



Food and Agriculture
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Review of Agricultural Trade Policy of Georgia in 2019-2020

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Import Policies

- Import tariffs on agricultural products: 0%, 5% and 12%.
- In 2019 the simple average MFN applied tariffs were 1.4 percent for all products and 5.9 percent for agricultural products respectively.
- Georgia does not exercise tariff rate quotas or quantitative restrictions on the import of agricultural products

Import Policies (continued)

- Georgia adopted the new Customs Code in 2019:
 - simplified re-export operations of all goods
 - new mechanism of the transfer of the right to conduct customs procedures introduced
 - introduction of system of guarantors (declarer has now ability to ensure customs transactions through a guarantee from third parties)
- Under the National Approximation Plan:
 - In 2019 - 7 regulations related to food safety, 7 regulations related to veterinary control and 8 regulations related to phytosanitary control have been approximated
 - In 2020 - 9, 7 and 10 regulations related to food safety, veterinary and phytosanitary control respectively have been approximated
 - Examples of some of these regulations include preventive measures for import and distribution of certain pests, rules of trade of seeding and planting materials for specific crops, rules of control of zoonotic agents (e.g. salmonella), rules of transportation, storage and temperature control of deeply frozen products, etc.
- In January 2020, due to the COVID 19 outbreak, a temporary import ban on live animals from China was introduced. This was done to prevent possible spread of the pandemic through imported animals. The temporary ban was lifted in the same year.

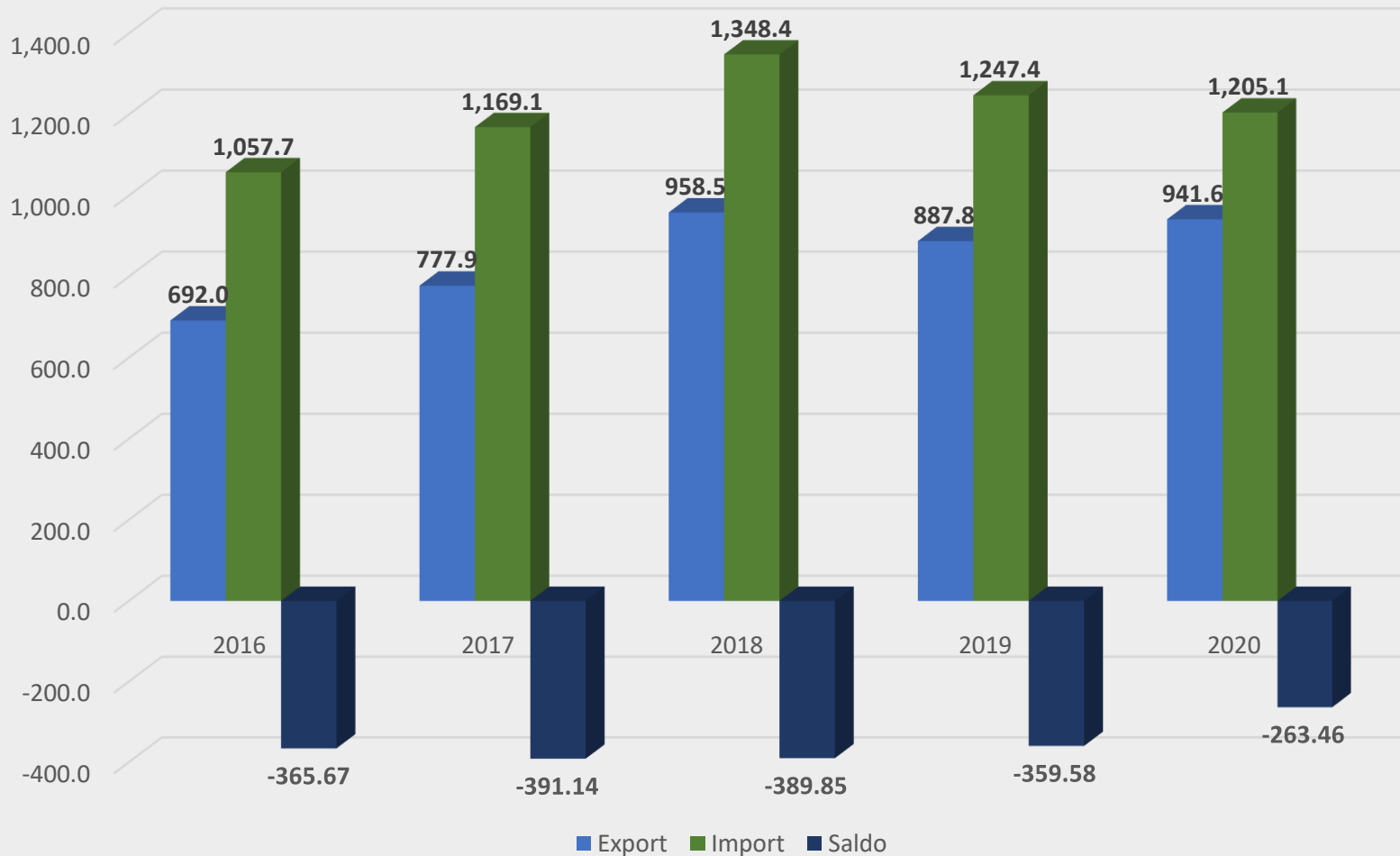
Export Policies

- Georgia does not apply any export duties on agricultural products. Furthermore, the export of agricultural products from Georgia is VAT exempt.
- Georgia does not apply quantitative restrictions or bans on the export of agricultural products
- Georgia does not subsidize exports or export-related transportation costs
- The main support to exporting companies is done through a form of co-financing the participation of Georgian companies in international fairs and trade missions.

Trade agreements

- Currently, Georgia has twelve enacted FTAs
- On January 11, 2019, a protocol on the completion of the feasibility study of Georgia-India Free Trade Agreement was signed. The negotiations on free trade agreement have continued in 2020 and the FTA is planned to be signed shortly.
- A feasibility study in line with the negotiations on Free Trade Agreement between Georgia and the Republic of Korea is planned to be launched in the second half of the year 2021.
- With the aim to introduce amendments to the current free trade agreement between Georgia and Republic of Turkey the negotiations under Georgia-Turkish joint committee are being conducted for the further liberalization of tariffs on agriculture products and the incorporation of trade in services to the Agreement.

Export/Import of agricultural products (USD mln.)



Changes in the Agricultural Domestic Support Measures

- The total budgets within the green box have comprised USD 69.5 million and USD 48.5 million in years 2019 and 2020 respectively.
- Various programs, such as food safety, plant protection and epizootic reliability program, veterinary and phytosanitary control programs, animal identification and registration activity, as well as measures for promotion of Georgian wine and agricultural products have been continued in years 2019 and 2020.

Changes in the Agricultural Domestic Support Measures (continued)

Following changes have been made to the two ongoing programs:

- “Preferential Agricultural Credit”- A new sub-component for working capital financing was added, to address seasonal cash shortages
- Agricultural insurance program - Farmers will be able to insure their perennial crops for 3 years (premium subsidy: 50% for grapevine; 70% for other crops)

Main Response Measures to COVID 19

COVID 19 - Dedicated budget of GEL 139 million (USD 44.7 million) was allocated by the Ministry of Environmental Protection and Agriculture to stimulate production, reduce the increased logistical costs due to the restrictions and ensure access to short term financial resources.

Following programs have been implemented:

- Support for small-scale farmers – provision of agricultural inputs and plowing services for landowners from 0.25 ha to 10 ha

Main Response Measures to COVID 19

- Support for primary production development – Co-financing agricultural equipment/machinery and diesel fuel, greenhouses, and installation of modern irrigation systems
- State Program to support quality improvement of Georgian agricultural production – supporting introduction of international food safety management system/standards and branding
- “Preferential Agricultural Credit”-Under COVID fund, a new sub-component for working capital financing was added to the program, to address seasonal cash shortages

Conclusions

- Georgia adopted the new Customs Code in 2019
- Georgia continues to approximate its food safety laws and regulations to EU requirements and more than 20 regulations were approximated to EU requirements annually, in 2019 and 2020
- During the years 2019 and 2020, total expenditures for domestic support measures comprised USD 69.5 million and USD 48.5 million respectively
- In response to the outbreak, USD 44.7 million was provided to agricultural sector to stimulate production, reduce the increased logistical costs due to the restrictions and ensure access to short term financial resources

Thank you!