilities in Ukraine, initiated by the Russian Federation on February 24, 2022. In response, the international community imposed strict sanctions on Russia to deter its aggression. These sanctions, while necessary, further strained global economic conditions. The economic difficulties faced by many countries worsened and reached critical levels. The post-pandemic recovery efforts were undermined by problems characteristic of a global recession, including rising prices and inflation, decreased investments, currency depreciation, unemployment, energy crisis, real estate market instability, etc. At this stage, the challenges posed by the post-pandemic recovery were significantly intensified by the Russia-Ukraine conflict. This conflict had particularly severe impacts on both developed and developing economies, disrupting trade, increasing defense expenditures, and straining international relations. The repercussions were felt across various sectors, compounding the existing economic difficulties, and weighing down recovery efforts.

Post-pandemic challenges are predicted to persist, and the Russia-Ukraine war is expected to last a long time. Overcoming this conflict will require substantial time and billions in funds, significantly worsening the global recession. The ongoing financial crisis and depression will cast doubt on the solvency of many countries, putting most of the world at risk of financial crisis and default. Interestingly, the Russia-Ukraine war did not slow down the growth of the Georgian economy; instead, it accelerated it. This boost is primarily due to the influx of about 200,000 migrants from Russia, Ukraine, and Belarus to Georgia. This migration increased demand in the real estate sector, driving up the buying and renting of residential properties. Between January and November, Georgia received \$2.5 billion from

Russian visitors (including migrants) and remittances from Russia. Including other funds brought into the country, this amount likely reaches \$3.5 billion. Additionally, exports, which grew by 32% in 2022, significantly contributed to this high economic growth.

Keywords: Russia-UkraineWar, Georgia economy, Geo-economics, Economic sanctions, war influence on Travel and Tourism, Banking, Education, Real Estate, Trade sectors in Georgia.