

**Cattle sector and dairy chain
developments in Caucasian
countries
Georgia, Azerbaijan and Armenia**

Developments in Georgia

Economic Considerations

- Real GDP has nearly doubled over the past decade;
- The real value of exports is up approximately 150%;
- The government expenditures increased nearly fivefold in ten years;
- Inflation is under control;
- Salaries have increased;
- All sectors of the economy seem to be growing or have at least stopped any further declines from Soviet era levels(except mining);
- Expenditures on education, healthcare and infrastructure have increased exponentially.

Key Facts of Georgian Agriculture

Production

- 17% of national economy is directly dependent on the agricultural sector and industry; Due to the multiplier effect, possibly more than 30%;
- After declining, the real value of the food and agricultural sector has begun to increase;
- Livestock production has slowly but steadily increased;
- Crop yield on the average are only 1/3 of their potential;
- Approximately 1/3 of arable land is not in production.

Key Facts of Georgian Agriculture

Nutrition and Consumption

- Over 60% of consumer income is spent on food (vs. 15-20% in the West);
- Nearly 50% of population consumes 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 Facts of Georgian Agriculture

Capital

- Current capital utilization in the food and agricultural sector is estimated to exceed;
- Eventual capital requirements for this sector to reach its full potential are expected to exceed GEL 2 billion, it means that shortfall of nearly GEL1,5 billion;
- During the next ten year, approximately GEL 900 million will be required to attain the goal for the food and agriculture sector.

Key Facts of Georgian Agriculture

Trade

- The reported real value of agricultural exports has been increasingly of importance to the country;
- Food and agricultural imports are 50% greater than exports;
- The country is overly dependent on exports to Russia (virtually all food and agriculture products).

Key Facts of Georgian Agriculture

Farms, Employment, Income

- Georgia has 657 542 farms with an average size of 1,48ha prior to the next phase of privatization;
- after the average farm size will be 1, 70 ha;
- Presently 16,000 farms of 4 ha or greater, these represent 40% of all cropland in private;
- About 55% of the national labor force is presently employed in agriculture vs. only 25% in 1990.

Dairy Processing Industry

- Farmers/households processing milk from their own herds;
- Small scale cheese producers processing fresh milk collected from adjacent farms;
- Large scale industrial dairies, processing predominantly imported milk powder as well as locally collected milk.

Conclusion for Georgia

- High and stable demand on milk and dairy products;
- Milk and dairy products are imported;
- Cattle breeds should be renewed; forage base and pasture management improvement;
- Enlargement and consolidation of small scale livestock farms;
- Introduction of new tech. in dairy processing industry.

Conclusion for Georgia

- Centralized marketing network;
- Establishment of the milk collection centers;
- Establishment of processing enterprises in districts specialized in dairy farming;
- Strengthen veterinary service; increase food hygiene.

Developments in Azerbaijan

Conclusions for Azerbaijan

- Agricultural reforms created real potentialities to reorganize pedigree livestock;
- Livestock products produced in Azerbaijan meet internal demand;
- Weak system of artificial insemination.

Developments in Armenia

Conclusions for Armenia

- Agriculture will remain a very important sector;
- Agricultural production capacity is limited;
- Livestock products produced in Armenia can not meet nation demand;
- Weak breeding system.