

Embassy of India  
Yerevan

April 2005

**Market Survey for Frozen Buffalo Meat  
in Georgia**

**GEORGIA – FACT SHEET**

Location	South Caucasus
Area	69,500 sq km
Capital	Tbilisi (1.3 mn pop)
Neighbours and Boundaries	Armenia-164 kms, Azerbaijan – 322 kms, Russia –723 kms, and Turkey-252 kms
Coastline	310 kms
Ports	Poti, Batumi
Land	Largely Mountainous
Land use	Agricultural 42%, water 2% and forest 34%, Irrigated land 4000 sq. km
Economy	Traditionally agricultural, producing fruit, wine, oils, tobacco and spices. Industries include manganese and coal mines, crude oil and gas production and food processing.
Natural resources	Hydropower (26,000 rivers), manganese, non-ferrous and rare metals, minor coal and oil, forests, coastal climate and soils allow for important tea and citrus growth
Electricity (2001)	Production 7.2 bn kWh, consumption 7.6 kWh
Population (2003)	4.4 mn (Urban 2.8 mn), Growth rate: - 0.2 per thousand. Regular migration abroad. Estimated 280,000 Internally Displaced Persons. Male/female ratio: 0.9:1.0
Ethnic groups	Georgians 84%, Armenian 8%, Russian 6%, Azeri 6%, Ossetian 3%
Life expectancy	73 years
Literacy rate	99%
Religion	The Orthodox Church of Georgia is one of the oldest Christian communities in the world, dating back to 337. Most Georgians belong to this faith. There are small communities of Muslims, Catholics, Slav Orthodox believers, Armenian Apostolics and Zoroastrians. Orthodox 75% (Georgian Orthodox 65%, Russian Orthodox 10 %), Islam 11%, Armenian Apostolic 8%, others 6%.
Language	Georgian, with 33 alphabets, written in a unique rounded alphabet. It is the largest among the Ibero-Caucasian languages, a non-Indo-European group.
History	Georgian history dates back over 2,500 years and Georgian is one of the oldest living languages. Tbilisi, located in a picturesque valley divided by the Mtkvari River, is over 1,500 years old. Much of Georgian territory was besieged by its Persian and Turkish neighbours along with Arabs and Mongols from 7 <sup>th</sup> to 18 <sup>th</sup> centuries. After eleven centuries of mixed fortunes, including a Golden Age from 11 <sup>th</sup> to 12 <sup>th</sup> centuries, Georgia turned to Russia for protection. Russia annexed Georgia and exiled the royalty in 1801. Pockets of Georgian resistance to foreign rule continued, and the first Republic of Georgia was established in May 1918 after the collapse of Czarist Russia. By March 1921, the Red Army had reoccupied the country and Georgia became part of the Soviet Union. On 9 April 1991, the Supreme

	Council of Georgia declared independence.						
Political system	Presidential Republic (President is Head of State and Executive)						
State structure	Federal country consisting of two autonomous republics (Abkhazia and Ajara), and 12 regions divided further into rayons (Abkhazia has broken away as has another region South Ossetia)						
Independence Day	9 April 1991						
National Holiday	May 26 (coinciding with establishment of first Republic of Georgia on 26 May 1918)						
Constitution:	Adopted August 1995						
Head of State:	President Mikheil Saakashvili elected President in January 2004. President is Head of State and Government, elected by popular vote for a maximum of two five-year terms						
Legislative branch	Unicameral Supreme Council (235 seats); last elections: March 2004.						
Currency	Georgian Lari ( US\$ 1 = 1.83 Lari April 2005)						
GDP (2004)	US\$ 5.4 bn (US\$ 12 bn ppp)						
Per capita GDP (2004)	US\$ 1,200 (app)						
Per cap GDP ( PPP)	US\$ 2,500						
GDP growth rate(2004)	8.5% (2203=11.1%)						
GDP-composition	Agriculture:20%; Industry:23%, Services: 57%						
Unemployment	Officially 10.8%, actually close to 50%						
External debt (2004)	US\$ 2.4 bn						
Reserves end-2004	US\$ 300 mn						
Avg. monthly wage (2004)	US\$ 50						
Major crops	Potatoes, hazelnuts, tea, citrus fruits, grapes (excellent wines)						
Industry	Some 72 power plants, breweries and distilleries, chemical, petrochemical ("tea kettle" refineries), food processing and shipbuilding (at Batumi), cement (at Kaspi and Rustavi) are main industries. Surviving relics of Soviet era include SU aircraft factory, Kutaisi Auto Plant, machine tools, textiles, shoes, chemicals and wood products. Privatisation began after independence in 1991 and large-scale sell-offs of infrastructure enterprises are continuing						
Transport & Communication	Railways 1613 kms, Highways 21,000 kms, Airport- Tbilisi connected with all major European Countries						
Exports (2004) US\$ 515 mn (est)	Scrap metal, machinery, chemicals; fuel re-exports; citrus fruits, tea, wine, textiles. Major buyers are Russia, Turkey, Armenia, Azerbaijan, Switzerland, Ukraine						
Imports (2004) US\$ 1.25 bn (est)	Fuels, machinery and parts, transport equipment, grain and other foods, pharmaceuticals. Major imports from Russia, UK, Turkey, Azerbaijan, US, Germany, Ukraine, France						
Business opportunities for Indian companies	Mahindra Bolero vehicles assembled at Kutaisi Automobile Plant. Pharmaceuticals, small and medium scale industries, Information Technology and agriculture (tea, silk farming and meat) are priority sectors.						
International Organisations	Member of the CIS, OSCE, UN, WTO, Black Sea Economic Cooperation Organization, GUAAM, IMF, World Bank and NATO's Partnership for Peace Programme.						
Bilateral trade (US\$ mn)	1998	1999	2000	2001	2002	2003	2004
India's exports	0.7	1.4	1.2	2.1	4.2	5.5	5.77
India's imports	0.4	0.3	1.3	4.6	1.9	5.9 (scrap)	6.03 (scrap)
Main items of bilateral trade	India's major imports are scrap (aluminum and copper) while major exports are pharmaceuticals, polyesters, meat, machinery, tobacco, coffee and (since 2003) sugar						

## **Introduction**

This survey is based on information obtained through Statistics Department and various official and non-official sources.

The purpose of this survey is to analyze the existing situation in the Georgian meat market.

## **Indian Meat in Georgian Market**

6-7 years ago, several individuals started import of frozen, boneless buffalo meat from India. Gradually, import of this meat acquired regular character. In the initial stages, the imported meat was being sold without relevant veterinary certificate on Georgian market.

**The Georgian domestic market can absorb about 6,000 tonnes of buffalo meat annually. India's exports to Poti port are about 40,000 tonnes, which means that the rest is trans-shipped to Armenia, Azerbaijan, Ukraine etc.**

Since the outbreak of the feared foot-and-mouth disease in **Europe** in the early nineties and the mad-cow disease in the early years of this decade, the President of Georgia in 2000 approved the Instruction on Urgent Measures Against Epizooties in the Country. This Instruction should have regulated meat import, re-export and transit. In 2003, the **law** on Veterinary was put in force. According to this **law**, import of products from the so-called reliable countries was not restricted.

According to trade sources, this double control simplified working of meat magnates and import of Indian meat increased accordingly. At present, there are 8 importers of Indian meat on Georgian market, although there is one dominant importer. Several Georgian companies try from time to time to monopolize Indian meat **business**. There is nothing surprising in this, because in comparison with the European product, import of Indian meat costs 3-4 times less and is of very good quality.

In early 2003, there were inspired reports in the Georgian media about insanitary conditions in which buffaloes are slaughtered in India and the consequent danger of eating Indian frozen buffalo meat. Particularly vicious attacks were made on the former Minister of Agriculture (in the media and in Parliament) for his indifference to the health of his compatriots. In June 2003, the three (now four) approved meat exporters from India sponsored the visit of a large Georgian media delegation led by the former Deputy Minister of Agriculture to inspect sanitary conditions in Indian abattoirs. The visit, with the support of APEDA (Agricultural and Processed Foods Export Development Authority), went off extremely well and media criticism of Indian buffalo meat exports subsided. Since 2003, a veterinary official of the Georgian Ministry of Agriculture is based in Mumbai to personally approve each consignment of Indian buffalo meat exports to Poti Port. His expenses are borne by the Indian meat exporters.

## **Current Market Situation**

Georgia has a favorable location in the Trans Caucasus region for processing various food products, close to potential export markets and high quality raw materials. Its agriculture, limited to small-scale activities, live-stock farming, dairy products, poultry-farming, hotbeds, gardening, vegetable gardening, floriculture are just satisfying elementary domestic needs.

The poultry industry's efforts paid off with a surge in market share, largely at the expense of the beef industry. During the past two decades, per capita poultry consumption nearly doubled, while beef consumption fell and pork consumption remained stable.

Most pork and beef production in Georgia is “Range” production – defined as animals foraging wherever possible. The resultant meat is usually older and tougher. USDA-Georgia proposes to improve quality within these constraints by:

- Building two new western style slaughterhouses;
- Introducing quality enhancing meat processing equipment;
- New product development for the older/tougher meat (jerky & shelf stable snacks);
- New product development for restaurant trade.

By the initiative of USDA-Georgia first modern slaughterhouse is already built in Georgia, it is a right-sized, clean facility with lots of white tiles. Maybe soon the proper cooling equipment will be installed and the facility will be in full operation by years end.

There are positive trends in livestock farming in Georgia, the number of heads of cattle increased by 16.5% and amounted to 106.7 thousand heads. In 2004, meat production increased by 35.7 percent compared to the last year.

Special attention should be given to structural changes in the livestock farming. The cattle are owned only by the private sector. Under the proposal submitted by the Office of the President’s State Commissioner, the Parliament of Georgia decided to give winter pastures to Kazbegi and Dusheti districts in private ownership. The relevant works were initiated last year for the establishment of pedigree stock breeding enterprises. Such enterprises were established in Dusheti and Akhlagori districts. Besides, a breeding enterprise was established in Dusheti district for the rehabilitation – development of the traditional sheep breeding industry. Now the activities for its efficient operation are carried out.

## **Tbilisi Wholesale Meat Market**

The current wholesale meat market is mish-mash of vendors in spaces that are impossible to sanitize. USDA-Georgia is considering a modern, cleanable space structured to include small-scale vendors and one that promotes sanitary self-policing.

## **Beef Cow-Calf Management in Georgia**

Livestock production in Georgia is in a very depressed situation. Most of the cattle in Georgia are the native Caucasian breed. Meat production quantity and quality is very poor. The feed resource in Georgia and the production methods will not support large framed cattle. Georgia is very mountainous with good summer grazing. It is suited well for beef cow-calf production, but beef cow-calf **management** is not utilized. Presently calves are weaned and cows are milked morning and evening and walked to and from grazing areas during the day, expending much **energy** for maintenance and limiting the grazing **time**.

### **Exporting from Georgia**

Under a March 1992 decree on foreign economic relations, most of the former non-tariff trade barriers were eliminated. However, the Government continues to ban the export of some items, including cattle and poultry, meat and meat products.

In July 1993, a decree on quotas and licensing of import and export items was issued. It applies to international trade in Georgia with any foreign company, unless otherwise stipulated in intergovernmental agreements. The four categories of quotas include: governmental, enterprise, regional or autonomous republic state authorities, and sale by auction. There are two categories of licenses: general (valid for multiple uses) and one-time use licenses. Payment for the licenses varies between \$25 and \$300 (equivalent in local currency).

On March 31, 1994, the Cabinet of Ministers passed Decree No. 265 entitled "On Quotas and Licensing of Import and Export Goods, and Services." The decree applies to trade activity in Georgia by foreign companies. Export quotas are to be determined according to the total amount of the enterprise's production.

A license must be purchased in order to sell any commodity on the list below, and includes commodities prohibited entirely for export or re-export: cattle and poultry, meat and meat products. Earlier, Decree No. 28 spelled out a similar quota system for agricultural and food products, but did not state that such quotas applied to private companies. A company that produces commodities under quota limitations must now negotiate the terms of export contracts with the Ministry of Trade and Foreign Economic Relations will oversee that prices declared at export are congruous with actual market prices. It has been reported, however, that some businesses routinely state contract prices that are lower than actual market prices, allowing them to significantly lower tax liability.

In mid-2004, the Office of the Prosecutor General of Georgia sought assistance from this Mission in verifying the genuineness of some allegedly under-priced buffalo-meat related invoices issued by an Indian company to a Georgian importer.

### **Georgian Bound Tariffs For Importing Products**

□ **(Approved by WTO for the period 2000-2005)**

**code (hs 96)**

**description**

**bound rates at date of accession**

**average tariff at date of accession**

**final bound**

**final average tariff**

1

2

3

4

5

6

01

live animals

12

12

12

12

02

meat and edible meat offal

12

12

12-10

11.96

03

fish and crustaceans, mollusks and other aquatic invertebrates

12

12

0-12

0.4

05

products of animal origin, not elsewhere specified or included

12

12

0-12

10.6

23

residues and waste from the food industries; prepared animal fodder

12

12

0-12

6.4

### **Import and Export Figures**

<b>MEAT</b>			
	<b>YEAR</b>	<b>TONE</b>	<b>1000 USD</b>
<b>Export</b>	<b>2004</b>	<b>1255.368</b>	<b>831.9915</b>
<b>Import</b>	<b>2004</b>	<b>16402.07</b>	<b>10437.97</b>

As of March 2005, the approved Indian meat exporters to Georgia are:

1) Hind Agro Industries Ltd  
A-1 Phase I Okhla Industrial Area  
New Delhi 110020  
Phone: 00 91 11 26372786  
Fax: 00 91 11 26817941& 26817942  
Email: [hindgrp@mantraonline.com](mailto:hindgrp@mantraonline.com)

2) Allanasons Ltd  
Allana House, 4 Allana Road  
Colaba  
Mumbai 400039  
Phone: 00 91 22 22856474/22872522/22872121  
Fax: 00 91 22 22044821/22820211  
Email: [allana@vsnl.com](mailto:allana@vsnl.com)

3) Al Kabeer Exports Ltd  
91 Jolly Maker Chamber No. 2  
Nariman Point  
Mumbai 400021  
Phone: 00 91 22 22025768  
Fax: 00 91 22 22028475  
Email: [alkabeer@bom3.vsnl.net.in](mailto:alkabeer@bom3.vsnl.net.in)

4) Amroon Foods Pvt Ltd  
20/1, Site Iv, Industrial Area, Sahibabad  
Ghaziabad- 201 010, Uttar Pradesh (India)  
**Tel** :+(91)-(120)-2771126/2773724  
**Fax** :+(91)-(120)-2771125  
**E-mail** : [fairexpo@del6.vsnl.net.in](mailto:fairexpo@del6.vsnl.net.in); [amroonfoods@rediffmail.com](mailto:amroonfoods@rediffmail.com)

### Major Importers of frozen buffalo meat in Georgia

- |   |                             |   |
|---|-----------------------------|---|
| 1 | “Samgori 21”                | Saburtalo str. 32<br>Tbilisi<br>Tel/Fax: 99532 923736           |
| 2 | “Georgian Food Product” LTD | Sandro Euli str. 5 <sup>a</sup><br>Tbilisi<br>Tel: 99532 323731 |
| 3 | “Dariali” LTD               | Chichinadze str. 10<br>Tbilisi<br>Tel: 99532 712897             |

- 4 “Georgian Trans Expedition” LTD Chikobava str. 24  
Tbilisi  
Tel: 99532 957935, 959132  
Fax: 99532 001298  
e-mail: [gte@caucasus.net](mailto:gte@caucasus.net)
- 5 “Sando” LTD  
Spiridon Kedia str. 15  
Tbilisi  
Tel/Fax: 99532 353022
- 6 “Nikora” LTD  
M. Kavtaradze str. 11  
Tbilisi  
Tel/Fax: 99532 691180  
e-mail: [nikora5@posta.ge](mailto:nikora5@posta.ge)
- 7 Food Import  
Tevdore Mgvdlis str. 27  
Tbilisi  
Tel: 99532 250047  
Fax: 99532 958844  
e-mail: [modulgrand@yahoo.com](mailto:modulgrand@yahoo.com)