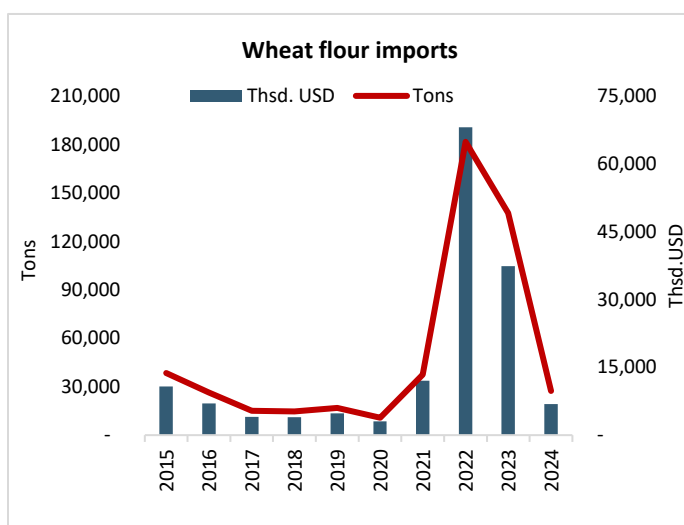
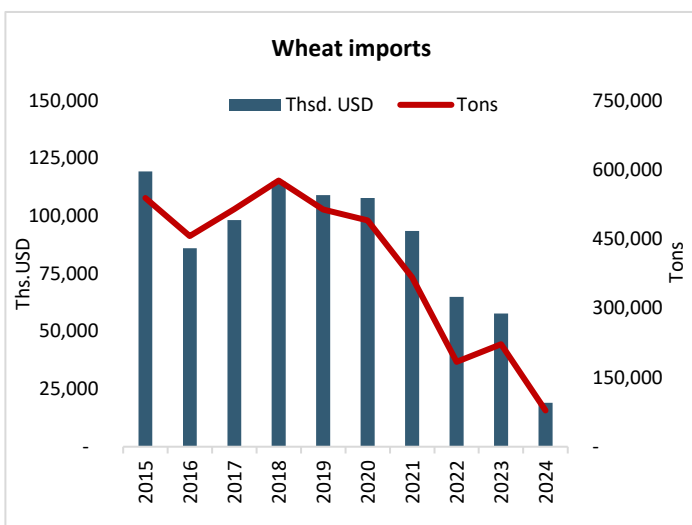


THE SECTOR AT A GLANCE

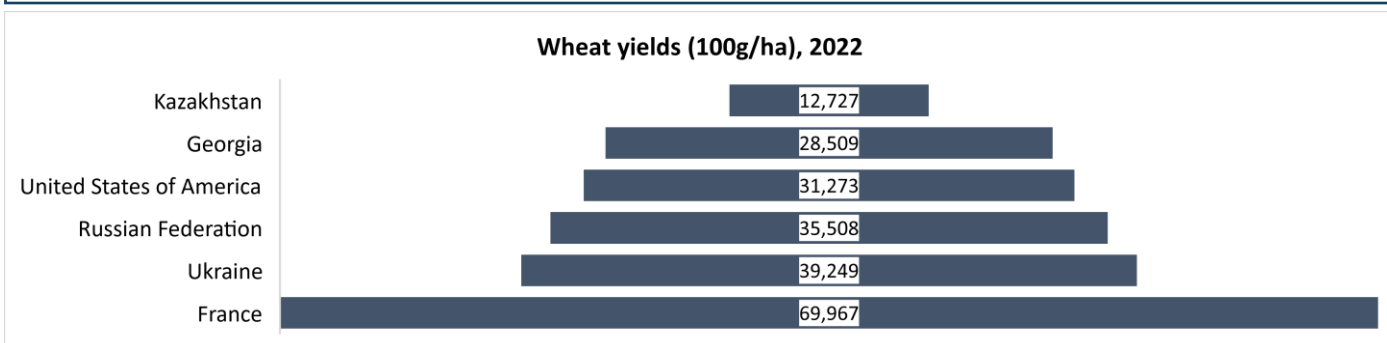
WHEAT SECTOR IN GEORGIA

In June 2023, responding to appeals from the Georgian Flour Producers Association, the Georgian government imposed a temporary import duty on wheat flour imported from Russia. This advocacy by the Association began after Russia implemented a “floating tariff” on wheat in 2021, making wheat imports more expensive compared to wheat flour. Consequently, [wheat flour imports surged](#), nearly replacing wheat imports entirely. This led to the closure of many Georgian mills, together with difficulties for local wheat producers in selling their wheat domestically. The surge in flour imports also heightened the risk of completely displacing domestically produced flour with Russian imports.



Source: Geostat, 2024.

Despite Georgia’s increase in domestic wheat production over the past decade, the country still imports nearly 80% of its wheat – primarily from Russia. To mitigate the long-term risks of food scarcity, it is recommended that a long-term vision is developed for the sector; wheat yields are boosted; the quality of local production is enhanced; more is invested in infrastructure; incentives are provided for wheat producers; value-added products are promoted; and that import markets are diversified. While each of these measures are vital for the wheat sector’s development, designing a long-term strategy in collaboration with every value chain actor is imperative. In addition, given that small scale farming is prevalent in Georgia, it is crucial to focus on increasing wheat yields by adopting modern agricultural practices.



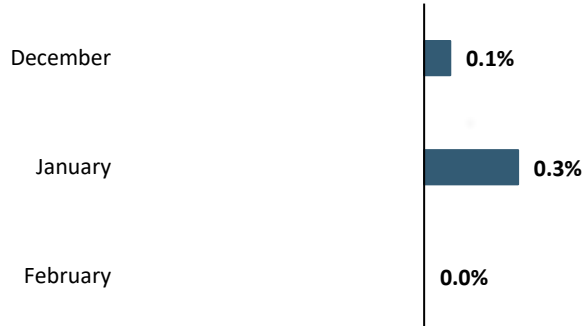
## PRICE HIGHLIGHTS

### DOMESTIC PRICES

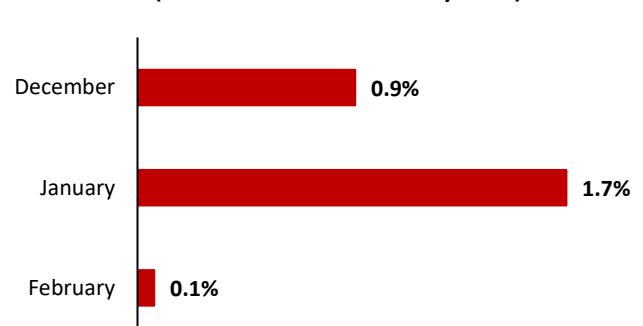
On a monthly basis, the country's price levels slightly fluctuated between December 2023 and February 2024. The Consumer Price Index (CPI) increased marginally (by 0.1% and 0.3%) in December 2023 and in January 2024 compared to the corresponding previous months. While, in February 2024, prices remained almost unchanged compared to January 2024.

Between December 2023 - February 2024, the price for food and non-alcoholic beverages, measured by the Food Price Index (FPI), exhibited an increasing trend. In December and January, the corresponding month-over-month price changes were 0.9% and 1.7%, whereas in February 2024 food prices rose slightly (by 0.1%) over the previous month.

**MoM % change in CPI  
(December 2023 - February 2024)**



**MoM % change in FPI  
(December 2023 - February 2024)**

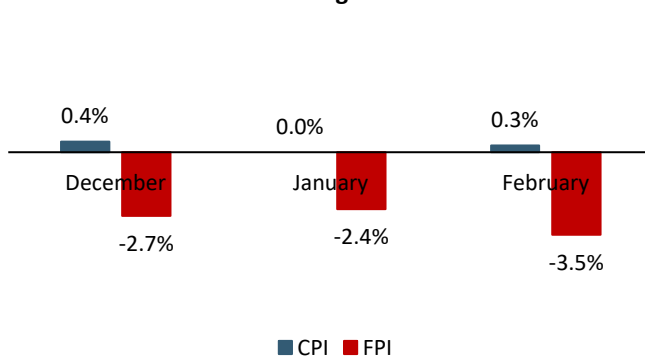


Source: Geostat, 2024. Note: the index value in the previous month was 100.

From an annual perspective, the CPI slightly increased from December 2023 to February 2024. Last December, the CPI grew by 0.4% compared to December 2022; the corresponding YoY changes were 0% and 0.3% for January and February 2024.

In February 2024, the year-over-year prices for food and non-alcoholic beverages decreased by 3.5%, contributing -1.2 percentage points to the change in the total CPI. The main drivers were price decreases in the following sub-groups:

**Annual % changes in CPI and FPI**



Oils and fats (18.7%↓)

Vegetables (14.2%↓)



Bread and cereals (9.8%↓)

Source: Geostat, 2024.

## SPOTLIGHT

Overall, the year-over-year prices for food and non-alcoholic beverages in Georgia have maintained a decreasing trend since November 2023. In December 2023, annual changes in food prices stood at -2.7%, at -2.4% in January, and finally -3.5% by February. In February 2024, the prices decreased most notably within the following categories:

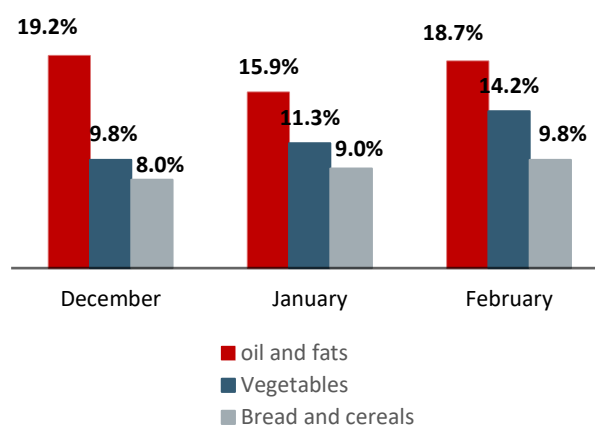
**Oils and fats** – Prices decreased for all products within this sub-category. The greatest declines were observed in sunflower oil (-28%), followed by margarine (-19%), butter and spread (-6%), while the mayonnaise price decreased just marginally (0.5%).

**Vegetables** – In this category, the most notable decrease in prices was found for potatoes (-34%) and green beans (-15%). The underlying cause for such a sharp decrease in the potato price might relate to increased domestic production. The production statistics are not available yet, although potato imports have declined significantly. In January and February 2024, potato imports decreased by 91% and 70%, respectively, compared to the same period of 2023, thus implying increased local production.

**Bread and cereals** – In this category, prices fell for all food items, bar rusk and khachapuri from the bakery.

The largest price decreases in February 2024 were found for buckwheat (-42%), manna croup (-14%), and wheat bread (-10%). Notably, similar to potatoes, buckwheat imports declined in January and February 2024, compared to the same period of last year. The imports declined by 71% and 55%, respectively.

Annual price decrease (December - February 2024)

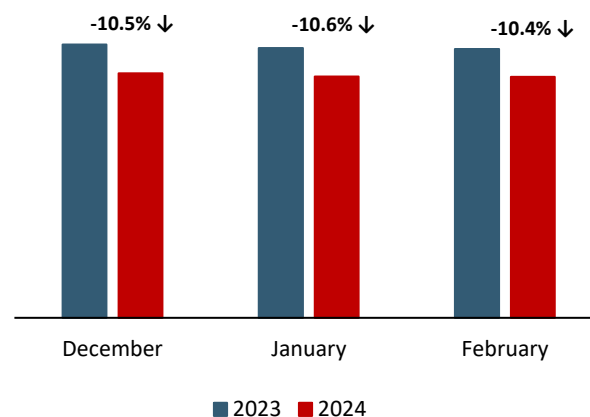


Source: Geostat, 2024.

## INTERNATIONAL PRICES

Between December 2023 and February 2024, international food prices exhibited a downward trend on an annual basis. In February 2024, the Food Price Index, measured by the Food and Agriculture Organization (FAO), fell considerably (by 10.4%) compared to February 2023. The largest price decrease was observed within the Cereals (22.4%) sub-index. This decline was driven by strong competition among the major exporters. In February 2024, dairy and vegetable oil prices also decreased, by 13% and 11%, respectively, compared to the same period of last year. Meat prices declined moderately – by 0.7% on a year-over-year basis. The only price increase was observed in the sugar sub-index as prices rose by 12.5% in February 2024, compared to February 2023.

Annual changes in international prices (December 2023 - February 2024)

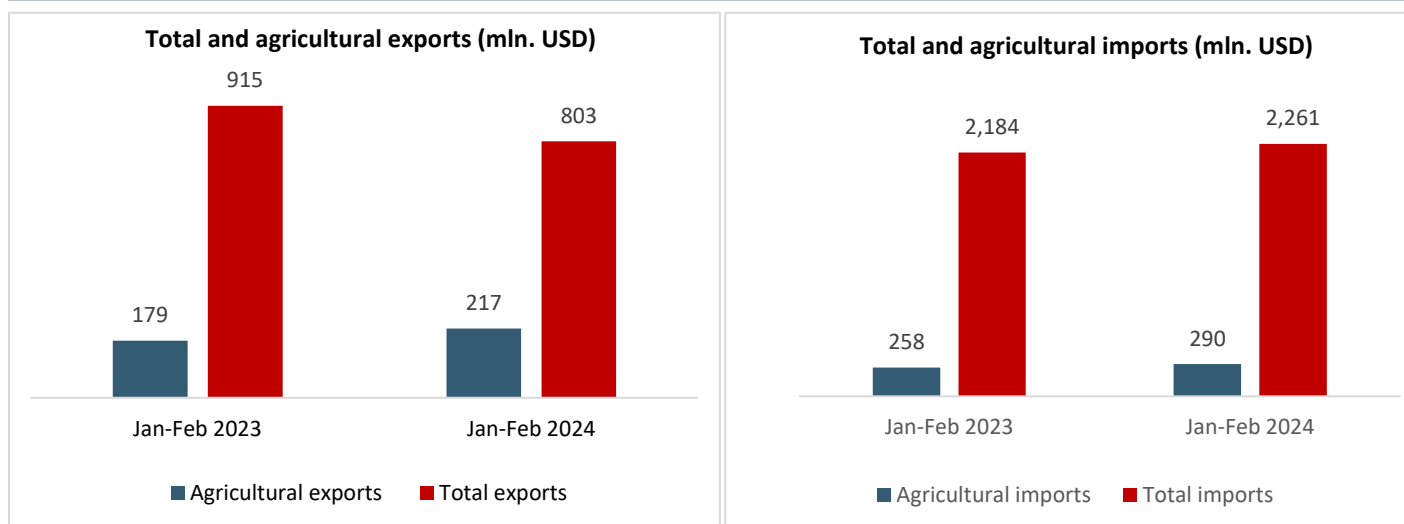


Source: FAO, 2024.

## TRADE HIGHLIGHTS

The year began with a decline in exports, where total Georgian exports fell by 12% from January-February 2024 over the same period in 2023 (from 915 mln. to 803 mln. USD). Agricultural exports did not contribute to this overall decrease, rather, contrary to other export categories, agri exports rose notably (by 22%), from 179 mln. USD in 2023 to 217 mln. in 2024. Furthermore, the share of agri exports in total exportation also experienced an improvement – from 20% in 2023 to 27% in 2024.

Contrary to export, total Georgian imports rose by 4% – from 2,184 mln. USD in 2023 to 2,261 mln. USD in 2024. The change in agri imports stands at 12%, where it increased from 258 mln. USD in 2023 to 290 mln. in 2024. Meanwhile, the share of agri imports in total imports grew slightly, from 12% in 2023 to 13% in 2024.



Source: Geostat, 2024.

Note: Agricultural exports and imports include food.

Reviewing the top 5 agri export commodities, **wine from fresh grapes** remains at the top with a total value of 47.6 mln. USD in January-February 2024, and it amounts to more than one fifth of the total agri export (21%). Compared to the same period last year, wine exports have risen by 38%.

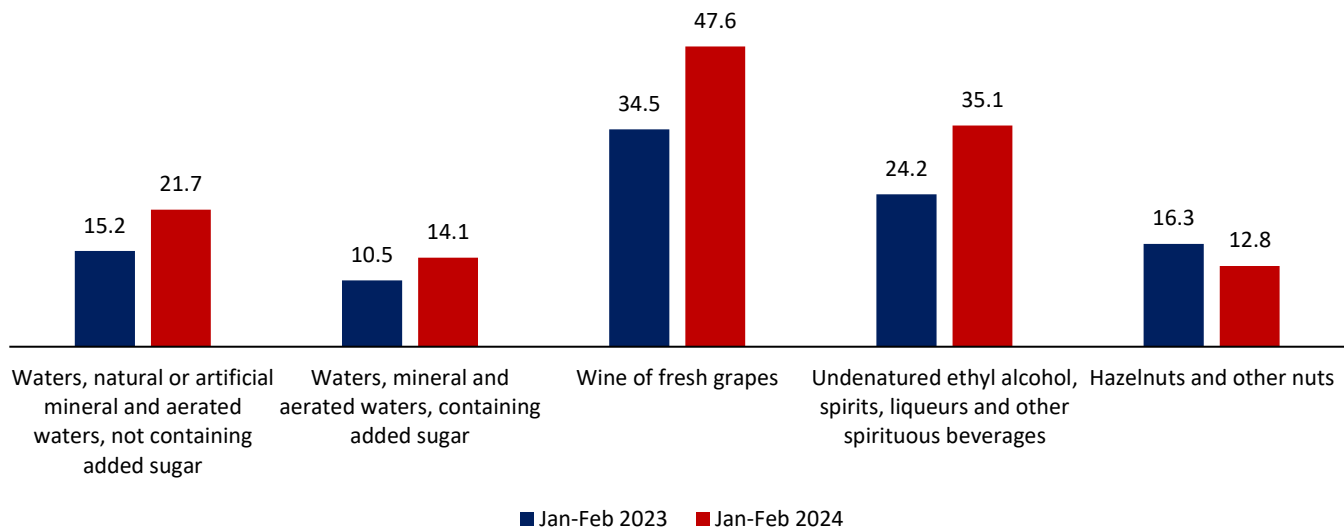
The second highest value export category for the period was **undenatured ethyl alcohol, spirits, liqueurs, and other spirituous beverages**, which amount to at 35.1 mln. USD. Among the top 5 commodities, the exports in this group have seen the greatest increase (45%) compared to the same period last year. Notably, the value of spirituous beverages constituted 16% of total agri exports.

**Waters, natural or artificial mineral and aerated waters, without added sugar** contributed 21.7 mln. USD to the overall value (an increase of 43%), with a share of 10% of agri exports in January-February 2024.

**Waters, mineral and aerated waters, containing added sugar** exports reached 14.1 mln. USD from Jan-Feb 2024, an increase of 35% over the 10.5 mln. USD in Jan-Feb 2023, and hold a share of almost 7% of total agri exports.

Despite total agri export increasing by 22%, **hazelnuts and other nuts exports** experienced the significant decline of 22% since the same period of last year (from 16.3 mln. USD in Jan-Feb 2023 to 12.8 mln. in Jan-Feb of 2024), while they retain a share of 6% in total agri exports.

## Top five export commodities by value (mln. USD)



Source: Geostat, 2024.

Note: Agricultural exports and imports include food.

## POLICY WATCH

### *Committees support the Draft Law of Georgia on Biological Diversity*

The European Integration Committee and the Regional Policy and Self-Government Committee of the Parliament of Georgia reviewed and approved the Draft Law of Georgia on Biological Diversity, prepared by the Ministry of Environmental Protection and Agriculture (MEPA). According to MEPA, the purpose of drafting the law is to harmonize Georgian with European Union legislation. The Draft Law is expected to ensure the protection of the biodiversity, to aid preservation, and to improve the quantitative and qualitative characteristics of species and habitats across the country.

For more information follow this link: <https://mepa.gov.ge/En/News/Details/21593/>

### *Environmental legislation is getting stricter*

MEPA developed a package of amendments aimed at strengthening environmental legislation. These amendments envisage tightening the sanctions for polluting the Black Sea, with the 65,000 GEL fine increasing to 100,000 GEL. Furthermore, the use of electric shock devices is prohibited, and a fine is being imposed in this regard. According to the legislative amendments, the illegal purchase, storage, carrying, transfer, or selling of a fish-catching electric shock device will result in a fine of 1,000 GEL, confiscation of the weapon, and a fine of 2,000 GEL if repeated. Furthermore, manufacturing, purchasing, storing, carrying, transporting, transmitting, sending, and selling fishing electric weapons will result in a fine of 3,000 GEL, confiscation of criminal weapons, and a punishment of 6,000 GEL if repeated.

For more information follow this link: <https://mepa.gov.ge/En/News/Details/21592/>