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The paper considers the problems of transformation of Georgia's multi-branch agriculture. A number of features and trends have been revealed, contradictions created due to the influence of exogenous and endogenous factors have been outlined, recommendations to increase the effectiveness of agricultural production have been offered.

In the 1990s (in particular, during the spontaneous collapse of the Soviet Union) in the former Soviet republics, which declared independence, the "transition" of national economy to market economy started on the background of their own, still incompletely understood "concepts".

The "transformation" of Georgia's economy (agriculture) started on background of dramatic civil confrontation that among with other reasons, led to the political and economic crisis. In 1994 only 27.8% of GDP was reached, in 1990 industrial production made up to 15.3%. As for agricultural production it was halved (1945 level) [1,2].

The national economy came into a systemic crisis. As a result of the aftermath of series of political and economic measures, particularly in 1996-1997, in the economy (including agriculture) were signs of recovery, but the environment for stable development of economy was not successfully created. In 1990-2014 the volume of

agricultural production fell drastically, food security was connected with large risks, rural labor resources were decreased, instant collapse of collective farms, state farms, industrial and social infrastructure deepened the crisis. In rural areas the process of deindustrialization intensified. Agricultural production was concentrated in the family farms. Their share made up to 93% for wheat, 98% for vegetables, 98% for potatoes, 99.4% for fruits, 100% for citrus, 95.1% for grapes, 99.5% for milk, 61% for eggs, 100% for honey. It should be noted that 83% of family households was oriented only on self-consumption [3].

In 1990-2014 the area of agricultural crops decreased 2.2 times, including 2 times of wheat, vegetables – up to 1.5 times, potatoes - 1.4 times, also significantly was reduced the area of perennial plants [4]. These changes were followed by a sharp decline in agricultural production (Table).

Table. *Agricultural production (1990-2014)*

Crops	1990	1995	2000	2012	2014	2014 compared to 1990
Wheat	257,7	76,6	89,4	80,7	50,2	Decreased 5,1 times
Corn	270,2	386,5	295,9	267	347,2	Increased 1,3 times
Potatoes	293,8	353,3	302	252	216	Decreased 1,6 times
Vegetables	443,2	428,3	354,2	198,5	190,9	Decreased 2,3 times
Grapes	691	422,4	210	144	224,9	Decreased 3,1 times
Fruits	591,2	383,9	250	157,9	229	Decreased 2,6 times
Citrus	283,1	118	40	77	76,2	Decreased 3,7 times
Tea leaf	501,7	38,5	24	2,6	1,8	Decreased 290 times
Meat	170,3	115,4	107,9	48,4	54,8	Decreased 3,1 times
Milk	659,4	475,4	618,4	589,5	556,2	-
Eggs	769,2	269,4	361,4	474	549,4	Decreased 1,4 times

Extremely low are agricultural crops average productivity and livestock productivity indicators. For example, wheat - 18 quintals, corn – 24 quintals, potato -116 quintals, vegetables - 72 quintals and so on. Average milk producing ability makes up to 1322 liters, average annual shear up to 2.5 kg. Indicators of livestock and poultry losses were high [5].

Drastic reduction in the volume of agricultural production caused reduction in food production per capita and in accordance reduction in consumption level. In 2013, per capita (kg) food production made 27 kg of meat and meat products, milk and dairy products - 144 kg., fish - 3.5 kg., eggs -107 pieces, potatoes - 55 kg , vegetables - 56 kg. All of this was reflected in food safety. In the country's food supply the external factor – import became decisive. On it essentially depended the domestic agricultural market. In 2014 the food products imports 3.4 times exceeded exports. Negative balance made 713 million US dollars. Food products supply by domestic production (self-sufficiency) in 2012 made for bread and bakery products - 14%, vegetables - 32.6, fruit -45.6%, meat - 12.3%, milk - 37.4%, eggs -58%, demand on vegetable oils and fish was partly satisfied by local production. As for sugar demand it was satisfied only by import. In 2012 Georgia imported sugar with total value of 84.7 million US dollars.

The stated above data confirm that in Georgia food security is related with a lot of risks.

Reasons (factors) that condition the lag in agricultural production and aggravation of food problems.

1. Georgian economy, in particular, agriculture was not ready for transition to market relations. The political independence was accompanied by ethno crisis. The civil conflict contributed to retardation in the country's development, disruption of material-technical base of economy. The demographic situation was aggravated, economic motivation decreased. The share of agriculture in GDP made 9.2% (2014), while more than 50% of total employers were employed in agriculture.

2. The privatization of land, the necessity of which is stipulated as objective process of establishment of market economy, started without preparation, without taking into account the peculiarities of the country's regions and development of multi-branch agriculture, followed by an outright paralysis and destruction of collective farms, state farms and related with them sectors. Agriculture was in chaos. The incorrectly carried out privatization was followed by fragmentation of land. 74.5% of households owned up to 1 hectare of land. The average area of family household made 2.33 hectare. The average area of one plot was 0.52 hectares. Only 33.9% of households had single plot area, 48.8% of them had 2 or 3 plots, 13% of them had 4 or 5 plot areas, 3.9% had from 6 up to 9 land plots, 0.4% - 10 or more plots. As it is clear the effect of scale is minimal.

In addition, in this period the implementation of measures of land fertility actually stopped. An important part of land was degraded, water and wind erosion was widespread. Natural processes (landslides, mudflows, etc.) had large-scale character. Land register was unorganized . The land balance was not drawn.

State-owned land plots (mainly pasture land) were not used effectively. The land code and cadastre were not developed. Naturally, landbonification and economic evaluation were not carried out that prevented the effective functioning of land market. Thus, as a result of land privatization large and medium enterprises were substituted by small (mostly family householders) enterprises. Agricultural production, technological, economic and organizational integrity was destroyed. In this process the positive aspect was the establishment of the qualitatively new land-property relations.

The rural environment changed radically. The social infrastructure was ruined. The functioning of kindergartens, libraries, clubs, and health facilities was terminated. No attention was paid to road construction and in total the improvement of living conditions in rural areas. The village had no status. All of this contributed (accelerated) to the migration processes.

Finally, the type of reproduction established in agriculture removed internal links, causing paralysis of agriculture contiguous fields that contributed to unemployment, reduction in incomes, social tensions.

3. The situation in agriculture was non-standard. In the country was established a quasi-market economic system that was based on the deformed factors of production (land, labor, capital, entrepreneur skill, integrated knowledge (information), government regulation of the economy. For example, as it was noted above, the land as a resource and a factor, was not rationally used. The labor (labor force) was not adapted to the new conditions. Agricultural production was mainly based on manual labor. The capital (means of production) was sold abroad (technical equipment, agricultural machinery, etc.), buildings collapsed. The agricultural implements were not domestically produced. Such factor of production, as the entrepreneur's ability, due to the influence of spontaneously functioning market mechanisms, was not using even the self-potential opportunity. The knowledge (information) as a production factor did not take into account the national features. Thus, by the general chrestomathy dogma were determined the economic development priorities and strategies. As for such factors in the market relationship as government regulation of economy, it was far behind from the modern requirements (challenges). The solution of strategic goals of national economy had the inconsistent (zigzag) character. It should be noted that in the extreme conditions the state could not properly define its role and functions on the

stages of development. This did not happen accidentally, certain significance had the “recommendations” of international economic and financial structures that were based on the “Washington consensus”. As it is well known, they suggested as reforming “strategy” the “shock therapy” (further the liberal-monetarist model) that did not provide features and trends of national economic development. In addition, illusions on the market mechanism’s omnipotence, its universality dominated. This greatly contributed to the situation, when it became possible to use country with lack of knowledge and poor world outlook positions, being in power, random person’sardour and illusions of realization of economic policy. Therefore, the policy lost the main features-seriousness, competence, and in accordance the adequate skills to maneuver.

Before the mistakes made during agricultural transformation process should be mentioned theoretical-political (“shock therapy”, as the recognition of transformation strategy), theoretical-economic (the starting conditions and potential of transition to the new state of economy were not determined correctly. That country had its own industrial-scientific, social, human resources potential, proper experience in management, control of integration processes was taken into account and the “transition” to so-called wild capitalism started that logically caused universal robbery of public wealth), political-legal (agriculture, as the economic and organizational system spontaneously, without appropriate legal framework collapsed. The spontaneously occurred structures (informal groups) by oligarchy principles merged with the governmental institutions and was formed as “leader” of social transformation) and strategic nature methodological errors (“reforms” according to the sectors of economy were carried out in isolation from each other. It did not have a complex, consistent character; a unified methodology (still does not exist). It seems that results of mentioned errors: retardation in the economic growth, severity of social problems, dangerous character of property differentiation, decline in economic motivation, etc. required thorough consideration (analysis) and complex activity according to challenges.

It must be mentioned that in recent years government’s attitude towards the development of agriculture has changed fundamentally. Steps are promising, but still do not provide a basis for the positive symptoms of serious conclusions.

It seems that the country’s agriculture that is based on the deformed market mechanism, is inefficient and inadequate with strategic interests of the country. Transformational processes are still controversial. A series of accompanied events must be taken into account, for example, the zigzag character of trend of social polarization, inconsistent implementation of state economic (agricultural) policy,

critical attitude to stereotypes of universality of the market mechanisms, growing role of oligarchic formations that essentially determines the economic power scale, target character of the economic policy.

At the same time, was established promoting political and socio-economic conditions of the country’s development, in particular, economic (agriculture sector), for example, the country’s active involvement in global processes, irreversible process of implementation of the basic political and economic principles of democracy, defining role and place of the private sector in economy, plurality of types of ownership, social orientation of the economy, functioning of market infrastructure, active support of the international community. It is noteworthy that existences of these factors are largely stipulated due to the new geopolitical and geo-economics conditions. Georgia by “traseca” and “energy corridor” has a chance to play the role of integrator in the Eurasian space. This is stipulated due to the fact that the connecting Asia and Europe (“Great Silk Road”) road runs through Georgia. The Eurasian economic space is in the center of world’s attention. It has become important for economic development and growing political influence on the “chess board”, on which fight for global domination is still going on [6].

Geo-economic advantage gives to Georgian economy the opportunity to actively engage in integration processes that in perspective (by active foreign economic policy) creates a solid foundation for the economy in general, in particular, to increase the effectiveness of agriculture.

Georgia currently has the resources to engage more actively in the global processes and on the one hand, by integration with western (Europe, US) economy and on the other hand, Asian countries’ economies to fulfill the role of one of the growing states in the Eurasian space.

The above stated analysis shows that, when the state loses basic economic function (primarily promotion of the self-development of economy and thus to drive in action the progressive processes of “dormant” forces to be carried out the development in natural way) to transform into a spontaneous force and hamper the economic transformations liberalism (as a method) is necessary, it always accompanies the development of the process, but it cannot play a role of major factor for formation and functioning of a new type of market economy in the extreme conditions. Only the liberalization (in its current mean), as such, cannot provide the extended reproduction. With it the complex process of transformation is needed in other mechanisms for regulation. It first of all will be expressed in the functioning of powerful state institutions. For the intensive development of Georgian agriculture it is necessary to carry out the country’s economic development strategy by adequate political and economic mechanisms of democracy and economic liberalization and

comprehensively and consistently on the unified conceptual and methodological basis, to provide the consolidation of social forces, to balance the interests of all sectors (groups) of society, economic efficiency, distribution of their results due social principles of fairness. This is the logic of modern challenges. In accordance to their requirements should be determined the strategy of national economic (agriculture) development.

In fact, the development of Georgia's agriculture would be considered by two scenarios: first – inertial, which is based only on the development of market mechanisms, when these mechanisms are deformed. In this case generated negative trends will remain that in the future will deepen the crisis and hamper economic development. The second - development of agriculture by the state target programs, the concentration of resources for solution of main tasks. Its advantage is that target (priority) usage of resources accelerates the development by driving into action the intensification, as well as step by step driving into action the still existing extensive potential.

For acceleration of the way out of the agricultural crisis is necessary to apply “breakthrough strategy”, whose target (food security) is adequate, stipulates the application of state support (as a temporary measure) in accordance with a particular situation, regulation of target programs of development processes (based on selection criteria of target and its main link that in our case is a food safety (target) and comprehensive and rational development of agriculture – as one of the main link of national economy), the concentration of resources in order to solve key problems, to carry out supportive monetary and budgetary and tax policies, the partnership of state with the private sector as solution of complex and crucial problems, the attribution of primacy in accordance with economic and state feasibility of the situation, qualitative improvement of agricultural management and organizational structure and so on.

The process of acceleration of the way out of the crisis in country's agriculture depends on the interaction of many factors. Therefore, it needs a program management based on the systematic approach.

It is recommended to generate up to 2020 or further period the complex program for the sustainable and safe development of Georgian Agriculture. In them will be defined the strategic goals, objectives, stages, priorities, organizational and economic mechanisms for their implementation.

The program has three main questions to be answered.

First, at what stage of development is the agriculture in Georgia?

Second, where should we go? (strategic goal for the development of the Georgian village and agriculture).

Third, how, by what resources and when can the assigned goal be achieved?

There is another question: does not the generation of such program come in conflict with the fundamental principles of political and economic democracy? The society, the state itself has at least (on the background of bitter experience) the will to realize the program approaches to the regulation of complex processes. This is considered as an optimal manner and method.

We know also that currently world's developed countries achieve sustainable success by the combination of market and state regulatory mechanisms, grounded on strategic planning (management) principles, comprehensively thoughtful, gradual and consistent actions.

The advantage of program approach is that it will reflect a logical relation between the set goals and resource and political-organizational factors for its achievement (economic and organizational support due political objective). In fact the ways and means for complex drive into action of the local natural-industrial conditions and factors will be determined. The program will be the basis for society to evaluate the country's development strategy (tactics) (high quality of transparency) that naturally dictate to the state (authorities) to make implementation of corrections according to situation, to act in the desired direction to transform the practice by pragmatic considerations. The target program of development as a form of regulation is the most reliable for the development and implementation of country's development strategy.

What should be the starting point of the program, major conceptual and methodological approaches?

The country's way out of the current agriculture crisis should be considered as one of the defining factor of Georgian statehood restoration and strengthening.

This is due to the fact that the importance of a sector complex development is determined not only by its exclusive role (food supply), but also the fact that on the scope and efficiency of its development is essentially depended the formation of a new branch of national economy. In particular, the development of agricultural engineering, food industry, chemical industry, light industry, transport, road construction, tourism, trade and other fields.

The orientation of agricultural development on environmentally friendly, economically affordable and having high nutritional value production - is the most reliable way to increase the competitiveness in the future. It should be noted that country's geo-economics in fact became a strategic resource.

Currently country serves as a contributing factor in the economic interests of Europe and Asia. The Eurasian space makes large scale, forming a favorable environment for economic integration in the region countries, in such

a situation it is possible to assume that qualitatively new market will be formed. The demand for environmentally friendly products of agriculture, a qualified workforce, new technologies is especially increasing. The function of free economic (commercial or other) zones on the country's territory should not be excluded.

the development of agriculture will be advisable in three basic directions:

First. The formation of such agricultural production and labor scientific organization system that in accordance with the new challenges of time will ensure such rates in economic growth that gives the possibility to create (by growth of self-sufficiency level) stable conditions for the food security of population (orientation on the extension of containing import products).

Second. The development of such a system of complex measures that will stimulate the export of production and thus, to create favorable environment for growth, formation of its own foreign exchange resources for the development (modernization) of sector (orientation on the export production).

Third. the effective development of agriculture must significantly provide the high rates scales of national economy complex development, the formation and functioning of new branch structure (the orientation on effective functioning of multi-branch national economy).

In temporary conditions the problems of food safety requires special attention. Now the country's demand for any basic food products is not met by local production. It is obvious that the country cannot meet the demand for any type of food product by own production. The dependence only on the imports is related with major risks and is therefore unacceptable. The major direction must be to maximize the growth of domestic production and rational combination of import. According to the list of strategic products will be actually evaluated the potential on satisfaction of country's demands and in accordance with market will be defined objectives of sectoral specialization, increasing in the level

of intensification, activities for efficient use of material and human resources.

The state regulation of land consolidation process in government, wide development of cooperation, deepening of agro-industrial integration, taking into account the peculiarities of specialization and concentration, priority development of products processing, storage and distribution of manufacturing facilities, rational distribution of labor resources, friendly and competitive production grounded on modern technologies, correct determination of rural political and national status – are the main directions of the country's agricultural development strategy.

The "breakthrough strategy" of agricultural development that is based on a unified system (mechanism), would have a temporary (step by step) character. Its main aim is to create in a possible shortest period favorable environment for accelerating a way out of the crisis and formation and functioning of efficient, balanced, self-regulating mark.

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СЕЛЬСКОЕ ХОЗЯЙСТВО ГРУЗИИ ПЕРЕД НОВЫМИ ВЫЗОВАМИ

Н.А. Читанава

В статье комплексно рассмотрены проблемы трансформации многоотраслевого сельского хозяйства Грузии, выявлен ряд особенностей и тенденций, показаны созданные экзогенными и эндогенными факторами препятствия, предложены рекомендации (предложения) по повышению эффективности сельскохозяйственного производства.