



Foreign Agricultural Service

**GAIN Report**

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 4/30/2001

GAIN Report #AJ1003

## **Azerbaijan, Republic of**

## **Grain and Feed**

## **Wheat Update**

## **2001**

Approved by:

**Susan R. Schayes, Agricultural Counselor  
U.S. Embassy, Ankara**

Prepared by:

Russ Nicely, Agricultural Attache

---

### **Report Highlights:**

Azeri wheat production jumped last year to a high of 1.3 million metric tons, due to strong internal prices and better availability of inputs such as fertilizer. Producers are turning to wheat, away from cotton and some other crops. Imports are still important, as bread is the staple food for many.

---

Includes PSD changes: Yes  
Includes Trade Matrix: No  
Unscheduled Report  
Ankara [TU1], AJ

## **Summary**

Wheat production has gained at the expense of cotton, as farmers have seen wheat prices increase while the rewards from cotton have languished from depressed world prices and slow payment by the gins. Internal prices have increased as demand has strengthened, up to 500 to 700 manat per kilogram (\$136/mt), and the farmers responded. Production in MY 2000 was up to 1.3 million mt, from 900,000 mt the previous year. Yields were up substantially, up to 2.37 ton per ha, as farmers are getting better access to fertilizers and other inputs as more private companies enter into this business. Acreage devoted to wheat has increased slightly, from 500,000 ha to 550,000 ha. Azerbaijan has seen some dry years recently, aquifers are dropping and there has been little snowpack in the past three years. Drought conditions in some areas are reported to be negatively affecting the current year's harvest.

Imports are still important, with wheat flour constituting about one-sixth of total wheat imports. The commercial importation of wheat and wheat flour is usually done on a small scale basis, with no single shipment larger than 5000 mt in CY1999 and the average shipment under 1000 mt. There are numerous importers, with a few companies dominating the larger shipments. Flour shipments are also very small, usually under 1000 mt. In the past food aid shipments have been as large as 10,500 mt of HRW wheat. Imports for MY 2000 dropped slightly, to approximately 600,000 mt, from 725,000 mt. Much of the domestic production is not traded nationally, but consumed by the producers or sold locally. Flour prices have ranged from \$260 to \$300 per mt, for first quality. Flour is usually wholesaled in 50 kg. bags. Most of the wheat imported in the past few years has been sourced nearby, from Kazakhstan and Russia predominantly. Wheat flour originates from Iran, Italy, Kazakhstan, Russia, Oman, and Turkey. In the summer of 2000 Kazakh wheat (duty-free) cost about \$100 per mt, fob, delivered to Ganja (in the center of the country) added another \$41 in costs. The VAT tax adds another 20% to the cost, while Russian wheat cost \$136 delivered to Ganja, including the VAT and a 5% tariff. At the time of this report, Kazakh wheat in Baku is reported to be selling for \$190 mt.

There is strong interest in U.S. HRW among some of the larger millers, as some USDA food aid programs have introduced small quantities of this wheat in recent years and it has become highly requested. The millers want a steady supply of HRW, but have been finding the food aid programs too sporadic for consistent market development. Possibilities of using GSM-102 for these imports are being explored, but the lack of qualified Azeri banks has been a deterrent.

Local wheat quality is mediocre to average for baking, with lower proteins common. The Kazakh and U.S. wheat are used to blend a better quality baking flour. The most common Azeri bread is a dense, round, flat loaf, costing about 1000 manat (4400 manat = \$1.00). Bread consumption is high, about 170 kg. per person per annum, due to very low personal incomes.

PSD Table						
Country	Azerbaijan, Republic of					
Commodity	Wheat				(1000 HA)(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		07/1999		07/2000		07/2001
Area Harvested	600	500	600	550	0	550
Beginning Stocks	150	100	250	50	300	200
Production	900	900	1050	1300	0	1200
TOTAL Mkt. Yr. Imports	850	725	800	600	0	500
Jul-Jun Imports	850	725	800	600	0	500
Jul-Jun Import U.S.	0	16	0	8	0	10
TOTAL SUPPLY	1900	1725	2100	1950	300	1900
TOTAL Mkt. Yr. Exports	0	0	0	0	0	0
Jul-Jun Exports	0	0	0	0	0	0
Feed Dom. Consumption	150	200	200	250	0	250
TOTAL Dom. Consumption	1650	1675	1800	1750	0	1800
Ending Stocks	250	50	300	200	0	100
TOTAL DISTRIBUTION	1900	1725	2100	1950	0	1900

End of Report.