

Price Monitoring and Analysis Country Brief

Georgia

September-December 2010

Key Messages

- Wheat price increased by 69% between August and December 2010, reflecting world price trends. In December 2010, the international FAO Food Price Index was slightly above the peak reached during the 2007-08 food price crisis.
- Agriculture production in 2010 was affected by unfavorable weather conditions, pests and reduced cultivated areas. According to preliminary estimates, cultivated areas with cereals decreased by 18%, compared with last year.
- Food security is increasingly affected by high food prices, limiting access to markets of the poorest groups of the population.
- The cereal import bill in 2010 was 58% higher than in 2009 and 71% above 2005-09 average.

Background

The total population in Georgia is 4.2 million. According to World Bank, 47% of the labour force was employed in agriculture, whereas the contribution of agriculture to GDP was 9% in 2009.

Economic Indicators	View Data
Total Population (millions) - 2009 (WB)	4.26
Population growth rate - 2009 (WB)	-1%
GNI per capita, \$ PPP - 2009 (WB)	4700
Population below 1\$ PPP per day - 2005 (MDGI)	13%
Rural population - 2009 (WB)	47%
Agriculture, value added (% of GDP) - 2009 (WB)	9%

Food Consumption	
Undernourished Population - 2005/2007 (FAO)	< 5%
Cereal share in total dietary energy consumption - 2007 (FAO)	50%
Meat share in total dietary energy consumption - 2007 (FAO)	5%

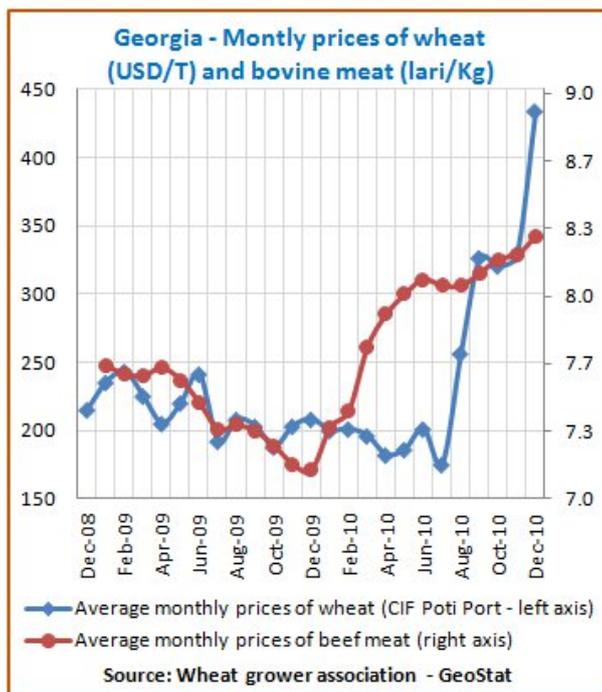
Health Indicators	
Pop. with sustainable access to improved sanitation - 2008 (WHO)	95%
Life expectancy at birth (years) both sexes - 2008 (WHO)	72
Pop. with access to improved drinking water sources - 2008 (WHO)	98%
Prevalence of HIV among adults aged >= 15 years - 2009 (WHO)	0.1%

Prices

Cereals: Wheat prices increased by 69% between August and December 2010; prices increased by 27% from August (USD 256 per tonne) to September (USD 326 per tonne), remained stable in October and November and surged up by 32% in December (USD 433 per tonne). During the reporting period (September-December 2010), wheat prices were about 75% higher than in September-December 2009.

Bread and Wheat Flour: Bread and wheat flour prices are correlated with wheat grain price. The most notable increases in bread and flour prices were observed between Aug and Sept 2010, 14% and 12 % respectively. The use of wheat stocks for processing and baking explains the relatively modest increase in flour and bread prices compared with the wheat grain price increase from Nov to Dec 2010. Bread and flour prices in Sept-Dec 2010 were respectively 19% and 17% higher than in Nov-Dec 2009.

Beef Meat: Beef retail price increased from 8.1 to 8.3 lari/kg from Sept to Dec. Prices during the reporting period were 13% higher than in Sept-Dec 2009. The increasing trend over the years is explained by combined effects of beef substitution for other meats and inflationary pressures.



Food Security and Poverty Situation

The poorest sections of the population are affected by the sharp rise in food prices. Georgia is heavily and increasingly dependent on wheat imports, and domestic prices therefore reflect world price trends.

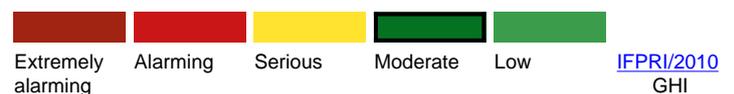
INTERNATIONAL CLASSIFICATIONS

FAO SCALE OF HUNGER (% of Undernourishment)



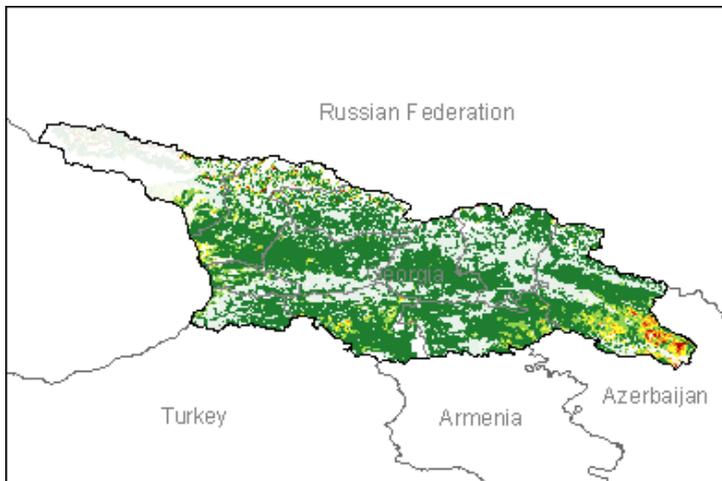
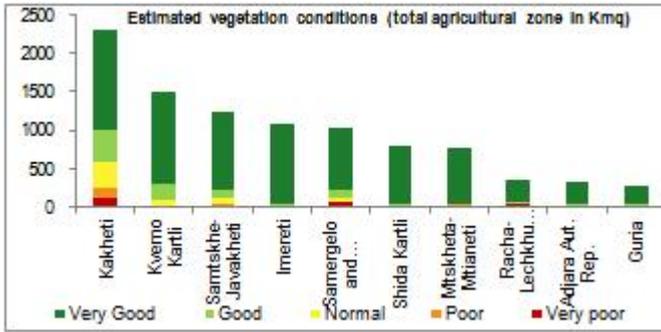
FAO Hunger Map classifies all countries of the world into five based on % of population undernourished.

IFPRI GLOBAL HUNGER INDEX



Vegetation Condition

At this stage of the winter season, very good conditions are observed in the major part of the country. The general indicator of vegetation condition provided below is the relative difference between the NDVI for December 2010 and the average for the last 10 years, calculated on the agricultural zones derived from the GLOBCOVER 2005 database (ESA).



Source: JRC MARS – FoodSec

Crop phase in the reference period

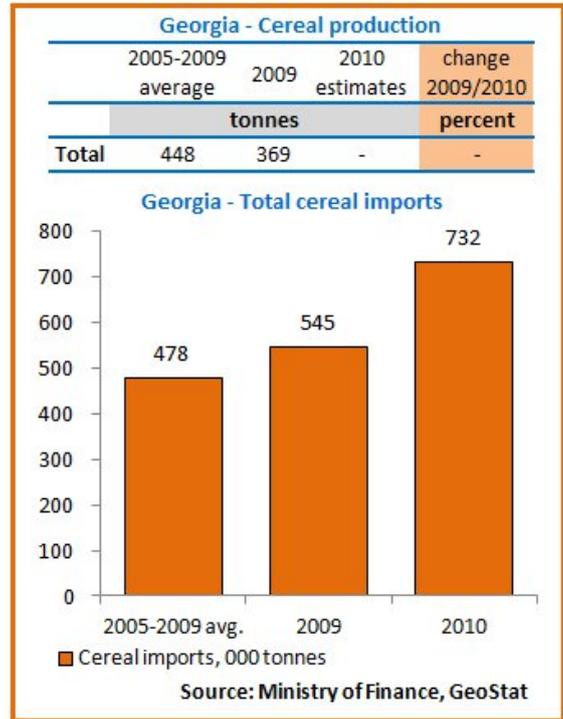
Sowing	No crops are sowed during the reference period
Growing	Wheat (Winter)
Harvesting	No crops are harvested during the reference period

Natural Disasters and Conflicts

Government and donors continue to provide assistance to vulnerable population in IDP settlements and returnee villages after the August 2008 conflict to ensure access to food and income. Vulnerable households are provided with inputs that allow for the establishment and restoration of agricultural production, and the meeting of basic household needs. FAO assists IDPs to improve the supply and use of irrigation water, start small-scale livestock husbandry, and supports 50% of agriculture related investments both in IDP settlements and returnee villages. WFP launched a programme this fall to cover the needs of the most vulnerable IDPs through the end of April 2011. Other active partners are Norwegian Refugee Council (NRC), World Vision and ACF.

Food Balance Sheet

Although no official estimates are available yet, cereal production in 2010 is estimated to be lower than in 2009 (369,000 tonnes) and the 5 year average (448,000 tonnes). According to preliminary estimates, wheat production in 2010 was about 20% lower than in 2009 (53,900 tonnes). Cereal imports in 2010 amounted to 732,106 tonnes, which is respectively 34% and 53% higher than in 2009 and on average in 2005-09. Cereal import bill in 2010 (USD 174.8 mln) was 58% higher than in 2009 and 71% above the average in 2005-09.



Government Policies

The Government has initiated the implementation of measures aimed at boosting wheat and maize production in 2011. Quality wheat seeds have already been distributed for fall planting and will be distributed early next year for spring planting. The demand for quality maize seed is currently being estimated by the Government. Both wheat and maize seeds will be distributed conditional to repayment after the harvest.

Consumer and market oriented measures	No measure
Producer oriented measures	Support to increase sector output; infrastructure rehabilitation.
Trade policy measures	No measure
Safety net (increased or introduced)	No measure

Different sources

Further Information (Click to see the full report)

- [FAO - Policy Briefs](#)
- [FAO - Global food price monitor](#)
- [FAO - Crop Prospects and Food Situation](#)
- [FAO - Media Center](#)

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