

Food Security and Agriculture Highlights



Azerbaijan
January – March 2011

Key Messages

- Food prices continued to increase in 2011. Food prices increased by 5.6% between December 2010 and March 2011. They were on average 13.4% higher in January–March 2011 than during the same period in 2010.
- The poorest 20% of the population spend more than 60% of their budget on food and are therefore vulnerable to high food prices.
- Prospects for agricultural production are good for 2011.
- Cereal imports in 2010 were 44% above imports in 2009, due to last year's reduced harvest, and continued to be high in the first quarter of 2011.

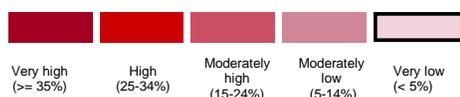
Food Security and Poverty Situation

The impact of the global crisis was much less severe in Azerbaijan than in other countries of the region as GDP expanded by 9% in 2009, the fastest rate in Eastern Europe. GDP growth however dropped to 5% in 2010 and is expected to drop further in 2011, due to the contraction of the oil sector.

The poverty rate continued to decrease in 2010, from 10.9% to 9.1%. The poorest 20% of the population spend more than 60% of their budget on food and are therefore vulnerable to high food prices.

INTERNATIONAL CLASSIFICATIONS

FAO SCALE OF HUNGER (% of undernourishment)



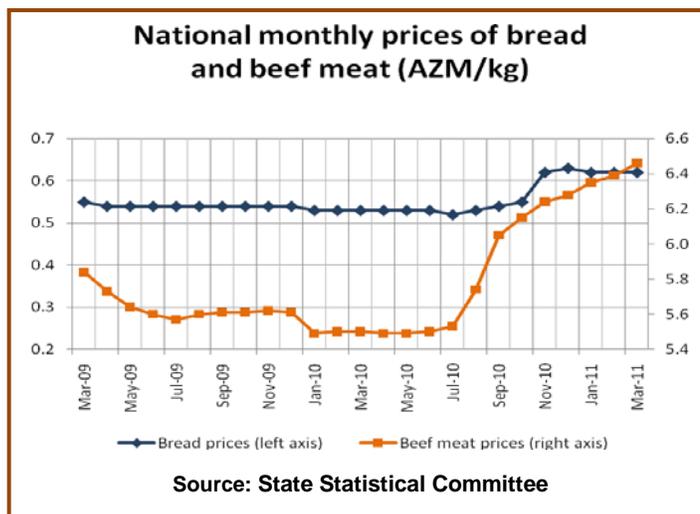
FAO Hunger Map classifies all countries of the world into five categories based on % of population undernourished.

IFPRI GLOBAL HUNGER INDEX



Food Prices

Food prices increased by 5.6% between December 2010 and March 2011. Food prices were on average 13.4% higher during the reporting period (January–March 2011) than during the same period in 2010.



Bread: Bread price stabilized during the reporting period (AZN 0.62 per Kg) following Government's decision last December to exempt import of wheat and wheat flour from VAT. Price increased by almost 20% in 2010.

Economic indicators *		
GDP growth	5%	2010
Total population (millions)	9.1	2010
Population growth	1.0%	2010
Share of rural population	47%	2010
Life expectancy (years)	74	2010
Unemployment	Total	5.6%
	Rural	5.4%
Social protection expenditures as % of government budget	10.6%	2010
Consumer Price Index	105.7	2010
Food Price Index	107.2	2010
Remittances as % of GDP (WB, SSC)	2.8%	2010
Cereal imports as % of total exports (in value)	1.5%	2010

Agricultural indicators *		
Contribution of agriculture to GDP (without agro-processing)	5.4%	2010
Share of plant production/livestock in agricultural GDP	Plant	51.6%
	Livestock	48.4%
Share of labour force in agriculture	39.7%	2010
Average land ownership (ha)	1.6	2006
Farmgate price index	104.2	2010
Average monthly salary in agriculture by gender	Women	109.9
	Men	141.0
Women's access to land ownership (UNDP)	Full access	2009

Others indicators including nutrition *		
Prevalence of poverty	Total	9.1%
	Rural	n.a.
Share of food expenditures in total expenditures	Total	48.2%
	1st quintile	61.8%
Share of staple (cereals and potatoes) in total calorie consumption (FAO)	67.1%	2010
Share of protein of animal origin in total calorie consumption (FAO)	4.9%	2010
Undernourished population 2005–2007 (FAO)	<5%	
Prevalence of iron deficiency among women (anemia, age 15–49)	37%	2006
Prevalence of stunting among under 5 children	25%	2006
Income share held by lowest 20% (WB)	8.0%	2008

* Source: State Statistical Committee unless otherwise indicated

Potato: Potato price reached a record level in March 2011 (AZN 0.91 per Kg). Price increased by 23% from December 2010 to March 2011. Average price in January–March 2011 was 34% higher than in the same period in 2010. Price increase is due to low production in 2010 and high price of imported potatoes.

Beef: Beef price continued to increase in 2011 and reached AZN 6.46 in March 2011, 3% above December price. Average price in January–March 2011 was 16% above price in the corresponding period in 2010.

Agricultural production

Development of the non-oil economy, especially the agriculture sector which employs about 40% of the population but only contributes 5.4% to GDP, is the most important development challenge facing the country.

Plant production output dropped by 8.9% in 2010, due to floods. The decline was partially offset by a 6.1% increase in livestock production. Livestock production accounts for almost half of agricultural GDP.

Cereal production was much affected by floods. Production decreased by 33% and 14% respectively compared with the 2009 bumper harvest and the 2005–09 average.

Crop production (thousand tonnes)

	Avg 2005–2009	2009	2010
Cereals	2 339	2 988	1 999
Potatoes	1 036	983	953
Vegetables	1 189	1 178	1 189
Fruits and berries	679	718	729

Source: State Statistical Committee

According to preliminary estimates, the productions of cotton, tobacco and sugar beet (for processing), which significantly contribute to rural incomes, increased by 17%, 24% and 33% respectively in 2010. Planted areas increased in response to the expansion of processing facilities in the country.

The improvement of pedigree stock-breeding and the augmentation of the number of animals have contributed to the subsector growth in 2010 with increased production of meat, milk and wool. The production of eggs decreased by 2.5% due to the closure or weakening of some broiler farms.

Livestock production (thousand tonnes)

	Avg 2005–2009	2009	2010
Meat	308.8	410.7	440.0
Milk	1 341.5	1 433.1	1 529.2
Eggs (million units)	979.9	1 209.4	1 178.6
Wool	14.2	15.3	15.6

Source: State Statistical Committee

Favorable weather conditions during the spring have contributed to an increase of 12% in cereal planted area. More than 900 thousand hectares have been planted in winter wheat. The 2011 cereal production is expected to amount to 2.5 million tonnes. Favorable conditions, including the absence of frost during the growing season, are also expected to contribute to high yields of fruit crops.

Government continues to encourage agricultural producers through tax exemption, including for land, and the provision of subsidies on fertilizers, fuel, seeds, seedlings and wheat production.

Government is developing legislation for agricultural cooperatives, which will give small farms better access to input and output markets and lead to increased productivity and incomes. The decision has also been made to establish agrarian centers for the cultivation of seed grain, with the objective of increasing cultivated area.

Objective of the Food Security and Agriculture Highlights

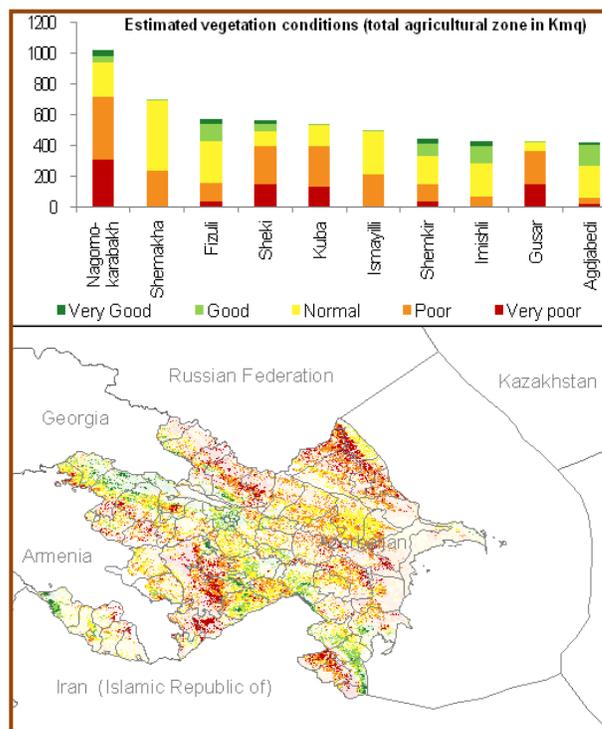
The objectives of the Highlights is to provide an overview of the situation of food security in the country, with a focus on agriculture which is a key sector for developing the country and improving food security of rural and urban populations.

The Highlights are produced with support from the EC/FAO Programme on information systems to improve food security decision-making in the European Neighbourhood Policy East Area (2010–2012), funded by the European Union and implemented by the Food and Agriculture Organization of the United Nations.

For more information please contact:
Rasmiyya Aliyeva
Rasmiyya.Aliyeva@fao.org

Francoise Trine
Francoise.Trine@fao.org

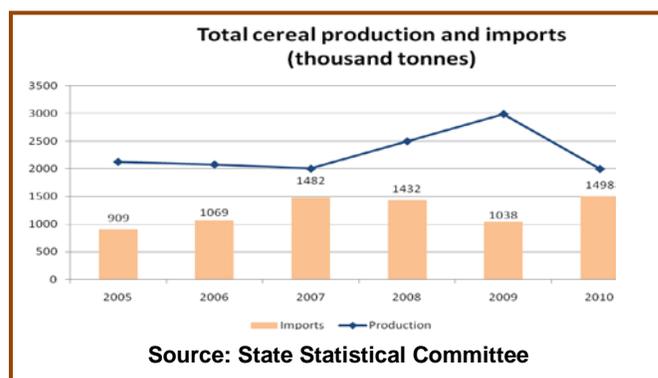
At the beginning of the summer crop season, a delay of greenup onset is observed mainly in the Nagorno-Karabakh, Sheki, Kuba, and Gusar provinces.



Source: JRC MARS – FoodSec

Food trade

The country relies heavily on imports to meet consumption needs. In 2010, cereal production was low and imports reached 1.5 million tonnes, an increase of 44% and 26% respectively compared with the previous year and the 2005–09 average. Imports in January–March 2011 continued to be very high, 32% above imports during the same period in 2006–2010. The import bill during the first quarter of 2011 amounted to USD 110 million, which is more than 80% above 2006–2010 average bill.



Source: State Statistical Committee

More readings:

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

Website: www.foodsec.org