



DEEP AND COMPREHENSIVE FREE TRADE

AGREEMENT (DCFTA) 2014-2017

ACTION PLAN IMPLEMENTATION REPORT FOR 2015

2015 ANNUAL REPORT



MINISTRY OF ECONOMY AND SUSTAINABLE
DEVELOPMENT OF GEORGIA



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DCFTA Implementation Coordination

In 2015, the Ministry of Economy and Sustainable Development of Georgia (MoESD) held the second, third, and fourth sessions of the Interagency Subcommittee on February 17, June 5, and November 26, respectively, to coordinate implementation of the DCFTA. Participants discussed the status of commitments taken under the DCFTA, as well as completed, ongoing, and planned reforms towards DCFTA fulfillment.

At the second meeting of the Association Committee on Trade Issues which was held in Tbilisi on December 8, 2015, the European side positively assessed the reforms implemented by Georgia towards DCFTA implementation.

The DCFTA Implementation Report for 2014, prepared in both Georgian and English, was published as a brochure and distributed to state agencies and the diplomatic corps with the United State Agency for International Development (USAID) Project “Governing for Growth (G4G) in Georgia” support.

On December 28, 2015, MoESD established the DCFTA Advisory Group to support effective implementation of the DCFTA and ensure civil society’s participation in the process. The DCFTA Advisory Group is comprised of the representatives of business associations and non-governmental organizations (NGOs) active in Georgia. The Group’s objective is to facilitate, through collective participation of civil society organizations, consultations on current and planned reforms related to DCFTA implementation, as well as adaptation to DCFTA requirements by employers, employees, and consumers.

Trading with Goods, Entrepreneurship and Export Promotion

Entrepreneurship development

Enterprise Georgia, legal entity of public law (LEPL), as part of the state program “Produce in Georgia,” ensured access to credit for 80 enterprises. The total

amount of project investments was GEL 205.9 million, while the total amount of credit equaled GEL 149.4 million. The project envisages up to 3,700 jobs created as a result of the projects supported.

Overall, as part of “Produce in Georgia” (in which the National Agency for State Property, the Agriculture Projects Management Agency (APMA), and other implementation organizations participate), 133 projects have been supported as of December 31, 2015, with investments and loans under the program totaling GEL 355.6 million and 184.6, respectively. Approximately 6,800 people will be employed by new enterprises established under the program. With the support of Enterprise Georgia, LEPL, over 160 small and medium size business representatives were trained in DCFTA related issues.

In 2014, “Produce in Georgia” prepared a micro and small enterprise support component to provide support via financial and technical training and consultancy mechanisms, which was implemented in early 2015. The program envisages grant co-funding (GEL 5,000) to selected and trained beneficiaries. As part of the component, it is planned to organize training for over 6,000 beneficiaries across Georgia and fund over 3,000 new micro enterprises, thereby creating more than 5,000 new jobs. Currently, more than 2,000 applications have been submitted by potential beneficiaries.

On May 4-8, 2015, Enterprise Georgia, LEPL, supported an E&Y initiative – a mini MBA program for the Enhancement of Strategic Planning and Management Skills – for the management personnel of 15 companies.

Along with the Federal Ministry for Economic Cooperation and Development of Germany (BMZ) and GiZ, Enterprise Georgia began implementation of a project titled “Managerial Training Program: Fit for Partnership with Deutschland,” which aims to partner local and German companies for business and export promotion training, as a part of an effort to support beneficiaries of “Produce in Georgia.” As of December 2015, the selection process for participating companies has been completed.

A Business Service Center was established on the premises of Enterprise Georgia, LEPL, based on the open

space principle. The center includes library, a computer corner, a meeting room for small and medium sized business representatives and space for visitors to be acquainted with advertising materials. At the Business Service Center, officers provide relevant information and offer basic consultancy services, including on DCFTA related matters to interested individuals. Information about the Service Center and access to relevant resources will be available at the Enterprise Georgia, LEPL, and official website: www.enterprise.gov.ge.

TBC Bank, JSC, translated into Georgian the small and medium enterprise (SME) toolkit prepared by the International Finance Corporation (IFC), as an existent and proven educational platform (video tutorials). Beneficiaries of Enterprise Georgia's programs receive the toolkits for educational purposes.

For further support and long-term sustainable development of SMEs, a draft Strategy and an Action Plan was developed. Representatives from state bodies, as well as the private sector, were involved in drafting the Strategy and Action Plan. During the course of drafting, four working group meetings and three interagency coordination group meetings were held. The draft Strategy was reviewed at the Organization for Economic Cooperation and Development (OECD) meeting at "Eurasia Week" in November, 2015. At this stage, feedback and recommendations received at the "Eurasia Week" meeting are being incorporated into the Strategy and Action Plan, and, concurrently, procedures for the adoption of the Strategy and Action Plan by a relevant legislative act are underway.

Export facilitation

Enterprise Georgia facilitates export development through various activities: Participation of exporters in international and regional fairs, supporting trade missions, deployment of trade portal, product development, etc.

As of 2015, Enterprise Georgia has organized 14 local and international events to facilitate exports and establish new business relations. These events comprised of trade fairs, trade missions and activities designed to promote Georgian business. Georgian companies participated in the following activities held in the EU countries:

- RigaFood (Republic of Latvia);
- PolagraFood (Republic of Poland);

- Anuga (Federal Republic of Germany);
- CPHI (Monarchy of Spain).

On April 24-25, 2015, Georgian companies visited London as part of a trade mission. During the visit, companies held fact-finding meetings with the distributors of trade networks and traders in relation to UK trade and customs regulations. A corner of Georgian products was set up at the Duke of York Square Saturday Market to promote Georgian products.

Enterprise Georgia produced an export catalogue of food, drinks, pharmaceuticals and textiles, which was distributed to diplomatic agencies. The website www.tradewithgeorgia.com an online base of companies oriented on exporting from Georgia, comprising all necessary information for international buyers, has been updated. Currently, the website is fully functional and online registration of Georgian export companies is actively underway.

Through the cooperation of Enterprise Georgia and Caucasus University, a certification training course for export managers has been designed. The first stage of the training was implemented in March and the second stage in April, 2015. Overall, up to 40 export companies' employees have been trained. Beneficiaries of the program "Produce in Georgia" also participated in the training course.

Technical regulations, standardization and related infrastructure

Standardization and metrology

The Georgia National Agency for Standards and Metrology (GEOSTM) is actively continuing the process of adopting international and regional/European standards as national standards, according to the Government of Georgia Strategy in Standardization, Accreditation, Conformity Assessment, Technical Regulation and Metrology (the TBT Strategy), and according to the priorities of the government program of legislative approximation. In 2015, over 1,700 international and European standards have been adopted as national standards.

In order to develop the base of etalons of GEOSTM, the second phase of the EU Comprehensive Institutional Development (CIB) Program "Acquisition of Measur-

ing devices for the Development of the National Base of Etalons,” is underway. The project envisages upgrading GEOSTM national etalons base and equipping metrological laboratories with new devices. Through the support of the EU, two stages of tenders have been held for the contract “Procurement of Etalons and Equipment for Upgrading GEOSTM Base of Etalons” and winning companies were identified. Supply and installation of equipment envisaged under the contract is planned throughout 2016.

As part of the CIB “Technical Assistance Project,” a working group was formed at the GEOSTM Standards Department, to introduce the main principles of international standard ISO/IEC 9001. The above-mentioned group, together with the invited experts, is studying ISO/IEC 9001 international standards and identifying the functions of the Standards Department. In November, 2015, the working group completed work on an initial draft of the description of functions of the Standards Department. The ultimate implementation of standard principles is envisaged by the end of 2017.

By the initiative of the GEOSTM Standards Department, in cooperation with the European project “Inogate,” a regional workshop was held in Tbilisi on October 20-22, 2015, on the topic: “European Standard EN1594:2013 on Gas Infrastructure and Functional Requirements for Pipelines with a Maximum Operating Pressure of Over 16 Bars.” Representatives of companies working in the gas field in both Georgia and the EU Neighborhood Policy Countries participated in the workshop.

Throughout 2015, study tours were organized under the project to ensure participation in general assemblies of COOMET (a Regional Metrology Organization), CEN/CENELEC, European standardization organizations, and the ISO International Standardization Organization and IEC International Electro Technical Commission.

In 2015, GEOSTM representatives also participated in a general assembly of BIPM, the International Bureau of Weights and Measures, and OIML, the International Organization for Legal Metrology.

By the initiative of the GEOSTM, COOMET, a Regional Metrology Organization Technical Committee TC 4 Information and Training Session was held on October 6-8, 2015, in Georgia. Representatives of 10 COOMET countries took part in this event.

GEOSTM representatives took part in the seminar “Revisiting the Mechanism of Mutual Recognition Agreement (CIPM MRA) of the International Bureau for Weight and Measurement (BIPM),” which was held on October 13-14, in Paris, France. A special working group was elected for reviewing the matters of CIPM MRA agreement, including a representative from Georgia.

Representatives of relevant etalon units of the GEOSTM took part in the meetings of the following technical committees of COOMET:

- TC 1.6 - mass and related values;
- TC 4 representative from Georgia participated in the assessment evaluation of Kazakhstan National Metrology Institute, in the capacity of auditor;
- TC 2 - legal metrology;
- TC 1.5 - length;
- TC 1.9 - ionizing radiation;
- TC 1.10 - temperature;
- TC 1.3 - electricity and magnetism.

At the GEOSTM, under the second stage of the CIB program, the seminar around the principles of European Regulation 1025/2012 in the area of standardization was held for the Standards Department staff in December, 2015.

As part of the technical assistance project – “Development of Standards and Metrology Infrastructure According to EU Best Practices,” European experts delivered trainings at the following laboratories: electricity, mass and physics and chemistry.

Accreditation

Based on associated membership in the European Cooperation for Accreditation (EA), the Georgia Accreditation Center (GAC) participated in the work of the technical committee and general assembly conducted by the European Accreditation in 2015, among them:

- EA General Assembly (November);
- Certification Technical Committee (March and October);
- Inspection Technical Committee (March and October);
- Laboratory Technical Committee (March);
- EA MAC Committee (April and October).

In August 2015, as part of EA peer evaluation, CAG, as per EA secretariat request, prepared and sent to the EA an updated self-assessment report (EAMAC-F-Evaluation Report), including updated accreditation rules and procedures. GAC took charge of organizational issues for EA experts involved in peer evaluation according to EA 2/02 procedure. In December 2015, European experts performed an evaluation. They confirmed that the GAC has a professional team, which is handling accreditation works in a competent manner. As a result, EA evaluators received recommendation to conduct the next stage of evaluation towards signing a mutual recognition agreement (EA BLA) between the GAC and the EA.

Within the framework of institutional development of quality infrastructure, repairs to the GAC office were completed, which significantly improves the working environment of GAC employees and has positive bearing on the recognition of the work of the GAC.

A winning Spanish-British consortium was selected by European Commission tender under the EU Comprehensive Institutional Development Program (CIB) – Follow-on Support to Strengthen Accreditation System to Converge with EU Best Practices, and the project was launched.

Trainings were held at the GAC in 2014 on matters regarding the implementation of standards in the areas of certification (SST ISO/IEC 17065), inspection (SST ISO/IEC 17020), and certification of personnel (SST ISO/IEC 17024) for the enhancement of qualification of GAC staff.

Market surveillance

Pursuant to the DCFTA Implementation 2015 Action Plan, the EU Technical Assistance Program was launched on June 22, 2015. Under the first visit to Georgia, market surveillance experts from Great Britain assessed in general, the structure and work of the Technical and Construction Supervision Agency – the market supervision body, including the methods of inspection of sites with heightened technical hazards in the field.

British experts conducted trainings for the leadership and heads of divisions of the Technical and Construction Supervision Agency on September 29-30 and October 2, 2015, regarding the development of market surveillance according to European best practices.

On October 1, 2015, a project opening conference was held, supported and attended by representatives of the diplomatic corps, civil society and state agencies. The importance of the project, activities envisaged under the project and expected changes were discussed at the conference.

Various meetings were held with the representatives of the Revenue Service (RS) and EU Mission in Georgia, where the role of customs in market surveillance system, the matters of mutual cooperation between the Agency and Customs, and the necessity to conclude relevant memorandum were discussed. Furthermore, RS representatives got acquainted with EU legislation in market surveillance and the example of Lithuania, as to the cooperation between market surveillance body and customs in the course of surveillance.

An institutional development plan was designed as well, though the schedule of implementation for future activities will be designed during future visits.

Sanitary and Phytosanitary Measures (SPS)

Legislative approximation list

Georgia submitted an application to the EC to put Georgia on the official “third countries list,” granting the right to export fish products to the EU, gain recognition of the monitoring plan for traces of veterinary substances and other contaminants in honey and secure the right to export honey to the EU. Based on the application, from November 25 through December 5, European Commission Health and Food Safety General Directorate (DG SANTE) Food and Veterinary Office (FVO) auditor inspectors visited Georgia. The goal of the inspectors was to audit the food safety state control system, as well as production facilities of fish and fish products and honey in the field. The mission studied food safety legislation, state control procedures implemented by NFA, and their results. Based on audit findings, the mission presented recommendations as to the activities to be implemented.

In 2015, Georgia took significant steps towards fulfillment of recommendations received in the area of fish and fish products, including in the direction of approximation with the EU legislation. European Commission

Health and Food Safety General Directorate positively assessed activities implemented by Georgia and in the future a field audit may be implemented in order to verify the application of measures.

Furthermore, a majority of recommendations in relation to honey have been fulfilled. At the end of March 2016, Georgia submitted to the EU a plan to monitor the traces of veterinary preparations and other contaminants in honey, which, if recognized by the EU, will signify Georgia's full compliance with the provided recommendations.

A list of the EU legislative acts to which Georgia shall approximate its legislation was designed according to DCFTA stipulations. The list includes EU legislation regulating food safety, veterinary and plant protection areas, and approximation timeframes. In the list, approximation years have been determined based on their priority level. Particularly, the importance of envisaged legislation in the area of food safety, veterinary reliability and plants protection was taken into account. In the nearest future, the mentioned legislative approximation list will become an integral part of the DCFTA. The final draft of the above-mentioned list has been sent to the EU and was agreed upon.

Pending the final approval of the program, the TAIEX project was implemented in Georgia in the 2nd quarter of 2015 by the initiative of the EU; as part of which EU experts reviewed the program and produced relevant recommendations.

The approximation of Georgia's legislation with EU legislation will occur gradually from 2015 through 2027 and comprise 272 regulations/directives. Although, the mentioned list still has not become an integral part of the DCFTA, the Georgian party is actively working towards the fulfilment of obligations stipulated in the list.

The following legislative acts have been passed towards approximation of Georgia's legislation with EU legislation:

In veterinary field:

- Government of Georgia's Resolution N348 of July 14, 2015 "On Approval of Rules regarding Preventive-Quarantine Measures Against the Dangerous Contagious Diseases" which stipulates the rules of combating animal diseases

(Newcastle disease, African Swine Fever and Classical Swine Fever, etc.);

- Government of Georgia's Resolution N228 of May 27 2015 "On Approval of Regulation Relating to the Identification and Registration of Ovine and Caprine Animals and Registration of their Holdings/Temporary Holdings";

In food safety field:

- Government of Georgia's Resolution N55 of February 12, 2015 "On Approval of Special Rule for the Implementation of Official Control on Food of Animal Origin"
- Government of Georgia's Decree N477 of September 14, 2015 "On Approval of the Rule for Regulation of Packing Wood Material";
- Government of Georgia's Decree N547 of October 23, 2015 "On Amending Governmental Resolution N419 On Approval of the General Crisis Management Plan in the Area of Food/Feed Safety";
- Government of Georgia's Decree N533 of October 16, 2015 "On Approval of Rule for the Implementation of Official Control on Food/Feed safety";
- Government of Georgia's Decree N534 of October 16 2015 "Amending Resolution N173 of Government of Georgia on Approval of General Hygiene Rule of Food / Feed Producing Enterprise / Distributor and Implementation of Surveillance, Monitoring and State Control in Food Safety, Veterinary and Plant Protection Areas".
- Government of Georgia's Decree N577 of November 10, 2015 "On Approval of General Principles and Requirements of Traceability in Food/ Feed Safety, Veterinary and Plant Protection Areas";
- Government of Georgia's Decree N567 of November 9, 2015 "On Approval of Technical Regulations on Maximum Permissible Levels of Some Contaminants in Food";
- Government of Georgia's Decree N581 of November 10, 2015 "On Approval of Technical Regulations for Food Microbiological Criteria";

- Government of Georgia's Decree N578 of November 10, 2015 "On Approval of Regulations on the Measures for Integration in the EU Rapid Alert System for Food and Feed (RASFF)";

In phytosanitary field:

- Government of Georgia's Decree N8 of January 26 2015, "On Establishing a Rule for Notification, regarding Non-compliances of a Consignment with the Legislative Requirements in case of International Shipments.";
- Government of Georgia's Decree N190 of April 27 2015 "On Approval of Technical Regulation, Establishing Conditions under which Certain Harmful Organisms, Plants, Plant Products and Other Objects may be Introduced into the Country for Trial, Selection work or Scientific Purposes";
- Government of Georgia's Decree N305 "On Approval Technical Regulation – the Rule of Controlling Potato Cancer";
- Government of Georgia's Decree N11 of January 11, 2016 "Technical Regulation Establishing Measures to Control Western Corn Beetle";
- Government of Georgia's Decree N10 of January 11, 2016 "On Prohibition on Use in Stockfarming of Certain Substances Having a Hormonal or Thyrostatic action and of β -agonists";
- Government of Georgia's Decree N22 of January 18, 2016 "Technical Regulation Establishing Measures to Monitor Certain Substances and Residues Thereof in Live Animals and Animal Products".

Along with the update of legislative framework and approximation with relevant EU legislation, the Government of Georgia is holding an active awareness raising campaign around such issues as:

- Requirements for exporting Georgian-originating agricultural products to the EU market;
- Relevant consumer related aspects of food/feed safety;
- Acquainting enterprises and other stakeholders with newly adopted or amended legislation.

In conjunction with the above-mentioned efforts, during the reporting period, the following meetings were held with the participation of representatives of the Minis-

try of Agriculture of Georgia and the National Food Agency:

On February 19 – the Deputy Minister of Economy and Sustainable Development of Georgia, NFA Head and representatives of the Ministry of Agriculture presented to the Civil Hall representatives the draft legislative approximation program, envisaged under the DCFTA.

On May 19-21, the Swedish Board of Agriculture (SBA) conducted training/seminar around DCFTA, as well as about the requirements for importing certain agricultural products. Representatives of government agencies, as well as NGO organizations, business associations and private business took part in the seminar.

In relation to the requirements for exporting agricultural products to the EU, topic-based meetings were held with business sector representatives, organized by the NFA (in Tbilisi; Batumi; Imereti Region; Ambrolauri; Mtskheta-Mtianeti).

Furthermore, cooperation with the private sector is underway to assist with meeting new legislative requirements. Specifically, legislative acts drafted under DCFTA, prior to approval, are uploaded to the Ministry of Agriculture of Georgia website, for public review and stakeholder familiarization.

The introduction and implementation of, and conformity with the new requirements should be accompanied by the empowerment of relevant state bodies. For this purpose, the NFA, with the involvement of the EU project experts, is working on updating an institutional plan.

The construction of a new building for the Phytosanitary Department of the Ministry of Agriculture of Georgia Laboratory has been completed and equipment has been installed/deployed at relevant laboratories. A competition was held and staff were selected. The EPPO diagnostics protocols base has been formed, which is currently being translated into Georgian.

In the regions, the gradual implementation of phytosanitary tests is underway. Tests are underway in Batumi, Gurjaani, and Gori laboratories. The selection of personnel is underway and in the nearest future, phytosanitary tests will be introduced in Kutaisi, Akhaltsikhe and Zugdidi laboratories.

17 standard operational procedures have been approved for various diseases. Applications in the area of accreditation have been processed.

The tests of animal parasitic diseases (fish parasites, bee parasites, protozoa, helminths) have been introduced at Tbilisi, Gurjaani and Batumi laboratories.

The Batumi, Gori, Gurjaani and Akhaltsikhe laboratories performed diagnostics of plant diseases and, as of December, 2015, diagnostics of plant diseases had been introduced at the Kutaisi laboratory.

Microbiological and chemical tests of food have been introduced in the Gurjaani, Batumi, Kutaisi, Dusheti, Akhaltsikhe and Marneuli regional laboratories; the range of tests is being gradually expanded.

Lab rooms designated for analytical chemistry have been refurbished and furnished; analyzers have been purchased and installed; authorized representatives of the producer held training and certification of personnel; the process for validating new methods was launched (e.g., testing honey, fish and fish products). At the next stage, new methods for laboratory control of the quality of pesticides will be introduced and validated.

Equipment was fully set up in the testing laboratory. New methods for detecting antibiotics in honey and histamine content in fish products have been introduced. Testing for chlor-organic and phosphor-organic pesticides was validated; tests of heavy metals and radionuclides content was introduced; the method for detection of saturated fats was verified.

The determination of a priority class of pesticides is underway and the methodology is being developed under the UN Food and Agriculture Organization (FAO) Project.

As part of the Comprehensive Institutional Building (CIB) program, it is planned to fully equip two Border Inspection Points (BIP), Kartsakhi and Poti, and equip Adlia (Customs Clearance Zone at Sarpi Border Inspection point) phytosanitary building according to EU standards. At this stage, the works on the acquisition of equipment is underway. As of 2015, the Kartsakhi refrigerated rooms have been fully set up.

Customs and Trade Facilitation

With USAID G4G support, the Ministry of Finance of Georgia is drafting new customs legislation, which is planned to be adopted in first half of 2016.

Convention on Common Transit Procedures (CTC) and Convention on Simplification of Formalities in Trade in Goods (SAD)

Under the Georgia-EU Association Agreement, it is envisaged to introduce the provisions of CTC Convention and New Computerized Transit System (NCTS) in Georgia.

According to the January 9, 2015 Decree of the Head of the Revenue Service, a committee and working group have been established with a view of accession of May 20, 1987 Conventions on SAD and CTC. The working group is holding regular (weekly) meetings. At present, the conventions have been translated and a comparison matrix is being developed to determine the convergences and differences with Georgia legislation.

On June 24-25, 2015, the European Union States External Borders Management Operative Cooperation European Agency (FRONTEX) organized a regional workshop on the Convention on Common Procedures of Transit (CTC) and the New Computerized Transit System (NCTS) under the European Commission Eastern Partnership Integrated Border Management Capacity Development Project, supported by the International Organization for Migration (IOM). The workshop was attended by representatives of the customs administrations of Georgia, Ukraine, Moldova, Poland, and Lithuania, as well as those of the EC and IOM. Participants, through active dialogue, discussed the paths for accession to the CTC convention and NCTS, and the methods for implementing activities.

Authorized Economic Operator (AEO)

According to Annex XIII of the EU Association Agreement and its Action Plan, Georgia is mandated to implement the provisions of the Customs Code of the Union, including the implementation of the Authorized Economic Operator (AEO) concept. USAID G4G is supporting the RS with the implementation of the AEO Program in Georgia. A unified working group has been formed, which assessed the situation and designed a future action plan for the implementation of the AEO program in Georgia.

On January 26-30, 2015, a training seminar was held on the rules of the origin and related customs procedures at the Tbilisi Clearance Economic Zone (CEZ). The trainings were organized with the assistance of the

International Organization for Migration (IOM) and EU financial support. The course primarily focused on the rules under the Georgia-EU Association Agreement governing the identification of the origin of goods. Participants were able to gain a better understanding of the rules of sufficient processing, ad valorem share criteria specificities for determining the country of origin, rules of direct transportation, and tolerances. Furthermore, the procedures for issuing and verifying a EUR.1 movement certificate were discussed. On March 17, 2015, a workshop around preferential rules of origin was held at the Tbilisi CEZ. The workshop was held under the Customs 2020 Program for RS and private sector representatives. The goal of the workshop was to facilitate enhanced dialogue between the customs body and the business sector and, in general, increase the conformity with the standards envisaged under the Deep and Comprehensive Free Trade Space under the Association Agreement.

Public Procurement

At the State Procurement Agency (SPA), LEPL, a working group in charge of developing a comprehensive action plan for legislative approximation envisaged under the DCFTA was formed. The working group designed a relevant document for the gradual approximation of Georgia state procurement legislation provisions with relevant EU directives.

On November 25, 2015, together with UNDP and SIGMA experts, the SPA presented a Guide and Action Plan to the Parliament of Georgia Sectoral Economy Committee, where an extended committee hearing was organized and the document was positively assessed.

On November 26, 2015, the SPA, UNDP, and SIGMA experts presented the Action Plan to large procuring entities.

Moreover, following the negotiations with SIGMA, an agreement was reached to continue further cooperation with SIGMA. Specifically, SIGMA, as part of the technical assistance, will provide support for the implementation of activities envisaged under the Action Plan. Furthermore, SIGMA will ensure the professional development of SPA staff to support the implementation of the Action Plan, among others, by means of sharing EU best practices.

From July 1, 2015, competition procedures have become fully electronic, as a result of adding relevant electronic module and services.

Due to legislative amendments affected throughout 2015, the volume of simplified procurement across the country was reduced. Following the amendments, the procuring entity is obliged to substantiate and publicly justify, in electronic system (e-Procurement), the necessity of a simplified procurement via a special questionnaire and then obtain SPA approval. The mentioned amendments and decree has been in force since November 1, 2015.

Capacity building of stakeholders

In 2015, 549 procurement specialists from state agencies and local self-government entities were trained at the SPA Training Center.

The SPA held awareness-raising meetings with the representatives of Tbilisi Municipality and municipalities near Tbilisi, as well as representatives of state bodies from the Imereti and Ajara regions, under the Open Government Partnership (OGP). The aim of these meetings was to acquaint the participants with the “Rules and Conditions for State Procurement of Project Services through Competition”. The meeting was focused on the demonstration of a new electronic module for competition and procurement procedures.

In 2015, 38 representatives of business organizations – suppliers interested in participating in state procurement – took the training courses at the SPA Training Center. The mentioned training was held with World Bank financial support.

Intellectual Property Rights

Amendments to the legislation governing intellectual property

According to commitments made under the EU Association Agreement, legislative amendments in legislation governing intellectual property drafted in 2014 were reviewed with various international organizations and business sector representatives. Subsequent to legislative amendments, Georgian legislation will be approximated with EU relevant legislation in the field of intel-

lectual property. Amendments are mainly envisaged for the enforcement of intellectual property rights (IPR), which is crucial for forming an effective mechanism for the protection of IPR in the country.

Customs measures for protection of intellectual property rights

In order to gradually approximate Georgian legislation on customs enforcement of IPR, an intra-agency working group was formed at the RS, which identified the differences between legislations and developed a three-year plan for their harmonization. The Action Plan has been sent to the National Center for Intellectual Property Rights, LEPL in Sakpatenti. The feedback and suggestions received from Sakpatenti have been reflected in the Action Plan.

At the first stage the decision was made to add related customs treatments for the protection of IPR to Georgian Law on IP related border measures.

For the second stage of amendments, it was decided to bring the timeframes related to registration of IPRs and data processing in line with the EU regulations.

Furthermore, inclusion of additional intellectual property items in the Law of Georgia on IP Related Border Measures is planned for customs purposes.

At the third stage of amendments, an ex-officio principle will be introduced into the law.

Sakpatenti has been actively involved in conducting and organizing trainings on IPR related matters to judges and defense lawyers. The Chair of Sakpatenti delivered trainings at the Georgian Bar Association under their “General Course on Intellectual Property and Enforcement of IPR.” Furthermore, the US Department of Commerce Commercial Law Development Program (CLDP) and the US Embassy in Georgia held a workshop in Batumi, organized by Sakpatenti, for judges on decisions related to the violation of IPR in civil cases on June 18-19, 2015.

From September 30 to October 1, Sakpatenti and WIPO organized a regional conference on the protection of geographic indications and appellations of origin. The meeting covered the latest updates around geographic indications, international protection and the system of controlling geographic indications of Georgia.

Facilities at Sakpatenti’s Training Center were refurbished and duly equipped, legal acts necessary for

founding the Training Center were drafted, and a general course in intellectual property was designed according to the materials provided by European Patent Body.

Sakpatenti produced and printed information booklets and continue to publish informational bulletins on a regular basis.

Competition

Activities in the area of enforcement of competition legislation

Throughout 2015, the Competition Agency, LEPL, completed the study of up to 10 various markets, in order to identify alleged breaches of the Georgian Law on Competition, among them, those of motor vehicle fuel, aviation fuel, thermal-mineral waters, motor car-container services, state procurement (two studies), wheat, motor vehicle gas and railway-container shipments. Furthermore, the issue of the compatibility of estimated concentration with the environment at relevant markets, at cement and hospitals markets was assessed. At the end of 2015, coffee market monitoring, as well as that related to the abuse of dominant positions in the oil terminals market, were also completed.

From April 28 through May 1, 2015, the Annual Conference of the International Competition Network (ICN) was held in Sidney, at which, under the speakership of the Georgia Competition Agency, one panel was dedicated on April 30, 2015, to the issues of the young competition agencies.

The Competition Agency of Georgia hosted an OECD–GVH RCC International Seminar on Direct and Indirect Evidence in Cartel Cases in Tbilisi on September 22-24, 2015.

Under the EU TAIEX Project, on December 16-17 the Competition Agency of Georgia held a seminar in Tbilisi on the following topics: agreements limiting competition, decisions and activities, and abuse of a dominant market position. The event was attended by representatives of the MoESD, the Ministry of Justice (MoJ), Economic Council (EC), as well as various international and non-governmental organizations. On December 25, 2015, the Competition Agency of Georgia, with the support of the German International Cooperation Organization (GIZ), organized a conference in Tbilisi

for the representatives of the business sector on the legal aspects of regulating competition. They discussed current legislation in competition, the competence and functions of the Competition Agency, activities implemented by the Agency from founding to date, and other important aspects of competition legislation.

Transparency

Information regarding the implemented and ongoing reforms on the DFCTA web-portal is updated on a regular basis. On September 22, 2015, by the initiative of MoESD and with the USAID G4G assistance, meeting was held with NGOs, business representatives and other stakeholders to discuss the ongoing and planned reforms towards the implementation of the DCFTA.

Awareness-raising meetings around the DCFTA were held with the representatives of business circles, civil society and self-government bodies on March 23, 2015, in Ozurgeti city, and on March 24, in Poti city. As part of the mentioned meetings, information booklets about DCFTA, produced with MoESD's initiative and USAID G4G's support, were distributed.

Moreover, MoESD staff participated in similar meetings organized by various organizations:

- The EU Mission in Georgia and project Let's Meet Europe Together in Gori, Kutaisi and Telavi (June 10). The topic of the seminars was the outlook of Georgia in light of the DCFTA with the EU;
- The Office of State Minister on Reconciliation and Civic Equality in Ninotsminda (June 9), Akhalkalaki (June 9), and Marneuli (June 11);
- The Information Center on NATO and EU, for representatives of local self-governments in Tbilisi and for students in Bazaleti, as well as for the reporters of regional media outlets.

Trade and Sustainable Development

Project funded by the USA Labor Department - Improvement of Protection of Labor Legislation in Georgia

In 2013, the USA Labor Department allocated a grant for a project towards the improvement of the protection

of labor legislation in Georgia that was implemented by International Labor Organization (ILO) since 2014, in close cooperation with the Ministry of Labor, Health and Social Protection of Georgia. In 2015, as part of the mentioned project, the document – Frequently Asked Questions Around Labor Rights – was produced to raise awareness of employees and employers around labor relations and obligations. The document was posted on the website of the Ministry of Labor, Health and Social Protection: http://www.moh.gov.ge/index.php?lang_id=GEO&sec_id=643 and is accessible for any interested party.

In addition, under the same project, with the goal of raising awareness of individuals interested in labor rights, ILO organized a training for all operators of the hotline of the Ministry of Labor, Health and Social Protection (44 operators in total).

Environment protection

In order to design a new forest code, the European Neighborhood Policy Instrument – Forest Law Enforcement and Governance Program (ENPI-FLEG II) is being implemented with World Bank technical support. As part of the program, an international expert was selected and a first draft of the law was designed and sent to the Ministry of Environment and Natural Resources (MENR) structural units. On September 8, 2015, under the Minister of Environment and Natural Resources of Georgia Order N 707, a coordination commission for the design of the Georgia draft law was established to support the drafting of the forest code. The commission is comprised of specialists from the structural units of the MENR, MENR LEPLs, as well as specialists from environment and natural resources divisions of the Tbilisi Mayor's Office and the Autonomous Republic of Ajara. Eight meetings have been held as part of the Commission.

First drafts of legislative and statutory acts governing the use of non-timber forest resources were produced and disseminated to stakeholders for review. A second draft of national criteria for sustainable forest management and indicators was prepared. In November, 2015, with GIZ support, international experts conducted a working visit to ensure the improvement of national indicators for forest sustainable management.

According to Forest Supervisory Board (FSC) determined indicators, a risk assessment standard was de-

veloped for controlled timber resources. The FSC will assess risks for the 1st, 2nd, 4th and 5th categories according to these new standards (the centralized system), using their own consultants and covering their own expenses. For the assessment of the 3rd category (timber products made of resources obtained in forests with high conservation value), an expert was selected, a working group was formed, and a draft was prepared. The overall process will be completed in July-August, 2016, and will be sent to the FSC for approval.

A joint project with the EU has been approved. The project goal is to enhance the proficiency of the Rapid Response Unit of the Environmental Supervision Department with the goal to better control illegal activity in the forest sector.

Economic analysis was commenced on the use of workable timber and firewood timber resources, as well as non-timber resources, their production and extraction. Terms of reference were developed for an expert. An international expert has been selected, who is currently conducting field studies and familiarizing themselves with documentation regulating the forest sector.

The Ministry of Environment and Natural Resources Protection (MENRP), with the goal to meet obligations related to the CITES, launched a GIZ-funded project in 2015. The goal of the project is to assess timber and non-timber varieties and establish whether various varieties are in conformity with the criteria for entering in CITES annexes. A project report has been produced.

Following consultations with the team in charge of reviewing scientific matters, it has been established that the Western wild goat (*Capra Caucasica*) should be entered in Annex 2 of the Convention, to which effect official correspondence on the subject was exchanged between the EC and the MENRP. Currently, a draft proposal regarding the entry is planned for the 17th Conference of Parties scheduled for September 24 through October 5, 2016.

For the enforcement of CITES regulations, the MENR of Georgia held a study meeting in cooperation with the organization TRAFFIC and Germany CITES Scientific body cooperation. The purpose of the meeting was to enhance the capacity of the Georgia CITES scientific body and all stakeholders around non-detriment findings (NDF). Eighteen participants of the meeting were trained in the use of the manual prepared by German CITES scientific body.

The map of areas covered by forest in the country has been developed.

The GEF/UNEP Project Global Forest Watch (a new forest monitoring system) has been approved. The project is aimed at the introduction of a new monitoring system in Georgia, to bring down desertification, forest and soil degradation, as well as illegal logging and to ensure the protection of biodiversity. On October 26-30, 2015, the representatives of the Global Environmental Fund (GEF) visited Georgia, during which time they planned next steps and further activities towards the implementation of the project supported by GEF-GFW. Project implementation will commence in 2016.

A document on forest multi-functional zoning has been developed. At this stage, the related management regimes for zones determined under the document are being developed.

To ensure the participation of stakeholders in the forest sector reform, as part of the Georgia National Forest Program (NFP), the MENR is organizing meetings of working groups on a regular basis. A total of 50 working meetings and five field events were held. A coordination meeting for the 7th working group on the “Mitigation and Adaptation of the Impact of Climate Change on Georgia Forests” was held. Four working meetings were also held to analyze the potential for the creation of a biosphere reserve.

The 4th meeting of the GFCM working group was held on March 9-11 in Tbilisi as part of ongoing cooperation with the General Fisheries Commission for the Mediterranean, which aims to exchange best practices and experience related to fishing. At the meeting, regional issues in the development of fishing and aquaculture were discussed. Recommendations for the management of several key varieties were produced; these recommendations were approved at the GFCM session in May, 2015. Significant progress was made at the meeting towards regional cooperation. Specifically, the Black Sea Working group accepted Georgia and Ukraine’s request to be granted the status of a cooperating country. Work is underway on the possibility of signing an agreement between the GFCM and Georgia, which envisages technical assistance to Georgia at the national level for the improvement of data collection systems, developing aquaculture, as well as combatting uncontrolled and illegal fishing.

For the 2015 UN Framework Convention on Climate Change (UNFCCC), through MENRP coordination, the Intended Nationally Determined Contribution document (INDC) was prepared, which envisages the reduction of greenhouse gas emissions compared to business as usual (BAU) emissions by 15% unconditionally, and by 25%, given relevant international funding.

Trade-related Energy Provisions

The trade related energy provisions established the obligations of operators to ensure uninterrupted transit. In this respect, it should be noted that a “Ten-Year Network Development Plan” was approved, which presents a time-tagged program designed for reinforcing national transmission system infrastructure. The plan is aimed to demonstrate Georgia’s readiness to be integrated with the European Unified Energy System (ENTSO-E). In the Ten-Year Network Development Plan, the export and transit potential of the country will grow and Georgia will be able to become a significant transit energy hub in the region. And, most importantly, it will help reduce risks and ensure uninterrupted transit service

Moreover, it should be mentioned that an agreement on cooperation in the energy field has been concluded with the Republic of Turkey, which, which among other things, envisions cooperation in the development of coordinated safeguarding measures during emergency situations. Similar work is underway with the Republic of Armenia as well.

European power market models were studied to assess the risks and benefits related to the development of the electricity market.

Moreover, to approximate the electricity market with EU standards, a simulation for the first phase of market model development was carried out with USAID G4G support. The simulation’s goal is to identify possibilities for the approximation of the electricity market with the EU. Progress towards the second phase of simulation is currently underway.

It should also be noted that this year the grid code for electricity transmission has been approved. The regulator is currently working on approving standard conditions for linking to the electric energy transmission network, which will contribute to the development,

management, access to and safe use of the transmission grid.

Furthermore, the regulator has been mandated to develop and adopt the electricity distribution network rules, gas commercial service rules, and power supply reliability rules, including the preparation of a uniform system of accounting for the electricity sector, monitoring rules for energy markets, and regulatory audit rules; work on these rules is underway and implementation process will commence in 2016 as part of Twinning support. These activities are directed at enhancing the role of the regulatory body in regulating electricity and natural gas markets. Currently, four chapters of the distribution network cell rules have been elaborated: distribution network planning rules, grid control connection rules, command and control of distribution network, and distribution network accounting rules. The Commission has also developed a draft unified system of accounting. This document comprises a chart of accounts, its manual, and more.





საქართველოს ეკონომიკისა და მდგრადი
განვითარების სამინისტრო



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