

UNCTAD-UNECE Regional Policy Dialogue

**on the role of Competition Policy in supporting
MSMEs economic recovery in the post
COVID19 crisis**



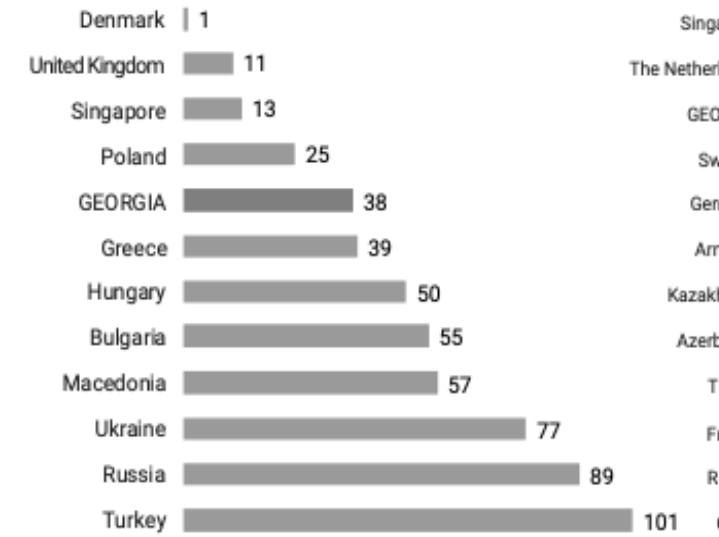
Trade Regulatory Framework

- Association Agreement and DCFTA with the EU
- FTA with the Republic of China, Hong Kong, EFTA countries, Ukraine, Turkey and CIS countries
- GSP agreement with USA, Canada and Japan
- Ongoing FTA negotiations with India, South Korea & Israel
- Recognition of product certificate issued by countries with a well developed quality infrastructure (EU and OECD countries);
- Supremacy of International and EU standards
- Anti-dumping regulation – form July 1st



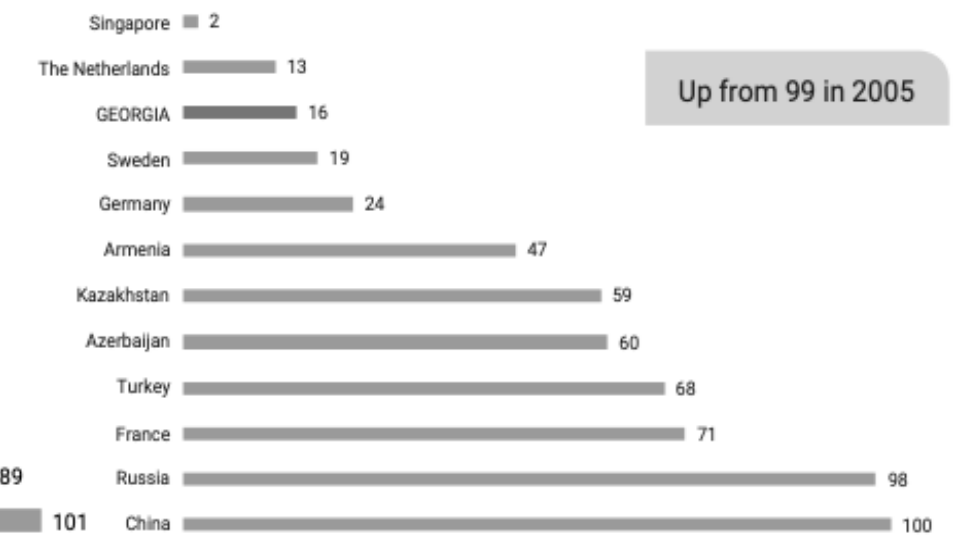
Business Environment in Georgia

RULE OF LAW INDEX



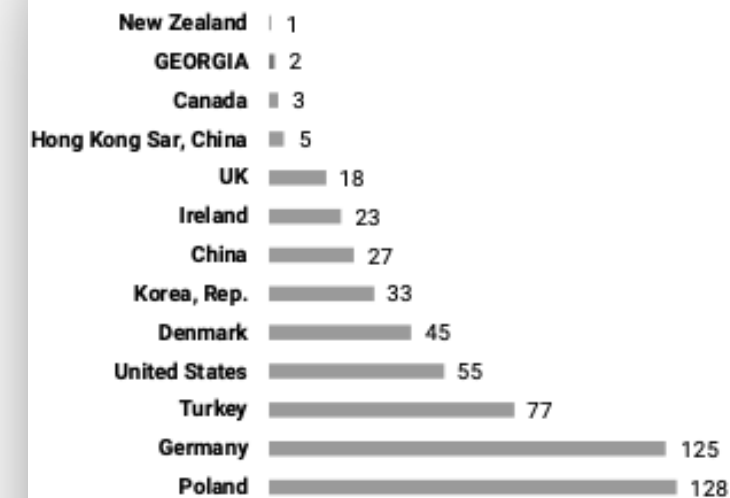
Source: The World Justice Project, Rule of Law Index 2017-2018 (Rank out of 113 countries)

INDEX OF ECONOMIC FREEDOM



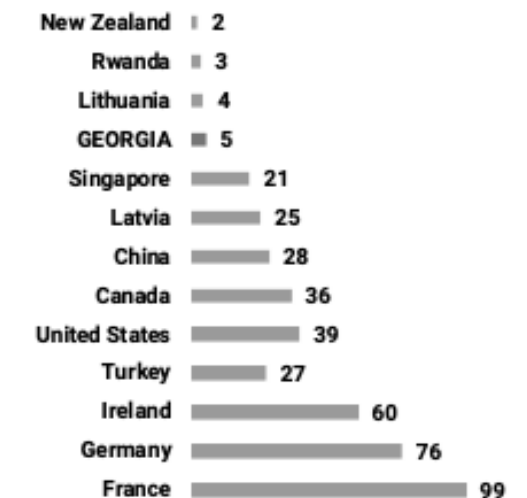
Source: The Heritage Foundation, Index Of Economic Freedom 2019 (Rank out of 180 countries)

STARTING A BUSINESS



Source: World Bank, Ease of Doing Business 2020 (Rank out of 190 countries)

REGISTERING A PROPERTY

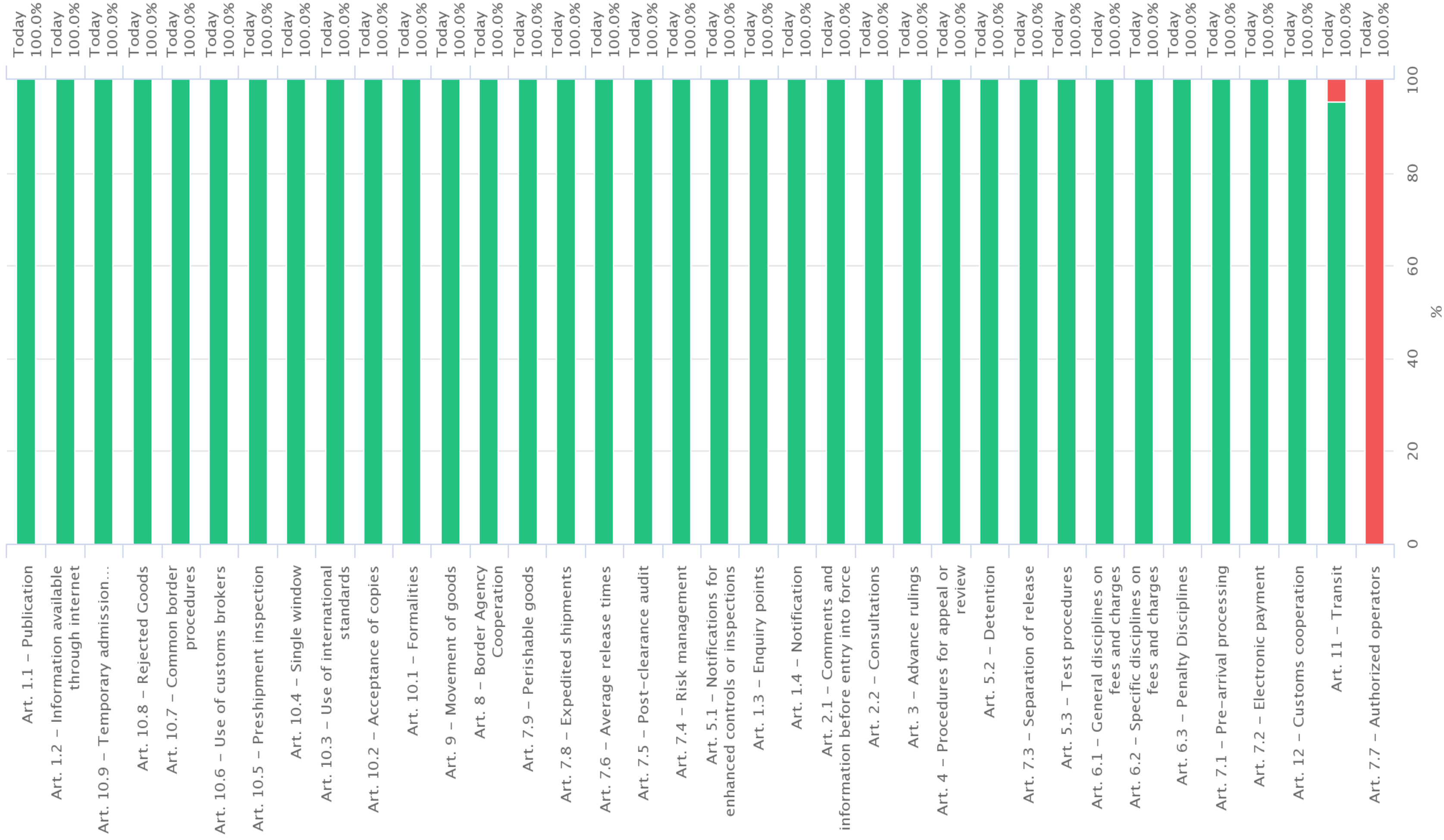


Business Facilitation



Rate of implementation commitments by measure

Based on implementation commitments by all WTO Members



Georgia compliant with **93 per cent** of the WTO-administered Agreement on Trade Facilitation



UNECE Assessment Key findings

- All MSMEs surveyed were abreast of applied trade regulations and procedures
- Only two instances of increased clearance times were reported
- All border-crossing points were properly manned.

Trade facilitation efficiency gains were undermined by transport disruptions

UNECE

Assessment

Key findings

- Around 27 per cent scaled down production
- Another 11 per cent suspended production altogether.
- MSMEs that maintained production faced efficiency losses (wear & tear of machines).

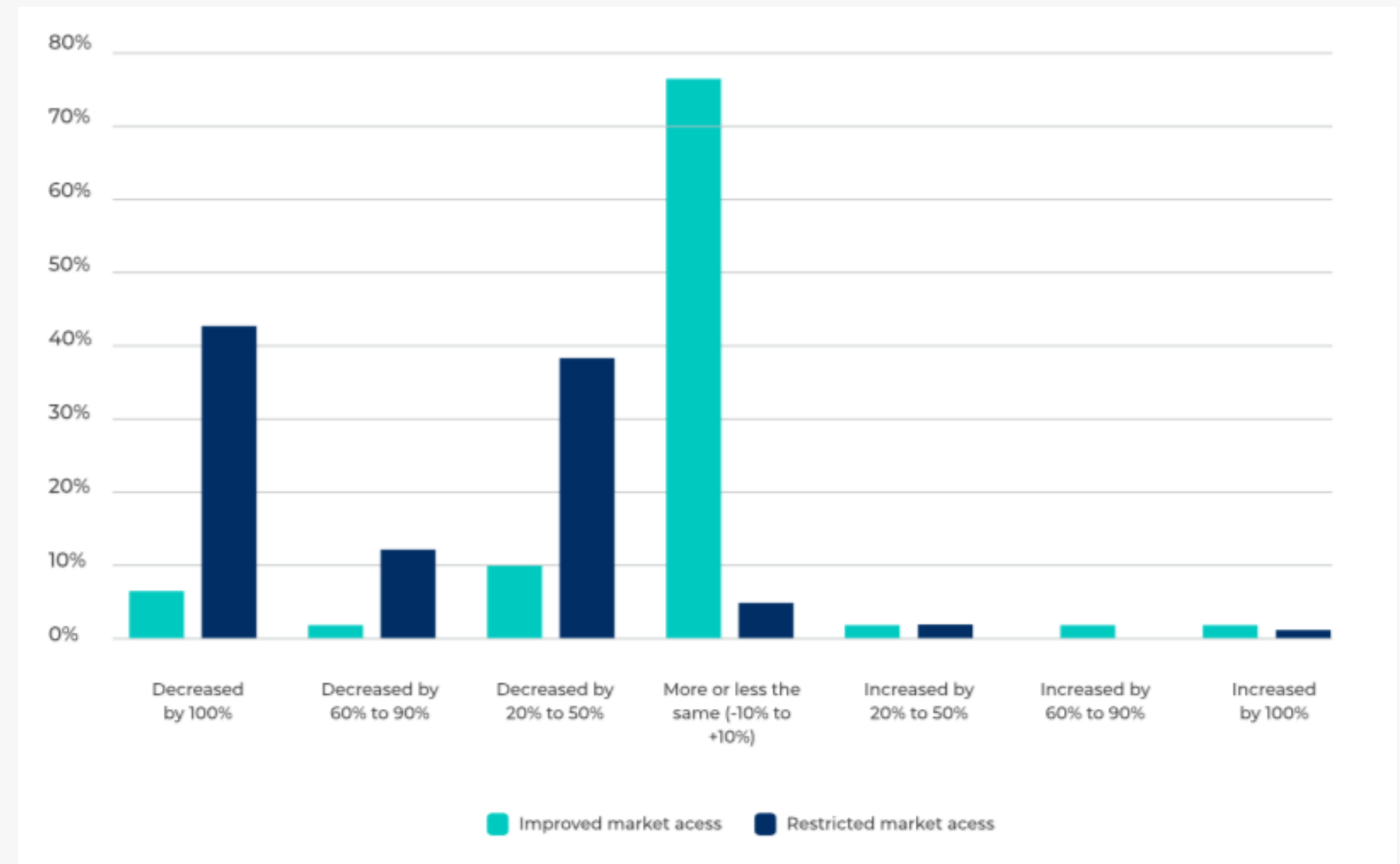
- Only 10 repurposed production.
- Several were forced to abandon repurposing due to fierce import competition.
- Only 17 per cent of the MSMEs surveyed increased their engagement in e-commerce.

Despite the Government's sweeping financial support measures, the majority of the MSMEs surveyed were in debt, and postponed business expenditures and loan repayments to cope with falling revenues.

Manufacturing MSMEs

- Shortages of raw material and machinery equipment due to transport disruptions and reduced production activities of their international suppliers
- Dwindling demand
- Around 32 per cent were unable to afford transport, and this segment included not only micro and small enterprises but also medium enterprises.
- Clear discrepancies in the export earnings of this segment and the remaining MSMEs (that were able to afford transport costs following the lifting of the nationwide lockdown).

Manufacturing MSMEs' export earnings by ease of market access: Discrepancies in export earnings

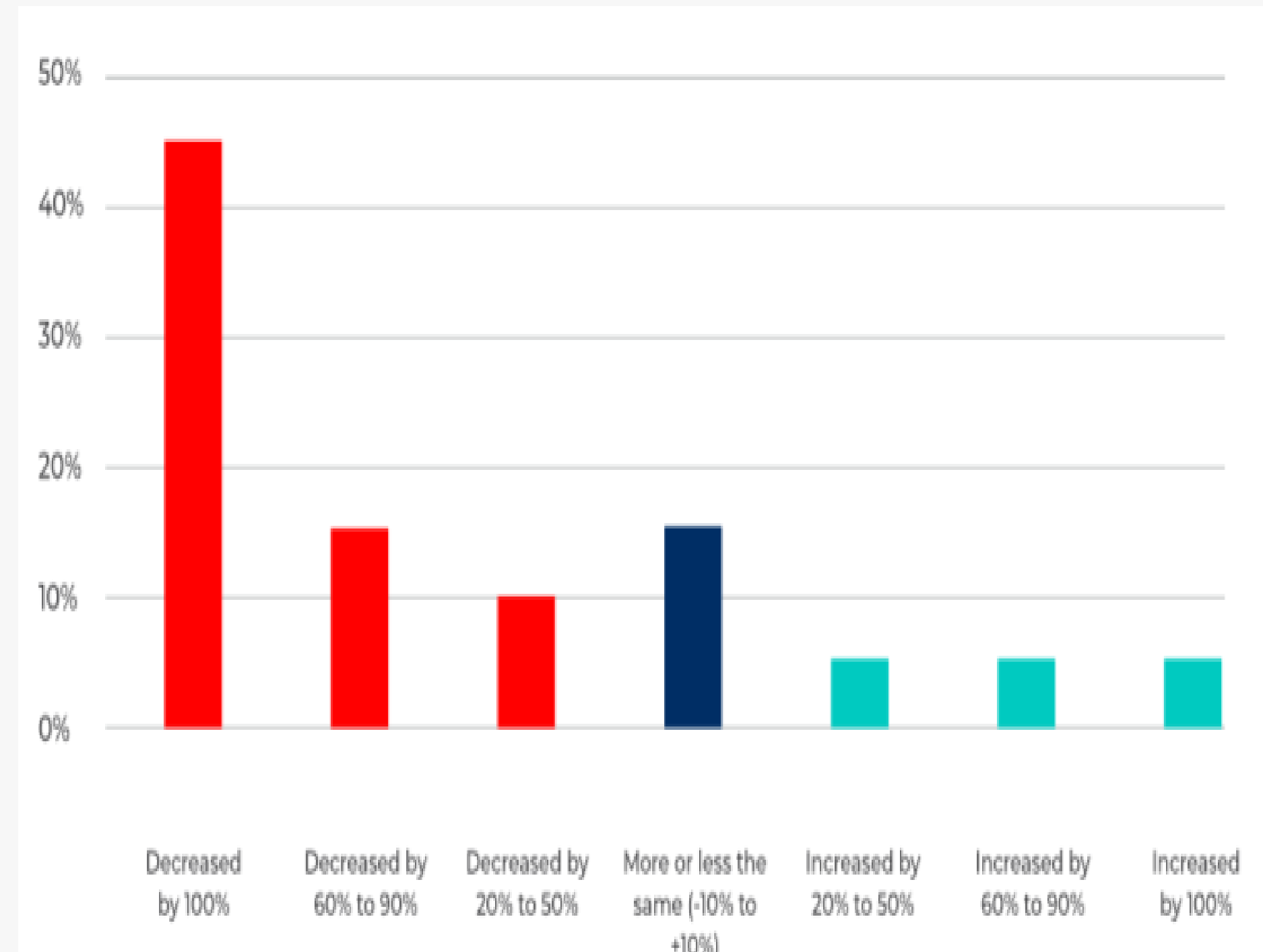


Farmers

- Food shortages were aggravated, due to the shift towards road transport, causing delays in inbound freight and making wastage. Acute shortages in, among others, seedlings and animal feed.
- Food shortages were also caused by export bans in partner countries, particularly on wheat, and the breakdown of communications with suppliers.
- 45 per cent of farmers suspended export activities altogether.

At issue, explained the farmers, is the high degree of financial risk that export activities have come to pose: The current conditions of uncertainty surrounding lockdowns in partner countries make it difficult to guarantee that the consignments would reach their destination damage-free and/or that the buyer would not charge late delivery penalties

The farmers' export earnings



Key Emergency needs

Financial Support

- MSMEs are struggling with bank loan repayments
- MSMEs are experiencing shortages in working capital

Enterprise Support

- MSMEs lack the experience in disaster risk management
- MSMEs are facing prohibitive maritime transport costs
- Micro enterprises are ill-equipped to achieve economies of scale and scope

Competition issues

MSMEs are facing prohibitive maritime transport costs.

Key Long term needs

Transport development

Further develop the national railway network so as to reduce dependence on transport by trucks

Productive capacity development

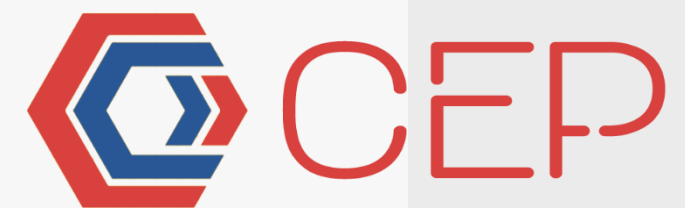
MSMEs are unable to comply with regulatory requirements in regional and global markets

Competition issues

MSMEs reported that the slightest increase in production costs would translate into reduced market shares, since Georgia is flooded with cheaper and counterfeit products

**Message us for
inquiries or comments.**

**Thank
you!**



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