

- According to the initial estimates of Geostat, foreign direct investments picked up by 42.6% on a quarterly basis, however, inflows decreased by 6.3% YoY in the USD terms from 300 mln USD in Q1 2018 to 281 mln USD in Q1 2019 (in the EUR and the GEL, 1.9% and 0.9% YoY increase, respectively). As in 2018, the finalization of South Caucasus Pipeline Extension Project* and the change of ownership of nonresident companies to residents likely played a role in Q1 2019 as well.
- FDI inflows saw an increase in the gambling industry (around +133 mln USD YoY), the communication sector (+76 mln USD YoY) and agriculture (+4 mln USD YoY), while a decrease was observed in the financial industry (-68 mln USD YoY), construction (-61 mln USD YoY), transport (-38 mln USD YoY), manufacturing (-20 mln USD YoY), and real estate (-6 mln USD YoY).
- In terms of regions and countries, FDI inflows increased from the EU (+9 mln USD YoY; +133 mln USD from Ireland), Turkey (+74 mln USD YoY), and decreased from the CIS (-48 mln USD YoY) – mostly due to the decline from Azerbaijan (-41 mln USD).
- As of the last four quarters ending in Q1 2019, FDI inflows still stood at strong 7.3% of GDP. Furthermore, 2018 gross fixed capital formation was at a solid 33.3% of GDP (see charts on the next page).
- Going forward, FDI inflows are expected to be also supported by new free trade agreements and large projects such as the Anaklia Deep Sea Port and Nenskra Hydropower Plant.

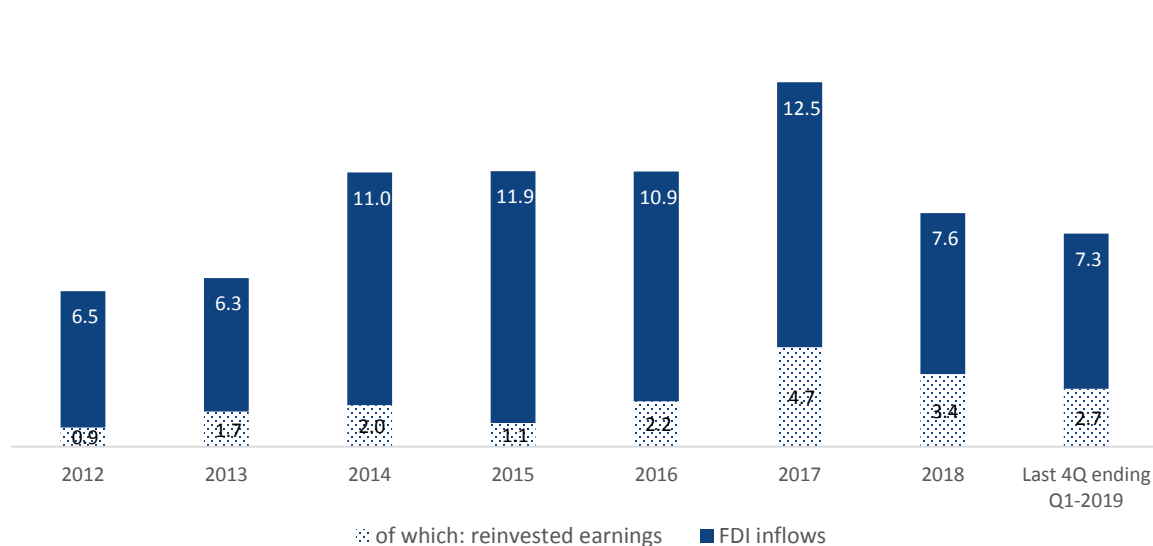
FDI inflows by sectors (mln USD)

	2018	Q1-2018	Q4-2018	Q1-2019
Total	1,232.4	300.1	197.1	281.1
Agriculture, fishing	15.9	(0.7)	4.9	3.4
Mining	66.7	22.3	12.3	8.4
Manufacturing	142.3	40.8	20.6	21.0
Energy sector	157.2	(0.4)	3.7	(9.5)
Construction	103.6	69.2	(1.4)	8.3
Hotels and restaurants	72.3	25.4	16.2	25.4
Transport	209.9	66.4	13.5	28.6
Communication	-35.2	-65.7	7.6	10.2
Health and social work	13.2	8.5	1.8	0.8
Financial sector	277.9	111.1	84.2	42.7
Other community, social and personal service activities	24.7	11.4	5.2	139.8
Other Sectors	325.6	11.5	32.4	-7.6

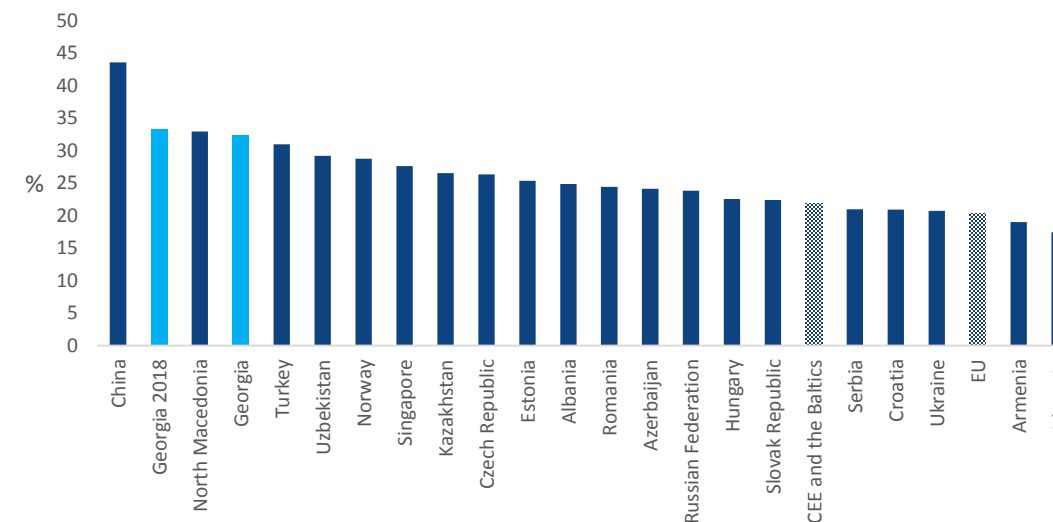
*According to BP, the project's total cost was around 2 billion USD with approximately 80% import component.

Foreign direct investment inflows, continued

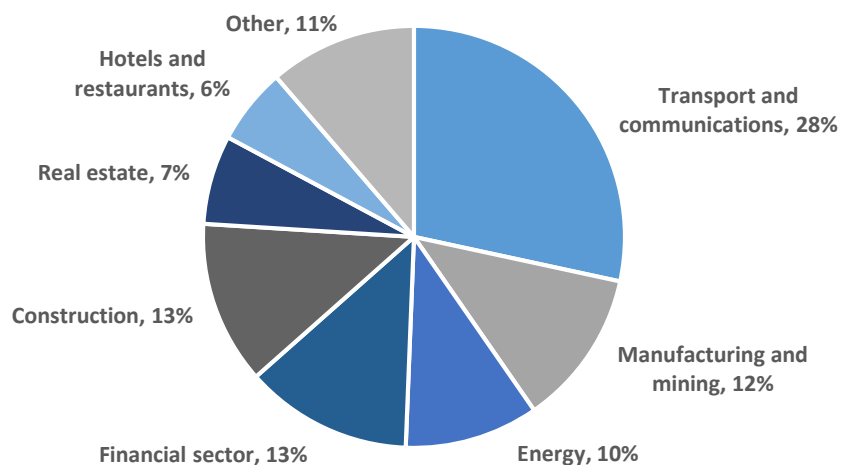
FDI inflows (as a % of GDP)



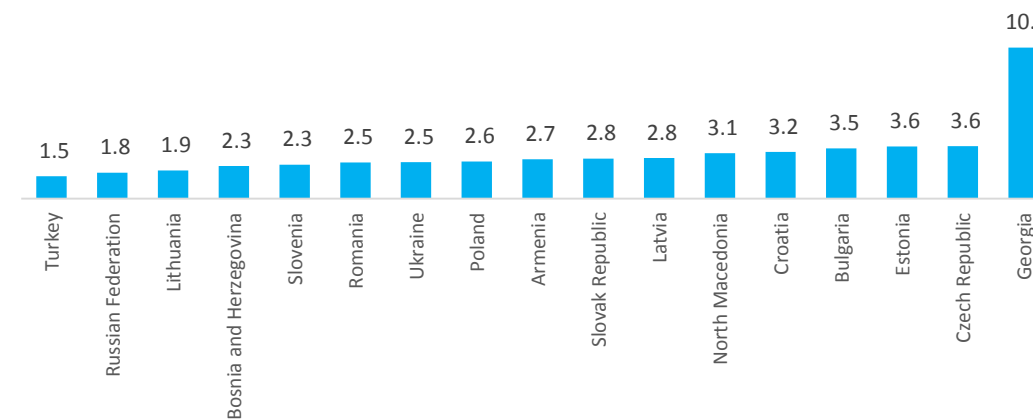
Gross capital formation (2017, % of GDP)



FDI by sector (average of 2014-2018)



FDI inflows (% of GDP, 2013-2017 average)



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