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**Working Party on the
Accession of Georgia**

DRAFT REPORT OF THE WORKING PARTY ON THE ACCESSION OF GEORGIA TO THE WORLD TRADE ORGANIZATION

Revision

INTRODUCTION

1. The Government of Georgia applied for accession to the World Trade Organization in June 1996. At its meeting on 18 July 1996, the General Council established a Working Party to examine the application of the Government of Georgia to accede to the World Trade Organization under Article XII of the Marrakesh Agreement Establishing the WTO. The terms of reference and the membership of the Working Party are reproduced in document WT/ACC/GEO/2/Rev.3.

2. The Working Party met on 3 March 1998 under the Chairmanship of H.E. Ms E.L. Herfkens (Netherlands); and on 13 October 1998; and 1999 under the Chairmanship of H.E. Ms A. Anderson (Ireland).

DOCUMENTATION PROVIDED

3. The Working Party had before it, to serve as a basis for its discussions, a Memorandum on the Foreign Trade Regime of Georgia (WT/ACC/GEO/3), the questions submitted by Members on the foreign trade regime of Georgia, together with the replies thereto, and other information provided by the authorities of Georgia (WT/ACC/GEO/4, WT/ACC/GEO/7 and Addendum 2, WT/ACC/GEO/10, WT/ACC/GEO/12, WT/ACC/GEO/16, WT/ACC/GEO/18, WT/ACC/GEO/25), including the legislative texts and other documentation listed in Annex I.

INTRODUCTORY STATEMENTS

4. In his introductory statement, the representative of Georgia said that Georgia, although relatively small in size and population, was located in a strategically important transit corridor between the Black and Caspian Seas. Membership in the WTO was the most important step in Georgia's full integration into the world trading system. His Government had declared rapid entry

into the WTO the most important priority of its foreign economic policy, and a Commission on Accession had been established with representatives from virtually all ministries and departments.

5. Georgia was undergoing economic transition from a centrally-planned to a market based economy, with major reforms of its trade regime, banking sector and privatization of State property. Georgia had adopted a new Constitution in 1995, and had since then undertaken a major overhaul of its legal system to harmonize to international norms. In addition to basic legislation such as the Civil Code and the Tax and Customs Codes, Georgia was introducing new legislation in key trade-related areas such as maritime and air transport, intellectual property, standardization and certification, government procurement, privatization, and business legislation. Parliament had made a commitment that all new legislation, starting from 1 September 1998, should be in full compliance with the legal norms of the European Communities. Georgia was receiving technical assistance from individual WTO Members and international organizations in its process of reform and accession to the WTO. He assured the Working Party that the Government of Georgia would do everything required to fulfill the commitments Georgia would be undertaking in acceding to the WTO.

6. In their opening remarks, members of the Working Party welcomed the request from Georgia to accede to the WTO. Many Members were impressed by Georgia's strong efforts from the outset to provide information on its foreign trade regime, and noted that the bilateral market negotiations had made a good start. Although Georgia maintained some measures which were inconsistent with WTO rules, such anomalies were not unusual at the beginning of an accession process. Georgia was encouraged to continue its economic and trade reforms, which would assist in accelerating the process of its accession to the WTO.

7. The Working Party reviewed the economic policies and foreign trade regime of Georgia and the possible terms of a draft Protocol of Accession to the WTO. The views expressed by members of the Working Party on the various aspects of Georgia's foreign trade regime, and on the terms and conditions of Georgia's accession to the WTO, are summarized below in paragraphs 8 to [169].

ECONOMIC POLICIES

Monetary and Fiscal Policy

8. The representative of Georgia said that the National Bank of Georgia was responsible for the design and implementation of monetary policy. The National Bank had been established in 1991, and the final version of the Law "on National Bank" had been approved in June 1995. In practice, the National Bank worked closely with the Ministry of Finance as monetary and fiscal policies were closely linked.

9. Georgia's fiscal policy aimed at boosting revenue to a level to finance most current government expenditure, while relying in the main on external sources for capital outlays. Georgia had strengthened its tax and customs administration to improve revenue performance, and maintained a restrained expenditure programme with emphasis on health and education. The principal taxes levied in Georgia were value added tax; profit tax; income tax; a fixed tax on small enterprises; excises; customs duty; social security levy, medical tax and employment fund tax levied on enterprises and employees; property tax; and agricultural and urban land tax. In response to a specific question, he said that local administrations could levy taxes within the framework of national legislation (Article 6.3 of the Georgian Tax Code) on entrepreneurial activities, gambling business, health resorts, hotels, advertising, car parking, and on the use of local symbols. He confirmed that local administrative bodies had no right to impose any other kind of taxes.

Foreign Exchange and Payments

10. The representative of Georgia said that the national currency – the Lari – was traded on the Tbilisi Interbank Currency Exchange (TICEX) as well as in the Foreign Exchange Bureau Market (FXB). TICEX functioned as a wholesale market for foreign exchange between banks, while large volumes of small retail transactions were carried out in the FXB. The Government's exchange rate policy was based on "managed float". No fixed target was set for the exchange rate of the Lari, but the National Bank of Georgia could intervene in the TICEX auction market as a buyer or seller to smooth out temporary imbalances between supply and demand for foreign exchange.

11. Georgia had become a member of the International Monetary Fund in May 1992 with a quota of SDR 111 million. Georgia had accepted Article VIII of the Articles of Agreement of the IMF in early 1997. He confirmed that the national currency was convertible on current account without any restrictions. No requirements existed on the right of legal and natural persons to obtain, bank or dispose of foreign exchange, and there were no requirements to surrender foreign exchange earned from export operations. He also confirmed that foreign currency needed for imports was equally available for goods subject to import licensing. In response to a specific question, he confirmed that a court order was required to freeze the bank accounts of domestic and foreign-owned firms.

Investment Regime

12. The representative of Georgia said that foreign and domestic investment on the territory of Georgia was regulated under the Law "on Promotion and Guarantees of Investment Activity" of 12 November 1996. Foreign investors enjoyed the same rights and protection as physical and legal persons of Georgia according to paragraph 1, Article 3 of the Law. Under this law, disputes between foreign investors and enterprises registered in Georgia could be settled in the courts of Georgia or in

other fora, including arbitration, by agreement of the parties. A registration requirement for foreign investors had been abolished by the Law "on Amendments and Changes to the Law on Promotion and Guarantees of Investment Activities" of 26 June 1998. He added that Georgia had concluded bilateral investment agreements with 22 countries and was currently negotiating such agreements with 7 more countries. These countries included the United States, Canada, China, and many States in Europe, the CIS, and the Middle East.

13. The representative of Georgia said that, subject to the payment of taxes and other compulsory levies, every foreign investor had the right to transfer abroad freely and without delay all contributions to capital, profit and other monetary proceeds generated by investment activity (paragraph 5, Article 3 of the Law). These rights could be restricted by decision of court in case of bankruptcy proceedings, criminal offence or failure to meet civil obligations. A foreign investor had the right to transfer abroad property owned by him.

14. Investment in certain sectors was prohibited or subject to licensing (Article 9). Permission was required in order to engage in the production of weapons and explosives; narcotic, poisonous and pharmaceutical substances; exploration and exploitation of any renewable or non-renewable substances; exploration of deposits of natural resources; establishment of casinos and gambling houses and the organization of games and lotteries; banking; insurance; issuance of securities; wireless communication services and the establishment of radio and television channels; and any other activities stipulated by the legislation of Georgia.

15. According to the Law "on Amendments and Changes to the Law on Promotion and Guarantees of Investment Activities", investment was prohibited with regard to the creation, production and proliferation of nuclear, bacteriological and chemical weapons; construction of polygons for testing nuclear, bacteriological and chemical weapons; importation of radioactive and toxic waste; scientific research activities connected with human cloning; production of narcotic substances; cultivation of poppy, coca and hemp; and activities prohibited by international legislative acts, agreements, conventions and protocols to which Georgia was a contracting party.

16. Concerning land ownership, the representative of Georgia said that land was being privatised under two laws. The Law on Declaration of Private Ownership of Land in Use by Physical and Private Legal Persons, adopted on 28 October 1998, provided that non-agricultural land could be privatised by any Georgian natural or legal person, including 100 per cent foreign-owned legal persons. Privatisation of urban land had proceeded rapidly under this law. As of 1 May 1999, approximately 3,000 parcels had been privatised. Agricultural land could be privatised only by Georgian natural persons under the Law of Agricultural Land Ownership of 22 March 1996.

Approximately 800,000 hectares of agricultural land had been privatised by about 1 million farmers under this law as of May 1999.

State Ownership and Privatization

17. The representative of Georgia said that privatization had begun following the adoption of the Law "on Privatization of State Enterprises" and the State Programme of Privatization in 1992. Medium sized and large State enterprises had been transformed into joint stock companies in accordance with Resolution No. 288 of the Cabinet of Ministers of 14 April 1993 as part of the privatization process. In total, Georgia had 1,156 medium sized and large enterprises organized as joint-stock companies in early 1999. The privatization of small entities, the first step of the privatization process, had been almost completed. The status of Georgia's progress in privatization is presented in Table 1.

18. Georgian and foreign natural and legal persons could take part in the process of privatization of enterprises with one restriction; Georgian enterprises in which the Government owned more than 25 per cent of the authorized capital could not purchase privatized property. Privatization was carried out by the State Property Management Ministry through auctions of blocks of shares, direct sales and tenders. The Government intended to retain controlling blocks of shares (51 per cent) only in exceptional cases when an enterprise was of strategic interest, and the number of such enterprises was strictly limited. Employees had preference in the allocation of a certain number of shares. The greater part of State property had been privatized by vouchers, and thousands of citizens had become new owners of these assets.

19. A specific list of objects to be privatized was approved annually by the Ministry of State Property Management in consultation with the Ministry of Economy, Justice and other appropriate ministries. The following enterprises were scheduled for privatization in the period 1997-2000: (i) telecommunication enterprises, except cable and radio broadcasting networks of strategic importance, including the First State television channel; (ii) fuel and energy sector enterprises, including electric energy, the coal industry, gas, oil extraction, and the supply of oil products; (iii) manufacturing enterprises; (iv) agriculture and food industry except training and research institutes of the Academy of Agricultural Sciences of Georgia; (v) construction related enterprises except: main municipal pipelines, water supply, sewage and a technical evaluation bureau; (vi) transport sector units except "Sakaeronavigatsia"; (vii) health services excluding State medical organisations of vital importance; and (viii) education services. Preparations to privatize Georgia's railway infrastructure had begun. Georgian Railway would be transformed into an LLC (limited liability company), and only the railway tracks would remain State property. The representative of Georgia provided a list of

joint-stock companies with the controlling block of shares kept temporarily in State hands in document WT/ACC/GEO/10, pages 3-5. Detailed lists of firms owned wholly or in part by the State as of May 1999, and objects planned for privatization in 1999, were also provided to the Working Party. He also noted that information on the privatization process in Georgia was available on the Internet at www.casebycase.org.ge and www.georgia.net.ge/mospm.

20. Article 4 of the Law "on Privatization of State Property" of 30 July 1997 defined State property not subject to privatization. Excluded from privatization were land of strategic importance, minerals, water resources, territorial waters and marine economic border zones; units of historical, cultural and artistic value, State archives of historical and cultural importance, film and photo documents, State funds, State museums, archives and funds of ministries, and scientific research institutes; Georgia's treasury and monetary reserves, reserves of precious metals, funds of national value, social security, medical insurance and other national funds; mobilization reserves and State reserves; institutions of the Academy of Sciences of Georgia; roads for general use; national cemeteries and pantheons; administrative buildings of organs of State administration; and enterprises producing radioactive materials and materials for military purpose, and testing, designing and scientific institutions.

21. Asked specifically about plans to privatize the energy sector, the representative of Georgia said that restructuring of the energy sector would be completed. The State monopoly would be eliminated gradually, and Georgia would invite foreign investment to help relieve the energy crisis. Privatization of the electric energy sector was expected to be completed in 18 months, and would proceed in several stages, as follows:

(i) In electric distribution, approximately 75 per cent of the shares of the Tbilisi electric distribution company "Telasi" had already been privatized. Beyond that, Presidential Decree No. 58 of 14 February 1999 on Rehabilitation and Development of Georgian Electric Distribution Companies and Generation Assets placed priority on the privatization, in two lots, of the electricity distribution companies of eastern and western Georgia. The Ministry of State Property Management and the investment bank Merrill Lynch had prepared a proposal for presentation to interested parties. Georgia proposed to lease the management rights of each group of companies for a period of not less than 25 years, with no right of purchase. The participants could be either Georgian or foreign legal persons;

(ii) In electricity generation, the Ministry of State Property Management had prepared a proposal to transfer the management rights of the joint stock companies in the hydroelectric

plants to private investors for a period of at least 25 years. A tender to accomplish this had been published on 20 May 1999;

(iii) Enterprises in the coal industry would be transformed into joint stock companies, but the State would retain 51 per cent ownership until investors could be found who would undertake the necessary rehabilitation and modernization; and

(iv) The controlling block of shares in the joint stock companies in the oil and gas industry would be sold by tender to investors willing to keep the companies in business and rehabilitate them within two years. The State companies "Saktransgasmretsvi" (gas pipeline from Russia to Armenia) and "Saktkhevadgasi" (import and export of refined oil products) would remain temporarily in State hands. The decision to privatise "Saktkhevadgasi" would be taken in agreement with the Ministry of Energy and Fuel. The State company "Saknavtobi" (oil exploration and extraction) would be transformed into a joint stock company; the shares, except for those granted to employees, would temporarily remain State property. Controlling blocks of shares in other State-owned joint stock companies in this sector would be sold in tenders, and remaining shares would be auctioned.

22. The representative of Georgia estimated that privatized and private enterprises accounted for approximately 80 per cent of Georgia's GDP. Information on the portion of Georgia's foreign trade accounted for by government-owned firms was not available at present. Georgia expected to conclude its privatization process by 2000.

23. The representative of Georgia confirmed the readiness of Georgia to ensure the transparency of its ongoing privatization programme and to keep WTO Members informed of its progress in the reform of its transforming economic and trade regime. He stated that his Government would provide annual reports to WTO Members on developments in its programme of privatisation as long as the privatization programme would be in existence along the lines of the information provided to the Working Party during the accession process, as well as on other issues related to its economic reforms as relevant to its obligations under the WTO. The Working Party took note of this commitment.

Pricing Policies

24. The representative of Georgia said that the Cabinet of Ministers had adopted a series of Resolutions in the first four months of 1992, leading to a broadbased liberalization of prices. Additional Cabinet Resolutions in 1993 and 1994 had removed virtually all State administrative controls on prices for energy, transport and other social services. Price controls had been replaced by tariff regulation of local governments or, in the case of electricity and natural gas, by independent

departments set up for this purpose. Milk prices had been liberalized in 1995 and the price of bread had been deregulated in June 1996. As a result, only natural gas, electricity and urban transport remained subject to price control. Prices for all other goods and services were determined freely by the market.

25. The representative of Georgia stated that in the application of price controls or State guidance now or in the future, Georgia would apply such measures in a WTO-consistent fashion, and take account of the interests of exporting WTO members as provided for in Article III:9 of the GATT 1994. Georgia would publish information on any State controls on goods or services that may be introduced or re-introduced in the future in its Official Journal, including any changes in current controls. The Working Party took note of this commitment.

Competition Policy

26. The representative of Georgia said that the first steps to implement an anti-monopoly policy in Georgia had been taken in September 1992, when the State Council had adopted a Decree "On the Restriction of Monopoly Activities and the Development of Competition in Georgia" and an Anti-monopoly Policy Department had been established within the Ministry of Economy. Parliament had adopted a more comprehensive Law on Monopolistic Activity and Competition in June 1996. An independent regulatory commission had been established to regulate prices in energy distribution, and a similar commission was under consideration in the telecommunications sector.

27. Georgia had established the legislative basis for competitive markets, in particular by deregulating prices and rescinding exclusive rights previously granted to certain economic agents, and through the abolition of restrictions on competition in certain activities. The new Anti-monopoly Law required the establishment of a State register of natural monopolies. According to this register, natural monopolies existed in the provision of postal services, distribution of frequency spectrum, railway transport, pipe line services (the State Company "Sakgazi"), high-voltage power transmission (the State Company "Sakenergo"), air traffic control and dispatcher services (the State Company "Sakaeronavigatsia"), and in port services (the sea ports of Poti, Batumi and Sukhumi).

FRAMEWORK FOR MAKING AND ENFORCING POLICIES

Powers of Executive, Legislative and Judicial Branches of Government

28. The representative of Georgia said that the activities of executive, legislative and judicial authorities were regulated by the Constitution of Georgia, the Law on the Constitutional Court of Georgia of 31 January 1996, the Law on Constitutional Jurisprudence of 21 March 1996, the Law on

the Structure of Executive Power and Rule of its Activities of 15 April 1997, and the organic Law on General Courts.

29. The President of Georgia, the State Chancellery, ministries and other governmental institutions exercised executive powers. As head of State, the President of Georgia conducted and carried out the internal and external policies of the State, and ensured the functioning of governmental authorities in accordance with the Constitution. The President exercised executive power himself as well as through ministries and other governmental authorities and institutions. The State Chancellery was headed by the State Minister. The Government was a consultative body of the President of Georgia, and consisted of the State Minister and 21 Ministers. Each Minister was accountable before the President for his area of responsibility. The main ministries involved in the formulation and implementation of trade policy were the Ministries of Economy, Foreign Affairs, Trade and Foreign Economic Relations, and Finance. The President had created coordination bodies and advisory and consultative institutions to regulate relations among the entities of executive power.

30. Parliament was the highest representative body of the State according to Article 48 of the Constitution. It exercised legislative power and general control over the Government in the areas defined by the Constitution, and determined the main directions of domestic and foreign policy. The President submitted the structure of executive power and rules of its activities to Parliament for approval. Parliament meetings were public.

31. Georgia's court system exercised judicial power independent of the other branches of Government in accordance with the Constitution of Georgia of 24 August 1995, the Law on the Constitutional Court of 31 January 1996, and the Law on Constitutional Jurisprudence of 21 March 1996. The Constitutional Court ensured the primacy of the Georgian Constitution, constitutional legacy, and the protection of human constitutional rights and freedom. The Supreme Court of Georgia supervised the implementation of justice in courts and considered cases determined by law by first instance. The Supreme Courts of the Abkhazian and Ajarian Autonomous Republics were the highest judicial bodies in these autonomous regions. The City Court of Tbilisi considered cases by first instance within the limits of its powers and supervised the activities of regional courts of Tbilisi. Regional (town) courts considered all cases of civil or criminal law or administrative infringements except cases under the jurisdiction of another court. The Procurator's Office implemented criminal legal prosecution and supervised enquiries and sentences. Georgia's arbitration court system had been abolished with the entry into force of the current Constitution of Georgia. Decisions or actions of customs bodies and their officials could be appealed in the courts of Georgia. The right of appeal in customs valuation matters would be regulated by the new legislative act on customs valuation.

32. Noting that the right of appeal of administrative decisions to an independent body was a critical component of the rule of law embodied in WTO provisions, a member requested Georgia to describe in detail the process of appeal to the judiciary for traders contesting administrative rulings by executive agencies such as in the area of customs valuation, classification and duty, taxation of imports, standards and sanitary certification and inspection, application for import or export licences, measures taken against dumping and subsidized imports, and intellectual property protection.

33. The representative of Georgia replied that persons engaged in commercial activities could contest decisions by applying to the Court of First Instance in accordance with Article 11 of the Civil Procedure Code. The jurisdiction of the court extended to "cases arising out of public law, administrative law, tax and other relations." The Decisions of the Court of First Instance could be appealed to appellate courts. In addition to rights of appeal mentioned in specific laws and regulations, Article 4 of the draft Code of Administrative Court Procedures provided a general right of appeal of administrative decisions in that the legality of any normative act, individual administrative action or inaction, contract of an administrative agency or obligation of compensation was an "administrative dispute" that could be appealed to specialized administrative chambers of the regional or city courts. Parliamentary approval of the new Code, however, had been delayed to the 2000 session.

34. The representative of Georgia confirmed that from the date of accession Georgia's laws would provide for the right to appeal administrative rulings on matters subject to WTO provisions to an independent tribunal in conformity with WTO obligations, including Article X:3(b) of the GATT 1994. The Working Party took note of this commitment.

35. Parliament was responsible for ratification of international treaties, while the President of Georgia and the other executive authorities were responsible for implementation. Parliament adopted a resolution on accession to an international treaty by simple majority of its entire composition. Ratification by Parliament was required to complete the national procedures relating to WTO accession. The Ministry of Trade and Foreign Economic Relations had prepared a Presidential Decree on Managing the WTO Relationship which addressed the responsibilities of various government institutions in fulfilling Georgia's obligations vis-à-vis the WTO.

36. The hierarchy of normative acts in force in Georgia comprised: (i) the Constitution of Georgia and the Constitutional Law of Georgia; (ii) international treaties and agreements ratified by Georgia; (iii) the Organic Law of Georgia; (iv) Laws and Presidential Decrees; (v) Orders of the President of Georgia; (vi) Resolutions of the Parliament of Georgia; and (vii) Orders of a Minister or head of another central governmental authority of executive power. International agreements had

direct applicability in the national legal system in accordance with Article 6 of the Constitution and Article 20 of the Law "on Normative Acts". Laws, regulations and administrative orders could be applied retroactively, but normative acts establishing or approving responsibilities could not be applied retroactively.

Authority of Sub-Central Governments

37. The representative of Georgia said that the principles of coordination between the executive, legislative and judicial authorities were determined by the organic Law of Georgia on Local Governance and Self-Governance of 16 October 1997 and the Law on the Structure of Executive Power and Rule of its Activities of 15 April 1997. The Service of local administration and regional policy, responsible for implementing State policy in the area of local administration, had been established by Presidential Decree No. 105 of 14 February 1997.

38. Local representative organs could levy local taxes and fees according to the Law of Georgia on Local Governance and Self-Governance of 16 October 1997. He added that in accordance with Article 3 of the Constitution, Georgia's supreme national bodies had exclusive power to administer important trade-related areas, including customs and tariff regimes; foreign trade; standards and measurements, and sanitary measures at the border; State finances and loans, minting of money and legislation on banking, credit, insurance and taxes; legislation on intellectual property; and legislation on trade, criminal law, civil law, and administrative and labour law. He confirmed that sub-central entities within territory controlled by the Georgian Central Government had no autonomous authority over issues of subsidies, taxation, trade policy or any other measures covered by WTO provisions. The autonomous region of Abkhazia was included in the customs territory of Georgia, but due to the existing political situation there this region was not *de facto* under the jurisdiction of the Central Government at present, and the local authorities did not apply the national customs tariff and other taxes. Negotiations aimed at enforcement of national legislation in the former South Ossetian Autonomous Region were ongoing. There were no regions other than Abkhazia and Ossetia in which the Government anticipated any difficulty in enforcing laws and customs procedures in accordance with WTO requirements.

39. The representative of Georgia confirmed that Georgia would apply the WTO provisions, including Georgia's Protocol of Accession, uniformly throughout the entire customs territory controlled by the Georgian Central Government, including in regions engaging in border trade or frontier traffic, special economic zones, and other areas where special regimes for tariffs, taxes and regulations are established. He further confirmed that, upon accession to the WTO, Georgian Central Authorities would ensure that the laws, regulations and other measures of government entities at the

sub-national level would conform to the obligations undertaken in Georgia's Protocol of Accession and the WTO Agreement, and would enforce them at the sub-national level in all areas controlled by the Central Government. He added that when apprised of a situation where WTO provisions were not being applied or were applied in a non-uniform manner, central authorities would act to enforce WTO provisions without requiring affected parties to petition through the courts. The Working Party took note of these commitments.

POLICIES AFFECTING TRADE IN GOODS

Trading Rights

40. The representative of Georgia said that all natural and legal persons, foreign or domestic, could engage in importation and exportation activities provided they were registered with the Taxation Department of the Ministry of Finance and with the State Department for Statistics. The Law on Business Licensing had been enacted on 14 May 1999. The Law authorized licenses in the following areas (with the responsible agency): (i) Insurance activities and mediation in insurance business (State Agency for Insurance Control); (ii) Banking activity, activity of currency exchange shops (National Bank); (iii) Production and repair of weapons and other military products and their sale (Ministry of Justice, within limits set by the National Security Council of Georgia); (iv) Air shipping, marine shipping and towing (Ministry of Transport); (v) Securities industry, i.e. the activities of broker companies, brokers' activities, activities of stock exchanges, activity of the central depository of securities, activity of securities registering clerks (Ministry of Finance); (vi) Lotteries and other profitable games (Ministry of Finance); (vii) Production and sale of pharmaceutical products, substances subject to special control, and medical products used in veterinary activity; activity of medical organizations (Ministry of Health); (viii) Activity of diagnostic centers in charge of technical assessment of motor transport means (Interior Ministry); (ix) Design and construction activity (Ministry of Urbanization and Construction); (x) Activities of audit firms (Auditing Council of the Parliament); (xi) Activities of private educational institutions (Ministry of Education); and (xii) Metrology and Measurement activities and repair services (State Department for Standardization, Metrology and Certification).

41. According to Article 1, the Law did not apply to: (i) the activities subject to Article 1.2 of the Georgian Law on Entrepreneurs; (ii) export or import of goods or services; (iii) activities connected with environment protection or use of natural resources, electricity or natural gas, or telecommunications and postal services, which were regulated by special laws; and (iv) production of food, including baby food, and tobacco products. Article 1.2 of the Law on Entrepreneurs stated that "Artistic, scientific, medical, architectural, advocating and notary, auditing, agricultural or forestry

related activities performed by natural persons shall not be considered as Entrepreneurial activity," and such activities were thus not subject to the Business Licensing Law. For the spheres which it regulated, the Law provided detailed procedures which the responsible agencies were obliged to follow in issuing any required licenses. These procedures were limitations on the authority of ministries to restrict or deny licenses, and were designed to protect businesses from arbitrary decisions of ministries.

42. The representative of Georgia confirmed that the former State monopoly in foreign trade had been abolished and that no restrictions existed on the right of individuals and enterprises to import and export goods into Georgia's customs territory, except as provided in WTO Agreements. He confirmed that individuals and firms were not restricted in their ability to import or export based on their registered scope of business and the criteria for registration were generally applicable and published in the official journal.

43. The representative of Georgia confirmed that from the date of accession Georgia would ensure that all its laws and regulations relating to the right to trade in goods, and all fees, charges or taxes levied on such rights would be in full conformity with its WTO obligations, including Articles VIII:1(a), XI:1 and III:2 and 4 of the GATT 1994 and that it would also implement such laws and regulations in full conformity with these obligations. The Working Party took note of this commitment.

A. IMPORT REGULATION

Ordinary customs duties

44. The representative of Georgia said that customs duties were established according to the Law No. 1316-II "on Customs Tariff and Duty" of 20 March 1998. Section III of the new Customs Code of 14 November 1997 also contained provisions regarding customs duties. Article 6 of the Law "on Customs Tariff and Duty" authorized the use of special tariffs and seasonal tariffs – for periods not exceeding six months in a year – to regulate trade in goods with particular variations in production or consumption. He added that although the legal authority to apply seasonal rates existed, Georgia had so far never used seasonal rates in practice.

45. Georgia was using the 1996 version of the Harmonized System nomenclature as of 1 January 1998 in accordance with Decree No. 249 of 24 December 1997 of the Chairman of the Customs Department of Georgia. Tariff revenue amounted to 58.7 million Lari, collected on imports worth some 1.2 billion Lari (US\$ 930 million) in 1997, and 58.1 million Lari on imports worth US\$ 1,048.6 million in 1998.

46. Customs tariffs were levied at the rate of zero, 5 per cent or 12 per cent. All customs duties were *ad valorem* rates. Most imports were subject to the 12 per cent rate, while the 5 per cent rate was applied to imported pharmaceuticals; capital goods, including spare parts and supplementary equipment; and specific goods used in production (listed in document WT/ACC/GEO/3, page 24). The average trade-weighted tariff amounted to 4.9 per cent in 1997. This average had declined as substantial imports were allowed in duty free as a result of free-trade agreements and free imports of donor-provided goods. The trade-weighted tariff for 1998, excluding goods entering duty-free, was 10.3 per cent.

Other duties and charges levied on imports but not on domestic production

47. The representative of Georgia confirmed that Georgia levied no duties and charges on imports other than ordinary customs duties. Any such charges applied to imports after accession would be in accordance with WTO provisions. He further confirmed that Georgia would not list any other charges in its Goods Market Accession Schedule under Article II:1(b) of the GATT 1994, binding such charges at "zero".

Tariff rate quotas, tariff exemptions

48. The representative of Georgia said that tariff exemptions were authorized in accordance with the Law "on Customs Tariff and Duty" of 20 March 1998 (Article 18) for: (i) goods for export; (ii) re-exports (against payment of customs duty, subsequently refunded, or deposition of a bank guarantee or imported goods of equal value with the Georgian Customs Department); (iii) goods in transit; (iv) imported goods placed in customs warehouses (dutable upon withdrawal from the warehouse or under the terms of other customs regimes); (v) goods imported in relief due to natural disasters, accidents and catastrophes, or as humanitarian aid; (vi) goods financed by grants or concessional credits of a foreign governmental body or international organization, including a grant element of at least 25 per cent (defined by the Ministry of Finance); (vii) goods designated for official and personal use by foreign diplomatic and similar missions and their staff, and property imported from Georgia's diplomatic missions; (viii) goods imported temporarily into the territory of Georgia; (ix) imported raw materials and semi-finished products designated for the production of exported products, including packaging materials; (x) goods brought by natural persons to the value of up to 300 Lari, per entry, in accordance with a list defined by Resolution of the Parliament of Georgia No. 273-II of 13 June 1996; (xi) imports of baby food and baby hygiene products as well as diabetic products; (xii) imports of Georgian classical literature and literary, artistic or scientific works of Georgian citizens published abroad; (xiii) imported pharmaceutical products (16 products in accordance with a list approved by the Ministry of Finance, the Ministry of Health and the Ministry of

Food and Agriculture, enumerated in document WT/ACC/GEO/4, page 20); and (xiv) aviation fuel, lubricants and other consumables in accordance with international aviation regulations.

49. The representative of Georgia confirmed that tariff exemptions, except those applied in the context of a customs union or free trade agreement, were applied on an MFN basis. Parliament could accord preferences under the Generalized System of Preferences, but this scheme had not yet been implemented.

Fees and charges for services rendered

50. The representative of Georgia said that a customs clearance fee equal to 0.3 per cent of the customs value was applied to import and export of all kinds of goods. Some members pointed out that this *ad valorem* fee, although modest, did not conform to the requirements of GATT Article VIII. In reply, the representative of Georgia said that Georgia had revised its legislation in this area so as to comply with GATT Article VIII. Under amendments to the Law of Georgia on Customs Fees, enacted 28 May 1999, the customs clearance fee had been reduced from 0.3 per cent *ad valorem* to 0.2 per cent *ad valorem* effective 1 June 1999, and would be further reduced to 0.15 per cent *ad valorem*, with a minimum charge of GEL 50 and a maximum charge of GEL 2,000 effective 1 January 2000. With these changes, Georgia believed this fee to be consistent with GATT Article VIII. The charge was roughly proportional to the cost of the service rendered because larger transactions involved more effort than smaller transactions. At the same time, the cap on the fee ensured that large transactions would not pay significantly more than the cost of the service rendered. The level of the fee had been set so as to recover only about half of the estimated direct and related indirect costs of providing customs inspection and clearance services. Approximately fifty percent of the time of Customs employees was spent processing imports and exports, thus half of the total direct and indirect costs of operating the Customs Department should be recoverable through the fee. According to the most reliable estimate, the fee stipulated in the new amendments would produce revenues of about US\$746,000 annually, or less than 23 per cent of the total cost of operating the Customs Department, estimated at US\$3.3 million in 1998.

51. Transit cargoes were charged clearance fees of 100-300 Lari, depending on mode of transport. Temporary imports were charged 10 Lari per ton up to ten tons, and 3 Lari per ton above that amount. Fees for veterinary border services were established in accordance with Article 37 of the Veterinary Law. Fees ranged from 70-120 Lari per consignment for imported goods, 60-110 Lari for goods in transit and 75-125 Lari for exported goods. The veterinary service could charge additional fees according to established price lists, for example on animal cargoes on suspicion of disease or for

violation of transportation rules. A charge for quarantine services was imposed on cargo held in quarantine, including fumigation and storage.

52. The representative of Georgia confirmed that the fees described in paragraphs 50 and 51 were the only fees for services related to imports and exports, and that, from 1 January 2000, Georgia would apply the customs declaration fee as described in paragraph [50], and would impose any fees or charges for services rendered related to importation or exportation only in conformity with Article VIII of the GATT 1994. Information regarding the application and level of any such fees, revenues collected and their use, would be provided to WTO Members upon request. The Working Party took note of these commitments.

Application of internal taxes to imports

53. The representative of Georgia said that caviar, alcoholic beverages, mineral water, tobacco and tobacco products, petrol, tyres, jewellery and motor vehicles were subject to excise tax in Georgia. Article 130 of the Tax Code stipulated the same tax rate for imported and domestic products. Excise taxes were applied at the border to imported goods at the moment of importation, and at the place of production (within 90 days of delivery or reimbursement) for domestic goods. Concerning the taxation of motor vehicles, he added that Georgia also charged owners of motor vehicles an annual tax to the benefit of the road fund, and motor vehicles were subject to a tax upon entry (including transit) into the territory of Georgia. Imported motor vehicles resold in Georgia were not subject to additional excise tax. The difference in taxation of petrol was maintained for ecological reasons.

54. Some members noted that excise taxes on alcoholic beverages differed widely, and asked Georgia to explain the rationale for this tax structure, and identify the kind of wines and spirits produced domestically. Georgia was requested to implement an excise tax regime that would meet the criteria of Article III of the GATT, conforming to the principles outlined in recent dispute settlement panels clarifying the scope of national treatment obligations in the application of excise taxes. The representative of Georgia replied that dry, semi dry and semi sweet grape wines accounted for 80 per cent of Georgia's production of alcoholic beverages, with sparkling wines (9 per cent), brandy (3 per cent), liqueur-vodka (6 per cent) and ethyl spirits (2 per cent) constituting the remainder. His Government recognized that certain aspects of its treatment of alcoholic beverages were not fully consistent with WTO rules. The system of customs duties, excise tax and VAT applicable to imported alcoholic beverages had accordingly been reviewed during 1998, and more recently, new amendments to the excise rates had been enacted on 25 June 1999. Effective 1 January 1999, the special rules applied to imported alcoholic beverages had been revoked, thus the

same excise rates applied to imported and domestic products. In addition, the recent amendments had established uniform excise rates within the classifications of sparkling wines, fortified wines, natural wines, most spirits, and beer, reflecting the requirements of recent WTO decisions concerning excise taxation of alcoholic beverages. The applicable excise tax rates under the recent amendments are provided in Table 2. Georgia had introduced excise stamps for wine and spirits effective 20 March 1999, and for cigarettes effective 1 April 1999. Detailed regulations governing the administration of the excise stamps had been elaborated.

55. Some members also noted the differentiation in taxation pertaining to tobacco and tobacco products. The representative of Georgia replied that his Government understood that the present system was not fully consistent with WTO rules. The taxation of imported tobacco products had recently been reviewed in order to bring the taxes into full compliance with WTO requirements. The differential rates on domestic and imported tobacco products would be unified by the date of accession.

56. The representative of Georgia said that the Law on Value Added Tax, one of the constituent parts of Georgia's Tax Code, had been adopted by Parliament and entered into force on 1 September 1997. Value added tax was levied at a general rate of 20 per cent. VAT was applied to the wholesale price plus excises for domestic products, and the customs value, including import duty and excises, for imports. Exempt from VAT (Article 101 of the Tax Code as recently amended) were postage stamps (except for collection); Georgian and foreign currency (except for numismatic purposes) and securities; valuables confiscated or with no known owner, and valuables inherited by the State; gold to be transferred to the National Bank of Georgia; imported books and journals on science, art and fiction written by Georgian citizens; school books approved by the Ministry of Education in agreement with the Ministry of Finance; goods given to State bodies of Georgia as humanitarian assistance or charity, or in relief of natural disasters, accidents, and catastrophes; goods provided as grants, approved according to a procedure specified by Presidential Decree; goods provided in the form of grants or concessional loans (minimum 25 per cent grant element) by bilateral or multilateral international organizations; medicines falling within HS Chapter 30 (an exact enumeration of exempted products is contained in document WT/ACC/GEO/4 pages 41-81); medical technology (HS codes 90.18-90.22); baby food; fixed assets and spare parts (HS Chapters 84, 85 and 90); goods in transit and temporary imports; re-imported goods; imports for official or personal use of staff of diplomatic and similar representative offices to the extent required by relevant international agreements; private imports of goods valued at less than the threshold amount for imposition of customs duty; goods processed abroad by the exporter of the raw materials; raw materials guaranteed by collateral for the purpose of processing and exportation; and goods intended for re-export, guaranteed by collateral.

57. Some members considered the VAT exemption for works of Georgian authors and Georgian classical literature published abroad to be inconsistent with Article III of the GATT. The representative of Georgia replied that, in the view of his Government, the exemption for imports of works produced abroad by Georgian authors did not violate Article III because, as an exemption for imported products, it could not disadvantage imports in relation to domestic products. It was not in violation of Article I because it applied equally to imports from all nations. The representative of Georgia stated further that the Tax Code had been amended recently to extend the VAT exemption for certain domestic publications equally to similar imported publications. Georgia believed that these amendments had brought this part of the Tax Code fully into compliance with GATT requirements.

58. Concerning the taxation base for the imposition of excises and VAT, a member noted a provision in the tax code that the taxable transaction be the customs value of the goods, but not less than the "wholesale market price, excluding the excise and VAT" (Article 125(2)). In reply, the representative of Georgia noted that excise taxes on tobacco and alcoholic products were specific rather than *ad valorem* rates. He confirmed that the phrase "but not less than the wholesale market price" in the tax code had become obsolete with the implementation of new customs valuation regulations; its purpose had been to deal with situations in which the invoice value of imports was not a fair representation of the transaction value. It was expected to be deleted in the next general revision of the tax code; thus the basis for *ad valorem* excise taxes on imported goods was the customs value, determined in accordance with the Customs Valuation Agreement, plus the applicable tariff and other duties. However, the Government believed that the existing language, although unnecessary and obsolete, was not a violation of Article III of GATT 1994, inasmuch as the same provision applied to both domestic and imported products.

59. The representative of Georgia said that Georgia applied the destination principle in VAT taxation as from 1 September 1997. The VAT rate was accordingly identical for locally produced and imported products, including imported goods originating in other CIS countries (Article 100).

60. The representative of Georgia confirmed that, from the date of accession, Georgia would not use minimum values for the application of its domestic taxes to imports, and would apply its domestic taxes, including those on products listed in [paragraphs 53 to 59] and Table 2, in strict compliance with Article III of the GATT 1994. The Working Party took note of this commitment.

Quantitative import restrictions, including prohibitions, quotas and licensing systems

61. The representative of Georgia said that licences were required for importation of certain agricultural chemicals, wild animals and plants, medicines, arms, explosives, nuclear materials, industrial waste, and tobacco products (Table 3). The licensing system was maintained to protect

public health, safety and the environment, and was not intended to restrict the quantity or value of imports. He confirmed that imports from CIS and non-CIS countries were subject to equal treatment.

62. Import licences were obtained from the Ministry of Trade and Foreign Economic Relations or the Ministry of Health Protection, with the consent of the relevant ministry or department. Any person, firm or organization could apply for an import licence. The decision to grant a licence was required to be taken within 5 working days from the date of registration of the application. A licence was valid for the period fixed in the import contract, but not for more than one calendar year. The validity could be extended upon request. A licence could not be transferred to another importer. Asked to describe briefly the licence requirements for importation, production and sale of tobacco products, he referred to Presidential Decree No. 391 "On Activities Addressing Regulation of Production, Import, Wholesale and Retail Trade in Tobacco Products in Georgia", but noted that this decree had not been implemented and that, in practice, such licenses were not required.

63. The representative of Georgia confirmed that, from the date of accession, Georgia would not introduce, re-introduce or apply quantitative restrictions on imports, or other non-tariff measures such as licensing, quotas, bans and other restrictions having equivalent effect that could not be justified under the provisions of the WTO Agreement. If balance-of-payment measures were ever necessary in the future, Georgia would impose them in a manner consistent with the relevant WTO provisions, including Article XII of the GATT 1994 and the Understanding on Balance-of-Payments Provisions of the GATT 1994. The Working Party took note of these commitments.

Customs valuation

64. The representative of Georgia said that instructions on the determination of customs value had been adopted by Resolution No. 843 of the Cabinet of Ministers of 5 December 1994. These instructions provided for six methods of valuation, of which the primary method was based on the transaction value. The Ministry of Economy had been responsible for preparing a list of goods subject to minimum import prices affecting 20 product groups, including alcoholic beverages, wheat flour, oil margarine, butter, frozen fish, sugar, juices, tomato paste, cigar tobacco and jewellery products. However, the minimum import price system had been abolished in March 1998. Asked specifically about the use of world average prices in customs valuation, he confirmed that Article 5(6) of the 1996 Law on Customs Tariff had authorized such measures. However, the new Law "on Customs Tariff and Duty", adopted on 20 March 1998, revoked the 1996 law and contained no reference to world market prices in the valuation rules established in its Article 10.

65. Having reviewed Georgia's customs valuation legislation, a member noted that Georgia had not implemented in full the Agreement on Implementation of Article VII of the General Agreement

on Tariffs and Trade (the Customs Valuation Agreement). According to this member, Georgia's laws and regulations failed to address the following critical areas: (i) the provisions for assists/"goods and services" found in Article 8 and the Interpretative Notes in Annex I to the Customs Valuation Agreement did not appear to be fully implemented; (ii) the royalty provision and proceeds of subsequent resale, disposal or use provision of Article 8 of the Customs Valuation Agreement were merged with the provision for assists/"goods and services"; (iii) the related party provisions in Article 1 and the Interpretative Notes in Annex I to the Customs Valuation Agreement did not appear to be fully implemented; (iv) Georgia did not provide for Article 4 of the Customs Valuation Agreement, allowing only the importer to reverse the order of use of deducted or computed valuation methods; (v) Georgia did not include the provision concerning objective and quantifiable data and no additions other than those provided for to be included in the price actually paid or payable (Article 8(3) and (4)); (vi) Georgia did not include several prohibited methods of appraisalment required by Article 7 of the Customs Valuation Agreement, as well as the obligation to inform the importer in writing of the method of appraisalment used by Customs; (vii) the obligation to publish laws, regulations, etc. pursuant to Article 12 did not appear to be implemented; (viii) the Interpretative Notes in Annex I of the Customs Valuation Agreement did not appear to be fully implemented in Georgian law; (ix) Article 15(5) of the Customs Valuation Agreement concerning sole agent, sole distributor or sole concessionaire had not been implemented; (x) the Committee on Customs Valuation Decision 4.1 concerning the "Valuation of Carrier Media Bearing Software for Data Processing Equipment" had not been implemented; and (xi) the Committee on Customs Valuation "Decision on the Treatment of Interest Charges in the Customs Value of Imported Goods" had not been implemented.

66. In reply, the representative of Georgia said that the Law "on Customs Tariff and Duty" (1998) provided for customs valuation of goods based on internationally recognized practices. In accordance with this Law, new regulations had been prepared that were fully consistent with the Customs Valuation Agreement, including the Interpretative Notes to the WTO Valuation Agreement and the Decisions on "Valuation of Carrier Media Bearing Software for Data Processing Equipment" and "Treatment of Interest Charges in the Customs Value of Imported Goods." The Ministry of Justice had approved the new regulations on 31 May 1999. Parliament had enacted an amendment to the Law on Customs Tariff and Duty, ensuring implementation of Article 13 of the Customs Valuation Agreement, on 25 June 1999.

67. The representative of Georgia confirmed that from the date of accession, Georgia would fully apply the WTO provisions concerning customs valuation without recourse to a transition period, including in addition to the Agreement on the Implementation of Article VII of the GATT 1994, Annex I (Interpretive Notes) and the provisions on the Treatment of Interest Charges in Customs

Value of Imported Goods and for the Valuation of Carrier Media Bearing Software for Data Processing Equipment (Decision 4.1). In accordance with these latter provisions, only the cost of the carrier medium itself would be accounted for in the customs value. He stated that Georgia would not use any form of reference price or fixed valuation schedule for the valuation of imports or to apply duties and taxes. The Working Party took note of these commitments.

Other customs formalities

68. The representative of Georgia said that the Customs Code contained rules of origin. Georgian legislation required indication of the country of origin of goods for both imported and domestic products. A certificate issued by the competent authority in the country of origin was necessary only for goods imported under preferential trade. CIS countries applied a uniform C-1 certificate, and had concluded an agreement on the general rules of determining the country of origin.

69. Detailed rules of origin had been laid down in the Decree "On Customs Tariff" of 21 October 1992. Origin criteria were based on the principles of wholly obtained or sufficient processing in another country. The wholly obtained criterion would typically be applied to minerals; plant products; livestock and livestock products; products of hunting, fishery and sea fishery; and secondary raw materials and wastes obtained from manufacturing and other operations. Sufficient processing was defined in terms of change of tariff position, the technology employed in the processing, or defined in accordance with established cost ratios. Mere storage and packaging, preparation, sorting, repackaging, simple assembly operations or mixing of goods (components) would not be considered sufficient processing.

70. The representative of Georgia said that the new Law "on Customs Tariff and Duty", adopted by Parliament on 20 March 1998, stipulated that Georgia's rules of origin should be based on international experience. Accordingly, new regulations on rules of origin had been prepared which were fully consistent with the Agreement on Rules of Origin. The Ministry of Justice had approved the new regulations on 31 May 1999.

71. The representative of Georgia confirmed that from the date of accession its laws and regulations on rules of origin would be in conformity with the provisions of the Agreement. In this regard, the requirements of Article 2(h) and Annex II, paragraph 3(d), i.e., that for non-preferential and preferential rules of origin, respectively, its customs authority or preshipment inspection authority acting on its behalf will provide upon request an assessment of the origin of the import and outline the terms under which it will be provided. The Working Party took note of this commitment.

Preshipment inspection

72. The representative of Georgia said that Georgia had thus far not used preshipment inspection services and had no legal regulation on preshipment inspection. However, having examined proposals to improve customs collection in Georgia, his Government had decided to impose a preshipment inspection requirement on exporters. A tender to select a contractor had been issued in early 1999, and a contract was being negotiated as of June 1999.

73. The representative of Georgia confirmed that his Government would ensure that the operations of preshipment inspection entities would be consistent with the relevant WTO Agreements, in particular GATT Article VIII, the Agreement on Preshipment Inspection, the Agreement on the Implementation of Article VII (the Customs Valuation Agreement), and the Agreements on Import Licensing Procedures, Rules of Origin, Implementation of Article VI (Antidumping), Subsidies and Countervailing Measures, Safeguards, and Agriculture. Georgia would ensure that any private firm performing customs duties covered by WTO rules would publish their practices and procedures as required by GATT Article X, that rulings by the firm would be advisory only to the State Department of Customs and would be appealable to the judiciary, that any rulings of general applicability would be made available to WTO members and to importers and exporters upon request, and that Georgia would, upon request of WTO members, meet to discuss the activities of such firms and their impact on trade with a view to resolving problems. The Working Party took note of this commitment.

Anti-dumping, countervailing duties, safeguard regimes

74. The representative of Georgia said that Articles 10-13 of the Decree of the Council of State "On Customs Tariff" of 21 October, 1992, contained provisions on the imposition of anti-dumping and countervailing duties. He added that the 1992 decree had been replaced with the Law on Customs Tariff and Duty of 20 March 1998, which provided the legal basis, in principle, for the imposition of anti-dumping, countervailing or safeguard measures. However, this legislation had never been used.

75. The representative of Georgia confirmed that Georgia would not apply any anti-dumping, countervailing or safeguard measure until it had notified and implemented appropriate laws in conformity with the provisions of the WTO Agreements on the Implementation of Article VI, on Subsidies and Countervailing Measures, and on Safeguards. In the elaboration of any legislation concerning such anti-dumping, countervailing and safeguard measures Georgia would ensure their full conformity with the relevant WTO provisions, including Article VI and XIX of the GATT 1994 and the Agreements on the Implementation of Article VI, the Agreement on Subsidies and Countervailing Measures and the Agreement on Safeguards. After such legislation was implemented,

Georgia would only apply any anti-dumping duties, countervailing duties and safeguard measures in full conformity with the relevant WTO provisions. The Working Party took note of these commitments.

B. EXPORT REGULATIONS

Customs tariffs, fees and charges for services rendered, application of internal taxes to exports

76. The representative of Georgia said that all exporting legal and natural persons were required to register with the State Department for Statistics. The general State register was decentralized, i.e. the entrepreneur was included in the register of any regional statistical office after registration at the local court. The State register maintained no restrictions on registration.

77. Georgia did not apply customs duties on exports, except as indicated in paragraph [78]. Exported or re-exported goods were exempt from customs duties. As of 1 September 1997, when the new Tax Code had entered into force, Georgia imposed VAT according to the destination principle and all exports, including to CIS countries, were zero rated. The regional customs offices performed customs clearance on all export cargoes.

78. Effective 1 July 1998, exports of scrap metal had become subject to special duty in accordance with the Law on Regulation of Export and Re-export of Scrap and Waste of Black and Coloured Metals. The special duty had been set at 475 Lari per ton for copper, 320 Lari per ton of aluminium, and 28 Lari per ton of other metal scrap. However, Parliament had passed an amendment, eliminating the special duty, on 25 June 1999.

79. The representative of Georgia confirmed that after accession to the WTO, Georgia intended to minimize the use of export taxes and any such taxes applied would be in accordance with the provisions of the WTO Agreement and published in the Official Journal. Changes in the application of such measures, their level, scope, or justification, would also be published in the Official Journal. The Working Party took note of these commitments.

Export restrictions

80. The representative of Georgia said that Georgia maintained some export prohibitions or restrictions to protect public health, consumer welfare, the environment, the national patrimony and national security. The prohibitions or restrictions were applied equally to exports to all countries. Exports of arms and gunpowder, artwork and antiques of museum value were prohibited. The items subject to export prohibition or licensing are enumerated in Table 4. Exports of timber were licensed to ensure the ecological balance in Georgia's forests and optimal use of forestry resources in

accordance with the Law "on Regulating the Consumption of Forests on the Territory of Georgia" of 25 June 1998. Exports of Caucasian Fir seeds were also subject to licensing.

81. Export licences were issued by the Ministry of Trade and Foreign Economic Relations, except for medicines and medical supplies (Ministry of Health Protection). Licences were granted within 5 working days from the date of registration of the application. A licence was valid for the period stipulated in the export contract; maximum one year. The validity of a licence could be extended upon request. A licence could not be transferred to another exporter.

82. Some members noted restrictions on exports of ferrous and non-ferrous scrap metal and unprocessed timber, and stated that these appeared to violate Article XI of the GATT 1994. Georgia was requested to revise the restrictions and bring them into conformity with WTO provisions prior to accession, or according to a time-table agreed with WTO Members. In reply, the representative of Georgia said that a prohibition on export of scrap metal had been lifted in June 1998, and replaced by licensing and payment of special duty. A special licensing fee of 60 Lari per cubic metre of timber, which had been introduced in March 1998, had also been terminated in June 1998. Export licences would be granted for all types of logs cut in conformity with the requirements of the State Forest Department.

83. The representative of Georgia confirmed that any remaining export control requirements would be applied in a manner fully consistent with WTO provisions, including those contained in Articles XI, XVII, XX and XXI of the GATT 1994. The Working Party took note of this commitment.

Export subsidies

84. The representative of Georgia said that Georgia maintained no export subsidies. Other than ordinary bank loans at market interest rates, no official or other export financing facilities were available for exporters.

85. Imported raw materials and semi-manufactured goods used in the production of goods for export were exempt from customs duties under Article 18 of the Law "on Customs Tariff and Duty" of 20 March 1998. Georgia allowed drawback of duty on imported raw materials and semi-finished goods physically incorporated in exported goods. Alternatively, the manufacturer could provide a bank guarantee for the amount of duty due. Imported inputs used in exported goods were also exempt from VAT. He confirmed that the amount of duty drawback on exports of finished goods did not exceed the original duty paid on the imported raw materials and semi-manufactured inputs.

86. The representative of Georgia stated that from the date of accession Georgia would not maintain any subsidies, including export subsidies, which met a definition of a prohibited subsidy within the meaning of Article 3 of the Agreement on Subsidies and Countervailing Measures, and would not introduce such prohibited subsidies. The Working Party took note of this commitment.

C. INTERNAL POLICIES AFFECTING FOREIGN TRADE IN GOODS

Industrial policy, including subsidies

87. The representative of Georgia said that the general objective of Georgia's economic policies was to create a market economy through privatization of publicly-owned commercial enterprises, deregulation of prices and foreign investment. State-owned enterprises no longer received subsidized credits from the banking system or the Government, but some enterprises had covered their losses by running arrears on payments of taxes, wages and energy supplies. He identified the 12 largest loss-making State enterprises to be the Rustavi's "Azoti", the electromechanical factory at Kutaisi, Rustavi's "Kimbochko", the joint-stock company "Maudi", the automobile plant at Kutaisi, the Poti shipyard, "Metsi", "Orioni", the manufacturer of agricultural machinery "Lilo", the joint-stock company "Metei", the turbine plant of Mtskheta "Tolia", and the paper mill in Tbilisi. The Government intended to privatize these enterprises, but their privatization had proved difficult.

88. The representative of Georgia confirmed that Georgia did not maintain any prohibited subsidies, including export subsidies, within the meaning of Article 3 of the Agreement on Subsidies and Countervailing Measures.

89. The representative of Georgia confirmed that upon accession any subsidy programmes would be administered in conformity with the Agreement on Subsidies and Countervailing Measures. All necessary information on such programmes would be notified to the Committee on Subsidies and Countervailing Measures in accordance with Article 25 of the Agreement. The Working Party took note of this commitment.

Technical barriers to trade, sanitary and phytosanitary measures

Standards and certification

90. The representative of Georgia said that the Laws "on Standardization" and "on Certification of Products and Services" constituted the basic legal framework for activities in this area. A new standards law, however, had been drafted by European experts to meet the requirements of the TBT Agreement and enacted by Parliament. The Ministries of Construction and Urbanisation, Protection of Environment and Natural Resources, Health Protection and other departments ensured product

safety requirements, construction norms and regulations, and sanitary norms and regulations. The State Department of Georgia for Standardization, Metrology and Certification ("Sakstandarti") was the national body of standardization, metrology and certification in Georgia. "Sakstandarti" operated centres working on standardization, metrology and certification in Tbilisi and seven provincial cities, and State supervision of standard requirements and metrology norms was carried out by "Sakstandarti" through its local organizations. "Sakstandarti" was a member of the Interstate Council of Western Countries for Standardization, Metrology and Certification, and had become a correspondent member of the International Organization for Standardization (ISO) on 1 January 1998.

91. Although conformity with mandatory intergovernmental (GOST) standards of the CIS countries was still technically required in Georgia, virtually all imports were allowed entry without being required to meet these standards. Georgia was moving rapidly towards reliance on voluntary standards, based on international standards, in many areas. The application of mandatory standards to approximately 121 categories of products had been formally terminated on 28 May 1999. In the remaining areas, existing GOST standards would be replaced by voluntary standards or technical regulations based on international standards in accordance with a transition plan and as rapidly as funding allowed. A plan for the development and implementation of standards in Georgia (1999-2002) was provided in document WT/ACC/GEO/28.

92. Georgia required a certificate of conformity issued by "Sakstandarti" and, depending on the product, a hygiene certificate from the Ministry of Health Protection. The list of imported products still technically subject to mandatory certification is provided in Table 5. In practice, however, the vast majority of imports were not required to meet these standards. He added that Georgian standards and certification requirements were not intended to distort trade or establish technical barriers to trade. Domestically-produced and imported goods, regardless of country of origin, complied with the same requirements on standards and certification. "Sakstandarti" had introduced a system of certification and documentation to eliminate technical obstacles in trade. Georgia recognized product certificates from the CIS countries, and was negotiating agreements to recognize certificates from Poland, Bulgaria, and Romania. Georgia would agree to recognize certificates of other countries in the near future. The Ministries of Health Protection and Agriculture and Food were actively involved in the certification procedure, in particular in testing health, hygiene and veterinary products, and the certification of bread. Food safety standards and requirements and labelling requirements were laid down in the Law "on Protection of Consumers' Rights" (Chapter 1, Article 6). The Ministry of Protection of Environment and Natural Resources and the State Inspection for Technical Supervision were involved in certification related to environmental protection and safety of technical processes. Documentation had been harmonized with analogous European documents, and Western countries

had recognized 55 certification bodies and 78 testing laboratories established in educational, research and other departments with the assistance of "Sakstandarti".

93. Some members noted that Georgia's legislation and practices in the area of standards did not meet the requirements of the Agreement on Technical Barriers to Trade (the TBT Agreement). Georgia was requested to complete a "Statement of Implementation" on technical barriers to trade and to provide specific information on the move from domestic to international standards; the provision of an operational enquiry point; acceptance of the TBT Code of Good Practice by Georgia; information on the procedure and terms for issuing certificates of conformity, including fees, required documentation, sampling, etc.; the use of manufacturers' certification; the adoption of a national post-market surveillance system; and the replacement of mandatory standards with voluntary standards. Georgia should outline the specific deficiencies vis-à-vis WTO provisions in this area, and indicate a schedule for achieving compliance. A member sought a commitment from Georgia to abide by the requirements outlined in the Agreement on Technical Barriers to Trade as of the date of WTO accession, and confirmation that Georgia's certificate of conformity requirements were not related to the establishment of additional barriers to trade.

94. The representative of Georgia replied that "Sakstandarti" was working closely with the Georgian-European Policy and Legal Advice Centre (GEPLAC) to bring Georgia's standards legislation in compliance with the TBT Agreement. A Presidential Decree "On Measures Implementing the Requirements of the WTO Agreement on Technical Barriers to Trade" had been adopted on 5 December 1998. This Decree contained a detailed action plan and time-frame for implementation by the relevant authorities. The new Law on Standards had been approved by Parliament on 25 June 1999. The TBT enquiry point had been established under "Sakstandarti" [and notified officially to WTO in July 1999]; work was going on to bring this enquiry point into full compliance with the TBT Agreement. "Sakstandarti" had also established a publishing house ("Standarti") which issued information bulletins, standard catalogues and other materials related to standardization, metrology and certification. "Sakstandarti" thus provided publication of draft standards and other measures for prior comment.

Sanitary and phytosanitary measures

95. The representative of Georgia said that Georgia had revised its quarantine requirements and adopted new legislation, including the Law "on Protection of Plants from Harmful Organisms" of 14 October 1994, the Law "on Agricultural Quarantine" of 15 May 1997, and a new Veterinary Law reflecting the standards established by the Office International des Epizooties (OIE). A Presidential

Decree on SPS Measures had been drafted to meet the requirements of the SPS Agreement, and [issued in July 1999].

96. Concerning relations with relevant international organizations, he said that Georgia had applied for membership in the joint FAO/WHO Food Standards Programme-Codex Alimentarius Commission on 17 October 1997. Georgia also intended to join the International Convention on Plant Protection and the European and Mediterranean International Plant Protection Organization. Georgia's Veterinary Department received information from the Office International des Epizooties (OIE) concerning diseases existing in various countries in the world and assessed the risks regarding dangerous infectious diseases on the basis of this information.

97. The representative of Georgia stated that Georgia's sanitary and phytosanitary standards were intended solely for the purpose of protecting the health of human, animal and plant life, and not to create technical barriers to trade or to protect domestic producers. Compliance with Georgia's regulations was determined by the State Sanitary Service and Department of Hygiene under the Ministry of Health Protection; the Sanitary, Quarantine and Supervision Department of the State Inspection on Plant Quarantine; and the Department of Veterinary under the Ministry of Agriculture and Food, in cooperation with the Border Veterinary, Sanitary and Phytosanitary Service.

98. The State Border Veterinary Supervision Inspection checked all imports of live animals, meat and fish, animal and fish products, animal fodder and feed supplements and veterinary preparations. A licence from the State Inspection of Plant Quarantine was required for importation, re-export or transit of goods covered by plant quarantine regulations. Traded goods covered by quarantine regulations included agricultural products, timber, seeds and seedlings, plants and plant parts, and plant products that could carry infectious diseases; hides and unprocessed wool; mushrooms, bacteria, viruses, nematodes and insects on living cultures; collections of insects, which could bring plant diseases; herbaria and seed collections; agricultural machinery, aggregates for land development, vehicles, vessels, packaging materials and industrial plants; and soil samples which could carry plant diseases. Preshipment inspection, leading to an international veterinary certificate, should be carried out where appropriate. Importation of commodities of plant origin and other items subject to quarantine required a phytosanitary certificate issued by the quarantine service of the exporting country as well as a certificate on the condition of the commodity delivered by the relevant division of Georgia's Ministry of Food and Agriculture (Article 8 of the Law on Agricultural Quarantine). Infested or infected shipments which could not be disinfected would be returned to the country of origin or destroyed with the owner's consent. The representative of Georgia provided detailed information on procedures followed in implementing Georgia's sanitary and phytosanitary regime,

requirements for imported animal and plant products, and a list of all quarantine pests in document WT/ACC/GEO/4, pages 99-110.

99. Some members noted that Georgia's legislation and practices covering SPS measures appeared not to meet the requirements of the SPS Agreement. Georgia was asked to provide further information on ongoing efforts to bring its SPS legislation into conformity with the SPS Agreement, including additional steps to be taken, a time-frame for implementation, and details on any problems Georgia might have with implementation of the SPS Agreement upon accession. A member sought a commitment from Georgia to abide by the requirements outlined in the SPS Agreement as of the date of accession to the WTO, adding that the establishment of a certification system for imports that did not present unnecessary barriers to trade prior to accession would be a fundamental factor in completing Georgia's accession process.

100. The representative of Georgia replied that Georgia was working closely with GEPLAC (the Georgian-European Policy and Legal Advice Centre) and the Institutional Reform and Informal Sector (IRIS) to identify the specific aspects of the SPS Agreement not covered by Georgia's existing regime. A detailed plan had been prepared on steps to bring Georgia's SPS procedures into conformity with WTO requirements. An Interministerial Coordinating Body for SPS Implementation (ICB) had been formed and Georgia had also established the SPS enquiry point, as required by the WTO. The Interministerial Coordinating Body was chaired by the Deputy Minister of Agriculture responsible for international issues, and included a working-level body with representation from each agency concerned. The enquiry point had been fully operational as of August 1998.

101. The representative of Georgia confirmed that Georgia would apply all obligations under the WTO Agreements on Sanitary and Phytosanitary Measures and Technical Barriers to Trade from the date of accession without recourse to any transition period. The Working Party took note of these commitments.

Trade-related investment measures

102. The representative of Georgia stated that Georgia maintained no measures inconsistent with the Agreement on Trade-Related Investment Measures (TRIMs) at present, and Georgia was ready to undertake the obligations of the TRIMs Agreement upon accession to the WTO.

103. The representative of Georgia said that Georgia would not maintain any measures inconsistent with the TRIMs Agreement and would apply the TRIMs Agreement from the date of

accession without recourse to any transitional period. The Working Party took note of this commitment.

State-trading entities

104. The representative of Georgia said that all public sector monopolies for the supply of goods and services had been eliminated except as indicated in paragraph [27] above, and there were no parastatal or government-mandated private sector monopolies in Georgia. Remaining State-owned enterprises had no access to preferential State funding, and acted purely on the basis of commercial considerations in a non-discriminatory manner consistent with Article XVII of the GATT 1994. No Georgian enterprise carried special or exclusive privileges in the production of any good or service. At present, Georgia did not operate any State enterprise or agency, or authorize any other firm, to purchase domestic and/or imported agricultural products for export or domestic distribution. Accordingly, Georgia maintained no State-trading enterprises as defined by GATT Article XVII and the Understanding on the Interpretation of Article XVII of the GATT 1994.

105. The representative of Georgia confirmed that his Government would apply its laws and regulations governing the trading activities of State-owned enterprises and other enterprises with special or exclusive privileges in full conformity with the provisions of the WTO Agreement, in particular Article XVII of the GATT 1994 and the Understanding on that Article and Article VIII of the GATS. He further confirmed that Georgia would notify any enterprise falling within the scope of Article XVII. The Working Party took note of these commitments.

Free zones, special economic areas

106. The representative of Georgia said that his Government planned to establish free economic zones in Poti and Batumi following the adoption of the appropriate legal basis for the creation of such zones. However, Parliament had rejected the draft law on free economic zones.

Government procurement

107. The representative of Georgia said that government procurement, whether by a ministry, agency or other governmental body, was carried out by competitive tender under Presidential Decree No. 162 of 11 February 1996 and the Cabinet of Ministers' Resolution No. 264 "On Delivery of Products and Goods for State Needs of the Republic of Georgia" of 30 March 1993. The main entities involved in government procurement were the Ministry of Defence, the Ministry of State Security, the Ministry of Internal Affairs, and the State Department of State Border Protection. Government procurement was carried out in a non-discriminatory manner between domestic and foreign suppliers,

except for procurement of certain types of goods for the armed forces, in which case the participation of foreign companies was restricted. No statistical data were collected on government procurement in Georgia.

108. Parliament had adopted a new law on government procurement based on the UNCITRAL model law, prepared in close cooperation with GEPLAC (Georgian-European Policy and Legal Advice Centre), in December 1998. The Law would be amended to ensure full compatibility with the Agreement on Government Procurement.

109. The representative of Georgia said that Georgia intended to join the Agreement on Government Procurement. [He confirmed that Georgia had requested observer status in the Committee on Government Procurement in July 1999].

110. The representative of Georgia confirmed that, upon accession to the WTO, Georgia would initiate negotiations for membership in the Agreement on Government Procurement by tabling an entity offer. He also confirmed that, if the results of the negotiations were satisfactory to the interests of Georgia and the other members of the Agreement, Georgia would complete negotiations for membership in the Agreement by 31 December 2000. The Working Party took note of this commitment.

Transit

111. The representative of Georgia said that goods transported through the territory of Georgia were exempt from customs duty, VAT and excise taxes. On 16 April 1999, Georgia had acceded to the Convention and Statute on Freedom of Transit of 20 April 1921; the Convention on Transit Trade of Land-Locked States (New York, 8 July 1965); and the International Convention on the Harmonization of Frontier Controls of Goods (Geneva, 21 October 1982).

112. The representative of Georgia confirmed that his Government would apply its laws and regulations governing transit operations and would act in full conformity with the provisions of the WTO Agreement, in particular Article V of the GATT 1994. The Working Party took note of this commitment.

Agricultural policies

113. The representative of Georgia said that imports of agricultural products were subject to tariffs (zero, 5 or 12 per cent) and sanitary and phytosanitary measures. No other border measures were applied to agricultural goods. There was no special export regime applicable to agricultural goods, no

export credits other than those available from commercial banks, and no system of export credit guarantees or insurance cover arranged by the Government.

114. Concerning internal policies, he said that his Government was cooperating with multilateral and bilateral organizations to transform the collective agricultural system to a market-based system. Programmes included land reform, privatization of farms and agro-industry, the establishment of competitive markets in distribution services, and the development of research, education and extension services. With the assistance of European Communities counterpart funds (CPF), the Government provided - through the commercial banking system - short term working capital to traditional suppliers of inputs of fertilizers, seeds, and energy products, as well as to grain producers and traders. The Government did not engage in agricultural subsidies through price support, direct payments to farmers or in subsidized credit arrangements, other than to grape and tea producers. No budgetary resources were available to assist the residual State farms sector. The Government did not provide any export subsidies.

115. The representative of Georgia confirmed that Georgia would bind its agricultural export subsidies at zero.

116. Georgia's commitments on agricultural tariffs, on domestic support and export subsidies for agricultural products are in the Schedule of Concessions and Commitments on Goods annexed to Georgia's Protocol of Accession to the WTO.

[to be completed]

Trade in civil aircraft

117. The representative of Georgia said that Georgia maintained a duty-free regime for the importation of aircraft parts and other supporting equipment used in international transportation. Georgia intended to join the Agreement on Trade in Civil Aircraft upon accession to the WTO.

118. The representative of Georgia said that Georgia would, from the date of accession, implement the Agreement on Trade in Civil Aircraft without exceptions or transitional period. The representative of Georgia confirmed that Georgia would become a signatory to the Agreement on Trade in Civil Aircraft upon accession to the WTO. The Working Party took note of this commitment.

Textiles regime

119. A member asked whether Georgia would notify any quantitative restrictions on its exports of textiles to the Textiles Monitoring Board.

120. The representative of Georgia said that Georgia did not maintain any quantitative import restrictions on textile and clothing products. According to an Agreement with the European Communities (1993), Georgia's exports of textile and clothing (HS Chapters 50 to 63) could become subject to quantitative restrictions in the European Communities' market if the exported volume exceeded 0.35 to 4 per cent, depending on the product, of total Community imports in the previous year. The Agreement also contained provisions against Georgian exports of textile products at prices "...abnormally lower than the normal competitive level". However, these provisions had never been invoked, and the quantitative limits had not been applied.

TRADE-RELATED INTELLECTUAL PROPERTY REGIME

General

Industrial property protection

121. The representative of Georgia said that the protection of intellectual property rights was an essential element of Georgia's economic policy. Intellectual property rights were inviolable according to Article 23 of the Constitution. The system of intellectual property protection in Georgia was designed to comply with the requirements of leading multilateral treaties in this field, including the Agreement on Trade-Related Aspects of Intellectual Property Rights (the TRIPS Agreement), the Paris Convention for the Protection of Industrial Property and the Berne Convention for the Protection of Literary and Artistic Works. The specific provisions of Georgian law meeting the requirements of each article of the TRIPS Agreement are summarized in Table 6.

Responsible agencies for policy formulation and implementation

122. The representative of Georgia said that the Georgian National Intellectual Property Center (Sakpatenti) was responsible for matters involving industrial property (inventions, utility models, industrial designs, trade marks, service marks), and for matters involving appellations of origin and layout designs of integrated circuits. The Copyright Agency dealt with matters involving copyrights and neighbouring rights, and the Ministry of Agriculture was responsible for matters involving plant variety protection.

Participation in international intellectual property agreements

123. The representative of Georgia said that Georgia was a member of WIPO and a party to the Paris Convention for the Protection of Industrial Property (18 January 1994); the Patent Cooperation Treaty (18 January 1994); the Berne Convention for the Protection of Literary and Artistic Works (15 May 1995); and the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (20 August 1998). Georgia intended to join the Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations (1961); the Budapest Treaty on the International Recognition on the Deposit of Microorganisms for the Purposes of Patent Procedure; and UPOV (Geneva Act, 1991). Georgia had concluded a bilateral agreement with Uzbekistan on cooperation in the field of industrial property protection in 1996, and an agreement on cooperation between the patent offices of Georgia and Austria. Georgia had also concluded a bilateral agreement with Kazakstan (11 November 1997) on industrial property. This agreement was based on the Paris Convention and did not provide protection in excess of that mandated by the TRIPS Agreement.

Application of national and MFN treatment to foreign nationals

124. The representative of Georgia said that Georgia granted national treatment in accordance with the Paris and Berne Conventions. According to Article 1018 of the Civil Code copyright was extended to works protected by those international agreements to which Georgia was a party. Georgia would grant national and MFN treatment to Members of the WTO upon accession to the WTO.

Fees and taxes

125. The representative of Georgia provided information on State fees for patenting inventions, utility models, industrial designs, and for registration of trade marks (document WT/ACC/GEO/3, page 42). There were no fees for the protection of copyrights. Fees for other areas of intellectual property rights had not been established so far.

Substantive Standards of Protection, Including Procedures for the Acquisition and Maintenance of Intellectual Property Rights

Copyright and related rights

126. The representative of Georgia said that Georgia provided copyright protection under Book 4, section 1 of the Civil Code. The provisions of the Civil Code on copyright had been supplemented by

a new law on copyright and neighbouring rights, adopted by Parliament on 22 June 1999. The Copyright Law of Georgia had been prepared on the basis of the WIPO model law.

127. The Civil Code (Article 1017) protected the moral and economic rights of authors, and neighbouring rights connected with performers, producers of phonograms and broadcasting organizations. The rights of performers, producers of phonograms and broadcasting organizations were defined in Articles 1082 to 1091. Computer program issues were regulated in Articles 1060-61. Protection did not depend on any kind of formal procedure nor on the level of protection in the country of origin. The term of protection began from the moment of creation of the work and lasted 50 years beyond the death of the author according to the Civil Code, Articles 1062 (duration), 1063 (validity) and 1508 (application of copyright law norms on pre-existing works). Article 1045, which should be read together with Articles 1039, 1040 and 1041, provided for the authors' rights concerning cinematographic adaptation or reproduction envisaged in Article 14 of the Berne Convention. The limitations and exceptions on the rights of authors stipulated in Articles 1050 through 1061 were confined to cases which did not conflict with normal exploitation of the work and did not unreasonably prejudice the right holder's legitimate interests.

128. Article 6 of the Copyright law and Article 1024 of the Civil Code defined copyrightable material as (i) literary works (books, brochures, articles, computer programs, etc); (ii) drama or musical-dramatic works, choreographic, mime, and other theatrical works; (iii) musical works, with or without text; (iv) audio-visual works; (v) sculptures, paintings, and architectural, graphic, lithographic and other work of visual art; (vi) pieces of decorative-applied and monumental art; (vii) pieces of theatrical-decorative art; (viii) photographic works, and works created by means analogous to photography; (ix) maps, plans, sketches, illustrations and other three-dimensional works belonging to geography, photography or other sciences; (x) derivative works; and (xi) collection of works or data representing results of intellectual creative activity.

129. The law on copyright and neighbouring rights included specific provisions on economic rights (Article 16), the rights of producers of phonograms (Article 39), the rights of producers of videograms (Article 40), the distribution of phonogram and videograms (Article 41), and the rights of broadcasting organizations (Article 42), as well as certain provisions which were not reflected in the Civil Code, for example on rental rights in respect of computer programs, cinematographic works and phonograms (drafted on the basis of the EC Directive of 14 May 1991 on the Legal Protection of Computer Programs), and cable transmission rights (Article 16(g)).

130. A court could order confiscation of copies of counterfeit works and phonograms and the materials and equipment needed for their reproduction, which would be handed over to the right-

holder or destroyed. Counterfeit copies of works and phonograms, obtained by third parties in good faith, were not subject to confiscation (Civil Code Article 1098).

Trademarks, including service marks

131. The representative of Georgia said that a new Law "on Trademarks" had been adopted by Parliament on 5 February 1999 and had entered into force on 22 May 1999. The new Law was based on the standards of the TRIPS Agreement and the European Communities Council Regulation (EC) No. 40/94 of 20 December 1993 on the Community Trade Mark, as amended by Council Regulation (EC) No. 3288/94 of 22 December 1994 for the Implementation of the Agreement Concluded in the Framework of the Uruguay Round.

132. The Law defined a trademark as a sign or a combination of signs which could be expressed graphically and was capable of distinguishing the goods and/or services of one enterprise from those of another. A sign could be a word; combination of words (including personal name, letters and numerals); figure; design sound mark; or three-dimensional configuration, including the shape of goods or their packaging as well as colours and combination of colours. The exclusive rights of the trademark owner, the scope of protection, and the scope of the exclusive rights were enumerated in Articles 6 and 7 of the Law.

133. Trademarks were protected through registration with the Georgian National Intellectual Property Center "Sakpatenti". The substantive examination of a trademark should be effected within 8 months from the date of filing with Sakpatenti. Decisions regarding trademark registration could be challenged in the Chamber of Appeal, and the decision of the Chamber of Appeal could be appealed before a court.

134. Registration of a trademark did not depend on use, but a trademark registration could be cancelled after 5 years of continuous non-use in Georgia. Service marks were protected in the same way as trademarks, and Georgian legislation protected well-known marks. Well-known marks were protected without registration by virtue of Article 6 *bis* of the Paris Convention according to Article 3.4 of the Trademark Law. Georgian legislation referred to the Paris Convention on the Protection of Industrial Property (Article 6 *bis*) for the definition of a "well known" mark. The requirement of Article 16.1 of the TRIPS Agreement that the law should presume confusion where an identical mark was used without authorization on identical goods and services was addressed in Article 5(1) and 6.2 of the Law. Article 6 of the Law extended the protection to similar signs for similar products. Articles 16.2 and 3 of the TRIPS Agreement were implemented through Article 6.4 of the Trademark Law.

135. A trademark certificate was valid for an initial term of 10 years from the date of registration, and could be renewed indefinitely for additional periods of 10 years. Agreements to transfer or licence a trademark needed to be registered with Sakpatenti to have juridical force.

Geographical indications, including appellations of origin

136. Some members asked about the status of protection of geographical indications, including appellations of origin in Georgia, noting that the Statute of Trademarks was deficient in a number of areas with respect to Articles 22 to 24 of the TRIPS Agreement. In particular, Article 22.3 of the TRIPS Agreement required a Member to refuse to register or invalidate registrations containing geographical indications except in instances in which such marks had been used continuously for at least 10 years or in good faith before 15 April 1994, and the TRIPS Agreement stipulated protection against use of geographical indications even when literally true but which falsely represented that the goods originated in another territory; protection, with certain exceptions, of appellations of origin for wines and spirits even against use accompanied by expressions such as "kind", "type", "style", etc; and refusal or invalidation, with certain exceptions, of trademark registrations containing geographical indications for wines and spirits if they did not originate in the place named.

137. The representative of Georgia replied that a new Law "on the Protection of Appellations of Origin and Geographical Indications" had been prepared based on Articles 22 to 24 of the TRIPS Agreement and European Communities Council Regulation (EC) No. 2081/92 of 14 July 1992. The new law had been enacted by Parliament on 22 June 1999. The Government believed that the new Law met all the requirements of Articles 22-24 of the TRIPS Agreement.

Industrial designs

138. The representative of Georgia said that a new patent law, adopted by Parliament on 5 February 1999 and effective 27 May 1999, regulated the protection of industrial designs in Georgia. Applications for registration were filed with "Sakpatenti", which granted patents to industrial designs considered novel, original and industrially applicable. The term of validity of a patent was 15 years from the date of filing of the application. A licence agreement could be registered with "Sakpatenti". Any person engaged in non-authorized use of an industrial design could be ordered to suspend its use and the owner of the patent could claim damages. Neither the Statute on Industrial Designs nor the patent law contained any special requirements regarding the protection of textile designs.

Patents

139. The representative of Georgia said that a new Patent Law had entered into force on 27 May 1999. Under this law, the Georgian National Intellectual Property Center "Sakpatenti" granted patents for inventions which were considered novel, involved an inventive step, and were industrially applicable. The term of a patent was 20 years from the date of filing of the application.

140. Patents would not be granted for surgical, therapeutic and diagnostic methods of treatment of people and animals; species of plants and animals, and particular biological methods for breeding plants and animals; or inventions which could provoke or encourage inhumane, immoral and/or anti-social actions. Discoveries, scientific theory, or mathematical methods; results of artistic work; computer algorithms and programs; intellectual implementation methods, including education and training methods; organizational and management methods; industrial design and diagrams for planning of buildings, constructions and territories; and presentation of information would not be regarded as inventions.

141. According to the Patent Law, the patent owner had the exclusive right to use or dispose of an invention at his discretion, to make a product protected by the patent, to place the object in commerce, and to derive income from its use. The patent owner could sell or otherwise alienate a patent, or grant a licence. Non-exclusive compulsory licences could be granted after 4 years of patent issuance upon the request of any interested persons (Article 61).

Plant variety protection

142. The representative of Georgia said that the Law on Protection of Selection Achievements protected plant variety and animal breeders by granting a certificate. The certificate confirmed the exclusive right of its holder on selection achievement. The Law had been prepared according to the standards of the UPOV Convention (1991).

Layout designs of integrated circuits

143. The representative of Georgia said that the Patent Office of Georgia had prepared a new law on protection of layout designs of integrated circuits. The Law on Topographies of Integrated Circuits had been enacted by Parliament on 22 June 1999. His Government believed the new Law met the requirements of Articles 35-38 of the TRIPS Agreement. The Law was provided to the Working Party.

Requirements on undisclosed information, including trade secrets and test data

144. The representative of Georgia said that the Law "on Monopolistic Activity and Competition" (Article 9.7) prohibited the collection, use and/or distribution of trade-related information or commercial secrets without consent of the proprietor. Commercial secrets were also defined and protected by Article 1105 of the Civil Code.

145. Georgia's law did not contain any express provision protecting test data for pharmaceuticals and agricultural chemicals, but relevant legislation was expected to be prepared and enacted in 1999. Agricultural products were tested and registered by the Plant Protection Department of the Ministry of Foods and Agriculture. Test data and other data were protected and not subject to disclosure until registration. Pharmaceutical products were tested by the Ministry of Healthcare. Applications were registered and marked "for internal use only", and could not be copied or disclosed to outside persons.

Measures to Control Abuse of Intellectual Property Rights

146. The representative of Georgia said that the State Anti-monopoly Service was authorized to take measures against acts of unfair competition according to Article 21 of the Law "on Monopolistic Activity and Competition". The Service could initiate court proceedings, requesting the cessation or prohibition of activities violating Georgia's anti-monopoly legislation, and raise the issue of administrative and criminal liability.

Enforcement

Civil judicial procedures and remedies

147. The representative of Georgia said that the Code of Civil Procedure, which had entered into force on 20 May 1999, stipulated that intellectual property cases were under the jurisdiction of circuit courts. The judicial authorities could order a party to desist from an infringement. Article 45.2 of the Law on Trademarks allowed a trademark owner whose rights had been violated to file a civil suit seeking cessation of the infringing activities, destruction of all materials carrying an infringing trademark, and damages. The infringer could also be fined or imprisoned. Article 69 of the Patent Law provided similar protection against infringement of patents.

Provisional measures

148. The Law on Intellectual Property Related Border Measures, enacted by Parliament on 22 June 1999, provided for provisional measures to prevent the import or export of goods infringing copyrights or trademarks protected under Georgian law. This Law implemented Articles 50-60 of the

TRIPS Agreement. Additional protection was provided under Article 53 of the Administrative Procedure Code, and Articles 103-5 and 134 of the Civil Procedure Code.

Administrative procedures and remedies

149. The representative of Georgia said that the draft Code of Administrative Infringements contained provisions regarding intentional violation of copyright and patent rights (Article 52), and misappropriation of trademarks (Article 268).

Special border measures

150. The representative of Georgia said that the Law on Intellectual Property Related Border Measures provided that goods infringing copyright or trademark under Georgian law could, upon order of the court based on an application of the copyright or trademark holder, be detained for up to ten days. Within that time the right holder would need to initiate proceedings on the merits against the alleged infringer. The Law had been prepared specifically to implement Articles 50-60 of the TRIPS Agreement.

Criminal procedures

151. The representative of Georgia said that a commission within the Ministry of Justice had prepared the draft Criminal Code of Georgia. The draft Criminal Code stipulated criminal penalties with respect to violation of intellectual property rights (Article 194), restriction of monopolistic activities and competition (Article 200), misappropriation of trademarks (Article 201), false advertising (Article 205) and illegal provision or distribution of information containing commercial or banking secrets (Article 200). Penalties ranged from a fine equal to 300-1,000 times the minimum wage and up to two years' imprisonment.

152. The representative of Georgia stated that Georgia would fully apply all the provisions of the Agreement on Trade-Related Aspects of Intellectual Property Rights from the date of its accession to the WTO, without recourse to any transitional period. The Working Party took note of this commitment.

POLICIES AFFECTING TRADE IN SERVICES

153. The representative of Georgia said that services sectors accounted for approximately 32 per cent of Georgia's GDP in 1998. Georgia was in the process of drafting and adopting new laws, and amending existing legislation related to trade in services to make the legislative basis consistent with the Agreements of the World Trade Organization. General laws related to services included the

Constitution of Georgia; the Law "on Promotion and Guarantees of Investment Activity"; the Law "on Entrepreneurship"; the Law "on the Legal Conditions of Foreigners"; the Law "on Temporary Entry, Residence and Exit of Foreigners from Georgia"; the Law "on Monopoly Activities and Competition"; and the "Bankruptcy Law" of 25 July 1996. A new Law on Bookkeeping and Accounting had been adopted by Parliament on 5 February 1999. The procedures for obtaining permission to engage in activities such as banking, insurance, issuance of securities and communications applied equally to domestic and foreign investors.

154. Concerning specific services sectors, he said that banks were required to be registered with the Courts, and to hold a banking licence issued by the National Bank of Georgia. The National Bank based its administrative decisions on the Law on the National Bank of 28 June 1995 and the Law on Commercial Banks Activities of February 1996. Foreign banks operated in accordance with Georgia's common banking legislation and were not subject to any special or additional requirements. The Insurance State Supervision Service controlled insurance activities. According to the Insurance Law, in force since 2 May 1997, insurance could be provided only by legal persons organized as joint-stock companies or limited responsibility societies. Licences were granted for an indefinite period of time. The Insurance Law had been amended in October 1998 to abolish restrictions on foreign ownership of insurance companies, effective upon Georgia's accession to the WTO. The Ministry of Finance established and enforced the regulatory regime for the stock market and issuance of securities. Parliament had approved a law establishing a stock market and providing for registration and regulation of securities in Autumn 1998. Parliament had also approved amendments to the Law "on Entrepreneurship" providing for improved stockholder protection and other provisions to encourage the development of a securities market in Georgia.

155. The Ministry of Telecommunications and Postal Services regulated the telecommunication sector and postal services in accordance with the Law on Telecommunications No. 568 of 12 October 1994. The Ministry formulated legislation, regulated tariffs and charges and participated in the establishment of industry standards. Licences were issued by the Ministry of Telecommunications, on the basis of a decision of a Licensing Committee (approved by the Minister) within one month of submitting the application and documentation. Georgian and foreign firms registered in Georgia were licensed under equal conditions. Telecommunication services were provided by both State-owned and private firms. Postal services were a State monopoly in accordance with Presidential Decree No. 334 of 20 May 1996. However, foreign express companies also operated in Georgia.

156. The Ministry of Justice regulated legal services. Legal services by foreign lawyers were not regulated or restricted by Georgian legislation. Audit services were regulated by the Audit Board

established under the Parliament of Georgia. Audit firms needed to have a licence from the Audit Council in order to provide audit services in Georgia.

157. The regulatory regime in the tourism sector comprised the Tourism Chart and Tourism Code (September 1995), the Law "on Tourism and Resorts" of 6 March 1997, and Amendments and Changes to the Law on Tourism and Resorts of 20 March 1998. The fee for licensing tourist activities was set at 245 Lari and applied equally to domestic and foreign firms.

158. Georgia's Schedule of Specific Commitments on Services is annexed to its draft Protocol of Accession reproduced in the Appendix to this Report (see paragraph 171 below). This Schedule of Specific Commitments on Services contains the legally binding market access commitments of Georgia in respect of services.

[to be completed]

Transparency

Publication of information on trade

159. The representative of Georgia said that a normative act could not take effect before its official publication (Article 38, paragraph 5 of the Law on Normative Acts of 29 October 1996). Normative acts for enactment were published either in "Sakartvelos Kanonmdeblobis Matsne" (Georgian Legislation News), "Sakartvelos Parlamentis Utskhebani" (Georgian Parliament News), "Sakartvelos Respublica" (official newspaper), or in the official publishing organ of the authority adopting the normative act. Publication of laws, regulations and administrative orders was a legal obligation, and laws, regulations and administrative orders could not take effect before their publication. Asked to clarify the relationship between these requirements and Article X of the GATT 1994, he confirmed that Georgia published all laws, regulations, judicial decisions and administrative rulings of general application prior to implementation.

160. A member noted that normative acts could be published in a variety of journals and asked Georgia to indicate specifically which organs were relevant to the obligations contained in Article X of the GATT and the WTO Agreements on SPS, TBT, TRIPS, GATS, Import Licensing Procedures, and Customs Valuation. Reminding Georgia that Article X and several WTO Agreements required laws, regulations, judicial decisions, and administrative rulings of general application dealing with trade to be published in a manner which permitted governments and traders to become acquainted with them, and in some cases for comment prior to finalization, this member requested Georgia to review its current diffuse publication strategy and to consider focusing its publication requirements on

WTO issues in a relatively small number of publications. The current system of publication of normative acts in various publishing journals could be a source of serious confusion and lack of proper information for foreign traders.

161. The representative of Georgia replied that Art. 38.5 of the Law on Normative Acts provided the legal requirement for the publication of trade laws (among other laws). Although individual ministries and agencies could publish enactments in various ways, two sources were authoritative. "Sakartvelos Kanonmdeblobis Matsne" (Georgian Legislative News) was published weekly in three parts: (i) Parliamentary enactments; (ii) international treaties and agreements to which Georgia was a party; and (iii) regulations and other enactments of the various ministries, as approved and registered by the Ministry of Justice. A separate publication, "Sakartvelos Presidentis Budzanebebebi da Gankargulebebi" (Decrees and Orders of the President of Georgia), published bi-weekly, contained Presidential enactments. These publications were, of course, in Georgian. Unofficial English translations were available for many important enactments from various commercial sources. He added that, from the date of accession, Georgia would publish all laws, regulations, judicial decisions, and administrative rulings of general application dealing with trade in full conformity with Article X of GATT 1994, Article III of the GATS and the other transparency requirements in WTO Agreements requiring notification and publication.

Notifications

162. The representative of Georgia said that, at the latest upon entry into force of the Protocol of Accession, Georgia would submit all initial notifications required by any Agreement constituting part of the WTO Agreement. Any regulations subsequently enacted by Georgia which gave effect to the laws enacted to implement any Agreement constituting part of the WTO Agreement would also conform to the requirements of that Agreement. The Working Party took note of this commitment.

Trade Agreements

163. The representative of Georgia said that Georgia was a member of several multilateral economic organizations, including the Customs Cooperation Council (CCC); the European Bank for Reconstruction and Development (EBRD); the United Nations Economic and Social Council (ECOSOC); the European Telecommunications Satellite Organization (EUTELSAT); the Food and Agriculture Organization (FAO); the International Atomic Energy Agency (IAEA); the International Civil Aviation Organization (ICAO); the International Fund for Agricultural Development (IFAD); the International Labour Office (ILO); the International Monetary Fund (IMF); the International Maritime Organization (IMO); the International Maritime Satellite Organization (INMARSAT); the International Organization for Migration (IOM); the International Road Traffic Organization (IRTO);

the International Trade Centre (ITC); the International Telecommunications Union (ITU); the Organization for Security and Cooperation in Europe (OSCE); the United Nations Conference on Trade and Development (UNCTAD); the United Nations Development Programme (UNDP); the United Nations Economic Commission for Europe (UNECE); the United Nations Environmental Programme (UNEP); the United Nations Industrial Development Organization (UNIDO); the Universal Postal Union (UPU); the World Food Programme (WFP); the World Health Organization (WHO); the World Intellectual Property Organization (WIPO); the World Meteorological Organization (WMO); the World Bank; the International Bank for Reconstruction and Development (IBRD); the International Development Association (IDA), the International Finance Corporation (IFC); the Multilateral Investment Guarantee Agency (MIGA); and the World Tourism Organization.

164. Georgia had signed 30 bilateral agreements containing substantive provisions directly affecting foreign trade in goods and/or services. Georgia had concluded Free Trade Agreements with Armenia, Azerbaijan, Kazakstan, Moldova, the Russian Federation, Turkmenistan, Ukraine and Uzbekistan, but only those with Armenia, Azerbaijan, the Russian Federation and Ukraine had been ratified and were effective. Georgia had also signed 22 agreements on trade and economic cooperation or economic relations, as well as a number of agreements and treaties on the promotion and reciprocal protection of investment (the respective agreements are listed in document WT/ACC/GEO/3, Annex 7). Georgia had signed a Partnership and Cooperation Agreement with the European Communities on 22 April 1996. The agreement was based on reciprocal application of the MFN principle. Georgia was a participating State in the Black Sea Economic Cooperation (BSEC), established on 25 June 1992.

165. Concerning relations with the Commonwealth of Independent States (CIS), he said that Georgia had become a CIS member on 9 December 1993. Georgia had signed the Agreement on the Creation of an Economic Union of 24 September 1993 and the Agreement on Creation of Free Trade Area within the CIS, but these agreements had never been ratified, and the Government had no intention of seeking ratification. The Agreement on Creation of Free Trade Area within the CIS bound signatories not to impose import or export duties or quantitative restrictions on goods originating in signatory countries. The Agreement provided that the parties would agree on goods to be excluded from the free trade regime, but this had not been done. The Agreement required each party to authorize free transit over its territory of goods originating in another party and destined for a third party. The Agreement also required the signatories to accord national treatment with respect to (i) domestic taxes and levies of a fiscal character, (ii) other restrictions or requirements, and (iii) rules on transit, warehousing and payment. Parties were free to take quantitative or other protective measures in response to shortages; for balance of payments reasons; or to redress significant injury

caused by imports, or threat thereof, to domestic producers. Each party remained free to adopt measures to protect public health, morals, order and security, plants and animals, national treasures and intellectual property. The Coal and Metal Association Agreement, signed by 11 CIS countries, provided for the establishment of a Eurasian Association for Coal and Metal to further rational development of the coal and metal-producing industries, coordination of scientific, technical and investment policies, and promotion of beneficial conditions of supply and terms of sale. The Coal and Metal Association Agreement aimed at elaborating "recommendations for implementation of general industrial and economic policy in the field of coal and metallurgy", but did not contain any provisions relating to preferential market access. The Agreement had never been ratified and was not in force, and the Government had no intention of seeking ratification.

166. The representative of Georgia stated that Georgia did not conduct any trade on the basis of government-mandated countertrade or barter. An agreement with the Russian Federation for 1996-97 had envisaged duty exempt barter of agricultural products in exchange for industrial goods between private sector entities, but no such trade had actually taken place, and the agreement had expired.

167. In response to specific questions on Georgia's economic relations with other CIS countries, the representative of Georgia reiterated that only the Free Trade Agreements with Armenia, Azerbaijan, the Russian Federation and Ukraine were actually in force. The Free Trade Agreement with Ukraine had entered into force on 4 June 1996. The CIS Agreement on the Creation of an Economic Union was a framework agreement which required separate agreements in specific areas of economic activity to become effective. No free circulation of goods, services, capital or manpower had yet been implemented on the basis of this Agreement. He stressed that Georgia had no intention of joining the CIS Customs Union. He agreed that the Agreement "On Creation of Zone of Free Trade of the Commonwealth of Independent States" would need to be notified under Article XXIV of the GATT 1994 and Article V of the GATS when and if that Agreement became effective, but added that the agreement was not yet in force.

168. A member requested Georgia to submit notifications and copies of its Free-trade Area and Customs Union Agreements to the Committee on Regional Trade Agreements (CRTA) upon accession.

169. The representative of Georgia stated that his Government would observe the provisions of the WTO including Article XXIV of the GATT 1994 and Article V of the GATS in its participation in trade agreements, and would ensure that the provisions of these WTO Agreements for notification, consultation and other requirements concerning free trade areas and customs unions of which Georgia was a member were met from the date of accession. He confirmed that Georgia would, upon

accession, submit notifications and copies of its Free Trade Area and Customs Union Agreements to the Committee on Regional Trade Agreements (CRTA). He further confirmed that any legislation or regulations required to be altered under its Trade Agreements would remain consistent with the provisions of the WTO and would, in any case, be notified to the CRTA during its examination of the same. The Working Party took note of these commitments.

CONCLUSIONS

170. The Working Party took note of the explanations and statements of Georgia concerning its foreign trade regime, as reflected in this Report. The Working Party took note of the commitments given by Georgia in relation to certain specific matters which are reproduced in paragraphs 23, 25, 34, 39, 43, 52, 60, 63, 67, 71, 73, 75, 79, 83, 86, 89, 101, 103, 105, 110, 112, 118, 152, 162 and 169 of this Report. The Working Party took note that these commitments had been incorporated in paragraph 2 of the Protocol of Accession of Georgia to the WTO.

171. Having carried out the examination of the foreign trade regime of Georgia and in the light of the explanations, commitments and concessions made by the representative of Georgia, the Working Party reached the conclusion that Georgia be invited to accede to the Marrakesh Agreement Establishing the WTO under the provisions of Article XII. For this purpose, the Working Party has prepared the draft Decision and Protocol of Accession reproduced in the Appendix to this Report, and takes note of Georgia's Schedule of Specific Commitments on Services (document WT/ACC/GEO/.....) and its Schedule of Concessions and Commitments on Goods (document WT/ACC/GEO/.....) that are annexed to the Protocol. It is proposed that these texts be adopted by the General Council when it adopts the Report. When the Decision is adopted, the Protocol of Accession would be open for acceptance by Georgia which would become a Member thirty days after it accepts the said Protocol. The Working Party agreed, therefore, that it had completed its work concerning the negotiations for the accession of Georgia to the Marrakesh Agreement Establishing the WTO.

Table 1: Progress in privatization in Georgia

Privatization of enterprises, 1 January 1993 – 15 May 1999

(a) Medium/Large enterprises converted to Joint Stock Companies and subsequently sold

Enterprises converted to JSCs, by sector

	Originally	1993	1994	1995	1996	1997	1998	1999	Total	Remain
Industry	192	7	122	27	9	4	7	0	176	16
Chem. Eng.	31	2	10	7	2	1	2	1	25	6
Natural gas	57	0	3	11	15	3	11	1	44	13
Bread Prod.	61	0	1	2	18	2	1	0	24	37
Agriculture	383	6	192	59	42	14	10	4	327	56
Arch.&Const.	219	2	94	90	15	4	8	1	214	5
Trade/Nat. Res.	81	0	31	22	8	5	4	0	70	11
Oil Products	49	0	19	8	4	1	1	0	33	16
Transport	116	3	65	28	5	3	4	2	110	6
Social Svcs	49	2	16	18	4	1	1	0	42	7
Energy	60	1	2	4	28	32	21	3	91	0
Seaports	2	0	0	0	0	0	0	0	0	2
Total	1,300	23	555	276	150	70	70	12	1,156	175

Joint Stock Companies privatized by sale of more than 50 per cent of shares, by sector

	Originally	1993	1994	1995	1996	1997	1998	1999	Total	Remain
Industry	176								168	8
Chem. Eng.	25								25	0
Natural gas	44								24	20
Bread Prod.	24								24	0
Agriculture	327								259	68
Arch.&Const.	214								170	44
Trade/Nat. Res.	70								44	26
Oil Products	33								27	6
Transport	110								110	0
Social Svcs	42								31	11
Energy	91								47	44
Seaports	0								0	0
Total	1,156	2	108	204	214	273	128	0	929	227

Privatization of enterprises, 1 January 1993 – 15 May 1999

(b) Small enterprises ("Objects") sold without conversion to Joint Stock Companies

	Originally	1993	1994	1995	1996	1997	1998	1999	Total	Remain
Total:	12,088	1,310	1,370	4,701	2,247	1,474	1,910	136	13,148	405
By Sector:										
Industry:	345	26	35	103	50	30	22	3	269	76
Construction	224	11	70	67	58	40	35	3	284	2
Food/Agric.	584	54	29	125	76	92	112	5	493	91
Transport	101	4	4	40	31	20	22	0	121	0
Trade	4,532	394	717	2,184	464	465	584	59	4,867	0
Public Svc	4,970	644	481	1,685	1,160	664	999	62	5,695	0
Health Care	747	0	0	285	207	42	18	0	552	195
Oil Products	166	149	10	1	1	1	4	0	166	0
Social Svc	246	23	20	154	171	97	100	4	569	0
Energy	33	5	4	13	3	3	5	0	33	0
Bread Prod.	140	0	0	44	26	20	9	0	99	41

Notes:

1. Total privatized exceeds the number originally identified because some units were divided.
2. Remaining unsold "Health Care" includes a number of smaller hospitals and clinics.
3. Remaining unsold "Industry" includes a number of unfinished construction projects

Table 2: Rates of Excise Tax (Imported and Domestic)

No.	Commodity	HS Codes	Quantity	Rate (Lari or per cent)
1	Sparkling wines, including champagne	2204.10, 2204.21.10, 2204.29.10	1 Liter	0.50
2	Fortified wines	2204.21.90, 2204.29.90	1 Liter	1.00
3	Vermouth and other natural wines flavored with extracts	2205	1 Liter	2.00
4	Natural wines made of grapes which are not included in lines 1 or 2	2204	1 Liter	0.20
5	Other fermented beverages (apple cider, perry, mead); mixtures of fermented beverages, mixtures of fermented and non-alcoholic beverages not elsewhere specified	2206	1 Liter	2.00
6	Ethyl spirits	2207	1 Liter	0.70
7	Alcoholic beverages distilled from grape wine; Chacha	2208.20	1 Liter	2.00
8	Whiskey	2208.30	1 Liter	2.00
9	Rum and tafia	2208.40	1 Liter	2.00
10	Gin	2208.50	1 Liter	2.00
11	Liqueurs	2208.70	1 Liter	2.00
12	Vodka	2208.60	1 Liter	1.00
13	Other distilled alcoholic beverages	2208.90	1 Liter	2.00
14	Beer	2203	1 Liter	0.12
15	Tobacco products (except raw materials)			
	Cigars and cigarillos	2402.10	1000 pcs	150.00
	Filter cigarettes	2402.20	1000 pcs	7.50
	Non-filter cigarettes	2402.20	1000 pcs	2.50
	Other tobacco products and substitutes	2403	1 kilo	20.00
16	Jewelry	7113, 7114, 7116		35%
17	Passenger automobiles	8703		15%
18	Passenger automobile tires	4011, 4012		15%
19	Salmon and sturgeon caviar; delicacy products of fish	1604.30, 1605		20%
20	Oils and other products of distillation of coal tar at high temperature	2707 except 2707.40 and 2707.99		60%
21	Petroleum oils from bituminous materials, crude	2709		60%
22	Light, medium, and heavy distillates of oil	2710.00.10 to 2710.00.70		80%
23	Liquified petroleum gases	2711.12, 2711.13, 2711.14, 2711.19		60%
24	Other oil products produced from raw oils and bituminous minerals	2710 (except 2710.00.110 – 690 and 710-780)		60%
25	Mineral water in bottles for retail sale	2201.10 and 2202.10	1 liter	0.10

Note: As of June, 1999, excise taxes on imported tobacco products are: filter cigarettes 0.25 lari per pack, non-filter cigarettes 0.19 lari per pack, cigars 0.25 lari per piece, and pipe tobacco 20 lari per kg. Excise taxes on domestic and imported tobacco products will be unified by the date of accession.

Table 3: Items subject to import licensing

(a)	Chemical agents for protection of plants: HS 3808.	Licence is granted by the Ministry of Trade and Foreign Economic Relations with the consent of the Ministry of Protection of Environment and Natural Resources, the Ministry of Agriculture and Food.
(b)	Wild animals and birds, fish, bones and hoofs of extinct animals, wild plants, seeds of wood species of forest and similar materials: HS 0101.19; 0102.90; 0103.90; 0104; 0105.99; 0106 (only wild animals); 0301-0303; 0407 (except poultry eggs); 0507; 0508; 0604; 0802.20; 1209.99; 1211; 1212.20; 1401-1404; 9601.	Licence is granted by the Ministry of Trade and Foreign Economic Relations with the consent of the Ministry of Protection of Environment and Natural Resources, the Department of Forestry, the Ministry of Agriculture and Food.
(c)	Remedies, medicines and their raw materials, narcotic and psychotropic remedies, poisons: HS 0206; 0507; 0510; 1211; 1212.20; 1302; 1504 (only pharmacological preparations and their raw materials); 3001-3004; 300660.	Licence is granted by the Ministry of Health Protection.
(d)	Weapon and military equipment, special completing products, works for their production, services in the field of military technical cooperation: HS 8506 (military purpose only); 8710; 8802 (except 8802.11; 8802.12; 8802.20; 8802.30; 8802.40); 8803.90 (except 8803.90.91); 8805.10; 8906; 9013.10; 9013.20; 9013.80, 9014; 9301; 9302; 9305 (only for fighting arms); 9306 (except: 9306.10; 9306.29; 9306.29; 930629; 930630);	Licence is granted by the ministry of Justice.
(e)	Gunpowder, explosives, pyrotechnic substances: HS 3601 (except gunpowder for hunting); 3602-3604.	Licence is granted by the Ministry of Justice.
(f)	Nuclear materials, technologies, equipment and installations, special non-nuclear radioactive radiation sources: HS ; 2844; 2845; 8401.	Licence is granted by the Ministry of Justice.
(g)	Industrial wastes.	Licence is granted on the basis of the consent of the Ministry of Protection of Environment and Natural Resources.
(h)	Tobacco products: 2402 and 2403	Licence granted by the Ministry of Trade and Foreign Economic Relations

The import of non-toxic industrial wastes is allowed only for the purpose of industrial processing. Import of toxic and radioactive industrial wastes for the purpose of their utilisation, safe disposal, processing, interment and any other purposes is prohibited.

Table 4: Exports subject to prohibition or licensing

According to Resolution No. 744 of 30 November 1995 of the Cabinet of Ministers of Georgia, the Law of Georgia on Regulation of Forest Exploitation of 26 June, 1998, and the Law of Georgia of Export of Scrap Metals of 26 June, 1998, export of the following is prohibited or licensed as indicated:		
Prohibited:		
HS 9701-9703, 9706	Artwork and antiques of museum value	
HS 9301, 9302, 9305, 9306	Weapons and gunpowder	
Subject to licensing:		
HS 9705	Collection materials of biology, mineralogy, archaeology, paleontology, ethnography and numismatics:	Licence is granted in agreement with the Ministries of Finance, Protection of Environment and Natural Resources, Culture and the Department of Geology respectively.
HS 4401, 4403, 4404, 4406, 4407	Timber and lumber	Licence is granted by the Ministry of Trade and Foreign Economic Relations on the basis of permit for cutting timber Issued by the State Forestry Department
HS 0206; 0510; 1211; 13021; 1504.20; 1505; 3001; 3002	Raw materials of animal and plant origin for medicines, substances received from human organism	Licence is granted by the Ministry of Health Protection.
HS1209.99	Caucasian Fir seed	Licence is granted by the Ministry of Trade and Foreign Economic Relations in agreement with the Ministry of Protection of Environment and Natural Resources.
HS 7204, 7404, 7602	Ferrous, copper and aluminum metal scrap	Licence is granted by the Ministry of Trade and Foreign Economic Relations.

Table 5(a): Products Subject to Mandatory Certification

	Description of Product	Position Code
1	Meat and meat products	Group 2
2	Fish and other aquatic invertebrates	Group 3
3	Milk and dairy products, birds' eggs, natural honey, edible products of animal origin	Group 4
6	Coffee, tea, spices	Group 9
7	Grain for bread	Group 10
8	Cereals, starch, inulin	Group 11
9	Fats, oils and their fractions of animal or plant origin.	Group 15
10	Meat and fish ready for use products	Group 16
11	Sugar and sugar confectionery	Group 17
12	Cocoa and cocoa preparations	Group 18
13	Preparations of cereals, flour, starch or milk; pastrycooks' products	Group 19
14	Preparations of vegetables, fruit, nuts or other parts of plants	Group 20
15	Miscellaneous edible preparations	Group 21
16	Beverages, spirits and vinegar	Group 22
17	Prepared animal food	Group 23
18	Tobacco and tobacco products	Group 24
19	Edible salt	2501 00 910
20	Organic and non-organic sands	2505, 2517, 251820, 2513, 2514, 2620, 2530.10
21	Clay, Portland cement and related stuff	2523, 2522, 2520.20, 2570, 2617, 2508.70, 7019
22	Engine petroleum containing lead no more than 0.013 g/l	2710.00.330
23	Engine petroleum containing lead more than 0.013 g/l	2710.00.350
24	Kerosene	2710.00.510
25	Diesel fuel	2710.00.690
26	Liquid fuel (mazout)	2710.00.790
27	Lubrication and other oils	2710 00 990
28	Liquid gas for everyday purposes	2711.12.190, 2711.13.900, 2711.19
29	Fertilizers	Group 31
30	Coloring materials	3204, 3207
31	Essential oils and resinoids, perfumery, cosmetic or toilet preparations	Group 33
32	Washing and cleaning preparations	3401, 3402, 3405
33	Casein, caseinates, prepared glues etc.	3501.00.100, 3506.10, 4410, 4411, 4442, 2509, 5904, 6802.91, 4409.20.910
34	Photographic or cinematography goods	Group 37
35	Hydraulic brakes fluid	3819
36	Anti-freezing preparations and prepared de-icing fluids	3820
37	Floor coverings of plastics etc.	3917, 3918
38	Plastics goods	3921, 3922, 3923, 3924
39	Pneumatic tires of rubber	4011, 4012
40	Timber boards	4409, 4410, 4411, 4418

	Description of Product	Position Code
41	Wall paper, paper articles	4803, 4814, 4818
42	Clothing	6105, 6106, 6107, 6108, 6112, 6115, 6207, 6208, 6209, 6211
43	Children's shoes	6401; 6402, 6403; 6404;6405
44	Natural and artificial stones	6802,, 2516, 2515, 1100,
45	Slag wool, rock wool and similar warm materials	6806, 6808, 7019.51
46	Wall materials	6810.11, 6809
47	Hydroisolation materials	6811, 7212.10.100, 6810.19.100, 6807.10.100, 2714
48	Articles of cement, concrete or artificial stone	6810
49	Traffic and road works	6801, 6815, 6810.19.310, 6807
50	Ceramic articles	6901, 6904, 6914, 6910.10
51	Fire resisting materials and articles	6902, 2524, 8544
52	Architecture details	6905, 6802.23, 6802.24, 6802.92.100
53	China dinner, kitchen, other household and toilet articles	6911
54	Dinner, kitchen, other household ceramic dishes and toilet articles	6912
55	Glass and glassware	Group 70
56	Steel and steel products	7210, 7216, 721912, 7212.20, 7217, 7304, 7306, 7307, 7309, 7314, 7317, 7604, 7606, 7608
57	Steel constructions	7308, 7610, 7612
58	Metal cans for preserves and chemical products, cisternas	7310
59	Articles out of rust proof metal	7323.93
60	Steel dishes	7418.10
61	Aluminum containers not expanding the 50 litres capacity	7612.90.990
62	Aluminum kitchenware and dishes	7615 10
63	Locks	8301
64	Caps for glass bottles, corks, etc.	8309
65	Wire, rods, tubes, plates, electrodes and similar products, of base metal or of metal carbides, coated or cored with flux material, of a kind used for soldering, brazing, welding	8311
66	Internal combustion engines for boats	8407.21
67	Motorcycle and car engines	8407.31, 8407.32, 8407.33
68	Car internal combustion engines	8408 20
69	Compressors and other parts for refrigerators	8418.99
70	Household air cleaning machine	8421.39.300
71	Household dish washing machines	8422.44
72	Desk, wall, floor fans	8444.51
73	Household refrigerators and freezers	8444.80
74	Air conditioning appliances	8445.10
75	Medical, surgical sterilizers	8449.20
76	Household or laundry washing machines	8450
77	Household wood work machinery	8465
78	Calculators, counting machines, ticket apparatus, etc.	8470
79	Automatic data processing machines, magnetic and optical readers, data coding machines	8471
80	Electronic machines for counting, sorting, binding and wrapping banknotes	8472

	Description of Product	Position Code
81	Taps and other products for tubes, pipes, reservoirs, cisterns and other containers including thermoregulators	8481
82	Electric motors not exceeding 37.5 watts	8501.10
83	Motors and generators with constant electricity supply	8501
84	Motors of an output not exceeding 750 W	8501.51
85	Electric generating sets and rotary converters	8502, 8504
86	Basic elements and batteries	8506
87	Electric accumulators including their apparatus of different shapes	8507
88	Electrical engine operated manual electric-mechanical instruments with indulged	8508
89	Electrical engine operated household electric mechanical machines	8509
90	Electrical engine operated electric shavers and hair cutters;	8510
91	Alarm and lighting equipment	8512
92	Other electric household items	8516
93	Tape players and similar devices	8519
94	Tape recorders and other recording devices with or without players	8520
95	Video recording and playing devices	8521
96	Fire and safety electronic alarms	8531
97	Electric devices for turning on/off the electricity, contacts, with voltage over 100 V (switches, switchboards, power reducers, fluctuation reducers, electric load, using equipment, etc.)	8535
98	Electric filament or discharge lamps, including sealed beam lamp units and ultra-violet or infra-red lamps; arc-lamps	8539
99	Small trucks for agricultural works	8701.10, 8701.20
100	Vehicles carrying 10 or more persons (except used)	8702
101	Trucks (except used, ones for transporting radioactive products)	8704
102	Crane lorries	8705
103	Trucks specifically used for city communication purposes	8705.90
104	Car devices and details	8708
105	Motorcycles, bikes with supporting engines with or without additional seats (except the used and sport cars)	8711
106	Baby carriages	8715
107	Yachts and other vessels for pleasure	8903
108	Pacemakers for stimulating heart muscles	9021.50
109	Appliances and devices used in medicine, surgery, dentistry, other electric medical facilities	9048
110	Electrical music instruments	9207
111	Seating furniture	9401
112	Household furniture	9403
113	Prefabricated buildings	9406
114	Children's toys on wheels (like three wheel bike, little manual cars), toy cabs	9501
115	Various prepared stuff	9613, 9616, 9617

Table 5(b): Products Removed from Requirement for Mandatory Certification

	Description of Product	Position Code
4	Vegetables and bulbs, tuberous roots	Group 7
5	Edible fruit or nuts, citrus and its shells and peel	Group 8
9	Foliage beet, edible roots, lucern, edible cabbage, hay whether or not granulated	1214
38	Engine and aviation petroleum	2710
45	Medical oxygen	2804.40
46	Gauze and its preparations	3005.90
53	Lubrication means for cars, equipment and transportation means	3403.19
54	Matches	3605.00
56	Copper sulfate, packed for retail prices	3808.20
57	Herbicides	3808.30
58	Disinfectants, for use in health protection and veterinary	3808.40
59	Flexible insulation tubes of ethylene, vinyl chloride or other plastic polymers	3917.31
60	Diaphragm of polymers of ethylene	3920.10
65	Contraceptives	4014.90
66	Latex baby's dummy, rubber ice bubbles, rubber hothouses, medical rubber tubes	4014.99
67	Appliances for individual safety reasons, rubber masks	4015.90
68	Surgical gloves	4015.11
70	Plywood veneer sheets of leaf-bearing sorts with outward layers, veneer sheets of coniferous sorts with outward layers	4412
71	Veneer preparations	4415.10
72	Filter for grocery products	4805.40
73	Wrapping paper for grocery products	4805.80
75	Hard paper boxes	4819.10
76	Hard and soft paper boxes, including bending ones, paper bags and bags of combined materials, glass and paper bottles	4819.50
77	Insulation fabric	5903.90
78	Male, female and children knitted garments, including the clothing for babies and children before school age - knitted garments - male, female and children swimming and skiing suits - foot ware (socks, warm pants and sweat pants)	6109, 6111
82	Uncut diamond instruments – sewing discs, cutting discs	6804.21
83	Abrasion instruments - sewing discs, cutting discs	6804.22
84	Abrasion powder instruments	6805
85	Friction materials and preparations	6813
92	Air balloons of 50 litre capacity at burst pressure of 1.6 Pa	7311
93	Heaters, kitchen ovens, food heaters and other similar non electrical equipment made of ferrous metal, related supplies	7321
94	Copper enameled household articles	7323.92
96	Iron enameled household articles	7323.94
100	Manual garden tools (knives, etc.)	8201.10, 8201.20, 8201.30, 8201.50
101	Wood-cutting instruments - plate saws	8202.32

	Description of Product	Position Code
102	Screwdrivers	8203.20
103	Hammers, planes	8205.20, 8205.30
104	Guts	8205.40
105	Milling cutters	8207.70
108	Motorcycle and car engines	8407.34, 8407.90
110	Household liquid pumps, manual	8413.20
111	Manual household pumps	8414.20
112	Compressors used in refrigerating plants	8414.30
113	Electronic engine air conditioners for tables, wall, floor, ceiling with capacity of 125 kWh	8414.51
114	Air conditioner supplies for measuring air temperature and humidity; conditioners without a separate regulator of humidity; - for wall or window - other	8415.10, 8415.82, 8415.83
115	Refrigerator closets and containers	8418.10
116	Family refrigerators: compressive-electric, absorbing, other	8418.21, 8418.22, 8418.29
117	Refrigerator shelves	8418.50
118	Water heaters or water accumulators	8419.19
119	Medical, surgical sterilisers	8419.20
120	Machines, equipment and other for preparing warm drinks or heating up dishes	8419.81
121	Electric milk separators with capacity of 1 kWh and manual capacity of 50 litre/hour	8421.11
123	Household dish washers	8422.11
124	Machines for weighting and acknowledging the wrapped goods	8423.81
125	Motor operated cultivators	8432.29
126	Machines for cutting the hay, grass, etc.	8433.11, 8433.19
127	Machines used in milk industry	8434
128	Electric incubators with capacity of 4kWh	8436.21
129	Mixers and related machines in food industry	8438
130	Binding machines for brochures	8440
131	Machines for textile fibre weaving: - carding machines;- looms	8445.11, 8446
133	Dryers for clothing	8451.21
134	Automatic or other sewing machines	8452.21, 8452.29
135	Electric household sewing machines	8452.10
136	Metal cutting machinery	8458, 8459
138	Non-electric, manual tools	8467
139	Automatic and electrical typing machines, machinery for textile work	8469
144	Concrete mixer	8474.31
145	Equipment for making mixtures of building materials	8474.39
146	Rubber and rubber product making machinery	8477
148	General machinery reducers and transmissions	8483.40
149	General machinery motor-reducers	8483.40
164	Electrical equipment with internal burn engine for automobile transport (ignition coils, spark-plugs, starters);generators (of constant and changeable electricity supply)	8511

	Description of Product	Position Code
166	Industrial or laboratory used electric ovens and containers including special machinery for thermo-works	8514
167	Soldering irons and soldering apparatuses	8515.11
168	Automatic and half automatic machines and apparatus for arc welding of metals	8515.31
170	Electric phone system	8517.10
171	Electric door bell systems	8517.81
172	Electrical voice devices, microphones	8518.50
176	Broadcasting devices and apparatus for radio/ television, television cameras	8525
177	Radio-phone devices, radio-telegraph devices and other apparatus for radio broadcasting	8527
178	Television receivers including video monitors and video projectors, with or without voice recording and playing devices	8528
181	Constant electric network condensers of 50/60Hz.	8532.10
183	Electric devices for switching on/off, breaking and protecting the electricity supply or for connection to electric circuits (switches, sockets, cords, etc.)	8536
185	Electric-laser hoses for television receivers including video monitors with: - coloured vision - black and white vision - vacuum display hoses	8540.11, 8540.12, 8540.89
186	Isolated electric tubes with or without connective details, optic cables	8544
189	Cars (except used, sport, snow equipped, field games vehicles)	8703
194	Electrical transport devices for transporting goods to ware-houses	8709 11 900
196	Two wheel bikes without engine	8712 00
199	Photo cameras with flashes	9006 (except 9006.10, 9006.20, 9006.30, 9006.91, 9006.99)
200	Cine-projectors	9007.21
201	Slide projectors	9008.40
202	Electric devices and apparatus for medical, surgical, dental, veterinarian, etc. uses	9018
203	Individual safe breathing devices	9020
204	Cardiostimulator	9021.50
205	Changeable electricity measurers - one line - multi line	9028.30
206	Electricity measurers and other	9018.30
207	Automobile speedometers	9029.20
208	Cathode-beam oscilloscopes and oscillographs	9030.20
209	Mixed electromeasuring devices	9030.31
210	Voltmeters, ampere meters and other electric devices	9030 (except 9030.39)
211	Electric clocks	9105
214	Medical, surgical, dentist, veterinarian furniture	9402
216	Lighting devices for stage, television and movie studios; for photo and movie filming; for industrial purposes; for tables and projectors	9405
218	Human doll toys	9502
220	Receiver operated video games	9504.10

	Description of Product	Position Code
221	Coin or toil operated toys	9504 (except 9504.30)
222	Rubber masks and related diving gear	9506.29
224	Building material out of cement and metal	Groups 25 and 69 (except 2515, 2516, 2517, 2523, 6904, 6908)
225	T-shirts and similar vests	6109
226	Liquid gas	2711.11, 2711.12
227	Coal	2701
228	Artificial leather	4111
229	Curing remedies	3003, 3004
230	Synthetic ammonia	2814
231	Calcium carbide	2819.10
232	Steel tubes	7304.10
233	Caprolactam	
234	Chemical fibre and thread	

Table 6: Status of Legislation on Intellectual Property in Georgia

TRIPS Part/Section	Article	Current Law OK	Comments
Part I: General	Article 1	LNR	
	Article 2	LNR	Member Paris Convention
	Article 3	PL/CL/TL/CC1018(f)	Member Paris, Berne Conventions
	Article 4	LNR	
	Article 5	LNR	
	Article 6	LNR	
	Article 7	LNR	
	Article 8	LNR	
Part II: Standards			
Section 1: Copyright	Article 9	LNR	Member Berne Convention
	Article 10	CC 1060-61,CL 10,25	
	Article 11	CC 1088,CL 16(3), 39,40	Cinema, video
	Article 12	CC 1062-63,CL 27,28	
	Article 13	CC 1050-61,CL 18-26	
	Article 14(1)	CC 1082(1)(a)	
	Article 14(2)	CC 1082(1)(b)	
	Article 14(3)	CC 1091	
	Article 14(4)	CC 1089,CL 16(3)	
	Article 14(5)	CC 1062-63,CL 27-28	
	Article 14(6)	LNR	Permissive
Section 2: Trademarks	Article 15	TL 3,15	
	Article 16	TL 3(4),6	
	Article 17	TL 7	
	Article 18	TL 20	
	Article 19	TL 27	
	Article 20	LNR	Negative requirement
	Article 21	TL 25(2),26	
Section 3: Geographical Indications	Article 22	TL 5(e),LGI 3-5,11(1)	
	Article 23	TL 5(e),LGI 6,11(1)(b),(c)	
	Article 24	LGI 14(7)	Art 24(5) only, others LNR
Section 4: Industrial Designs	Article 25	PL 14	Art 25(2) LNR
	Article 26	PL 5(4),48(1),52	
Section 5: Patents	Article 27	PL 12,17	
	Article 28	PL 48,49,59-62	
	Article 29	PL 24,26	
	Article 30	PL 52	
	Article 31	PL 52,61	
	Article 32	CPC/APA	
	Article 33	PL 5(1)	
	Article 34	PL 49	

TRIPS Part/Section	Article	Current Law OK	Comments
Section 6: Layout Designs	Article 35	LIC 1,2,3,8	
	Article 36	LIC 5	
	Article 37	LIC 6,7	
	Article 38	LIC12	
Section 7: Trade Secrets	Article 39(1)	LNR	Member Paris Convention
	Article 39(2)	CC 1105	
Section 8: Anti-Competition	Article 39(3)	LNR	Data not required
	Article 40	LNR	
Part III: Enforcement			
Section 1: General Obligations	Article 41	CPC 191-199, 364, TL45, Dft APC 53	APC to be enacted spring 2000
Section 2: Civil/Admin. Procedures	Article 42	CPC2,5,83,102,103,201	
	Article 43	CPC 134	
	Article 44	CPC 191-199, Draft APC 53	APC to be enacted spring 2000
	Article 45	CC 408-415, CPC 43-54	
	Article 46	CC 1098, TL 45,LBM 9(2)	
	Article 47	LNR	Permissive
	Article 48	CC 408-415, CPC 43-54	
	Article 49	Draft APC 5	APC to be enacted spring 2000
Section 3: Provisional Measures	Article 50(1)	LBM 3,4	
	Article 50(2)	LBM 3-5, APC 53	
	Article 50(3)	CPC 103-5, 134	
	Article 50(4)	LNR	Ex parte proceedings not allowed
	Article 50(5)	LBM 5	
	Article 50(6)	LBM 6	
	Article 50(7)	LBM 7	
	Article 50(8)	APC 5	
Section 4: Border Measures	Article 51	LBM 3-5	
	Article 52	LBM 5	
	Article 53	LBM 5,7	
	Article 54	LBM 5	
	Article 55	LBM 6	
	Article 56	LBM 7	
	Article 57	LBM 8	
	Article 58	LNR	Permissive

TRIPS Part/Section	Article	Current Law OK	Comments
	Article 59	LBM 9	
	Article 60	LBM 10	
Section 5: Criminal Procedures	Article 61	Old CrC 162, new CrC 194,201	
Part IV: Acquisition Procedures	Article 62	PL23-47,TL12-18,CC1024	
Part V: Dispute Settlement	Article 63	LNA 38, 61	
	Article 64	LNR	
Part VI: Transitional Arrangements	Article 65-67	LNR	
Part VII: Institutional Arrangements	Article 68-73	LNR	WTO Institutional Arrangements

LEGEND (KEY):

APC	Administrative Procedure Code
CC	Civil Code
CL	Copyright Law
CPC	Civil Procedure Code
CrC	Criminal Code
CrPC	Criminal Procedure Code
LBM	Law on Border Measures
LIC	Law on Integrated Circuits
LGI	Law on Appellations of Origin and Geographical Indications
LNA	Law on Normative Acts
LNR	Legislation Not Required
PL	Patent Law
TL	Trademarks Law

ANNEXES

[to be completed]

ANNEX I

Laws, Regulations and Other Information Provided to the Working Party by Georgia

- Draft Decree of the President of Georgia "On Foreign Trade Responsibilities with respect to the World Trade Organization";
- Tax Code of 13 June 1997, as amended to 8 June 1999;
- Law on Promotion and Guarantees of Investment Activity of 12 November 1996, with amendment of 26 June 1998;
- Law on Concessions of 21 December 1994;
- Resolution of the Tbilisi Municipality City Board No. 07.03.45 of 29 September 1994 On Making Minor Corrections to the Tbilisi Municipality City Board's Resolution No. 03.06 of 24 April 1993 and Approving the Instruction for Fixing Rental Change For the Use of Land Plots in Tbilisi;
- Law on Privatization of State-owned Property of 30 May 1997, as amended to 24 December 1998;
- Law on Administration and Allocation of State-owned, Non-allocated, Non-Agricultural Land of 28 October 1998;
- Law on Declaration of Private Ownership of Non-Agricultural Land in Possession of Physical Persons and Private Legal Persons of 28 October 1998;
- List of remaining non-privatized government owned firms as of May 1999;
- Draft General Administrative Code of Georgia (May 1999);
- Draft Code of Administrative Court Procedures of Georgia (May 1999);
- Law on Entrepreneurs No. 577-16 of 28 October 1994, as amended to 19 February 1999;
- Customs Code of Georgia of 14 November 1997, as amended to 13 October 1998;
- Law on Customs Tariffs and Duty of 20 March 1998, as amended to 2 April 1999;
- Law on Customs Fees of 18 February 1998, as amended to 28 May 1999;
- Regulations Concerning Order of Determining the Customs Value of Goods Imported to Georgia, approved on 31 May 1999;
- Regulations for Determining the Country of Origin of Goods Imported to Georgia, approved on 31 May 1999;
- Decree No. 391 of the President of Georgia "On Activities Addressing Regulation of Production, Import, Wholesale and Retail Trade in Tobacco Products in Georgia", as amended to 7 June 1999;
- Presidential Decree No. 322 of 23 June 1997 On the Regulation for Admission of Goods Received Through Grants at the Customs of Georgia, Registration of Grants and Control Over Their Application, as amended by Presidential Decree of 28 October 1997;
- Presidential Decree of 5 December 1998 "On Measures for the Implementation of Requirements of the Agreement on Technical Barriers to Trade of the WTO";
- Law on Establishing of the Unified Metering System No. 374-IS of 6 September 1996;
- Law on Standardization of 25 June 1999;
- Law on Product and Service Certification of 6 September 1996, as amended to 30 April 1999;
- Plan of the measures on the consecutive planning of the requirements of international standards, sanitary, veterinary, phytosanitary and ecological norms;
- Decree of the Ministry of Agriculture and Food No. 2-166 of 19 June 1997 On Approval of the Regulation for Use of Paid Service Tariff of the State Inspection of Phytosanitary Quarantine;
- Law on Agricultural Quarantine of 15 May 1997;
- Law on Government Procurement of 9 December 1998;
- Civil Code of Georgia of 26 June 1997;
- Law on Copyright and Neighbouring Rights of 22 June 1999;
- Law on Trademarks of 5 February 1999;

- Law on Appellations of Origin and Geographical Indications of 22 June 1999;
- Law on Patents of Georgia of 5 February 1999;
- Law on Layout Designs of Integrated Circuits of 22 June 1999;
- Articles 194/201 of the Draft Criminal Code of Georgia (May 1999);
- Law on Intellectual Property Related Border Measures of 25 June 1999;
- Law on Protection of Selected Achievements of 18 October 1996;
- Law on Protection of Consumer Rights of 20 March 1996;
- Law on Monopolistic Activities and Competition of 25 June 1996;
- Law on Advertising of 18 February 1998;
- Law on Audit of 7 February 1995, as amended to 27 June 1997;
- Law on the National Bank of Georgia of 23 June 1995, as amended to 13 October 1998;
- Law on Activities of Commercial Banks of 23 February 1996, as amended to 24 December 1998;
- Law on Insurance of May 2, 1997, as amended to 30 October 1998;
- Law on the Securities Market of 24 December 1998;
- Free Trade Agreement between Georgia and Armenia of 14 August 1995;
- Free Trade Agreement between Georgia and Azerbaijan of March 1996;
- Free Trade Agreement between Georgia and the Russian Federation of 3 February 1994;
- Free Trade Agreement between Georgia and Ukraine of 4 June 1996;
- Free Trade Agreement between Georgia and Uzbekistan of 4 September 1995;
- Agreement on Establishment of the Inter-State Euro-Asian Corporation of Coal and Metallurgy of 24 September 1993;
- Agreement between the European Communities and the Republic of Georgia on Trade in Textile Products;
- Law on Statistics of 12 November 1997;
- Statistical data on foreign trade of Georgia by commodity groups (1996); and
- Statistical data on foreign trade of Georgia by HS (1996-1997).

[edited 25 June 1999]

APPENDIX

ACCESSION OF GEORGIA

Draft Decision

The General Council,

Having regard to the results of the negotiations directed towards the establishment of the terms of accession of the Republic of Georgia to the Marrakesh Agreement Establishing the World Trade Organization and having prepared a Protocol for the Accession of Georgia,

Decides, in accordance with Article XII of the Marrakesh Agreement Establishing the World Trade Organization, that the Republic of Georgia may accede to the Marrakesh Agreement Establishing the World Trade Organization on the terms set out in the said Protocol.

PROTOCOL OF ACCESSION OF GEORGIA
TO THE MARRAKESH AGREEMENT ESTABLISHING THE
WORLD TRADE ORGANIZATION

Draft

The World Trade Organization (hereinafter referred to as the "WTO"), pursuant to the approval of the General Council of the WTO accorded under Article XII of the Marrakesh Agreement Establishing the World Trade Organization (hereinafter referred to as "WTO Agreement"), and the Republic of Georgia (hereinafter referred to as "Georgia"),

Taking note of the Report of the Working Party on the Accession of Georgia to the WTO in document WT/ACC/GEO/.... (hereinafter referred to as the "Working Party Report"),

Having regard to the results of the negotiations on the accession of Georgia to the WTO,

Agree as follows:

Part I - General

1. Upon entry into force of this Protocol, Georgia accedes to the WTO Agreement pursuant to Article XII of that Agreement and thereby becomes a Member of the WTO.
2. The WTO Agreement to which Georgia accedes shall be the WTO Agreement as rectified, amended or otherwise modified by such legal instruments as may have entered into force before the date of entry into force of this Protocol. This Protocol, which shall include the commitments referred to in paragraph [170] of the Working Party Report, shall be an integral part of the WTO Agreement.
3. Except as otherwise provided for in the paragraphs referred to in paragraph [170] of the Working Party Report, those obligations in the Multilateral Trade Agreements annexed to the WTO Agreement that are to be implemented over a period of time starting with the entry into force of that Agreement shall be implemented by Georgia as if it had accepted that Agreement on the date of its entry into force.
4. Georgia may maintain a measure inconsistent with paragraph 1 of Article II of the GATS provided that such a measure is recorded in the list of Article II Exemptions annexed to this Protocol and meets the conditions of the Annex to the GATS on Article II Exemptions.

Part II - Schedules

5. The Schedules annexed to this Protocol shall become the schedule of Concessions and Commitments annexed to the General Agreement on Tariffs and Trade 1994 (hereinafter referred to as the "GATT 1994") and the Schedule of Specific Commitments annexed to the General Agreement on Trade in Services (hereinafter referred to as "GATS") relating to Georgia. The staging of concessions and commitments listed in the Schedules shall be implemented as specified in the relevant parts of the respective Schedules.

6. For the purpose of the reference in paragraph 6(a) of Article II of the GATT 1994 to the date of that Agreement, the applicable date in respect of the Schedules of Concessions and Commitments annexed to this Protocol shall be the date of entry into force of this Protocol.

Part III - Final Provisions

7. This Protocol shall be open for acceptance, by signature or otherwise, by Georgia until

8. This Protocol shall enter into force on the thirtieth day following the day of its acceptance.

9. This Protocol shall be deposited with the Director-General of the WTO. The Director-General of the WTO shall promptly furnish a certified copy of this Protocol and a notification of acceptance thereto pursuant to paragraph 7 to each member of the WTO and Georgia.

10. This Protocol shall be registered in accordance with the provisions of Article 102 of the Charter of the United Nations.

Done at Geneva this ... day of one thousand nine hundred and ninety, in a single copy in the English, French and Spanish languages each text being authentic, except that a Schedule annexed hereto may specify that it is authentic in only one or more of these languages.

ANNEX

SCHEDULE - GEORGIA

Part I - Goods

[to be completed]

Part II - Services

[to be completed]
