

Partnership and Cooperation Agreement (PCA)

<http://www.eu-nato.gov.ge/en/eu/agreement>

Intensive cooperation between the EU and Georgia has started after the European Union recognised Georgia's independence in 1992.

Representatives of the EU Member States, the President of the European Commission and the President of Georgia signed the Partnership and Cooperation Agreement (PCA) on 22 April 1996 in Luxembourg. The Agreement, entered into force in 1999, covers wide range areas of cooperation in which the EU and Georgia undertake commitments to mutually work on achievement of political, economic and social goals. Although the PCA does not define criterias for mid and long term goals (EU accession criteria), it rather foresees continuous process of approximation and harmonisation with EU standards. The Agreement intends to enhance cooperation between Georgia and the EU and is based on existing historical links and shared values.

In general, the primary objective of the Partnership and Cooperation Agreement is to:

- ensure enhancement of political dialogue between the parties through establishment of relevant structural framework;
- support Georgia's efforts to strengthen democracy, economic development and adoption of market economy;
- promote harmonised economic relations, trade and investments between the parties and stable economic development;
- provide legal, economic, social, financial, civil, scientific, technologic and cultural basis for cooperation.

The PCA was concluded for an initial period of 10 years and will be automatically extended on early basis until the parties decide to cease the Agreement.

Harmonisation of legislation

Harmonisation of the Georgian legislation with the EU law is an important component of the PCA between the EU and Georgia. According to the Article 43 of the PCA, Georgia has to gradually harmonise its legislation. The approximation of laws shall extend to the following areas, particularly: laws and regulations governing investments of companies, customs law, company law, banking law, company accounts and taxes, intellectual property, protection of workers at workplaces, financial services, competition law, rules on public procurement, protection of health and life of humans, animals and plants, environmental protection, consumer protection, indirect taxation, technical rules and standards, nuclear regulations and transport. In addition, the Article 44 outlines the need of harmonisation in the field of competition.

With the aim to fulfill obligations under the PCA the Government of Georgia took the following steps:

On 2 September 1997, the Parliament of Georgia issued Resolution #828-Is, according to which all laws and normative acts adopted by the Parliament from 1 September 1998 shall be in compliance with the standards and rules established by the European Union. Considering the difficulties in the harmonisation process the EU made a commitment to provide Georgia with technical assistance in the areas covered by the Agreement;

The Cooperation Council was established in 2000 to ensure proper implementation of the PCA and to support the approximation process;

The Cooperation Council together with relevant ministries and state authorities drafted the "Strategy of Harmonisation of Georgian Legislation to EU Law". On 14 June 2001 (Decree #613) the President of Georgia adopted the Strategy.

The following stage for the Government of Georgia was the adoption of the National Program of Harmonisation of Georgian Legislation with EU law. The preparation process started in 2001-2003. On 8 May 2004, the National Program was adopted by the Government of Georgia. The Government was requested to prepare individual action plans.

The European Neighbourhood Policy Action Plan (ENP AP) adopted in November 2006, positively influenced on relations between the EU and Georgia in terms of harmonisation of Georgian legislation with EU law.

Compared to the Article 43 of the PCA, the ENP Action Plan sets new priorities for cooperation and determines wide range of areas of approximation. It covers not only economic field, but also justice, freedom, security as well as energy sector. The Action Plan provides possibility of definition the harmonisation priorities in the areas covered by the Article 43 PCA and establishes measures for legislative and institutional reforms in all sectors.

Implemented reforms in the framework of the ENP Action Plan are continuation of reforms provided by the National Program. All sectors gradually are being harmonised with EU standards.

The Action Plan 2004-2006 on approximation of the Georgian legislation with EU law was adopted in August 2004.

Implementation of the National Program was ongoing differently in various sectors. In this regard, successful reforms included the customs legislation. The new Custom Code, in compliance with the European Customs Code (Council Regulation 2913/92 and secondary legislation Commission Regulation 2454/93) was adopted in July 2006. The adoption of the risk-based customs control mechanisms in 2008 is considered as a significant step in this direction.

Georgia made significant progress in harmonising its legislation in the Sanitary and Phytosanitary field. The law on "Food safety and quality" adopted in December 2005, in compliance with general principles of the EC Regulation 178/2002, was followed by secondary legislative acts in accordance to the EU regulations concerning the food safety and plant protection.

A high degree of harmonisation was achieved in the Georgian tax legislation. The new Tax Code 2004 did not amend harmonised provisions of the Georgian Tax Code 1997 concerning the VAT/Excise, removed defects related to VAT refund, VAT with credit and abolished tax advantages.

In accordance with the requirements of the EU Directives (91/250/EEC, 92/100/EEC, 93/98/EEC, 2001/29/EC, 2001/84/EC, 93/83/EEC, 96/9/EC) amendments were incorporated in the "Law of Georgia on Copyright and Related Rights" in June 2005.

In accordance to the first Council Directive 89/104/EEC the "Law on Trademarks" was amended in 2005.

In compliance with the WTO TRIPS requirements harmonisation was achieved through the amendments to the "Law on Border Measures related to Intellectual Property" in December 2005.

The Georgian financial services sector, especially banking legislation is positively evaluated in terms of harmonisation with the EU and international standards. The Georgian legislation on securities market is in compliance with EU standards.

In 2005 the field of technical regulations and standards was fundamentally reformed. The country moved to voluntary standards system and separation of functions between the public and private sectors was ensured in the field of quality assurance.

The basic principles of the EU Directive 2001/95/EC on general product safety were incorporated in the Georgian law "on Certification of Goods and Services".

The Ministry of Economic Development adopted technical regulations in the field of metrology in 2006-2007. In compliance with the EU Directive 96/96/EC relevant technical regulations in the sphere of transportation safety were introduced in 2007.

The harmonisation process is ongoing in the framework of ENP AP since 2007.