



# Newsletter

October – December 2009

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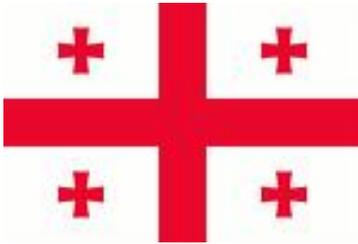
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## EU starts negotiations on a Common Aviation Area Agreement with Georgia

On October 6<sup>th</sup>-7<sup>th</sup> European Commission held the first round of negotiations on Comprehensive Aviation Agreement with Georgia in Tbilisi.

The European Commission received a mandate to negotiate the agreement with Georgia in June. The agreement implies mutually opening the respective markets where air carriers can freely provide their services and be able to compete on a fair and equal basis.



The Georgian side is committed to harmonise the legislation with those of the European Union and implement the EU aviation standards. EU currently conducts similar negotiations with 37 countries including Ukraine, Jordan and Israel. The Comprehensive Aviation Agreement is a step towards developing a wider European Common Aviation Area by 2010 incorporating EU neighbouring countries.

## EUGBC has successfully completed the project supported by the EC Delegation to Georgia and submitted the final report

EUGBC has successfully completed all the activities (tree publications and three seminars) foreseen by the contract with the Delegation of European Commission to Georgia on the project: *Publications and Seminars on EU-Georgia Trade*. Respective report has already been approved by the Delegation of European Commission to Georgia. The document is available at the Council website [www.eugbc.net](http://www.eugbc.net) - Publications.



The three brochures below, published in the framework of the project, are aimed at raising business sector's awareness of internationally recognized trade practices, rules and conditions for access to the European Union (EU) market:

- Exporting to the European Union Market – Specific Issues;
- Taxation of goods imported to the European Union market;
- Certification of the live animals, products of animal origin, poultry, meat of poultry and eggs exported to the European Union market from third countries.

The publications were disseminated among EUGBC members, business community, partner organizations (AmCham Georgia, Georgian Chamber of Commerce and Industry, French Business Council in Georgia, International Center for Trade Policy and Law of Georgia etc), SMEs, Representatives of Georgian authorities, at all seminars and events organized or co-organized by the EUGBC.

In addition, EUGBC has organized three respective seminars (in Tbilisi, Telavi and Batumi) to provide interested parties in different regions of Georgia with an opportunity to better understand the requirements for trade with the EU.

Electronic version of the publications can be found on the websites of EUGBC - [www.eugbc.net](http://www.eugbc.net) and the EC Delegation to Georgia - [www.delgeo.ec.europa.eu](http://www.delgeo.ec.europa.eu).



## AmCham-EUGBC SME Committee established

On October 9<sup>th</sup> a special inter-organizational AmCham-EUGBC SME committee was formed. The Committee members include EUGBC, AmCham, civil movement "Solidarity", Business and Economic Center, International Association of Business and Parliament, UNDP, TBC Bank, Bank of Georgia, Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ), independent economists and financial institutions. The partners of the Committee are Friedrich Ebert Stiftung and Eurasia Partnership Foundation. Kakha Kokhreidze from the civil movement "Solidarity" is appointed as Executive Secretary of the committee.

The mission of the SME Committee is to support economic reforms allowing small businesses to develop, access international markets and engage in global network of enterprise. For more information on the Committee and review of its mission statement please visit [www.eugbc.net](http://www.eugbc.net) – News.

Foundation of AmCham-EUGBC SME Committee was announced at the press event on December 17<sup>th</sup> at the Radisson SAS Iveria Hotel. Kakha Kokhreidze, Executive Secretary of the Committee, David Lee, Chairman of AmCham Board, and Tamar Khuntsaria, EUGBC Representative in Georgia delivered brief presentations for the press and media on the SME Committee mission and its members. After the press conference the Committee proceeded with the closed discussion on the Committee's 2010 action plan. The 2010 action plan envisages cooperating with the government to represent SME needs in policy making, laws and educational trainings. The committee is also planning to work on specific issues that concern SMEs, with the goal of making the sector stronger.



Amcham-EUGBC SME Committee closely cooperates with the Ministry of Finance. The Committee Members met with the Minister of Finance, Kakha Baidurashvili and Head of Investment Risk Management Agency (IRMA), Zurab Simonia. The Minister and the Head of the Agency both stated open support to the Committee activity and willingness to cooperate.

On November 6<sup>th</sup>, with the facilitation of the Ministry of Finance of Georgia and IRMA, the members of Amcham-EUGBC SME Committee met with the Overseas Private Investment Corporation (OPIC) Senior Insurance Officer, Mr. Steven L. Johnston. EUGBC Representative in Georgia, Tamar Khuntsaria, Director of the civil movement "Solidarity", Kakha Kokhreidze and UNDP Global Compact Initiative Project Director, Heidi Eterovic introduced the mission and goals of the Committee as well as the planned activities to promote small and medium business development in Georgia.

On behalf of OPIC, Mr. Johnston provided background information on OPIC's involvement in Georgia. In July 2009, IRMA and OPIC concluded a Memorandum of Understanding which established a joint outreach program and working group to encourage U.S. investment in the country, raise awareness of OPIC products and screen potential investors and projects, and refer eligible candidate for OPIC support through appropriate channels. The working group will further focus on franchise, agribusiness and housing sectors, among others.

Mr. Johnston also provided information about Enterprise Development Network (EDN) - a strategic alliance among public and private sector organizations established with the assistance of OPIC and

designed to assist inventors doing business in developing countries. The network is comprised of different private companies (financial institutions, law firms, investment agencies etc.) and serves the purpose of connecting investors with the equity and loan providers as well as getting PRI and financing from OPIC. For more detailed information on EDN please consult the following web site: <http://ednaccess.com/about/>

The parties to the meeting agreed that AmCham-EUGBC SME committee and OPIC, with the facilitation of Ministry of Finance of Georgia, will cooperate in terms of information exchange on SME training, financing and development opportunities.

### **EUGBC Working Group on Trade Issues**

A regular meeting of EUGBC Working Group on Trade Issues was held on October 12<sup>th</sup>. The members of the Working Group discussed major issues affecting Georgia's trade, defined priority for EUGBC involvement, and reviewed the results of EUGBC project on *Publications and Seminars on EU-Georgia Trade* supported by the EC Delegation.



In addition, the Working Group agreed on the action plan for the future, namely it was decided to:

- Engage in the preparation of the Council's next publication on *How to Export Fruits and Vegetables to the EU Market*. The project proposal is already approved for financial support by the European Commission Delegation to Georgia and the respective contract between EUGBC and the EC Delegation to Georgia has been signed in December 2009.
- Start work on two additional publication topics referring to export of honey to the EU Market from third countries and export of organic products to the EU market from third countries. The proposal on the mentioned publications was liked by the Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ). EUGBC and GTZ are currently preparing relevant service contract for the project on facilitation of Georgian export to the EU Market - Publications and Seminars;
- Engage in the preparation of the Council's next publication on *Facilitation of the export of Georgian wines and spirits to the Norwegian Market*. Respective project proposal is already approved for financial support by EUGBC Honorary Member, Arve Thorvik and his company Thorvik International Consulting AS (TIC).
- Deepen cooperation with other donor organizations to seek new opportunities for funding of the Council's new projects.



**EUGBC Secretary General, Konstantin Zaldastanishvili participated in the reception organized by the Minister of Economic Development, Zurab Pololikashvili for business community in Georgia**

On October 12<sup>th</sup> the newly appointed Minister for Economic Development, Zurab Pololikashvili gave a reception to meet and introduce with the business community in Georgia. The reception was held at Tbilisi Marriott Hotel. EUGBC Secretary General, Konstantin Zaldastanishvili took part in the event.

The Ministry of Economic Development of Georgia started working out a new strategy for the development of Georgian economy, and with this intention Minister Pololikashvili held a meeting with Georgian businessmen.

The Minister said that working out an economic strategy that will use the possibilities of the country to its maximum, attract investments, employ people and create new means for these processes is important, thus it will become the basis of the welfare of the country. The Minister encouraged every businessman to stand together and cooperate in this process.

The Ministry formed a special team for working out the economic strategy which will also be supported by international experts and professional consultants. EU-Georgia Business Council has been invited to participate in the preparation of the new economic strategy.

### **EU-Georgia Business Council (EUGBC) Secretary General meets with the Minister of Economic Development of Georgia**

On October 19<sup>th</sup> EUGBC Secretary General, Konstantin Zaldastanishvili met the Minister of Economic Development, Zurab Pololikashvili.

The discussion referred to Georgia's current economic state. The parties to the meeting also spoke about the Deep and Comprehensive Free Trade Agreement with EU and its implications on the development of Georgian economy. In addition, the role of business associations and particularly EUGBC in economic development and in supporting business community in the country was discussed.

While speaking about the role of EUGBC in contributing to this development process, the Secretary General provided information to the Minister about the activities and various projects launched by the Council. The Minister was informed on EUGBC's successfully implemented project with the EC Delegation to Georgia. All three publications and information about the respective seminars in the regions were also presented. In addition, Mr. Zaldastanishvili informed the Minister about the Council's recent project on facilitating the export of Georgian wines and spirits to the Norwegian market supported by EUGBC Honorary Member, Arve Thorvik and his company "*Thorvik International Consulting*". He also underlined the importance of the Council's upcoming projects proposed for financial support to the European Commission and other donors.

The Minister stressed the importance of engaging EUGBC in drafting a new economic strategy of the country, led by the Ministry. He emphasized that considering the Council's experience and expertise, its contribution will be extremely valuable, especially in the field of trade and investments with EU.

The Minister also showed interest towards meeting EUGBC members. The exact time of the meeting will be agreed on the later stage.

### **EUGBC Secretary General meets Reinhold Brender, Deputy Head of Unit for Relations with Ukraine, Belarus, Moldova and Southern Caucasus of the European Commission**

On October 22<sup>nd</sup>, EUGBC Secretary General, Konstantin Zaldastanishvili met with Reinhold Brender, Deputy Head of Unit for Relations with Ukraine, Belarus, Moldova and Southern Caucasus in European Commission's Directorate General for External Relations (DG RELEX). The meeting was held in the European Commission.



The parties to the meeting discussed the state of EU-Georgia relations, including possible Deep and Comprehensive Free Trade Agreement and Visa Facilitation Issues as well as EUGBC's role in facilitating EU-Georgian trade relations. Representative of the European Commission stressed the importance of EUGBC publications and seminars on trade issues.

The parties agreed to hold the consultations on EU-Georgia economic cooperation and related issues.

## EUGBC commenced a new publication project with financial support of “Thorvik International Consulting” (TIC)



On October 22<sup>nd</sup> the Secretary General of EUGBC signed a Grant Agreement with Arve Thorvik, EUGBC honorary member and Managing Partner of “Thorvik International Consulting” (TIC). With the financial support from TIC, the Council will soon be commencing a new project on *publication and seminar on the export of Georgian wines and spirits to the Norwegian Market*.

Arve Thorvik, Vice-President of EU Affairs at one of EUGBC’s core member STATOIL, was EUGBC board member from the very first day of Council’s foundation until his retirement late 2008.

After retiring from his position as a Vice-President of EU Affairs at StatoilHydro, Arve Thorvik moved back to Norway and founded TIC, which now has offices both in Brussels and in Oslo. At present, Arve Thorvik is EUGBC honorary member and still continues supporting and contributing to the Council.

Arve Thorvik is well informed about the problems in the Georgian wine sector. In 2006, with the support of Arve Thorvik and STATOIL, as well as representative of AMLUND RESOURCES, Ms. Anne Marie Thorvik, EUGBC, in presence of Minister of Foreign Affairs of Georgia organized a Georgian wine promotion event in Oslo, where the representatives of Georgian Wine Producing Companies met the representatives of the Norwegian State monopoly VINMONOPOLET, as well as the Norwegian Importers of wines and spirits. Having had this experience, Arve Thorvik expressed his readiness to support financially EUGBC project aiming at raising Georgian wine producers’ awareness on how to export Georgian wine to Norway.

Arve Thorvik as a Managing Partner of TIC will be happy to cooperate with EUGBC members and provide professional consultations in Oslo and in Brussels, particularly on EU and government affairs. TIC works on a broad range of issues, specializing in the fields of energy, climate change, environment and sustainable development. For more information please visit [www.thorvikint.com](http://www.thorvikint.com).



### **Eurasia Partnership Foundation public discussion - European Integration and Eastern Partnership: Challenges and Opportunities**

On Friday, October 23<sup>rd</sup> Eurasia Partnership Foundation (EPF) commenced its second round of public discussions on European Integration.

Through its European Integration program, EPF conducts roundtable discussions to promote the wider participation of Georgian society in the process of committing towards common European values.

This year’s first roundtable brought together actors from civil society, trade unions, and business associations to discuss expectations for the new “Eastern Partnership” initiative, which was approved in May 2009 in Prague, Czech Republic. Representatives of the European Commission Delegation to Georgia, diplomatic missions, the Georgian government, and Parliament also participated in the meeting. EUGBC was presented at the meeting by its representative in Georgia, Tamar Khuntsaria.

The roundtable discussions complement the activities of the European Neighborhood Policy Action Plan (ENP AP) Implementation Support Program, carried out by the ENP AP Implementation Monitoring

Coalition. The Coalition works towards promoting government's implementation of the action plan and improving public understanding of the ENP benefits to Georgia.

The next round table meeting will be dedicated to the issues of a deep and comprehensive free trade agreement, in particular to technical barriers to trade, food safety, competition, and intellectual property rights. The recommendations adopted at the roundtable discussions will be distributed through EPF newsletters to all stakeholders.

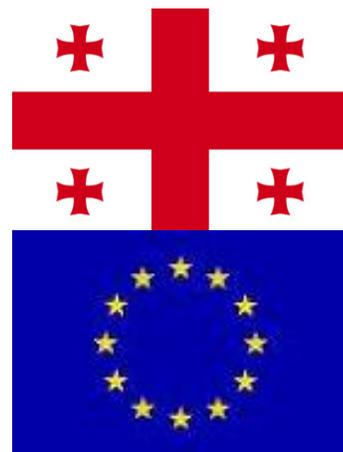
### **10<sup>th</sup> Meeting of EU-Georgia Cooperation Council was held in Luxembourg on October 26<sup>th</sup>, 2009**

The Cooperation Council between the European Union (EU) and Georgia held its tenth Meeting in Luxemburg on October 26<sup>th</sup>. The Georgian delegation was headed by Grigol Vashadze, Minister of Foreign Affairs of Georgia and the European delegation was headed by Karl Bildt, Minister of Foreign Affairs of Sweden, which holds the current presidency of the EU.

During the Cooperation Council, the parties discussed the implementation of the EU-Georgia European Neighborhood Policy Action Plan and issues connected with enhancing of EU-Georgia relations, including prospects for the negotiation of a new EU-Georgia Association Agreement within the framework of the Eastern Partnership.

Cooperation Council also discussed the role of European Union in the conflict settlement. EU reiterated its commitment to Georgia's security and stability, based on full respect for the principles of independence, sovereignty and territorial integrity.

The Press-Release of the Council of the European Union is available at [www.eugbc.net](http://www.eugbc.net) - News.



### **EUGBC Secretary General participated in the roundtable on Security in the South Caucasus and Prospects for Change organized by the European Policy Centre in Brussels**

EUGBC Secretary General Konstantin Zaldastanishvili participated in the roundtable on Security in the South Caucasus and Prospects for Change organised by the European Policy Centre on November 4<sup>th</sup> in Brussels.

The opening remarks were made by Taleh Ziyadov from the Azerbaijan Diplomatic Academy, Alexandros Yannis, the representative of the Council of the European Union and Stefan Meister, Program Officer from the German Council on Foreign Relations. Diplomats and representatives of the civil society from the South Caucasus countries and Turkey participated in the discussion.

Participants discussed the new political dynamics, energy transportation and security challenges of South Caucasus. The possible opening of borders between Armenia and Turkey was one of the main topics of the discussion.

Participants underlined the potential influence of this action on the geopolitics and trade facilitation in the region.

Speakers of the roundtable highlighted the increasing role of the European Union in the region, especially in the stability and conflict resolution in the South Caucasus countries. The Eastern Partnership initiative and other actions of the European Neighbourhood Policy were also discussed.

## The Government of Georgia's Liberty Act

On November 6<sup>th</sup> the Government of Georgia made public the drafts of the Constitutional Amendments and the Constitutional Law on Liberty, Opportunity and Dignity (together referred as the Liberty Act). The Liberty Act is the result of the President's initiative unveiled in his address to Parliament on October 6, 2009 and aims to constitutionally enshrine the key economic policies Georgia has successfully pursued since the Rose Revolution. In line with the law of Georgia, the draft of the Constitutional Amendments is made public for a month before the hearings in the Parliament start. The draft constitutional amendments foresee:



- The introduction of the Organic Law accommodating the fundamental principles of economic policy and the ceilings for the key macro-economic parameters (The Liberty, Opportunity and Dignity Act);
- Constitutional requirement for public referendum for tax rate and tax-base increase.

Parliament will be empowered to commence discussions on the new Constitutional Law on Liberty, Opportunity and Dignity, to be initiated by the President of Georgia, following the adoption of these Constitutional Amendments.

For more information and the Georgian and the English version draft (unofficial) of the Liberty Act, please visit [www.president.gov.ge](http://www.president.gov.ge) and [www.georgia.gov.ge](http://www.georgia.gov.ge).



### EUGBC position paper submitted to the Eastern Partnership Civil Society Forum

The Eastern Partnership Summit held in Prague on May 7<sup>th</sup> confirmed the European Commission proposal from December 2008 to establish the Eastern Partnership Civil Society Forum (EaP CSF) to promote contacts among Civil Society Organizations and facilitate their dialogue with public authorities in Armenia, Azerbaijan, Belarus, Georgia, Republic of Moldova and Ukraine. The first EaP CSF meeting took place on November 16<sup>th</sup>-17<sup>th</sup> in Brussels.

To voice the opinion of the EUGBC's and its members, the Council prepared a draft document outlining some practical measures to be taken for creating a reliable, sound institutional and legislative background for the facilitation of EU-Georgia trade and business relations.

Prior to submitting the document to the Eastern Partnership Civil Society Forum, EUGBC shared it with the members and received individual suggestions, comments and proposals. The position paper can be downloaded from EUGBC website: [www.eugbc.net](http://www.eugbc.net) – News and European Commission's website: [http://ec.europa.eu/external\\_relations/eastern/civil\\_society/civil\\_society\\_forum\\_cont1\\_en.htm](http://ec.europa.eu/external_relations/eastern/civil_society/civil_society_forum_cont1_en.htm).

## EU elects the President of the European Council



At the informal meeting in Brussels on November 19<sup>th</sup>, EU Heads of State of Governments agreed on the election of Mr. Herman VAN ROMPUY as the President of the European Council and Ms. Catherine ASHTON as the EU High Representative for Foreign Affairs and Security Policy. The President of the Council and the EU High Representative are the leading EU officials after the entry into force of the Treaty of Lisbon on December 1<sup>st</sup>.

Mr. Herman VAN ROMPUY was the Prime Minister of Belgium and Baroness Cathrine Ashton (UK) was the EU Commissioner for Trade.

The Press Release of the Council of the European Union and the background materials on these key EU posts are available at [www.eugbc.net](http://www.eugbc.net) - News.

## EU-Georgia Visa Facilitation and Readmission Agreements are initiated

EU-Georgia Visa Facilitation and Readmission Agreements were initiated in Brussels on November 25<sup>th</sup>. The documents were initiated by the Deputy Foreign Minister of Georgia Mr. David Jalagania and the Deputy Director General of the European Commission's Directorate General for Justice, Freedom and Security Mr. Jean Louis de Broewer.



After signing of the agreements, the facilitated visa regime will make easier for citizens of Georgia to acquire the visas and travel to the EU member states. The Readmission Agreement between the European Union and Georgia will ensure the return of those citizens of Georgia who stay illegally in EU.

## EUGBC Board Members visited Brussels

The latest consecutive Board Meeting of EUGBC was held in Brussels on November 25<sup>th</sup>, 2009. In this regard Tbilisi based Board Members visited Brussels during November 24<sup>th</sup>-26<sup>th</sup>.

On this occasion EUGBC planned a special program in Brussels. It envisaged the Board's and the Management's meetings with the officials of the European Commission and representatives of some large European businesses.



EUGBC Board Members met Dirk Hudig, Representative of FIPRA Consulting, and former Secretary General of Business Europe.

Board Members also met with the representatives of Directorate General for External Relations of the European Commission: Reinhold Brender, Deputy Head of Unit for Relations with Ukraine, Belarus, Moldova and Southern Caucasus. The parties to the meeting discussed EU-Georgia relations; implementation of the European Neighbourhood Policy Action Plan, perspectives of the Association Agreement, state of visa facilitation agreement, and Deep and Comprehensive Free Trade Agreement between the EU and Georgia.



In addition, Board Members held a working lunch with representatives of Directorate General for Trade of the European Commission: Philippe Cuisson, Deputy Head of Unit Bilateral Trade Relations and Madelaine Tuininga, Deputy Head of Unit, Industrial Sectors. At the meeting the parties discussed bilateral trade between the EU and Georgia as well as Deep and Comprehensive Free Trade Agreement between the EU and Georgia.

Board Members also took part in the reception and concert organised by STATOIL and in the wine tasting with the Deputy Foreign Minister of Georgia David Jalagania.

## **José Manuel Barroso, President of the European Commission Nominates the Members of the New Commission**

José Manuel Barroso, President of the European Commission, on the basis of the nominations by the EU Member States announced on November 27<sup>th</sup> the portfolios responsibilities for the next Commission. The President has held detailed consultations with all the Commissioners designate in order to assign the right jobs to the right people.



President Barroso believes that this team can implement the political guidelines that he presented to the European Parliament in September, following his nomination by all 27 Member States and before his approval as President of the next Commission by the European Parliament. One of the key tasks of this Commission will be to give life to the new opportunities provided by the Lisbon Treaty.

In his letters to each Commissioner setting out their new responsibilities, President Barroso has underlined the essential role of the Commission as the motor for the EU's efforts to address tomorrow's challenges, as well as the new opportunities provided by the Lisbon Treaty. He has also stressed the need for a successful partnership with the EU Member States and the other institutions, in particular with the European Parliament.

President Barroso has given a new look to the College of his second mandate. He has announced a number of new portfolios: Climate Action; Home Affairs; Justice, Fundamental Rights and Citizenship. He has reconfigured a number of other portfolios: Education, Culture, Multilingualism and Youth; Health and Consumer Policy; Industry and Entrepreneurship; Research and Innovation; International Cooperation, Humanitarian Aid and Crisis Response. There will be a new emphasis on inclusion in the Employment, Social Affairs and Inclusion portfolio, and a renewed focus with the Digital Agenda portfolio.

The new Commission will have 7 Vice-Presidents, including Vice-President Baroness Catherine Ashton who will, at the same time, be the High Representative of the Union for Foreign Affairs and Security Policy, following the entry into force of the Lisbon Treaty on December 1st. Three of the Vice-Presidents will be women. The new Commission will have 27 members, including President Barroso, one from each Member State. It includes 9 women.

The members of the Commission come from different political families, notably the European People's Party (EPP), the Progressive Alliance of Socialists and Democrats (S & D), and the Alliance of Liberals and Democrats for Europe (ALDE). 14 members, including the President, were already members of the outgoing Commission.

The new Commission must gain approval from the European Parliament before it takes office for a term of office running until October 31<sup>st</sup>, 2014. The Commissioners designate will appear in individual hearings before the European Parliament from January 11<sup>th</sup>-19<sup>th</sup>. The vote of consent on the new Commission as a whole is foreseen to take place on January 26<sup>th</sup>. On the basis of the vote of consent, the Commission shall be appointed by the European Council. Then it will be time to start to work.

### **The first Foreign Ministers Meeting within the framework of Eastern Partnership Program was held in Brussels on December 8<sup>th</sup>, 2009**

The First Ministerial meeting drew high level participation from the 27 EU Member States, the European Commission, the General Secretariat of the EU Council, the six Eastern Partnership countries, the European Parliament, the European Investment Bank, the Committee of the Regions and the Economic and Social Committee.



The meeting was chaired by the Swedish Minister for Foreign Affairs, Carl Bildt, currently holding the EU Presidency. The European Commission was represented by the Commissioner for Trade and Neighbourhood Policy Benita Ferrero-Waldner. Foreign Ministers Edward Nalbandian of Armenia, Elmar Mammadyarov of Azerbaijan, Sergey Martynov of Belarus, Grigol Vashadze of Georgia, Iurie Leanca of the Republic of Moldova and Petro Poroshenko of Ukraine represented the Eastern Partners.

The Ministers discussed the state of play of Eastern Partnership on the basis of a report from European Commission. They took note of the substantive implementation achieved so far, and welcomed the steps taken in the bilateral relations between the Eastern Partner countries and the EU, as well as the establishment of the multilateral dimension of the Partnership. Launch of Flagship Initiatives on Integrated Border Management and Regional Electricity Markets, Improved Energy Efficiency and Increased use of Renewable Resources, as well the Eastern Europe Energy Efficiency and Environment Partnership was welcomed.

The conclusions and recommendations of the Civil Society Forum, which met for the first time in Brussels on November 16<sup>th</sup>-17<sup>th</sup>, was also presented to the Ministerial meeting. The Ministers welcomed active engagement of civil society in the development and implementation of the Eastern Partnership.

The Ministers recalled that the Eastern Partnership is based on commitments to the principles of international law and fundamental values, including democracy, rule of law, respect for human rights and fundamental freedoms, as well as to market economy, sustainable development and good governance. Ministers also underlined the importance of the principles of inclusiveness, differentiation and conditionality, as well as joint ownership.

The participants of The Ministerial meeting underlined the strategic importance of the Eastern Partnership as a way to deepen and strengthen relations between the EU and the Eastern Partner

countries, to accelerate political association, further economic integration and approximation towards the European Union and to support political and socio-economic reforms of these countries.

During the discussion on the priorities for the coming period of implementation, Ministers highlighted the need to make further progress in negotiations on Association Agreements, including Deep and Comprehensive Free Trade Areas, where appropriate, mobility of citizens, availability of funding from EIB, EBRD and international financial institutions to the Eastern Partnership, the comprehensive institutional building programmes, energy cooperation, adoption of EU standards by Eastern Partner countries and other areas.

The next Eastern Partnership Foreign Ministers Meeting will hold in second half of 2010 during the Belgian Presidency of the EU.

### **The Foreign Affairs Council of the European Union Adopted Conclusions on the South Caucasus**

The Meeting of Foreign Affairs Council of the European Union was held on December 8 in Brussels. The meeting was chaired by the Swedish Minister for Foreign Affairs, Carl Bildt, currently holding the EU Presidency.

At the meeting the Foreign Ministers of EU Member States adopted conclusions on the South Caucasus. In the Conclusions the Foreign Ministers welcomed the expressed commitment of Armenia, Azerbaijan and Georgia to strive for an enhancement of their respective relations with the EU on the basis of the perspective provided through the Eastern Partnership. They underlined the importance of the political association and gradual economic integration of South Caucasus countries with the EU, including, establishment of Deep and Comprehensive Free Trade Agreements and upgrading contractual relations.



In the document, the Foreign Affairs Council admits that it looks forward to the start of negotiations on Association Agreements with each of the South Caucasus countries and that the EU will continue to promote stability, cooperation, prosperity and good governance throughout the South Caucasus.

The full text of the Council Conclusions on the South Caucasus is available at [www.eugbc.net](http://www.eugbc.net) - News.

### **Roundtable on Deep and Comprehensive Free Trade Agreement with EU: Food Safety/Sanitary and Phytosanitary (SPS) Measures**



Eurasia Partnership Foundation (EPF), through its European Integration program, is conducting a series of roundtables to facilitate the creation of the appropriate conditions and policies for launching negotiations on a Deep and Comprehensive Free Trade Agreement (DCFTA) with the EU as part of the new Eastern Partnership initiative. The third consecutive roundtable on DCFTA with EU: Food Safety/SPS Measures was held on December 14<sup>th</sup> at the Sheraton Metechi Palace, Tbilisi, Georgia.

EUGBC Secretary General, Konstantin Zaldastanishvili and Representative in Georgia, Tamar Khuntsaria participated in the event. The roundtable focused on the lack of food safety standards and sanitary and phytosanitary (SPS) controls, which disallows Georgian products on the EU market because of Georgia's underdeveloped food producers' traceability and market surveillance system. The roundtable provided

stakeholders the opportunity to discuss how Georgia's food safety strategy should be developed and trade potential can better be utilized with regard to the EU. For your information, an *Overview of EU Food Safety Requirements* presented at the event by Matti Lampi, Food Safety Expert, GRM International is available at [www.eugbc.net](http://www.eugbc.net) - News.

The food safety legislation is still pending enactment and it does not seem likely to be enacted in the nearest future. Because this is an important issue for the general public, EPF believes there should be broad public discussion of food safety and food security policies.

EPF's roundtable brought together representatives of the European Commission Delegation, European Union and Eastern Partnership member states diplomatic missions, the Georgian government, parliament and civil society organizations, trade unions and business associations to discuss these topics.

EPF's next roundtable will be dedicated to other non-tariff barriers to trade, namely, intellectual property rights and competition regulations. The recommendations adopted at the forums will be disseminated via EUGBC press release.

### The European Commission Delegation to Georgia supports EUGBC project

In December 2009, negotiations on the new project on publications and seminars have been successfully finalized with the Delegation of European Commission to Georgia. Respective Service Contract has also been already signed by the parties. Duration of the contract is 12 months.



The subject of this contract is to provide the business community in Georgia, mainly small and medium entrepreneurs, with information on EU rules and regulation in order to promote trade with the EU. In 2008-2009, under the previous contract with the Delegation, EUGBC published three brochures on the EU trade legislation, regulations, procedures, rules and standards in a simple and understandable way, as well as organised three seminars for target groups in specific areas.

To continue and build up and, more importantly, increase interest in the diversification of trade among exporters, in the scope of the new project, EUGBC will publish another brochure on *Export of Fresh Fruits and Vegetables to the EU market from Third Countries* and will organize related seminar. In addition, considering the positive feedback and high demand on the previous editions, the Council will reprint the first three trade publications.



**Gesellschaft für Technische Zusammenarbeit (GTZ) is interested to support EUGBC's new project on the facilitation of Georgian export to the EU Market - Publications and Seminars**

As a result of consultations between EUGBC and Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ), GTZ showed strong interest to support the Council's project on facilitation of Georgian export to the EU Market - Publications and Seminars.

EUGBC Secretary General, Konstantin Zaldastanishvili and the Council's Representative in Georgia, Tamar Khuntsaria held a concluding meeting with Frank Tibitz, GTZ's Project Team Leader in December 2009, where GTZ confirmed its interest to support the proposed project in the scope of which the EUGBC will publish two brochures:

- Export of honey to the EU Market from Third Countries;
- Export of Organic Products to the EU Market from Third Countries

And will organize two respective seminars for interested stakeholders.

### **EUGBC launched cooperation with United Nations Development Program (UNDP)**

Together with many other partner organizations, EUGBC closely cooperates with United Nations Development Program (UNDP) and its Global Compact project team, chaired by Heidi Eterovic, the United Nations Global Compact Project Manager.

EUGBC and UNDP are both involved in Amcham-EUGBC SME Committee and actively cooperate on SME development as well as on other issues of importance for Georgian economy.



Through the year 2009, EUGBC has actively participated in various public events and discussions organized by UNDP Global Compact, such as the public discussion on improving competitiveness of Georgia's human resources held on June 17<sup>th</sup>, the public discussion devoted to the development of SME sector in Georgia, held on July 15<sup>th</sup>, the public discussion entitled Green Fields: Reality and Promise of Georgian Agriculture organized December 3<sup>rd</sup>, etc.

Following the Government's request, UNDP has been conceptualizing the export promotion policy. This primarily includes the following: identifying functions the Government can perform in promoting export, assessing existing capacities against these functions, and advising on the funds, structural and human capacities needed to perform those functions. The principal result of UNDP engagement is a concept paper on export promotion, but they are hoping to follow it up with concrete actions directed to that end.

UNDP Global Compact Project, on several occasions, discussed the issue of Georgian exports, and the efforts that the EUGBC has put into promoting it. Therefore, EUGBC knowledge and practice in export promotion field was considered to be of a great assistance to Mr. Stetter. Consequently, on November 27<sup>th</sup> EUGBC Representative in Georgia, Tamar Khuntsaria and Trade Expert, Alexander Khvtisiashvili held meeting with the UNDP Global Compact project team and international consultant in export issues, Henri Stetter.

On behalf of EUGBC, Tamar Khuntsaria provided Mr. Stetter with the information on the Council's activities in trade and export promotion between EU and Georgia. The Council's projects and concrete actions in supporting local small and medium entrepreneurs were highlighted as well as the importance of the Council's publications and respective seminars were emphasized.



### **EUROCHAMBRES' International Trade & Customs Academy Forum 2010**

The next edition of the EUROCHAMBRES' International Trade & Customs Academy Forum 2010 will take place on January 24<sup>th</sup>–27<sup>th</sup>, 2010 at the "Ferme de La Ramée", a beautiful training centre located in the heart of Belgium, just 40km from Brussels.

The Academy Forum offers a tailor-made intensive training and benchmarking on Chamber-related issues combined with a stimulating networking programme. It targets international trade & customs managers from European Chambers and beyond. The courses will cover general issues on trade development and customs as well as more focused issues on doing business in emerging markets, trade promotion instruments, investment promotion, intercultural management, etc. Furthermore the participants will have the opportunity to visit the Directorate General for Trade of the European Commission, and therefore get in contact with the main policy makers.

The International Trade & Customs Academy Forum has been reshaped, with an updated course programme, new course leaders, new venue and a new fresh look.

The brochure provides details on the programme and courses on offer. It can be downloaded for registration from the Academy website: <http://academy.eurochambres.eu/>. Deadline for registration is 15 December 2009.

For further information, please contact Sophie Devos +32 2 282 0872 [devos@eurochambres.eu](mailto:devos@eurochambres.eu) or Paul Fournier +32 2 282 0853 [fournier@eurochambres.eu](mailto:fournier@eurochambres.eu) at EUROCHAMBRES.



**VINMONOPOLET**

### **Georgian wine first time on the Market- and Product plan of Norwegian State Monopoly - VINMONOPOLET**

A key element in Norwegian alcohol policy has been to remove the private profit motive from sales of wine, spirits and strong beer. As a result, VINMONOPOLET that was founded in 1922 is wholly owned by the state, subordinated to the Ministry of Health and Social Affairs.

VINMONOPOLET has the exclusive right to retail wine, spirits and strong beer in Norway. The products are purchased through importers holding the required license for import and who have signed a purchase agreement with VINMONOPOLET. Approximately 200 wholesalers have signed this agreement.

VINMONOPOLET is distributing a Market- and Product plan twice a year. This plan is available for the wholesalers and covers what VINMONOPOLET is planning to purchase for a 12 month period.

In order to fulfill its main goal - promotion of Georgian products, including Georgian wines in Europe, EUGBC works on the promotion of Georgian wine in Norway and facilitates raising awareness regarding the peculiarities of Norwegian wine market to Georgian wine producers. In this regard EUGBC has organized the visit of the representatives of Georgian Wine Producing Companies in Norway in November 2006. During the visit, EUGBC organized a reception in Oslo, where the guests had an opportunities to test different sorts of Georgian wine. The Minister of Foreign Affairs of Georgia, the CEO of Norwegian state monopoly VINMONOPOLET, Journalists, representatives of Diplomatic Corps, Norwegian Governmental Structures and Georgian Wine Producing Companies, as well as wine experts, Norwegian importers and other guests attended the reception. After the reception, professional testing of Georgian wines was organized. Experts of VINMONOPOLET tested various sorts of Georgian wines and spirits from different Georgian wine producing companies.

To keep Georgian wine and spirit producers updated, EUGBC prepares the information on alcohol market in Norway as well as rules of importing and taxation of wine and spirits and functioning of Norwegian state monopoly in this sector. The information will be provided in a simple and understandable way through respective publication (in the Georgian language with an English summary) and seminars prepared by EUGBC for potential exporters of Georgian wine and spirits.

After exerting the efforts, EUGBC is glad to announce that Georgian wine is listed on the *Product Specifications Basic Range for launching in July, September and November 2010* (for details please visit EUGBC website [www.eugbc.net](http://www.eugbc.net) - News) published by the Norwegian State Monopoly – VINMONOPOLET and can be exported to Norway starting from July 2010.

### Two new Members joined EU-Georgia Business Council in fall 2009

Two new Members joined EU-Georgia Business Council in fall 2009: **Rakia Georgia Free Industrial Zone LLC** ([www.rakiageorgia-freezone.com](http://www.rakiageorgia-freezone.com)) joined EUGBC as a Corporate B Member and **Mr. Frank Nouwens of Caucasian Import** ([www.caucasian-import.com](http://www.caucasian-import.com)) joined EUGBC as an Individual Member.



Since its foundation in June 2008, **Rakia Georgia FIZ LLC** has established the first free industrial zone in the Caucasus region in Poti, Georgia. The company now invites manufacturing, trade, services & consulting, logistics in mainly all business sectors and industries to start-up their operation in Poti FIZ. Poti FIZ provides the same level of suitability for the companies involved in High Tech Industry as for the traditional ones, like Agro Business.

FIZ intends primarily to attract the foreign companies that operate in the South Eastern Europe and CIS region (or plan to operate).

The main target is the Small and Medium Enterprises (SMEs). FIZ would also like to attract the companies that are interested not only in doing business in Georgia, but do international trade and manufacturing, concentrate on exports. What is interesting, FIZ offers all the benefits available in other free zones of the region and some of the additional benefits specific to Poti Free Zone.

**Caucasian Import** is a newly established company aiming at importing natural products from Caucasian region to EU market. At present, product-portfolio/assortment is being created out of many rich and traditional Georgian products.



The company then intends to create a right entry strategy for the Georgian companies and realize product placement on the EU market.

At the initial stage the company plans to put Georgian natural food products in Dutch distribution and sales channels. In the first phase, the focus is on natural and or biological food products with a shelflife of 3 months and up (mineral water, juices, lemonade, tea, marmalade, jam, honey, dried fruit, preserved fruit, nuts). Next to longer shelflife products the product range will extend in the near future to fresh food products and natural products for pharmaceutical and also cosmetic use.



### RAKIA Georgia Free Industrial Zone LLC

RAKIA GEORGIA FIZ LLC has established the FIRST free industrial zone in the Caucasus region at Poti in Georgia. The company was created in June 2008 by RAK Investment Authority (RAKIA), a government of Ras Al Khaimah, U.A.E. nodal agency. RAKIA GEORGIA FIZ is 100% subsidiary of RAKIA.

Rakia Georgia project - Poti FIZ, covering the territory of 300 hectares, is situated on historic Silk Road between East & West. With the investment of more than 400 million USD including the investment in the Poti Sea Port, the company will have world class state of art infrastructure, modern warehousing complex, container storage areas, Business Centers, etc.

Rakia Georgia invites manufacturing, trade, services & consulting, logistics companies in mainly all business sectors and industries to start-up their operation in Poti FIZ. Poti FIZ provides the same level of

suitability for the companies involved in High Tech Industry as for the traditional ones, like Agro Business. We primarily want to attract the foreign companies that operate in the South Eastern Europe and CIS region (or plan to operate). The main target is the Small and Medium Enterprises (SMEs). Having the role of the logistical and manufacturing hub, Poti FIZ is very cost effective option for the companies who want to expand in the new markets of the Caucasus and Central Asia and have easy access to the EU countries.

Rakia Georgia would like to attract the companies that are interested not only in doing business in Georgia, but do international trade and manufacturing, concentrate on exports. This fact is especially getting very topical during the current financial crisis, when the companies are seeking for diversification of their selling markets, on the one hand, and search for the ways to the cost effective supply chain restructuring, on the other.

The company also expects enterprises from the FMCG & FMCD industries, IT, BPO Services to be represented at the Free Zone. Due to low cost of energy power intensive industries like steel manufacturers have also shown keen interest to be in this Free-zone.

Rakia Georgia FIZ offers all the benefits available in other free zones of the region and some of the additional benefits specific to Poti Free Zone:

1. Low Cost of leased land
2. 100% foreign ownership in free zone
3. 100% capital and profit repatriation
4. Zero tax on profits in the Free-zone for foreign companies
5. 100% duty free Import and export of raw materials and finished goods
6. Right to source raw material from anywhere in the world
7. Availability of power and water with one stop window for all your requirements
8. Power supply at competitive rates (due to hydro-electric power generation)
9. Strategic location right on the middle of ancient Silk Road
10. Being adjacent to the largest port of the Black Sea – Poti Sea Port

The services to be provided within the Free-zone include the primary and secondary roads giving complete access to all industrial plots with-in the project area, street lightening ,water supply, fire fighting system, sewerage network, storm-water drainage system, electric supply and telecommunication system and irrigation network for green-zone areas. The design criteria for each segment of development of infrastructure will be as per the international specifications to ensure that the FIZ facilities are comparable to the best in the world.

The initial steps of development, such as soil-testing, topology, site cleaning and fencing, etc. are currently underway. The first phase of the Free Zone is expected to be completed by the end of 2009, though the marketing of the facilities has already started. The second phase of the project will include development of warehousing complex, container storage areas, Distri - Park, Offshore Financial Facilities, Business Centers, etc.

The project has full and complete support of the Government of Georgia and therefore a very investor friendly free-zone regulation is in place. The government is open to suggestions from the investors to amend the laws for the benefit of all stakeholders.

For the initial stage leasing rates in the Poti F.I.Z are very competitive and attractive being one of the lowest in the Black Sea region. Lease cost for 1sq.m starts from USD 6 per year for manufacturing companies. Hence the early investors stand to gain a lot on long term basis. The rental is fixed for first ten years. The price for different type of licenses (manufacturing, trade, commercial, logistics, service/consulting, contracting) starts from only USD 2500 per year – the lowest in the EU.

Rakia Georgia FIZ LLC is happy to welcome the companies to Poti, Georgia to experience the excellent conditions for manufacturing & commerce. For more information please contact Mrs. Tatia Dgebuadze, Marketing Executive at [t.dgebuadze@rakiageorgia-freezone.com](mailto:t.dgebuadze@rakiageorgia-freezone.com).



## **StatoilHydro becomes STATOIL and gets a new logo**

Norwegian-based oil and gas companies Statoil and Norsk Hydro merged two years ago, forming StatoilHydro.

Following the successful completion of the merger process, StatoilHydro's Annual General Meeting in May 2009 decided that the company should retain the STATOIL name and get a new corporate identity.

The change of name from StatoilHydro to STATOIL, as well as the introduction of the new corporate identity and logo, took place on November 1, 2009.



## **Bank of Georgia and American Express launch two American Express Cards Issued in Georgia**

JSC Bank of Georgia (LSE: BGEO; GSE: GEB) (the "Bank"), Georgia's leading bank announced today the launch of the American Express Card and the American Express Gold Card (the "Cards") issued in Georgia. Bank of Georgia is an exclusive partner of American Express for Credit Card Acquiring and Issuing in Georgia as per agreement signed in December 2008.

The Cards are designed to satisfy the requirements of busy clients with demanding lifestyles through a range of innovative and unique benefits that are new to the Georgian market. This includes automatic inclusion in American Express' world-wide Membership Rewards programme that enables the Cardmembers to earn points that can be redeemed at a wide range of travel and retail partners as well as discounts in hotels and other merchants around the world.

"I am delighted to announce the launch of the American Express card issuance in Georgia. Through cooperation with one of the most renowned brands in the world, Bank of Georgia brings an innovative product to the Georgian market, best matching the customer needs. The multi-year exclusive right for the issuance of the American Express Gold Card will increase Bank of Georgia's competitive advantage in penetrating the mass affluent segment, a key component of our retail banking strategy in Georgia", said Irakli Gilauri, Chief Executive Officer, Bank of Georgia.

"We are extremely proud to partner with Bank of Georgia and offer these innovative Credit Card products on the Georgian market", said Alex Furber, Vice Present, American Express. "The travel, lifestyle and financial needs of Georgian clients are becoming more and more demanding and the American Express Credit Cards are designed to meet these needs, whether consumers are shopping at home or traveling abroad."

## **JSC Bank of Georgia receives the Bank of the Year Award by The Banker**

JSC Bank of Georgia (LSE: BGEO) (the "Bank"), Georgia's leading universal bank announced today that it has received *The Bank of the Year 2009* award by *The Banker*. The award, introduced in 2000, is given to the leading commercial and investment banks worldwide in recognition of their achievements.

"I am delighted that Bank of Georgia, for the fourth consecutive year, has been recognized as the top bank in the country by *The Banker*. Receiving this award is particularly rewarding this year when the Bank emerged an even stronger financial institution from the economic downturn," commented Irakli Gilauri, Chief Executive Officer.

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## EUGBC Members

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AIG Europe, Agrigeorgia, AmCham, Association of Georgian Exporters, Alexandreuli, Bank of Georgia, Bank Republic (Societe Generale Group), BARWIL, Begi Company, Bolsforst, BP Georgia, BP Europe, CanArgo Energy Corporation, Design Avenue, DLA Piper, JSC Elmavalmshenebeli, Ernst & Young Audit, Federation of Georgian Businessmen, Georgian Public Broadcasting, Georgian Chamber of Commerce and Industry, Georgian Glass & Mineral Water, GIG Holding Ltd., GEOCELL Ltd, ICTPL, ITDC, Mr. Joseph Kujiashvili, Mr. David Loladze, NIKORA, Mr. Frank Nouwens, Poti Sea Port, ProCredit Bank Georgia, Radisson SAS Iveria, Rakia Georgia Free Industrial Zone LLC, Rakeen Development, SALFORD-Georgia, STATOIL, Tbilisi Academy of Economy and Law, TBC Bank, TBC TV, Mr. Arve Thorvik, TOTAL, UGT, WISSOL, ZIMO Ltd.