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WEEKLY Georgian Journal
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`This is an interesting idea`

15 December 2011

Interview with Secretary General of EU-Georgia Business Council

Negotiations on much anticipated free trade agreement with the EU started on December 12, 2011 and to find out benefits of the upcoming negotiations as well as summarise business climate ups and downs in the year of 2011 Georgian Journal interviewed the Secretary General of EU-Georgia Business Council (EUGBC), Ambassador Konstantin Zaldastanishvili.

With senior representation from European and Georgian businesses at the Board of Directors level and an experienced management team, the EUGBC as a Brussels based business association with representation in Georgia is uniquely placed to provide ideal platform for businesspeople to inform the key decision makers of their ideas and concerns.

Q: Mr. Zaldasatanishvili, according to Georgian government, negotiations on Deep and Comprehensive Free Trade Area (DCFTA) with the EU started. What are the prospects for the DCFTA negotiations, when is it supposed to be completed finally and what benefits Georgia should expect out of this trade agreement?

A: First of all, it has to be stated that decision to start the negotiation on DCFTA between Georgia and EU was taken by the EU on December 5, 2011. There is no defined time and nobody can say at this stage for how long the negotiations will last and when DCFTA between Georgia and EU will enter into the force. I am confident that negotiation process will be intensive and its success will be very much depended on readiness and political will of the sides to fulfil the obligations and meet necessary standards and requirements. In order to mark its exceptional and far-reaching ambitions, the future free trade area with Georgia has been called 'Deep and Comprehensive'. Traditionally, standard free trade agreements foresee mutual opening of markets for goods and services. DCFTA will go much further – Georgian trade-related legislation and standards will be made compatible with those of the EU. EU is Georgia's main trading partner, therefore Free Trade Agreement is expected to bring high gains for Georgian economy and increase the welfare implication. DCFTA would involve a more complete elimination of barriers to trade and investment throughout various sectors of the economy. In addition to removing more tariff barriers to trade, DCFTA will also provide an opportunity to address non-tariff barriers. DCFTA will create commitment to the reform of domestic policies of Georgia in the direction of EU standards which is crucial for further economic integration with EU. Moreover, it will further enhance economic ties with the EU and provide for full integration of Georgia with the EU's internal market. The implementation of the future DCFTA is of key importance for gaining full access to the 3 freedoms of movement out of 4 (goods, capital and services). To meet successfully with all necessary prerequisites of DCFTA, such as perfection of legislation, effective functioning of relevant institutions, ensuring high standards of quality control on Georgian products and other, it is very important that the business community is closely involved in the evolving EU-Georgia trade relations including negotiation process of DCFTA. Therefore, close cooperation between business community, the Government of Georgia, European Commission and other stakeholders is crucial.

Q: How important the EU is to Georgia as a market and economic partner?

A: As I have mentioned, the EU is Georgia's major trade partner. The share of trade with the EU accounts for approximately 30% of Georgia's total foreign trade. The EU market has become even more important for Georgia after 2006 Russian embargo. Russia's such action once again clarified the necessity of export market diversification. For the development of Georgian export it is crucial to penetrate the EU market that is one of the largest, richest, civilised and predictable, but at the same time strictly regulated market.

News

10:29 The first Diplomat Award Ceremony to be held today

14.12.11 Irakli Alasania – Georgia Needs to Make Sure that Abkhaz and Ossetians Understand that There is Alternative to Russia

14.12.11 More than 40 Press Booths Removed in a Month

14.12.11 Bidzina Ivanishvili, Irakli Alasania and Davit Usupashvili to Form a Political Coalition

14.12.11 MP Giorgi Tsagareishvili's Son Beaten at his Front Door

14.12.11 Irakli Alasania – Saakashvili Must Retire from Politics After Serving Two Terms

14.12.11 Russian Elections to be Discussed at EU Summit

14.12.11 Nikolay Patrushev – Georgia Trains People for Terror Acts in Russia

14.12.11 Eurasianet.org – NATO Officially Named Georgia an "Aspirant" Country for the First Time

14.12.11 Georgia to hold Christmas Market in Strasbourg Next Year

Editor's comment

GJ, Politics & Me

We both are about politics – GJ and me! Isn't this but natural? Actually, we were born into politics together, the same exactly day. We both are trying our best to stay away from scandalous politicking, but we can't help being into serious politics and government business.

Read more...

Message from other Georgia

Art Basel and still no wallet

Continued from previous week Art Basel and my wallet

Mancho Ekliani

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Q: Georgian government frequently refers to a Singapore economic model and sets it as a model to Georgia. On the other hand, Georgia declares its political will to be integrated in the EU economic space that radically differs from Singapore model. How realistic is a strategy to twin these substantially different economic models in one country, what would be the recommendation to this end?

A: Clearly, defining a country's economic and political priorities, or choosing the country's economic and political development path, is the prerogative of the authorities of respective country. It is impossible to follow two cardinally different development paths simultaneously. Since regaining independence, Georgian authorities have repeatedly declared integration in the EU as a major priority of the country's foreign policy. Let me remind you that in the late 90s, ratification of the Partnership and Cooperation Agreement (PCA) between EU and Georgia was unanimously supported by then at that time quite "multi-coloured" Georgian parliament. This means that at every stage of the country's development Georgian political spectrum has been united around the crucial issue – prioritising close relationship with the EU. The fact that today Georgia starts negotiations with EU on DCFTA is once again indication of Georgian authority's clear choice. It is noteworthy that the negotiation process implies asserting certain obligations and accepting the European "rules of the game". I think that Georgian authorities acknowledge this very well.

Q: One of key challenges that Georgian government tried to settles this year was to make tax code more business-friendly. As far as I am aware of EUGBC was involved in the process. The underway tax code was acknowledged as a breakthrough in 2005 by Rose-revolution government as it reduced tax burden to business, however entrepreneurs have been claiming they would rather have paid more if tax code had been more readable and tax administration easier. How successful do you think was this time governmental attempt to make tax code more business-orientated?

A: I don't think that anywhere, including in Georgia, business wishes to pay more taxes than required from the authorities. I agree, however, that transparency of the tax code and its unequivocal interpretation by the tax authorities is very important for business development in the country. Surely, perfection of the tax code is a permanent process, which will be successfully provided that government and business cooperate tightly. Obviously, this should not imply formal cooperation only. Respective government bodies should take into account the business' legitimate interests and its substantiated proposals when amending the tax code. I hope that such cooperation will prevail considering that without a strong business sector not a single government can be successful in a long term perspective.

Q: Georgian Journal holds the Best Diplomat of the Year award on December 15, 2011 and plans to make it traditional annual event. How do you appreciate the introduction of such award?

A: I certainly consider this is an interesting idea. In order to overcome one of the major problems currently prevailing in the country, restoration of the territorial integrity, it is vitally important to acquire international support. This is a permanent concern of Georgian diplomacy. Another important function of diplomatic corps is to support the development of country's foreign economic relations. Respectively, it is desirable to better acquaint society to those people who pursue this very important tasks for the country.

Author: Nino Patsuria

I didn't go to jail. Also, I didn't become a famous artist, but the Art Basel did turn into an interesting show, mainly because while I waited for the no good, dirty low down friend of mine Khatia Esartia to creep out of the VIP lounge where she had been hiding from me with my wallet, two very stupid foreigners (Russians) decided to annoy the hell out of me.

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