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STRUCTURAL CHARACTERISTICS OF FOOD CONSUMPTION AND IMPORT DEPENDENCY IN GEORGIA

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ABSTRACT

This study investigates the structural characteristics of food consumption and import dependency in Georgia, with particular emphasis on the country's limited domestic production capacity and its vulnerability to external shocks. The research utilizes quantitative data from GEOSTAT, FAO, the World Bank, IMF, and regional statistical sources (Armenia and Azerbaijan) to evaluate Georgia's self-sufficiency ratios, import composition, and price dynamics over the period 2020–2024. The findings indicate that Georgia remains highly dependent on imports for key food commodities, particularly wheat, meat, dairy products, vegetable oils, and fish, resulting in elevated exposure to fluctuations in global prices, exchange rates, and energy costs. Comparative regional analysis shows that Georgia lags behind both Armenia and Azerbaijan in terms of self-sufficiency, especially in wheat and dairy production. Rising international food prices, energy costs, and domestic currency depreciation have collectively contributed to substantial food price inflation, disproportionately affecting low-income households, which spend up to 75% of their income on food. The study concludes that Georgia's vulnerability in food security is fundamentally structural and highlights the need for targeted agricultural policy interventions, productivity enhancements, and risk mitigation mechanisms to reduce import dependency and strengthen the resilience of the national food system.

KEYWORDS: Georgia; Food security; Import dependency; Self-sufficiency; Agricultural economics; Food price inflation; Energy costs; Vulnerability analysis; South Caucasus; Comparative regional study.

1. INTRODUCTION

An analysis of Georgia's food policy and ongoing economic processes in the agricultural sector reveals that the country's food supply system continues to be characterized by high import dependency and structural imbalances. The core issue lies in the fact that a substantial share of Georgia's food consumption relies on imports[12], while the domestic agricultural sector is unable to meet the population's demand in both quantity and composition.[1] This dependency is particularly pronounced in wheat, oilseed crops, meat, fish, and dairy products, where self-sufficiency ratios remain systematically low.

The main research problem addressed in this study is: to what extent is Georgia structurally dependent on imported food products, and what economic risks does this dependency pose in the context of domestic production volume, food prices, and social welfare?

This study aims to:

1. Quantitatively assess the scale and dynamics of Georgia's import dependency in food consumption.[12]
2. Evaluate domestic production self-sufficiency ratios and identify sustainability risks.
3. Analyze the impact of import dependency on prices, energy costs, and socio-economic conditions, with regional comparison to Armenia and Azerbaijan.

2. METHODOLOGY

The study is based on official statistical data from 2020–2025 obtained from:

- National Statistics Office of Georgia (GEOSTAT)
- Food and Agriculture Organization (FAO)
- World Bank, international agri-food market reviews
- National statistical committees of Armenia and Azerbaijan (for regional comparison)

The following methods were employed:

- Descriptive quantitative analysis (identification of trends)
- Comparative analysis (Georgia–Armenia–Azerbaijan)
- Structural analysis (sources of food consumption, energy cost impacts, price dynamics)

Data are integrated into the text analytically, with tables used to support arguments rather than for purely formal presentation.

3. Analysis

3.1. Food Self-Sufficiency Structure in Georgia

Georgia possesses favorable natural conditions for the production of high-value crops (wine, nuts, citrus, fruits, berries); however, the field crop segment, particularly wheat, is significantly limited due to the country's mountainous terrain.[1]

Statistics indicate

- Wheat self-sufficiency averaged only 21–26% between 2021 and 2024.
  - Example: In 2023, domestic production amounted to 147 thousand tons, imports 535 thousand tons, and total consumption 559 thousand tons, meaning 74% of consumption was met through imports.

Similar patterns are observed for other products

- Meat – self-sufficiency approximately 45–50%
- Vegetables – 37%[1]
- Dairy products – 30–35%[3]
- Oilseeds – <5%[11]

Regional Comparison

Table 1: The level of self-sufficiency in basic products in Georgia, Armenia, and Azerbaijan.

Country	Wheat Self-Sufficiency	Meat Self-Sufficiency	Vegetable Self-Sufficiency
Georgia	20–26%	45–50%	35–40%
Armenia	35–40%	60–65%	70–75%
Azerbaijan	55–60%	90%+	80%+

The comparison highlights that Georgia has the lowest self-sufficiency in the region, which substantially determines its heightened sensitivity to external shocks affecting food prices.[15,17]

3.2. Food Import Dynamics and Composition

According to Georgia's foreign trade data, food imports increased from USD 10 billion in 2021 to USD 16.9 billion in 2024, of which USD 1.5–2 billion annually consisted of food

products. Since 2022, notable increases were recorded in wheat and flour, oils, dairy products, meat and poultry, and fish.[2,3,11]

Underlying reasons include low profitability and technological lag in domestic production, high input costs (seeds, fertilizers, fuel), uneven development of the processing industry, and a large share of uncultivated land.

Economic Consequences of Import Dependency

- Growth in the trade balance deficit
- Increased sensitivity of the national currency exchange rate
- Acceleration of retail price growth
- Reduced purchasing power of low-income groups[2,9,22,24]

3.3. Energy Costs Impact on Agriculture and Food Prices

Energy costs (fuel, gas, electricity) constitute a major component of production costs. Transportation alone accounts for 20–30% of retail prices in Georgia, which further increases under import dependency.[12,14,17,22]

Effects of rising fuel prices

- Higher transport costs
- Increased production costs, particularly for vegetables and meat
- Rapid pass-through to retail prices

Methodologically, this effect is more pronounced in Georgia than in Armenia and Azerbaijan due to:

- Armenia's partial reliance on Russian energy under long-term contracts
- Azerbaijan being an energy producer
- Georgia's full dependence on imported oil and partial reliance on imported gas

As a result, inflation in Georgia reacts more intensely to external energy shocks.[15,17]

3.4. Food Price Dynamics (2020–2024)

Table 2: Average retail food prices in Georgia (GEL/kg).

Product/Year	2020	2021	2022	2023	2024
Beef	18.69	19.04	20.06	23.32	24.44
Pork	14.86	15.42	16.65	17.20	17.04
Poultry	7.33	8.12	9.25	9.83	9.83

Sunflower oil	4.65	7.91	9.39	6.44	5.61
Imeretian cheese		12.68	15.88	16.79	16.13
Eggs (10 units)		4.59	5.13	5.51	5.39
Sugar		2.62	3.46	3.48	3.64

Key price increases

- Beef – +30% (18.7 → 24.4 GEL/kg)
- Poultry – +34% (7.3 → 9.8 GEL/kg)
- Sunflower oil – peak 9.4 GEL/liter in 2022
- Imeretian cheese – +27% (12.7 → 16.1 GEL/kg)
- Eggs – +17% (4.6 → 5.4 GEL)

The determinants of price increases are

1. Rising international prices (FAO Food Index +9.9% in 2022)[3]
2. GEL depreciation (Feb 2022: 1 USD = 3.38 GEL)[9]
3. High import dependency[23]
4. Rising energy costs[12,14]

Social Effects

Table 3: Food expenditure and the ratio of food to non-food expenditure by monthly income.

Income Group	Avg. Monthly Income (GEL)	Food Expenditure (GEL)	Food % of Income	Food/Non-Food Ratio
Low	300	223	75%	3.0
Medium	672	387	62%	1.7
High	1502	573	45%	0.81

Low-income households spend 75% of their income on food, consistent with Engel's law, highlighting the regressive effects of food price inflation and the resulting deepening of social inequality.

Regional Comparative Expenditure

Table 4: Food expenditures and sensitivity to inflation.

Country	Food Share of Total Expenditure	Food Price Inflation Sensitivity
Georgia	47–52%	High
Armenia	42–45%	Medium
Azerbaijan	38–41%	Relatively Low

Georgia has the highest food expenditure share, underscoring structural GDP weaknesses and import dependency.[15,18,22]

5. Conclusions and Recommendations

The findings indicate that Georgia's food system operates under structurally high import dependency, increasing both economic and social risks. Self-sufficiency ratios are critically low, particularly for strategic products (wheat <25%, dairy <35%, vegetables ~37%). Import dependency exacerbates:[2,3,12,14]

- Inflationary pressures
- Domestic price volatility
- Trade balance deficits
- Social vulnerability

Quantitative evidence

1. 74% of wheat consumption was imported (2021–2024)
2. Food prices increased by 25–40% over four years
3. Low-income households spend 75% of income on food, critically higher than sustainable development benchmarks
4. Energy costs comprise 20–30% of retail prices, placing Georgia at a disadvantage compared to regional peers
5. External trade deficit rose from USD 5.8 → 10.3 billion (2021–2024), confirming deepening import dependency

Recommendations

1. **Strategic prioritization:** Wheat, oilseeds, dairy, and meat should be treated as critical products in state policy.
2. **Enhanced state support:** Co-financing, technology modernization, and investment in irrigation systems.
3. **Processing sector development:** Expand production scale and standardize product quality.
4. **Market monitoring:** Dynamic management of self-sufficiency ratios.
5. **Targeted social support:** Focused subsidies and food vouchers for the most vulnerable households.
6. **Regional integration:** Strengthen trade and logistics cooperation with Armenia and Azerbaijan to improve regional food security

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