Export Promotion and Modern Industrial Policy

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Abstract

Introduction: Throughout the entire period of Georgian independence, every Government of Georgia (GoG) has attempted to create an export-friendly environment. These efforts resulted in the establishment of a highly liberal trade regime characterized by zero export taxes, transparent export procedures, and relatively low administrative costs. Georgia is a member of the World Trade Organization (WTO) and enjoys a Free Trade Agreement (FTA) with the European Union, covering the entire European Economic Area, including the member states of the European Free Trade Association (EFTA). Georgia also has FTAs with China, Turkey, and CIS member states, and benefits from the Generalized System of Preferences (GSP) with the United States, Canada, and Japan.

Nevertheless, Georgia continues to experience a chronically negative trade balance in goods. Recent figures are presented below.

Table 1. Georgian Exports, Imports, and Trade Balance (thousand USD)

	Export	Import	Balance
2020	2,554,547	6,143,548	-3,588,911
2021	3,292,376	7,697,303	-4,405,927
2022	3,887,489	10,038,186	-6,150,697
2023	3,043,750	10,982,642	-7,938,892
2024	3,194,208	13,072,085	-9,877,877
2025	3,603,713	13,452,542	-9,848,829

Source: ITC – www.intracen.org

The careful analysis of the current situation indicates the necessity of fundamental changes, which could be provided through the modern industrial policy. Industrial policy should support the creation of the new export products from the existing commodities and creation of the new export products.

Keywords

Modern industrial policy, export product groups, export structure, new export products.