



What Georgia may gain from free trade agreements with USA, South Korea, and India?



ISET Policy Institute developed a sophisticated Computable General Equilibrium Model for Georgia, based on which it evaluated the impact of potential new Free Trade Agreements (FTAs) with the USA, India, and South Korea. Along with the elimination of tariffs, the CGE model incorporates the deep integration elements, assumed to be part of the potential FTAs, observing additional effects of: i) reduction in time in trade (border compliance) costs; ii) reduction in non-tariff barriers on goods; iii) reduction in barriers on FDI and cross-border business services. The results indicate positive impacts on the Georgian economy. The estimated annual recurring welfare gain is a 0.82 percent increase in Georgia's real household income, with the USA FTA being the most beneficial. The reduction of non-tariff barriers on goods as well as the reduction of barriers against FDIs in Georgia are identified as significant contributors to welfare gains. In terms of the impact on real GDP, the three FTAs jointly result in a 0.25 percent annual recurring gain. In addition, the model evaluates the impact of potential FTAs on trade, production factor earnings, and tax revenues. [Click here for more...](#)

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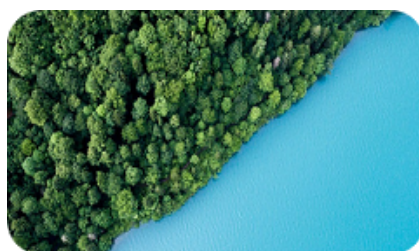
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