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Tamar Lazariashvili

Assistant Professor, Faculty of Economics and Business
of Ivane Javakhishvili Tbilisi State University
E-mail: tamar.lazariashvili@tsu.ge

ADVANTAGES AND PERSPECTIVES OF AGRIBUSINESS DEVELOPMENT IN GEORGIA

Summary. *The paper studies current situation in agribusiness sector of Georgia, analyzes the possibilities of production in agribusiness, describes the factors that hinder agribusiness development and provides ways to solve such problems; in addition, the role of the state in the development of agribusiness is evaluated and conclusions and recommendations about the perspectives of agribusiness development in Georgia are developed.*

Key words: *agribusiness, advantages of agribusiness, factors of agribusiness, conditions for agribusiness development.*

Introduction. In the modern conditions, primary importance is paid to the study of the peculiarities, trends and patterns of the economic and social development of Georgia, as well as the study of the effectiveness of the use of economic resources. At the first stage of the economic reforms implemented in Georgia, processes in agribusiness sector spontaneously developed. In fact, historical, ethnic, demographic, geopolitical, socio-psychological, soil-climatic peculiarities and traditions of the economy, as well as advantages of the development of this sector were neglected.

Purpose. Evaluation of the current situation in the agribusiness sector of Georgia, identification of the factors that hinder the development of agribusiness and providing the ways to solve such problems.

Results. Georgia has a significant potential for the development of agribusiness sector; growing demand for agricultural products increases the interest in agribusiness development and its importance. Agriculture in Georgia has always played an important role in ensuring food security and increasing wealth. Nevertheless, food production has been reduced in recent decades, level of self-sufficiency with domestically produced food and incomes are low, poverty level in rural areas is high and the deficit of food is covered by imported products [1]. In addition, globalization highlighted the importance of food security both in developed and developing countries.

Georgia has been an agricultural country since ancient times. Development of agribusiness is very important for the country. Climate and natural conditions of Georgia provide good possibility for producing ecologically friendly agricultural products. [2]. Variety of climatic conditions and healthy business environment create favorable conditions for growing and processing various fruits, vegetables, nuts. Closeness with Europe and developed transportation links with Europe and other regions, as well as increase in domestic and regional demand for agricultural products makes Georgia attractive both from the perspective of agricultural development and exporting agricultural products.

Agribusiness is a very sensitive sector to environmental and climate conditions. Supporting this sector clearly implies the creation of a free and encouraging environment by the state. Development of agribusinesses in regions should be based on priority areas. It is desirable to develop appropriate projects by the state, encourage activities in agribusiness sector and establish warehouses. Development of agro insurance in the country is one of the most important factors for the development of agribusiness. This would significantly reduce the risks in agriculture and increase the volume of lending to this sector. [3].

For the development of agribusiness it is also necessary to activate state support policy in accordance with the requirements of the World Trade Organization. The country may dependent on imported goods, but food dependence on import is a great risk from the perspective of food security. Creation and promotion of agrarian business associations and service centers, as well as formation of the structures that can provide the farmers and their cooperatives with consultations and other services, play an important role in eliminating barriers on the path of agribusiness development.

Georgia has several advantages for the development of agribusiness:

- a) There are many centuries-old traditions of agricultural production in the country and the relevant experience is accumulated;
- b) Endemic agricultural species have unique characteristics;
- c) Existence of favorable natural and resource potential, as well as, existence of micro zones create favorable basis for agricultural production; etc.

Development of agribusiness should be based on the improvement of industrial and territorial structures. Development of economic policy based on such a principle requires a differentiated approach to the regions. This approach ensures high levels of production of goods, creation of regional markets and other positive changes in the economy. Development of small farming can significantly contribute to socio-economic development and improvement of living conditions for a large number of population in Georgia [4].

Solving of the above and other problems of state significance successfully requires well-grounded and mutually beneficial application of operational and financial instruments, which should be realized in the general system of economic mechanisms. Difficult situation in agribusiness sector in Georgia requires rational use of existing resources in the country.

Currently, 43% of Georgian population lives in rural areas and over half of the country's workforce is employed in agriculture [5]. Therefore, agribusiness should play a special role in the development of Georgian economy. Total output in agribusiness sector in 2016 was 2.3% higher compared to the corresponding figure of 2015. Production of initial agricultural products in 2016 increased by 40.4% compared to the year of 2012, and the growth in the processing sector amounted to 18.0%. Agricultural sector accounted for 15.8% of the country's GDP in 2016 compared with 14.6% in 2012 [6]. In 2016, agricultural products were exported from Georgia to 88 countries. The value of agricultural products exported from Georgia amounted to 692.2 million USD, showing the increase of 13.1% compared to the

year of 2015 and 35.6% compared to the year of 2012. In this period, export of agricultural products accounted for 33% of the total export of the country. Main agricultural export products are: nuts (26%), wine (16%), alcohol (13%), mineral and spring waters (12%); cattle (5%), fish flour (2%), non-alcoholic carbonated drinks (2%), citrus (2%); etc. In 2015, agricultural products were imported to Georgia from 105 countries. Import of agricultural products accounted for 14.7% of the total import of the country. Main agricultural import products are: tobacco (10%), wheat (8), sugar (6%), poultry (5%), chocolate products (5%), vegetable oil (4%), flour confectionery products (3%), food supplements (3%); etc. The main goal of agribusiness is to find the optimal balance between satisfying the consumers and the willingness of the public to prevent damage of the living environment of the people. Promotion of marketing, which is unfortunately at the low level in agribusiness sector in Georgia, is essential for solving this problem [7].

There are a number of factors that hinder the development of agribusiness in Georgia, one of the most important factor is small scale of farms. Most of the farms in Georgia are small farms, therefore, goods produced by such farms cannot compete with imported agricultural products. Such farms are oriented only to meet their own needs. [8] In addition, the problem of land registration is also very acute.

Other factors that hinder agribusiness development:

1. There are not international standards in production;
2. Farmers' knowledge and the level of competitiveness is low;
3. The level of diversification on export markets is low;
4. Post-harvest technologies, as well as extension and modernization of the processing infrastructure is underdeveloped;
5. Information and consulting service is underdeveloped;
6. The level of awareness of consumers about the product marketing is low.

Conclusions.

For the development of agribusiness in Georgia it is essential to:

- Develop a multi-level strategy of agriculture;
- consider export promoting activities in agribusiness competition promoting policy and develop specific strategy for entering international markets;
- activate the ties between the sectors and within the sector that will facilitate efficient functioning of the sub-complex of regional products;
- use innovative methods for efficient management and regulation of current changes in the agricultural market of Georgia.

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Marina Muchiashvili, PhD

Associated Professor of the Department
of Economics and Social Statistics
Ivane Javakhishvili Tbilisi State University
marina.muchiashvili@tsu.ge

Zamira Shonia, PhD

Associated Professor of the Department
of Economics and Social Statistics
Ivane Javakhishvili Tbilisi State University
Zamira.shonia@mail.ru

STATISTICAL ANALYSIS OF THE PUBLIC DEBT SUSTAINABILITY OF GEORGIA

Abstract. Debt sustainability is an important factor of economic growth of the country. The decrease of economic growth rates in Georgia and increased fiscal deficit and public debt (both, foreign and internal) since