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PROPOSAL

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| From: | Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director |
| date of receipt: | 19 September 2023 |
| To: | Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union |

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| No. Cion doc.: | COM(2023) 536 final |
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| Subject: | ANNEX to the Proposal for a COUNCIL DECISION on the position to be taken on behalf of the European Union in the Association Council established by 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, with regard to the amendment of Annex XXII of the Association Agreement |
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Delegations will find attached document COM(2023) 536 final.

Encl.: COM(2023) 536 final



Brussels, 19.9.2023
COM(2023) 536 final

ANNEX

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to the

Proposal for a COUNCIL DECISION

on the position to be taken on behalf of the European Union in the Association Council established by 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, with regard to the amendment of Annex XXII of the Association Agreement

ANNEX

DECISION NO .../2023 OF THE EU-GEORGIA ASSOCIATION COUNCIL amending Annex XXII to 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

THE EU-GEORGIA ASSOCIATION COUNCIL,

Having regard to 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, and in particular Article 406 thereof,

Whereas:

- (1) The Association Agreement (hereinafter "the 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, was signed on 16 June 2014 and entered into force on 1 July 2016.
- (2) The Preamble to the Agreement recognises the commitment of Georgia to progressively approximating its legislation in the relevant sectors with that of the EU, in accordance with this Agreement and to implementing it effectively. The Preamble also recognised the Parties' commitment to respecting the principles of sustainable development, to protecting the environment and mitigating climate change, to continuous improvement of environmental governance and meeting environmental needs, including cross-border cooperation and implementation of multilateral international agreements, as well as their willingness to improve the level of public health safety and protection of human health as an essential element for sustainable development and economic growth. The Parties expressed the belief that the Agreement will create a new climate for economic relations between the Parties and above all for the development of trade and investment, and will stimulate competition, which are factors crucial to economic restructuring and modernisation.
- (3) Article 1 of the Agreement refers to the objective of supporting Georgia's efforts to develop its economic potential through international cooperation, including through the approximation of its legislation to that of the EU.
- (4) Article 283 of the Agreement sets out that the Parties shall develop their cooperation and harmonise policies in counteracting and fighting fraud and smuggling of excisable products. This cooperation will include, inter alia, the gradual approximation of excise rates on tobacco products, as far as possible, taking into account the constraints of the regional context, and in line with the World Health Organisation Framework Convention on Tobacco Control.

- (5) Article 285 of the Agreement sets out that Georgia will carry out approximation of its legislation to the EU acts and international instruments referred to in Annex XXII to this Agreement in accordance with the provisions of that Annex.
- (6) Pursuant to Articles 406(1) and (3) of the Agreement, the Association Council may adopt decisions for the purpose of attaining the objectives of the Agreement. In particular, it may update or amend the Annexes to the Agreement, taking into account the evolution of Union law and applicable standards set out in international instruments deemed relevant to the Parties.
- (7) The Association Council is therefore to amend Annex XXII to the Agreement.

HAS ADOPTED THIS DECISION:

Article 1

In accordance with Annex XXII of the EU-Georgia Association Agreement and the Council Directive 2011/64/EU of 21 June 2011 on the structure and rates of excise duty applied on manufactured tobacco, by the end of 2026 the overall excise duty (which must consist of a specific component of between 7.5% and 76.5% of the total tax burden - expressed as a fixed amount per 1000 cigarettes and an ad valorem component - expressed as a percentage of the maximum retail selling price) in Georgia shall not be less than EUR 90 per 1000 cigarettes and less than 60% of the weighted average retail price. Georgia shall ensure the target rate of the excise duty through gradual increase until 2026.

Article 2

In accordance with Annex XXII of the EU-Georgia Association Agreement and the Council Directive 2011/64/EU of 21 June 2011 on the structure and rates of excise duty applied on manufactured tobacco, by the end of 2026 the overall excise duty (specific duty and ad valorem duty as appropriate) in Georgia shall not be less than 5% of the retail selling price or EUR 12 per 1000 items or per kilogram for cigars and cigarillos, 50% of the weighted average retail selling price or EUR 60 per kilogram for fine cut smoking tobacco intended for rolling of cigarettes, 20% of the retail selling price or EUR 22 per kilogram for other smoking tobacco. Georgia shall ensure the target rates of the excise duty through gradual increase until 2026.

Article 3

This Decision shall enter into force on the date of its adoption.

Done at ... ,

*For the Association Council
The Chair*