

Price Monitoring and Analysis Country Brief

Azerbaijan

September-December 2010

Key Messages

- The price of wheat increased by 82% between August and December 2010, in line with price trends in the region. In December 2010, the international FAO Food Price Index was slightly above the peak reached during the 2007-08 food price crisis.
- The prevalence of food insecurity and poverty continues to decrease, although slowly. Poor households are affected greatly by rising food prices.
- Cereal imports were 29% above average imports for 2005-09.
- The 2010 cereal production was estimated at around 2 million tonnes, a decrease of respectively 33% and 14% compared with the 2009 record harvest and the 2005-2009 average.

Background

The total population in Azerbaijan is about 8.8 million. Although the rural population represents 47% of the total, the contribution of agriculture to GDP is about 8%.

Economic Indicators	View Data
Total Population (millions) - 2009 (WB)	8.781
Population growth rate - 2009 (WB)	1%
GNI per capita, \$ PPP - 2009 (WB)	9020
Population below 1\$ PPP per day - 2005 (MDGI)	2%
Rural population - 2009 (WB)	47%
Agriculture, value added (% of GDP) - 2009 (WB)	8%

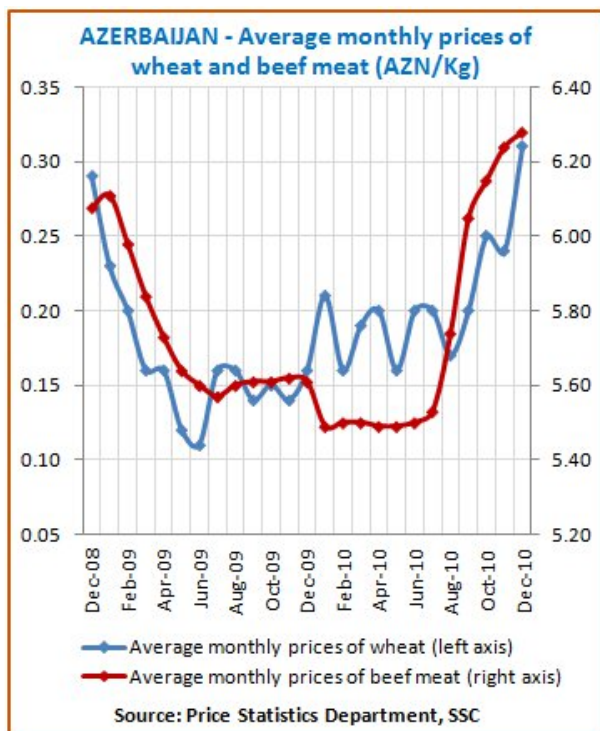
Food Consumption	
Undernourished Population - 2005/2007 (FAO)	< 5%
Cereal share in total dietary energy consumption - 2007 (FAO)	60%
Meat share in total dietary energy consumption - 2007 (FAO)	4%
Health Indicators	
Pop. with sustainable access to improved sanitation - 2008 (WHO)	45%
Life expectancy at birth (years) both sexes - 2008 (WHO)	68
Pop. with access to improved drinking water sources - 2008 (WHO)	80%
Prevalence of HIV among adults aged >= 15 years - 2009 (WHO)	0.1%

Prices

Cereals: The price of wheat started to rise again in 2010, after decreasing in 2009 from 2008 peaks, reflecting the increase in the price of imported wheat and in line with overall price trends in the region. This increase accelerated between August (AZN 0,17/Kg) and December (AZN 0,31 /Kg).

Bread and wheat flour: Bread and wheat flour prices respectively increased by 19% and 20% between Aug and Dec 2010 (AZN 0.63/kg for bread and 0.73/kg for wheat flour). Prices in December 2010 were respectively 17% and 33% above Dec 2009 prices.

Beef meat: Beef retail prices started rising again last July (AZN 5.53/kg), after decreasing from 2008 peaks. Price reached AZN 6.28/kg in Dec 2010, a 12% increase compared with Dec 2009.

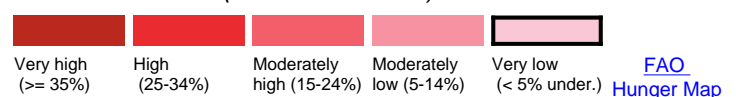


Food Security and Poverty Situation

According to the latest data available from the Living Conditions Survey, the prevalence of food insecurity and poverty continues to decrease, although slowly. The share of household expenditures on food, an important indicator of the food security situation, represented 65% of total expenditures in 2009 for the poorest decile of the population, slightly less than in 2008 and 2007 but much below the figure registered in 2001 (80% of expenditures spent on food). The households living below the poverty line (10.9% in 2009) are greatly affected by rising food prices. No data is currently available to document the situation.

INTERNATIONAL CLASSIFICATIONS

FAO SCALE OF HUNGER (% of Undernourishment)

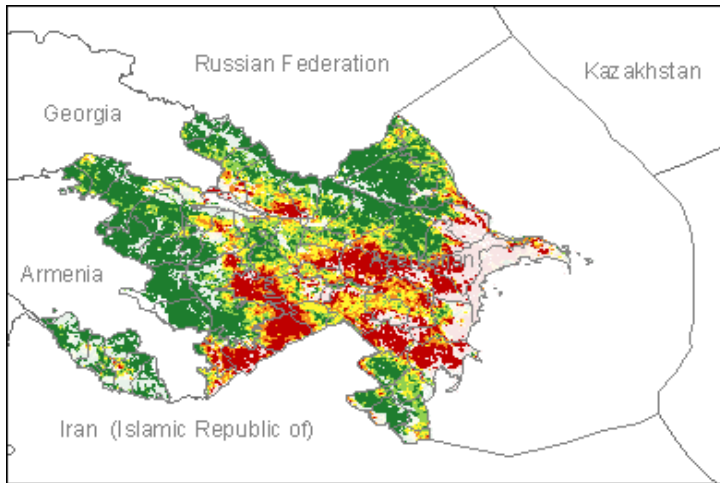
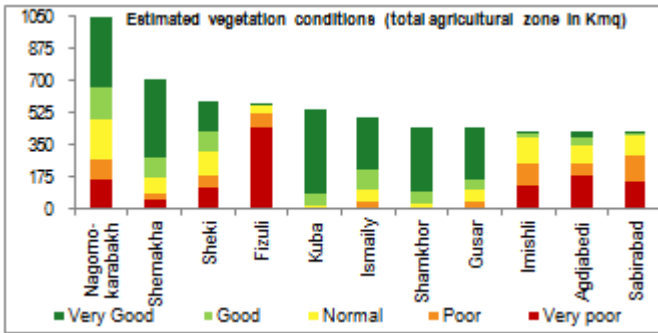


IFPRI GLOBAL HUNGER INDEX



Vegetation Condition

At this stage of the winter season, a very contrasting situation is observed ranging from very poor to very good condition with some concerns in the provinces of Fizuli, Sheki, Imishli, Agdjabedi, and Sabirabad. The general indicator of vegetation condition provided below is the relative difference between the NDVI for December 2010 and the average of 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

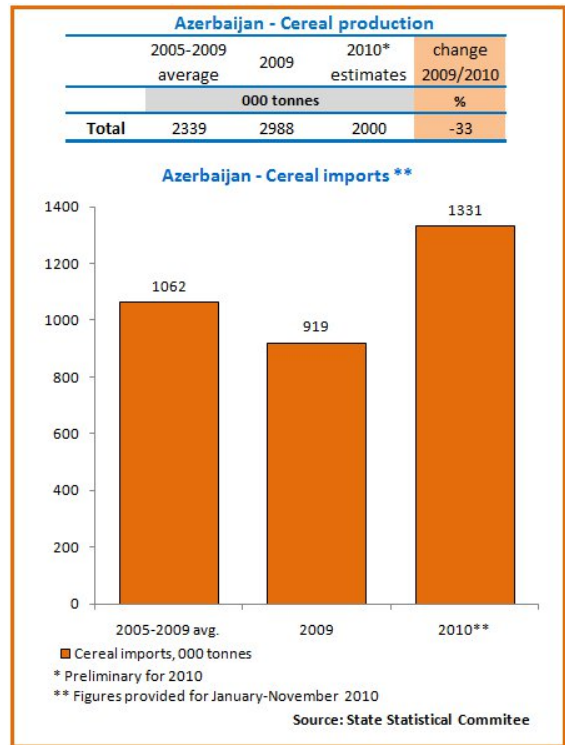
- Sowing** Winter grains
- Growing** No crops are growing during the reference period
- Harvesting** No crops are harvested during the reference period

Natural Disasters and Conflicts

No conflicts or natural disasters reported during the reporting period (September/December 2010).

Food Balance Sheet

The 2010 cereal production was estimated at around 2 mln tonnes, representing a drop of respectively 33% and 14% compared with the 2009 harvest (2,99 million tonnes) and the 2005-2009 average (2,34 million tonnes). Reduced production is due to floods. Azerbaijan imported 1.3 mln tonnes of cereals between Jan and Nov 2010. This represents an increase of respectively 45% and 29% compared with imports in 2009 and average in 2005-09 during the same period of the year (Jan-Nov). The import bill in 2010 amounted to USD 270 million, which is respectively 44% and 32% above the bill in 2009 and average in 2005-09 during the same period of the year.



Government Policies

The decision was made by the government to exempt wheat, and meslin, as well as, wheat and rye flour from VAT to contain the bread price increase. The decision came into effect in December and will remain in force until 1 August 2011.

Consumer and market oriented measures	No measure identified.
Producer oriented measures	Support to crop production.
Trade policy measures	VAT exemption for selected products.
Safety net (increased or introduced)	No measure identified.

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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