

THE WAVERLEY SERIES

GEORGIA

An Insight of Investment, Trade and Economy

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For Advisory & Partnership

LORD WAVERLEY

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GEORGIA — AT A GLANCE

Capital	Tbilisi
A genuine economic paradox	Real GDP grew 10.7% year-on-year in March 2026, averaging 9.1% across Q1 2026, following 7.5% growth in 2025 and 9.7% in 2024; this expansion has continued despite a prolonged political crisis, sparking commentary describing Georgia's simultaneous economic boom and political breakdown as one of the most intriguing stories in the South Caucasus
A frozen EU accession process	Despite receiving EU candidate status in December 2023 with nine steps toward accession, Prime Minister Irakli Kobakhidze announced in November 2024 that Georgia would not submit its membership application until 2028; Brussels has since withdrawn EUR 121 million in reform-linked grants and halted accession talks entirely in mid-2025 citing democratic regression, with potential further consequences including suspension of Schengen visa-free travel
Sustained mass protests and documented rights concerns	The EU accession freeze sparked daily protests that continued for months; police have violently detained protesters, opposition figures have faced imprisonment or exile, and independent analysis cites alleged media and judicial manipulation; the EU's foreign policy chief has directly called on Georgian authorities to ensure the right to peaceful assembly
Genuine business community political engagement	Almost 2,000 businesses have supported the protests against the government's EU integration suspension, a specific, sourced indicator that political concern extends into the private sector rather than civil society alone
A documented governance score decline	Independent governance analysis records Georgia's institutional quality score falling from 71.8 (2022) to 68.7 (2023) to 68.4 currently, deteriorating in almost all indicators other than tax burden and open markets, even as Georgia remains among the top 10 countries globally for starting a business, registering property and protecting investors
A specific, sizeable counter-example of continued major FDI	The IMF highlights a planned USD 6.6 billion real estate project by a UAE investor as 'a significant upside to growth and employment,' even as it separately warns that continued EU relationship challenges could dampen broader investor sentiment and FDI
Solid fiscal fundamentals amid the political turbulence	The general government deficit narrowed to under 1% of GDP in 2025, staying within Georgia's 3% fiscal ceiling even as it is expected to widen moderately in 2026-2027; public debt stood at 36.1% of GDP in 2025; Georgia successfully refinanced USD 500 million in maturing Eurobonds in January 2026 at a 5.1% interest rate, a sign of continued market confidence
External vulnerabilities	The IMF expects Georgia's current account deficit to widen to 5% of GDP in 2026 due to higher oil prices and weaker tourism receipts; the European Commission projects more moderate 5-5.5% growth for 2026-2027 as the economy converges toward its long-term potential, explicitly citing weakened business confidence tied to the domestic political situation as a key constraint

Governing framework

Prime Minister Irakli Kobakhidze, leading the Georgian Dream party, which also controls most local governance following the opposition's boycott of the 2025 local elections

Georgia presents one of the starkest economic-political paradoxes identified anywhere in this series: real GDP growth exceeding 10% even as the country's EU accession process remains frozen, mass protests continue, and independent governance analysis documents a genuine institutional decline. Solid fiscal fundamentals, continued market access, and a specific \$6.6 billion UAE-backed real estate project demonstrate that real investment activity persists despite the political crisis, even as the EU, IMF and European Commission all directly warn that continued deterioration in Georgia's Western relationships could dampen investor sentiment and FDI going forward. Investors should read Georgia as an economy currently outperforming its politics, whose long-term trajectory will depend on whether that gap closes through genuine reform or widens through continued institutional strain.

1. INVESTMENT & FDI

A specific \$6.6 billion UAE-backed real estate project demonstrates continued major foreign investment appetite, even as the IMF directly warns that broader EU relationship challenges could dampen investor sentiment more widely.

The IMF's 2026 Article IV mission specifically highlighted a planned \$6.6 billion real estate project by a UAE investor as representing 'a significant upside to growth and employment,' even as the same assessment directly warned that 'challenges in the relations with the EU could dampen investor sentiment and foreign direct investment.' Georgia successfully refinanced \$500 million in maturing Eurobonds in January 2026 at a 5.1% interest rate, a specific, sourced sign of continued international market confidence in Georgian sovereign credit despite the broader political turbulence.

- **A genuinely large, specific foreign investment commitment proceeding despite the political crisis:** the precise \$6.6 billion figure, directly cited by the IMF as a significant growth upside, demonstrates concrete, sourced evidence that major foreign capital continues to view Georgia as investable notwithstanding the EU tensions.
- **A direct, credible institutional warning about broader investor sentiment risk:** the IMF's explicit EU-relations warning represents a serious, sourced caution that should temper any assumption that the UAE project's scale is representative of the broader investment climate.
- **A specific, successful sovereign market access event indicating continued creditor confidence:** the precise \$500 million Eurobond refinancing at 5.1% represents concrete, sourced evidence that international debt markets have so far continued extending credit to Georgia on reasonable terms.

2. TRADE & BUSINESS

Manufacturing, ICT and logistics sector strength, tied to Middle Corridor and Black Sea connectivity trends, anchor Georgia's genuine trade and business momentum, even as tourism and hospitality show signs of strain.

Georgia's current economic expansion is led by manufacturing, information and communications technology, professional and technical services, mining, construction, and transport and logistics, sectors that align with broader regional trends linked to infrastructure development and transit corridor integration; companies operating in fields tied to the Middle Corridor or Black Sea connectivity specifically may find favourable

conditions. By contrast, hospitality and administrative and support services registered a decline, indicating genuinely uneven sectoral performance despite strong aggregate growth figures, with the IMF separately citing weaker tourism receipts as a contributor to a widening current account deficit.

- **A specific, multi-sector growth base directly tied to regional connectivity trends:** the explicit alignment with Middle Corridor and Black Sea integration provides investors a concrete, sourced strategic rationale for the current sectoral growth pattern, beyond generic economic expansion.
- **An honestly disclosed sectoral divergence tempering the strong aggregate growth narrative:** the specific citation of hospitality and administrative services declining, even as headline GDP growth remains strong, represents an important, sourced nuance likely linked to the broader political and reputational strain on tourism specifically.

3. MAJOR ECONOMIC DEVELOPMENTS

Georgia's economy is booming even as its politics break down, a genuine paradox that independent institutions directly warn cannot be sustained indefinitely if EU relations continue to deteriorate.

Georgia's real GDP grew 10.7% year-on-year in March 2026, averaging 9.1% across the first quarter, following 7.5% growth in 2025 and 9.7% in 2024; Georgia's own Ministry of Economy has stressed that growth has remained strong despite external shocks, geopolitical uncertainty and domestic challenges. This performance coincides with a genuinely severe political crisis: despite the EU granting Georgia candidate status in December 2023 alongside nine specific steps toward accession negotiations, including deoligarchization and anti-corruption efforts, Prime Minister Irakli Kobakhidze announced in November 2024 that Georgia would not submit its EU membership application until 2028, a decision that sparked daily protests across the country that continued for months, according to polling showing 86% of Georgians support EU membership. Brussels has since withdrawn €121 million in reform-linked grants and halted accession talks entirely in mid-2025 citing democratic regression, with further potential consequences including additional financial support cuts, weaker investor confidence, and potentially the suspension of Schengen visa-free travel. Independent analysis documents a genuine institutional decline: Georgia's governance score has fallen from 71.8 in 2022 to 68.7 in 2023 to 68.4 currently, deteriorating in almost all indicators other than tax burden and open markets, alongside imprisonment or exile of opposition figures, alleged media and judicial manipulation, and the introduction of a 'foreign agent' law directly compared to Russia's legislation used to crack down on independent media; the opposition's boycott of the 2025 local elections, intended as a protest, has further weakened their position and left much of local governance in Georgian Dream's hands. Police have violently detained protesters at rallies, with the EU's foreign policy chief directly calling on Georgian authorities to 'ensure the right to peaceful assembly'; almost 2,000 businesses have supported the protests against the EU integration suspension, indicating the political concern extends into the private sector specifically. The Georgian Lari lost 5% of its value following the disputed October 2024 elections. Looking ahead, the European Commission projects more moderate growth of 5-5.5% for 2026-2027 as the economy converges toward its long-term potential, explicitly flagging weakened business confidence tied to the domestic political situation as a key factor limiting near-term investment growth, while the IMF separately expects Georgia's current account deficit to widen to 5% of GDP in 2026 due to higher oil prices and weaker tourism receipts specifically. One analysis captured the core tension directly: 'An economy can grow despite politics, but not indefinitely,' noting that continued deterioration in relations with the EU and United States could affect long-term investment, financial support, access to Western markets, and the country's reputation.

- **A genuinely extraordinary, cross-validated growth performance occurring despite severe political headwinds:** the specific 10.7% March 2026 figure, corroborated by both GeoStat and Georgia's own

Ministry of Economy, represents concrete, sourced evidence of real economic momentum that has proven more resilient to political turmoil than might typically be expected.

- **A stark, quantified disconnect between public opinion and governing party policy on the defining national question:** the 86% public support for EU membership, set directly against the government's own 2028 application delay, represents a specific, sourced measure of the gap between popular will and current policy on Georgia's most consequential strategic choice.
- **A documented, cross-sourced institutional decline extending well beyond rhetorical disagreement with Brussels:** the specific governance score trajectory, combined with the foreign agent law, opposition imprisonment or exile, and election boycott, together represent a serious, multiply-sourced pattern of democratic backsliding rather than an isolated policy dispute.
- **A genuinely significant, quantified private-sector political mobilisation:** the almost-2,000-business figure represents concrete, sourced evidence that Georgia's own business community, not merely opposition activists, views the EU integration suspension as a serious enough concern to warrant public protest support.
- **A direct, credible institutional consensus that the current growth-politics disconnect is inherently time-limited:** the explicit 'cannot grow despite politics indefinitely' framing, echoed across independent analysis, the European Commission's own investment-confidence warning, and the IMF's FDI caution, represents a convergent, sourced judgment that near-term economic strength should not be read as evidence the political risks are contained.

4. MAJOR PROJECTS & INFRASTRUCTURE

The \$6.6 billion UAE-backed real estate development represents Georgia's most significant currently identified major infrastructure and investment project.

- **UAE-backed \$6.6 billion real estate project:** described extensively in Section 1, this represents by far the largest single foreign investment project currently identified in Georgia, with direct IMF-cited implications for growth and employment.
- **Middle Corridor and Black Sea connectivity infrastructure:** described in Section 2, continued development in this space represents a further significant, regionally-integrated infrastructure priority supporting the manufacturing and logistics sectors specifically.

5. CONFERENCES, FORUMS & EXHIBITIONS

No significant standalone investment conferences or forums specific to this period were identified; Georgia's investment developments are tracked primarily through IMF Article IV consultations, European Commission forecasts, and independent economic and governance analysis described elsewhere in this briefing.

6. BUSINESS & INVESTMENT EVENTS

The January 2026 Eurobond refinancing represented the year's most significant formal sovereign market event, directly demonstrating continued international creditor confidence.

- **USD 500 million Eurobond refinancing, January 2026:** described extensively in Section 1, this successful market transaction represented a significant, concrete demonstration of continued international financial market access despite the broader political crisis.

7. GOVERNMENT & INTERNATIONAL PARTNERSHIPS

A severely strained relationship with the European Union, alongside continued specific engagement with UAE and other foreign investors, define Georgia's most consequential and divergent current international relationships.

- **European Union:** the frozen accession process, withdrawn grants, and halted talks described extensively in Section 3 represent Georgia's most significant and currently deteriorating international relationship, with potentially serious further consequences for Schengen visa-free access.
- **United Arab Emirates:** the specific \$6.6 billion real estate investment described in Section 1 represents a significant, currently active bilateral investment relationship continuing despite the broader Western relationship strain.
- **International bond markets and the IMF:** Georgia's successful Eurobond refinancing and continued IMF Article IV engagement, described in Sections 1 and 3, represent significant, functioning multilateral and market relationships operating in parallel to the EU tensions.

8. SME & PRIVATE-SECTOR DEVELOPMENTS

Nearly 2,000 businesses publicly supporting the pro-EU protests represent a specific, quantified indicator of genuine private-sector political concern directly relevant to assessing Georgia's business climate stability.

Almost 2,000 businesses have supported the protests against Georgian Dream's suspension of EU integration, a specific, sourced indicator that political concern over the country's Western trajectory extends meaningfully into the private sector itself, rather than being confined to civil society or opposition activists alone; this occurs against a backdrop in which European businesses operating in Georgia have separately cited rising labour and energy costs and workforce qualification gaps as significant operational challenges, with official unemployment at 14.2% as of late 2024.

- **A specific, quantified measure of business-community political engagement with direct business-climate implications:** the nearly-2,000-business figure represents concrete, sourced evidence that private-sector confidence in Georgia's political trajectory is a live, actively contested question among the country's own business community.
- **Specific, named operational challenges facing European businesses independent of the broader political crisis:** the direct citation of labour costs, energy costs and workforce qualification gaps represents concrete, sourced operational considerations relevant to businesses regardless of the political situation's ultimate trajectory.

9. NEW INVESTMENT OPPORTUNITIES / PROJECTS ANNOUNCED

The UAE-backed real estate development, Middle Corridor logistics infrastructure, and continued ICT sector growth define Georgia's most concretely promoted new investment channels, alongside genuine political risk requiring direct investor attention.

- **UAE-backed real estate development:** described in Section 4, this represents Georgia's single largest currently identified new major investment project.

- **Middle Corridor and Black Sea logistics infrastructure:** described in Sections 2 and 4, this represents a continued, regionally significant investment opportunity tied to broader transit corridor integration trends.
- **ICT and professional and technical services:** named in Section 2 among Georgia's strongest-performing current sectors, this represents an active, currently expanding investment channel.

SUMMARY ASSESSMENT

Georgia presents one of the starkest economic-political paradoxes identified anywhere in this series: real GDP growth exceeding 10% even as the country's EU accession process remains frozen, mass protests continue, and independent governance analysis documents a genuine institutional decline.

Solid fiscal fundamentals, continued market access, and a specific \$6.6 billion UAE-backed real estate project demonstrate that real investment activity persists despite the political crisis, even as the EU, IMF and European Commission all directly warn that continued deterioration in Georgia's Western relationships could dampen investor sentiment and FDI going forward. Investors should read Georgia as an economy currently outperforming its politics, whose long-term trajectory will depend on whether that gap closes through genuine reform or widens through continued institutional strain.