

Trends of Agri-Food Production and Export Stimulating Economic Policy in Georgia

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Abstract : The paper evaluates the natural and resource potential of agriculture, a traditional sector for Georgia. It is concluded that despite favorable conditions the rate of development of the sector is lower compared to other sectors of the economy, self-sufficiency rate for locally produced agricultural products is low; on average, import of food is 4 times higher compared to export, and the country faces considerable challenges in this regard. Tendencies of self-sufficiency rates are studied, and it is concluded that the indicators of export and import of agro-food products increase in accordance with the tendency of increasing production in agricultural sector. The paper substantiates stimulating impact of international trade on agricultural development. Two alternative strategies are assessed in this respect: 1) export stimulation, and 2) import replacement strategies. It is concluded that significant tendencies are observed in agro-food sector of Georgia; in particular, productivity is low; import volume significantly exceeds the export volume. It is considered that the growth of export will allow Georgia to overcome limited opportunities of local market and encourage increasing competitiveness. Various tools of economic policy are suggested for achieving these goals; in particular to subsidize export, optimize trade barriers, manage exchange rates effectively, offer special financial services, provide insurance for export, etc.

Keywords : agro-food sector, trend of production, export stimulation, economic policy

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