



German
Economic
Team

02 | MAY 2023

TECHNICAL NOTE
GEORGIA

Development of Georgian bilateral trade with Russia in 2022

by Sebastian Staske

Executive Summary

Overview of selected exports to and imports from Russia

Exports	USD m			RUS share (%)	
	2021	2022	% yoy	2021	2022
Wine	130	159	22	56	64
Ferro-silico-manganese	172	108	-37	36	24
Spirits	41	56	37	40	56
Mineral water, unsweetened	60	50	-17	43	45
Mineral water, sweetened	26	39	51	45	48
Motor cars (re-exports)	17	76	338	4	8
Other exports	164	164	0	4	3
Total exports to RUS	610	652	7	14	12
Total exports (other)	3,633	4,941	36		
Total exports worldwide	4,243	5,593	32		

Imports	USD m			RUS share (%)	
	2021	2022	% yoy	2021	2022
Oil products	135	623	361	18	49
Natural gas	71	93	32	17	18
Coke	23	59	153	43	83
Coal	6	16	154	94	94
Wheat and wheat flour	99	128	30	94	97
Iron, steel	47	108	132	8	14
Other imports	642	808	26	7	6
Total imports	1,023	1,835	79	10	14
Total imports (other)	9,077	11,756	30		
Total imports worldwide	10,100	13,591	35		

Source: Geostat, own calculations

General developments in 2022

- » Exports: moderate increase to RUS (7% yoy), far below other regions (36%)
- » Imports: very strong increase (79% yoy)
- » Merchandise trade deficit widens to USD 1.2 bn (2021: USD 413 m)

Exports

- » Overall: declining share in total exports
- » But: share for most agro-foods increasing, strong sectoral importance
- » Strong rise in re-export of motor cars

Imports

- » Very strong increase in oil products imports, RUS accounting for 49% of total in 2022
- » High importance of Russian imports for some agro-food products continues
- » In particular: wheat (and flour) where RUS imports make up ca. 70% of domestic supply
- Significant shifts in trade dynamics
- RUS with increasing relevance as export market for agro-foods and much higher share in imports of oil products

Outline

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1. Motivation and overview

1.1. Motivation

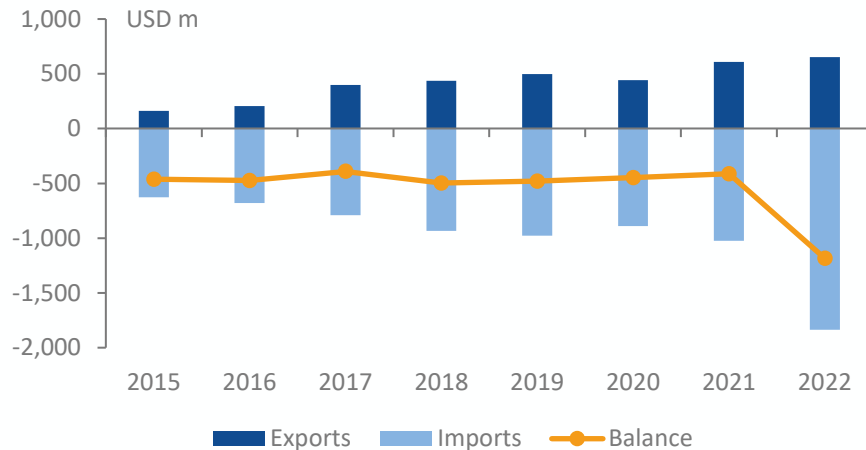
- » Russia is among Georgia's most important trading partners (12% of total exports, 14% of total imports)
- » Russia is an important export market for Georgia, esp. with regards to agro-foods (wine, waters and spirits)
- » Russia is also an important import country, particularly regarding energy imports (esp. oil products) and some agro-food goods (e.g. wheat)
- » The war in Ukraine has caused shifts in worldwide trade patterns
- » In particular: strong decline in trade between Western Europe and Russia
- » As a neighbouring country, Georgia is particularly affected by such shifts
- **Key question: How did Georgian trade with Russia develop in 2022? In particular: how did trade patterns change?**

Goals of this Technical Note

- i. Overview of exports and imports in 2022
- ii. Analysis of current developments (incl. shifts in trade)

1.2. Overview of imports and exports

Development of imports from and exports to Russia since 2015



Source: Geostat

Development of goods trade in 2022

(USD m)	Exports			Imports		
	2021	2022	% yoy	2021	2022	% yoy
Russia	610	652	7	1,023	1,835	79
Other	3,633	4,941	36	9,077	11,756	30
Total	4,243	5,593	32	10,100	13,591	35

Sources: Geostat

Development 2015-2021

- » Both exports and imports generally increasing in recent years
- » Goods trade deficit relatively constant between USD 400-500 m

Development in 2022

Exports

- » Relatively modest increase (7% yoy)
- » Much smaller growth compared to rest of the world (36%)

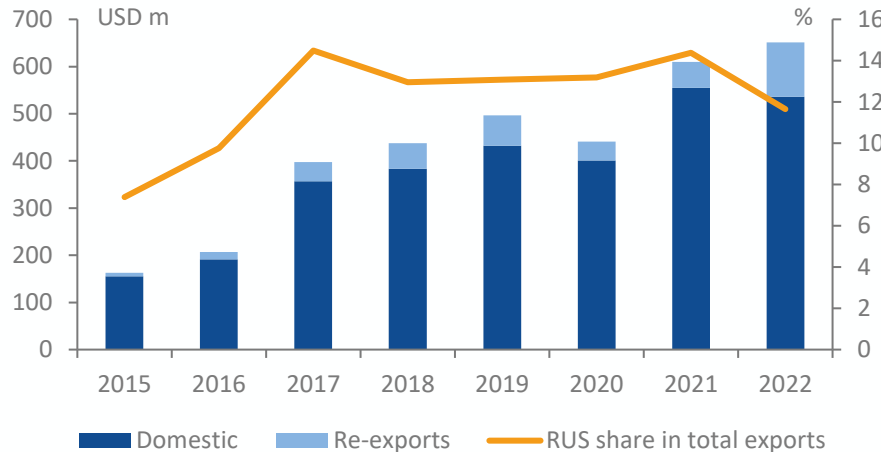
Imports

- » Sizeable increase in imports (79% yoy)
- » Result: strong increase in goods trade deficit (around USD 1.2 bn)
- » Growth much stronger than with rest of the world (30% yoy)
- RUS is important country for trade
- Strong import growth in 2022

2. Development of exports

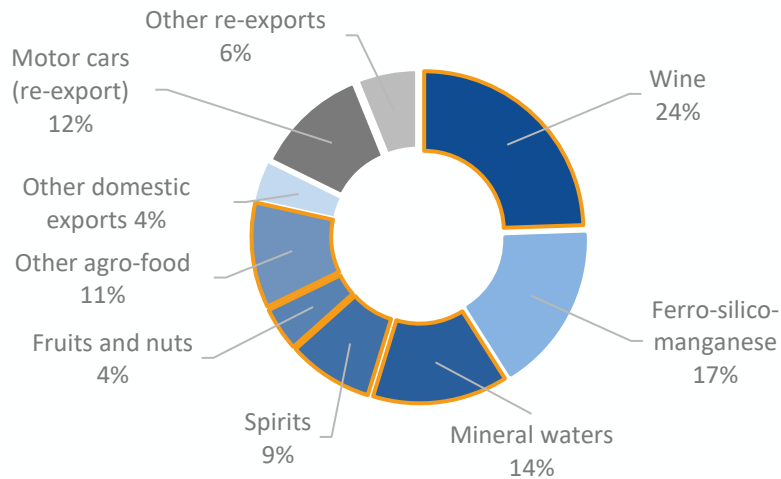
2.1. Overview of exports

Exports to Russia 2015-2022



Source: Geostat

Structure of exports to Russia 2022



Sources: Geostat; Note: slices in grey denote re-exports, agro-foods with yellow contour

Overview 2015-2022

- » In general: increase in exports
- » But: share in total exports relatively constant at around 13-14%
- » 2022: share in total exports declined to 12% due to stronger export growth to other countries

Structure of exports

Domestic exports

- » Strong dominance of agro-foods, esp. wine, waters and spirits
- » Additionally: ferro-silico-manganese

Re-exports

- » 2022: dominated by motor cars (due to strong increase from low base)
- Strong dynamics in motor car trade in 2022

2.2. Development of exports in 2022

Overview of domestic exports and re-exports to Russia

	USD m		% yoy		
	2021	2022	Total	Price	Vol.
Domestic exports					
Wine	130	159	22	-18	49
Ferro-silico-manganese	172	108	-37	15	-45
Spirits	41	56	37	20	14
Mineral water, unsweetened	60	50	-17	-2	-14
Mineral water, sweetened	26	39	51	0	50
Peaches, incl. nectarines	24	29	20	2	18
Cranberries, blueberries	5	8	51	2	47
Apples	8	7	-10	24	-27
Mandarins, incl. tangerines	16	7	-59	7	-62
Manganese oxides	2	5	97	20	63
Other domestic exports*	70	68	-3		
Total domestic exports*	555	536	-3		
Re-exports					
Motor cars	17	76	338	102	117
Other re-exports*	38	40	5		
Total re-exports*	55	116	110		
Total exports	610	652	7		

Sources: Geostat, own calculations; Note: copper ores (an important export good for worldwide trade, but not with regards to Russia) included in re-exports

Domestic exports

- » Overall: stagnant, small decline (-3%)
- » Decline mostly explained by decrease in ferro-silico-manganese exports
- » Notable: strong increases for wine and spirits, in particular regarding volumes
- » Possible explanation: (temporarily) reduced EU exports of these goods to RUS got substituted by GEO exports

Re-exports

- » Very strong increase in re-exports of motor cars, but from low base
- » Likely mostly used cars
- » Possible explanation: reduced exports of Western suppliers increases demand for used cars in RUS
- Re-exports of motor cars drive small increase in total exports to RUS

2.3. Russia as an export market

Share of exports to Russia for selected goods

	2022 (USD m)		RUS share (%)	
	RUS	World	2021	2022
Domestic exports				
Wine	159	248	56	64
Ferro-silico-manganese	108	453	36	24
Spirits	56	100	40	56
Mineral water, unsweetened	50	110	43	45
Mineral water, sweetened	39	81	45	48
Peaches, incl. nectarines	29	30	83	95
Cranberries, blueberries	8	8	91	93
Apples	7	7	98	98
Mandarins, incl. tangerines	7	8	76	79
Manganese oxides	5	15	20	31
Other domestic exports*	68	1,618	6	4
Total domestic exports	536	2,680	24	20
Re-exports				
Motor cars	76	904	4	8
Other re-exports*	40	2,009	3	2
Total re-exports*	116	2,913	3	4
Total exports	652	5,593	14	12

Sources: Geostat, own calculations; Note: copper ores (an important export good for worldwide trade, but not with regards to Russia) included in re-exports

Domestic exports

- » Overall, decline of RUS share in total domestic exports
- » But: decrease is mainly due to decline in exports of ferro-silico-manganese
- » RUS still remains a crucial market for many goods
- » In particular: wine (64%) and spirits (56%) with sizeable export value and increasing RUS share
- » Additionally: some other agro-food products with over 90%, strong sectoral importance

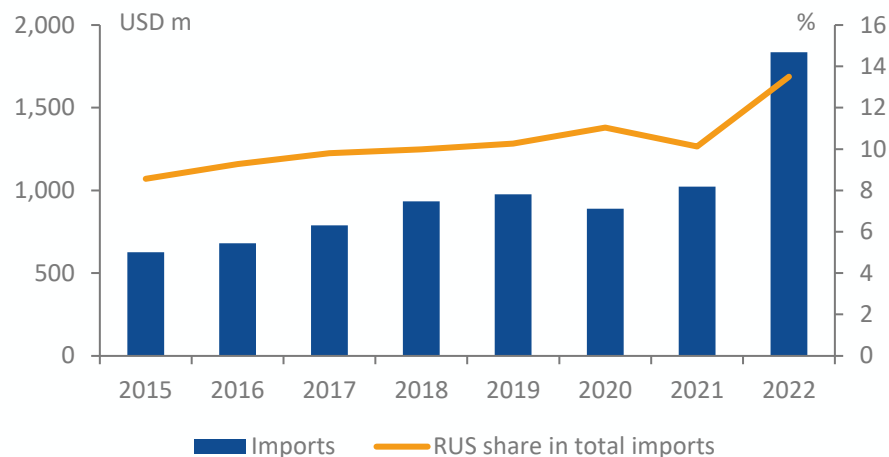
Re-exports

- » Important role of motor cars
- » Sizeable increase in number of re-exported units and price
- High importance of RUS as an export market for agro-foods

3. Development of imports

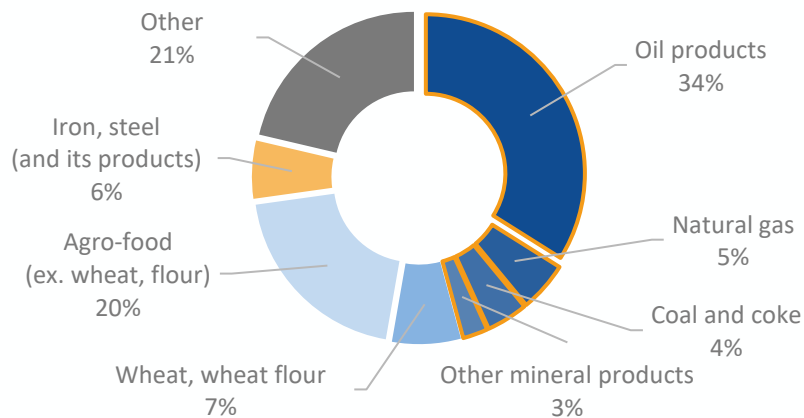
3.1. Overview of imports from Russia

Imports from Russia 2015-2022



Source: Geostat

Structure of imports from Russia 2022



Sources: Geostat; Note: mineral products with yellow contour

Overview 2015-2022

- » Until 2021: slow yearly increase, share in total imports roughly constant at around 10%
- » 2022: very strong increase in imports, share in total increases to 14%

Structure of imports

- » Two main categories: mineral products and agro-foods
- » Among those categories oil products and wheat especially sizeable
- » Additionally: iron/steel imports
- Very strong increase in imports in 2022
- Imports dominated by oil products and agro-foods

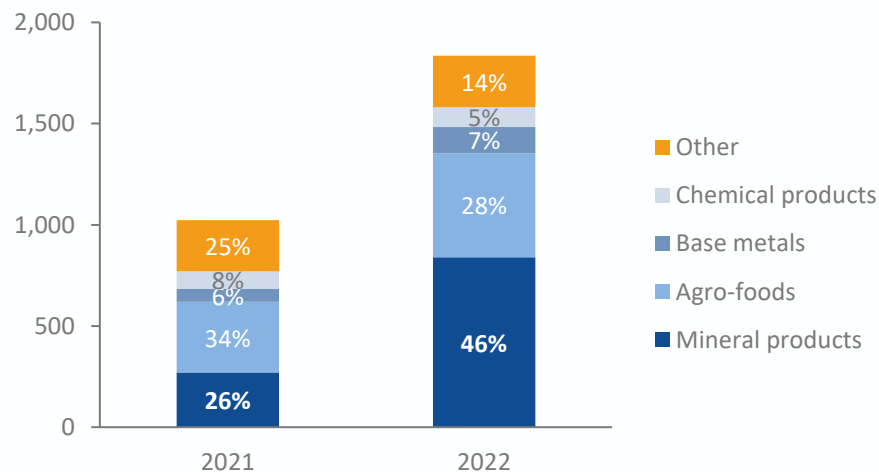
3.2. Development of imports in 2022

Overview of selected imports from Russia

	USD m		% yoy		
	2021	2022	Total	Price	Vol.
Oil products	135	623	361	58	193
Natural gas	71	93	32	0	31
Coke	23	59	153	40	80
Coal	6	16	154	147	3
Wheat and wheat flour	99	128	30	37	-6
Iron, steel	47	108	132	*	*
Other imports	642	808	26		
Total imports	1,023	1,835	79		

Sources: Geostat, own calculations; *omitted due to differences in production stages

Development of import structure 2021/2022



Source: Geostat

Development in 2022

- » Increase in import value predominantly driven by very strong rise in imports of oil products (+ USD 488 m)
- » Particularly noteworthy: strong increase in oil import volumes
- » Reason: Russian Urals oil trades at discount relative to other brands

Changes in import structure

- » Very strong increase in oil imports changes structure of imports
- » Mineral products now account for almost half of total imports
- » Other categories with decreasing relative shares
- Oil products were key driver for increase in imports in 2022

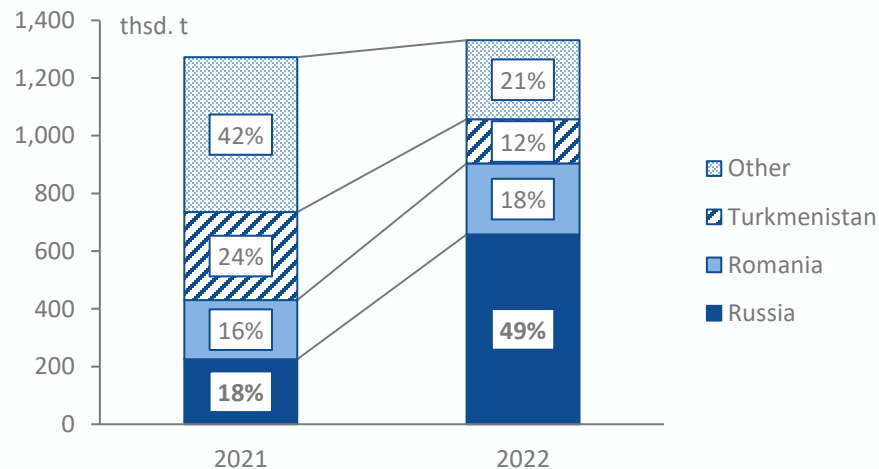
3.3. Energy imports from Russia

Share of imports from Russia for selected energy products

	2022 (thsd. t)		RUS share (%)	
	RUS	World	2021	2022
Oil products	657	1,331	18	49
Natural gas	374	2,028	17	18
Coke	114	138	43	83
Coal	90	96	94	94
Electricity (GWh)	1,265	1,533	62	83
w/o Abkhazia (GWh)	369	637	25	58

Sources: Geostat, own calculations

Georgian oil imports by country



Source: Geostat

Oil products

- » Until 2021: oil imports diversified, RUS share around 18%
- » Overall oil import volume only modestly increasing (+5% yoy)
- » But: discount for Urals oil results in much higher import volumes from RUS
- » Result: RUS accounted for almost half of oil imports in 2022

Other

- » Natural gas: mainly through long-term contract with AZE. But RUS share has increased in recent years
- » Coal: high RUS import share
- » Electricity: imports mainly for Abkhazia, but also important for balancing demand (esp. in winter)
- High importance of RUS for energy sector, esp. regarding oil imports

3.4. Food imports from Russia

Share of imports from Russia for selected food products

	2022 (USD m)		RUS share (%)	
	RUS	World	2021	2022
Wheat flour	67	68	96	98
Wheat	61	63	94	97
Sunflower-seed oil	40	45	87	88
Live swine	20	21	69	98
Worked maize grains	16	16	100	100
Maize	8	8	97	96

Sources: Geostat, own calculations

Overview

- » In general: high importance of RUS regarding agro-food imports
- » For some goods, nearly all imports come from RUS
- » In particular: wheat (and flour) and sunflower-seed oils

Self-sufficiency and imports

- » **Wheat:** limited domestic production
 - » Result: high reliance on imports, almost all of which come from RUS
 - » **Maize:** domestic production relatively high, but imports almost fully from RUS
 - » **Pork:** imports more diversified, but RUS still with sizeable share
- High importance of agro-foods imports from RUS, esp. wheat

Self-sufficiency ratios and import share from Russia

	Self-sufficiency ratio*	Import share from RUS
Wheat (and products)	22	94
Maize (and products)	74	96
Pork	52	35

Source: Geostat, own calculations; *values for self-sufficiency ratio from 2021; self-sufficiency ratio = domestic production ÷ (domestic production + exports – imports); deviations to values in table above can be explained by inclusion of processed foods

About the German Economic Team

Financed by the Federal Ministry for Economic Affairs and Climate Action, the German Economic Team (GET) advises the governments of Ukraine, Belarus*, Moldova, Kosovo, Armenia, Georgia and Uzbekistan on economic policy matters. Berlin Economics has been commissioned with the implementation of the consultancy.

**Advisory activities in Belarus are currently suspended.*

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