

Review of Agriculture Sector and Food Safety System in Georgia

EU FP6 Young Train

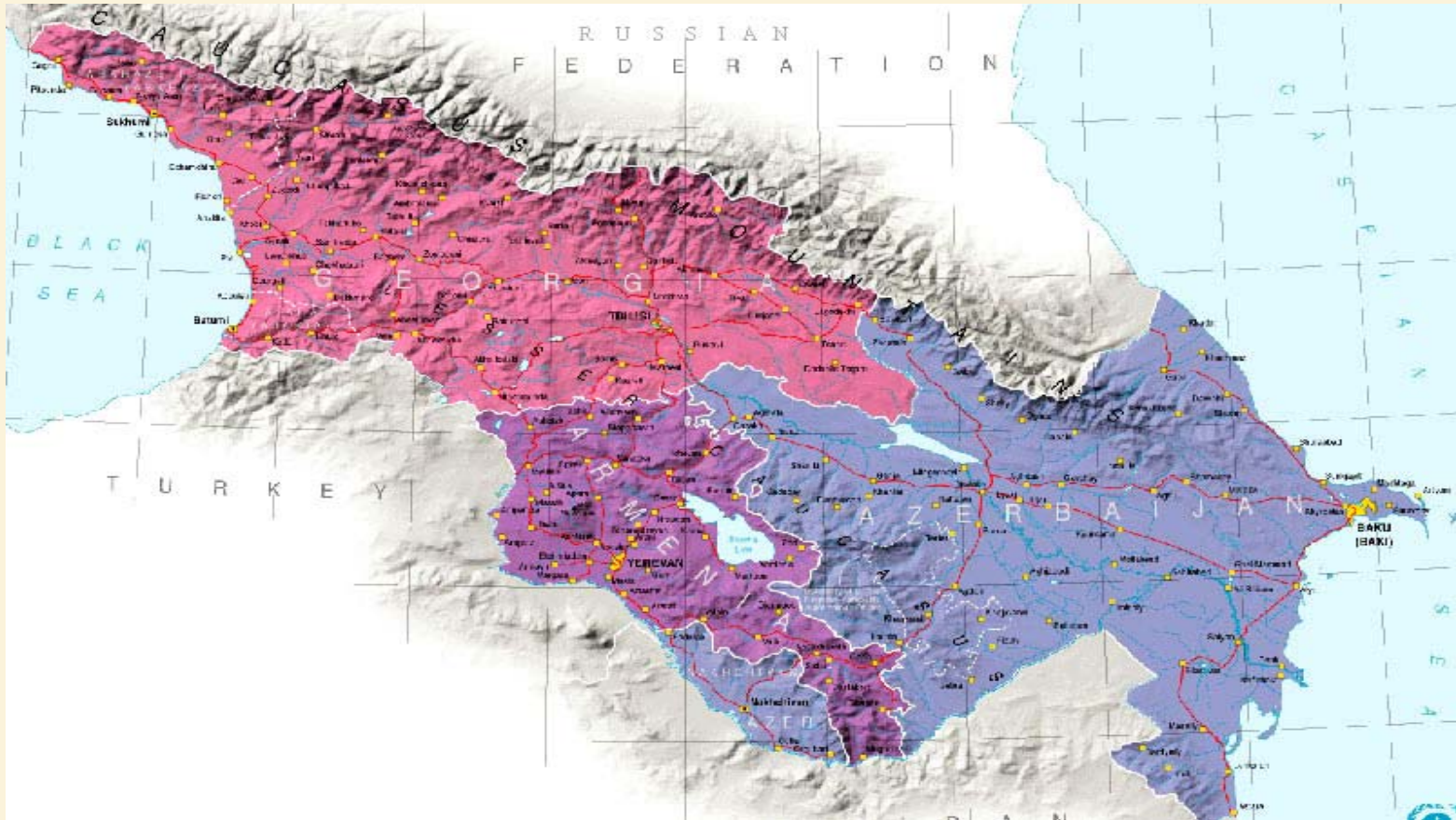
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Georgia is located in the Caucasus on the crossroad of Asia and Europe



Georgia represents an eastern gateway to Europe along with the other states of the South Caucasus

Key Factors for Georgian Agriculture

Production

- Nearly 17% of the national economy is directly dependent on the agricultural sector and processing industry;
- After significant decline for nearly a decade, the real value of the food and agricultural sector has begun to increase slightly over the past five years;
- Livestock production has been slowly but steadily increasing for most categories;
- Crop yield on the average are only 1/3 of their potential;
- Approximately 1/3 of arable land is not in production.

Key Factors for Georgian Agriculture

Farms, Employment, Income

- Georgia has 800,000 farms with an average size of 1,48 ha;
- Presently there are 16,000 farms of 4 ha or greater, but these presently represent 40% of cropland in private hands;
- Nearly 55.3% of the national labor force is presently employed in agriculture vs. only 25% in 1990;
- National unemployment is still over 13.6% with little reduction even with a growing national economy. Underemployment is significantly greater than this;
- Farm labor incomes are perhaps 1/3 of national levels.

Key Factors for Georgian Agriculture

Nutrition and Consumption

- Over 60% of consumer income is spent on food (vs. 15-20% in the West);
- Nearly 50% of population consumers less than the FAO minimum recommended level of 2100 calories per day;
- Over 25% of population consumes less than 1600 calories per day, which is considerably below FAO's absolute minimum of 1800 calories.

Key Factors for Georgian Agriculture

Capital and Trade

- The reported real value of agricultural exports has been increasing significantly;
- Food and agricultural imports are 50% greater than exports;
- Current capital utilization in the food and agricultural sector is estimated to exceed GEL 600 million.

Country and Sector Policy

Economic, Social and Political Considerations

- At this time, agricultural only receives about 1.5 % of state budget.
- Agriculture sector that comprises 16-20% of GDP and provides over 55.3% of employment directly.

Analysis of Problems

Agriculture, Hunting, Fishing and Forestry 1990-2005

Economic Importance

table1

Year	Sown Area(ha)*	Livestock Number	% of GDP	% of Employment
1990	701,900	4,287,900	29,71	25,2
1995	453,100	2,104,300	41,7	30,6
2000	610,800	2,166,600	20,2	51,6
2001	564,800	2,248,400	20,7	56,6
2002	577,000	2,284,800	9,2	53,8
2003	561,700	2,361,600	19,3	54,9
2004	534,000	2,438,500	16,2	54,4
2005	539,600	2,539,600	16,8	52,3

Source: 2005 Georgia Agriculture Statistical Abstract, Department of Statistics

*Excludes perennial crops

Analysis of Problems

Livestock Production: 1990-2004

table2

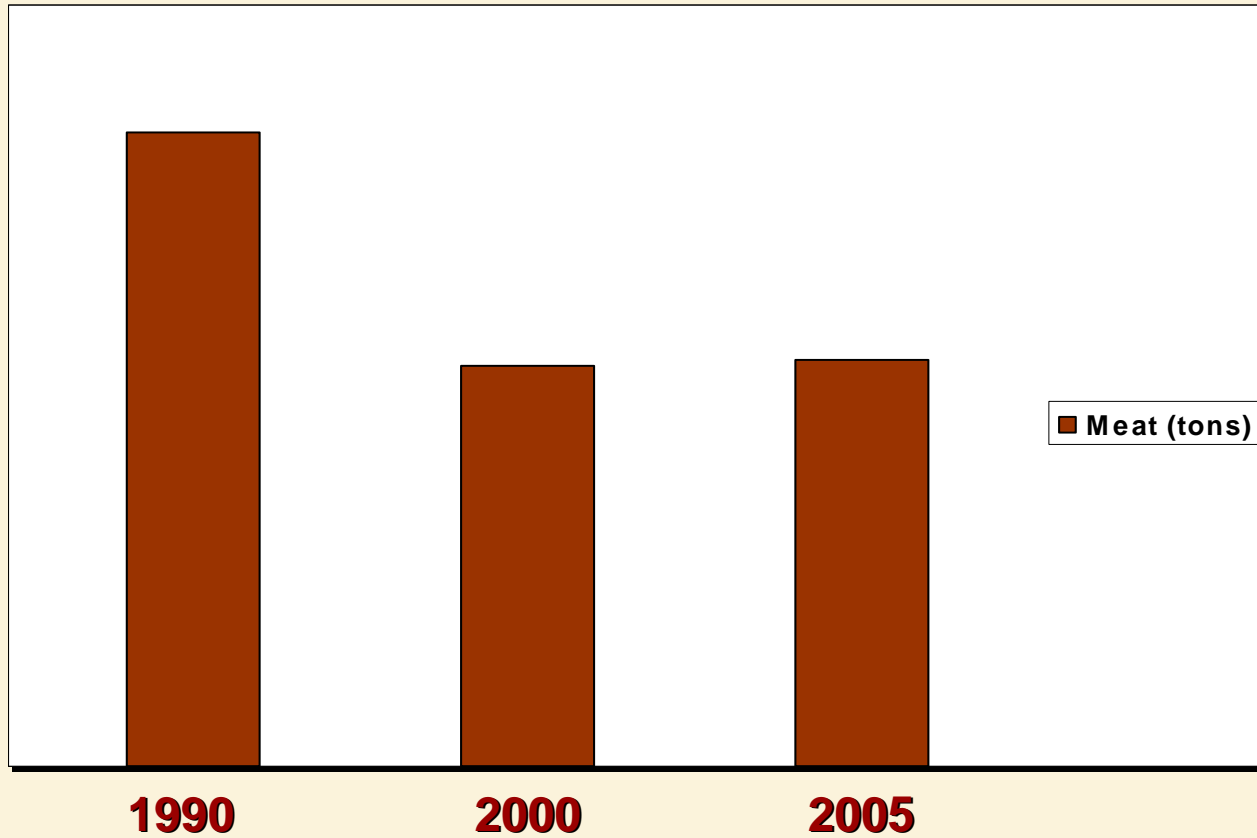
Year	Meat (tons)	Milk (tons)	Eggs (mln)	Wool (tons)
1990	170,3	659,4	769,2	6,219
1995	115,4	475,4	269,4	3,053
2000	107,9	618,9	361,4	1,860
2001	102,4	710,0	395,4	1,898
2002	106,9	742,1	408,8	1,994
2003	108,9	765,1	458,1	2,023
2004	109,2	780,4	496,6	2,188
2005	109,4	784,7	504,6	2,215

Source: 2005 Georgia Agriculture Statistical Abstract, Department of Statistics

Analysis of Problems

Meat Production 1990-1995-2005

chart1



Analysis of Problems

Most Important Animal Products

- Meat
- Milk
- Eggs
- Fish
- Poultry

Georgian regions differ in respect of significance of these products. The importance of secondary products relates to particular regions, depending on geographic, social and economic status and management of natural resources.

Analysis of Problems

Animal Health

- Farmers due to lack of finances and knowledge are not able to protect their animals from epizootic diseases.

Agricultural Research, Education and Extension /AgREE/

- Agricultural Research, Education and Extension - AgREE systems practically are disorganized and their meaning are not understudied.

Analysis of Problems

Food Safety

- Poor socio-economic conditions of large portion of the population
- Weak, undeveloped and fragmented food industry;
- Absence of comprehensive food safety legislation;
- Lack of existing capacity, both in government and the private sector, to meet the increasing requirements for food safety in the global marketplace;
- Outdated infrastructure, facilities and equipment;
- Limited government and private sector funds for improving compliance inspections or upgrading equipment and processes;
- Low public awareness of food safety issues and sources of problems;
- Alleviated risk of corruption in food safety compliance process.

Food Safety System in Georgia

The law on Food Safety and Quality was adopted in December 2005 by Parliament of Georgia

There is no value to the law, no matter how good, unless it is properly implemented and enforced. This law is suspended till January 2010.

There is still a considerable distance to go before Georgia will have an acceptable level of food safety.

Research of Beef Market in Georgia

The German Agency for Technical Cooperation (GTZ) /project "Support to Value Adding in Agriculture – Enhancing Food Quality and Safety" implemented by the Federal Ministry for Economic Cooperation and Development (BMZ) in cooperation with the Georgian Ministry of Agriculture/

Georgia, total	2004	2005	2006	2007 /I-III quarter/
Meat (<i>in slaughter</i>) – th. Tons	109.2	109.5	100.3	-
<u>In which:</u> Beef	49.8	49.2	44.2	48.0
Pork	34.7	33.3	35.5	-
Mutton	9.2	9.6	9.5	-
Poultry	15.2	16.9	10.5	-

Source: 2005 Georgia Agriculture Statistical Abstract, Department of Statistics

Research of Beef Market in Georgia

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Chart 2

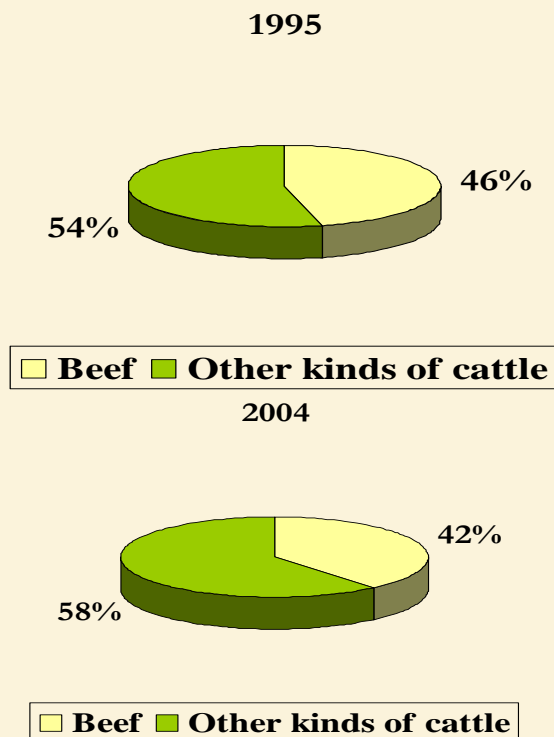
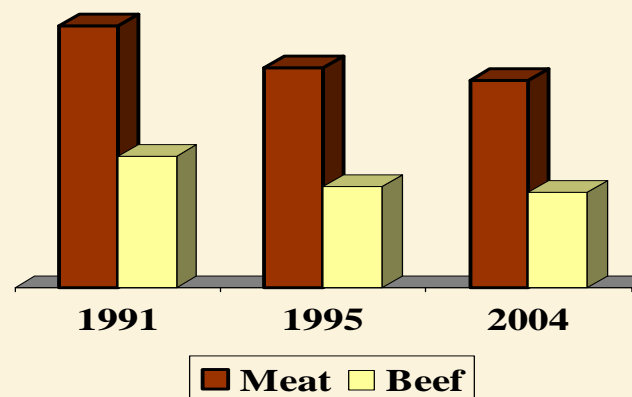


Chart 3



Research of Beef Market in Georgia

The German Agency for Technical Cooperation (GTZ) /project “Support to Value Adding in Agriculture – Enhancing Food Quality and Safety” implemented by the Federal Ministry for Economic Cooperation and Development (BMZ) in cooperation with the Georgian Ministry of Agriculture/

The beef market is still in the process of formation in Georgia and there still are free segments. The main reasons are:

- Low purchase capability of consumers;
- Low competence of consumers as well as of adequate structures in controlling beef quality and assortment;
- Not existence of meat breeds in Georgia;
- Low share of import;
- Undeveloped retail trade structures.

Main Goal, Target and Policies

Georgian consumers have access to a safe, affordable, appropriate quality food supply that meets their nutritional requirements:

- Develop and implement an appropriate, effective ***National Food safety System*** based on the recently adopted law on Food Safety and Quality;
- Ensure adequate and ***credible Laboratory Services*** for supporting the national Food safety System;
- Provide ***supporting of farmers and agro-food sector*** in meeting the evolving food safety requirement;
- Build ***public awareness*** in food safety;
- Facilitate development of ***independent third party certification*** systems and others;

Thank you