Asia-Pacific Trade Briefs

Georgia

Merchandise trade: Merchandise exports in 2014 decreased by -1.6%, compared with the 5-year annual average rate 14.3%. Exports are diversified across only 286 products and 48 markets – compared to an Asia-Pacific average of 2,107 products and 95 partners. Petroleum oils, ferro-silico-manganese, and copper ores and concentrates are major export products. The main export partners are the United States, the Russian Federation and Bulgaria, which together account for 38% of Georgia's exports. In contrast, merchandise imports grew by 7.1% in 2014, lower than the 5-year annual average of 13.1% growth. Major imported products are petroleum oils and gases, motor vehicles and agriculture products and major import partners are Turkey, China, and the Russian Federation.

Services trade: The services sector comprises around two-thirds of Georgia's GDP (66.3%). The export of transportation and tourism services together comprised 90% of the services export in 2014. In 2014, both services exports and services import increased by 2.4% and 6.2% respectively – lower than the 5-year average annual growth rates of 17.4% and 11.9% respectively. Imports of services are dominated by road and maritime transport services.

Global value chains (GVCs): The share of intermediate goods in trade – a proxy for participation in GVCs – in Georgia (19%) is about the same as the Asia-Pacific overall (22%) for imports, and higher in Georgia (31%) than the Asia-Pacific (31%) for exports. Georgia has a relatively low level of forward participation in GVCs as it primarily exports low value-added goods such as petroleum oils and natural gas, agriculture products (wheats, canes, nuts), and copper ores and concentrates.

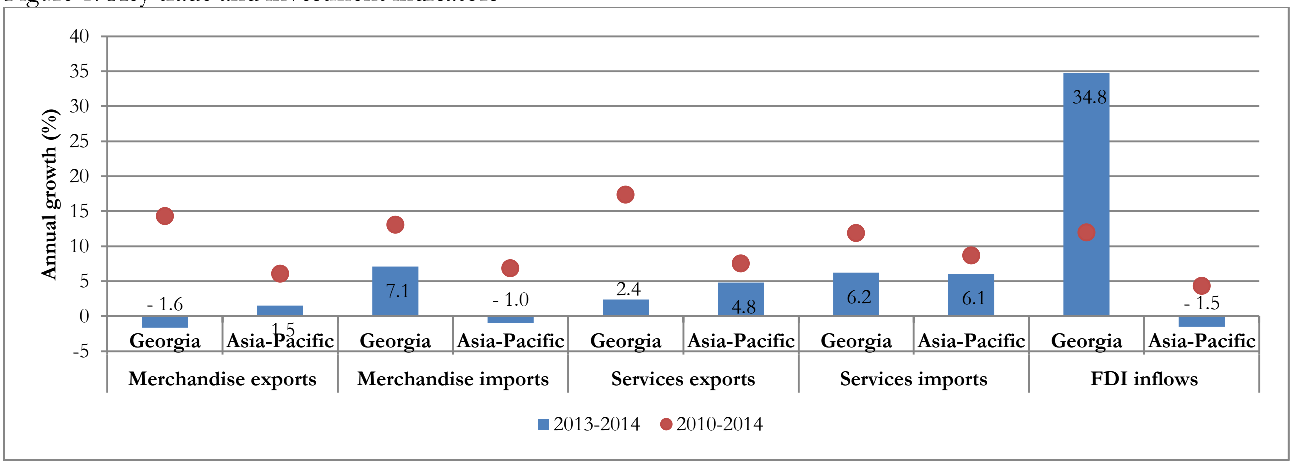
Foreign direct investment (FDI): FDI inflows grew in 2014 but remain below the 2007 peak of $2 billion. FDI inflows were worth around $949 million in 2013, after which they dramatically increased, by 34.8% to $1,279 million in 2014. In order to attract investors, the country offers many tax and legislative benefits. The Georgian economy, with better transparency and stability, has been almost fully liberalized for foreign investment. The main sources of foreign investment are the Netherlands, the United States and Turkey.

Tariffs: Average MFN applied and effective tariffs at 1.5% and 0.4% are much lower than Asia-Pacific averages of 7.4% and 7.4%.

Trade costs: Intraregional trade costs in Georgia were quite flat in 2014; however, it is much costlier for Asia-Pacific economies to trade with the Georgia than with the East Asia-3 (China, Japan and Republic of Korea) – the intraregional benchmark – and with the EU-3 (France, Germany and United Kingdom) – the extraregional benchmark. Based on the UNRC Survey 2015*, Tajikistan's trade facilitation and paperless trade implementation score is at 49%, compared to 46.5% for the Asia-Pacific.

Trade agreements: Georgia has 9 trade agreements in force, slightly higher than the Asia-Pacific average of 7 agreements. Thirty per cent of exports are to PTA partners, compared to 35% for the Asia-Pacific. Thirty-seven per cent of imports are from PTA partners, compared to 45% for the Asia-Pacific.

Figure 1. Key trade and investment indicators



*Country notes summarising results of the UNRC Survey 2015 are available at: http://unnext.unescap.org/UNTFSurvey2015.asp

Figure 2. Top merchandise markets

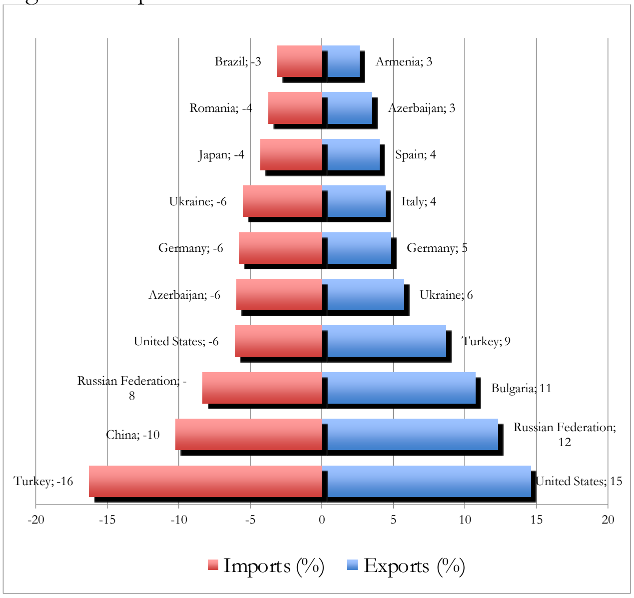


Figure 3. Top merchandise products

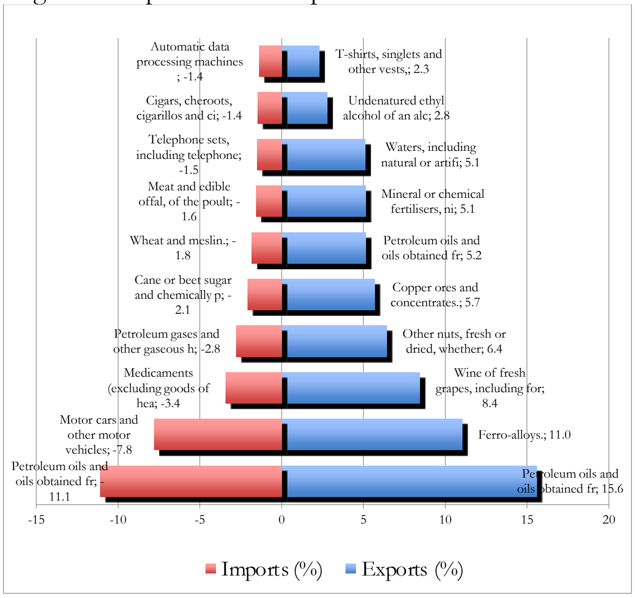


Figure 4. Trade in goods by their use

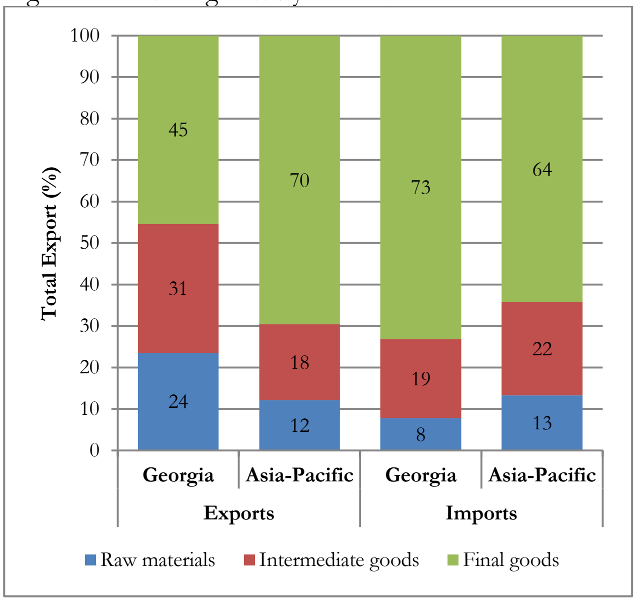


Figure 5. Foreign direct investment

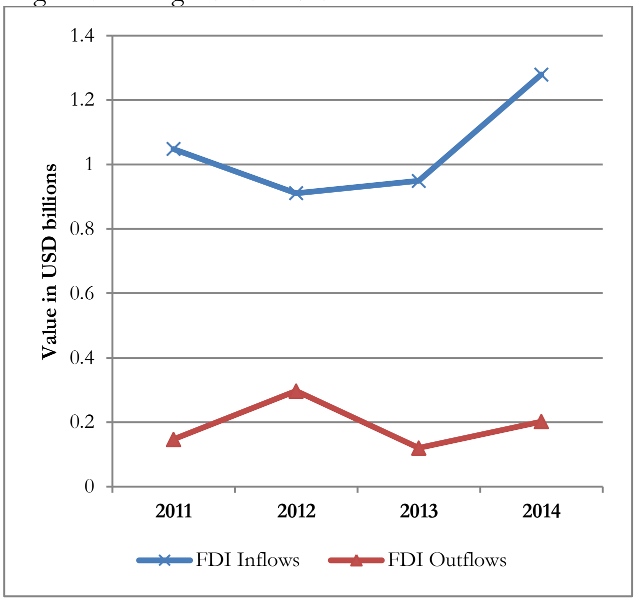


Figure 6. Tariffs

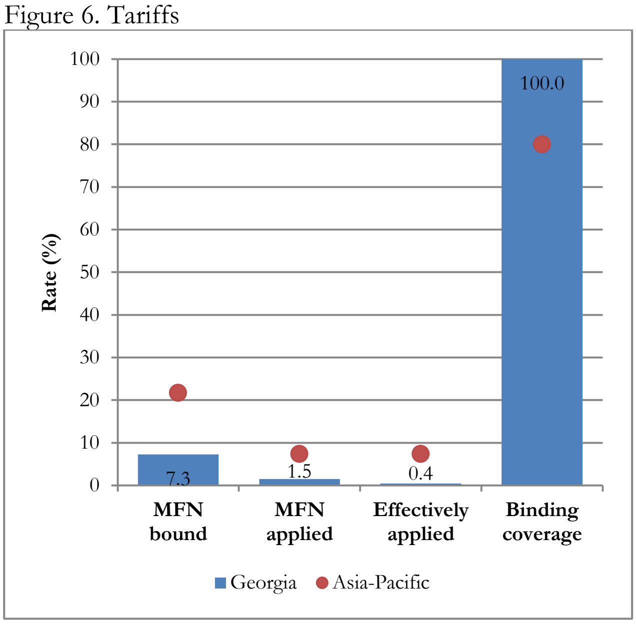
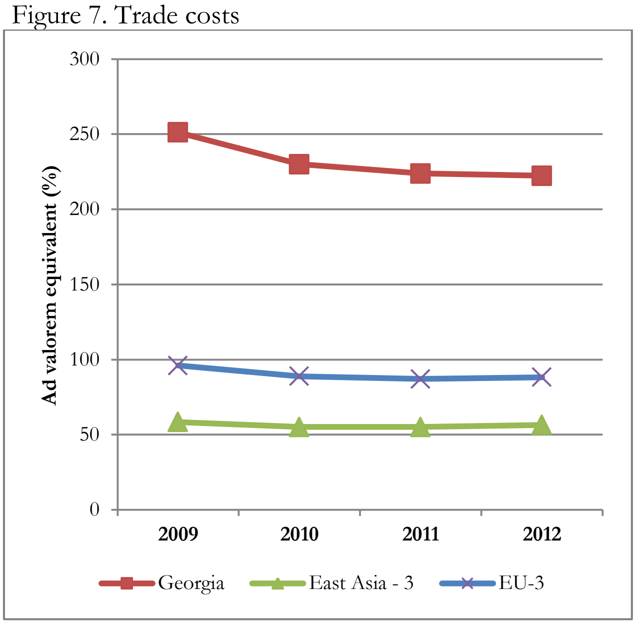


Figure 7. Trade costs



Sources: Trade and tariff data were accessed through WITS. FDI data was accessed through UNCTADstat.
Notes: Trade data follows the HS2007 classification. Mirror data is used. Products are defined at the 6-digit level.
Definitions: Primary, intermediate, consumer, and capital goods are defined using UNCTAD System of Accounts. Final goods are defined as the sum of consumer and capital goods. Bound tariff is the maximum most favoured nation (MFN) tariff permitted under WTO obligations. MFN applied tariff is the tariff applied on imports among WTO members. Effectively applied rate is the lowest tariff available, i.e. preferential rates where available.
Authors: Aman Saggu and Pakkaporn Visetsilpanon; comments from Witada Anukoonwattaka and Adam Heal; contact: escap-tid@un.org.