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EU-Georgia DCFTA

1,5 Years of Implementation

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April 2016

- Impact on EU-Georgia trade
 - **Moderate trade increase in 2015:** 6% increase of trade, 4% - export, 6% - import
 - Viewed against the background of slow economic growth (2,8%) and decreasing trade dynamics (23% export decrease, 13% trade decrease), EU-Georgia trade shows a stable structure
- Impact on broader trade liberalization
 - **Georgia - EFTA FTA:** negotiations finalised, to be signed in June 2016, anticipated to enter into force from 2017
 - **Georgia - China FTA:** negotiations ongoing, anticipated to be finalised in 2016
 - **Pan-Euro-Mediterranean Convention:** Georgia is in the process of joining, to benefit from diagonal accumulation of origin with EU, Turkey and EFTA

- **Export diversification and increase to be expected in the medium- to long-term**, due to EU non-tariff barriers and safety requirements Georgia has to meet
- **Large import increase or diversification not to be expected due to DCFTA per se** as Georgia has abolished most tariffs and non-tariff barriers on EU products
- **New FTAs create additional FDI incentives as**
 - Competitive business environment in Georgia
 - Market is broader thanks to FTAs

- AA/DCFTA carries political relevance for Georgia
- EU integration and agenda an issue in the upcoming October 2016 elections: how European are political parties/Government?
- Legal approximation and implementation
 - Broadly on track
 - Major legal approximation risk:
 - Using EU requirement argument as a tool to advance domestic political agenda
 - Doing more than required and thus causing excessive cost of compliance