



**COUNCIL OF  
THE EUROPEAN UNION**

**Brussels, 4 October 1999  
(OR. en)**

**11522/99**

**DOCUMENT PARTIALLY  
ACCESSIBLE TO THE PUBLIC**

**LIMITE**

**NIS 95**

**"I/A" ITEM NOTE**

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**from : "Eastern Europe and Central Asia" Working Group**  
**dated 01/10/1999**  
**to : COREPER/COUNCIL**

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**Subject : RELATIONS WITH GEORGIA**  
**- Establishment of the position of the European Union for the first**  
**Cooperation Council with Georgia (Luxembourg, 12 October 1999)**

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1. In view of the first meeting of the Cooperation Council with Georgia, the Working Group has finalised the position of the European Union in the following terms:
  - Provisional agenda: see doc. UE-GE 4651/99.
  - Draft annotated agenda: see Annex.
  - Draft rules of procedure for the Cooperation Council and the Cooperation Committee: see doc. UE-GE 4652/99.
2. Subject to confirmation by the Permanent Representatives Committee, the Council is invited:
  - a) to endorse the position of the Union according to the terms laid down in the documents mentioned in paragraph 1 above;
  - b) to decide to publish the rules of procedure of the Cooperation Council and of the Cooperation Committee in the Official Journal of the European Communities.

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## ANNEX

### FIRST COOPERATION COUNCIL EU-GEORGIA

Luxembourg, 12 October 1999

#### ANNOTATED PROVISIONAL AGENDA

#### **1. OPENING STATEMENTS**

##### **i) Opening statement by the President of the Council of the European Union and Head of the European Union Delegation**

The President will base his opening remarks on the following elements:

- *I am happy to open this historic first EU-Georgian Cooperation Council. You are very welcome. The PCA entered into force on 1 July. Following our Summit meeting on 22 June in Luxembourg, we now need to follow up on both the bilateral and regional issues. This Cooperation Council is our first opportunity to do so. I look forward to this in particular over our lunch which will be in the regional format.*
- *The PCA opens a new chapter in EU-Georgian relations. The Cooperation Council will play a central role in implementation. Its task is to lay down the political guidelines for our work in the coming year. Technical issues will be dealt with by the Cooperation Committee which we expect to meet in Brussels early next year. The Cooperation Committee will report to us at our next meeting in year 2000.*
- *We shall also have an opportunity for an open, and less formal, discussion on regional matters of common interest over lunch. If you allow, a brief word of welcome from the Commission; then the floor is yours.*

**ii) Welcoming words by the Representative of the Commission**

- *It is a pleasure for me to participate in this meeting, one of my first under my new responsibilities.*
  
- *Georgia's long history of cultural, political and economic links with Europe is an excellent basis for a close and growing cooperation. But our partnership will be based in the final analysis on implementation of shared values – respect for human rights, democratisation and the principles of the market economy – and on Georgia's will to move closer to European norms and standards. We look forward to working with you in progressively building that partnership.*

**iii) Opening statement by the Head of the Georgian Delegation**

**2. ADOPTION OF THE AGENDA**

The Cooperation Council will adopt the agenda as it appears in doc. UE-GE 4651/99.

**3. ADOPTION OF THE RULES OF PROCEDURE FOR THE COOPERATION COUNCIL AND THE COOPERATION COMMITTEE**

The Cooperation Council will adopt the rules of procedure as set out in doc. UE-GE 4652/99.

#### **4. GENERAL POLICY STATEMENTS REGARDING EU/GEORGIA RELATIONS**

Under this item unilateral statements will be made by both sides.

##### **i) Position of the European Union**

###### **a) Statement by the President of the Council of the European Union**

- *Our first task today is to consider how we can use the PCAs to achieve our principal objectives: to encourage the peaceful development of your country and the whole region and to expand Georgia's relations with the Union and its partners in the European space. The Joint Declaration adopted in Luxembourg provides a valuable basis for our work.*
- *As EU enlargement proceeds and the Black Sea countries will become our new neighbours, our links with the three Caucasian countries and with Georgia in particular will acquire added importance. The peace and stability of the region will become more significant for the security of Europe as a whole. This will be increasingly reflected in the EU's foreign policy agenda. As you know, the CFSP is being further reinforced following the entry into force of the Amsterdam Treaty and the appointment of Mr Solana as High Representative.*
- *Our Agreement sets out the common values and principles to which we both subscribe. These are fundamental for the success of the PCA. Through them, Georgia has committed itself to drawing closer to European norms and standards. In the political field these are set out (in particular) in the OSCE documents and the UN Charter (referred to in Art 2 of the PCA). In the economic field they are the EC's own standards, in the sectors referred to in Art 43. This technical work is, in reality, the building blocks for a real, and not just a ceremonial, partnership.*
- *We in turn commit ourselves to assist with both aspects – Georgia's rapprochement with the EU and its economic and political transition.*
- *We have four key objectives. First and foremost we should continue our work together to promote peace and stability in the Caucasus. As we noted in the Luxembourg Summit, the conflicts in South Caucasus are impeding the political and economic development of the three Caucasian states and their cooperation. The conflicts must be resolved through peaceful negotiations. The effectiveness of our assistance to the region is connected to the development of the peace process in the region and we are ready to use our instruments to underpin concrete progress.*

- *Secondly, to promote trade and investment links between Georgia and Europe and to eliminate impediments to increased trade and investment flows. Georgia's accession to the WTO will be an important step in this process.*
- *Thirdly, to further democratisation and respect for human rights in Georgia. Georgia's accession to the Council of Europe as a full member in May this year was a highly important step in this direction. The forthcoming parliamentary elections at the end of this month will again provide Georgia an opportunity to demonstrate its democratic credentials.*
- *Fourthly, we shall have an opportunity today to briefly explore the scope for cooperation on issues relating to Justice and Home Affairs, notably on combating illegal activities, especially drug trafficking.*
- *Finally, we hope that we can use the lunch to concentrate specifically on issues of regional interest, as a follow-up to the Luxembourg Declaration.*

b) Statement by the Representative of the Commission

- *The success of our efforts to assist your economic and political development depends first and foremost on a speedy resolution to the internal conflicts in Georgia.*
- *The EU has been contributing to your efforts to bring peace to Abkhazia and South Ossetia by financing rehabilitation projects in these regions as confidence building measures. We have so far allocated about € 5 Million for rehabilitation measures in South Ossetia, and about € 5 Million for rehabilitation of the Inguri dam. However, it must be understood that whereas such measures can underpin an overall settlement, they cannot be successful in isolation; nor can they be a substitute for progress in the relevant political fora.*
- *At the same time, however, Georgia must prepare itself to take full advantage from the “peace dividend” when it comes. Putting your finances in order is an absolutely fundamental objective. We were pleased to note the progress the government has made in improving the revenue collection rates since the beginning of this year. We expect that further improvements will follow when the results of the work of the company contracted for managing some functions of the customs service begin to make an impact. We are also pleased that Georgia's relations with the IMF are back on track. This is one of the conditions for our own financial and food security assistance. But you should be aware that we are again experiencing problems with the execution of the food security programme, and these need to be speedily addressed if the money is to be disbursed quickly.*

- *The PCA requires Georgia to commit itself to the free flow of goods, payments and investment capital (including repatriation of profits, so that dividends can be paid to shareholders). We are pleased the Georgia is about to complete its WTO accession process. We also encourage you to accede to the Government Procurement Agreement as soon as possible. The same goes for international conventions on intellectual property, which are referred to in Annex III of the PCA. Georgia has already made important progress here.*
- *We have often stressed the role which Tacis's interstate programmes – such as Inogate, Traceca and the fibre-optic telecommunications cable - can play in enhancing peace and stability in the Caucasus. This matter has been extensively discussed in Luxembourg and I want to return to it in the context of our dialogue on political issues. I would like in particular to thank you for your cooperation on transport and energy matters. We hope the countries of the region will continue to work on the implementation of the Baku Transport Agreement; we shall of course continue our assistance with this goal in mind. We were pleased that Georgia was represented by State Minister Lordkipanidze at the Summit convened by President Kuchma in Kiev for the signature of the Inogate Umbrella Agreement in July.*
- *the Energy Charter Treaty could also be helpful.*
- *I look forward to a stimulating and productive meeting.*

**ii) Position of Georgia**

**iii) Defensive points by the Representative of the Commission, for use if raised**

On future EC assistance to Georgia

*The EU is committed to continuing to assist Georgia in its transition to democracy and fully fledged market economy. With the entry into force of the PCA our objective is to move towards a full two-way partnership focused on trade and investment links. The nature of our assistance will reflect this. However, as stated in the Joint Declaration we adopted in Luxembourg, we also have to recognise that our assistance can only be fully effective once there is progress in resolving the conflicts in the region. Hence our insistence on measures which can be useful in promoting this process.*

Release of the € 9 Million grant tranche of exceptional financial assistance for Georgia.

*The Commission has started the procedure for the release of the second grant tranche of € 9 Million of the exceptional financial assistance to Georgia. We will do our best to finalise the procedures by the beginning of October.*

**DELETED**

**DELETED**

Delays in the launching of Tacis projects

*The recent reorganisation of the Commission services has unfortunately meant that due to the transitional period we have not been able to launch all Tacis projects in the planned timetable. However, we hope that now that the new service dealing with all Tacis projects is operational, the implementation of projects will be accelerated. The main objective of this new service, the SCR, is harmonisation and simplification of procedures.*

## **5. DEVELOPING EU-GEORGIA RELATIONS IN THE CONTEXT OF THE PCA**

### **A. Trade and Investment** (to be introduced by Georgia)

Background

The EU's main objective is to stress the importance of improvement of the trade and investment climate in Georgia. The unresolved conflicts in the country are acting as a major impediment both to cross-border trade and to international investment.

Growth in trade is closely related to investment attraction: investors are important traders.

A positive development is that Georgia has finished its negotiations on WTO entry and is expected to join the organisation in the coming months. The WTO is expected to confirm this on October 6. The EU should now stress the importance of implementation of Georgia's WTO obligations.

The Georgian side will lead. The Commission will reply on behalf of the EU.

Line to take

- *First of all, let me congratulate Georgia on the completion of its WTO negotiations. We are pleased that Georgia will become a member of the organisation very soon; however, the real challenge is the implementation of the obligations Georgia will take on upon entry. This is an area where GEPLAC will continue to assist you.*

- *During our recent Joint Committees – and we have held four of them – we have laid particular stress on the environment for trade and investment. We have done so because it is evident that a permanent and strong presence by European companies in Georgia will contribute substantially to your economic recovery and to the strengthening of our bilateral relationship. Hence the importance of the opportunities offered by the large-scale privatisation programme, on which we have frequently corresponded. Continued liberalisation of the public services sector will also be an important incentive to investors.*
- **DELETED**
- *It is essential that business people should have confidence in the ability of the Georgian legal system to defend their rights effectively and impartially. We welcome the ongoing judicial reform process as it can contribute significantly to addressing this problem. Investors must also have the option to take disputes to international arbitration. This possibility is a feature of any worthwhile international investment treaty. If investors do not have this possibility, it would deter them from committing themselves to the Georgian market.*
- *Furthermore, the unresolved conflicts in Georgia and in the Caucasus region limit the interest of international investors. We believe that trade and investment flows in the region can grow significantly once the conflicts are definitively resolved.*
- *Moreover, trade is closely related to investment. Often, investors are among the most important exporters (and importers: they need to import inputs and equipment in order to meet the standards of competition on international markets). We noted that in 1998, trade between the EU and Georgia increased by 12% – but it still remains at a very low level. We have agreed that it must be an essential part of our work to assist with the progressive removal of impediments to trade and investment.*
- *Tacis has been active in Georgia since your independence. To date we have allocated about € 55 million to programmes, specifically for Georgia. Under the PCAs, we need to make Tacis, or rather its successor – the shape of which is currently being decided – not only more effective, but more relevant. It needs to be closely tied to the policy objectives we define here and in the Cooperation Committee.*
- *The Georgia - EU Policy and Legal Advice Centre (GEPLAC) should be a key contributor to this process. The Cooperation Committee can, if necessary, monitor its further work.*



- *Let me add a word of caution. It is essential that if Tacis is to work properly, the agreements we have concluded on the implementation of projects are respected. At present we have a serious problem on the agro-bank project. I regard this as an important test case. I expect you to resolve the issue forthwith. The matter can be discussed further bilaterally.*
- *We welcome the creation of the Regional Environmental Centre for the Caucasus in Tbilisi and the signing of its charter. It is a major step forward in promoting regional cooperation in the environment area.*
- *There has already been a useful and open exchange of views on these issues through the old Joint Committee. I suggest that we invite the Cooperation Committee to follow up, when it meets next year in Brussels.*

***Defensive point*** (for use if raised):

On the expiry of the bilateral textile agreement on 31.12.1999

*The textiles agreement has provided a basis for a steady expansion of trade in textiles and clothing products since 1993. If Georgia joins the WTO and thereby the Agreement on Textiles and Clothing (ATC) before the end of the year – as we expect to happen - an extension of the agreement would not be necessary. Should Georgia not accede to the WTO before the end of 1999, the agreement should be extended. The Commission's services are presently consulting with your authorities with a view to deciding on the best course of action.*

**B. Political issues of mutual interest (to be introduced by the EU Presidency)**

**a) Statement by the EU Presidency:**

- *There has been little tangible progress towards resolving the conflicts in Abkhazia and South Ossetia. In Abkhazia the prospects for peace appear, if anything, to have worsened with the so called 'Presidential' elections announced in Abkhazia this month. As you know, the UN Secretary General made clear his frustration at the lack of progress on the key issues relating to a settlement of this conflict and this was reflected in the statement of the Security Council on 30 July. This concern was also the background to the proposals we put forward in Luxembourg. Mr Patten will add a word about this.*
- *We would be interested in knowing how you now view the prospects for peace in Abkhazia and South Ossetia and what kind of timetable you foresee for concrete progress.*

- *We would like to maintain the impetus for regional cooperation which was generated during the Luxembourg Summit. I therefore suggest that one of our conclusions today – and we will put this to the other two countries also – should be to agree to hold sessions of the Cooperation Council together with Armenia and Azerbaijan, as and when appropriate, on regional matters only.*

**b) Reply by the Georgian side**

**c) Additional comments by the Representative of the Commission**

- *I have to say that we tend to share Mr Annan's concern that after so many years, so little has been achieved in moving towards a settlement of the Abkhaz conflict.*

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- **DELETED**

- *We welcome Commission participation in the work of the OSCE Joint Control Commission for South Ossetia. We are, as you know, the largest donor of assistance in that region, and this at your request. The sooner agreement can be reached on rehabilitation measures in the context of an overall settlement, the more effective our contribution will be.*

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**d) Additional points by the EU Presidency, if necessary**

*Common strategies*

- *At present, we do not envisage any more common strategies in the NIS. However, the PCAs and the Luxembourg Joint Declaration do contain a regional dimension which we are already using in a strategic way.*

*Developments in the North Caucasus*

- *We would also welcome your views on developments in the Caucasus generally, including the North Caucasus, the Nagorno-Karabakh conflict and the role of Russia in the region.*

**C. Democratisation and Human Rights (to be introduced by the EU Presidency)**

**a) Statement by the EU Presidency**

- *Georgia has made important progress over the last few years in democratisation and respect for human rights. The Georgian parliament has played a major role in this task – for instance, in promoting the reform of the judiciary. The forthcoming parliamentary elections on October 31 will once more provide Georgia with an opportunity to demonstrate its democratic credentials.*
- *We welcome Georgia's accession to the Council of Europe as a full member in May this year. This event confirmed Georgia's place in the family of the European nations. Our most important challenge now is to implement the conditions set by the Council of Europe.*

**b) Response by the Georgian side**

### **c) Additional comments by the Representative of the Commission**

- *The Commission would also like to underline the importance of implementing the Council of Europe's requirements. We welcome the remarkable steps taken forward in the last 12 months in reforming the judiciary. We urge you to continue with the reform process and to extend it to the other institutions necessary for the establishment of the rule of law, such as the state prosecution service, the enforcement agencies and in particular the police. Other issues, such as the facilitation of the return of the Meskhetians, to reform of the prison system, and the fight against corruption will require continuous efforts over many years.*
- *We are already assisting you on some of these issues through the Tacis programme. We have financed a project with the Georgian parliament assisting it in training its personnel, and have begun a project to strengthen the capacity of the Centre for the training of judges. Our project on training of customs officials should assist Georgia in combatting corruption. Our intention is also to strengthen local democracy by training local government officials. The EC has financed activities, together with the Council of Europe, aimed at helping Georgia to fulfil the conditions of Georgia's membership of that body. The Democracy Programme has also supported the strengthening of the civil society in Georgia by supporting Georgian NGOs in various areas ranging from consumer rights to independence of the media.*
- *We are concerned about reports from international human rights organisations concerning the conditions in Georgian prisons and the fate of certain political prisoners. Following its accession to the Council of Europe, and ratification of the European Convention of Human Rights, Georgia has now committed itself, inter alia, to ensure strict observance of the human rights of detainees and to reform the prison system. The EU will continue to cooperate with you in monitoring and assisting progress with these essential objectives.*

### **D. Justice and Home Affairs (to be introduced by the EU side)**

#### **a) Statement by the EU Presidency**

- *We attach the greatest importance to our cooperation against drug-trafficking, money laundering and the other illegal activities referred to in Article 70 of our Agreement. The Commission is about to launch a project within the Tacis programme addressing the transit of drugs from Central Asia through the Caucasus.*
- *Are there other issues concerning JHA cooperation which you would like to raise?*

**b) Response by the Georgian side**

**c) Additional comments by the representative of the Commission**

*The EC is about to start implementing projects focusing on the fight against drug trafficking. In Georgia our aim is to assist your enforcement agencies to tackle this problem and to share our experience in reducing demand for narcotics . The specific modalities of this project – which will be carried out jointly with UNDP - are at present being discussed with your authorities.*

***Defensive point*** (for use if raised)

Delays in the launching of projects in the area of Justice and Home Affairs

*Following an internal reorganisation of the services charged with project implementation, we expect this initiative to be accelerated. We expect to come to an agreement with your authorities and with UNDP on the shape of the project soon.*

**6. CONCLUSIONS FOR COOPERATION IN 1999/2000** (to be drawn by the EU Presidency)

**DELETED**

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## **7. CLOSING STATEMENTS**

**Closing remarks by the Head of the Georgian Delegation**

**Closing remarks by the Commission**

**Closing remarks by the President of the Cooperation Council**

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