

BAG INDEX

INVESTMENT
SURVEY



საქართველოს ბიზნეს ასოციაცია
BUSINESS ASSOCIATION OF GEORGIA



Leibniz Institute for Economic Research
at the University of Munich



Research

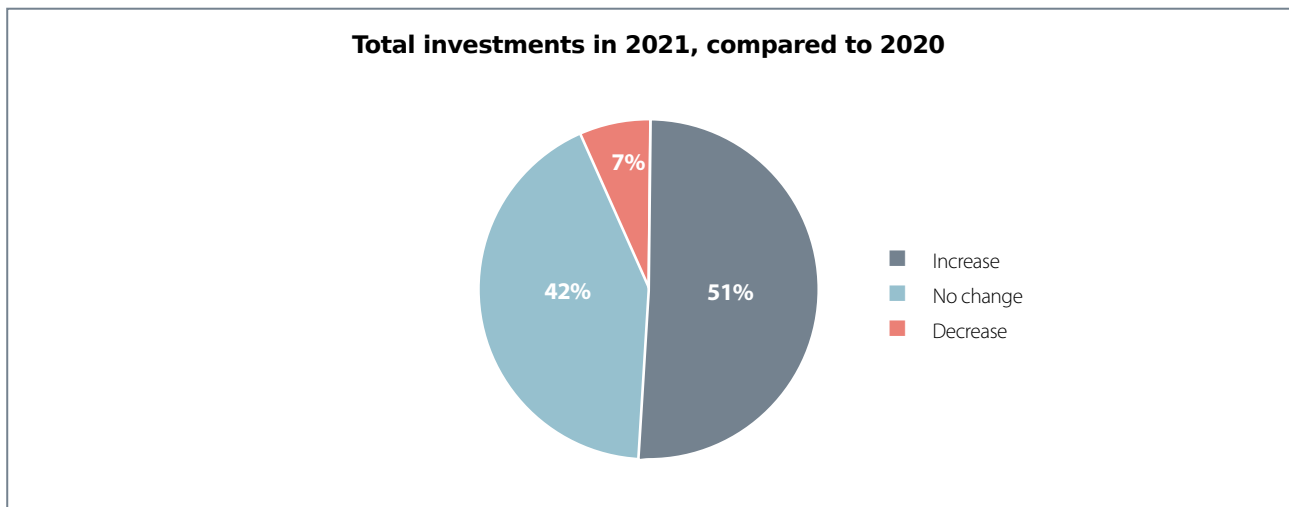
I QUARTER 2022

BAG INVESTMENT SURVEY

As part of an investment survey, which is carried out bi-annually, PMC Research Center collects data on investment trends. For the purposes of this survey, respondents were divided into the following four sectors (similar to the BAG Business Climate): trade, service, manufacturing and construction. The survey conducted in the first quarter of 2022 covered investments made by surveyed businesses in 2021 and their plans for 2022.

INVESTMENT ENVIRONMENT IN 2021

Overall, 51% of the surveyed businesses stated that their total investments had increased in 2021, compared to 2020. Meanwhile, 42% of the surveyed companies claimed their total investments were unchanged, while 7% stated their investments had decreased over the same period.



Graph 1: Investment environment in 2021

It must be mentioned that none of the companies in the manufacturing sector reported a decrease in total investments in 2021, compared to 2020. These figures for trade, service, and construction sectors were 5%, 7%, and 25%, respectively (for detailed information see graphs 3, 4, 5 and 6).

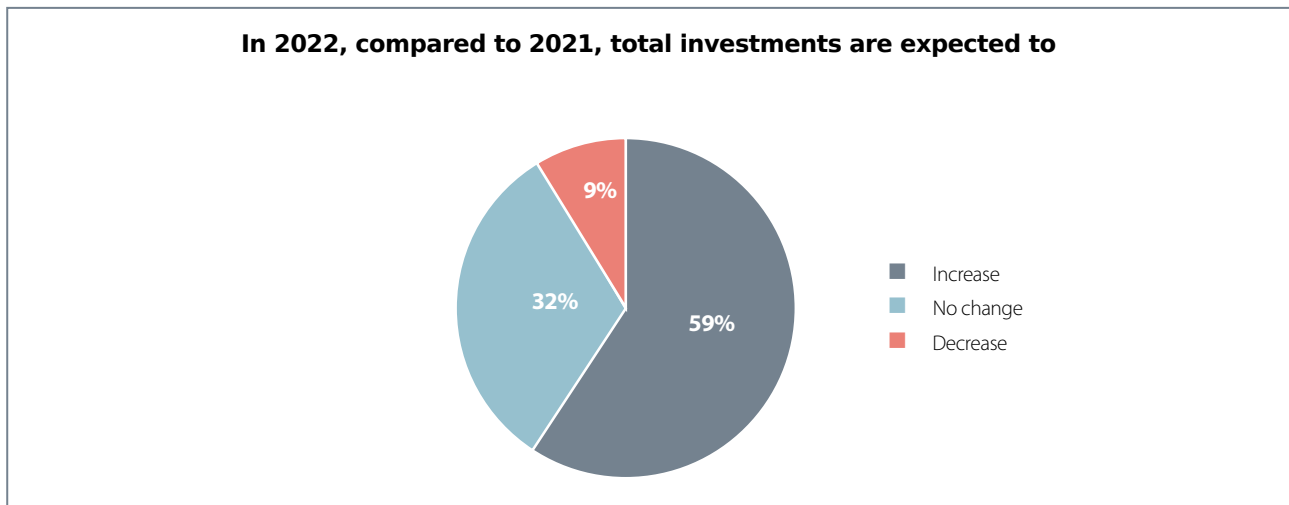
Furthermore, 73% of respondents in the manufacturing sector stated that total investments increased in 2021, compared to 2020. At the same time, 52% of surveyed companies in the service sector recorded an increase in total investments in this timeframe, while for the trade and construction sectors these figures were 49% and 13%.

In 2021, the majority of companies recorded an increase in their total investments in software and databases (54%) and equipment (52%). The lowest increase in the volume of total investments was recorded in plants, with 34% of surveyed companies recording growth in this regard.

Looking at things sector by sector, the trade sector recorded the highest percentage share of companies (62%) stating an increase in their total investments in software/databases amongst the four sectors. Whereas the highest percentage share of companies stating an increase in total investments in equipment was observed in the manufacturing sector (73%). The manufacturing sector also recorded the highest percentage share of businesses stating an increase in their investments in plants in 2021, compared to 2020 (50%).

INVESTMENT PLANS FOR 2022

In Q1 of 2022, 59% of surveyed businesses claimed they will increase their total investments in 2022, compared to 2021. At the same time, 32% of the surveyed companies expect no change in their total investments, while only 9% expect a decrease in total investments.

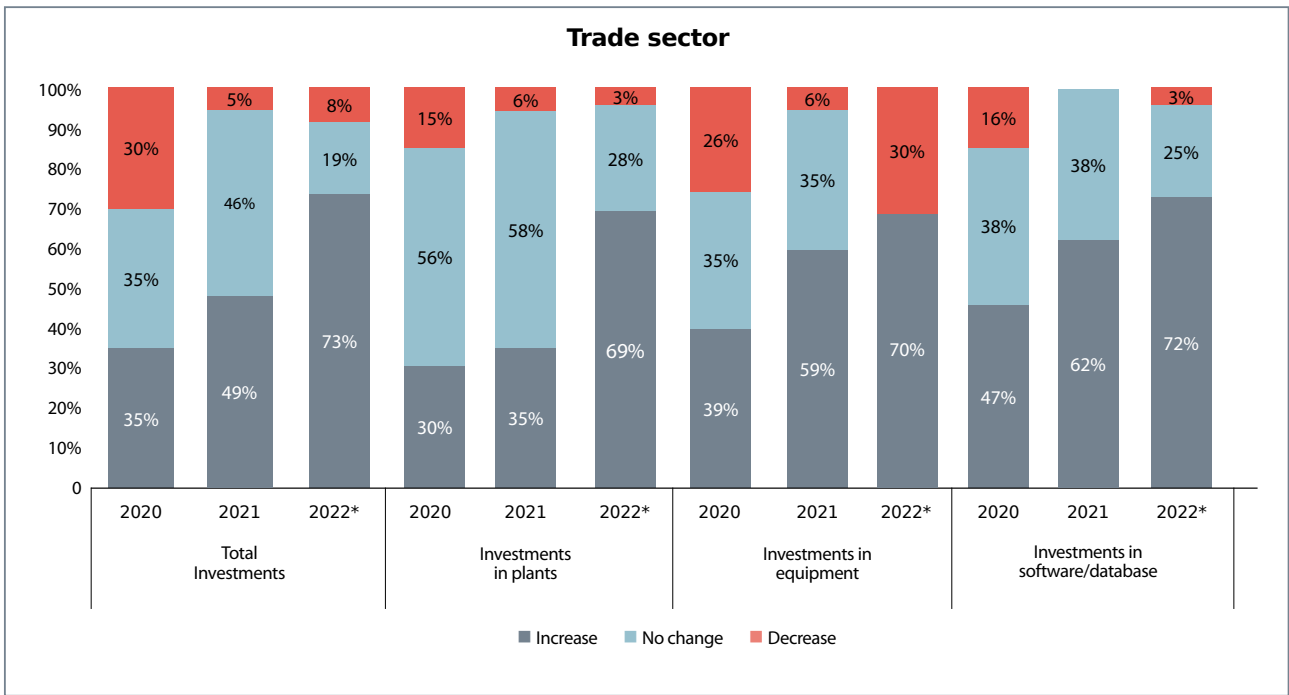


Graph 2: Investment plans of companies in 2022

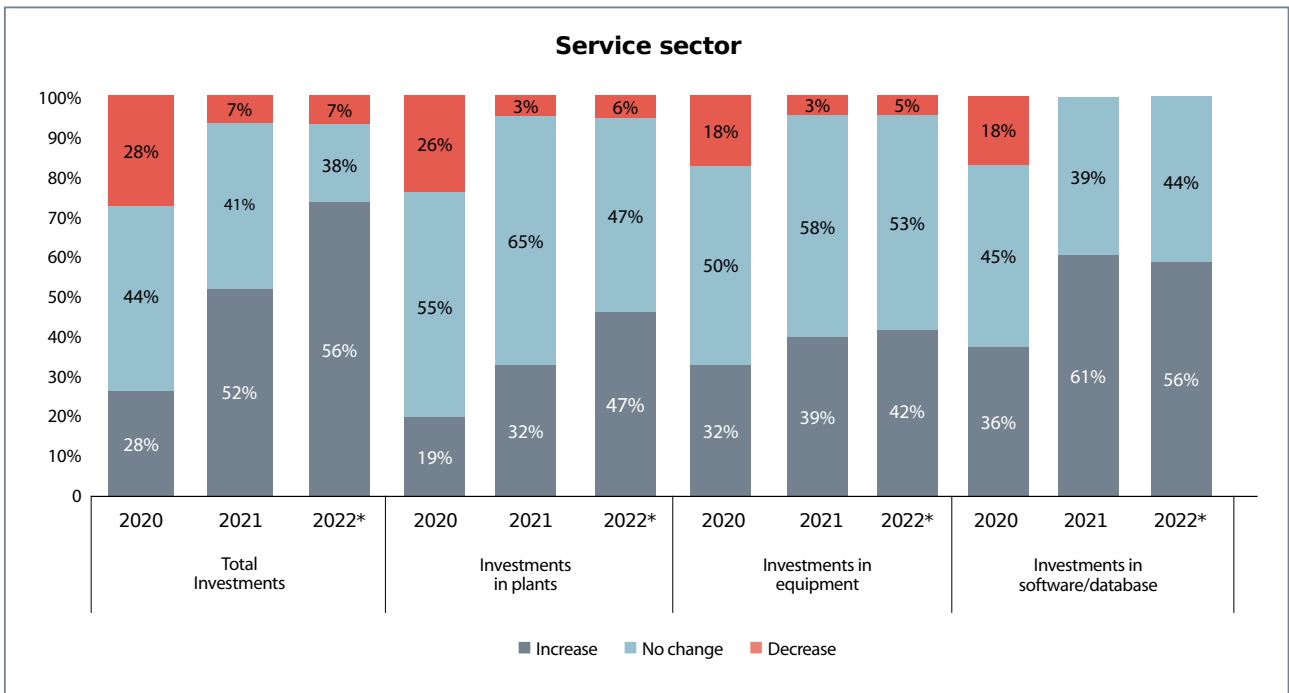
Amongst all four sectors, the trade sector conveyed the most optimistic expectations in direction of investment for 2022. 73% of companies in the trade sector claimed that they will increase their total investment in 2022, compared to 2021. Similar expectations are reported in the service and manufacturing sectors with 56% and 47% of companies planning to increase their total investments, meanwhile, for the construction sector the same figure is equal to 38%.

In 2022, more positive expectations with regard to investments were recorded in software/databases, while less positive expectations were recorded with regard to investments in plants and equipment. 57% of the surveyed companies expect to increase their investments in software/databases in 2022, compared to 2021, while 52% of businesses have the same expectation for investments in plants and equipment.

It must be noted that, among the covered sectors, most positive expectations with regards to all three directions is conveyed in trade sector. In particular, 72% of the companies in trade sector plan to increase investment in software/databases, while 69% and 70% of the companies plan to increase their investments in plants and equipment, respectively. The most negative expectations are recorded in construction sector, where 17% of the surveyed companies plan to decrease investment in software/databases, while 13% and 14% of the companies plan to decrease investment in plants and equipment in 2022.

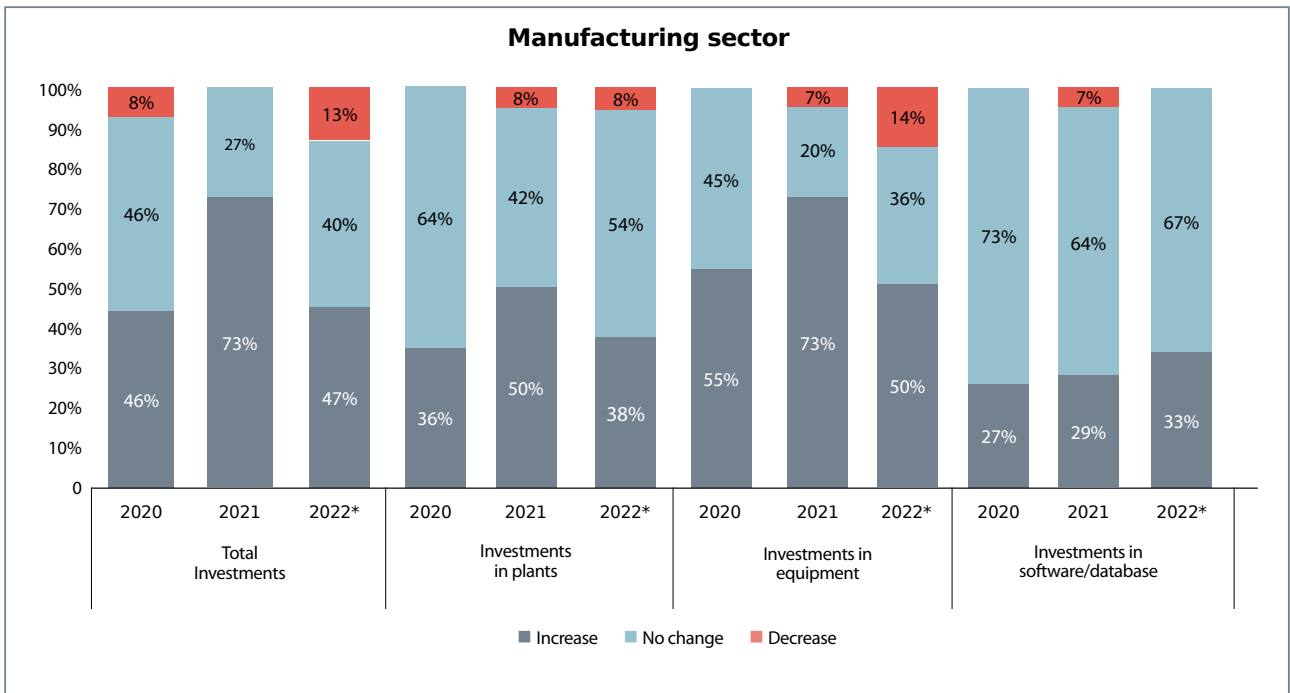


Graph 3: Investment environment in 2020 and 2021 and investment plans for 2022 in the trade sector (change compared to the previous year)

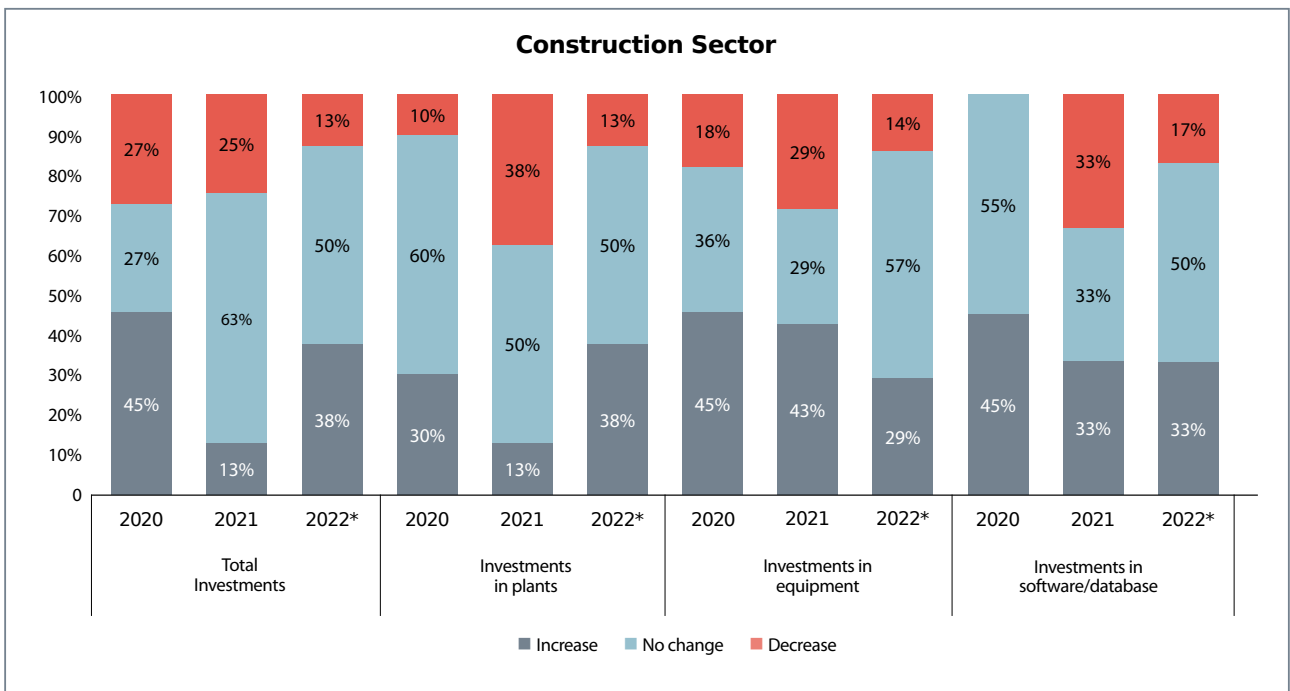


Graph 4: Investment environment in 2020 and 2021 and investment plans for 2022 in the manufacturing sector (change compared to the previous year)

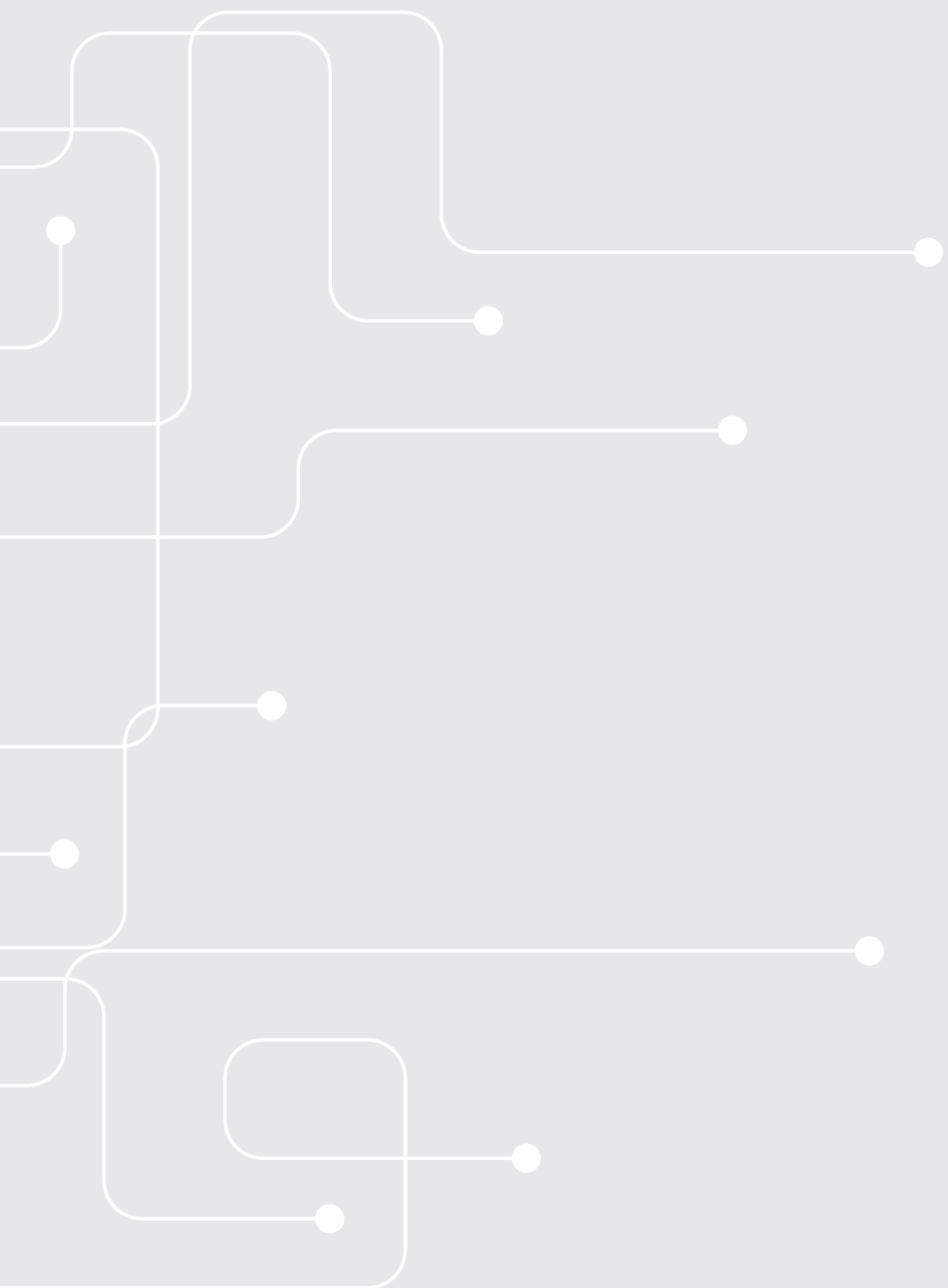
* - Expectation.



Graph 5: Investment environment in 2020 and 2021 and investment plans for 2022 in the service sector (change compared to the previous year)



Graph 6: Investment environment in 2020 and 2021 and investment plans for 2022 in the construction sector (change compared to the previous year)



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