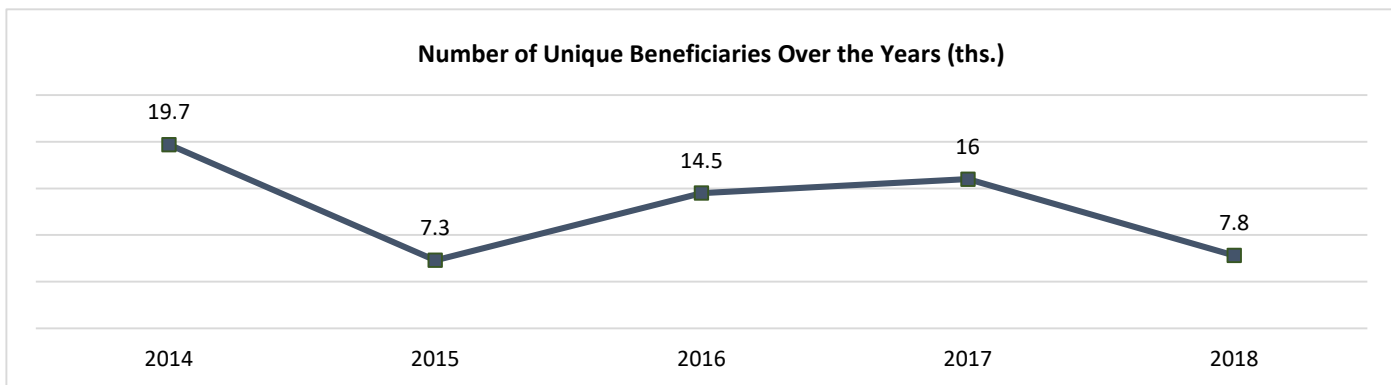


**SECTOR AT A GLANCE**

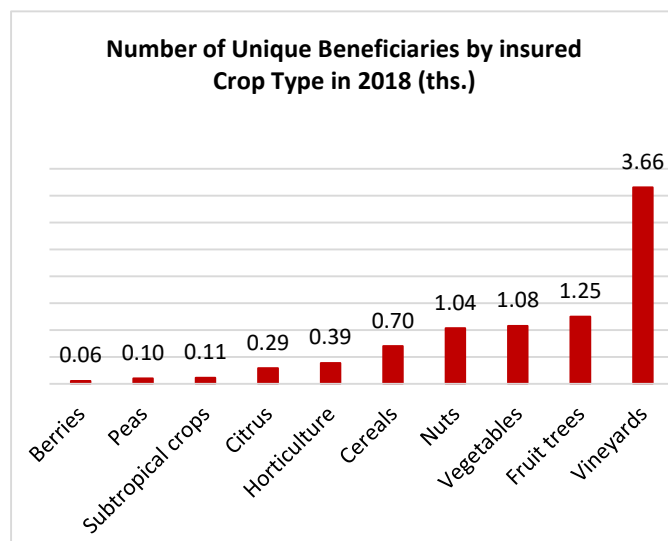
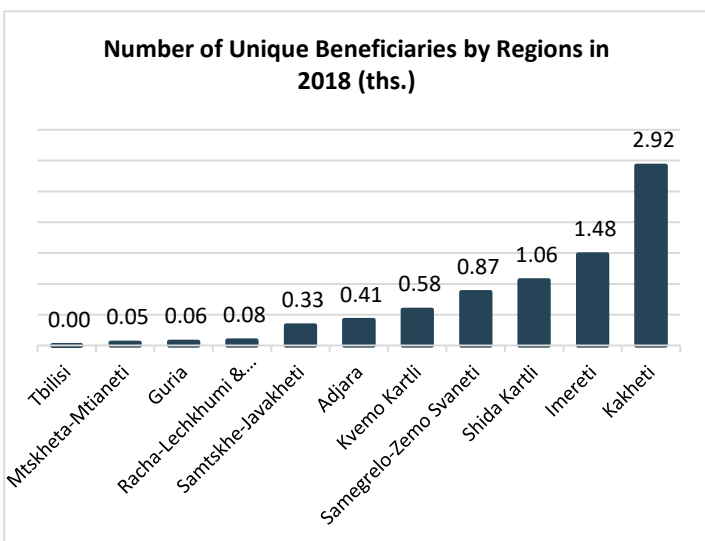
**AGRO INSURANCE**

An agro insurance program was started in September 2014. The program is subsidized by the state and eight insurance companies participate in the program. The insurance package covers losses caused by hail, flooding, and storms, as well as by autumn frost (covered only for citrus). Since the beginning of the program, 49.3 thousand farmers (unique beneficiaries) have purchased insurance. The demand was particularly high in 2014 and dropped afterwards due to the reduction of the state subsidy from 90% to 70%, advancements to the program start date in later years, and the introduction of new requirements throughout program implementation. While in 2016 and 2017 there was an increasing trend in the number of insured farmers, in 2018 the number of beneficiaries declined again due to the requirement that the insured land plot be registered in the public registry.



Source: APMA, 2019

In 2018, the highest number of farmers was insured in Kakheti (2.92 ths.) and most farmers insured vineyards (3.66 ths). From the beginning of the program until now, the program has had the highest number of insured farmers from Adjara, and citrus has been the top crop insured. This is not surprising, given that citrus is the leading crop in Adjara.



Source: APMA, 2019

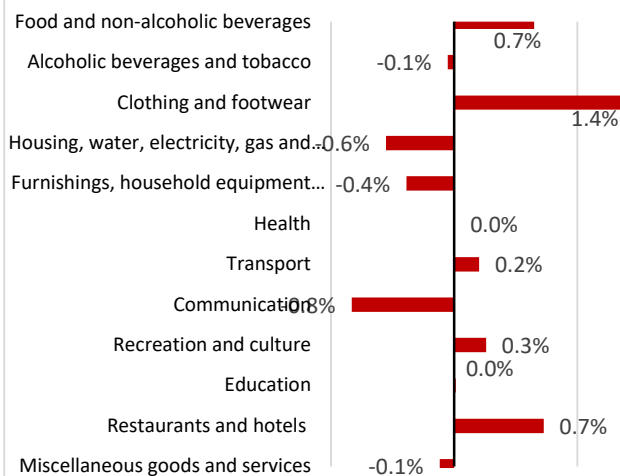
## PRICE HIGHLIGHTS

### DOMESTIC PRICES

On a monthly basis, the country's price levels barely changed. The Consumer Price Index (CPI) in April 2019 was 0.2% higher than the previous month. While in comparison to April 2018, CPI experienced a significant 4.1% increase.

For food and non-alcoholic beverages, the month-over-month prices increased slightly by 0.7%, contributing 0.21 percentage points to the change in total CPI. The main drivers were price fluctuations in the following sub-groups:

**Percentage Change in Prices MoM  
(April 2019 VS March 2019)**



*Vegetables (5.6%↑)*



*Fruit and grapes (5.0%↑)*



*Milk, cheese, and eggs (-3.8%↓)*

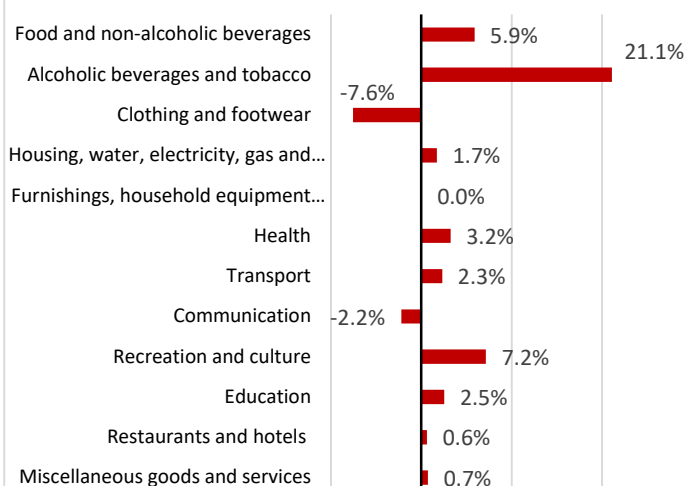


Source: GeoStat, 2019

From an annual perspective (April 2019 vs. April 2018), the prices of food and non-alcoholic beverages increased by 5.9%, contributing 1.82 percentage points to the change in total CPI.

In April 2019, the sharpest price changes on an annual basis were observed within the following subgroups:

**Percentage Change in Prices YoY  
(April 2019 VS April 2018)**



*Vegetables (25.8%↑)*



*Fish (13.9%↑)*



*Fruit and grapes (-22.3%↓)*



Source: GeoStat, 2019

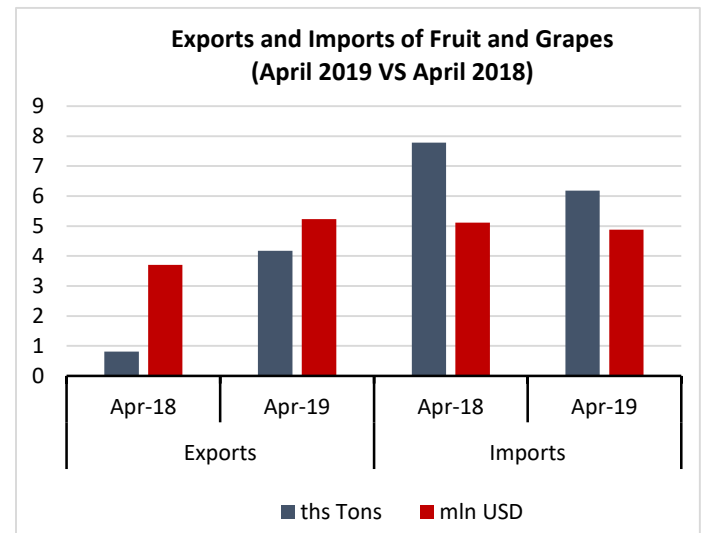
## FRUIT AND GRAPES - IN THE SPOTLIGHT

In April 2019, prices in the category of fruit and grapes increased by 5.0% compared to the previous month. On an annual basis, prices in this group experienced a significant -22.3% decrease. According to GeoStat data, the sharpest annual price decreases were observed for grapes (-40.9%), apples (-36.9%), plums (-34.7%), and lemons (-24.0%).

The decrease in fruit prices might be the result of increased production. As [the preliminary data on plant cultivation](#) suggest, the domestic production of fruit and grapes (including citrus) in 2018 increased by 42% compared to 2017 (GeoStat, 2019). On the other hand, trade statistics reveal that both the import value and quantity of fruit and grapes decreased on an annual basis. In April 2019, the quantity of imported fruit and grapes decreased by 21%, from 7.8 thousand tons to 6.2 thousand tons. Within the same period, the import value amounted to 4.9 mln. USD, 5% lower than the 5.1 mln. USD of April 2018. As for exports, the quantity of exported fruit and grapes in April 2019 drastically increased from 0.81 thousand tons to 4.17 thousand tons

the previous year. The corresponding increase in export value was 41% (from 3.7 mln. USD to 5.2 mln. USD).

It appears that the increase in domestic production led to a decrease in prices and imports of fruit and grapes, while exports of fruit and grapes increased.

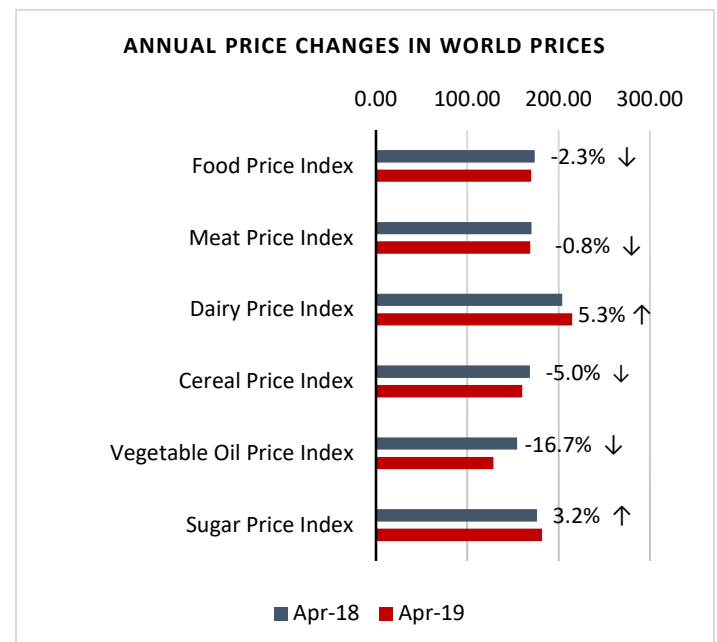


Source: MoF, 2019

## INTERNATIONAL PRICES

In April 2019, international prices increased on a monthly basis and marked their highest level since June 2018. The Food Price Index, measured by the Food and Agriculture Organization (FAO), increased by 2.5% compared to March 2019. From an annual perspective, we still observe a downward trend in world prices: the FAO Food Price Index decreased by 2.3%, compared to April 2018. Annual price decreases were observed for vegetable oil (-16.7%), cereal (-5.0%), and meat (-0.8%).

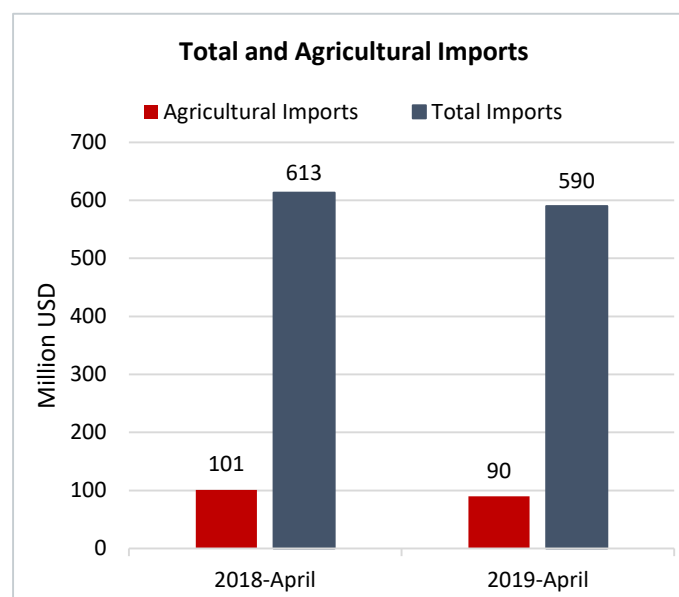
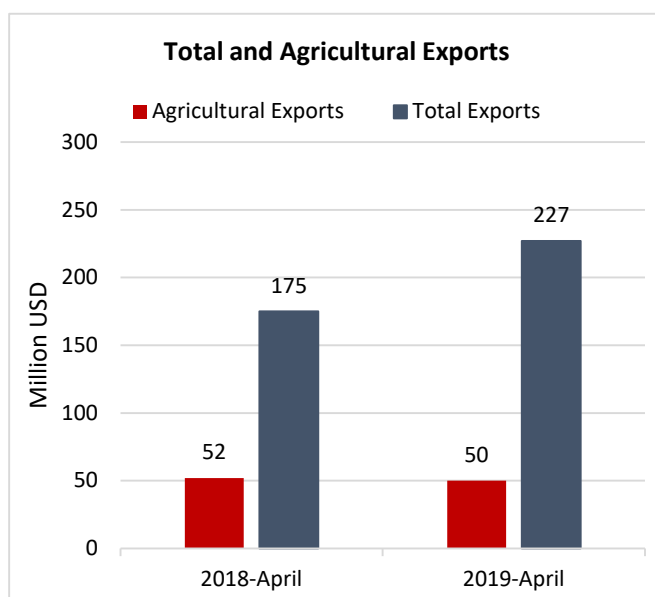
Whereas, annual prices increased for dairy (5.3%) reflecting increased import demand in anticipation of a tightening in export availability from Oceania due to declined production. In April 2019, sugar prices increased by 3.2% due to firmer crude oil prices that encouraged Brazilian producers to process sugarcane into ethanol for local sale and caused a shortage in Brazilian sugar exports (Brazil is the world's largest producer of sugar).



Source: FAO, 2019

## TRADE HIGHLIGHTS

In April 2019, Georgia's agricultural exports (including food) equaled approximately 50 mln. USD, almost 22% of the total Georgian export value. When comparing this indicator to April 2018, there was almost no change in absolute terms. As for imports in April 2019, Georgia's agricultural imports equaled 90 mln. USD, which is more than 15% of all Georgian imports. Year-over-year (compared to April 2018), agricultural imports were down by 10 mln. USD approximately.



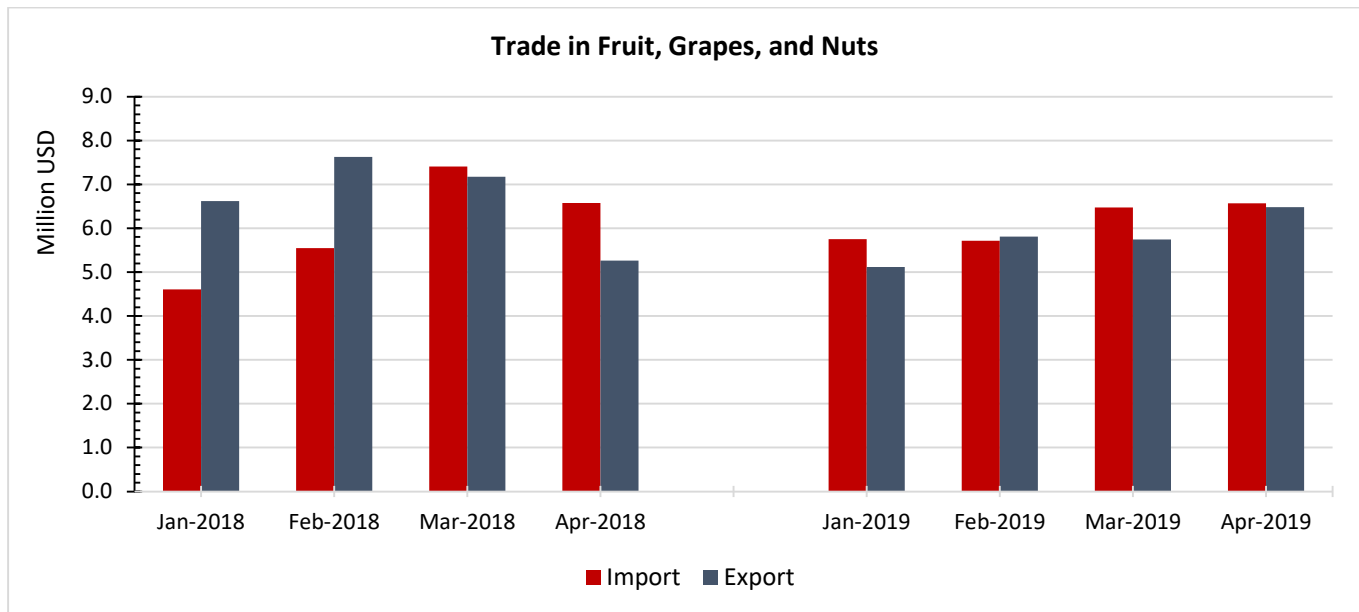
Source: MoF data, 2019

Note: Agricultural exports include food exports.

## FRUIT, GRAPES, and NUTS

According to GeoStat trade data, from January through April of 2019, Georgia imported *edible fruit, nuts, and grapes* (HS code 08XX) worth 24.5 mln. USD, which is 0.4 mln. USD more than the corresponding value in the previous year. The increase in imports is primarily driven by a 41% gain in *hazelnut and other nuts'* imports that already exceeded 7.0 mln. USD in the first four months of the current year (compared to 5.0 mln. USD in January-April 2018). This gain completely offset the effects of increased domestic production of *fresh apples, pears and quinces* in 2018 compared to 2017, which in turn decreased the demand for imports and resulted in a 3.5 mln. USD drop of the respective fruits' imports in the last four months. The increase in *hazelnut and other nuts'* imports is caused by a 24% decline in hazelnut production in 2018 (from 21.4 to 16.3 thousand tons) compared to 2017.

The slashed production of hazelnuts affected exports, too. *Hazelnut and other nuts'* exports plunged to 13.6 mln. USD in January-April 2019 (versus 23.2 mln. USD in January-April 2018) and this is the only sub-group in the *edible fruit, nuts, and grapes* category where exports are down for the past months. While disregarding the *hazelnut and other nuts* sub-group, so far in 2019, exports showed strong almost threefold growth from 3.5 mln. USD to 9.7 mln. USD. The biggest gains are observed in the *fresh apples, pears and quinces* (+3.3 mln. USD) and *fresh and dried citrus fruits* (+0.9 mln. USD) sub-groups, both of which enjoyed a better harvest in 2018 than in 2017.



Source: GeoStat, 2019

## POLICY WATCH

### *"CCTV7" will shoot a TV Series about Georgia*

The Minister of Environmental Protection and Agriculture Levan Davitashvili hosted the Deputy Director of the Central Agricultural Broadcasting Television School and TV Center Wen Chengui and other representatives of TV company "CCTV7". A Memorandum of Cooperation was signed between the two parties, under which possibilities for further cooperation were discussed by the Chinese and Georgian parties. CCTV-7 is a Chinese free-to-air television channel, owned by China Central Television. It will shoot a TV series about Georgia's oldest agricultural traditions.

For more information follow the link: <http://mepa.gov.ge/En/News/Details/9475/>

### *A new project has been launched for the development of cattle breeding in Georgia*

On May 28, 2019 the project "Safety and Quality Investment in Livestock – Georgia" was launched in Georgia. The new project is being implemented in partnership with the US Department of Agriculture, the Georgian Farmers' Association, Land O'Lakes International Development, and Michigan State University in order to improve food safety and quality standards in the cattle milk and meat industries in Georgia. This is a five-year project with a budget of 14.5 million USD aiming to strengthen the Georgian livestock sector.

For more information follow the link: <http://mepa.gov.ge/Ge/News/Details/9503>

ISET Policy Institute – Agricultural Policy Research Center  
<http://iset-pi.ge/index.php/en/research/aprc>

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