

THE IMPACT OF THE RUSSIA-UKRAINE WAR ON THE TRADE BALANCE OF THE WORLD AND GEORGIA

Lasha Beridze

Doctor of Business Administration, Associate Professor of
Tbel Abuseridze Teaching University, lberidze@cu.edu.ge

KEY WORDS: export; import; trade balance; sanction; oil products; food products

JEL Classification: F18, F44, F24 DOI: <https://doi.org/10.52244/ep.2022.24.13>

For citation: Beridze L., (2022) The impact of the Russia-Ukraine war on the trade balance of the world and Georgia. Vol. 17, 2(24), p. 89–103. DOI: <https://doi.org/10.52244/ep.2022.24.13>

Annotation. *Just when the whole world, which was already almost stopped and reduced as a result of the pandemic, was starting the process of restoring the global economy, the Russian Federation invaded Ukraine, which further stopped the process of economic recovery and deepened the world economic crisis, which was previously dictated by the breakdown of the supply chains. Russia and Ukraine, with their economic scale, are important players in ensuring the world trade balance, both jointly and separately, so the start of the war led to an increase in the prices of a number of goods and services, which particularly affected strategic goods such as oil products, gas, wheat, corn, oil and others. The increase in the prices of strategic goods was quite large-scale at the world level, so in the most countries of the world the rate of inflation increased, which led to the correction of various macroeconomic indicators, while such corrections turned out to be more sensitive for the countries of the European continent, which depended on Russian energy resources. Although the economic and financial sanctions were quite immediate, some countries still failed to join the sanctions and plans were developed to reduce their dependence on Russian energy resources and goods, because joining the sanctions completely would cause the collapse of the economy of such countries, since some countries are completely dependent on Russian resources.*

Russia and Ukraine are one of the most important trade and partner countries for Georgia, that's why the war had a significant impact on the economy of Georgia. Despite the fact that Georgia largely joined the sanctions imposed by the European Union, it still maintained its openness to the Russian economy and trade, which was reflected in the Georgian economy by the inflow of remittances from Russia and the increase by the flow of travelers.

Introduction

The invasion of the Russian Federation on the territory of Ukraine and the start of the war turned out to be unexpected for the whole world. Outright aggression and the threat of its spread throughout the world make the world economic environment even more unpredictable. It is recognized and proven that stabilization of the economic environment cannot be achieved without political stabilization, and war is the most difficult manifestation of such destabilization. The Russia-Ukraine war (perhaps it would be fair to call it Russia's war - based on the initiative of this state) is not only Russia's war with Ukraine, but also with the entire civilized world, which ensures minimum compliance with the norms of international law and justice. The question of helping Ukraine, both from a military and economic point of view, is widely discussed. Moreover, the penetration of cheap Russian energy resources into the European Union and the world market and the non-insurance of energy independence by such markets have led to dependence on Russian energy carriers, and in the last decade, its share in the mentioned sectors of the economy has increased exceptionally.

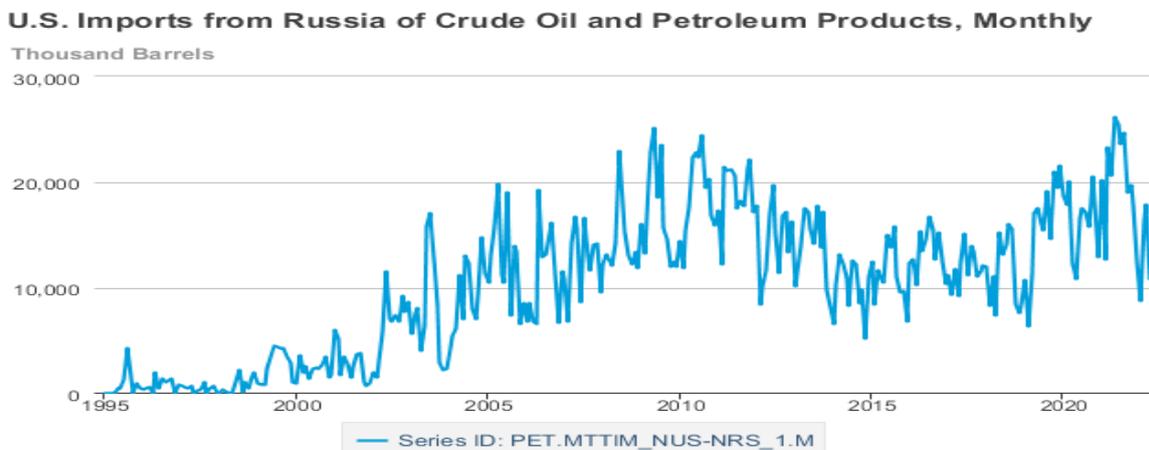
The main text

Due to its economic history, geographical location and population size, Russia has always been considered an important market for institutional investors, that's why most of the world's leading companies It was established by own productions (factories), goods and services in the Russian Federation. For example, the last branded Western car manufacturer - Mercedes-Benz left the Russian market on October 28, 2022 and sold the company's shares in industrial and financial services companies to the local investor "Avtodom", retained a 15% stake only in the "Kamaz" firm, which produces trucks (CGTN, Mercedes-Benz sells off shares to local investor after leaving Russia, 2022). Many such examples can be given, as for Ukraine, it certainly does not represent a country with geographical and production borders on the scale of the Russian Federation, but its share is important, both in the European Union and in the world market in terms of various goods, it can be said that it is special, because the war showed that, together with Russia, Ukraine The important role of the economy in providing the food products of the world, in addition, it should be noted the fact that the Russian Federation exports its energy resources through transit to the EU countries through Ukraine. Before moving directly to the impact of the Russian-Ukrainian war on the

Georgian economy, let's consider the importance of the Russian and Ukrainian economy to the world and the projected results of the war in relation to some macroeconomic indicators and goods (services). According to a WSJ article based on OECD (OECD) forecasting research, Russia's invasion of Ukraine would cost the world's global economy \$2.8 trillion, and more if energy prices remain volatile over the winter. However, according to the latest OECD forecast, the growth of the global economy was reduced from 4.5% to 3% by 2022, and by 2023 to 2.2% from 3.2% (WSJ, 2022).

Export of energy resources is one of the main sources of income of the Russian Federation, energy resources include gas (including liquid - LNG), crude oil, fuel, oils, etc. After the start of the war, a number of states made a decision to limit and ban Russian energy resources. For example, on March 8, 2022, the USA signed an act banning the import of Russian oil, gas (including liquid), coal into the USA (HOUSE, 2022). In the import of petroleum products, Russia had a fairly significant share in the US market, in particular, it occupied 8% of the US oil market, while it should be noted that Russia's crude oil exports to the US have been increasing every month in the last decade, and before the export ban, the monthly volume was even reached 20,000 thousand barrels (see diagram 1).

Diagram 1



eia Source: U.S. Energy Information Administration

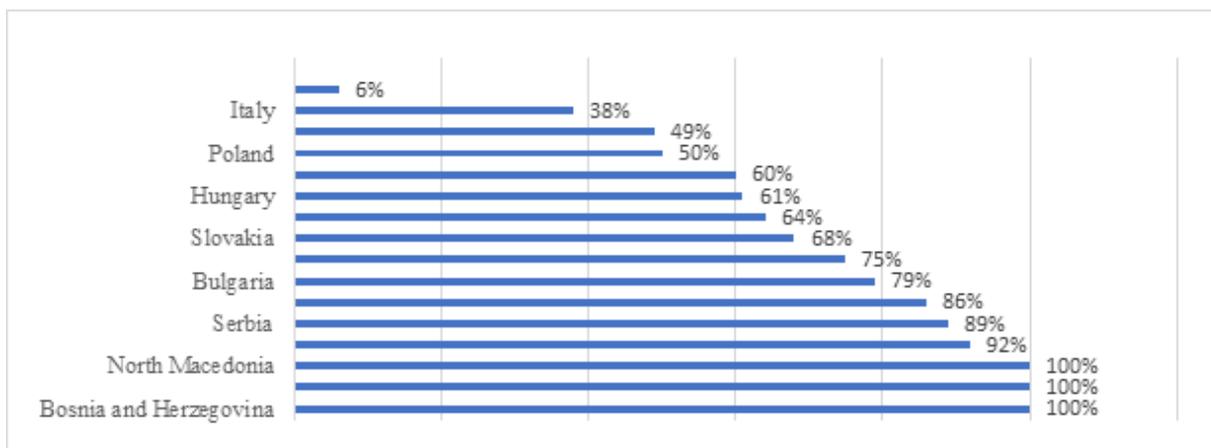
(Administration, 2022)

As for Europe, its attitude towards Russia turned out to be more important and “solid”. Since the 2000s, Europe has continued and expanded the import of energy resources from the Russian Federation, in addition, oil and gas pipelines have been connecting Russia with Europe, examples of this are “North Stream 1” and “North Stream 2”, the construction of which was stopped due to Russia’s invasion of Ukraine. Such a growing dependence of Europe has always been a subject of discussion by both politicians and economists, even in 1983 the export of gas from the Soviet Union to Europe had its opponents, claimed that it would be an economic weapon for the Soviet

Union (Secretary of State Anthony Blinken stated his own position regarding the above in his doctoral thesis “Ally versus Ally” published in 1987). Unfortunately, 40 years later, Europe found itself facing a reality that had previously only been an assumption. 40% of natural gas and 27% of fuel oil imported into the European Union come from Russia, as a result of which the Russian Federation received 400 billion euros from the European Union every year (BCC, 2022). Let us present some information on the dependence of European countries on Russian gas (see diagram 2).

Diagram 2

Share of gas supply from Russia in Europe in 2021, by selected country



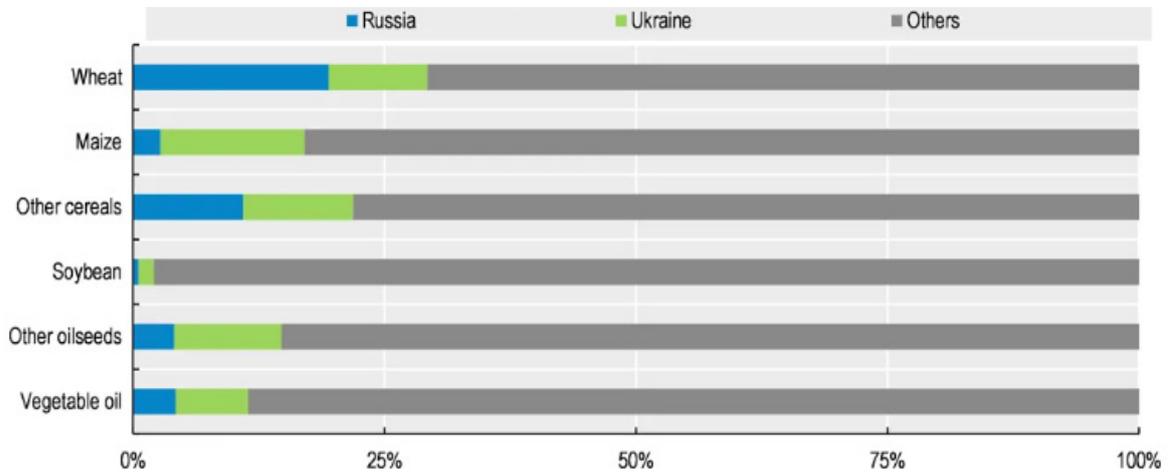
(Department, 2022)

As can be seen from the diagram, the major economies of Europe are connected to Russian gas in a large volume, especially the German economy, which in recent years has increased its dependence on Russian gas within the framework of the softened economic policy with Russia, in addition, it should be noted that the German economy is the fourth in the world and the first in Europe in terms of gross domestic product, therefore, his attitude was contagious to other European countries as well. The lack of energy resources has a direct impact on the economic policy of the country and to some extent it can put the state in a competitive advantage, that is why the increase in dependence on Russian energy

resources in Europe has become irreversible, therefore, it is logical that the rejection of Russian energy resources would itself lead to an increase in the price of gas and oil, which would also be a substitute for inflationary pressure. We must also consider food production by Ukraine and Russia and the volume of exports to the world economy. Russia and Ukraine account for 30% of the world’s wheat exports, which are mainly destined for Central, East and North Africa. As for corn, Ukraine’s export share is high compared to Russia and ranks 3rd in the world, and the share of these two states in sunflower oil exports is also important, which in total represents up to 15% (see diagram 3).

Diagram 3

The share of Russia and Ukraine in the export of world agricultural products



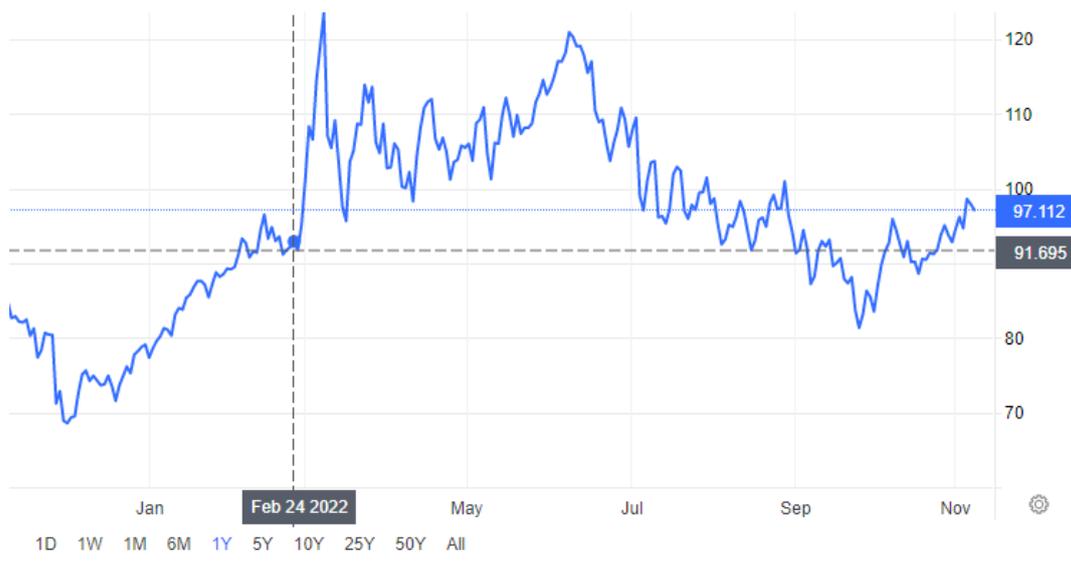
(OECD, 2022)

Based on the presented information, it is logical to conclude that the part of the goods exported by Russia and Ukraine, which is widely included in the world economy, would start to increase in price in the background of the war, which the countries of the world are currently struggling with. We can present some data in this regard as well, for example, 1 barrel of crude

oil on the European stock exchange was traded within the range of \$91 at the beginning of the war, after the war it immediately increased to \$120 and then stabilized. By now will be trading at \$97 by November 9, 2022 (U.S. Crude oil is traded cheaper on the market by approximately 6-7 dollars per 1 barrel). (See diagram 4)

Diagram 4

Brent crude oil price (USD/Bbl)



(ECONOMICS, 2022)

A relative stabilization in relation to the price of oil can be observed 6 months after the start of the war, but after the start of the war, expectations and forecasts were mixed, with various rating companies and experts predicting that the price of oil would be in the range of \$120.

As for the price of wheat, Russia and Ukraine are one of the major exporters, which is why the price of wheat has actually increased by 50% since the start of the war and amounted to 1,258 USD per hundred bushels, by November

08, 2022, wheat is selling for 845 USD on the Chicago wheat futures market (one bushel = 27 kilograms, and 27 kilograms are sold for \$8.45), see diagram 5. Relative stabilization has been observed in the wheat market since the beginning of the war, but recently the threat of the Black Sea corridor being closed again has raised some question marks, initially it was assumed that the price of wheat in the range of \$1,200 It would have been, and today's price is lower than the price at the time of the start of the war.

Diagram 5

Chicago wheat futures prices, (USD/Bu)



(ECONOMICS, TRADING ECONOMICS, 2022)

In the world market, the disruption of the continuity and volume of supply of primary and strategic goods certainly led to price instability, which was associated with additional costs and risks for producers and investors, so the majority of states, including developed countries, had to adjust their macroeconomic and forecast

indicators mainly at the expense of increased inflation, which in itself increased led to strict monetary policy. Let Present the statistical indicators of advanced countries and Georgia's trade partner economies, from the beginning of the year to the current period, see Table 1.

Table 1

Statistical indicators of the countries,

(ECONOMICS, TRADING ECONOMICS, 2022)

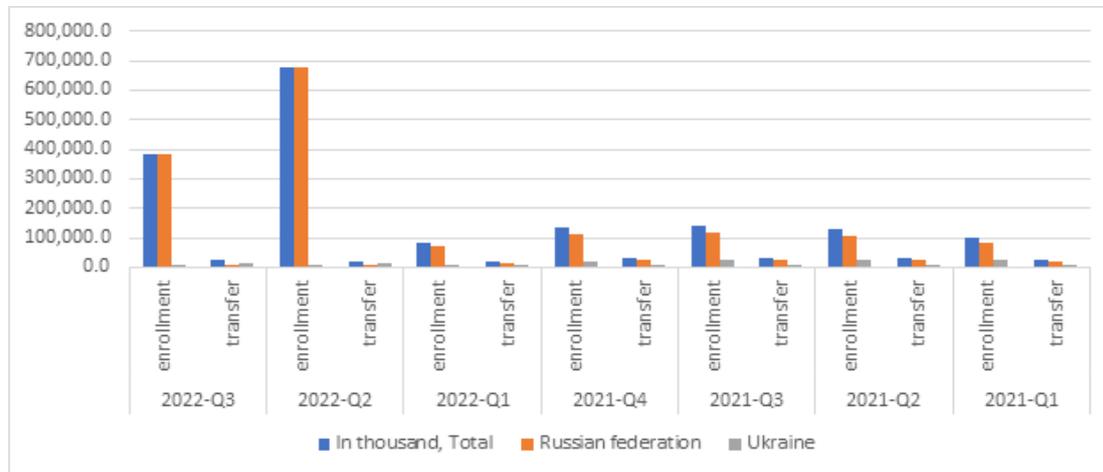
Country	GDP YoY, %	Interest rate, 01.2022	Current interest rate	Inflation rate, 01.2022	Current inflation rate
USA	1.8	0.25%	4.0%	7.5%	8.2%
China	3.9	3.7%	3.65%	0.9%	2.8%
Japan	0.9	-0.1%	-0.1%	0.5%	3.0%
Germany	1.2	0.0	2.0%	4.9%	10.4%
United Kingdom	4.4	0.5%	3.0%	5.5%	10.1%
India	13.5	4.0%	5.9%	6.01%	7.41%
France	1	0.0	2.0%	2.9%	6.2%
Italy	0.5	0.0	2.0%	4.8%	11.9%
Canada	0.8	0.25%	3.75%	5.1%	6.9%
South Korea	3.1	1.0%	3.0%	3.6%	5.7%
Australia	0.9	0.10%	2.85%	2.2%	7.3%
Brazil	3.2	10.0%	13.75%	10.38%	7.17%
Russia	-4.1	8.5%	7.5%	8.73%	13.7%
Turkey	7.6	14.0%	10.5%	48.69	85.51%
Ukraine	-37.20	10.0%	25.0%	10.0%	24.6%
Azerbaijan	51.19	7.4%	8.0%	12.5%	15.6%

It is logical that the current processes in the world had an economic impact on Georgia as well, especially since the beginning of the war coincided with the beginning of the end of the pandemic in Georgia and in the world. In addition, the Russian Federation and Ukraine are trade partner countries of Georgia, therefore the impact of the war would be direct for Georgia. It is also worth noting the fact that the policies pursued by the world powers towards Russia had a significant impact on the economy of specific countries, for example, the Baltic countries banned the import (transit) of Russian goods, as well as restricted the issuance of travel visas, such a list is quite voluminous. The EU and US sanctions on Russia (meaning the imposition of financial and economic sanctions) have affected the Russian economy, but the sanctioning countries have also suffered, of course on purpose, because they well understood the likely economic

and social consequences, but at the policy level, sanctions should work more effectively than weapons, which is seeing by the table from 1. despite the fact that in most of the countries in the presented table inflation and the refinancing rate have increased even more than in Russia, the fact is that the sanctions are working on Russia and the results will be even more difficult. In the advanced economies (USA, Germany, Italy, Great Britain, etc.), the inflation rate is at the historical maximum in recent years and the refinancing rate is increasing, but the consolidation of the countries in relation to the Russian sanctions is still maintained and this process also accelerates replacing of Russian energy resources. Georgia also joined the sanctioning process in a large volume, but Georgia did not impose “personal” sanctions against the Russian Federation. Consider the macroeconomic indicators of Georgia before and after the war.

Diagram 6

Remittances to Georgia from selected countries



(NATIONAL STATISTICAL OFFICE OF GEORGIA, 2022)

As diagram 6 shows, the inflows of cash flows from Russia have tripled compared to the corresponding period of the previous year, in addition, according to the 3rd quarter, we have the same volume of cash transfers from Russia in Georgia than in during 4 quarter of last year, and it amounts to more than 1 billion 200 million US dollars, in cash An increase in remittances from the Russian Federation was expected, because the flow of travelers from Russia increased

exceptionally against the background of the war, and the disconnection of Russian banks from the SWIFT program led to a tripling of financial flows, a clear example of this is the opening of bank accounts of non-residents in resident commercial banks of Georgia. As for Ukraine, after the war, the volume of cash flows actually decreased, and it should be noted that it was not voluminous before either.

Table 2

Top 10 trade partner countries of Georgia, according to exports
(NATIONAL STATISTICAL OFFICE OF GEORGIA, 2022)

			2018	2019	2020	2021	2022, current
In thousand, total			3,379,720.24	3,798,394.35	3,344,474.04	4,242,653.12	4,097,242.04
China	1	2022	199,107.82	207,511.79	477,256.36	615,684.44	574,822.60
Azerbaijan	2	2022	507,644.50	508,680.81	441,298.81	531,725.09	488,600.81
Russian Federation	3	2022	437,749.29	496,974.47	441,105.05	610,060.06	473,210.51
Armenia	4	2022	286,334.81	432,560.31	187,481.49	256,115.83	366,147.10
Turkey	5	2022	241,376.04	202,340.86	190,570.98	322,761.34	353,236.55
Bulgaria	6	2022	259,166.25	299,702.41	312,735.58	253,948.45	295,896.12
USA	7	2022	159,900.05	132,251.35	80,040.25	194,670.65	243,939.62
Ukraine	8	2022	179,520.17	250,923.62	217,533.38	307,435.71	198,684.40
Khasakhstan	9	2022	90,688.49	66,993.77	47,620.93	96,181.63	152,802.44
Peru	10	2022	9,582.81	9,688.36	15,746.10	13,709.31	118,025.26

According to the current situation in 2022, China is the leader in the top exporting countries, from where 574 million US dollars worth of goods were exported, in addition, the volume of exports to China has been increasing for the last 5 years, and mainly metallurgical products are exported from Georgia (ores, slag and ash). It should be noted that Georgia It is a country that produces such goods and has the potential for its growth, in particular, the potential of manganese and coal in the Chiaturi region is quite high, It should be noted here that metallurgical products take the first place in Bulgaria's imported goods from Georgia. As for other top 10 countries, the export of ground vehicles takes the first place in the share of exports of Azerbaijan, Armenia, Kazakhstan, It should be clarified here that Georgia is not a country producing motor vehicles, and in fact we have to finance imports or re-exports in this regard, but, of course, this is not a bad thing either, because leaving the Russian market by car manufacturers has increased the volume of exports to post-Soviet countries, from which it is possible to enter the Russian territory of vehicles manufactured by Western manufacturers. As for

the export share of the USA, ferrous metals are leading, knitted clothes in Turkey, and fertilizers in Peru. In addition, in relation to Peru, we should note, before that in Peru such a large volume of exports from Georgia was not recorded, and suddenly 118 million USD exports were recorded, of which 114 million USD exports come from fertilizers, it is interesting whether Georgia is a country that produces such a large volume of fertilizers, or if this is actually re-export, as in the case of motor vehicles. Let's separate and talk about trade relations between Georgia and Russia-Ukraine according to export. Half of the goods exported to Russia are non-alcoholic and alcoholic beverages and amount to 210 million US dollars, and the share of ferrous metals is also quite voluminous. As for Ukraine, motor vehicles lead in the volume of exports - in the amount of 114 million US dollars, followed by non-alcoholic and alcoholic beverages. The total volume of exports for Russia-Ukraine is 731 million US dollars, of which 427 million come from Russia, 303 million from Ukraine, and if we take the relative economic scales, the share of Russia is clearly less than that of Ukraine, see Table 3.

Table 3

Georgia's foreign trade with Russia-Ukraine, according to exports, 2022, current
(NATIONAL STATISTICAL OFFICE OF GEORGIA, 2022)

	years			2018	2019	2020	2021	2022, current	Total
				558,232.94	621,195.57	615,865.05	772,552.95	731,642.43	3,299,488.94
Russian Federation	Total			371,898.60	408,113.46	390,737.91	529,323.49	427,811.79	2,127,885.25
	Alcoholic and non-alcoholic drinks and vinegar	1	2022	195,265.37	240,584.98	209,934.41	259,457.18	210,711.35	1,115,953.29
	Vehicles	4	2022	12,549.29	8,685.88	10,789.14	18,237.59	47,749.88	98,011.79
	ferrous metals	2	2022	128,786.50	114,532.83	108,523.72	171,802.58	105,332.71	628,978.36
	Edible fruits and nuts	3	2022	30,572.28	36,411.37	53,650.62	72,151.02	55,189.29	247,974.58
	Electrical machines and devices	5	2022	4,725.17	7,898.39	7,840.00	7,675.11	8,828.56	36,967.24

Ukraine	Total			186,334.34	213,082.12	225,127.14	243,229.45	303,830.64	1,171,603.68
	Alcoholic and non-alcoholic drinks and vinegar	2	2022	73,371.88	79,205.62	83,644.51	98,716.17	33,574.80	368,512.97
	Vehicles	1	2022	55,469.33	80,348.53	81,425.77	88,497.85	114,891.18	420,632.66
	ferrous metals	5	2022	224.24	321.61	4,607.91	4,938.53	7,858.01	17,950.29
	fertilizers	3	2022	21,298.44	35,639.36	17,258.90	38,039.84	13,037.06	125,273.60
	Mineral fuel, oil	4	2022	331.09	308.10	150.21		9,195.99	9,985.39

Regarding top 10 trading partner countries and top 10 imported goods. As it is known, Turkey is the N1 trade partner country of Georgia, therefore, Turkey holds the largest share in the import. The volume of imports from Turkey as of 2022 is 1,681 million US dollars. The volume of goods imported from Turkey is quite differentiated and can be said to be equally represented (judging by the top 10 goods imported from Turkey) according to various goods, as for the first place in the share of imports from Turkey, nuclear reactors, machines and mechanical devices are occupied. It should be noted here that in the background of the war, we do not have a significant increase in the import of goods from Turkey. Nuclear reactors and equipment make up a large share of goods imported from China. An increase in imports can be observed from all the top 10 countries, but especially Romania can be noted, from which the current year's figure

in the import of mineral fuel, oil and petroleum products exceeds the total volume of the previous year, in particular, according to the data of the previous year, it was 92 million USD, and as of now it is 144 million USD, the volume of imports from the Russian Federation has also increased, this is especially true as a result of the increase in oil prices, the increase in goods imported from Russia, the current volume of oil products imports already exceeds the total amount of last year. In general, based on the data of the last 5 years, we can conclude that the volume of Russian imports is increasing, if we do not count 2020 (due to the impact of the pandemic). However, the types of goods imported from the top 10 importing countries are quite uniform, in fact three types of goods account for the main import volume and two of them are intended for re-export (partially), i.e. motor vehicles and nuclear reactors. See Table 4.

Table 4

Top 10 trade partner countries of Georgia, according to imports, 2022 (in thousands of US dollars) (Georgia, 2022)

Year	2018	2019	2020	2021	2022	goods
Total	9,361,428	9,519,469	8,053,824	10,099,755	9,514,999	9,514,999
Turkey	1,474,320	1,617,153	1,407,710	1,828,975	1,681,836	Atomic reactors, etc.
Russian Federation	934,715	977,124	888,472	1,023,181	1,243,631	petroleum products, etc.
China	834,139	858,662	709,081	865,021	829,324	Atomic reactors, etc.
USA	500,984	678,836	556,399	648,197	651,095	Vehicles
Azerbaijan	592,761	558,973	513,208	598,391	471,009	petroleum products, etc
Germany	467,405	501,953	406,908	482,007	442,428	Vehicles

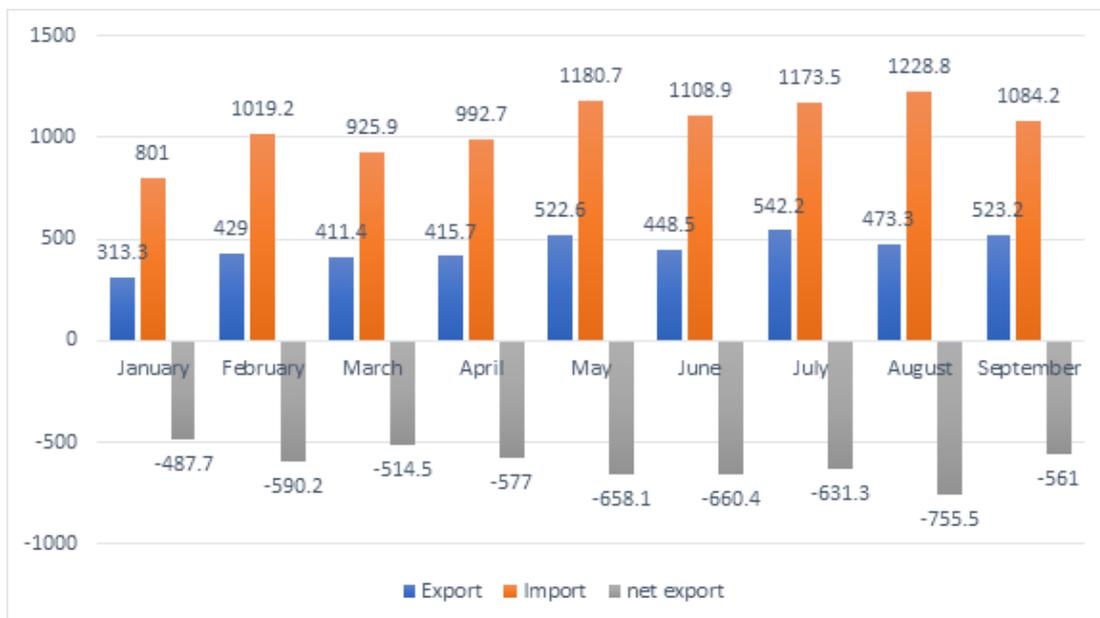
Armenia	335,372	267,678	422,400	418,429	432,632	metallurgical products
Romania	209,212	212,571	119,568	177,601	229,110	petroleum products, etc
Japan	243,647	257,318	161,237	186,749	207,951	Vehicles
Italy	232,085	228,560	183,337	248,397	196,756	Atomic reactors, etc.

Georgia’s trade balance is constantly negative, according to trade partner countries, we do not actually have a positive balance with any country, except for exceptional countries (in the background of the war, Ukraine and Peru can be considered). Georgia’s import volume is actually twice the export volume. Based on the above data, we can conclude that from 2018 to the current state of 2022, the volume of exports ranged from 3 to

4 billion US dollars, while the volume of imports ranged from 9 to 10 billion. This data shows how dependent Georgia is on imports, in fact Imports are 2.5 times higher than exports. Despite the fact that in the background of the Russia-Ukraine war, the volume of exports is increasing, which is confirmed by the monthly analysis of export-import, this does not significantly increase the economic identity of Georgia. See diagram 7.

Diagram 7

External trade of Georgia, export-import volume, 2022, current, (million USD)
(Service, 2022)



Based on the discussion and summary of the data discussed above, we can assume that the inflow of cash flows, the increase in the volume of trade and the increased flow of travelers

would lead to the correction of macroeconomic indicators. To present a comparative analysis according to the beginning of the year and the current situation, see Table 5.

Table 5

Some macroeconomic indicators of Georgia during the Russia-Ukraine war

	01.2022	2022, current (08.11)	2021 year, average
Economic Growth	Forecast 6%	Corrected 8.5%	10%
Inflation rate, real	13,9%	10.5%	13,9%
Refinance rate	10,5%	11%	8-10,5%
Exchange rate of the national currency against the US dollar	3,07	2.73	-3,27
unemployment rate	19,4%	20,1%	20,6%

As can be seen from the table, despite the fact that the economic growth is higher than planned, at the same time, the national exchange rate is strengthened, we must conclude - this is due to the inflow of cash flows and travelers (mainly emigrants from Russia), but the level of unemployment is quite high and the rate of refinancing has increased. In addition, the rate of inflation is in double digits, which is an additional burden (cost) to the population of Georgia. For the sake of fairness, it should be noted that the increased inflation is a characteristic, and in the world, leading countries and trade partner countries of Georgia, for example, Turkey has 84% inflation, and Azerbaijan has 15% inflation, which in itself It affects the increase in the value of imported goods in Georgia in the local market, relatively prices are neutralized by the effect of the exchange rate of the national currency and the refinancing rate, which at this stage is aimed at reducing inflation and stimulating exports, but we understand that the current geopolitical situation is one-time, But its impact will be relatively strategic for those countries that have the potential to show us as a partial or complete substitute for the Russian market. It can be clearly seen from Table 1 that Azerbaijan's economic growth is at 56% and the export of Azerbaijani gas and oil to Europe is actively being considered in the future (compared to last year, the volume of imported gas export from Azerbaijan to

Europe has doubled), while the export of oil and gas from Central Asian countries Passing through Azerbaijan and Georgia to Europe does not seem surreal, therefore, the changed geopolitical and economic circumstances for Georgia opens a window of new opportunities. Georgia can become together with neighboring countries one of the guarantors of Europe's energy independence. It should be noted here that the economy of Georgia is mainly focused on service areas, which, based on the multiplier effect, develops other related services and other branches of the real sector, a clear example of this is the increase in demand for residential houses/apartments by the citizens of Russia and Belarus during the war, for the purchase or for the renting, which led to an increase in real estate prices and additional stimulation of construction and service businesses.

Conclusion

The reduction of export and import from Russia should be done periodically, because this market is considered the most unstable for Georgia, and past experience is enough proof.

Diversification of markets, even for the export of traditional goods for us, because if the war continues, the restriction of trade relations with Russia will probably continue and expand;

- Although the volume of oil products imported from Russia is high and logical, after the full

implementation of the EU sanctions, we will probably have to refuse the import of Russian oil from March 2023, therefore it is important to start the process of replacing Russian oil this year.

During the war, Georgia's export volume grew with similar goods and proportions as in previous years, but it is worth noting that Georgia's exports include a large volume of imported goods, i.e. goods that are not produced by Georgia, and the growth of export volume and import volume is almost the same, which It cannot change the negative trade balance of Georgia, besides, the volume of imports is twice or more than the volume of exports.

In order to ensure the positive trade balance of Georgia, it is most important that the production of imported goods takes place in Georgia, if the country's economy allows it. According to the Statistical Service of Georgia, up to 70% of the goods included in the consumer basket are imported goods, therefore the situation can be said to be very difficult.

The Russia-Ukraine war showed us that in terms of food products, Georgia mainly depends on trade partner countries, it is clear that the production of food products is related to specific conditions, including the geographical environment, but it is possible to produce and export those goods that Georgia has the ability to produce, meaning agricultural Agricultural (natural and bio-products) products (it turned out that we have the potential to produce half of the total consumption of wheat in Georgia).

The impact of the Russia-Ukraine war on Georgia's economy is obvious, the new geopolitical situation gives Georgia more opportunities in this regard due to its geographical location. Russia's economy clearly has a greater impact on Georgia's economy than Ukraine's, but this should not be considered a positive event due to the unpredictability of Russia's actions. For the future perspective, it may even be better to distance the economy of Georgia

from the economy of Russia (at least the latest developments show this).

Referense:

Administration, U. S. (2022, october 04). *U. S. imports from Russia of crude oil and petroleum products, mothly*. Retrieved from U. S. Energy Information Administration: https://www.eia.gov/opendata/v1/qb.php?sdid=PET.MTTIM_NUS-NRS_1.M

BCC. (2022, November 11). *EU reveals its plans to stop using Russian gas*. Retrieved from BBC: <https://www.bbc.com/news/science-environment-61497315>

CGTN. (2022, october 28). *Mercedes-Benz sells off shares to local investor after leaving Russia*. Retrieved from CGTN: <https://newseu.cgtn.com/news/2022-10-28/Mercedes-Benz-sells-off-shares-to-local-investor-after-leaving-Russia-1etTRJK7wcg/index.html#:~:text=Mercedes%2DBenz%20is%20the%20latest,15%25%20stake%20in%20Kamaz%20trucks.>

Department, S. R. (2022, November 07). *Dependence on Russian gas in Europe 2021, by country*. Retrieved from Statista: <https://www.statista.com/statistics/1201743/russian-gas-dependence-in-europe-by-country/>

ECONOMICS, T. (2022, November 08). *Brent crude oil*. Retrieved from TRADING ECONOMICS: <https://tradingeconomics.com/commodity/brent-crude-oil>

ECONOMICS, T. (2022, November 08). *TRADING ECONOMICS*. Retrieved from Chicago wheat futures prices: <https://tradingeconomics.com/commodity/wheat>

ECONOMICS, T. (2022, November 08). *TRADING ECONOMICS*. Retrieved from statistical indicators of the countries: <https://tradingeconomics.com/>

Georgia, N. B. (2022, November 08). *National Bank of Georgia*. Retrieved from National

Bank of Georgia, Interactive statistic, external trade: https://analytics.nbg.gov.ge/views/External_Trade_GE/sheet0?iframeSizedToWindow=true&%3Aembed=y&%3AshowAppBanner=false&%3Adisplay_count=no&%3A-showVizHome=no

HOUSE, T. W. (2022, MaRCH 08). *ACT SHEET: United States Bans Imports of Russian Oil, Liquefied Natural Gas, and Coal*. Retrieved from THE WHITE HOUSE: <https://www.whitehouse.gov/briefing-room/statements-releases/2022/03/08/fact-sheet-united-states-bans-imports-of-russian-oil-liquefied-natural-gas-and-coal/>

NATIONAL STATISTICAL OFFICE OF GEORGIA. (2022, November 08). Retrieved from External Trade Portal: <http://ex-trade.geostat.ge/en>

OECD. (2022, November 07). *The impacts and policy implications of Russia's aggression against Ukraine on agricultural markets*. Retrieved from OECD: <https://www.oecd.org/ukraine-hub/policy-responses/the-impacts-and-policy-implications-of-russia-s-aggression-against-ukraine-on-agricultural-markets-0030a4cd/>

Service, N. S. (2022, November 08). *Service, National Statistics Office of Georgia*. Retrieved from External trade by goods, 2022: <https://www.geostat.ge/media/49204/%E1%83%94%E1%83%99%E1%83%9D%E1%83%9C%E1%83%9D%E1%83%9B%E1%83%98%E1%83%99%E1%83%A3%E1%83%A0%E1%83%98-%E1%83%96%E1%83%A0%E1%83%93%E1%83%98%E1%83%A1-%E1%83%AC%E1%83%98%E1%83%9C%E1%83%90%E1%83%A1%E1%83%AC%E1%83%90%E1%83%A0%E>

WSJ. (2022, SEPTEMBER 26). *Russia's War in Ukraine to Cost Global Economy \$2.8 Trillion, OECD Says*. Retrieved from THE WALL STREET JOURNAL: <https://www.wsj.com/articles/russias-war-in-ukraine-to-cost-global-economy-2-8-trillion-oecd-says-11664177401>

რუსეთ-უკრაინის ომის ზეგავლენა მსოფლიოსა და საქართველოს სავაჭრო ბალანსზე ლაშა ბერიძე

ბიზნესის ადმინისტრირების დოქტორი, წმიდა ტბელ აბუსერისძის სასწავლო უნივერსიტეტის ასოცირებული პროფესორი, lberidze@cu.edu.ge

საკვანძო სიტყვები: ექსპორტი; იმპორტი; სავაჭრო ბალანსი; სანქცია; ნავთობპროდუქტები; სასურსათო პროდუქცია

JEL Classification: F18, F44, F24 **DOI:** <https://doi.org/10.52244/ep.2022.24.13>

ციტირებისათვის: Beridze L., (2022) The impact of the Russia-Ukraine war on the trade balance of the world and Georgia. Vol. 17, 2(24), p. 89–103. DOI: <https://doi.org/10.52244/ep.2022.24.13>

რეზიუმე

რუსეთის ფედერაციის შეჭრა უკრაინის ტერიტორიაზე, აშკარა აგრესია და მისი გავრცელების საფრთხე მთელი მსოფლიოს მასშტაბით, კიდევ უფრო არაპროგნიზირებადს ხდის მსოფლიო ეკონომიკურ გარემოს. პანდემიის დასრულების დასაწყისი დაემთხვა რუსეთ-უკრაინის ომის დაწყებას და თითქოს მსოფლიო ეკონომიკის აღდგენის პროცესი კიდევ უფრო გაართულა. მიწოდების ჯაჭვების რღვევამ მსოფლიო მასშტაბით გამოიწვია ინფლაცია, განსაკუთრებით აღნიშნული შეეხო სტრატეგიულ საქონელს, მათ შორის სურსათს და ენერგორესურსებს.

ნაშრომში წარმოდგენილი და გამოკვლეულია საქართველოს სავაჭრო საპარტნიორო ქვეყნებისა და მსოფლიო მოწინავე ეკონომიკების მაკროეკონომიკური მაჩვენებლების დინამიკური ანალიზი ომამდე და ომის პერიოდში. მსოფლიო და სავაჭრო საპარტნიორო ქვეყნები შერჩეულ იქნა მიზნობრივი კვლევის ფარგლებში. საქართველოს ეკონომიკაზე მნიშვნელოვანი