

# GEORGIA

August 2009

## AGRICULTURE SECTOR

Bulletin



FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS  
MINISTRY OF AGRICULTURE GOVERNMENT OF GEORGIA



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## Agriculture Sector Bulletin August 2009

### Editors and Publishers

Food and Agriculture Organization of the United Nations (FAO) in Georgia  
Ministry of Agriculture of Georgia

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Harvest of wheat in Variani, Gori district, August 2009

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## Statement from the Minister of Agriculture

The Ministry of Agriculture (MoA) in Georgia is responsible for food production, food security and food safety, veterinary services and plant protection. The policies formulated at our Ministry are implemented through the national services at the central level, and extended through subordinate units at regional and district levels.

The Ministry of Agriculture's Mid-Term Action Plan for 2010-2013 highlights the Government's priorities including renovation of agriculture machinery and technologies, promotion of cooperation between farmers and small-scale land owners, horticulture-viticulture sector development, intensification of agriculture production, animal health and livestock breeding development, plant protection and phyto-sanitary reliability as well as food safety.

MoA's strategic framework priorities are supported by cabinet and thus we seek cooperation with the private sector and the international community to boost the economy in the agriculture sector. The strategy for the sustainable development and the food security of the agricultural sector of Georgia is based on the major trends of the socio-economic development of the country. The aim of the strategy is to create a favorable business environment and to ensure the encouragement of private investors. In order to achieve the elimination of poverty in rural areas, promoting the participation of small-holder farmers in profitable activities is necessary.

With this Agriculture Sector Bulletin we aim to provide a tool to all stakeholders of the sector to keep up-to-date with news, policies and information on our vision of economic growth.

My special thanks go to the Food and Agriculture Organization of the United Nations (FAO) and the United States Agency for International Development (USAID) for having supported our Ministry through this very difficult period of emergency and rehabilitation in response to the August 2008 war, and for having assisted with ensuring a well coordinated intervention in this sector.

**Bakur Kvezereli**  
Minister of Agriculture  
Government of Georgia





## Message from the Assistant Representative of FAO in Georgia

Since 1995, when Georgia became a Member of the Food and Agriculture Organization of the United Nations (FAO), the relationship between FAO and Georgia has been steadily intensifying with numerous programmes supporting the agriculture sector in Georgia. We have been working together with the Government of Georgia in providing technical expertise readily available for bettering the lives of rural populations, improving agricultural productivity and contributing to sustainable growth of the country's economy.

The Food and Agriculture Organization of the United Nations leads international efforts to defeat hunger. Serving both developed and developing countries, FAO acts as a neutral forum where all nations meet as equals to negotiate agreements and debate policy. FAO is also a source of knowledge and information. FAO's mandate is to raise levels of nutrition, improve agricultural productivity, better the lives of rural populations and contribute to the growth of the world economy. FAO serves as a knowledge network. We use the expertise of our staff - agronomists, foresters, fisheries and livestock specialists, nutritionists, social scientists, economists, statisticians and other professionals - to collect, analyze and disseminate data that aid development.

Undoubtedly, Georgia has vast untapped agricultural potential, and FAO has an important role to play in providing its services to the Agriculture Sector. FAO in Georgia intends to build on this partnership, and through the launching of a joint Agriculture Sector bulletin, we hope to encourage information exchange and attract additional support to, and interest in, Georgian agriculture.

We would like to express special gratitude to the United States Agency for International Development (USAID) for its important support to this effort, and sincere thanks to the Ministry of Agriculture of Georgia for its excellent cooperation.

**Mamuka Meskhi**  
Assistant Representative  
Food and Agriculture Organization of the United Nations

## Foreword

The Agriculture Sector in Georgia faces a number of major challenges to develop its economic capacity and build its resilience against sudden onset shocks including both natural and man-made disasters. The conflict which took place in Abkhazia, Georgia between 1992-1993 resulted in displacement of hundreds of thousands of people and the devastation of a once prosperous region. The recent conflict in August 2008, with the breakaway of South Ossetia, resulted in an additional 128 000 IDPs during the height of the crises, and leaves Georgia with conflict affected populations still recovering from the ravages of war. After the initial emergency much activity in the current transition period, centres on rehabilitation and creating linkages with longer terms plans to foster socio-economic stability and development. Agriculture, with over half of the population's livelihoods dependent on this sector, will be one of the pillars that require a concerted and rational effort from both national authorities and the international community to face the pressures and demands for improvements, including poverty reduction and sustainable productivity.

This newly launched Agriculture Sector bulletin provides the basis for the international and national community in Georgia to obtain a brief update on the most important events, news and trends in the arena of Georgian agriculture. This bulletin will be regularly published by FAO in Georgia in conjunction with the Ministry of Agriculture and inputs from different stakeholders providing our readers with a short and structured overview of the Georgian Agriculture Sector. It also aims to also cover interesting themes such as how to mainstream gender considerations into agriculture. This bulletin will also provide links to information sources on statistics such as Food Security Indicators, as well as a FAO database showing who is doing what, where and when in the Agriculture Sector across the whole of Georgia.

We very much count on your readership and feedback to make this document a useful source of information for your strategic planning, report writing and as a handy quick reference on trends and patterns in the Agriculture Sector. The FAO and Ministry of Agriculture are keen to encourage coordination, collaboration and to develop partnerships with all concerned stakeholders.

**Cristiano F. Mandrà**  
Emergency Coordinator  
Food and Agriculture Organization of the United Nations (FAO) in Georgia



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# Agriculture in Georgia

Georgia has a rich tradition in agriculture. Its fertile soil and favorable climatic conditions contributed to the development of agriculture. A wide variety of agricultural crops can be grown in Georgia as the country has nine climatic zones.

Arable lands and forests occupy 85 percent of the country's total land area. Vertical zones with almost all types of soil and climate characterize the country. Due to such diversity, the country is divided into 13 zones and 6 sub-zones of agricultural specialization. Annual climatic conditions are favorable for the production of a variety of agricultural products including grain-crops, melons and gourds, fruit, tea and citrus fruits.<sup>1</sup>

Through the last decade the sector has been gradually recovering from significant decline following independence. Due to numerous challenges faced by the nation, the pace of sector development has been slow and uneven. However, Georgia's diverse climatic conditions and natural resource endowment coupled with needed structural reforms and substantial investments in technological and infrastructural capacity will favour increased production of a wide variety of agriculture and food products, and development of a competitive high value agribusiness sector.

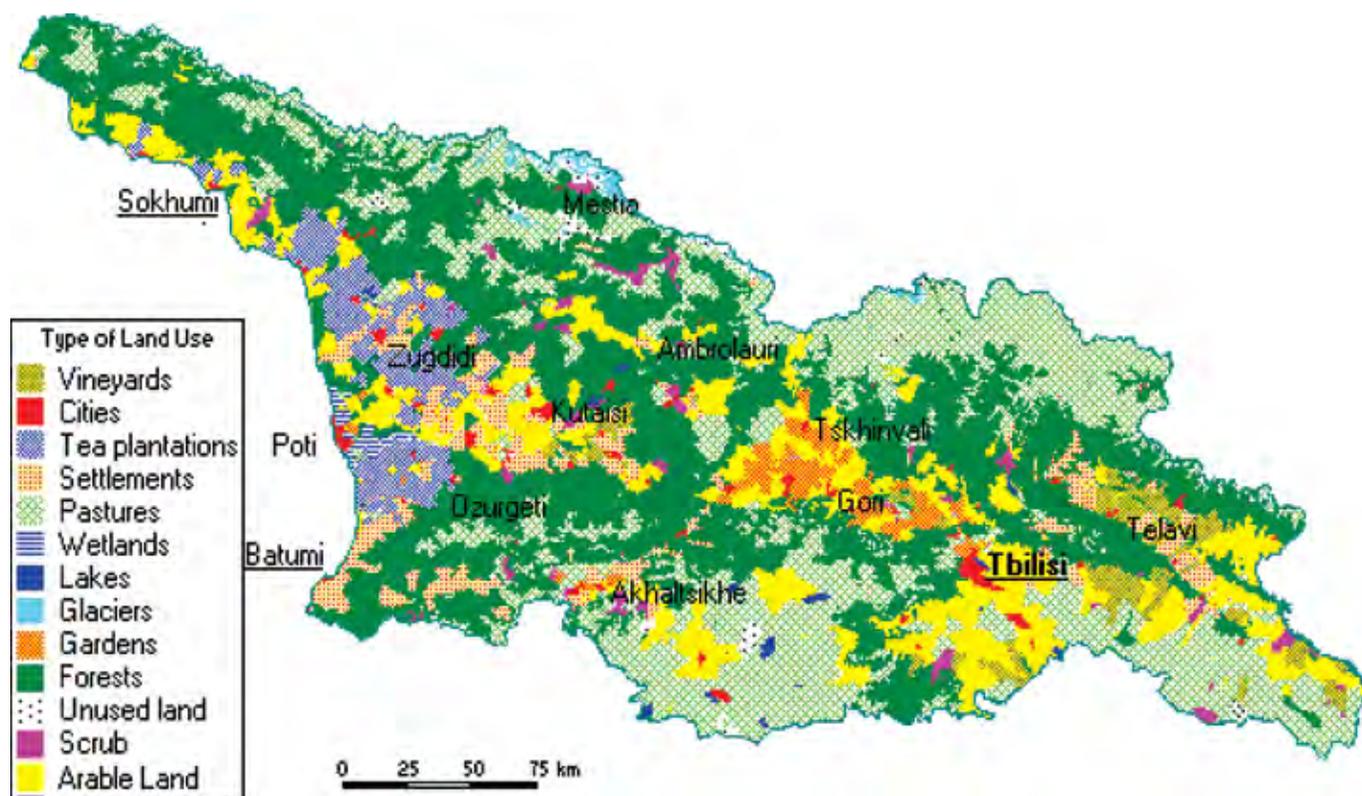
There are substantial findings that Georgia's economy sustained GDP growth of close to 10 percent in 2006 and 12 percent in 2007, based on strong inflows of foreign investment and robust government spending. However, growth slowed to less than three percent in 2008 and is expected to slow further in 2009. Some quick facts are given below.<sup>2</sup>

<p><u>GDP - composition by sector:</u>                  agriculture: 12.8%                  industry: 28.4%                  services: 58.8% (2008 est.)</p> <p><u>Labor force:</u>                  2.02 million (2007 est.)</p> <p><u>Labor force - by occupation:</u>                  agriculture: 55.6%                  industry: 8.9%                  services: 35.5% (2006 est.)</p> <p><u>Unemployment rate:</u>                  13.6% (2006 est.)</p> <p><u>Inflation rate (consumer prices):</u>                  11.3% (2008 est.)</p>	<p><u>Population:</u>                  4 615 807 (July 2009 est.)</p> <p><u>Area:</u>                  total: 69 700 sq km</p> <p><u>Land use:</u>                  arable land: 11.51%                  permanent crops: 3.79%                  other: 84.7% (2005)</p> <p><u>Irrigated land:</u>                  4 690 sq km (2003)</p>
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1. <https://www.investingorgia.org>

2. <https://www.cia.gov/library/publications/the-world-factbook/geos/GG.html>

## Land Use map



# Agriculture & Food Sector

## Policies & News

### Food production

#### New greenhouse system

A new private greenhouse enterprise equipped with drip irrigation system was opened in Kareli district producing seedlings sufficient for planting of 14 ha.

#### Hazelnut growers

The first congress of Hazelnut growers of Georgia organized by the private sector was held in Tbilisi in June. The focus was information dissemination on new technologies and hazelnut varieties. (Sarke Information Agency, 22 June 2009)



#### Georgian product promotion

In 2009, the MoA earmarked Georgian Lari (GEL) one million in its budget to assist Georgian agricultural producers and entrepreneurs to participate in different international agriculture and food exhibitions to promote company brands, identify potential business partners, and explore new market opportunities. In the

framework of this assistance to the sector, Georgian producers presented their products at:

- International exhibition of food products, agriculture and gardening - 'Green Week'- during January 16-25 in Berlin, Germany.
- The 9th international exhibition 'Wine and Wine Making' from 5-7 February in Odessa, Ukraine.
- Food products and beverages 34th international exhibition FOODEXP JAPAN 2009 during 3-6 March in Tokyo, Japan.
- Wine and Alcoholic Drinks London Exhibition in May 2009.
- International Exhibition of Food Industry IFE Poland 2009 in Warsaw, Poland.



MoA plans to fund local producers/processors to participate in following international exhibitions:

- Riga Food 2009 – September 9-12 (Riga, Latvia)
- Anuga 2009 – October 10-14 (Köln, Germany)
- Food Ingredients Europe – November 17-19 (Frankfurt, Germany)

([www.moa.gov.ge](http://www.moa.gov.ge))

#### Off-season vegetable production

The off-season vegetable production in greenhouse environment is viewed by the MoA to have capacity to compete with imported equivalents and is one of the priority areas for development. According to the MoA press-release Turkish businesses are interested to make investment in off-season vegetable production in Georgia. ([www.moa.gov.ge](http://www.moa.gov.ge) 12 May 2009)

### Potato production

The MoA regards local potato production to have a significant import substitution prospects and identifies its further development as one of its priority areas. ([www.moa.gov.ge](http://www.moa.gov.ge) 25 May 2009)



### Environment controlled collection centers

Development of environment-controlled collection centers is one of the key areas for the MoA. Access to such infrastructure will allow local producers to extend a marketing season for their produce. About US\$3.5 million investment was made to construct such collection center in Navtlugi, Tbilisi. ([www.moa.gov.ge](http://www.moa.gov.ge) 30 May 2009)

### Crop production forecast

For harvest season in 2009:

- Cereals planted on 139.8 thousand ha.
- Barley planted on 30 thousand ha.
- Wheat planted on 96 thousand ha.

Six to seven thousand ha is affected due to prolonged drought in Kakheti region. Wheat production level will be lower than expected, and is forecasted in the range of 180-200 thousand tons. ([www.moa.gov.ge](http://www.moa.gov.ge) 10 June 2009)

### Tea Production

The MoA, Members of the Parliament and tea experts have initiated elaboration of a concept paper on tea sector promotion and revival. ([www.moa.gov.ge](http://www.moa.gov.ge) 20 May 2009)

## Trade

### Georgia free trade regime with CIS countries

In August 2009, Georgia will officially withdraw from the CIS. Georgia has already signed bilateral free trade agreements with CIS member countries, and also intends to develop free economic zones with GUAM members (Ukraine, Azerbaijan and Moldova). ([www.messenger.com](http://www.messenger.com), 16 June 2009)

### Inspection of imported products

Starting from 1 July, the Ministry of Finance, on top of the documentary checks, will start physical and identity control of imported products subject to veterinary and phyto-sanitary control. (Sarke Information Agency, June 18 2009)

### Pre-shipment inspection of animal origin products

According to the amendments made in GoG Decision no. 143 by GoG Decision no. 91 as of 12 May, the requirement of pre-shipment on-site inspection of animal origin food products by authorized veterinarian from the food safety, veterinary and plant protection (FSVPP) National Service is abolished if such products originate from the European Commission (EC) certified establishment. For the rest of establishments, requirement on on-site pre-shipment inspection remains in force. (Food Safety and Risk Analysis Division, MoA)

### Agribusiness

On 17 June, two enterprises were opened in Imereti region within MCG project on agribusiness development. One of the enterprises is a meat-packing enterprise. (Sarke Information Agency, 17 June 2009)

### Georgia and DCFTA plans

The European Commission (EC) has conducted an assessment of Georgia's preparedness for a Deep and Comprehensive Free Trade Agreement (DCFTA) with the European Union (EU). The assessment identified a number of areas in sanitary and phytosanitary (SPS) where additional progress is necessary before Georgia embarks on the DCFTA process with EU. For the most part these issues are addressed already in EU-Georgia Partnership and Cooperation Agreement (PCA), and the European Neighborhood Policy Action Plan. The assessment provides detailed description of the issues and recommendations on actions and reforms to be undertaken to ensure Georgia's preparedness for the DCFTA negotiation process and preparedness to implement and sustain effect of a future agreement.

(EC Project 'Support to the Improvement of Quality of Food Safety, Veterinary and Plant Protection System in Georgia')

### Wine exhibition

The third international wine and alcoholic beverages exhibition Winexpo 2009 was held on 4 June in Tbilisi, Georgia. Exhibition was attended by different international traders, wine writers (journalists), and trade associations. ([www.moa.gov.ge](http://www.moa.gov.ge) 4 June 2009)



### Wine export facilitation and quality control

At the MoA, a memorandum on mutual understanding was signed between Georgia and USA to support Georgian wine exports and anti-falsification measures. This memorandum is expected to facilitate to the synchronized work with US side and information exchange in on-line regime. (Sarke Information Agency, 4 June 2009)

## Plant health

### MoA anti-locust measures

Anti-locust measures were implemented in different districts of the country: in Marneuli - 600-800 ha, in Gurjaani - 600 ha in Sagarejo - 300 ha, and in Signagi on 800 ha. Anti-locust measures are planned to be applied on 1 500 ha area of land in Dedoplistskaro district. These measures are implemented in the framework of the MoA Plant Protection State Program with the budget of Georgian Lari (GEL) 200 000. ([www.fvp.ge](http://www.fvp.ge), 17 June 2009)

### Prevention of webworm

Food safety, veterinary and plant protection (FSVPP) National Service has initiated measures against fall webworm that affects cereal crops. Nationwide total of 22 000 ha area of agricultural land is planned to be treated against this pest. (Sarke Information Agency, 26 June 2009).

### Potato import temporary ban

To prevent introduction of a potato quarantine pest (*Phthorimaea operculella* Zell) GoG on 14 April 2009 imposed a three month ban on potato imports (GoG Decision no. 293 April 14, 2009). On 28 May 2009, the GoG decision on potato import ban was amended (Based on Article 63, Administrative Code), and the three month period was reduced to a month until 1 June 2009.

(Food Safety, Veterinary, and Plant Protection National Service, MoA)

## Animal health

### Influenza pandemic

The Government has allocated the Ministry of Health, Social Protection and Labor from the reserve fund of the Government Georgian Lari (GEL) 1.35 million for measures against virus A H1N1. (Sarke Information Agency, 19 June 2009)

## New appointments

### New head of food safety, veterinary and plant protection national service

Ms Maia Metreveli was appointed as a new head of Food Safety, Veterinary, and Plant Protection National Service (FSVPP). One of the main priorities of Ms Metreveli is to foster Georgia's aspiration for European integration in food safety, veterinary and plant health. ([www.fvp.ge](http://www.fvp.ge), 1 June 2009)

## Food safety

### Food safety law

In light of expected enforcement of the food safety law beginning from 1 January 2010, the MoA:

- Prepared projects
  - "General food hygiene rules"
  - "Hygiene certification rules of the enterprises"
  - "Additional requirements on food labeling"
  - "Rules for Registration as Food Enterprise" (with amendments)
- initiated training needs assessment and development of a training plan for the National Service inspectors
- plans to start registration of food and feed enterprises beginning from 1 October 2009
- contact point for RASFF in the National Service has been established
- contact point for Codex Alimentarius was established consisting of representatives of the different ministries, research institutions, and NGOs
- approved and adopted the rules governing state registration, renewed registration, or abolishment of registration and quality/safety control of locally produced and imported veterinary medicinal products
- Elaborated draft of the rules governing collection, utilization, and obliteration of biological residue

Further work needed comprise:

- revision of veterinary law
- development of legislation governing animal health and welfare, and feed
- filling gaps in legislation addressing plant health and quarantine issues

(Food Safety and Risk Analysis Division, MoA)

For more updates please visit Ministry of Agriculture website: [www.moa.gov.ge](http://www.moa.gov.ge)

# Donors Support & Aid Activities

## Emergency and Rehabilitation

### Improved irrigation and drainage & new mill facility

Mercy Corps (MC) has finalized all its activities in Shida Kartli region. MC total budget of emergency projects implemented in Shida Kartli was US\$1 144 300, and the funds originated from USAID/Office of U.S. Foreign Disaster Assistance (OFDA). Activities in Shida Kartli region consisted of both agriculture and non-agricultural assistance measures. Agriculture related support comprised rehabilitation of irrigation system and cleaning of Jaribula river bed in Karaleti Sakrebulo, establishment of flour mill in Shavshvebi Skarebulo, rehabilitation of the market in Mejvriskhevi Sakrebulo, rehabilitation of roads leading to agricultural lands in village Zerti, and rehabilitation of drainage canal in the village Akhaldaba. The activities were implemented during 29 September 2008 – 31 March 2009 period. (Livelihoods Cluster meeting minutes, 13 May 2009)

### Support to IDP households in Samegrelo and Kvemo Kartli regions

In May Action Contre la Faim (ACF) was awarded funding through the EC Instrument for stability to implement an 18 month project targeted at IDP households residing in Kvemo Kartli and Samegrelo regions (inclusive of newly established settlements after the war in August 2008). This project has an agricultural component; specifically, ACF plans to assist the target IDPs with harvest and storage of produce this year, and provide training in improved production methods for the 2010 planting season. This intervention is due to begin in early August. The partner in this project is Institute for International Cooperation of the German Adult Education Association (DVV) who will be responsible for vocational training.

### Vegetable seed and associated inputs

International Committee of the Red Cross (ICRC) has finalized distribution of vegetable seeds and different agricultural chemicals to vulnerable small-scale conflict affected farming households in 12 villages in Area Bordering South Ossetia (ABSO). (Food Security Cluster meeting minutes, 14 May 2009)

### Vegetable seeds and technical assistance to returnee households

FAO's Emergency Rehabilitation Coordination Unit (ERCU) in partnership with International Orthodox Christian Charities (IOCC) has finalized distribution of vegetable seeds and fertilizers among 7 365 vulnerable small-scale farming households in 21 villages in Gori and Kareli regions in the Area Bordering South Ossetia (ABSO). FAO ERCU has been implementing training component of the same project in improved production methods in cooperation with World Vision International (WVI) and Care International. This Project was funded by the Italian Government with a budget of €800 000.

### Planned gap analysis

FAO's ERCU plans to conduct monitoring and evaluation of vegetable seed and fertilizer project in August, and expects to receive a useful feedback on existing gaps for a follow up intervention. Project activities will continue until the end of 2009, and the main focus will be on training. (Food Security Cluster meeting minutes, 14 May 2009)



**CFW/FFW incentive measures**

Care International is considering to apply for funding to the World Food Programme (WFP) for a Food for Work/Cash for Work (CFW/FFW) intervention to complement FAO contracted livestock water trough establishment activities. (Food Security Cluster meeting minutes, 14 May 2009)

**Support to livestock feed production**

FAO's ERCU has requested USAID and the Italian Government to permit use of left-over finances from the Livestock Feed and Vegetable Seed Projects, respectively, to improve livestock feed production in Shida Kartli Region. Due to increase in the area of land planted with maize (CNFA implemented USAID funded Project), this year maize production level in Shida Kartli is expected to exceed demand for human consumption. (Source: Food Security Cluster meeting minutes, 14 May 2009)

**Hydro-geological assessment in Shida Kartli**

FAO plans to launch a rapid hydrological assessment in Shida Kartli Region in June 2009. Specifically, the assessment will focus on the upper most part of Shida Kartli Region not covered by the GoG and USAID plans for the on-going efforts to restore the irrigation system. The assessment is expected to identify solutions for alternative irrigation sources and reduce dependency of local vulnerable returnee farming households on irrigation water from the existing system. (Food Security Cluster meeting minutes, 14 May 2009)

**Support to 2009 spring planting**

In the framework of the second phase of Agriculture Risk Reduction Program targeted at conflict affected farmers in Shida

Kartli Region, USAID has allotted US\$12 million. This intervention is expected to allow target beneficiaries to harvest produce worth US\$29 million. (Sarke Information Agency, May 15 2009)

**Saltvisi/Tiripioni rehabilitation needs assessment**

Citizens Network for Foreign Affairs (CNFA) has finalized the assessment of rehabilitation needs of the Tiripioni/Saltvisi main canal. According to the assessment findings rehabilitation works should be conducted in two phases. The first phase considers cleaning of canals, 50 km length segment on Saltvisi, and the second phase is mainly concerned with construction works on Tiripioni.

**Inputs for spring 2009 planting season to conflict affected population**

CNFA has finalized distribution of vouchers for land preparation, planting of maize seed and fertilizer application on 9 200 ha. Around 10 000 farming households (IDP household inclusive) were targeted through this intervention. Also, distribution of vouchers for agricultural chemicals sufficient for 11 400 ha under orchards and benefiting 17 000 farming households (IDP HH inclusive) has been concluded. During fall 2009 CNFA plans to prepare land and plant wheat grain on additional 3 000 ha not covered during fall 2008 and spring 2009. (CNFA)

**Rehabilitation of irrigation system and distribution of agriculture equipment**

Community Habitat Finance International (CHF) will be finalizing its Food Security and Livelihoods activities in Shida Kartli region by mid-July, 2009. Rehabilitation of irrigation system in the villages of Kheltubani, Svaneti, Berbuki and Dvani has been on-going. CHF has also distributed agriculture equipment to the commu-

nities of Shindisi, Kvemo Kviti, Pkhvenisi and Kelkceuli. In the framework of on-going assistance projects in Kvemo Kartli and Shida Kartli regions, CHF plans to allocate small grants to support income generation activities in IDP settlements in the villages of Skra, Berbuki, Shaumiani and Koda and will also elaborate community development plans for those same villages, which will incorporate both IDP settlements and host community. These community development plans are expected to be integrated into respective municipality development plans. (Livelihoods Cluster meeting minutes, 13 May 2009)

#### **Support to conflict affected population in three regions**

United Nations Development Programme (UNDP) continues implementation of 18 month initiative in Shida Kartli, Mtskheta-Mtianeti and Samegrelo regions affected by the war in August 2008. Three program components cover vocational education, microfinance and rehabilitation infrastructure.

#### **Government assistance to conflict affected population**

MoA distributed different varieties of vegetable/green seeds and fertilizers to conflict affected displaced population (GoG Decision # 50 as of January 30, 2009). Assistance with the value of Georgian Lari (GEL) 458 418 was distributed to 5 052 IDP households residing in 22 newly established settlements. In May 2009, the Ministry of Agriculture has finalized vegetable seed and fertilizer distribution to the IDP households. (GoG Decision # 359 as of May 12, 2009)

#### **Measures to cope with the cut-off of headworks**

After the war in August 2008, the GoG from the state budget has allocated Georgian Lari (GEL) 15 million for establishment of a new intake and a pumping station on Tiriphoni/Saltvisi main

canal cut off from the headworks in Tskhinvali (South Ossetia). Construction of pumping station has been finished, and pumps are being installed. Finalization of intake construction is expected by the end of 2009. (Ministry of Agriculture)

## **Development Activities**

#### **Producer groups**

ACF finalized implementation of a European Commission (EC) funded project 'Integrated Poverty Reduction Program in Vulnerable Rural Communities of Kvemo-Kartli Region' in Dmanisi and Tsalka (Kvemo Kartli Region). In the framework of the program, 25 agricultural cooperatives were established and 21 community projects were implemented. Total budget of this project was €1 572 285.82. This intervention was concluded in May 2009. (EC Delegation press release, 22 May 2009)

#### **New regional development project**

Mercy Corps (MC) initiated Swiss Agency for Development and Cooperation (SDC) funded Regional development project in three districts of Samtskhe-Javakheti region. (Food Security Cluster meeting, 4 June 2009)

#### **Grants for agribusiness**

Millennium Challenge Georgia fund (MCG), has approved additional 11 agribusiness grant applications with the total value of US\$500 000. (Sarke Information Agency, 14 May 2009)



## Animal health, veterinary & food safety

### African Swine Fever workshop

In the framework of FAO Project Emergency Assistance for the Control of African Swine Fever (ASF) in Georgia, a training workshop on epidemiological sero-surveillance was held in Signagi on 3-4 June. ([www.fvp.ge](http://www.fvp.ge), 12 June)

### Regional TAD workshop

A two day workshop was held for state veterinarians from Georgia, Armenia, and Azerbaijan on 2-3 June. The objective of the workshop was epidemiological information exchange and coordination of activities such as vaccination, prevention of disease spread, and joint coordinated efforts during the disease outbreak. ([www.fvp](http://www.fvp), 12 June)

### Support to private veterinary sector

With the support of United States Department of Agriculture (USDA) and the Georgian Institute of Public Affairs (GIPA) the Regional Veterinary Service Center was opened in Kachreti's Professional Educational Centre (Gurjaani district, Kakheti Region). The MoA considers such support very important for successful control of animal disease. USDA and GIPA plan to open similar centers throughout the Country. ([www.moa.gov.ge](http://www.moa.gov.ge), 16 May 2009)

### FMD simulation exercises

In the framework of the FAO Project Strengthening Foot and Mouth Disease (FMD) Prevention and Emergency Response Capacity in the Trans-Caucasian Countries, simulation exercise was held in Gurjaani Rayon (Kakheti Region) with training in FMD outbreak control. Similar exercises were held in Azerbaijan and Armenia ([www.fvp.ge](http://www.fvp.ge), 12 June). FMD vaccines were delivered in Georgia for seasonal campaigns in Adjara and Samtskhe-Javakheti regions. (FAO Newsletter, Issue 01, June 2009)

### Reflection of Georgia ENP AP commitments in implementation plan

At a workshop organized by Georgian Economic Policy and Legal Advise Center (GEPLAC), the assessment revealed that the need for further action in food safety is partially well reflected in the Georgian European Neighbourhood Policy (ENP) Action Plan Implementation Plan (APIP) for 2009; however, the measures aimed at institutional development in food safety are lacking. Planning institutional strengthening could become a major challenge in the context of making a comprehensive institution building program foreseen in the Eastern Partnership. ([www.geplac.org](http://www.geplac.org), 21 May 2009)



# Trade in Agriculture & Food Products



## Exploration of new market opportunities

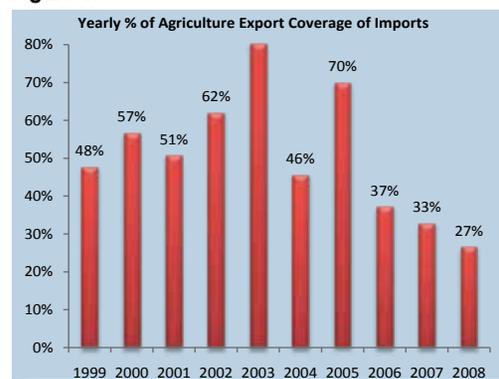
Georgia and Turkmenistan discusses prospects of trade development (Sarke Information Agency, 23 June 2009)

## TEN YEAR TREND

### 1. Annual Agricultural Trade, 1999-2008

- 1999-2008 Georgia had a negative agricultural trade balance (Figure 1)
- 2005-2008 export coverage of import ratio held a declining pattern (Figure 1)
- 2007-2008 both imports and exports increased against the previous year levels; rate of increase of former being higher

Figure 1.

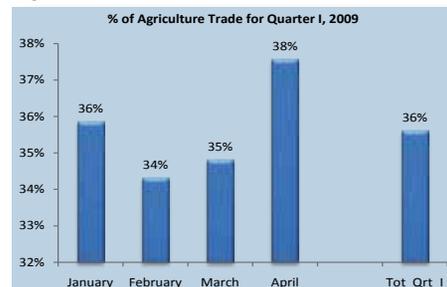


## QUARTERLY TREND 2009

### 2. Monthly Agricultural Trade - Quarter I, 2009

- Monthly agriculture trade balance through January-April was negative (Figure 2)
- Total agriculture trade balance in quarter I was negative (Figure 2)
- Agricultural exports in quarter I amounted to US\$82 581 000; about a percent increase from the previous year same period level of US\$81 889 000.
- Agricultural imports in quarter I equaled US\$231 961 000 ; about 19 percent decline from the previous year same period level of US\$287 988 000.

Figure 2.



2.1. Monthly Agricultural Exports

- Export of products representing (a) *Beverages, Spirits, & Vinegar*, (b) *Edible Fruits & Nuts, Peel or Citrus/Melons* and (c) *Residues from Food and Feed Industry* commodity groups accounted for 76 percent of total agricultural exports, and their shares equaled 40 percent, 26 percent, and 10 percent, accordingly (Table 3, Figure 3)
- Ukraine, Turkey, and Azerbaijan* amounted for 53 percent of Georgia’s agricultural exports, and their shares in total agricultural exports were 21 percent, 17 percent, and 15 percent, respectively (Figure 4)

Table 3. Agricultural Exports by Commodity Groups, Quarter I 2009 (US\$ figures in thousands)

Commodity Groups by Harmonized System Codes (01-24)	January		February		March		April		Qrt. I Total	
	US\$	Rank	US\$	Rank	US\$	Rank	US\$	Rank	US\$	Rank
01. Live Animals	628	5	727	5	707	6	856	5	2 919	5
02. Meat & Edible Meat Offal	49	13					127	11	176	15
03. Fish & Crustaceans	875	4	832	4	540	7	510	8	2 756	6
04. Dairy, Eggs, Honey & Ed. Products	25	15	198	10	178	11	89	13	490	12
06. Live Trees & Other Plants	1	21	43	13	7	17	3	20	54	19
07. Edible Vegetables	114	9	379	7	726	5	673	6	1 891	8
08. Ed. Fruits & Nuts, Peel or Citrus/Melons	5 880	2	6 007	2	5 768	2	4 138	3	21 793	2
09. Coffee, Tea, Mate & Spices	322	6	199	9	354	8	282	9	1 156	9
10. Cereals	59	12	201	8	204	10	201	10	664	11
11. Milling Industry Products	15	17	18	15	16	16	57	15	105	17
12. Oil Seeds/Misc. Grains/Med. Plant/Straw	230	8	165	12	115	12	5,118	2	5 627	4
13. Lac, Gums, Resins, etc.	36	14	8	16			24	18	68	18
14. Vegetable Planting Materials			3	17			4	19	7	21
15. Animal or Vegetable Fats, Oils, Waxes	110	10	0	18	61	15	40	17	211	13
16. Ed. Prep. Of Meat, Fish, Crustaceans, etc.	6	19							6	22
17. Sugars & Sugar Confectionery	24	16	27	14	63	14	40	16	154	16
18. Cocoa & Cocoa Preparations	14	18			93	13	97	12	204	14
19. Preps. of Cereals, Flour, Starch or Milk	6	20					2	21	8	20
20. Preps of Veggies. Fruit, Nuts, etc.	105	11	185	11	307	9	76	14	673	10
21. Misc. Edible Preparations	242	7	699	6	873	4	629	7	2 442	7
22. Beverages, Spirit, & Vinegar	6 866	1	9 671	1	9 116	1	7 580	1	33 233	1
23. Residues from Food Industries, Animal Feed	1 275	3	855	3	3 664	3	2 148	4	7 942	3
24. Tobacco & Manuf. Tobacco Substitutes							1	22	1	23
Total	16 879		20 215		22 791		22 695		82 581	

Source: State Department of Statistics, estimates

Figure 3.



Figure 4.



2.2. Agricultural Imports

- Import of products representing (a) *Cereals*, (b) *Tobacco & Manuf. Tobacco Substitutes*, (c) *Meat & Edible Meat Offal*, (d) *Animal or Vegetable Fats*, and (e) *Oils, Waxes, Misc. Edible Preparations* commodity groups accounted for 40 percent of total agricultural imports, and their shares totaled 13 percent, 10 percent, 9 percent, 7 percent, and 2 percent, accordingly (Table 4, Figure 5)
- *Ukraine, Russia, Turkey, USA, and Brazil* accounted for 65 percent of Georgia's agricultural imports, and their shares in total agricultural imports were 29 percent, 17 percent, 10 percent, 5 percent, and 5 percent, respectively (Figure 6)

Table 4. Agricultural Imports by Commodity Groups, Quarter I 2009 (US\$ figures in thousands)

Harmonized System Commodity Codes	January		February		March		April		Qrt. I Total	
	US\$	Rank	US\$	Rank	US\$	Rank	US\$	Rank	US\$	Rank
01. Live Animals	97	21	374	20	18	23	188	21	677	21
02. Meat & Edible Meat Offal	5 358	1	4 709	3	5 691	3	5 172	2	20 929	3
03. Fish & Crustaceans	1 889	12	2 007	11	2 123	13	3 616	7	9 635	11
04. Dairy, Eggs, Honey & Ed. Products	2 275	8	1 097	19	2 074	14	2 611	11	8 057	14
05 Products of Animal Origin	3	23	82	22	20	22	70	22	175	22
06. Live Trees & Other Plants	583	20	316	21	363	20	730	20	1 991	20
07. Edible Vegetables	1 502	14	1 923	13	2 576	10	3 023	9	9 024	13
08. Ed. Fruits & Nuts, Peel or Citrus/Melons	1 067	19	1 593	15	2 059	15	2 000	15	6 719	16
09. Coffee, Tea, Mate & Spices	1 329	17	1 206	18	1 497	19	1 537	19	5 570	19
10. Cereals	5 163	2	11 010	1	7 296	1	6 340	1	29 808	1
11. Milling Industry Products	1 904	11	2 800	7	5 025	5	2 905	10	12 634	6
12. Oil Seeds/Misc. Grains/Med. Plant/Straw	1 203	18	1 955	12	3 550	7	5 070	3	11 779	7
13. Lac, Gums, Resins, etc.	7	22	36	24	75	21	15	23	133	23
14. Vegetable Planting Materials			59	23	5	24	4	24	67	24
15. Animal or Vegetable Fats, Oils, Waxes	2 899	5	4 045	4	5 330	4	3 628	6	15 902	4
16. Ed. Prep. Of Meat, Fish, Crustaceans, etc.	1 931	9	1 581	16	1 623	18	1 565	18	6 700	17
17. Sugars & Sugar Confectionery	1 600	13	2 332	10	2 252	12	3 097	8	9 281	12
18. Cocoa & Cocoa Preparations	2 877	6	2 893	6	2 908	9	2 507	12	11 185	8
19. Preps. of Cereals, Flour, Starch or Milk	1 911	10	2 506	9	3 445	8	2 406	14	10 268	9
20. Preps of Veggies. Fruit, Nuts, etc.	1 386	16	1 394	17	1 941	16	1 924	17	6 646	18
21. Misc. Edible Preparations	3 824	4	3 411	5	4 373	6	3 852	4	15 460	5
22. Beverages, Spirit, & Vinegar	2 336	7	2 631	8	2 497	11	2 479	13	9 943	10
23. Residues from Food Industries, Animal Feed	1 394	15	1 922	14	1 806	17	1 989	16	7 111	15
24. Tobacco & Manuf. Tobacco Substitutes	4 551	3	7 068	2	6 954	2	3 695	5	22 267	2
Total	47 090		58 950		65 501		60 422		231 962	

Source: State Department of Statistics, estimates

Figure 5.

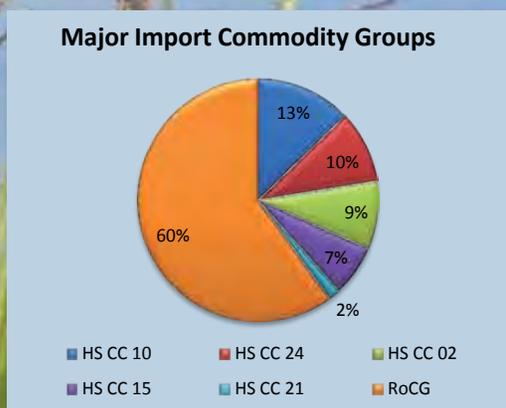
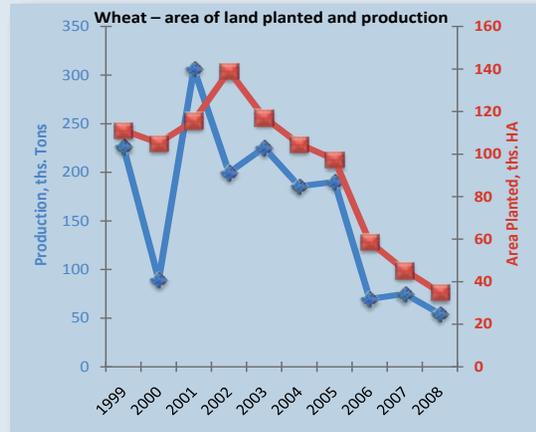


Figure 6.

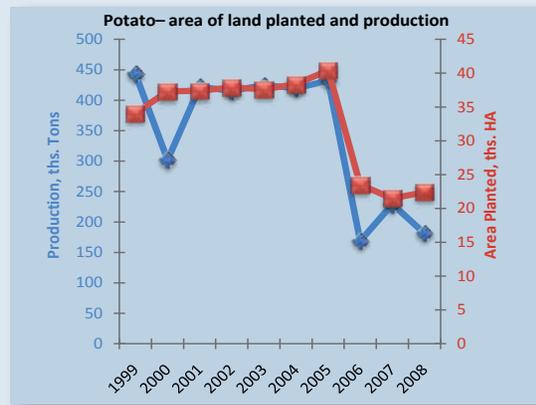


# Agriculture Production

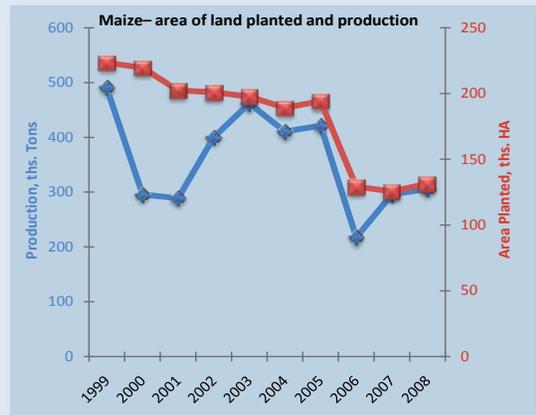
Preliminary estimates of wheat grain production and area of land planted with wheat in 2008 indicates further drop from the respective previous year levels.



According to the initial assessment of potato production levels in 2008 insignificant recovery is observable from a noticeable decline in 2006, induced mainly by unfavorable weather conditions during the growing season.



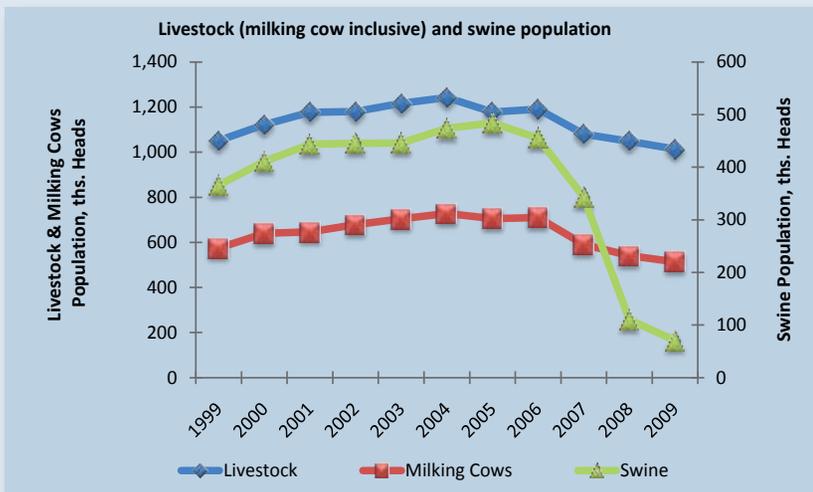
Preliminary estimates of maize production in 2008 indicate continued recovery from a significant contraction observed in 2006.



## AGRICULTURE SECTOR Bulletin

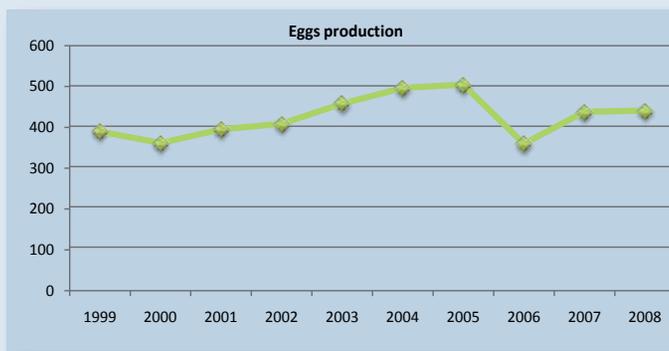
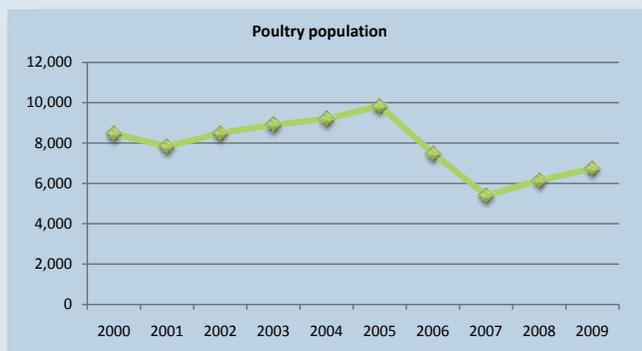
Based on 2008 initial assessment the size of livestock and milking cow population continued declining pattern recorded in 2006, induced by severe drought and a limited availability of natural feed.

Preliminary figures of the size of swine population at the end of 2008 indicate on the challenges of the swine industry to recover from the effect of 2007 African Swine Fever (ASF) outbreak.

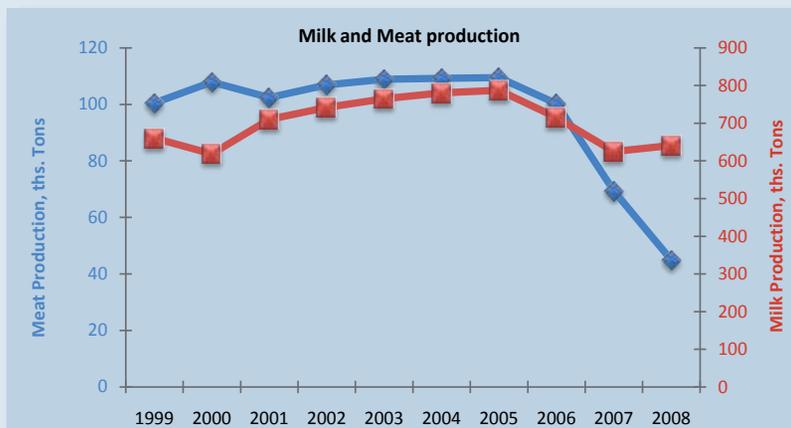


Initial estimates of the size of poultry population reveal industry's capacity to recover from a severe impact of Avian Influenza (AI) outbreak in 2006.

Similar to the preliminary estimates of the size of poultry population, egg production in 2008 also show recovery in the industry from the impact of Avian Influenza (AI) outbreak in 2006.



Limited recovery in milk production is assessed in 2008. Initial estimate of meat production level show a declining pattern through 2008.



Source: State Department of Statistics, estimates

## Gender Equality & Agriculture

Within the framework of achieving gender equality the Georgian government has signed a number of significant international documents (including CEDAW), adopted a State Concept on Gender Equality (2006), and elaborated a National Plan of Action 2007-2009 for the implementation of Gender Equality Policy. In addition, a number of sections of the Georgian Law now ensure gender equality. These are momentous steps taken and commitments made by the government to guarantee the democratic development of communities and to make sure all women and men are included in the process.

The government of Georgia has also, by starting the implementation of the European Union-Georgia Action Plan (ENAP), entered on an important road and committed itself to “*continue efforts to ensure the equality of men and women in society and economic life*” (ENAP, page 12)

In order to carry the commitments into effect there are a couple of essential tools that can be further developed in Georgia. One such fundamental tool is **sex and age disaggregated data**. A systematic approach to the collection of sex and age disaggregated data will lay the foundation of gender analysis also of the agricultural sector. There is need to be able to clarify the different needs, experiences, skills, etc. of women and men in order to understand the gender roles. And we need to understand local gender roles in order to promote gender equality.

The agricultural sector has gone through a transformation phase with privatization of land as a central reform, affecting a large number of the Georgian population, who make their living from agricultural activities. Among this population there is a high poverty rate (65 percent below the poverty line in 2007 according to the World Bank), which has increased since the event last year in August. The IDP population of approximately 30 000 people, who has not been able to return, is farmers. A majority live in settlements and have in most cases been assigned land by the government. However lack of irrigation limit their possibilities to produce good harvests as most are dependent on the kitchen gardens. **Promoting poverty reduction and gender equality** are closely interrelated processes.

Another essential tool for the implementation of gender policies in the agricultural sector is **monitoring of the impact of laws**, policies and action plans to assess the *de facto* development towards gender equality. It is, for instance, important to know whether men and women are treated equally (in accordance with the Code) with respect to inheritance and ownership of (immobile) property. What about the impact of customary laws? Remaining obstacles to *de facto* gender equality need to be identified.

Men and women in most cases work hard and “hand in hand” on the lands. It is however rarely acknowledged that women often have three roles in agricultural households (World Bank, 2009):

- The Productive role, which focuses on economic activities is often shared with men.
- The Reproductive role, including, but not limited to child birth, involve women.
- The Social role, which is dominated by women, includes necessary relations with the community.

Considering the three roles of women, they are keys to household food security and therefore it is crucial to also **include women in policy implementation**. Women also contribute to the increase of the value

chain, i.e. in the dairy sector by producing cheese, also for the market. By recognizing all the activities and by performing gender analysis of agricultural households the relationships between females and males and their access to and control of resources are examined. From needs assessments carried out in settlements and households in conflict affected villages it has been observed that in most cases women are responsible for the kitchen gardens. This is important information to those who are elaborating programs and projects to support the targeted population and understand their beneficiaries needs and roles within the community. It is therefore important that women and men need to be equally part of all steps of programming and designing the support.

Georgia has already embarked on the road aiming at the creation of a society characterized by gender equality. The framework is put in place and the tools are being created. Agriculture livelihoods programming provides Georgia an opportunity for securing a gender balanced approach that can easily be turned into practice by the stakeholders when applying the simple principles of ensuring that disaggregation and analysis of the gender data is done before the assistance is implemented. Thus gender cannot be introduced after the fact but must be assured during the design phase of a programme



# Main Staple Food Products Prices

1. In quarter I 2009 prices on most food products declined relative to those in quarter I 2008
2. Price fluctuation in bread prices reflect variability in world wheat grain prices
3. Local prices on sunflower oil and sugar mirror variation in import prices, since around 4/5 of total sunflower oil and ½ of sugar consumption are represented by imports
4. Price fluctuation in pork prices reflect the consequence of ASF outbreak in 2007
5. Price variability in beef prices are affected by price change in pork prices, given their substitutability
6. Declining prices on poultry indicate on recovery and increase in local production and imports of poultry after 2005-2006 outbreak of AI
7. Maize flour prices discerned a declining pattern due to improvement in maize harvest in 2007 and 2008
8. Declining pattern in bean and potato prices can be attributed to recovery in local production

## National Prices

Products	Retail Nominal Average Quarterly Prices										Relative Price Change from Previous Quarter										2009 Qrt I relative to 2008 Qrt I
	2006/ Qrt. IV	2007/ Qrt. I	2007/ Qrt. II	2007/ Qrt. III	2007/ Qrt. IV	2008/ Qrt. I	2008/ Qrt. II	2008/ Qrt. III	2008/ Qrt. IV	2009/ Qrt. I	2007/ Qrt. I	2007/ Qrt. II	2007/ Qrt. III	2007/ Qrt. IV	2008/ Qrt. I	2008/ Qrt. II	2008/ Qrt. III	2008/ Qrt. IV	2009/ Qrt. I		
Bread	0.99	0.98	0.97	1.1	1.32	1.33	1.34	1.34	1.31	1.27	-1%	-1%	13%	20%	1%	1%	0%	-2%	-3%	-5%	
Potato	0.83	0.95	1.02	0.84	0.77	0.88	1.02	0.73	0.8	0.79	14%	7%	-18%	-8%	14%	16%	-28%	10%	-1%	-10%	
Beans	3.44	3.38	3.21	2.95	3.02	3.26	3.19	3.03	2.94	2.84	-2%	-5%	-8%	2%	8%	-2%	-5%	-3%	-3%	-13%	
Wheat Flour	1.04	1.05	1.06	1.17	1.37	1.33	1.52	1.56	1.52	1.43	1%	1%	10%	17%	-3%	14%	3%	-3%	-6%	8%	
Maize Flour	1.19	1.38	1.58	1.96	1.79	1.67	1.56	1.58	1.57	1.51	16%	14%	24%	-9%	-7%	-7%	1%	-1%	-4%	-10%	
Beef	6.92	6.72	6.94	6.82	6.79	7.24	7.69	7.6	7.38	7.62	-3%	3%	-2%	0%	7%	6%	-1%	-3%	3%	5%	
Pork	7.04	6.56	6.47	6.44	6.9	7.94	9.31	11.03	10.98	11.15	-7%	-1%	0%	7%	15%	17%	18%	0%	2%	40%	
Poultry	6.99	6.57	6.74	6.3	6.7	7.05	6.99	7.15	7.08	6.57	-6%	3%	-7%	6%	5%	-1%	2%	-1%	-7%	-7%	
Sunflower Oil	2.42	2.42	2.39	2.8	3.98	4.07	4.47	4.44	3.83	3.3	0%	-1%	17%	42%	2%	10%	-1%	-14%	-14%	-19%	
Cheese	5.63	5.54	4.46	4.47	6.14	6.93	5.56	5.81	6.77	6.23	-2%	-19%	0%	37%	13%	-20%	4%	17%	-8%	-10%	
Milk	1.25	1.3	1.22	1.35	1.71	1.81	1.71	1.71	1.84	1.88	4%	-6%	11%	27%	6%	-6%	0%	8%	2%	4%	
Eggs (10 pcs)	3.35	2.93	2.34	1.97	2.7	3.04	2.67	2.45	3.05	2.94	-13%	-20%	-16%	37%	13%	-12%	-8%	24%	-4%	-3%	
Sugar	1.36	1.26	1.21	1.19	1.3	1.11	1.14	1.24	1.25	1.21	-7%	-4%	-2%	9%	-15%	3%	9%	1%	-3%	9%	

Source: State Department of Statistics, estimates



## Prices for Gori district

Products	Retail Nominal Average Quarterly Prices										Relative Price Change from Previous Quarter									2009 Qrt I relative to 2008 Qrt I
	2006/ Qrt IV	2007/ Qrt.I	2007/ Qrt.II	2007/ Qrt. III	2007/ Qrt. IV	2008/ Qrt.I	2008/ Qrt.II	2008/ Qrt. III	2008/ Qrt. IV	2009/ Qrt.I	2007/ Qrt.I	2007/ Qrt.II	2007/ Qrt. III	2007/ Qrt. IV	2008/ Qrt.I	2008/ Qrt.II	2008/ Qrt. III	2008/ Qrt. IV	2009/ Qrt.I	
Bread	1	0.98	0.91	1.11	1.34	1.44	1.39	1.34	1.29	1.25	-2%	-7%	22%	21%	7%	-3%	-4%	-4%	-3%	-13%
Potato	0.83	0.91	1.11	0.72	0.73	0.8	0.9	0.62	0.69	0.73	10%	22%	-35%	1%	10%	13%	-31%	11%	6%	-9%
Beans	3.36	3.23	3.16	2.71	2.72	3.21	2.75	2.59	2.51	2.22	-4%	-2%	-14%	0%	18%	-14%	-6%	-3%	-12%	-31%
Wheat Flour	1.11	1.09	1.08	1.23	1.44	1.34	1.59	1.64	1.66	1.55	-2%	-1%	14%	17%	-7%	19%	3%	1%	-7%	16%
Maize Flour	1.3	1.85	1.93	2.03	2.1	1.26	1.96	2.02	1.92	1.77	42%	4%	5%	3%	-40%	56%	3%	-5%	-8%	40%
Beef	6.36	6.36	6.25	6.3	6.3	7.02	6.89	6.8	6.67	7.06	0%	-2%	1%	0%	11%	-2%	-1%	-2%	6%	1%
Pork	7.44	6.72	6.54	6.43	7	5.83	9.96	11.48	11.81	11.92	-10%	-3%	-2%	9%	-17%	71%	15%	3%	1%	104%
Poultry	5.93	5.92	5.76	5.65	6.03	7.87	6.31	6.47	6.54	6.13	0%	-3%	-2%	7%	31%	-20%	3%	1%	-6%	-22%
Sunflower Oil	2.43	2.39	2.39	2.87	3.98	3.9	4.46	4.52	3.61	3.22	-2%	0%	20%	39%	-2%	14%	1%	-20%	-11%	-17%
Cheese	4.7	4.92	3.75	3.57	5.08	6.83	5.25	5.16	5.91	5.31	5%	-24%	-5%	42%	34%	-23%	-2%	15%	-10%	-22%
Milk	1.14	1.1	1	1	1.37	1.21	1	1.06	1.41	1.36	-4%	-9%	0%	37%	-12%	-17%	6%	33%	-4%	12%
Eggs (10 pcs)	3.31	2.9	2.34	1.86	2.79	2.94	2.8	2.42	3.02	2.96	-12%	-19%	-21%	50%	5%	-5%	-14%	25%	-2%	1%
Sugar	1.37	1.23	1.22	1.13	1.25	1.02	1.15	1.23	1.26	1.21	-10%	-1%	-7%	11%	-18%	13%	7%	2%	-4%	19%

Source: State Department of Statistics, estimates

The table below depicts average quarterly retail nominal prices against the national level equivalents. Estimated percentages indicate the extent by which food products prices in Gori were either higher or lower than those of national equivalents.

Prices in Gori that were most affected during the war in August 2008 did not experience any noticeable fluctuations. This can be attributed to the relatively short time of hostilities and a significant response in terms of humanitarian assistance by donor community.

	2006- IV	2007- I	2007- II	2007- III	2007- IV	2008- I	2008- II	2008- III	2008- IV	2009-I
Bread	1%	0%	-6%	1%	2%	8%	4%	0%	-2%	-2%
Potato	0%	-4%	9%	-14%	-5%	-9%	-12%	-15%	-14%	-8%
Beans	-2%	-4%	-2%	-8%	-10%	-2%	-14%	-15%	-15%	-22%
Wheat Flour	7%	4%	2%	5%	5%	1%	5%	5%	9%	8%
Maize Flour	9%	34%	22%	4%	17%	-25%	26%	28%	22%	17%
Beef	-8%	-5%	-10%	-8%	-7%	-3%	-10%	-11%	-10%	-7%
Pork	6%	2%	1%	0%	1%	-27%	7%	4%	8%	7%
Poultry	-15%	-10%	-15%	-10%	-10%	12%	-10%	-10%	-8%	-7%
Sunflower Oil	0%	-1%	0%	3%	0%	-4%	0%	2%	-6%	-2%
Cheese	-17%	-11%	-16%	-20%	-17%	-1%	-6%	-11%	-13%	-15%
Milk	-9%	-15%	-18%	-26%	-20%	-33%	-42%	-38%	-23%	-28%
Eggs (10 pcs)	-1%	-1%	0%	-6%	3%	-3%	5%	-1%	-1%	1%
Sugar	1%	-2%	1%	-5%	-4%	-8%	1%	-1%	1%	0%

Source: State Department of Statistics, estimates

## Conclusion & Outlook

Perhaps one of the most significant developments in the Agriculture Sector has been the recognition from different international and national entities to address the urgent food security needs caused by the war in August 2008 to the mainly rural conflict affected population that have either returned to their villages in the area adjacent to South Ossetia or who remain uprooted as internally displaced persons in 36 settlements for the foreseeable future. Assistance has been centred on ensuring survival of livestock during the winter, provision of agriculture inputs and means for farmers to restart their livelihoods in spring, and seeking solutions for securing access to water for irrigation of farmlands. The recovery process will nevertheless require more time to address gaps and emerging needs that need further attention.

Another milestone will be set with the enforcement of the Food Safety Law that is expected to begin from January 2010. The Ministry of Agriculture (MoA) with the support of international community has in the meantime concentrated on filling the gaps existing in legislation and institutional capacity during the transition period leading up to the end of this year. Specifically, the MoA prepared the draft package of 'hygiene' legislation. In this light, the MoA also initiated training needs assessment of the national service inspectors on how to perform their duties and responsibilities, and development of a training plan. As of 1 July 2009, the revenue service of the Ministry of Finance on top of documentary controls

will start physical and identity inspection of imported products subject to veterinary and phyto-sanitary control.<sup>1</sup> Much progress has been made during this transition period, but substantial work remains to be done consisting of revision of the law on veterinary matters and animal health and filling gaps regulating plant health and quarantine. Personnel from different services will be in need of capacity building to gradually meet the demands of increased responsibilities and duties. Reform of food safety, veterinary services, and plant protection system is one of the commitments of the Government of Georgia (GoG) in the European Neighbourhood Policy (ENP) Action Plan (AP) agreed with European Union in November 2006. The implementation of the AP is expected to advance significantly the approximation of Georgian legislation, norms and standards to those of the European Union, and will provide Georgia with the prospect of a stake in European Union internal market and further economic integration, allowing Georgia to be considered for entering into negotiations with the EU on Deep and Comprehensive Free Trade Agreement (DCFTA). The MoA is responsible for implementation of the part of AP foreseeing approximation of legislation in food safety, veterinary and plant protection and general agricultural development.

1. In December 2005 responsibility on SPS control at the territorial borders and ports was transferred from the MoA to the Revenue Service of the Ministry of Finance. The only made checks at the border have been documentary inspections.



Another challenge that Georgia confronts is the rendering of the agriculture sector profitability vis-à-vis local markets that remain in competition with imports of foreign food products. In spite of the war in August 2008, inflation remained under control and currency fluctuations minimized. During the first quarter of 2009, prices on most food products with the exception of those on wheat flour, pork, beef, and milk prices were lower compared to those in quarter I 2008, and only pork, beef, and milk prices were higher relative to those during the preceding quarter. Local price levels are affected either by combined or independent effect of local production levels and prices on imported products.

During the first quarter in 2009 Georgia remains a net importer of agricultural and food products. Exports are highly concentrated, both in terms of markets and products. Around 53 percent of total exports were supplied to the markets of three countries, and 76 percent of total exports were represented by three commodity groups. Concentration of imports was less significant compared to that of exports. Around 65 percent of all imports were represented by products from five countries, and a five commodity groups represented 40 percent of total imports.

In reality, Georgia has been a net importer of agriculture and food products for the last decade. Nevertheless, the gap between exports and imports tended to shrink through 2006. Imported products do compete with local equivalents in terms of price and volumes. However, the Russian embargo reversed the trend. Also, Russian embargo has significantly impacted production levels in export oriented sub-sectors. Although Georgia is a beneficiary of a GSP system from a number of advanced economies (USA, Japan, Switzerland etc.) and beneficiary of GSP+ from the European Union, due to the insufficiently developed food safety, veterinary, and plant protection systems Georgian agribusiness faced a great challenge to diversify and find new markets.<sup>2</sup> Moreover, Georgia has prospect to enter into negotiations with European Union on DCFTA after the pre-condition to align its food safety, and animal and plant health protection systems with those in European Union is met. Since the Russian embargo, the main export destination of Georgian products has been Ukraine, which partially has absorbed exports in the past supplied to Russian market.

2. As of 2004 Georgia has not been included among the third countries eligible to export live animals and animal origin products to EU market





According to the preliminary estimates of agricultural output in 2008, production volumes of wheat grain, beans, sunflower and vegetables have declined from the previous year levels; while these of maize and barley have increased. With the exception of peaches and berries output estimates in 2008, harvest of all remaining fruits and high value perennial crops were lower compared to the previous year levels. The size of all types of livestock population compared to the previous year levels declined in 2008, with the exception of poultry. 2008 livestock production estimates indicate decline in production of all types of meats, and increase in milk and egg production levels. In general, agricultural production is characterized with an extensive nature, variability, and underproduction. It is influenced either by joint or individual effect of the limited access of the farming community to adequate inputs, application of modern production methods, high vulnerability to weather conditions, deteriorating production and insufficiently developed post-harvest handling infrastructure, outbreaks of TADs and zoonoses (ASF, brucellosis, AI etc.), and plant disease and pests (locust infestation, potato pest, etc.). The MoA has therefore identified a number of sub-sectors with a prospect to compete successfully with imported equivalents, and plans to support their development through different GoG funded and administered programs, and creating favourable conditions for attraction of investments. MoA has developed a state program to support the private sector to explore new market opportunities through participation and promotion of Georgian products at different international fairs. This effort will be more effective with concurrent development of adequate food safety, veterinary, and plant protection systems.

The FAO launched a National Medium Term Priority Framework (NMTPF) with the Ministry of Agriculture to advise Georgia as a Member Country in refining its Agriculture Plan of action, strategies and policies to stand by as a partner and face the challenges of global economic crises.

# Web links



## Individual Country and International Donor Community Cooperation Framework Documents and Policies with Georgia

Donor	Development Aid and Cooperation Framework Resources
USA	<p>United States-Georgia Charter on Strategic Partnership  <a href="http://www.america.gov/st/texttrans-english/2009/January/20090109145313eaifas0.2139093.html">http://www.america.gov/st/texttrans-english/2009/January/20090109145313eaifas0.2139093.html</a></p> <p>Foreign Operations Appropriated Assistance: Georgia  <a href="http://www.state.gov/p/eur/rls/fs/108293.htm">http://www.state.gov/p/eur/rls/fs/108293.htm</a></p> <p>USAID  <a href="http://georgia.usaid.gov/index.php?m=13">http://georgia.usaid.gov/index.php?m=13</a>  <a href="http://georgia.usaid.gov/index.php?m=16#1">http://georgia.usaid.gov/index.php?m=16#1</a>  <a href="http://georgia.usembassy.gov/usaid2.html">http://georgia.usembassy.gov/usaid2.html</a></p> <p>MCC  <a href="http://georgia.usembassy.gov/mcg.html">http://georgia.usembassy.gov/mcg.html</a>  <a href="http://www.mcg.ge/?l=1&amp;i=1&amp;i2=0">http://www.mcg.ge/?l=1&amp;i=1&amp;i2=0</a></p>
European Commission	<p>Eastern Partnership  <a href="http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52008DC0823:EN:NOT">http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52008DC0823:EN:NOT</a>  <a href="http://ec.europa.eu/external_relations/eastern/docs/sec08_2974_en.pdf">http://ec.europa.eu/external_relations/eastern/docs/sec08_2974_en.pdf</a></p> <p>Partnership and Cooperation Agreement  <a href="http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:21999A0804(01):EN:NOT">http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:21999A0804(01):EN:NOT</a></p> <p>European Neighborhood Policy  <a href="http://ec.europa.eu/world/enp/pdf/action_plans/georgia_enp_ap_final_en.pdf">http://ec.europa.eu/world/enp/pdf/action_plans/georgia_enp_ap_final_en.pdf</a></p> <p>Country Strategy Paper 2007-2013  <a href="http://ec.europa.eu/world/enp/pdf/country/enpi_csp_georgia_en.pdf">http://ec.europa.eu/world/enp/pdf/country/enpi_csp_georgia_en.pdf</a></p> <p>National Indicative Program  <a href="http://ec.europa.eu/world/enp/pdf/country/enpi_csp_nip_georgia_en.pdf">http://ec.europa.eu/world/enp/pdf/country/enpi_csp_nip_georgia_en.pdf</a></p>

<p>Swiss Development Cooperation (SDC)</p>	<p>Swiss Cooperation Strategy 2008-2011 (South Caucasus – Armenia, Azerbaijan, Georgia)</p> <p><a href="http://www.swisscoop.ge/ressources/resource_en_174563.pdf">http://www.swisscoop.ge/ressources/resource_en_174563.pdf</a></p> <p>Summary Table of the Strategy</p> <p><a href="http://www.swisscoop.ge/en/Home/ressources/resource_en_174566.pdf">http://www.swisscoop.ge/en/Home/ressources/resource_en_174566.pdf</a></p> <p>Activities in Georgia</p> <p><a href="http://www.swisscoop.ge/en/Home/Activities_in_Georgia">http://www.swisscoop.ge/en/Home/Activities_in_Georgia</a></p>
<p>Swedish International Development cooperation Agency (SIDA)</p>	<p><a href="http://www.sida.se/sida/jsp/sida.jsp?d=1319&amp;language=en_US">http://www.sida.se/sida/jsp/sida.jsp?d=1319&amp;language=en_US</a></p>
<p>Japan</p>	<p>JICA Vision, Mission, and Strategy</p> <p><a href="http://www.jica.go.jp/english/about/mission/">http://www.jica.go.jp/english/about/mission/</a></p>
<p>Israel</p>	<p>Cooperation Agreements</p> <p><a href="http://tbilisi.mfa.gov.il/mfm/web/main/Document.asp?SubjectID=2020&amp;MissionID=98&amp;LanguageID=0&amp;StatusID=3&amp;DocumentID=-1">http://tbilisi.mfa.gov.il/mfm/web/main/Document.asp?SubjectID=2020&amp;MissionID=98&amp;LanguageID=0&amp;StatusID=3&amp;DocumentID=-1</a></p> <p>Cooperation in Agriculture</p> <p><a href="http://tbilisi.mfa.gov.il/mfm/web/main/Document.asp?SubjectID=2020&amp;MissionID=98&amp;LanguageID=0&amp;StatusID=3&amp;DocumentID=-1">http://tbilisi.mfa.gov.il/mfm/web/main/Document.asp?SubjectID=2020&amp;MissionID=98&amp;LanguageID=0&amp;StatusID=3&amp;DocumentID=-1</a></p>
<p>World Bank</p>	<p>World Bank Strategy in Georgia 2006-2009</p> <p><a href="http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/ECAEXT/GEORGIAEXTN/0,,menuPK:301758~pagePK:141132~piPK:141105~theSitePK:301746,00.html">http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/ECAEXT/GEORGIAEXTN/0,,menuPK:301758~pagePK:141132~piPK:141105~theSitePK:301746,00.html</a></p>
<p>UN</p>	<ul style="list-style-type: none"> <li>- UN Development Assistance Framework: 2006-2010</li> <li>- Country Programme: 2006-2010</li> <li>- Country Programme Action Plan: 2006 - 2010</li> <li>- Country Programme Action Plan: 2006 - 2010 (signature page)</li> <li>- Standard Basic Assistance Agreement between Georgia and UNDP: 1994</li> <li>- Country Cooperation Framework: 2001-2003</li> </ul> <p><a href="http://undp.org/ge/new/index.php?lang_id=ENG&amp;sec_id=4">http://undp.org/ge/new/index.php?lang_id=ENG&amp;sec_id=4</a></p>
<p>Bilateral Relations</p>	<p>Link to the Georgia's bilateral relations with different countries, and country specific information on the fields of cooperation and legal framework.</p> <p><a href="http://www.mfa.gov.ge/index.php?lang_id=ENG&amp;sec_id=61">http://www.mfa.gov.ge/index.php?lang_id=ENG&amp;sec_id=61</a></p>

## Acronyms

AA	Agribusiness Association
ABC	Union Agro-Business Consulting
ABCO	Association of Business Consulting Groups
ACDI/VOCA	ACDI/VOCA
ACF	Action Contre le Faim
ADA	Agriculture Development Activity
ADG	Agriculture Development Group
AgVANTAGE	AgVANTAGE
AIC	AbkhazInterCont
AMWG	Association of Multinational Women of Georgia
APLR	Association of Protection Land Owner Rights
AS	Agro Service
BCPR (UNDP)	Bureau for Crises Prevention and Recovery
BTC	BTC Pipeline Company
CARE	CARE International
CDA	Civil Development Agency
CENN	Caucasus Environmental NGO Network
CG	Civitas Georgia
CHF	Community Habitat Finance International
CNFA	Citizens Network for Foreign Affairs
Constanta	Constanta
CSI	Civil Society Institute
CTC	Center for Training and Consultancy
DAI	Development Alternatives Incorporation
DF	Development Fund
DTRA	Defence Threat Reduction Agency - US Defense Department
EC	European Commission
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FH	Farmers House
FRUZ	Farmer Regional Union of Zugdidi
FRUZ LTD "Engur-Audit"	FRUZ LTD "Engur-Audit"
GFPA	Georgian Farm Products Production and Promotion Agency
GIPA	Georgian Institute of Public Affairs
GITO	Georgian Incoming Tour Operators
GoG	Government of Georgia
GPC	Georgian Pipeline Company
GRM	GRM International

GTA	Georgian Tourism Association
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
GYLA	Georgian Young Lawyers Association
HA	Hellenic Aid
HTSPE	Hunting Technical Services and P-E International
IAAD	International Association of Agricultural Development
ICCN	International Center on Conflict and Negotiation
IFAD	International Fund for Agricultural Development
IOCC	International Orthodox Christian Charities
IRD	International Relief and Development
ISFED	International Society for Fair Elections and Democracy
IUCN	International Union for Conservation of Nature
JSC	Joint Stock Company
LC	Lazika Capital
MC	Mercy Corps
MCG	Millennium Challenge Georgia
MoA	Ministry of Agriculture
MoHLSP	Ministry of Health, Social Affairs, and Labor
Mta-Bari	Mta-Bari
NALAG	National Association of Local Authorities of Georgia
OFDA	Office of U.S. Foreign Disaster Assistance
RCEC	Rustavi Civic Education Center
SCP	South Caucasus Pipeline
SDC	Swiss Agency for Development and Cooperation
TRSC	Threat Reduction Support Center
UA	University of Agriculture
UMCOR	United Methodist Committee on Relief
UNDP	United Nations Development Programme
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development
USDA	United States Department of Agriculture
WB	World Bank
WFP	World Food Programme
WPCA	Wild Plant Conservation Association
WVI	World Vision International
ZSRI	Zugdidi Subtropical Research Institute
ZSRC	Zugdidi Subtropical Research Center
DVV	Institute for International Cooperation of the German Adult Education Association

