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Proposal for a

COUNCIL DECISION

on the conclusion of the Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and Georgia, of the other part

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL/BACKGROUND

The attached proposal constitutes the legal instrument for authorising the conclusion of the Association Agreement between the European Union and its Member States, of the one part, and Georgia, of the other part (hereinafter referred to as "the Agreement").

A Commission Decision on the conclusion of the Association Agreement on behalf of the European Atomic Energy Community is being made separately.

Relations between the European Union (EU) and Georgia are currently based on the Partnership and Cooperation Agreement which entered into force in July 1999. On 10 May 2010, the Council authorised the Commission to open negotiations for a new comprehensive and ambitious Association Agreement, including its Deep and Comprehensive Free Trade Area (DCFTA) part.

Negotiations of this comprehensive and ambitious Agreement between the EU and Georgia were launched in July 2010. Negotiations on the DCFTA part of the Agreement were launched in February 2012. On 29 November 2013 the European Union and Georgia initialled the text of the Agreement.

The Association Agreement aims to accelerate the deepening of political and economic relations between Georgia and the EU, as well as to advance Georgia's gradual economic integration with the EU Internal Market in selected areas, notably through establishing a DCFTA.

In line with Article 429 of the Association Agreement, it is foreseen to provisionally apply parts of the Agreement. The provisional application is foreseen in view of keeping mutual economic interests and shared values in equilibrium, and the common will of the EU and Georgia to start implementing and enforcing the eligible parts of the Agreement in order to advance an early reform impact on sector specific issues before the conclusion of the Agreement.

2. RESULTS OF THE NEGOTIATIONS

The Council has been regularly informed and consulted in the relevant Council Working Groups, notably in COEST and the Trade Policy Committee (TPC), at all stages of the negotiations. The Commission considers that the objectives set by the Council in its negotiating directives were attained and that the draft Association Agreement is acceptable to the Union.

The final content of the Association Agreement can be summarised as follows:

The Agreement establishes an association between the Union and the European Atomic Energy Community and their Member States, of the one part, and Georgia, of the other part. This constitutes a new stage in the development of EU-Georgia contractual relations, aiming at political association and economic integration and leaving open the way for further progressive developments.

The overall aims of the association focus on promoting a gradual rapprochement between the parties on the basis of common values; strengthening the framework for enhanced political dialogue; promoting, preserving and strengthening peace and stability in both the regional and international dimensions; promoting cooperation on peaceful conflict resolution, establishing conditions for enhanced economic and trade relations leading towards Georgia's gradual economic integration with the EU internal market in selected areas; enhancing justice,

freedom and security cooperation with the aim of reinforcing the rule of law and respect for human rights and fundamental freedoms, and establishing conditions for increasingly close cooperation in other areas of mutual interest.

The Association Agreement also foresees a wide range of sector cooperation, focusing on support to core reforms, economic recovery and growth, governance and sector cooperation in 28 areas, such as; energy, transport, environment protection and promotion, industrial and small and medium enterprise cooperation, agriculture and rural development, social policies, justice, civil society cooperation, consumer policy, public administration reform, education, training and youth as well as cultural cooperation. In all of these areas, enhanced cooperation starts from the basis of current frameworks, both bilateral and multilateral, with the aim of more systematic dialogue and exchange of information and good practice. Key to the sectoral cooperation chapters is a comprehensive menu of gradual approximation with the EU *acquis* set out in annexes to the Agreement. Specific schedules for approximation and implementation by Georgia of selected parts of the EU *acquis* will provide a focus for on-going cooperation, and will form the core of Georgia's domestic reform and modernisation agenda.

The Agreement includes an updated institutional framework encompassing cooperation and dialogue fora. Specific decision-making roles are foreseen for an Association Council, and by delegation for an Association Committee, which may also meet in a specific configuration to address trade issues. Fora for civil society and parliamentary cooperation are also foreseen. The Agreement also includes provisions on monitoring, fulfilment of obligations and dispute settlement (including separate provisions for trade-related issues).

Closer economic integration through the DCFTA will be a powerful stimulant to the country's economic growth. Approximation of Georgia with EU legislation, norms and standards, will be the method. As a core element of the Association Agreement, the DCFTA will create business opportunities in both the EU and Georgia and will promote real economic modernization and gradual integration with the EU. Higher standards of products, better services to citizens, and above all Georgia's ability to compete effectively in international markets should be the result of this process.

3. LEGAL ELEMENTS OF THE PROPOSAL

On the part of the Union, the legal basis for the conclusion of this Agreement is Article 217, in conjunction with Article 218(6)(a) and the second subparagraph of Article 218(8), as well as Article 218(7) of TFEU.

The attached proposal constitutes the legal instrument for the conclusion of the Association Agreement on behalf of the Union. A separate legal instrument applies to the European Atomic Energy Community.

In light of the above-mentioned results of negotiations, the European Commission proposes that the Council conclude the Agreement on behalf of the European Union after having received the consent of the European Parliament.

The fact that the European Commission has submitted its proposal as an agreement of the Union and the European Atomic Energy Community and its Member States and Georgia is related to the genesis of this agreement under the rules of the Treaty before the entry into force of the Treaty of Lisbon.

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THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article(s) 217, in conjunction with Article 218(6)(a) and the second subparagraph of Article 218(8) thereof, as well as Article 218(7) thereof,

Having regard to the proposal from the European Commission¹,

Having regard to the consent of the European Parliament²,

Whereas:

- (1) On 10 May 2010 the Council authorised the Commission to open negotiations with Georgia for the conclusion of a new Agreement between the European Union and Georgia to replace the Partnership and Cooperation Agreement.³
- (2) These negotiations were successfully finalised and the Association Agreement between the European Union and the European Atomic Energy Community and their Member States and Georgia (hereinafter referred to as "the Agreement") was initialled on 29 November 2013.
- (3) In accordance with Council Decision [number of Decision] of [date]⁴, the Agreement was signed at [place] on [date], subject to its conclusion at a later date.
- (4) Pursuant to Article 218(7) of the Treaty on the Functioning of the European Union, it is appropriate for the Council to authorise the Commission to approve modifications to be adopted by the Sub-Committee on Geographical Indications pursuant to Article 179 of the Agreement.
- (5) It is appropriate to set out the relevant procedures for the protection of geographical indications which are given protection pursuant to the Agreement.
- (6) The Agreement shall not be construed as conferring rights or imposing obligations which can be directly invoked before Union or Member State courts and tribunals.

The Agreement should be approved on behalf of the Union.

¹ OJ L , , p. .
² OJ L , , p. .
³ OJ L 205, 4.8.1999, p.1-52
⁴ OJ L , , p. .

HAS ADOPTED THIS DECISION:

Article 1

The Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and Georgia, of the other part, together with the Annexes and Protocols attached thereto (hereinafter referred to as "the Agreement"), is hereby approved on behalf of the Union.⁵

Article 2

The President of the Council shall, on behalf of the Union, give the notification provided for in Article 429(1) of the Agreement, in order to express the consent of the Union to be bound by the Agreement.⁶

Article 3

For the purposes of Article 179 of the Agreement, modifications of the Agreement through decisions of the Sub-Committee on Geographical Indications shall be approved by the Commission on behalf of the European Union. Where interested parties cannot reach agreement following objections relating to a geographical indication, the Commission shall adopt such a position on the basis of the procedure laid down in Article 57(2) of Regulation (EU) No 1151/2012 of the European Parliament and of the Council of 21 November 2012 on quality schemes for agricultural products and foodstuffs⁷.

Article 4

1. A name protected under Sub-Section 3 "Geographical Indications" of Chapter 9 of Title IV of the Agreement may be used by any operator marketing agricultural products, foodstuffs, wines, aromatised wines or spirits conforming to the corresponding specification.
2. In accordance with Article 175 of the Agreement, the Member States and the institutions of the European Union shall enforce the protection provided for in Articles 170 to 174 of the Agreement, including at the request of an interested party.

Article 5

The Agreement shall not be construed as conferring rights or imposing obligations which can be directly invoked before Union or Member State courts and tribunals.

⁵ The text of the Agreement is attached to the Decision of the Council on the signing, on behalf of the European Union, and provisional application of the Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and Georgia, of the other part (OJ ...)

⁶ The date of the entry into force of the Agreement will be published in the Official Journal of the European Union by the General Secretariat of the Council.

⁷ OJ L 343 14.12.2012, p.1

Article 6

This Decision shall enter into force on the day following its adoption.

Done at Brussels,

*For the Council
The President*