



The European Union
for Georgia

ENPARD: Support to Agriculture
and Rural Development

WITH FUNDING FROM
 AUSTRIAN
DEVELOPMENT
COOPERATION



ISET

International School of Economics at TSU
Policy Institute



Georgian Farmers' Association
საქართველოს ფერმერთა ასოციაცია

ISET-PI is the leading independent economic policy think-tank in Georgia and the South Caucasus, a one-stop shop for policy research and consulting, training and public policy discussion. The organizational synergies between ISET-PI and the International School of Economics (ISET) at TSU ensure the intellectual and financial sustainability of both institutions, as well as their contribution to the strengthening of democratic governance, civil society, and economic development in Georgia and the region.

November 2017

ISET

International School of Economics at TSU
Policy Institute



AGRINDEX PUBLICATION SERIES

Contract No. 2013/331728

ENPARD - European Neighbourhood Programme for Agriculture and Rural Development
November, 2017, Tbilisi, Georgia



The European Union for Georgia

ENPARD: Support to Agriculture
and Rural Development

The European Union is supporting rural development in Georgia through its European Neighbourhood Programme for Agriculture and Rural Development (ENPARD). Implemented since 2013, with a total budget of EUR 102 million in 2013-2019, the main goal of ENPARD is to reduce rural poverty in Georgia. The first phase of ENPARD in Georgia focused on developing the potential of agriculture. The second phase focuses on creating economic opportunities for rural population that go beyond agricultural activities. More information on ENPARD is available at: www.enpard.ge

DISCLAIMER

The document has been produced with the assistance of the European Union under European Neighbourhood Programme for Agriculture and Rural Development (ENPARD) and Austrian Development Cooperation, in partnership with CARE. Its content is the sole responsibility of ISET-PI and can in no way be taken to reflect the views of the European Union, Austrian Development Cooperation, and CARE.

ACKNOWLEDGEMENT

These AGRIndex publications, which were made possible through the efforts of ISET Policy Institute (ISET-PI) and Georgian Farmers' Association (GFA) teams for the ENPARD project led by CARE, have been published on a regular basis in The Financial (www.finchannel.com), one of the leading English-language newspapers in Georgia. The AGRIndex series are also available on the websites of ISET-PI (www.iset-pi.ge), GFA (www.gfa.org.ge), CARE (www.care-caucasus.org.ge), and GFA's mobile application Agronavti.

ISET

International School of Economics at TSU
Policy Institute



TABLE OF CONTENTS

Launching the AGRIndex	3
March Review.....	5
Meat Prices are (finally) on Fire	7
April Review	8
Cheese Prices Follow Milk Prices, But What About Other Milk Products?	9
May Review.....	10
Vegetable Prices.....	12
June Review.....	13
July Review	14
August Review.....	15
Maybe it is time to “Plant the Future”?	16
September Review	17
For Current Dairy Prices, Each Milking Cow Can Be a “Milking Cow”	18
October Review.....	19
From a Georgian Farm into Azerbaijani Cuisine.....	20

Publishing date: 20 March 2017

Launching the AGRIndex

The ISET Policy Institute, under the European Union-funded ENPARD project “Cooperation for Rural Prosperity in Georgia” implemented by CARE, has collaborated with the Ministry of Agriculture of Georgia and the Food and Agriculture Organization of the United Nations in Georgia (FAO Georgia) on the establishment of a mechanism for providing real time market price data for agricultural products. The regional representatives of Ministry of Agriculture of Georgia collect price data for more than 100 primary agriculture products across up to 60 Georgian municipalities on a weekly basis and to mark the second anniversary of the data collection process, we present you with the very first publication of the AGRIndex.

The AGRIndex is a combination of four sub-indices, focused on respective types/groups of agriculture products: Vegetables (VPI), Fruits (FPI), Meat (MPI), and Dairy (DPI). Each sub-index is calculated on a monthly basis, and has its own weight in the AGRIndex. The calculation methodology for each sub-index is similar to the one employed by GeoStat to calculate the Consumer Price Index (CPI), while the idea of combining sub-indices in one aggregated index is borrowed from the FAO Food Price Index (FFPI).

Unlike the aforementioned two indices, AGRIndex provides information exclusively for domestically- produced products, which makes it especially insightful for some stakeholders:

- Georgian farmers, who sell their products domestically, or buy domestic products;
- Consumers, who are interested in tracking the prices of Georgian agro products;
- Other stakeholders, who need a tool to analyze price dynamics on the national market.

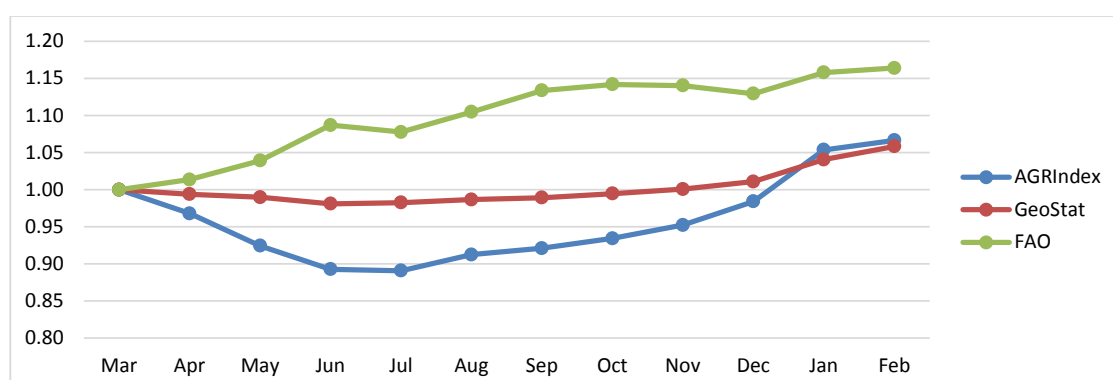
With CARE’s support, AGRIndex was developed in close collaboration with the Georgian Farmers’ Association (GFA). The index itself, related sub-indices, detailed methodology, and analytical publications, will be available on the ISET (www.iset-pi.ge) as well as the GFA (www.gfa.org.ge) websites. GFA and ISET-PI will collaborate on this activity (within the EU-funded ENPARD project) and provide jointly-branded GFA-ISET Analytics about market price trends produced as a result of this price data.

Although AGRIndex has similarities with both GeoStat’s and FAO’s indices, historic data reveal that it is more closely related to CPI (see Graph#1). GeoStat’s monthly CPI for Food and Non-alcoholic Beverages and AGRIndex have similar dynamics and follow similar seasonal patterns, but AGRIndex changes with higher margins. This is due to the fact that domestically-produced primary agricultural products are in short supply during winter periods and their prices increase sharply, while in summer time, the situation is the opposite. The exclusion of Tbilisi and some other self-governing cities from the data coverage might also serve as an explanation.

The comparison of the CPI and AGRIndex show how important these imports are for Georgian consumers, and how they indicate a lucrative possibility for Georgian farmers, who can store their products during harvest season, postpone sales while prices are low, and enjoy higher incomes during off-season.

Graph #1. AGRIndex, GeoStat’s CPI for Food and Non-alcoholic Beverages, and FAO Food Price Index

(March2016 for each index is normalized to 1)



Source: Geostat, FAOSTAT, AGRIndex

ISET ECONOMIC INDICATORS

AGRINDEX



WWW.ISET-PI.GE/agr-index

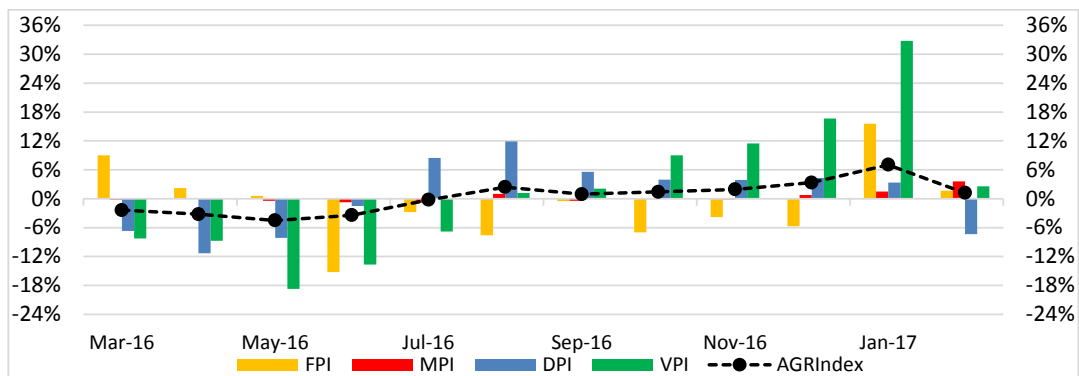
In February, the AGRIndex stood at +1.22%, which is a modest increase compared to its corresponding value in the previous month — (+7.06%) in January 2017 (see Graph#2). Each sub-index, except the DPI, was on the rise in February 2017, but their variation did not cross the +5% margin. The highest increase was observed in the meat price index (MPI=3.6%), while the dairy price index (DPI) dropped by (-7.3%).

Highlights

Highest increase in February 2017: After long-stable price figures, during the last months the AGRIndex shows a steadily increasing price trend for MEAT. This is mainly caused by increase in exports of Georgian livestock (cattle and sheep) and meat.

Highest drop in February 2017: As the winter months are gone and grass-feeding cows are producing more milk after having their calves in recent months, dairy prices have declined sharply in last month.

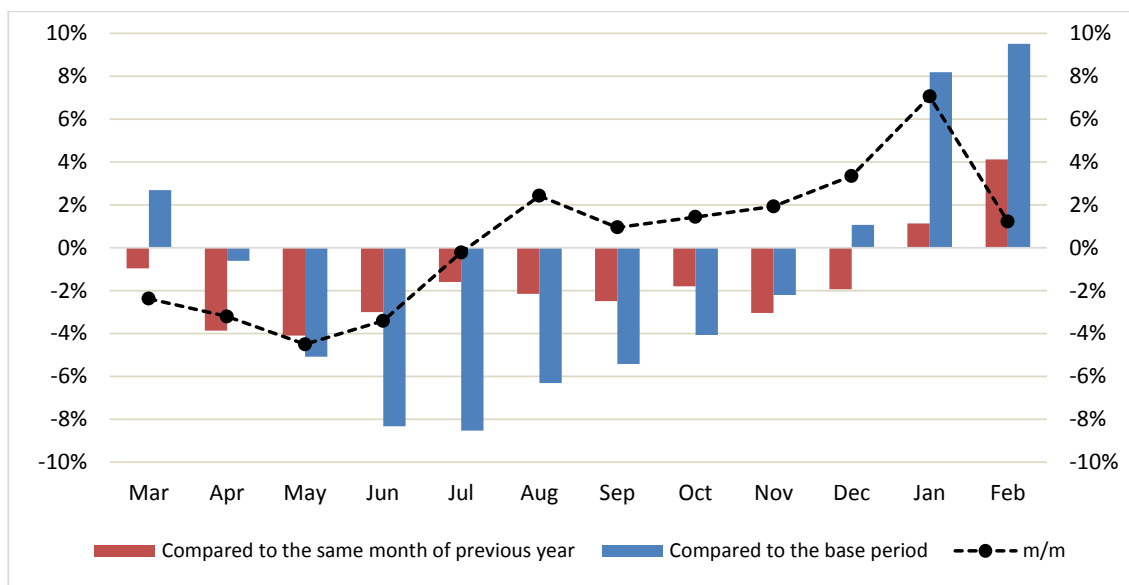
Graph #2. m/m changes in FPI, MPI, DPI, VPI, and AGRIndex



Data source: Ministry of Agriculture of Georgia.

The basket of products included in AGRIndex was 4.12% more expensive in February 2017 than in February 2016, which means that the prices of domestically-produced agricultural products increased by 4.12% (see Graph #3). This is in-line with GeoStat’s CPI, which increased by 5.5% over the same period of time.

Graph #3. Compared to the same month of previous year, Compared to the base period, and m/m changes in AGRIndex



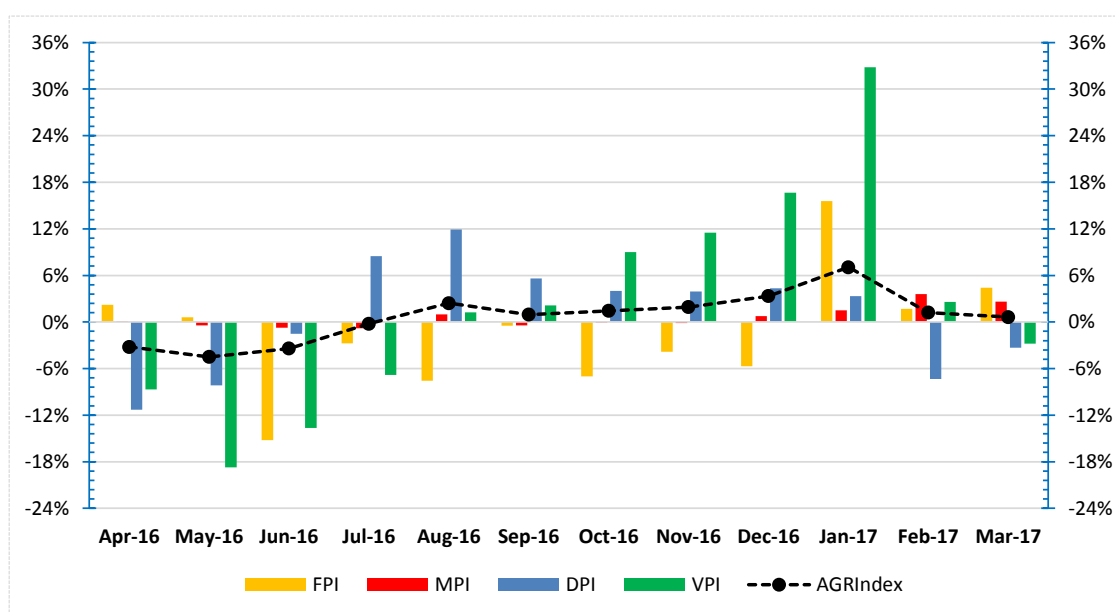
Data source: Ministry of Agriculture of Georgia.

March Review

The AGRIndex is a new index that tracks the price dynamics of more than 100 domestically produced prime agriculture (and some dairy) products, and it is a combination of Fruit, Meat, Dairy, and Vegetable price sub-indices.

According to the AGRIndex, in March 2017, agriculture product prices stayed practically unchanged — month-to-month, the AGRIndex was just +0.63%. On the sub-index level, VEGETABLE prices displayed a seasonal pattern and declined m/m by -2.77% after seven months of increases. The same happened with DAIRY products, the prices of which dropped by -3.32% in m/m terms. On the other hand, FRUIT prices increased m/m by +4.23%, while growing MEAT exports drove prices up m/m by +2.64% in March 2017.

Graph #1. m/m changes in FPI, MPI, DPI, VPI, and AGRIndex



Data source: Ministry of Agriculture of Georgia.

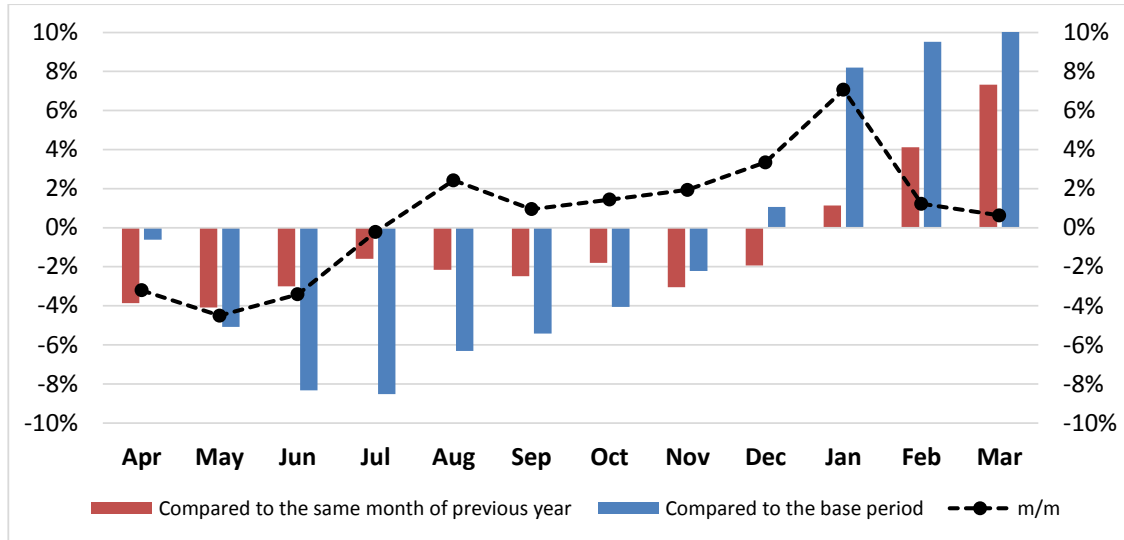
Highest increase: The main drivers of the increase in FRUIT prices were citrus fruits. The harvest season for citrus was already over in March, but because summer fruits were not available yet, the demand for mandarins, oranges and lemons was relatively stronger than their supply, and pushed prices for each of them up by more than 10%.

Highest drop: Dairy products prices decreased the most on the whole, but the prices of some VEGETABLES showed the sharpest drop — cilantro, dill, parsley and lettuce prices decreased almost by 40% in March.

In year-to-year terms, the price of the basket that the AGRIndex tracks was up by 7.32% in March 2017, compared to March 2016. Compared to the average value of the base period (the first 12 months of price collecting process), the price of the same basket increased by 10.20%.



Graph #2. Compared to the same month of previous year, Compared to the base period, and m/m changes in AGRIndex



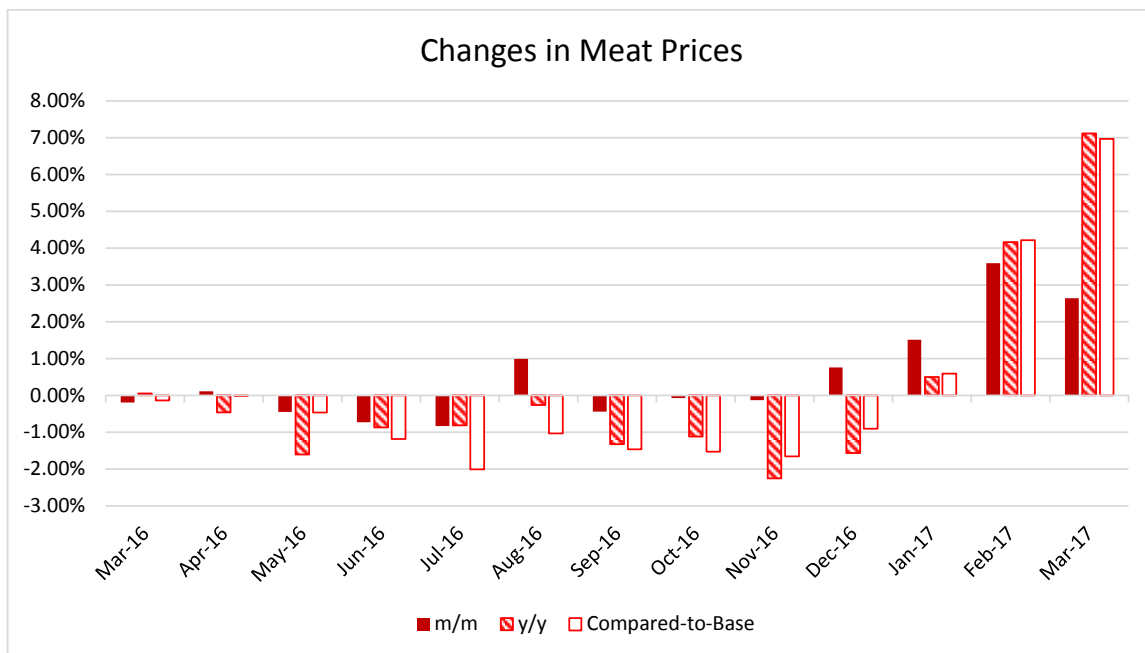
Data source: Ministry of Agriculture of Georgia.

Publishing date: 17 April 2017

Meat Prices are (finally) on Fire

For the first time in more than two years' period, meat prices display steady increase —month-to-month changes in prices have been positive for the last four months. These changes bounced back slowly declining meat prices to their earlier values, and in January 2017 year-to-year changes also become positive. Furthermore, in March 2017 year-to-year increase in meat prices reached +7.11%, while the change compared-to-base period was +6.97%. Interesting, that month-to-month changes in meat prices used to be modest for recent years (within 1% margin), while in the February and March of 2017 similar changes exceeded 2%.

The main drivers of increase in meat prices are the boosting exports of meat and livestock from Georgia. According to the GeoStat's preliminary data, the exports of **live bovine animals** for the first three months of 2017 exceeded 9.8 mln USD, while the corresponding figure for the same period of 2016 equaled to just 3.8 mln USD. The increase in export of the **meat of sheep and goats** from the country is also dramatic — their exports increased 40-fold in the first three months of 2017 compared to the same period of last year.

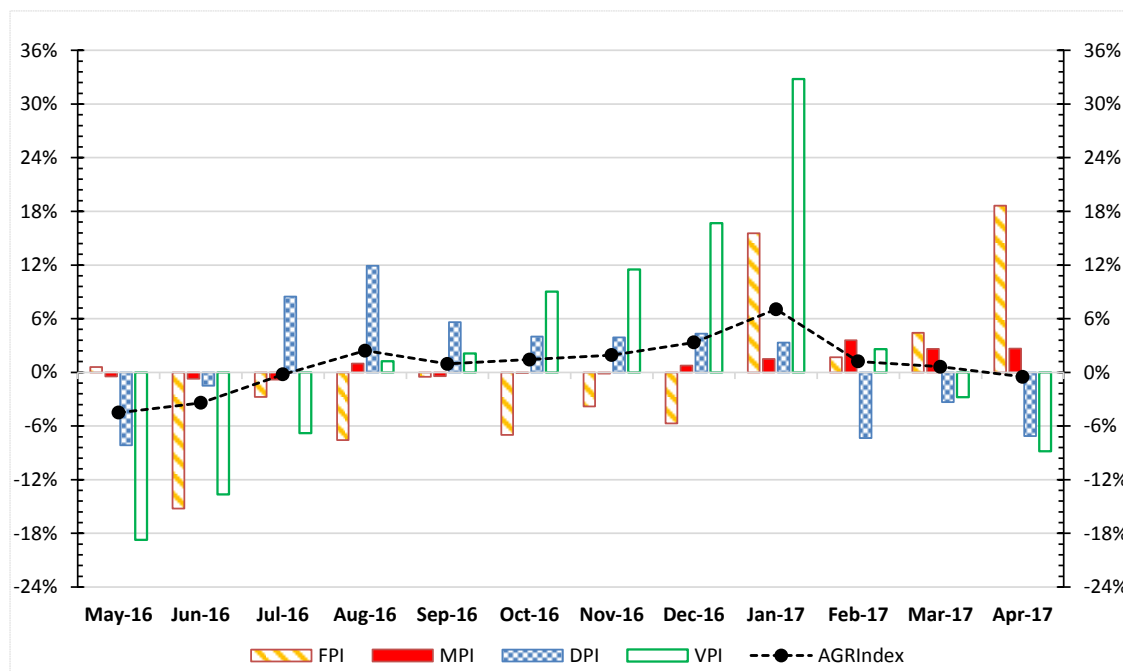


Data source: Ministry of Agriculture of Georgia.

Publishing date: 1 May 2017

April Review

In April 2017, for the first time in last nine months' period, agriculture products became cheaper, but the decrease in prices were marginal — m/m AGRIndex equaled to -0.50%. Although on the sub-index level, FRUIT prices increased with significant +18.63%, decrease in VEGETABLE (-8.81%) and DAIRY (-7.12%) product prices offset the effect. The prices of MEAT products continued their latest trend and increased in m/m terms in April 2017 with modest +2.64%.



Data source: Ministry of Agriculture of Georgia.

Highest increase: Quince prices more than doubled in April 2017, but main drivers of the increase in FRUIT prices were orange and grapes — the harvest season for orange and grapes have past several months ago, while the demand for these fruits is high during the whole year.

Highest drop: Pepper (hot, Bulgarian Red, and Bulgarian Green) prices dropped by more than 26% in last month, but the decrease in eggplant prices by 25% cut the overall VEGETABLE prices the most.

The price of the basket that the AGRIndex tracks was up by 10.33% in year-to-year terms in April 2017. On the other hand, compared to the average value of the base period (from March 2015 to February 2016), the price of the same basket increased by 9.65%.

Publishing date: 29 May 2017

Cheese Prices Follow Milk Prices, But What About Other Milk Products?

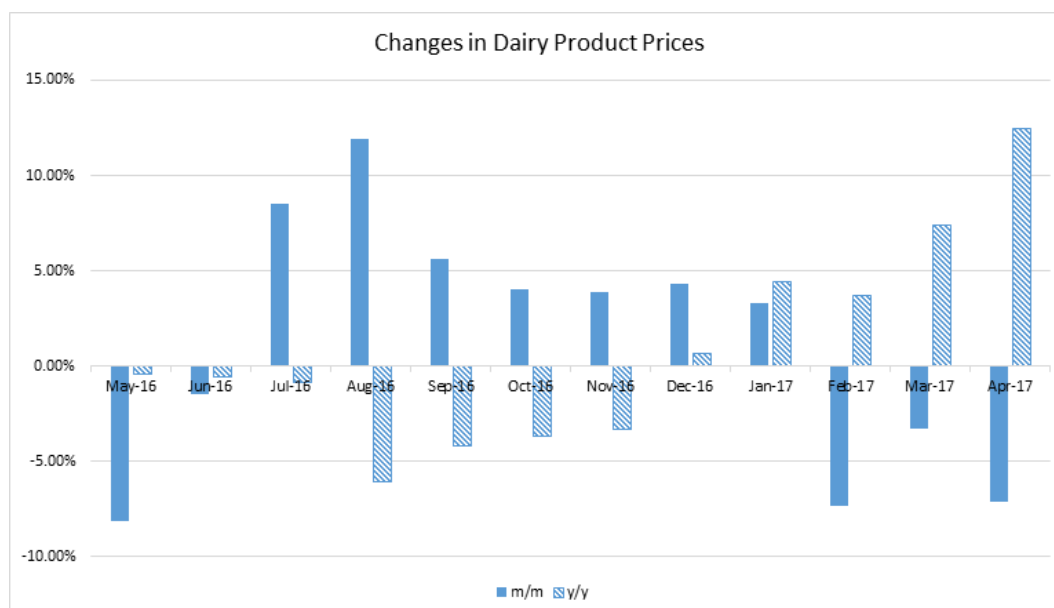
In April 2017, **DAIRY** product prices were 12.5% higher compared to same period last year (April 2016), according to AGRIndex. Despite that, **milk** prices have been decreasing for the last three months, and were 9.9% lower in April 2017 than the corresponding figure in January 2017. The price of cheese followed the same trend — it dropped (even more) by 23.6%. On the other hand, if we look at the same period, **butter** prices stayed almost unchanged, while **matsoni** prices were on rise starting in March 2017.



Source: Wikimedia Commons

Milk price dynamics for the last few months (-5% to -6% month-to-month) were determined by its seasonal nature - in spring, the lactation period enters an active phase and the supply of milk increases. However, year-to-year changes in dairy product prices have been positive since December 2016, and reached the highest value in April 2017 (+12.5%). This is in-line with Geostat's data (+10.8%).

There could be various reasons for the year-to-year change: the possible increase in demand on milk products produced via natural milk (*demand side*); on the *supply* side, the start of lactation period was delayed this year because of the long winter. All these factors might have contributed to higher DAIRY prices compared to the same period of last year (see chart).



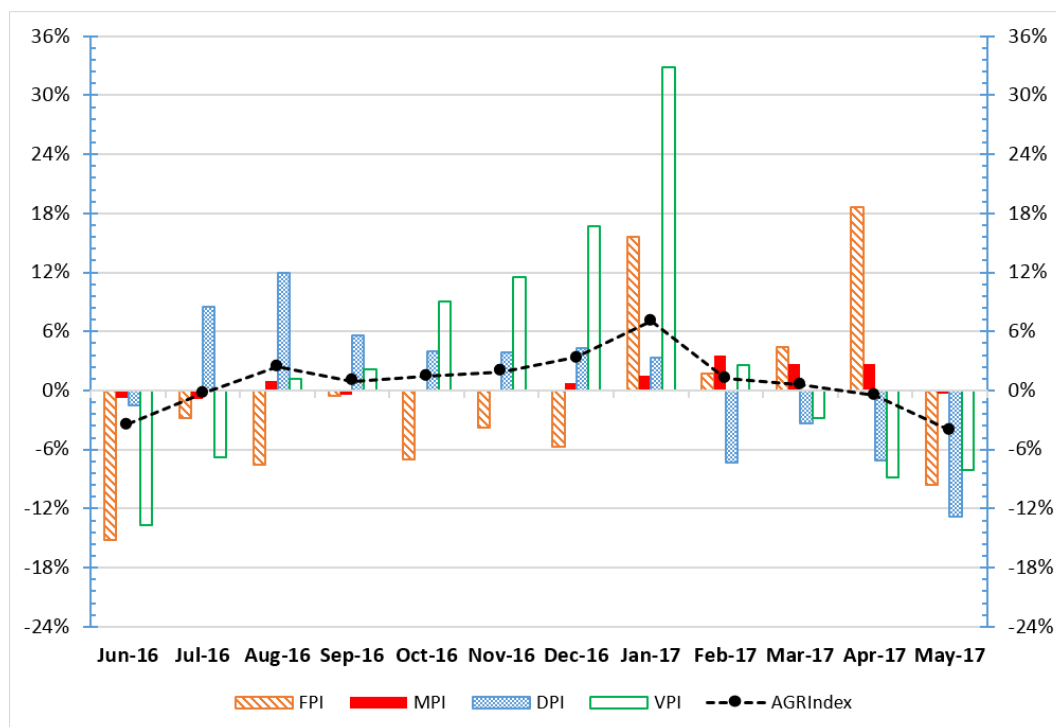
Data source: Ministry of Agriculture of Georgia.

Publishing date: 12 June 2017

May Review

According to the AGRIndex, in May 2017, VEGETABLES (-8.11%) and DAIRY (-12.81%) product prices continued declining trend, while MEAT (-0.37%) and FRUITS (-9.58%) became cheaper for the first time in the year. As a result, m/m AGRIndex dropped to its 12-months minimum and equaled to -4.06%.

Graph #1. m/m changes in FPI, MPI, DPI, VPI, and AGRIndex



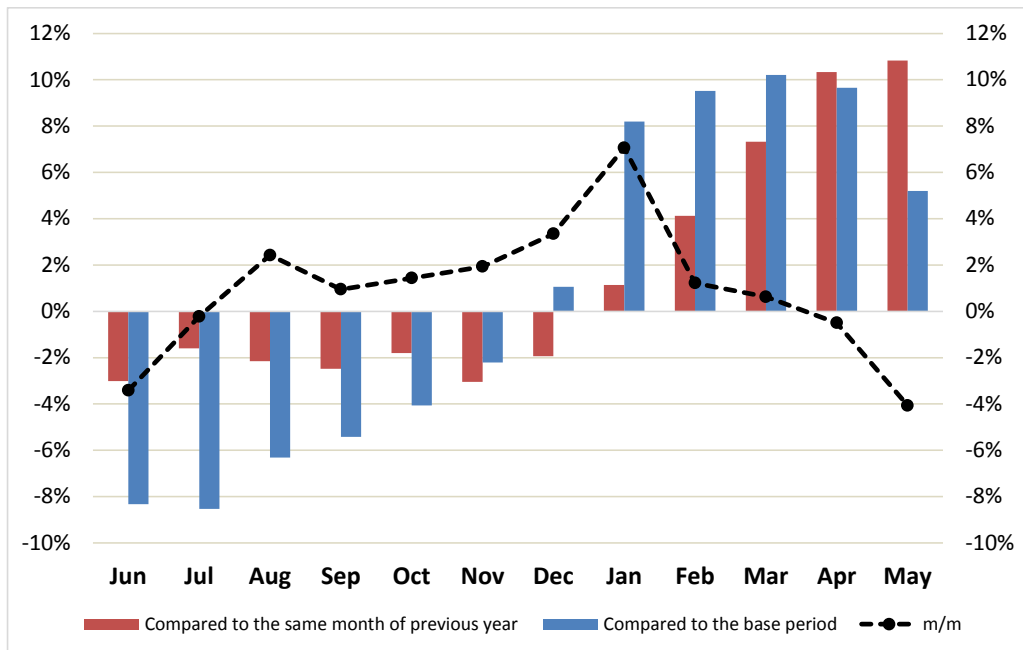
Data source: Ministry of Agriculture of Georgia.

Highest increase: According to the GeoStat’s primary data, in 2016 compared to 2015, the domestic production of carrots and cabbage (including floral cabbage and broccoli) dropped, respectively, by 31% and 15%. As a result, these vegetables are in shortage on the market this year and the prices of carrots increased by 10% in May, while the prices of cabbage increased by more than half in the same month.

Highest drop: The supply of the seasonal vegetables like tomato and cucumber has increased significantly in recent period, thus their prices dropped sharply in the last month — m/m change in the tomato prices was -19%, while the decline in the cucumber prices slightly exceeded -40%.

The price of the basket that the AGRIndex tracks was up by 10.84% in year-to-year terms in May 2017, but while comparing to the average value of the base period (from March 2015 to February 2016), the price of the same basket was increased just by 5.20%.

Graph #2. Compared to the same month of previous year, Compared to the base period, and m/m changes in AGRIndex



Data source: Ministry of Agriculture of Georgia.

Publishing date: 30 June 2017

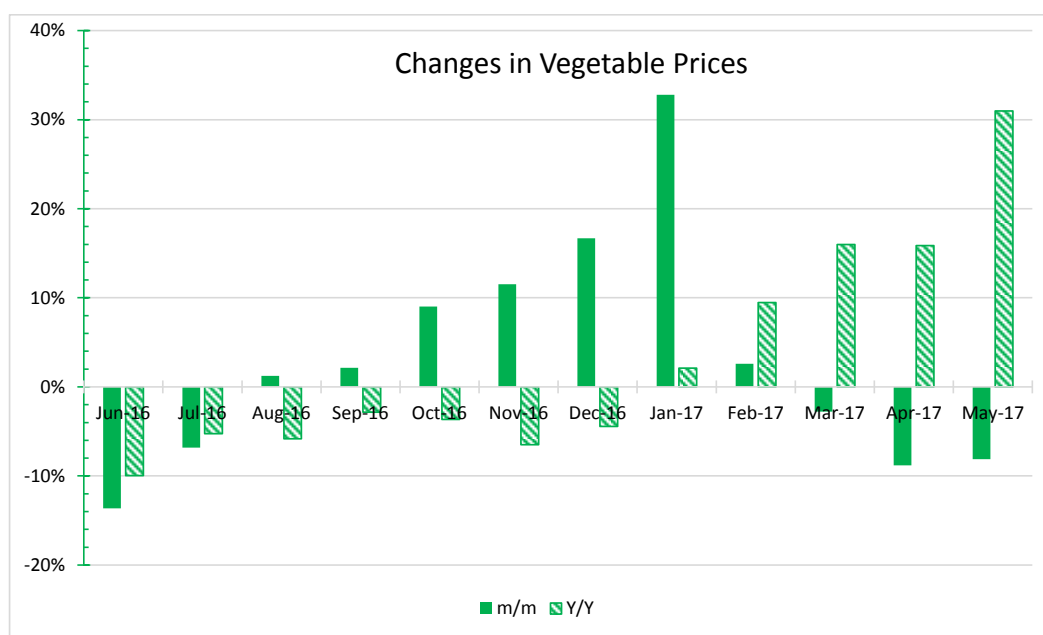
Vegetable Prices

In May 2017, locally produced vegetable prices continued their spring trend and decreased month-to-month by -8.1%, but salad-lovers are still worse-off this year than they were in the same period last year. Starting from a modest +2.6% increase in year-to-year prices in January 2017, the same figure for May 2017 exceeded 30% (see chart).



Source: Wikimedia Commons

Changes in vegetable prices are mostly explained by the supply side of the market. In 2016, according to GeoStat's data, only 142,000 tons (the lowest figure in this decade, versus 152,000 tons in 2015 and 154,000 tons in 2014) of vegetables were produced in the country, while exports of vegetables from Georgia started to increase. In the first five months of this year, Georgia exported vegetables worth of 11.9 mln USD, which is 84% more than the value in the same period last year. Declining imports of vegetables (21.3 mln USD in January-May 2017, versus 31.6 mln. USD in January-May 2016) also played a role, in addition to the prolonged winter that delayed the supply of seasonal vegetables on the national market and drove prices up further.



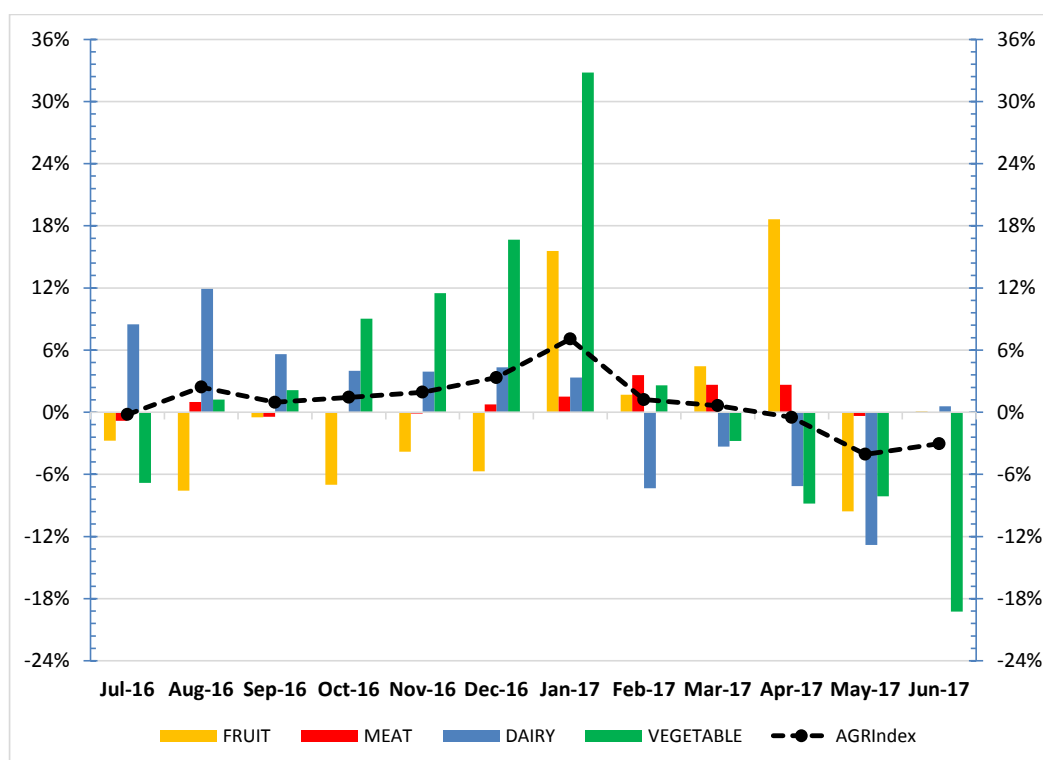
Data source: Ministry of Agriculture of Georgia.

Publishing date: 10 July 2017

June Review

According to the AGRIndex, there was virtually no change in **MEAT** and **FRUIT** prices in June 2017, as their m/m change did not exceed $\pm 0.10\%$. Despite this, the overall **AGRIndex** decreased by -3.04% in m/m terms, with all of the change derived from a drop in **VEGETABLE** prices (-19.25%). As for **DAIRY** prices ($+0.57\%$), they followed the pattern of the last two years, and started to gain value in June after spring reductions.

Graph #1. m/m changes in AGRIndex and its sub-indices: FRUIT, MEAT, DAIRY, and VEGETABLE



Data source: Ministry of Agriculture of Georgia.

Highest increase: Although in general fruit prices were stable, citrus prices increased quite a bit ($+13.42\%$) in June 2017. The explanation for the change is trivial — according to GeoStat, in 2016, production of citrus fruits (65,500 tons) dropped to a five-year low, and as some citrus (tangerines especially) perish quickly, there is already a shortage of domestically produced oranges and tangerines on the Georgian market.

Highest drop: Almost all domestically produced vegetables became cheaper in June 2017 compared to the prior month, but the decrease in the price of eggplant was spectacular (-20.47%). In general, this vegetable loves warm and humid climates, and needs up to four months from planting to harvesting. Accordingly, the supply varies sharply between summer and winter, and with everything else being equal, its price does the same.

As far as year-to-year price changes are concerned, the price of the AGRIndex basket was 11.27% higher in June 2017 than in June 2016, which means that the food prices are on the rise!



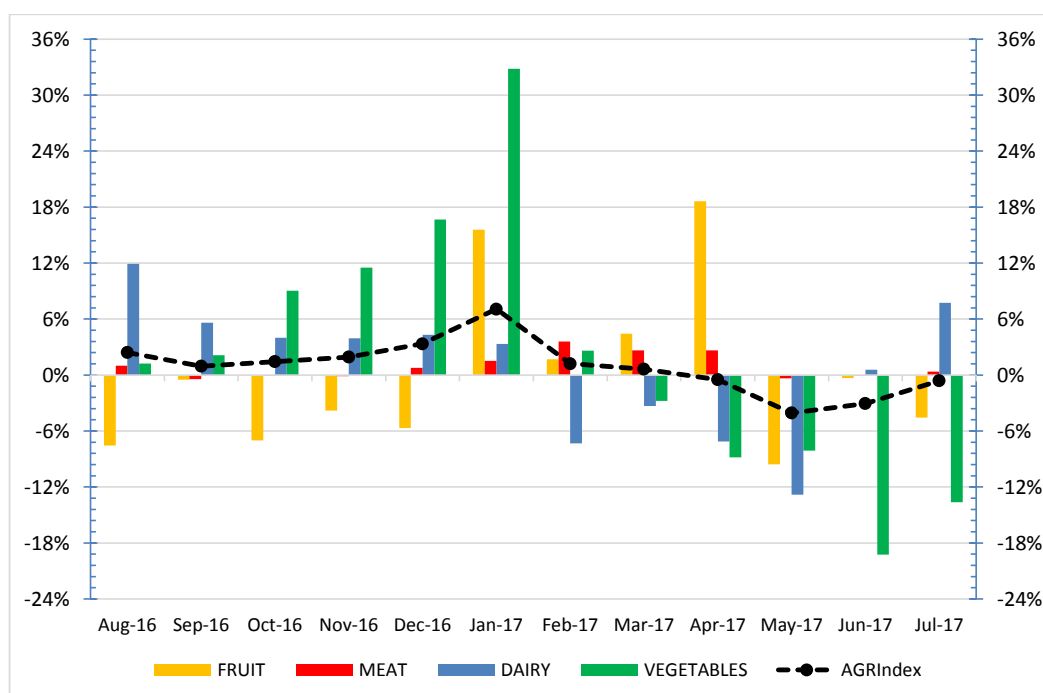
Publishing date: 29 July 2017

July Review

According to the AGRIndex, **VEGETABLES** (-13.63%) and **FRUIT** (-4.56%) prices continued declining trend in July 2017, and **MEAT** (+0.37%) prices increased marginally. On the other hand, the increase in **DAIRY** (+7.73%) prices were significant partially due to the end of an active lactation season in Georgia.

In general, in July 2017, the overall **AGRIndex** decreased by -0.61% in m/m terms, while in y/y terms it rose with significant +10.81%.

Graph #1. m/m changes in AGRIndex and its sub-indices: FRUIT, MEAT, DAIRY, and VEGETABLE



Data source: Ministry of Agriculture of Georgia.

Highest increase: In July 2017 cheese prices increased by more than 9% in m/m terms, and Adjara region was the major contributor to this change — prices of 1 kg cheese rose by +0.68 GEL there. The latter can be itself explained by the increased numbers of arrivals in Georgia. According to the Georgian National Tourism Association, international arrivals in July 2017 outnumbered the similar figure of the previous month by roughly 316 thousands in Georgia, and, of course, lots of the travelers visited Adjara where they tried famous Adjarian Khachapuri too.

Highest drop: Almost all domestically produced fruits became cheaper in June 2017 compared to the prior month, and domestically produces berries also hit Georgian market, driving the overall fruit prices down. Nevertheless, the decline in peach and nectarine prices were hard to miss as in one month’s time they lost 2/3 of their value. The possible explanation for the latter is that peach and nectarine are perishable fruits, and while lacking fruit-processing factories, Georgia has undeveloped cold storage facilities forcing the local farmers to sell all their peach and nectarine at once on high season (June and July) to the national market.

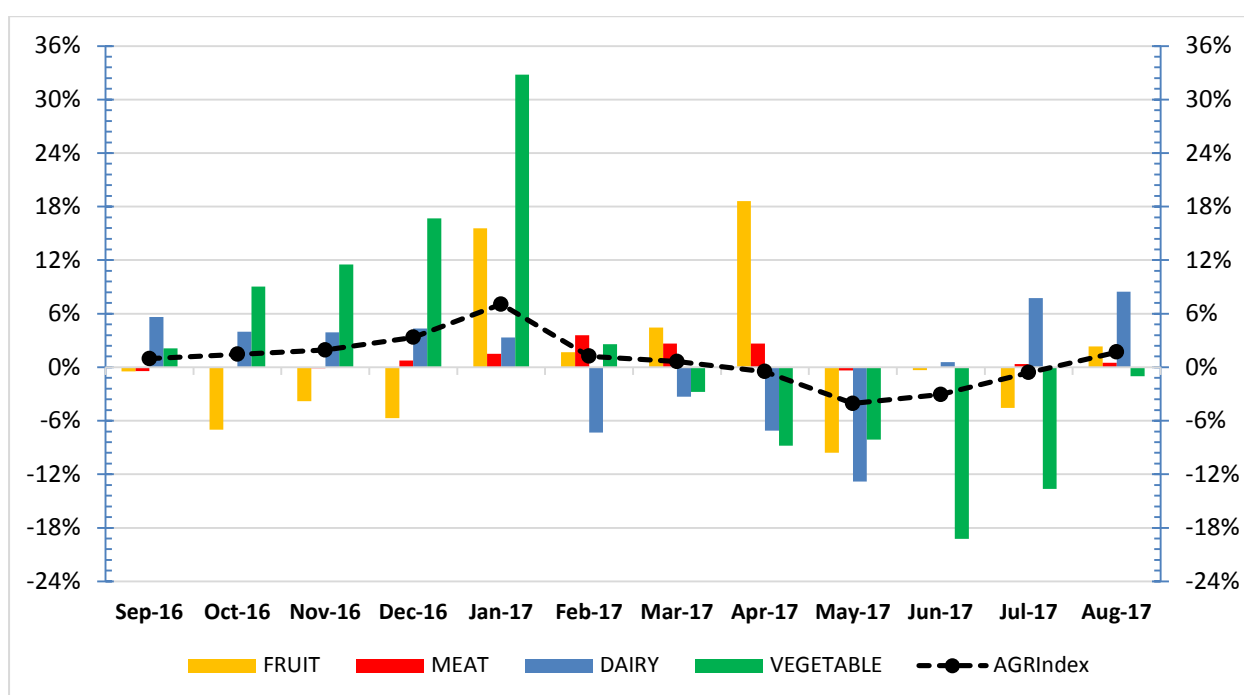
Publishing date: 11 September 2017

August Review

According to the AGRIndex, **VEGETABLE** (-1.0%) prices continued their m/m declining trend in August 2017, while **FRUIT** (+2.3%) prices increased for the first time since last April. On the other hand, **MEAT** (+0.5%) prices stayed practically unchanged. **DAIRY** (+8.5%) prices were significantly up due to the end of the active lactation season in Georgia.

In general, in August 2017, the overall **AGRIndex** increased by a moderate +1.7% in m/m terms, while in y/y terms it rose significantly — agricultural products' prices were 10% higher in August 2017 than in August 2016.

Graph #1. m/m changes in AGRIndex and its sub-indices: FRUIT, MEAT, DAIRY, and VEGETABLE



Data source: Ministry of Agriculture of Georgia.

Highest increase: Compared to July 2017, the price of greens increased by approximately 30% in August, but the larger gain in peach and nectarine prices increased the overall AGRIndex. The prices of these top export-oriented fruits increased by almost 25% in month-to-month terms due to the end of harvesting season. Exports of peaches and nectarines increased by 47% in the first eight months of 2017, compared to the same period in 2016, and reached four million USD this year.

Highest drop: Although the **FRUIT** prices sub-index increased in August 2017, the sharpest drop in prices was observed in the same sub-index. Grape prices halved in August compared to July 2017, as the Rtveli season is starting and the supply of domestically produced grapes is increasing fast on the national market.

Publishing date: 25 September 2017

Maybe it is time to “Plant the Future”?¹

In August 2017, **FRUIT** prices were 7.6% higher compared to the same month of 2016, and this was the first case in 2017 when year-to-year changes were positive. In August month-to-month changes became positive too and the **FRUIT** sub-index rose by 2.3%.

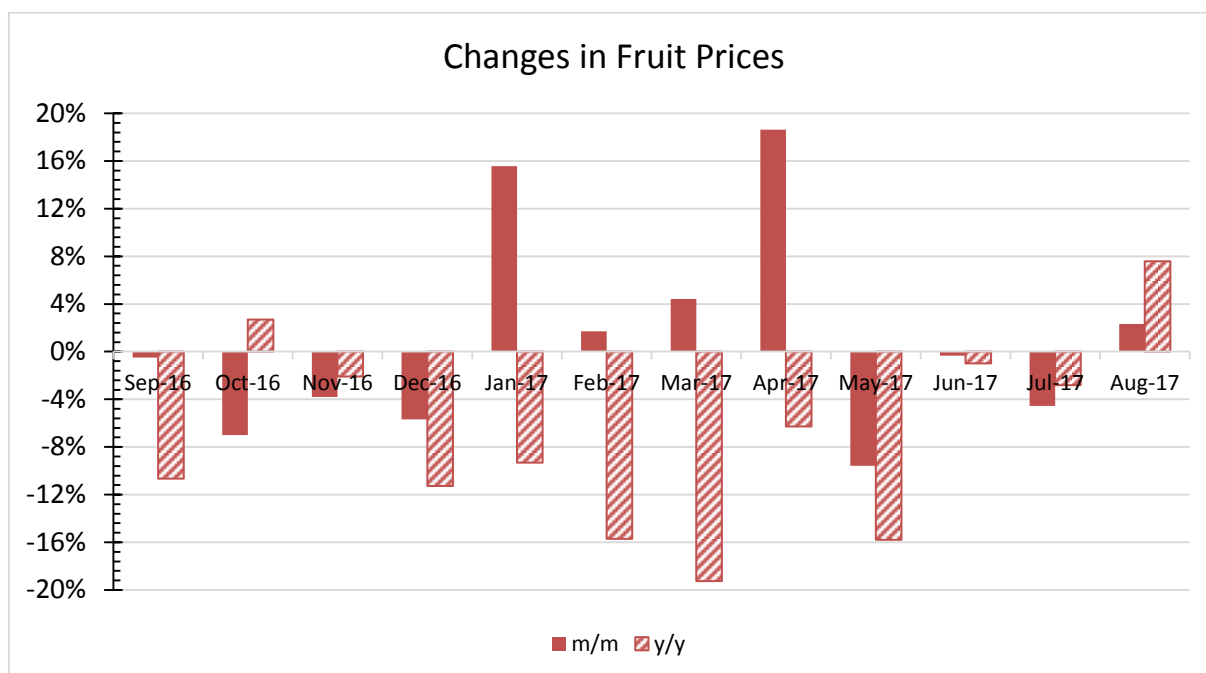
The main contributors to m/m increase in **FRUIT** prices were domestically produced peach and nectarine, the price of which increased by almost quarter compared to July 2017. Nevertheless, nearly all the stone fruits (including peach and nectarine) the AGRIndex tracks, were cheaper in August 2017 than in August 2016.

The main determinants of the increase in y/y **FRUIT** prices were Georgian apple and berries that in last 12 months gained, respectively, more than 15% and 30% of their August 2016 values. Although a new campaign to distribute apples in Tbilisi public schools might have had its effects, decreased apple production in current year (due to spring frosts), and international trade figures fairly well explain the general rise in apple prices. The imports of this delicious fruit dropped by 2.7 million USD in the first eight months of 2017 compared to the same period of the last year, while the exports of Georgian apple more than tripled and nearly reached 1 million USD mark. The later argument applies to berries too — the trade surplus of these fruits increased by 0.26 million USD in January-August 2017 compared to January-August 2016 that left relatively less Georgian berries on the national market.



Source: Wikimedia Commons

For the details of **FRUIT** price dynamics, see the chart below.



Data Source: The Ministry of Agriculture of Georgia

¹ Government program supporting the planting of permanent crops

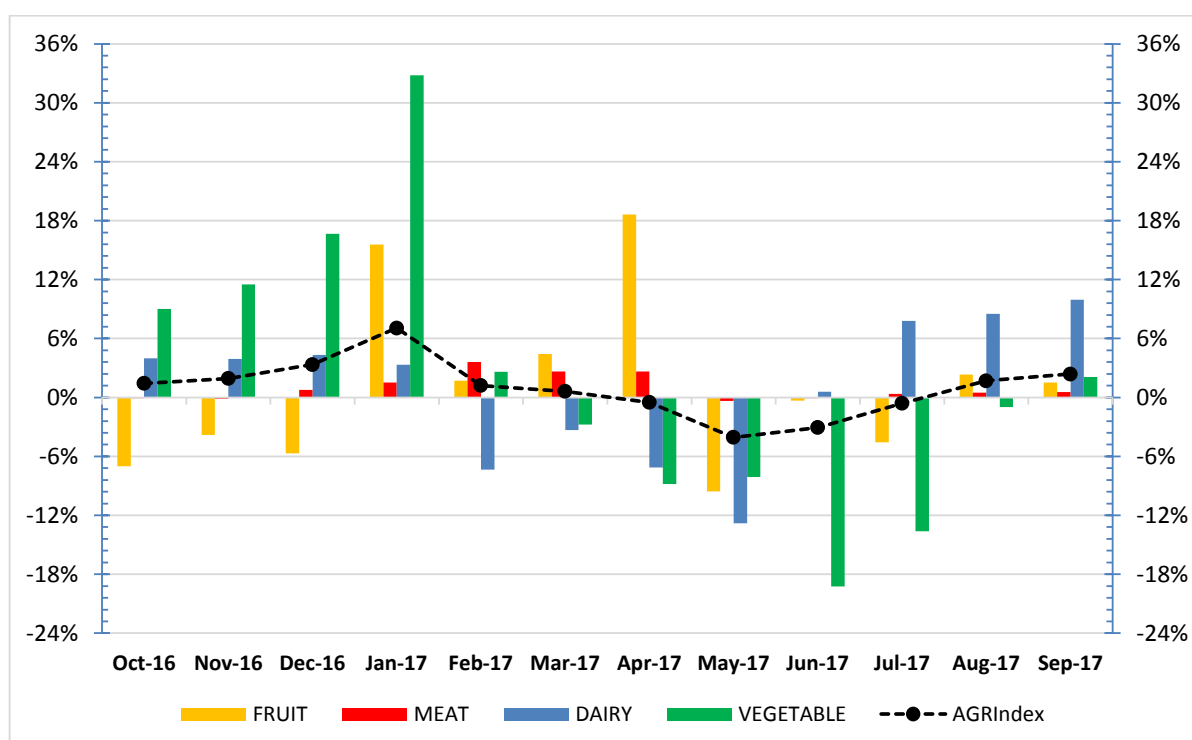
Publishing date: 9 October 2017

September Review

In September, for the second time in 2017, **AGRIndex**'s all four sub-indexes were on rise. Consequently, the m/m change in the **AGRIndex** was also positive at 2.4%, which is the highest value since January 2017. On sub-index level, **DAIRY** prices increased by almost one tenth of their August value, while the m/m change in **VEGETABLE** prices exceeded +2%. On the other hand, **FRUIT** prices increased by only 1.5%, while the gain in **MEAT** prices, compared to the previous month, was marginal (+0.5%).

As far as the y/y **AGRIndex** is concerned, it stood at +11.6% in September 2017, compared to September 2016.

Graph #1. m/m changes in AGRIndex and its sub-indices: FRUIT, MEAT, DAIRY, and VEGETABLE



Data Source: The Ministry of Agriculture of Georgia

Highest increase: In September 2017, and likewise in August 2017, month-to-month **greens'** prices increased significantly (by more than 20%), but in September it was the gain in **milk** prices (almost 15%) that dragged the overall **AGRIndex** up the most. In both cases, greens and milk, seasonality played its role — the end of warm weather decreased the supply of on-field-grown Georgian greens, compared to relatively expensive greenhouse-grown greens on the national market, while mid-autumn is also the period when the active lactation process ends. An extremely dry summer further decreased milk production, but the number of tourists was still high, which pushed milk prices up even more.

Highest drop: Table grape prices declined month-to-month by 8% in September, because of vintage time in Georgia — "Rtveli" is in action!

Publishing date: 23 October 2017

For Current Dairy Prices, Each Milking Cow Can Be a “Milking Cow”

In August 2017, **FRUIT** prices were 7.6% higher compared to the same month of 2016, and this was the first case in 2017 when year-to-year changes were positive. In August month-to-month changes became positive too and the **FRUIT** sub-index rose by 2.3%.

In September 2017 **DAIRY** prices increased by 9.9% compared to August 2017 and this was the biggest month-to-month increase in the last 12 months. Price change compared to the same month of the previous year was approximately the same in absolute terms (9.3%)

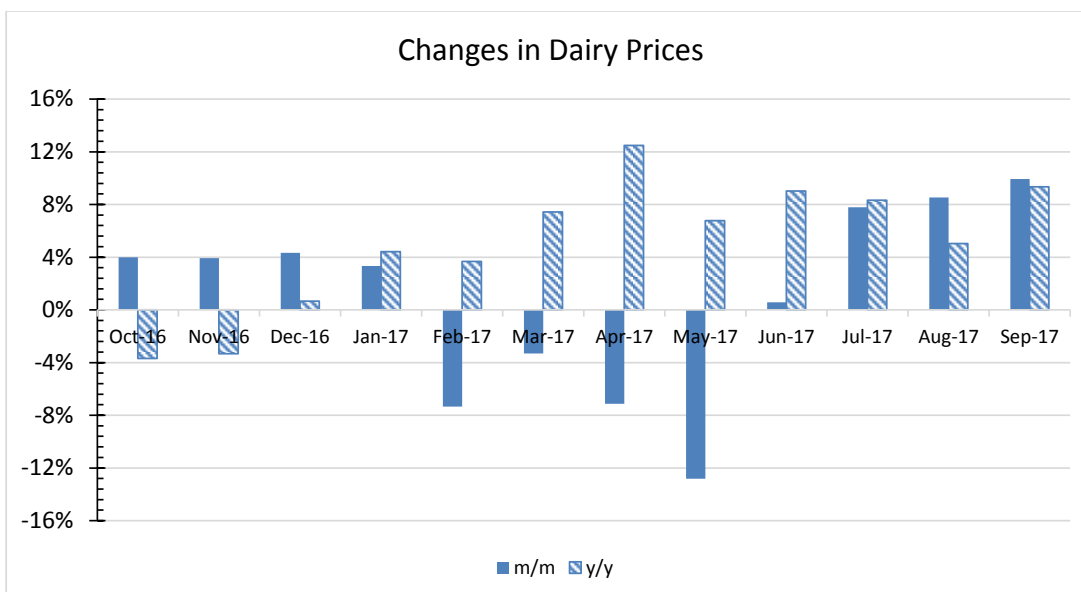
The main contributors to m/m increase in **FRUIT** prices were domestically produced peach and nectarine, the price of which increased by almost quarter compared to July 2017. Nevertheless, nearly all the stone fruits (including peach and nectarine) the AGRIndex tracks, were cheaper in August 2017 than in August 2016.

The main determinants of the increase in y/y **FRUIT** prices were Georgian apple and berries that in last 12 months gained, respectively, more than 15% and 30% of their August 2016 values. Although a new campaign to distribute apples in Tbilisi public schools might have had its effects, decreased apple production in current year (due to spring frosts), and international trade figures fairly well explain the general rise in apple prices. The imports of this delicious fruit dropped by 2.7 million USD in the first eight months of 2017 compared to the same period of the last year, while the exports of Georgian apple more than tripled and nearly reached 1 million USD mark. The later argument applies to berries too — the trade surplus of these fruits increased by 0.26 million USD in January-August 2017 compared to January-August 2016 that left relatively less Georgian berries on the national market.

For the details of **FRUIT** price dynamics, see the chart below.



Source: Wikimedia Commons



Data Source: The Ministry of Agriculture of Georgia

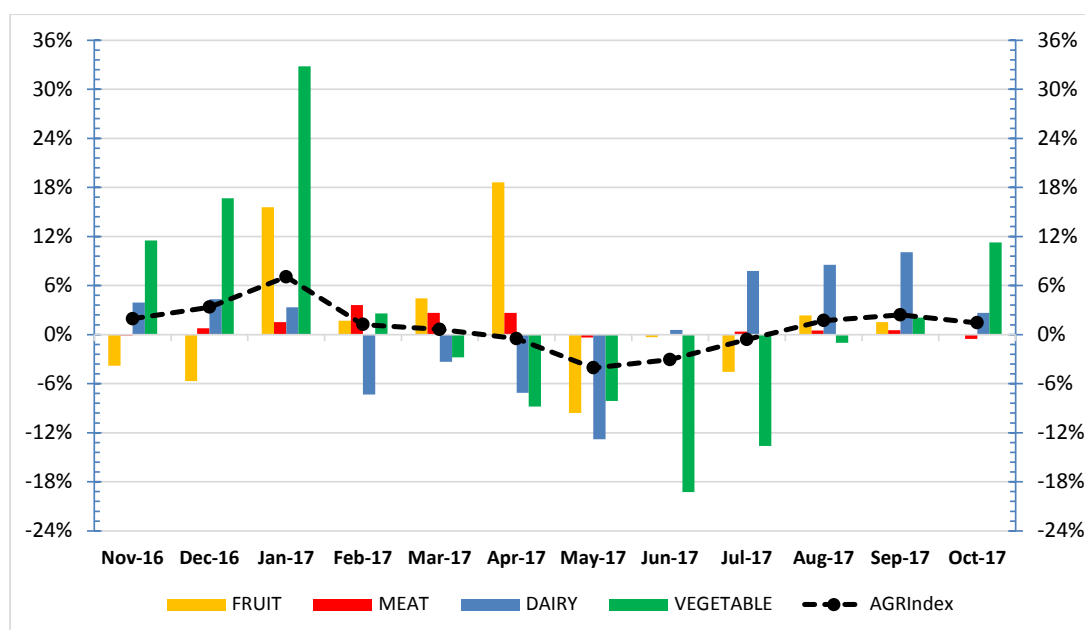
Publishing date: 6 November 2017

October Review

The **AGRIIndex** increased with moderate +1.4% in October 2017 compared to the September 2017 and the biggest share of this increase came from the gain in **VEGETABLE** (+11.2%) prices. **DAIRY** (+2.7%) products and **FRUIT** (+0.1%) became also expensive in m/m terms, while **MEAT** (-0.5%) lost prices in October for the first time since JUNE 2107.

Contrary to the m/m **AGRIIndex**, y/y change in the **AGRIIndex** was significant +11.6% and equaled to similar change in September 2017.

Graph #1. m/m changes in AGRIndex and its sub-indices: FRUIT, MEAT, DAIRY, and VEGETABLE



Data Source: The Ministry of Agriculture of Georgia

Highest increase: In October 2017 prices of Georgian tomato increased sharply, but it was potato that pushed the **VEGETABLE** prices up the most compared to September 2017. The production figures for this year are not available yet, but the trade data might reveal why the potato prices are on rise — the volume of Georgian potato exports increased roughly sevenfold² in January-September 2017 compared to the same period of 2016, while the imports had declining trend.

Highest drop: Citrus fruit on average lost one fifth part of their value in October 2017 compared to September 2017 and the availability of early citrus fruits on national market, paired with the start of active citrus harvest season seem to play the role³. Additionally, according to Mr. Avtandil Meskhidze, the Minister of Agriculture of Autonomous Republic of Adjara, it is expected that the share of standard quality mandarin is higher this year than it was in the last one⁴.

2 <http://samtskhe-javakheti.gov.ge/main.php?lang=geo&pid=1&view>

3 <http://1tv.ge/ge/ne>

4 <https://bpn.ge/ekonomika/39552-citrusis-mosavali-shehadzloa-akhal-saeqsperto-bazrebze-gavides.html?lang=ka-GE>

Publishing date: 20 November 2017

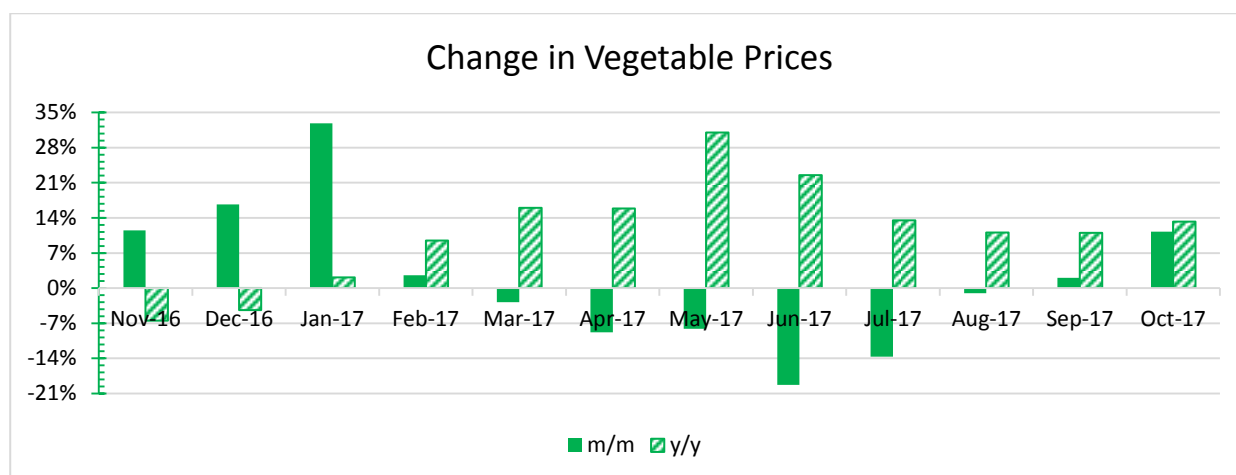
From a Georgian Farm into Azerbaijani Cuisine

In October 2017, domestically produced **VEGETABLE** prices increased by 11.3% in month-to-month terms; this is the biggest increase since last January. The price gain compared to the same month in the previous year was a bit larger, and stood at 13.2%. Although in the last month the prices of greens and flowering plants went down by roughly one tenth of their September values, they did not offset the changes caused by the boost in Georgian tomato and potato prices.

In October 2017, compared to September 2017, Georgian tomato prices increased by more than half, while a similar change for potatoes exceeded 5%. As far as the difference between October 2016 and October 2017 prices is concerned, domestically produced tomatoes and potatoes were approximately one quarter more expensive in the last month than they were in October 2016.

Such a dramatic change in tomato and potato prices might be due to improved international trade figures. According to the GeoStat, in monetary terms, Georgia imported less tomato and potato in the first three quarters of 2017 than it did in the same period of the prior year, while the country exported 80% more tomato in the first three quarters of 2017 than it did for the entire year of 2016, and doubled potato exports.

Interestingly, the traditional export market for Georgian lamb, Azerbaijan, became the top export destination for the Georgian potato in 2017. It seems that the Azerbaijani people enjoy the *Kufta-Bozbash* made by products of Georgian origin – lamb meat and potatoes are the main ingredients of this delicious Azerbaijani dish!



Data Source: The Ministry of Agriculture of Georgia



The European Union
for Georgia

ENPARD: Support to Agriculture
and Rural Development

WITH FUNDING FROM
 AUSTRIAN
DEVELOPMENT
COOPERATION



ISET

International School of Economics at TSU
Policy Institute



Georgian Farmers' Association
საქართველოს ფერმერთა ასოციაცია

ISET-PI is the leading independent economic policy think-tank in Georgia and the South Caucasus, a one-stop shop for policy research and consulting, training and public policy discussion. The organizational synergies between ISET-PI and the International School of Economics (ISET) at TSU ensure the intellectual and financial sustainability of both institutions, as well as their contribution to the strengthening of democratic governance, civil society, and economic development in Georgia and the region.

November 2017

ISET

International School of Economics at TSU
Policy Institute

