Two Milestones on the Way to the Signing of the Association Agreement

1. Eastern Partnership Summit - Vilnius, 28-29 November 2013

Friday, November 29, Vilnius, the signing ceremony at the third Eastern Partnership Summit included the initialling of the Association Agreement, including a Deep and Comprehensive Free Trade Area, with Georgia.

FACTSHEET

The Third Eastern Partnership Summit was held in Vilnius, Lithuania, on 28-29 November 2013. It brought together heads of state or governments from the 28 EU member states with those of Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine.

The summit was chaired by the President of the European Council, Herman van Rompuy who, together with the President of the European Commission José Manuel Barroso, representing the European Union. The summit was hosted by the President of Republic of Lithuania, Dalia Grybauskaitė. The President of the European Parliament, Martin Schultz, the EU High Representative for Foreign Affairs and Security Policy, Catherine Ashton, the Commissioner for Enlargement and European Neighbourhood Policy, Štefan Füle, and the Commissioner for Trade, Karel De Gucht, also attended the summit.

The six partner countries were represented by the Armenian President Serzh Sargsyan, President Ilham Aliyev of Azerbaijan, President Georgi Margvelashvili of Georgia, Ukrainian President Viktor Yanukovich, Moldovan Prime Minister Iurie Leanca and Vladimir Makey, Foreign Minister of Belarus. The Vilnius Summit reviewed progress in establishing new Association Agreements, including Deep

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Agriculture and Food Safety

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• EU support by ENPARD to the Agro Service Centre for the Adjara Region
• Approaching DCFTA: implications for food safety and agriculture in Georgia Workshop - Tbilisi
• Status of the food safety approximation in Georgia
• The Generalized System of Preferences: GSP+

DID YOU KNOW THAT...

Ninth World Trade Organization Ministerial Conference

Upcoming trade events
and Comprehensive Free Trade Area (DCFTAs) between the EU and some partner countries. These agreements are designed to support reform with the aim to accelerate political association and economic integration. Association Agreements, including DCFTAs, were initialled with Georgia and the Republic of Moldova.

The participants took stock of other progress made in the partnership, welcome the conclusion and implementation of Visa Facilitation and Readmission Agreements and to agree on an ambitious agenda for the way ahead. The Vilnius Summit was to set out a number of goals to be attained by the Partnership by 2015.

In line with the incentive-based approach (“more-for-more”) key themes for the partnership in the coming years should be: implementation of Association Agreements, strengthening of democracy and rule of law through the pursuit of reform of the judiciary, further steps in economic integration, gradual steps towards visa free regimes, energy security and strengthening the Partnership’s multilateral dimension, enhancing the involvement of civil society in general and the business community in particular.

A joint summit declaration was adopted (for the full text, click here)

**Eastern Partnership**

The EU’s Eastern Partnership was launched at the Prague Eastern Partnership Summit in May 2009. A second summit was held in Warsaw in September 2011. It concerns six partner countries in Eastern Europe and the Southern Caucasus: the Republic of Armenia, the Republic of Azerbaijan, the Republic of Belarus, Georgia, the Republic of Moldova and Ukraine. Through this initiative, the EU supports reforms in the partner countries that are aimed at consolidating democracy, the rule of law, the respect for human rights and an open market economy. At the same time, it offers gradual integration into the European economy, greater mobility for citizens and closer political ties.

**Closer economic ties**

The Eastern Partnership provides for Association Agreements with each of the participating states, which are to replace the existing Partnership and Cooperation Agreements. Negotiations for them have been launched in January 2010 with the Republic of Moldova and in July 2010 with Azerbaijan, Armenia and Georgia. Moldova completed its negotiations in June 2013 and Georgia in July 2013. Both countries initialled their respective agreements at the Vilnius Summit. The new accords include agreements on deep and comprehensive free trade areas. The EU has been negotiating with Ukraine since March 2007 for an Association Agreement and since February 2008 for an agreement on a deep and comprehensive free trade area. These talks were concluded in 2012. Since Azerbaijan is not yet a member of the World Trade Organization (WTO), a DCFTA with that country cannot be envisaged at this point in time. Nearly €2.5 billion was committed by the EU during the 2010-13 period aimed at supporting partners’ reform
furthering democratic and economic development. Furthermore, the European Investment Bank has stepped up its lending activity in the partner countries from €631 million in 2010 to an estimated €1.8 billion in 2013. The negotiations for closer economic integration are complemented by the comprehensive institution-building programme. It provides support to key institutions of partner countries in the areas linked to the Association Agreements, DCFTAs, and the dialogue on mobility.

**Increased mobility**

Visa liberalisation remains a shared objective of individual partner countries and the EU alike. This is a core objective of the Eastern Partnership and it was discussed by heads of state at the summit. Considerable progress has been made in the area of visa facilitation and liberalisation: with the signature of an EU-Azerbaijan Agreement at the summit, five out of six partners (all but Belarus) already have or will soon have Visa Facilitation Agreements with the EU; three of them (Georgia, Moldova and Ukraine) have managed to advance even more – they now have Visa Liberalisation Actions Plans, prepared specifically to them, the full and effective implementation of which will bring these countries visa free travel with the EU.

**Expanding cooperation**

The establishing and the strengthening of the multilateral cooperation dimension, complementing the various bilateral cooperation and draft agreements, proved a valuable forum for sharing information on, and experience in, transition processes, reform and modernisation. This dimension now includes senior officials and experts working in a number of different areas, from agriculture, research and environment to trade, migration and the EU’s Common Security and Defence Policy.

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**2. FIRST ROUND OF NEGOTIATIONS OF THE EU-GEORGIA ASSOCIATION AGENDA**

**TBILISI, 23 JANUARY 2013**

The first round of negotiations on the Agenda of the Association Agreement between Georgia and the EU was held in Tbilisi at the Georgian Foreign Affairs Ministry. The Association Agenda is a document that spans three-year and which contributes to implementation of the Agreement. It replaces the Action Plan, which was concluded with Georgia in 2006. Its objective is to promote preparation for implementation of the Agreement and constitutes a fundamental component in the process of co-operation between Georgia and the EU.

EU and Georgia discussed on the following priorities as part of the draft text:

- Political Dialogue and Reform;
- Economic Cooperation;
- Other Cooperation Policies;
- Trade and Trade-Related Matters;
- Foreign and Security Policy;

These negotiations are expected to be completed in March, with a view to start preparations for the implementation of the Association Agreement as soon as possible.

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**DCFTA HIGHLIGHTS**

The Association Agreement in Georgia is now online

The Ministry of Foreign Affairs of Georgia has now published the EU-Georgia Association Agreement.

You may also consult the English version on the website of the European External Action Service.

The trade part of the Agreement – the Deep and Comprehensive Free Trade Area – can be found in Title IV. Many technical details and commitments, in particular as regards the reform process, can be found in trade-related annexes of the Agreement (Annexes II to XXI, as well as in Protocols I and II).
A basic guide on trade negotiations and agreements

The procedure for the adoption of international agreements consists of several phases. In a nutshell, the negotiations are prepared, conducted and concluded by respective negotiating teams. After the conclusion of negotiations, the draft text is consolidated and reviewed from the legal point of view. This revision is followed by translation, which for the EU means making the text available in the EU’s 24 official languages, as well as in the language of the partner country. The translation is then verified (each language version) from the legal point of view once more, because every language version holds the same legal value. Then, the draft agreement is technically ready to be signed. On the EU side, however, a decision to sign and conclude an agreement lies with the Council (composed of EU Member States representatives).

After the signature, the parties may decide to provisionally apply the agreement, before the ratification in national parliaments is completed. This allows the business and citizens to benefit from the Agreement a bit earlier, given that ratification procedures may take many years.

Given the political and economic importance of the Association Agreement for Georgia, the procedures preparing the Agreement for signature proceed speedily. The European Council pledged to sign the Agreement no later than in August 2014. For more detailed information on the phases of a trade agreement, you can consult the publication "Trade negotiations step by step" prepared by Directorate-General for Trade of the European Commission.
The EU attaches paramount importance to the field of quality infrastructure, which was considered one of the key priorities in the preparatory process for a DCFTA between the EU and Georgia in the area of industrial goods circulating on the Georgian market.

Two EU-funded projects, which will both end in the beginning of 2014, served this purpose. These projects have contributed to strengthen the institutional capacities of Georgian metrology, standardization and accreditation bodies and helped Georgian administration to better familiarize itself with EU legislation and best practices, as well as to create good synergies among the involved institutions. The projects have been extremely useful, not only to upgrade Georgian agencies and to help them getting closer to international recognition, but also to increase awareness about the quality infrastructure. The active participation of relevant stakeholders, including laboratories and business associations, to the many activities organized under the two Twinnings signifies an increased interest and recognition of the importance of the topic.

Twinning with the Georgian National Agency for Standards and Metrology (GEOSTM): This €1.4 Mil project - implemented by the German and Lithuania consortium - contributed to gradually align the Georgian metrology and standardization systems to EU rules and helped to foster progress towards mutual recognition in quality infrastructure. In metrology, GEOSTM successfully passed the COOMET peer-review on quality management system in crucial areas like mass, temperature, electricity and the EU encourages that other measurement standards would undergo the same process in the future. The EU new approach and CE marking concepts have been intensively dealt with, with the participation of industry and relevant stakeholders. Inter-laboratory comparisons for selected measurement standards have been successfully performed. In standardization field, a “WTO Technical Barriers to Trade Enquiry Point” and several technical committees have been established. The Standards Programme 2013 has been developed and new services for consumers have been created.

Twinning with the Georgian Accreditation Centre (GAC): This €1.15 Mil project - implemented by the German and Latvian consortium – prepared GAC to be internationally recognized, aligning Georgian accreditation system and activities according to ISO/IEC 17011 and relevant EA rules. Normative acts defining accreditation schemes and other aspects of accreditation process have been completed, GAC quality management systems have been revised according to EU and international requirements, qualifications of GAC assessors have been strengthened and procedures for conformity assessment bodies (CABs) have improved. Another very important benefit of the project was the fact that awareness of various interested parties on accreditation, conformity assessment and EU technical harmonisation legislation increased considerably.
EU supporting food safety standards in the dairy sector.

On 6 December 2013 in Tbilisi the “Round Table – Dairy Product Areas Stakeholders Meeting” was held by the LEPL National Food Agency with the Comprehensive Institutional Building Programme support. The main goal of the meeting was to discuss the protection of consumer’s interests, sharing of experiences and recommendations, farmer’s awareness, as well as improving existing legislation on dairy products. The “Farm to Fork” approach was explained during the round table. The following issues were discussed: quality and safety of dairy products, recommendations and experiences of NGOs, measures for the protection of consumers’ interests.

More than one hundred people expressed their intention to participate in the round table. The event was opened by a welcome speech of the head of the Agency Zurab Chekurashvili. Deputy Minister of Agriculture of Georgia, David Galegashvili discussed the role of agriculture in EU integration process. The heads of Food Safety, Veterinary and Food and Feed Inspection Departments represented complaints regarding legislation, inspection and the positions of the Agency.

Pre-registered participants had speeches too, including: Head of Agricultural Cooperative Development Agency George Misheladze, Head of Farmer’s Association Nino Zambakhidze, the Head Manager of Eurasia Partnership Foundation Viktor Baramia, Kvemo Kartli Region Project Manager of International Organization “Mercy Corps” Giorgi Sadunishvili, the head of Strategic Research and Development Centre Lia Todua and others. The event was attended by farmers, food safety and quality managers of large trading networks and by representatives of consumer’s rights protection organizations.

EU support by ENPARD to the Agro Service Centre for the Adjara Region

The Ministry of Agriculture of the Adjara Region is aware of the significance that the DCFTA will have for the region in terms of trade. In this regard, the case of Adjara is quite specific, given the strong trade relations with Turkey, the easier access to the EU markets compared to inland regions of Georgia, and the structure of its agriculture sector which is mainly relying on exports of citrus fruits and is quite dependent on the situation in the Ukrainian market. Honey, one of the best possible products for Adjran exports, which cannot yet be exported to the EU, is expected to meet the necessary requirements quite soon due to the current efforts by Georgia to fulfil them (e.g. residues monitoring plan).

The Agro Service Centre for the Adjara Region is the first of this kind in Georgia: 90 staff is available to reach out and provide advice to the small farmers of Adjara, with five hectares of nurseries and demo-plots, research facilities, as well as five district level substations. Under ENPARD support, Georgia prepared the strategic planning for setting up the Centre and received a contribution of some equipment and other related elements and ENPARD will provide capacity-building, trainings to the staff and coaching to ensure good functioning of the centre during the next three years. The Centre was constructed thanks to co-funding of the Adjara region with ENPARD Adjara.

ENPARD Adjara Project was structured under three main activities:

1. Increasing and improving services to small farmers;
2. Development and support of business oriented farmers’ groups; and
3. Institutional development of agriculture policy developers and associated agencies;

The ENPARD Adjara Project was officially launched in July 2013.
Food Safety: where does Georgia stand?

Approaching DCFTA: implications for food safety and agriculture in Georgia

This was the first of a series of workshops that will be organized by the EU Delegation to Georgia to familiarise stakeholders with the opportunities of DCFTA for Georgia and promote debates on this topic. The workshop brought together 80 representatives from the Government relevant entities, experts, EU member states, donors, consumers’ association, NGOs, business chambers and farmers’ organizations.

Status of the food safety approximation in Georgia

Georgia’s SPS/food safety standards require upgrade and improvements to render them compatible with international standards in this domain, which imply better consumer safety and health of citizens and increase the competitiveness of Georgian food products. Assisting Georgia with this objective means not only to fulfil the commitments under the DCFTA but also to help Georgia implements its WTO commitments.

There are at least 400 legal instruments that Georgia would have to approximate, which encompass both the overall, horizontal food safety framework, as well as selected and specific sectors, which Georgia chooses depending on its economic priorities. The most instruments will cover the veterinary area (205), followed by food safety (68 instruments), and phytosanitary area, as well as GMOs and feed.

The comprehensive food safety strategy of Georgia and the legislative approximation programme were adopted in 2010. The approximation programme includes 43 legal instruments to be prioritized. So far, there has been a significant delay in the implementation of this approximation programme (mainly due to the delay in the approval of the Food Safety Code and the subsequent amending processes) which now has been brought up to date.

According to the updated version, already by July 2014 important by-laws will be adopted, including various food safety criteria and rules, for example on micro-organisms, additives, etc. As of December 2016 the labelling role, the great ability principles, HACCP principles, feed regulations, thichinella and salmonella control rules, etc., will be adopted. Already 70 EU instruments related to SPS have been translated into Georgian.

The principle of gradual reform process is an important one: generally, no food business would need to close immediately due to non-fulfilment of the new standards that the approximation requirements will bring. Such instances may occur only in case of immediate hazard to human health, and should be rare. There are transitional periods foreseen for the improvements that the increased requirements for food business operators, farmers, etc., will have to undertake through additional investments. However, such additional requirements will render production and operations more efficient, with direct positive economic impact made through increased production.

At the YouTube link below three TV spots produced thanks to one of the EU grants can be accessed. It aims to increase awareness on food safety issues amongst consumers. Among other messages, the spots provide information about the phone hotlines available in Georgia, through which food safety issues can be addressed. They are broadcast through the Public Broadcaster and in various regional TVs.

Food Safety
DID YOU KNOW THAT...

The Generalized System of Preferences: GSP+

On 1 January 2014 Georgia became a beneficiary of the revised special incentive arrangement for sustainable development and good governance (GSP+) under the renewed GSP Regulation (Regulation 978/2012). This Regulation was reviewed by the EU to reflect the current state of world trade and economic developments in many recipient countries of the world, as well as to update the situation with respect to new EU free trade partners, among other reasons. Georgia continues to qualify as a beneficiary of the scheme and of its additional incentives (the “Plus” component), and so was included on the list of recipients under the revised scheme.

GSP+ is a sub-regime of the GSP scheme which grants additional preferences to countries that commit to implement 27 core UN and International Labour Organisation (ILO) conventions on human and labour rights, the environment and good governance. These are countries which are not competitive on the EU market and do not have a diversified export base.

GSP+ offers duty free access for products covered by 66% of EU customs tariff lines. In 2012, this represented imports worth around €4.9 billion and 8.5% of all GSP preferences.

The EU is granting GSP+ preferences to the following countries:

- 10 countries for which GSP+ preferences started to be applied on 1 January 2014: Armenia, Bolivia, Cape Verde, Costa Rica, Ecuador, Georgia, Mongolia, Paraguay, Pakistan and Peru;
- 3 countries for which GSP+ preferences may start to apply in Q2-Q3 2014 (provided the European Parliament and the Council are not against): El Salvador, Guatemala and Panama;
- Some of the countries under GSP+ (Costa Rica, Georgia and Peru) have in the meantime negotiated an FTA with the EU.

Given that the EU and Georgia are soon to set up the free trade area under the Association Agreement, it is foreseen that the GSP+ will continue to be granted during a transition period of two years after the entry into force of the Deep and Comprehensive Free Trade Area. During this time, Georgian businesses will be able to choose the preferential regime under which they will want to export to the European Union.

Ninth World Trade Organization Ministerial Conference

At the Ninth Ministerial Conference, held in Bali, Indonesia, from 3 to 7 December 2013, ministers adopted the “Bali Package”, a series of decisions aimed at facilitating trade in particular for developing countries, more options for providing food security, boosting least-developed countries’ trade and helping development more generally.

The areas of negotiations were a package for Least Development Countries (LDCs), trade facilitation and agriculture.

Experts see the successful conclusion of Bali as a chance to boost growth but caution that further steps are needed in the future, in particular that the important parts of the Doha Development Agenda still remain to be discussed, among them topics such as subsidies and agriculture. Arguably the biggest achievement of Bali is the agreement on trade facilitation (TF) – which will tangibly contribute to reducing the cost of trade by binding commitments to facilitate customs procedures and regulations and by devoting technical and financial assistance to implement this objective for developing countries.

Georgia became the 137th member of the World Trade Organization on 14 June 2000. Georgia applied for WTO membership on 3 July 1996 to start negotiations with the WTO working party on its terms of accessions. The negotiations covered all areas of WTO rules starting with those on market access (reduction of import duties) for both goods and services. The results of these negotiations were adopted by the WTO General Council on 6 October 1999 and formally accepted by the national legislature in Tbilisi in May 2000. Thanks to WTO membership, and through the reform process sustained by a high degree of trade liberalisation and full conformity with WTO rules, Georgia was able to negotiate a DCFTA with the EU.
On the occasion of the Third Eastern Partnership Summit in Vilnius, Eurostat (the statistical office of the European Union) issued data on the trade in goods between the 28 EU Member States and the 6 Eastern Partnership countries. According to the data, in the first six months of 2013, EU28 exports to the Eastern Partners amounted to €19.4 billion, while imports stood at €16.1 billion. Eastern Partnership countries accounted for around 2% of the EU28 trade in goods.

In the first half of 2013 Germany was the largest exporter to the Eastern Partnership countries (24% of EU exports) among the EU28, followed by Poland (15.2%) and Italy (8.1%).

In terms of imports, the largest importer among the EU28 is Italy (27.2% of EU imports), followed by Germany (13%) and France (7.3%).

The leading commodity exported from the EU28 to the Eastern Partnership countries during the first half of 2013 is machinery and vehicles (€7.5 billion), whereas the largest commodity imported from the Eastern Partnership countries remains the energy (€7.6 billion).
UPCOMING TRADE EVENTS:

On 24 April 2014 the EU Delegation to Georgia is organizing a workshop focused on "Trade Facilitation". The overall goal of trade facilitation is to render trade transactions easier, quicker and more efficient than before. In other words, trade facilitation is the simplification and harmonisation of international trade procedures including import and export procedures, which include collecting, presenting, communicating and processing the data required and verification of movement of goods in international trade. DCFTA contains important commitments between the EU and Georgia to that end, in relation to all goods, including commodities covered by sanitary and phytosanitary measures (SPS measures).

The Newsletter is solely distributed via electronic mail. Do not hesitate to forward it to interested persons or suggest new recipients by sending an email to Mr. Antonio Lo Parco, Trade Attaché at the Delegation Of the European Union to Georgia: antonio.lo-parco@eeas.europa.eu