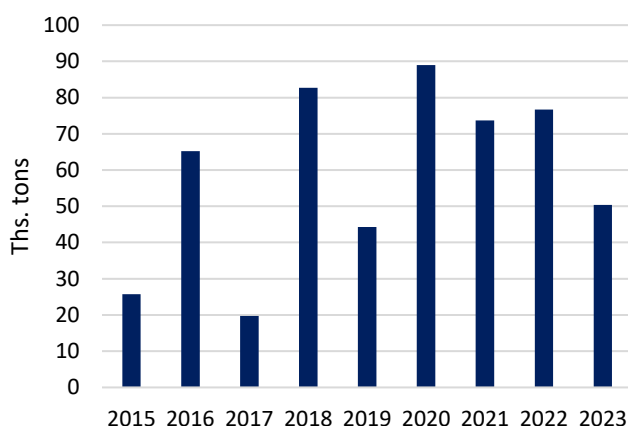


THE SECTOR AT A GLANCE

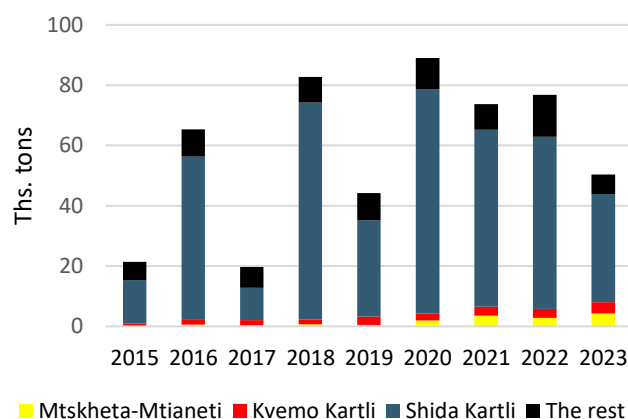
APPLE MARKET

In 2024, the Government of Georgia (GoG) continued subsidizing 'non-standard' (lower-quality) apples. Fruit processing companies that purchased non-standard apples from farmers for at least 25 tetri per kilogram, until 15 December 2024, received a 10-tetri subsidy from the government. Apple production declined in 2023 by 34% compared to 2022, falling from 76.7 thousand tons to 50.4 thousand tons. Despite notable production spikes in 2016, 2018, and 2020, such increases have been volatile and unstable.

Apple production (2015-2023)



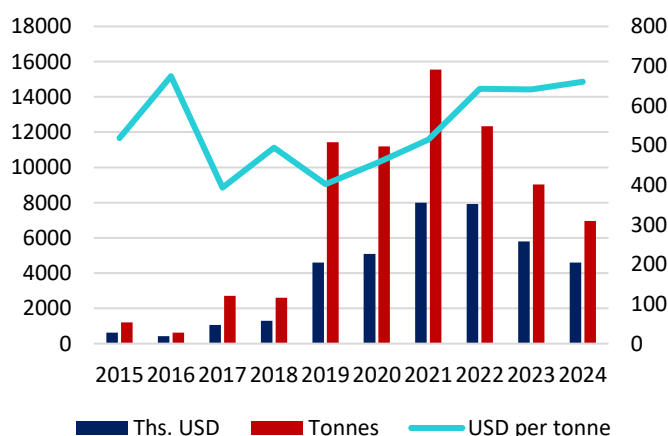
Apple production by region (2015-2023)



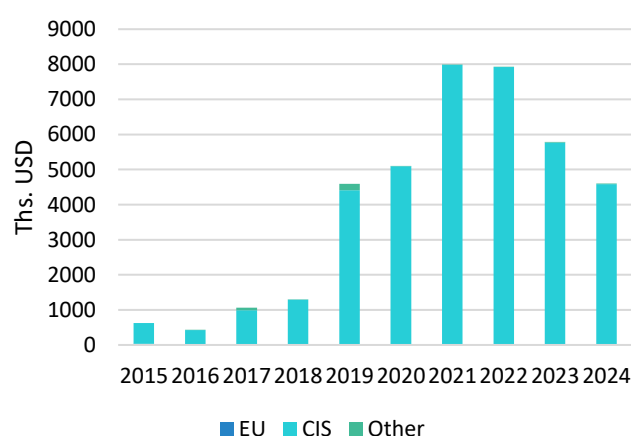
Source: GeoStat, 2024.

Apple production is mainly concentrated in the Shida Kartli region, which accounted for 71% of total production in 2023; beyond which, Mtskheta-Mtianeti contributed 8.5%, while Kvemo Kartli accounted for 7.3%. Regarding exports, the volume rose significantly from 2.6 tons in 2019 to 11.4 tons in 2020, peaking in 2021 before steadily declining. The primary export destinations are CIS countries, with Russia accounting for an average of 94% of apple exports between 2019 and 2024. In contrast, the EU's share is negligible, averaging around 1%, with no exports to the EU in half of these years.

Apple exports (2015-2024)



Apple exports by country groups (2015-2024)



Source: GeoStat, 2024

Note: * 2024 includes data for January-November

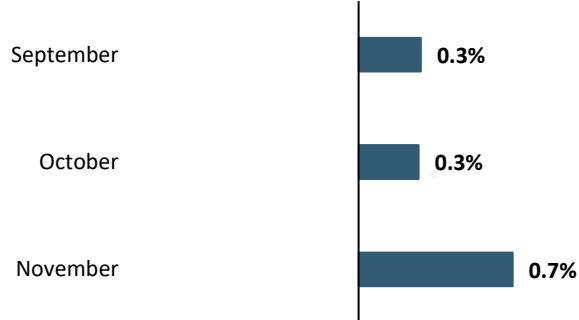
PRICE HIGHLIGHTS

DOMESTIC PRICES

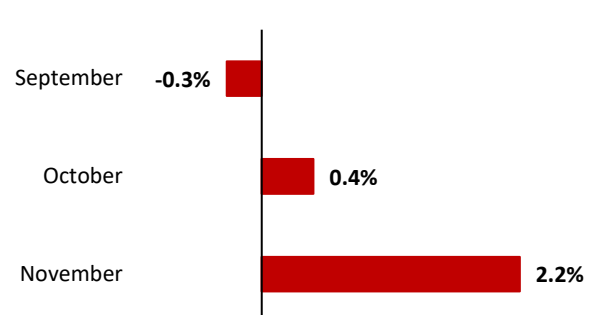
On a monthly basis, the country's price levels increased from September to November 2024. The Consumer Price Index (CPI) rose slightly higher (0.7%) in November compared to October 2024. While the corresponding month-over-month price changes in September and October were both positive (0.3%).

Between September-November 2024, monthly prices for food and non-alcoholic beverages, measured by the Food Price Index (FPI), exhibited an insignificant decline followed by an upward trend. While the corresponding month-over-month price changes in September was -0.3%, and in October and November food prices increased by 0.4% and 2.2%, respectively.

**MoM % change in CPI
(September - November 2023)**



**MoM % change in FPI
(September - November 2023)**

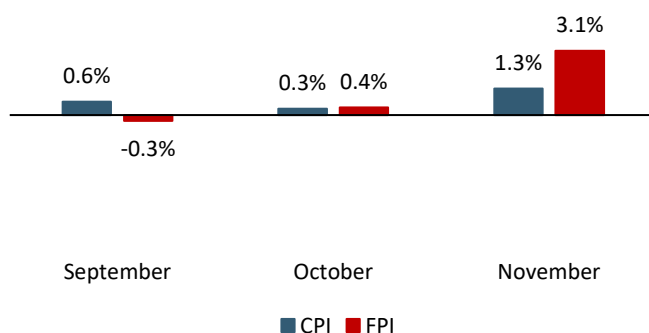


Source: GeoStat, 2024. Note: The index value in the previous month is 100.

From an annual perspective, the CPI continued to rise between September and November 2024. In November, the CPI grew by 1.3% compared to November 2023, while the corresponding figures for September and October were 0.6% and 0.3%, respectively.

In November 2023, the year-over-year prices of food and non-alcoholic beverages increased slightly, by 3.1%, contributing 1.0 percentage points to the change in total CPI. The main drivers were the price increases in the following sub-groups:

Annual % changes in CPI and FPI



Vegetables (15.5%↗)

Coffee, tea, and cocoa (7.8%↗)



Sugar, jam, honey, chocolate and confectioneries (7.0%↗)

Source: GeoStat, 2024.

SPOTLIGHT

In annual terms, food prices in the vegetable sub-category remained high throughout 2024. In November, the year-over-year price of vegetables increased by 15.5%, and the month-over-month price by 17.9%. GeoStat data shows that annual price decreases were only observed for certain foods in November 2024, namely potatoes (-14.0%) and beets (-1.5%). Meanwhile, an upsurge in prices was observed for most vegetables, including greens (85.1%), garlic (62.2%), tomatoes (49.1%), cucumbers (44.8%), peppers (43.3%), eggplants (37.6%), cabbages (27.6%), green beans (22.6%), onions (7.6%), dry beans (3.2%) and carrots (0.8%).

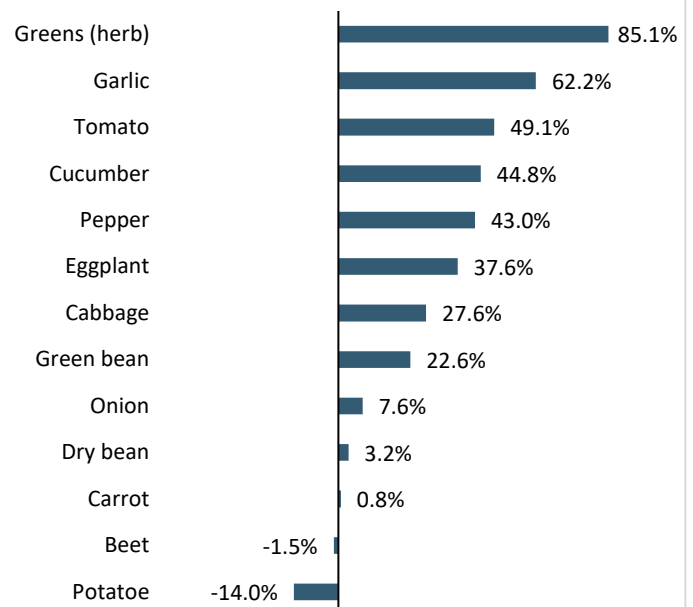
There may be several factors affecting the increase in prices. Local production of vegetables rose from 128.5 ths. tons in 2023 to 142 ths. tons in 2024 (a 10.5% increase), however, there is no official production data for 2024, thus it might be lower than the previous year and potentially affecting the price of vegetables.

Furthermore, in January-November 2024 the import value of vegetables increased by 12.2% compared to the same period of the previous year. Regarding exports, the export value of vegetables has also risen by 29.5%.

If local production levels are not demonstrating a decreasing trend, the demand side is another considerable factor.

Rising prices could indicate increased overall demand for vegetables. Moreover, international price trends might be playing an important role in influencing local prices.

Annual price change for vegetables (November 2024 vs. November 2023)



Source: GeoStat, 2024

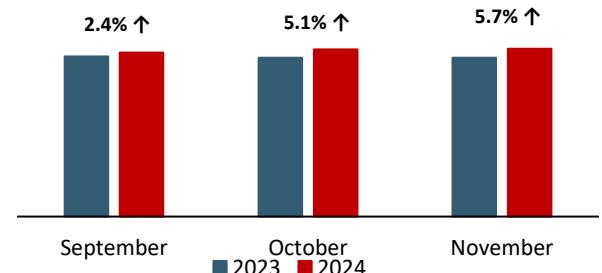
INTERNATIONAL PRICES

Between September and November 2024, international prices shifted trend from decreasing to increasing. In November 2024, the Food Price Index, as measured by the Food and Agriculture Organization (FAO), increased significantly – by 5.7% compared to November 2023. Year-over-year prices grew for the vegetable oils (32.2%), dairy (20.1%), and the meat (5.9%) sub-indices. Meanwhile, prices decreased within the sugar (21.7%) and cereal (8.0%) categories.

The price of vegetable oil price reached its highest level since July 2022, driven by increases in palm, rapeseed, soy, and sunflower oil prices. These gains were fueled by concerns over lower global production of palm oil, a strong import demand for soy oil, and tightening supplies of rapeseed and sunflower oils.

The price hike in dairy was mainly driven by increased global demand for milk powders, butter, and cheese, amid tight inventories and seasonal production declines in Western Europe.

Annual changes in international prices (September - November 2024)



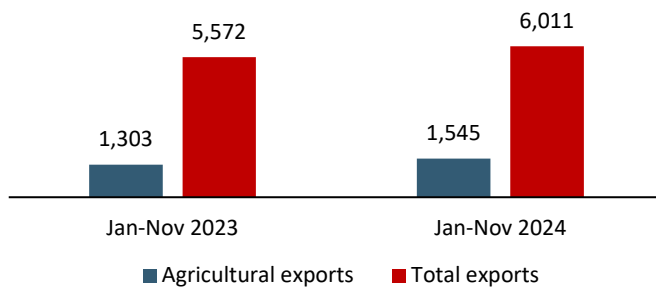
Source: FAO, 2024

TRADE HIGHLIGHTS

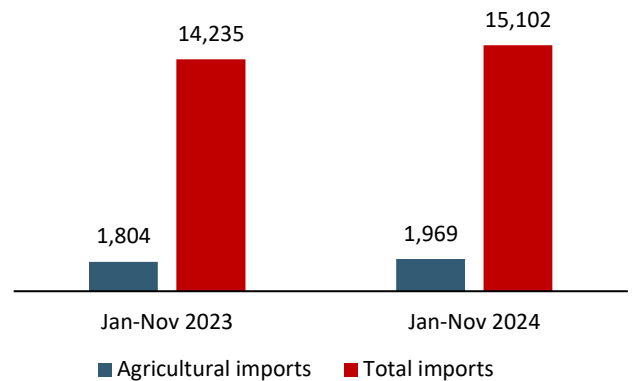
Total Georgian exports continued their increasing trend over the year. The total exports from January to November 2024 amounted to 6,011 mln. USD, which is 8% higher than the corresponding figure from last year (5,572 mln. USD in 2023). Agricultural exports have grown as well – from 1,303 mln. USD in Jan-Nov 2023 to 1,545 mln. in 2024 (a 19% increase). The growth rate of agricultural exports furthermore surpassed that of overall exports, where the total share of agricultural products in all exports has increased from 23.4% to 25.7%.

Imports are also continuing on an increasing trend. Total imports from January to November 2024 amounted to 15,102 mln. USD, compared to the 14,235 mln. observed in 2023 (a 6% increase). While agricultural exports witnessed a 19% surge, agricultural imports exhibited a lower growth of 9% – from 1,804 mln. USD in Jan-Nov 2023 to 1,969 mln. between Jan-Nov 2024. The share of agricultural imports in total imports has slightly rose from 12.7% in 2023 to 13.0% in 2024.

Total and agricultural exports (mln. USD)



Total and agricultural imports (mln. USD)

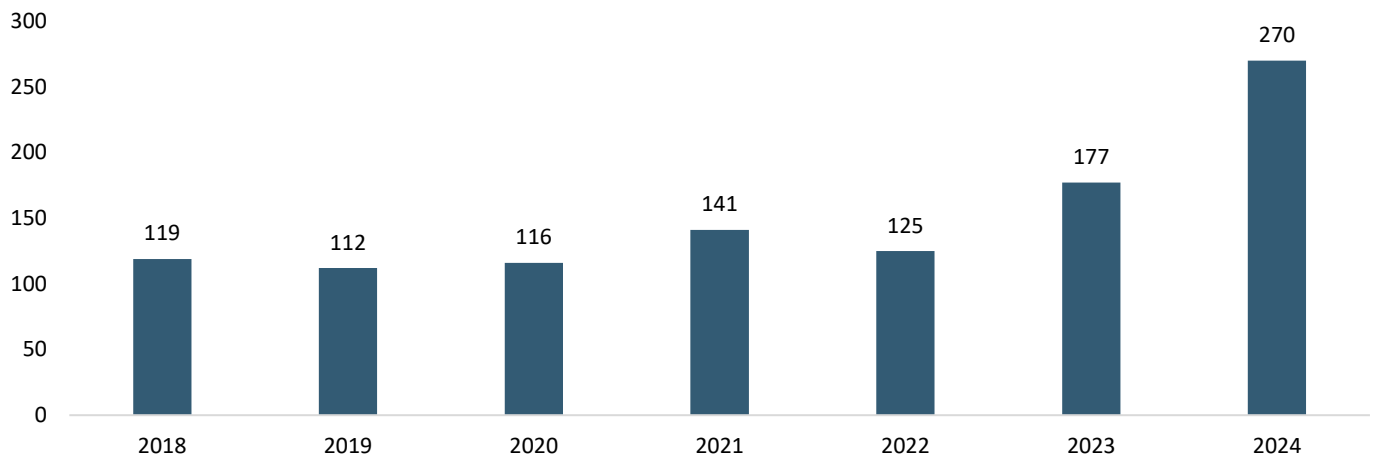


Source: Geostat, 2024

Note: Agricultural exports and imports include food

The export of undenatured ethyl alcohol, spirits, liqueurs, and other spirituous beverages holds a significant share in Georgian export. The international demand for Georgian spirituous beverages has increased, especially within the last two years. Considering the last seven years, from 2018-2022 the level of export of spirituous beverages fluctuated: in 2019 (January - November), the export of spirituous beverages decreased by 5.9% compared to the same period in 2018 (from 118.8 mln. USD to 112.3 mln. USD). In 2020 and 2021, the export of spirituous beverages grew by 3.6% and 21.6%, respectively, followed by an 11.3% decline of the export in 2022.

In 2023, the value of exports reached a record amount, which amounted to 176.8 mln. USD. Notably, experienced a 41.6% increase from 2022. By 2024, the export of undenatured ethyl alcohol, spirits, liqueurs, and other spirituous beverages increased again and amounted to 270.4 mln. USD, marking a new record amount. The respective increase reached 52.5% over this period.

Export of undenatured ethyl alcohol, spirits, liqueurs, and other spirituous beverages

Source: Geostat, 2024

Note: All years include data for January-November

POLICY WATCH***New Amendments to the Law of Georgia on Environmental Protection***

The Government of Georgia has endorsed amendments to the Law of Georgia On Environmental Protection. These modifications introduce a system for the authorization, monitoring, reporting, and verification of greenhouse gas emissions. Specific industrial and aviation operations will now be required to obtain authorization, which involves developing a monitoring plan and submitting it to the relevant issuing authority.

For more information follow the link: <https://mepa.gov.ge/En/News/Details/22811/>

Georgia Approves its Endangered Species Recovery Plan

The Ministry of Environmental Protection and Agriculture of Georgia has implemented the Endangered Species Recovery Plan, a guide that outlines practical steps for the conservation of endangered species. In recent decades, many wild animal and plant species have encountered serious threats. To address this, a national recovery plan has been created, providing detailed, species-specific strategies to restore each priority species.

For more information follow the link: <https://mepa.gov.ge/En/News/Details/22844/>

Georgia Launches a Strategy for Sustainable Sludge Management and Reuse in Partnership with ADB

The Ministry of Environmental Protection and Agriculture of Georgia, in partnership with the Asian Development Bank (ADB), has launched a strategic, nationwide initiative focused on sustainable sludge management and reuse. The project will be carried out by the Italian company IDROSTUDI SRL, with support from international experts. This one-year project aims to create a comprehensive sludge management plan that is customized to Georgia's specific requirements, including the implementation of a pilot program.

For more information follow the link: <https://mepa.gov.ge/En/News/Details/22836/>

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