

The Impact of Trump's Tariffs on the Georgian Economy

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Trump's second presidential term began with the initiation of a trade war. The first phase involved imposing tariffs on imported goods from the United States' largest trading partners—Canada, Mexico, and China.² This policy was later expanded to include the rest of the world, including Georgia. Before the trade war, Georgian imports to the U.S. were already subject to different taxation rates. However, they will now face an additional 10% tariff on their value.

Georgia's main export commodity to the U.S. is ferro-silicomanganese. In 2024, Georgia exported ferro-silicomanganese worth \$89.7 million to the United States, accounting for 63.6% of the country's total exports to the American market.

Table 1: Georgia's main export goods to the US and the US import tariff rate

Export goods	Exports, \$ million (2024)	Tariff rate (until 05.04.2025)
Ferro silicomanganese	89,7	3,9%
Metal pipes	8,4	0,0%
Aircraft parts	7,2	0,0%
Grape wine	7,0	19.8 Cent/L
Silicon	5,4	0,0%
Fruit juices	4,5	0-0.64 Cent/L
Vodka/Chacha/Whiskey	2,6	0,0%
Glued plywood	1,9	0-8,0%
Mineral waters	1,7	0.26 Cent/L
Cosmetics	0,8	0,0%

Source: Geostat; United States International Trade Commission

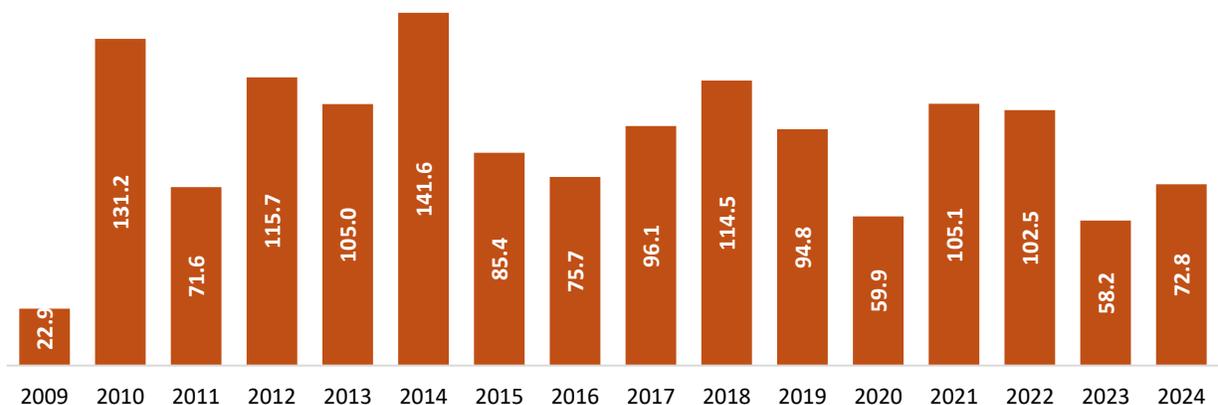
Until now, exports of ferro-silicomanganese to the U.S. were subject to a tariff of just 3.9% of their value. However, it remains unclear to what extent the new 10% tariff will apply to ferro-silicomanganese exports

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² On the economic unsoundness of Trump's tariff policy, see: Shamugia, E. (2025). Trump's Tariff Policy - Threats and Potential Consequences. In *Gnomon Wise*. <https://gnomonwise.org/ge/publications/analytics/245>

from Georgia, as tariff exemptions have been announced for several minerals and metals, though without specific details³. Moreover, Georgia's export market for ferro-silicomanganese is relatively diversified—for instance, nearly twice as much was exported to Turkey, and significant volumes are also shipped to several EU countries. The U.S. currently accounts for around 30% of Georgia's total ferro-silicomanganese exports, suggesting that this market could be more or less substituted by others if necessary. Therefore, the direct impact of Trump's tariff policy on Georgia's main export commodity to the U.S. is expected to be limited.

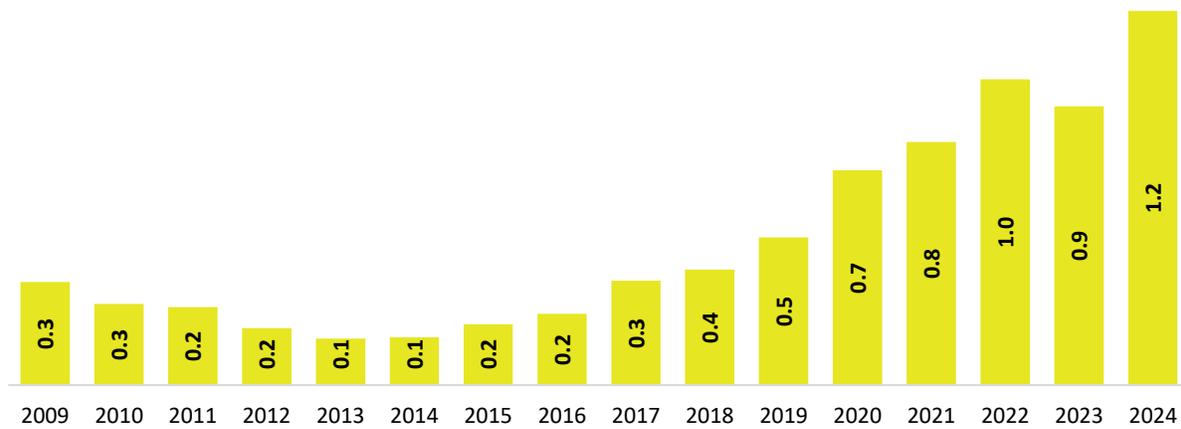
Graph 1: Export of ferro-silicomanganese from Georgia to the USA, thousand tons



Source: Geostat

The second most important export item is ferrous metal pipes, which may also be included in the list of metals eligible for tariff exemptions. In 2024, exports of these products to the United States were valued at \$8.4 million. The third key export item is aircraft parts, with exports to the U.S. totaling \$7.2 million last year, of which nearly 40% were re-exports. Previously, both product categories benefited from a zero-tariff regime.

³ WSJ Staff. (2025). What products and which countries are exempted from Trump's tariffs? *Wall Street Journal*. https://www.wsj.com/livecoverage/trump-tariffs-trade-war-stock-market-04-03-2025/card/what-products-and-which-countries-are-exempted-from-trump-s-tariffs--qN2fmWrlFejrHBSVD8g5?utm_source=chatgpt.com

Graph 2: Export of grape wine from Georgia to the USA, thousand tons

Source: Geostat

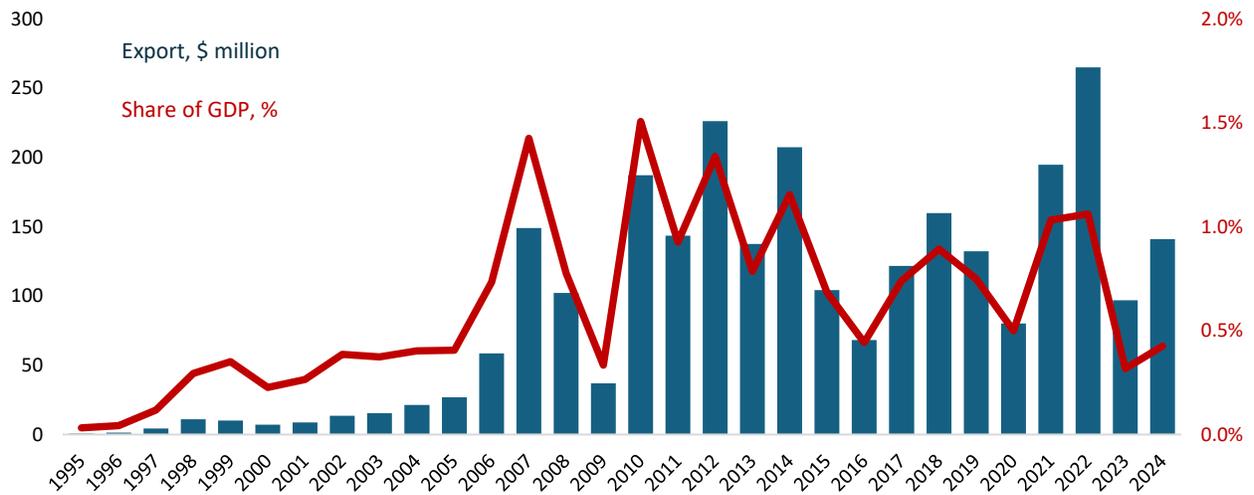
In addition to the above-mentioned products, the United States also serves as an export market for Georgian wine. However, this market is relatively low-important for Georgian wine exporters, accounting for just 2.6% of total wine exports.

In 2024, wine exports to the U.S. amounted to \$7 million, consisting mainly of high-priced varieties.⁴ Until now, Georgian wine imports into the U.S. were taxed at a rate of 19.8 cents per liter. Unlike many other export categories, wine exports to the U.S. have been increasing in recent years. This upward trend may continue—even in the face of a 10% tariff—since major competitors in the U.S. market, such as France and Italy (which together account for more than two-thirds of U.S. wine imports), will be subject to even higher tariff rates.

Georgia exported \$141 million worth of goods to the United States in 2024. While tariffs on these exports pose a potential risk to specific sectors, the broader macroeconomic impact is expected to be limited, as the U.S. accounts for only 2.1% of Georgia's total exports.

⁴ Shamugia, E. (2020). A decade of wine exports: where is it most expensive? *BMG*. <https://bm.ge/news/gvinis-egsportis-atwledi-sad-fasobs-dzvirad/71629>

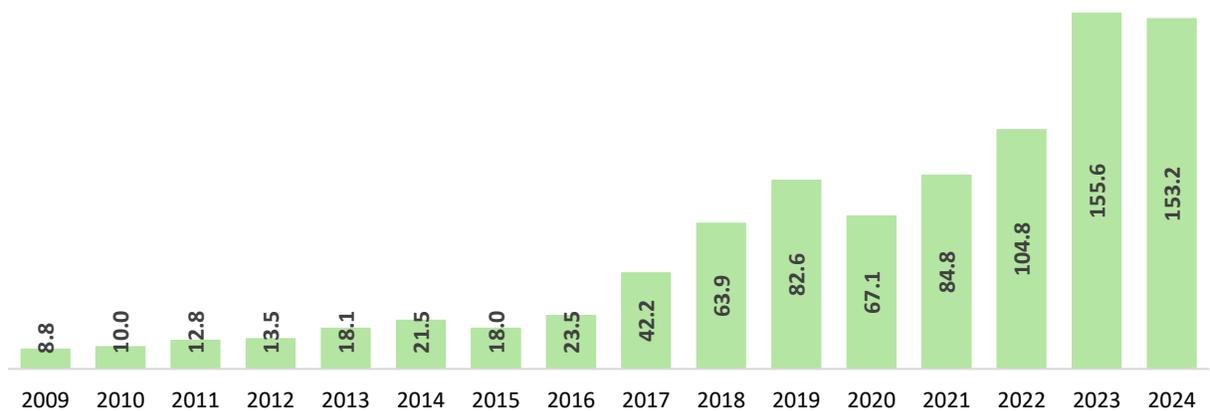
Graph 3: Total exports from Georgia to the US



Source: Geostat; IMF

As for imports, the value of goods imported from the United States significantly exceeds that of exports. In 2024, Georgia imported goods worth \$2,075.4 million from the U.S., with passenger cars accounting for the largest share. That year, car imports totaled \$1,907.2 million, more than half of which were re-exported. The main destinations for these re-exports include Russia and member countries of the Eurasian Economic Union—specifically Kazakhstan, Kyrgyzstan, and Armenia.⁵

Graph 4: Import of passenger cars from the USA to Georgia, units

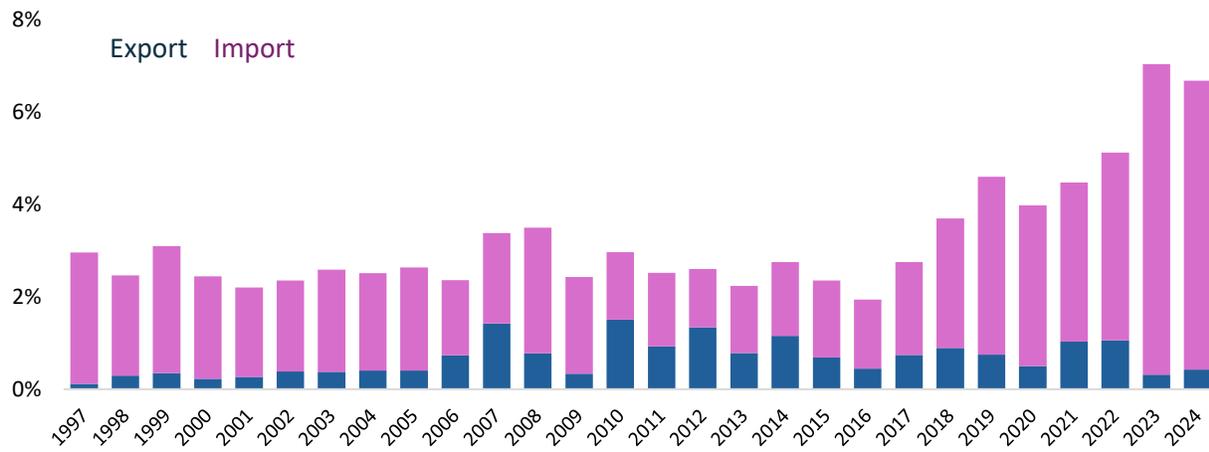


Source: Geostat

⁵ Shamugia, E. (2024). Decomposition of Georgian exports. In *Gnomon Wise*. <https://gnomonwise.org/ge/publications/analytics/184>

The impact of Trump's tariff policy is expected to be most pronounced in the American automotive sector.⁶ Specifically, the average price of a U.S.-manufactured vehicle is projected to rise by approximately \$2,700⁷. However, this increase primarily affects new cars, while Georgia's imports from the U.S. consist primarily of used vehicles. Although changes in the used car market are possible, the exact nature and extent of the impact remain difficult to predict at this stage.

Graph 5: Georgia's trade turnover with the US as a percentage of GDP



Source: Geostat; IMF

Overall, Georgia's foreign trade with the United States is relatively small, suggesting that the direct impact of Trump's tariff policy may be minimal. Even in the hypothetical scenario where exports to the U.S. were to cease entirely, the resulting losses would likely be modest, mainly due to the structure of Georgia's export basket. The primary export commodity, metal concentrates, is sold into a well-diversified global market. Conversely, the high tariffs imposed on EU countries could create new opportunities for Georgian wine to expand its presence in the U.S. market.

⁶ Contreras, J. (2024). *Restricting imports of Mexican vehicles will harm US manufacturers*. The Peterson Institute for International Economics. Retrieved February 6, 2025, from <https://www.piie.com/blogs/realtimereconomics/2024/restricting-imports-mexican-vehicles-will-harm-us-manufacturers>

⁷ Domanoske, C. (2025). *Trump pauses tariffs on Canada and Mexico. Here's why it matters to automakers*. NPR. Retrieved February 13, 2025, from <https://www.npr.org/2025/02/03/nx-s1-5285546/trump-tariffs-canada-mexicoautos>

In summary, unlike many other countries, Georgia does not have deep economic ties with the United States, and the new tariff measures are unlikely to pose significant macroeconomic risks. Nevertheless, the full impact of Trump's tariff policy remains uncertain and complex to forecast precisely.