



POLICY BRIEF COMING SOON

SYNOPSIS

Harris vs Trump: What Are Expected Impacts on Georgia's Economy?

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The full paper of ISET Policy Institute researchers is on its way. Here is the synopsis:

The potential outcomes of the 2024 U.S. presidential election are poised to significantly impact Georgia's economy through various channels. Beyond broader global and regional impacts of US foreign policy course, there are more specific economic aspects including trade, immigration, Foreign Direct Investment (FDI), and exchange rates. Kamala Harris and Donald Trump advocate distinctly different foreign and domestic policies that could shape these factors, ultimately influencing Georgia's economic trajectory.

Trade relations: The foreign trade policies of Trump and Harris reflect fundamentally different approaches. Trump's protectionist stance prioritizes the renegotiation of trade agreements and the implementation of increased tariffs, particularly targeting China. His policies emphasize reducing trade deficits and bolstering domestic manufacturing, often at the expense of multilateral trade relationships. Conversely, Harris adopts a more multilateral and cooperative approach, seeking to strengthen international relations while promoting domestic manufacturing through incentives. The impact on Georgia's economy is evident; in 2024, the U.S. ranked as the 8th largest export market for Georgia. If Trump is re-elected, his additional tariffs could hinder Georgian exports, while Harris's focus on multilateral cooperation could provide greater stability for trade relations and potentially increase exports.

Immigration: Immigration policies under each candidate also diverge significantly. Harris supports a more inclusive immigration framework, advocating for pathways to citizenship and comprehensive immigration reform. This could enhance opportunities for Georgian professionals seeking employment in the U.S. and sustain the flow of remittances, which accounted for 11% of total remittances to Georgia in 2023. In contrast, Trump's restrictive immigration policies prioritize national security and economic protectionism, and might limit opportunities for Georgian emigrants. The trend in remittances indicates that while they increased during Trump's presidency, the pace accelerated under Biden-Harris, suggesting that a Harris presidency could further boost financial inflows to Georgia.

FDI: Harris's multilateral approach may instill greater investor confidence, fostering a more stable investment climate that could lead to increased U.S. investments in Georgia. Conversely, Trump's unilateral and protectionist policies might create uncertainty, potentially moderating FDI growth despite a historical upward trend during his administration from 2017 to 2019.

Exchange Rate: The policies of each candidate might affect the USD/GEL exchange rate and inflation in Georgia. Harris's multilateral approach is likely to promote global stability, potentially strengthening the GEL and reducing inflationary pressures through increased FDI and trade. In contrast, Trump's protectionist stance may exacerbate global economic volatility, leading to capital outflows and a stronger dollar, which would place downward pressure on the GEL and might increase inflation within Georgia.

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