



## **Communiqué about the Stakeholders' Forum on the Trout Sector**

On December 4, 2015, the Stakeholders' Forum on the Trout Sector took place at the Bagrati Hotel in Kutaisi. This was the second event in a series of dialogues about agriculture and rural development in Georgia organized by the *ISET Policy Institute* in partnership with *CARE International in the Caucasus*, the *Regional Development Association*, and the *Georgian Farmers Association* within the framework of the EU-funded ENPARD project “*Cooperation for Rural Prosperity in Georgia*”.

The main goal of this forum was to analyze the challenges and opportunities faced by the value chain actors involved in the trout sector, including input suppliers, farmers, cooperatives, market intermediaries, consumers, with the overall goals of improving productivity in the sector, informing farmers about new business opportunities, analyzing recent geopolitical situation and searching for potential export markets, and developing and managing Georgian trout sector.

The forum was attended by Gocha Tsopurashvili (Ministry of Agriculture of Georgia), Giorgi Misheladze (Agricultural Cooperative Development Agency), Nino Zambakhidze (Georgian Farmers Association), Lasha Lanchava (ISET Policy Institute), Archil Partsvania (Fishermen Association of Georgia and Ministry of Agriculture of Georgia), Manuchar Tsetskhladze (GeoVet), Silvia Sanjuan (CARE International in the Caucasus), Eric Livny (ISET Policy Institute), Giorgi Glonti (CARE International in the Caucasus) and representatives from the trout producers' cooperatives (including Samegobro 2014, Kulbaki, Cisartkela, Kvacikhe 2015 among others). There were also representatives from the regional information and consultation centers of the Ministry of Agriculture, from regional and municipal governments and the private sector including: Zoreti Ltd., Sherge Ltd. and JSC MFO Crystal Georgia.

Nino Zambakhidze, the Head of the Georgian Farmers Association (GFA), opened the forum with a discussion regarding the sector's importance in Georgia. Lasha Lanchava from ISET-PI presented facts and figures about the sector and introduced the goals and structure of the forum. According to the latest data from the Market Price Information System – a data collection system developed under the ENPARD project by Ministry of Agriculture of Georgia in cooperation with FAO and ISET Policy Institute – average retail price for trout was 11 GEL per kilogram in Georgia in 2015. Then Mr. Lanchava summarized export and import statistics citing National Statistics Office of Georgia (Geostat) data. The top export destination country is Russian federation. The top trout importing countries are Norway, Chile, Denmark and Turkey. Finally, Mr. Lanchava described the trout value chain. There are a number of actors involved in the sector including trout feed suppliers/importers, suppliers of fry, roe and veterinary care, small, medium and large scale trout farmers, 8 trout cooperatives, retail sellers and exporters.

At the beginning of the forum, Gocha Tsopurashvili, Deputy Minister of Agriculture, outlined the main challenges facing the Georgian trout sector. According to Mr. Tsopurashvili, lack of local trout feed production, lack of proper veterinary care, lack of proper water quality and disease control mechanisms, lack of professional farmers and lack of appropriate statistics about trout production are the main obstacles hindering the development of the sector. ‘We will not be competitive if we will not have local trout feed production’ – said Mr. Tsopurashvili. Then, the deputy Minister outlined the working strategy of the Ministry. According to Mr. Tsopurashvili, the

Ministry of Agriculture in cooperation with the Ministry of Environment Protection of Georgia is developing a working plan to support fishing industry in Georgia. Hoping to encourage local trout feed production, the government plans to make feed production one of the key requirements for receiving license to catch fish. Moreover, according to Mr. Tsopurashvili, the Georgian trout sector – lacking capabilities of large scale industrial production – must focus on creating high quality Georgian trout brand and serve high end export markets. At the end of his speech, Mr. Tsopurashvili mentioned that, the farmer dialogue series, conducted within the framework of the ENPARD project, are essential for giving voice to farmers and help government shape agricultural policy.

George Misheladze, Chairman of Agricultural Cooperative Development Agency, talked about the advantages of cooperation in terms of trout feed and medicament acquisition. However, due to the nature of the sector, he suggested that it would be more natural for trout farmers to establish the second level cooperatives that would engage in trout processing, product differentiation and marketing.

Archil Partsvania, deputy head of the Division of Sector Development at the Ministry of Agriculture and a member of Fishermen Association of Georgia, provided in depth analysis of the Georgian trout sector. As Mr. Partsvania said, there are three categories of trout producing farms in Georgia: small scale farms, farms – mostly located in Adjara region – that combine trout production and tourism and large scale firms with a well formulated development plan. These firms produce one product category that is 250 g live trout. Mr. Partsvania echoed previous speakers mentioning that lack of product diversification is one of the most serious challenges Georgian trout sector faces.

Next, Mr. Partsvania talked about marketing potential of the sector. As he said, Georgia has massive fresh water resources that creates substantial opportunity for local production. According to Archil, Georgian producers have a potential to fully substitute imports and make a profit. However, this will be achieved only if Georgian farmers learn how to diversify their product.

Mr. Partsvania then switched to outlining problematic issues prevalent in the sector and the ways to address them. Due to high prices on imported trout feed, Archil recommended creation of local trout feed production line. As he said, availability of high quality black sea anchovy would make it possible to produce high quality trout feed locally at much lower price that would ultimately reduce production cost for farmers and increase competitiveness of trout sector in general. Another problem facing the sector is very low standards of fry production as evidenced with the very high morbidity rate. This on the one hand is caused by absence of professionalism and experience from the side of fry producers and on the other hand due to absence of disease prevention mechanisms. In response to these problems Scientific Research Center of Agriculture plans to create a well-equipped modern laboratory that would enable a selection process essential for producing high quality fry that would be then supplied to certified firms for further production on a larger scale.

Manuchar Tsetskhladze, Senior Veterinarian from GeoVet, also talked about the need of producing trout feed locally. He highlighted the importance of having the system for raising a new generation of local professionals that would be essential for producing genetically strong fry tailored to varying environmental conditions of Georgian trout farms. He also outlined the necessity of high quality mobile laboratories that would satisfy specific needs of farmers.

Speaker presentations were followed by Q&A session during which invited participants, including trout producing farmers and cooperatives, had a chance to pose particular problems they face and hear an advice from the invited speakers.

The mostly discussed topics were high prices on imported trout feed and the lack of high quality locally produced feed. As one trout producer from Borjomi observed importers charge high price on low quality trout feed. In response Mr. Tsopurashvili said that starting in 2016 the National Food Agency will start monitoring the quality of imported trout feed. Fry producer from Chiatura mentioned that the main obstacle his business faces is the lack of high quality locally produced roe which forces him to import roe from the US at the expense of giving up big chunk of profits. Others mentioned river pollution as an obstacle to growing trout. Farmers also raised concerns regarding the unwillingness of banks to provide preferential loans to small scale businesses as well as short term grace period for government financed loans. As Mr. Tsopurashvili said government is looking for alternative ways to issue preferential loans, however, as he advised, for now banks should be viewed as a default when it comes to issuing loans and farmers should take more responsibility when negotiating with banks about the rate of the interest or duration of the grace period. Addressing trout cooperatives, Mr. Misheladze said that cooperatives could attract necessary capital by giving investors a status of an associated member.

At the closing of the forum, Eric Livny, the President of ISET-PI, noted that while cooperation is beneficial when the economies of scale occur, it cannot be an answer to all problems Georgian trout sector is facing today. What is needed instead is to embrace variety, support small and large scale businesses with preferential loans, professional veterinary care and other necessary services that would help local trout producers supply their own niche product to the market and ultimately contribute to the creation of highly diversified trout market sector in Georgia.

Silvia Sanjuan, Director of the project organizing the forum, reminded the participants about the importance of these forums in shaping Georgian policies and programs for supporting the sector. Also encouraged the participants to start private initiatives based on cooperation aiming at solving some of the challenges faced by trout producers and cooperatives, as the access to food for trout. After thanking the participants for their active participation, they were reminded by George Glonti, CARE Caucasus Mission Director that the dialogue platform on trout would be kept open and the project will follow up the main challenges and opportunities discussed during the forum, keeping informed the different stakeholders about the progress made, and organizing meetings for in-depth discussions on trout and trout farming issues.

Finally, Nino Zambakhidze, invited farmers to submit their questions regarding the problems in trout sector to GFA and promised to work with the ministry to ensure timely and accurate responses to farmers' concerns.

*You can read more about the Georgian trout sector here: <http://iset-pi.tsu.ge/index.php/en/publications/iset-economist-blog2/entry/agricultural-cooperatives-fishing-for-competitiveness>. A formal value chain study of the sector is expected to be completed by January 2016. The final results will be presented in Tbilisi at ISET and the analysis will be shared with the stakeholders participating in the forum. The study will contain a specific set of recommendations based on the comprehensive analysis of the value chain and on the ideas shared during the forum.*



 Funded by the European Union  
დაფინანსებულია ევროკავშირის მიერ



WITH FUNDING FROM  
AUSTRIAN  
DEVELOPMENT  
COOPERATION