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The EU Special Incentive Arrangement for Sustainable Development and Good Governance ('GSP+') assessment of Georgia covering the period 2016 - 2017

Accompanying the document

Report from the Commission to the European Parliament and the Council

Report on the Generalised Scheme of Preferences during the period 2016 - 2017

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Georgia GSP+ Assessment

1. Country Overview

During the reporting period 2016-2017, Georgia's aspiration of political association and economic integration with the EU, embodied by the EU-Georgia Association Agreement, continued to attract broad support from across the Georgian society. The legislative elections of October 2016 confirmed the country's orientation towards political association and economic integration with the EU.

Chapter 13 of the Association Agreement stipulates an overarching objective of developing trade by taking into consideration the economic, social and environmental dimensions of sustainable development. In this framework, parties hold an intense dialogue aimed, *inter alia*, at monitoring compliance with core international standards in the areas of human rights, labour rights, environmental protection and good governance.

Overall, the implementation of commitments stemming from the Association Agreement, including its Deep and Comprehensive Free Trade Area (DCFTA), have continued within agreed timelines.

With extensive support from the EU, Georgia has implemented during the reporting period a number of reforms strengthening democracy and the rule of law. Georgia's democratic institutions have been consolidated, and a comprehensive legislative framework for human rights and anti-discrimination has been adopted. Implementation and consolidation of existing legislation remains fundamental in order to strengthen the independence of the judiciary and ensure the effective rights of minorities and vulnerable groups, in line with Georgia's Association Agenda commitments.

Since 1 July 2016, the main political forum for trade-related issues is the EU-Georgia Association Committee in the Trade Configuration. The parties also meet in the format of the EU-Georgia Sub-Committee on Trade and Sustainable Development (TSD) and update the Joint Civil Society Dialogue Forum on their activities.

Due to the preferential market access obtained under the DCFTA with the EU, Georgia ceased to benefit from GSP+ on 1 January 2017. Until 31 December 2016, Georgia benefited from a period of transition under GSP+, allowing businesses to adjust to the DCFTA. The present assessment of Georgia under GSP+ therefore considers relevant developments up until January 2017.

During its time as GSP+ beneficiary, Georgia maintained ratification of all GSP+ relevant conventions and continued implementing the relevant legal framework. During 2016-2017, an impressive set of legislation has been passed and starts to be implemented. Concerns expressed in this document have to be mainly considered in this perspective: as elements still to be achieved in order to meet best EU standards.

The EU will continue supporting Georgia's sustainable development in the framework of the TSD Chapter of the DCFTA and through the Single Support Framework for 2017-2020, focusing on smart, sustainable and inclusive economic growth.

2. Compliance with GSP+ Obligations

2.1. UN Human Rights Conventions (Conventions 1-7)

Status of ratification and reporting

Over the reporting period 2016-2017, Georgia maintained ratification of all GSP+ relevant UN human rights conventions.

In 2016, Georgia made an effort to catch up with its reporting obligations to the monitoring bodies of these conventions. Two reports remained overdue: a report under the International Covenant on Economic, Social and Cultural Rights due since 2007 and a report under the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment due since 2011. At the time of writing, according to the Georgian Government, these reports should be submitted before the end of 2017.

Status of implementation of the conventions

The second Human Rights Action Plan (AP) for 2016-2017 was adopted in June 2016. This new Action Plan offers improved indicators and activities. Some issues, such as lack of specific budgets assigned to the actions or missing monitoring and evaluation guidelines, still need to be addressed in future APs. The Parliamentary Committee on Human Rights and Civil Integration strengthened its oversight role on the implementation of the human rights policies. It conducts committee hearings on annual reports submitted by the Public Defender's Office (PDO) and prepares recommendations for adoption by Parliament.

The 2016 parliamentary elections were efficiently administered and took place in an overall peaceful and competitive environment whereby fundamental freedoms were respected. A new make-up of majoritarian districts improved the equality of suffrage. Some incidents of violence, however, were reported and require proper investigation.

The implementation of the new juvenile justice code and further improvements to the prison health system testify to progress in juvenile justice.

Salient shortcomings still need to be tackled in several areas covered by the GSP+ relevant international human rights conventions. Particular attention should be paid to media freedom and pluralism and the implementation of anti-discrimination legislation. In order to strengthen the anti-discrimination mechanism embedded in the PDO, legislative amendments were initiated addressing the enforcement of collaboration of the private sector and the extension of restrictive time limits for filing cases. However, they have not yet been adopted.

International Convention on the Elimination of All Forms of Racial Discrimination (CERD)

Integration of minorities, including ethnic minorities, is part of the 2016-2017 National Human Rights Action Plan. Moreover, at the time of writing, the authorities were working on the implementation of the National Concept for Tolerance and the Civic Integration Strategy for 2015-2020 and budgeted annual action plans on which the State Inter-Agency Commission under the office of the State Minister of Georgia for Reconciliation and Civic Equality reports.

Several Government programs have been implemented targeting, *inter alia*, education, access to State language courses, use of minority languages, identification of small ethnic minorities and their protection. However, national minorities are underrepresented not only at the central

Government level, Parliament and State agencies, but even in the local councils of municipalities where ethnic minorities constitute a clear majority.

Georgian authorities and the PDO undertook a series of events to raise awareness about anti-discrimination: in particular, trainings for police officers and prosecutors as well as for journalists and school students took place. Though there is room to further improve the integration of ethnic minorities, a lot has been done already to facilitate their full participation in all spheres of public life.

International Covenant on Civil and Political Rights (CCPR)

Georgia, since the early years of independence, is confronted with large numbers of internally displaced persons (IDPs), as well as several armed conflicts on its territory. Despite the authorities' efforts in 2016, provision of adequate housing, closing of collective centres and facilitation of their social and economic integration remain incomplete. Furthermore, legislation still needs to ensure the inclusion of all groups of IDPs, including groups such as eco-migrants.

Poverty remains a problem. In addition, an overall unsatisfactory situation of persons with mental illnesses continues to be reported. Furthermore, the Georgian authorities were asked to step up their efforts to effectively address discrimination against women and the high prevalence of domestic violence (see also on CEDAW). Discrimination and social stigma, hate speech and violence against lesbian, gay, bisexual, transgender and intersexual (LGBTI) persons and violation of their rights to freedom of expression and assembly continue to be regularly reported.

There remain concerns about cases of religious intolerance, including harassment and verbal and physical assault against persons belonging to religious minorities, in particular Muslims and Jehovah's Witnesses. The State Agency on Religious Affairs has withdrawn a draft strategy on religious policy and would still have to define its priorities to play a positive role in combatting discrimination on religious grounds. Furthermore, very little progress was made with regard to the return of Meskhetians deported by the Soviet regime to Central Asia in 1944.

With regards to the judiciary, a package of legislative amendments (third wave of judiciary reforms) tackling the protracted lack of transparency in the judicial management (in particular in the High Council of Justice) was adopted in December 2016. The package includes measures to increase transparency in the assignment of cases and judges, the selection of judicial candidates and disciplinary procedures. However, in 2017, the High Council of Justice continues to be criticized for mishandling its functions and consequently keeping a lot of pressure on individual judges. A reform of the prosecution entered into force in September 2015 and included a number of changes: it established the Prosecutorial Council, the Conference of Prosecutors and the Special Prosecutor. It also introduced new rules for the appointment and dismissal of the Chief Prosecutor with a broader participation of prosecutors and Parliament. The reform is positive, but still insufficient in scope. The performance of the courts improved with regard to a more critical assessment of motions presented by the prosecution. The establishment of an independent investigative body to deal with alleged misconduct of prosecution and law enforcement officials failed to materialise.

International Covenant on Economic, Social and Cultural Rights (CESCR)

In spite of the success of recent reforms, an increased effort is needed to ensure provision of adequate social protection and healthcare in Georgia. Deficiencies remain concerning the right to adequate housing. The registration of individuals without shelter continued to lack a consistent methodology. The establishment of a labour inspection mechanism with a mandate to check working and employment conditions was initiated with the creation of the Labour Inspectorate Department within the Ministry of Health, Labour and Social Affairs. However, this unit does not yet constitute a fully-fledged labour inspectorate.

Since Georgia ratified the UN Convention on the Rights of Persons with Disabilities in 2014, a chapter on equal opportunities of persons with disabilities has been integrated in the National Human Rights Action Plan 2016-2017. Georgians are becoming increasingly aware of the rights of disabled people and the National Council on Disabilities is active. To ensure proper integration, it is recommendable that a more concrete Action Plan on Business and Human Rights will be adopted as part of the national Human Rights Action Plan 2017-2020.

Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW)

Overall, the Government as well as civil society demonstrate a strong commitment to tackle the problems pertaining to the implementation of the Convention. Awareness among Government officials as well as among the general public of domestic violence and trafficking of human beings increased significantly in the reporting period. The 2017-2020 Single Support Framework dedicates a strong focus to gender, and will support the Government in addressing the issue.

The 2016-2017 National Action Plan (NAP) for Combating Violence against Women and Domestic Violence and Protection of Victims/Survivors covers domestic and sexual violence against women more broadly than previous action plans. In 2016, Georgia prepared the ratification of the Istanbul Convention (ratified in May 2017) through a package of legislative amendments. The Civil Code was amended and the provision allowing marriage with parental consent for children at the age of 16 was abolished. A temporary provision allowing marriage at the age of 17 with the consent of a court was valid until 1 January 2017. Since then, the legal age for marriage is set at the age of 18. Efforts to enforce this legal provision have to be stepped up, particularly in rural areas.

Poverty, violence and prevailing stereotypical attitudes regarding the roles and responsibilities of women and men in the society remain the main challenges to the effective implementation of CEDAW. In particular, the growing number of murders of women by their husbands and partners and other forms of domestic violence constitute a worrying trend. Following awareness campaigns and a significant shift in public attitudes, the number of reported cases of domestic violence and restraining orders increased significantly in 2015 and slightly in 2016, and so did the number of victims/survivors of domestic violence using shelters. There are four shelters throughout the country fully funded by the State budget and a State run crisis centre opened in September 2016. However, attitudes of law enforcement bodies need to change and the follow-up of domestic violence cases needs to improve.

Gender inequality in Georgia remains a barrier to sustainable and inclusive development, despite visible progress made in recent years in some areas. Women are underrepresented in politics (15% in Parliament and 11.6% in local governments). The implementation of legislation on the elimination of all forms of discrimination against women continues to

improve but needs to become more effective. More needs to be done to effectively protect lesbian, bisexual and transsexual women against violence and harassment, as well as to ensure equal pay for work of equal value, to facilitate access to family planning services and affordable contraceptive methods.

A national unit under the Prime Minister's Office to coordinate, implement and monitor gender equality policies was established in June 2017.

Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (CAT)

Over the reporting period, no signs of systemic ill-treatment were recorded. However, a fully independent mechanism for investigating allegations of torture remains to be created. A unit with this mission was set up within the Prosecutor's office, but it is generally considered unable to fully perform the roles which such a mechanism should have. The National Preventive Mechanism (NPM) under the PDO is fully operational with access to all prisons and detention centres and with a new mandate to photograph possible evidence of torture as of September 2016. However, the administration's right to observe (not listen to) meetings between the NPM and the prisoners should be revoked. Also, the use of the Istanbul Protocol on the effective investigation and documentation of torture and other cruel, inhuman or degrading treatment has been introduced in 2016 and medical staff is being trained on its accurate implementation. The maximum sentence for administrative detention remains 15 days but the concept should still be fully reviewed. The policy shift from punishment to rehabilitation of offenders, especially in prisons, continues. There was also a significant decrease in the use of pre-trial detention. Police stations are gradually being equipped with CCTV equipment for in- and outside perimeters to reduce the risk of ill-treatment. Other positive developments were the entry into force of the juvenile justice code and the adoption of a new drug policy reducing the relatively harsh penalties for drug use.

The Parliament introduced a set of amendments to the Criminal Code in 2016 repealing the statute of limitation for torture-related crimes as well as to define heavier penalties for violent acts. However, certain recommendations by the UN Special Rapporteur on Torture still need to be addressed.

Convention on the Rights of the Child (CRC)

In September 2016, Georgia ratified the 3rd Optional Protocol to the CRC which sets out an international complaints procedure for child rights violations. Despite some remarkable efforts to strengthen children's rights, the overall legal framework for children's rights, in particular the administrative and civil codes, require further refinement – also with regard to anti-discrimination of children with disabilities.

The multi-disciplinary referral mechanism for protection of children from all forms of violence has been revised and piloted in Adjara. The entry into force of the juvenile justice code is a major achievement and novelty in the Georgian legal system. Similarly, in August 2016, a legal package was adopted to provide street-children with registration and ID documents, the issuance of which has started.

The implementation of the Law on Early and Preschool Education, adopted in June 2016 by the Parliament, is postponed. Although public expenditure in 2016 has slightly increased in the education sector, insufficient infrastructure in schools and kindergartens results in limited

access to early childhood education services. Nearly half of the children are not enrolled in any pre-school education.

The Law on Adoption and Foster Care was adopted in 2016. It prohibits direct adoption and requires mandatory preparation training for adoptive and foster parents as well as inter-country adoption procedures in line with the Hague Convention on Inter-Country Adoption. However, deinstitutionalisation of child-care has not been completed and a number of unregulated institutions financed and run by local municipalities, the Georgian Christian Orthodox Church or Muslim communities, operate without proper monitoring.

Overall infant and maternal mortality rates remained high, as well as the level of child poverty. The Targeted Social Assistance System has resulted in a reduction in poverty but many households remain vulnerable.

Future actions and priorities

Georgia's future priorities and objectives regarding human rights protection relate to a number of policy areas. The implementation of judicial reform will be a priority. Authorities will also continue their efforts to fight the prevailing high level of violence against women, notably through ratifying and implementing the Istanbul Convention, establishing police units on gender-based violence with adequate capacity and through adopting legislation on protection and assistance to victims of sexual violence. Georgia plans to further improve the Labour Code's provisions relating to non-discrimination, including equal pay and sexual harassment. Efforts will also continue to reduce infant and maternal mortality, notably by improving the quality of health services during pregnancy, delivery and post-delivery. To improve the efficiency and equality of education from early years, Georgia intends to increase public expenditure in the education sector and invest in good quality early childhood education services, also for marginalised groups.

Conclusions

Despite progress in many areas, challenges remain to be tackled post GSP+. In particular, the lack of accountability for violations by law enforcement authorities remains a significant problem.

The enhanced role of the PDO, and specifically its Equality and the National Preventive Mechanisms, represent a real progress regarding Georgia's human rights situation. Still, respect for the rights of persons belonging to various minorities and their integration in society still require attention in the future. Discrimination and violence against women, notably domestic violence, is of particular concern. While efforts to better protect children's right are notable, the persisting high level of poverty among children as well as of infant mortality and the low level of education need to be addressed. The focus on improving social protection and healthcare for children as well as of the education system is important.

The EU-Georgia Association Agreement significantly deepens EU-Georgia bilateral relations, while also putting Georgia under increased scrutiny, particularly regarding the

need to strengthen capacities as well as independence and effectiveness of institutions guaranteeing democracy, rule of law and respect for human rights.

2.2. ILO Labour Rights Conventions (Conventions 8-15)

Status of ratification and reporting

Over the reporting period, Georgia has maintained ratification of all eight ILO fundamental conventions relevant for GSP+ and has complied with all its reporting obligations.

Status of implementation of the conventions

Enforcement remains inadequate. In January 2016, the Department for Monitoring Labour Conditions at the Ministry of Labour, Health and Social Affairs (MoLHSA) was changed into a Labour Conditions Inspection Department. In March 2016, its mandate was expanded to supervise trafficking in human beings and forced labour with somewhat enhanced powers for inspections, for example the possibility of inspections on notified cases. Nevertheless, the basic features remained unchanged. The Department is still primarily focused on the preparation of legislation and has an advisory role. The State Labour Inspection programme remains limited to occupational safety and health (OSH) and the participation of companies is voluntary. Furthermore, inspectors' visits are subject to prior notice; they can only issue recommendations and there are no sanctions in case of violations. There is still no supervision and law enforcement system in place for other core labour standards and working conditions. The current Labour Code does not contain provisions related to the violation of labour legislation and does not regulate labour inspection.

The much awaited completion of a draft framework law on OSH and its submission to the Parliament on 31 May 2017 are significant steps towards a more effective supervision and enforcement system. The draft law incorporates some of the ILO recommendations and would confer greater supervision and inspection powers to the Labour Inspection Department on OSH issues, however limited to 'particularly hazardous' and 'high risk' enterprises and sectors which are not further defined.

The absence of effective supervision and enforcement of labour standards and rights is a mounting concern, especially in the light of a series of severe accidents at work in the last years. The Ombudsman made a public statement, calling for properly implemented safety regulations, after the latest fatal accident in a mine in May 2017, and an unprecedented statement was issued by the Ambassadorial Working Group. Recently, poor working conditions triggered industrial unrest in major economic sectors (for example the chemical industry).

The Georgian labour market continues to be characterised by high unemployment (11.8% overall and 21% in urban areas in 2016), informality (around two-thirds of the labour force work is in the informal economy) and subdued formal employment creation. There is broad consensus on the part of social partners and the Government that preserving jobs is the priority rather than improving job quality. This affects negatively the implementation of labour standards and rights as any action is perceived as increasing the burden on businesses.

Freedom of Association and Collective Bargaining (Conventions 87 and 98)

The legal framework provides for the right of most workers to form and join independent unions and to strike and bargain collectively. However, several shortcomings pointed to by

the ILO Committee of Experts on the Application of Conventions and Recommendations (CEACR) still need to be addressed: fixing the minimum membership requirement for establishing a trade union (set at 50 persons) in a way to enable the establishment of organisations in small and medium-sized enterprises, trade-unions' allegations that the absence of a legal provision obliging the employer to justify the non-renewal of short-term contracts leads to anti-union discrimination (in both the public and private sectors), a restrictive definition of grounds for strike, prohibition of the right to strike in services other than essential ones and the possibility to postpone or suspend strike action.

The severe restrictions under the previous Labour Code considerably weakened trade unions and left them with limited capacity to protect workers' rights. Employers' interference in the functioning of trade unions and members' harassment are reported, also in state-owned enterprises, as well as attempts to replace independent unions with unions supported by the Government or employers. There have been allegations that the trade unions in the garment sector are stopped from entering companies to monitor the enforcement of labour laws and workplace safety in breach of the Law on Trade Unions. Collective bargaining is generally carried out at the enterprise level and collective agreements are of poorer quality, lacking essential elements such as enforcement clauses and appropriate dispute resolution mechanisms. Several examples of employers refusing to bargain in good faith are reported, including in the metallurgy sector and big international companies. Nevertheless, the agreement signed in March 2017 between the Teachers' Union (ESFTUG) and the Ministry of Education is a significant step after ten years of bitter dispute.

There is still no inspection body tasked with monitoring and enforcing the application of laws relating to collective bargaining and freedom of association. Stakeholders report that the Government does not effectively enforce laws relating to freedom of association and is unable to enforce collective bargaining agreements. In addition, stakeholders report that the Government does not actively promote freedom of association or collective bargaining, including in State-Owned Enterprises.

After a two-year standstill, the Tripartite Social Partnership Commission (TSPC) resumed activities, however, not on a regular basis. There are concerns that important policies are rushed through without adequate tripartite consultation. With ILO guidance, TSPC adopted its first Strategic Plan for 2016-2017. Its activity is now supported by a secretariat at the Department of Labour and Employment of the Ministry of Labour, Health and Social Affairs that meets more frequently (roughly four times per year) to prepare the discussions at TSPC meetings as do TSPC working groups. This has improved the work of the TSPC. However, involved stakeholders acknowledge the need for more intensive cooperation and regional structures. At the moment, the idea of establishing a regional structure in Adjara is being discussed.

Tripartite social dialogue remains fragile, for example, trade unions recently left the TSPC. The intended ratification of the ILO Convention 144 on Tripartite Consultation would contribute to establishing social dialogue on firmer grounds.

Abolition of Forced Labour (Conventions 29 and 105)

There are no specific concerns about the scope of the legislation, which continues to prohibit all forms of forced or compulsory labour. In its 2013 report, the CEACR acknowledged that the Criminal Code provisions for sanctions, including correctional work as punishment for the violation of strike procedures, constitute a legal gap but are not enforced in practice.

Although cases of forced labour involving foreign workers in agriculture, construction and domestic service have been identified in recent years, Georgia is more a source than a destination country for trafficking and forced labour. Georgia does not feature on the US Department of Labour's List of Goods Produced by Child or Forced Labour and fully meets the minimum standards for the elimination of trafficking according to both the 2016 and 2017 US State Department's Trafficking in Persons Reports.

Georgia continued to take steps to prevent and address the issues. New amendments to the 2006 Law on Combating Human Trafficking entered into force on 1 January 2016. They notably expand the mandate of the Department for the Inspection of Labour Conditions for the detection and enforcement of preventative measures on forced labour and labour trafficking. All inspectors were trained for case identification. Yet, inspectors do not have the power to sanction and can only investigate notified cases. In 2016, 99 companies have been inspected and only one case was referred to the Ministry of Interior for further investigation.

There remain concerns that more should be done to identify potential forced labour victims, particularly foreign workers in vulnerable sectors, and that actions to enforce trafficking legislation have focused almost exclusively on sexual exploitation. The number of investigations is increasing (16 in 2016 versus 10 in 2015). The low number of identified victims of forced labour (9 adult victims in 2015, none in 2016) could suggest that legal provisions are not utilised in practice. Investigation, prosecution and conviction need to be strengthened.

Minimum Age for Work and Worst Forms of Child Labour (Conventions 138 and 182)

The second National Child Labour Survey (NCLS) conducted in 2015 with ILO support was released in autumn 2016. It revealed that 4.2% of 5-17 year-old children are involved in child labour, the vast majority of them (63.9%) in hazardous work. Nearly 52% are 5-13 years old, which is below the minimum age permissible for light work. The vast majority of children (84%) engaged in child labour live in rural areas.

The legal framework is largely in place regarding the minimum age for work, prohibition of child trafficking and sexual and commercial exploitation. Steps were taken to address the outstanding issue of a list of light/hazardous work for children. In October 2016, the Government requested ILO's assistance in developing such a list. On the legislative front, remaining issues are to extend the protection of the Labour Code to children working in the informal economy and to those performing unpaid work or working on their own account, and to lay down appropriate provisions on light work allowed for 14-16 year-old children.

Numerous concerns remain on the inadequate enforcement of child labour legislation. The current labour inspection still has no supervision and inspection power for child labour, and there is no agency responsible for monitoring workplace violations of child labour legislation. As a result there are very few prosecutions.

Children living and working on the street are a specific concern; their number and situations need to be better known and addressed through integrated strategies reducing their vulnerability and eliminating forced begging.

Elimination of Discrimination (Conventions 100 and 111)

The legislation (Labour Code, Law on Gender Equality) is broadly in line with the conventions, but needs to be improved to capture the key concept of 'equal pay for work of equal value' and to include a specific definition and prohibition of direct and indirect discrimination at all stages of employment and occupation. Sexual harassment also needs to be defined.

Progress is needed in developing and implementing gender-neutral job evaluation and more generally in ensuring that provisions for equal pay and prohibition of discrimination are effectively applied in practice.

Georgia's ranking in the Global Gender Gap index is sliding (90 in 2016 against 82 in 2015 and 54 in 2006) due to a widening economic participation and opportunity gender gap in the labour market. Women's labour market participation remains below 60% and the gender gap doubled since 2011. Women's average monthly wages are now 38% lower than that of men.

The 2017-2020 Single Support Framework integrates a clear focus on gender to allow the EU to support actively governmental actions addressing the issue, and provides many indicators to monitor expected concrete results in this respect.

Whilst work to strengthen coordination, implementation and monitoring of gender equality policies continues, the underlying causes of the gender pay and economic gaps need to be addressed more decisively. Higher attention has to be given to promoting women's labour market participation and access to a wider range of employment opportunities in terms of both sectors and occupations.

Discrimination in employment on the grounds of age, ethnicity and sexual orientation continues to occur in practice.

Future actions and priorities

Apart from the adoption of the draft occupational safety and health law, which contains relevant provisions relating to the re-introduction of the labour inspectorate, there is no major legal initiative announced by the Government. The Government will have to confirm its intentions to further progress towards an effective labour inspection system.

Conclusions

The legislative framework of Georgia remains broadly compatible with the ILO fundamental conventions. Nevertheless, some of the remaining gaps are not being addressed. The most important ones relate to freedom of association and collective bargaining, equal pay and protection against discrimination. There are no indications that these issues are considered in the amendments to the Labour Code currently under discussion. The absence of effective supervision and enforcement of labour standards and rights should be addressed.

The only significant legal reform during the reporting period related to the finalisation of the draft occupational safety and health law. Its adoption would be a significant step towards an effective labour inspection as the absence of a fully-fledged labour inspection system

continues to be a major challenge for the realisation of core labour standards in Georgia. Capacity enhancement of relevant agencies, in particular, the existing labour inspectorate (through training of staff, notably inspectors, and if possible, through increased human resources) needs to continue and the understanding that this will not deter investment and job creation should grow. The ratification of ILO Convention 144 would be a welcome signal of all three sides' commitment to improving tripartite social dialogue.

The Council of Europe's Group of Experts on Action against Trafficking in Human Beings (GRETA) in its report of March 2016 confirms that despite progress made the Georgian authorities need to undertake actions in the areas of, inter alia, timely identification of victims, assistance and compensation for victims, proactive investigation and awareness-raising.

2.3. UN Conventions on Environmental Protection and Climate Change (Conventions 16-23)

Status of ratification and reporting

Over the reporting period, Georgia maintained ratification of all GSP+ relevant conventions on environmental protection and climate change, without reservations but did not fully comply with its reporting obligations under CITES, the Basel Convention, the Stockholm Convention and the Cartagena Protocol. Georgia made a permissible declaration to the Convention on Biodiversity.

Status of implementation of the conventions

Convention on International Trade in Endangered Species of Wild Flora and Fauna (CITES)

Georgia has submitted the 2013-2014 report and is working towards CITES 'category 1' status whereby its national legislation would finally ensure that trade in protected species is legal, sustainable and traceable. At the time of writing, the annual report for 2016 was foreseen to be submitted by the deadline of 31 October 2017. The biennial report for 2015-2016 is due.

The Secretariat of the Convention has for more than two years conducted a preliminary analysis of the draft legislation, namely the draft Law on Biodiversity and draft sub-laws elaborated by the Ministry of Environment and Natural Resources Protection of Georgia. This draft law includes a chapter on international trade. It is assumed that the law will fill the gaps in the legislation necessary to move to category 1 once it is adopted. To finalise the CITES chapter of this draft law, the Biodiversity Division of the Department, which is the CITES Management Authority in Georgia, has sent it to the CITES secretariat and received comments to ensure full compliance. At the same time, in July 2017, an informal meeting was held with the legal officer of the Secretariat to discuss outstanding issues. Currently, the CITES Management Authority is revising the draft Law on Biodiversity as suggested by the Secretariat. It is supposed that the draft law will be submitted for adoption early 2018.

Training for enforcement officers was conducted in March 2017. Around 120 officers from the Customs service, as well as Environmental Inspection were trained by the national and international experts.

A joint EU-Georgia proposal to include Caucasian Tur (*Capra Caucasica*) in Appendix II of the Convention (which includes species "not necessarily threatened with extinction, but in which trade must be controlled in order to avoid utilization incompatible with their survival") was submitted for CITES COP17 (24 September to 5 October 2016). As a result of further negotiations, the proposal was accepted by consensus.

Currently, the Ministry of Environment is seeking funding for a project to reassess the wild stock of snowdrops (*Galanthus woronowii*), which is an intensively traded plant species. The project should also involve monitoring of target populations, assess the socio-economic impact of trade and explore how the benefits of local communities can be increased.

Basel Convention

The draft law on import, export and transit of waste (to be submitted to the Parliament by the end 2017) is developed to meet the requirements of the Basel Convention. This law, prepared with EU technical expertise, aims at establishing terms, procedures and control mechanisms for import of waste into, export from and transit through Georgia in accordance with the Basel Convention. This would be commendable as the present legislation in place does not include any transit options.

Convention on Biological Diversity (CBD)

The 5th national report was submitted in 2015. Georgia has to submit the 6th national report by December 2018.

Important steps were taken in order to achieve Aichi target 11 on the protected areas network. Aichi biodiversity targets are targets adopted by the CBD at COP10 in 2010 under the strategic plan for biodiversity 2011-2020. The aim of the Aichi target 11 is the expansion of the protected areas network and its management effectiveness. Currently, the protected areas network, corresponding to the International Union for the Conservation of Nature (IUCN) categories, covers 8.6% of the country's terrestrial area. Moreover, the establishment of several new protected areas is planned. Besides expansion of the existing network, work is being undertaken for the establishment of the Emerald Network under the Bern Convention and EU-Georgia Association Agreement, which goes far beyond existing protected areas and contributes to achieving Aichi target 11.

Considering the challenge related to the lack of financial resources in the process of implementing the National Biodiversity Strategy and Action Plan (NBSAP), Georgia expressed its interest in participating in the UNDP initiative BIOFIN. The project started in 2016. The inception report and institutional and policy review report have been prepared. Expenditures on NBSAP activities and funding needs were assessed. It is expected that a sustainable financial mechanism for resource-mobilisation will be delivered by the end of the project in 2018.

The draft law on biological diversity is almost finalised and planned to be adopted in 2018. After the Regulatory Impact Assessment (RIA), the draft law will be open for discussions. More effective mechanisms for species and habitats will be adopted with this draft law regarding plant, animal and habitat which will be harmonised with EU legislation. The draft

law also covers new issues such as access to genetic resources and benefit sharing (ABS). It is supposed that Georgia will start the ratification process for the Nagoya Protocol in parallel to the adoption of the draft law.

The Integrated Biodiversity Management in South Caucasus (IBIS), funded by GIZ, supports activities to ensure mainstreaming biodiversity into different sectors. The UNDP project 'Enhancing Environmental Monitoring and Reporting in Georgia' aims to support the country in establishing a national system for better management of environmental information and monitoring.

Stockholm Convention on Persistent Organic Pollutants

Georgia submitted the required National Implementation Plan (NIP) but did not submit any of the required updates needed to address developments under the Convention. Georgia submitted the 2nd and 3rd national reports on implementation.

Georgian authorities reported progress in fulfilling the 2011-2015 Persistent Organic Pollutants (POP) National Implementation Plan aiming to develop efficient strategies of POP management in the country as well as ensuring protection of human health and the environment through implementing sustainable policies.

Within the scope of the Global Environmental Facility (GEF) funded project 'Review and Update of the National Implementation Plan for the Stockholm Convention on Persistent Organic Pollutants (POPs) in Georgia 2015-2017', implemented by UNEP in cooperation with the Georgian Ministry of Environment and Natural Resources Protection (MENRP), the new POPs inventory and an assessment of the existing plan as well as public awareness raising regarding POPs have been carried out. Moreover, the second NIP was drafted and now needs to be submitted to the Government for approval.

On 2-16 April 2017, an additional 208 tons of POPs pesticides were collected, packed and sent to France for disposal in the context of the Food and Agriculture Organisation of the UN (FAO) and EU project 'Improving Capacities to Eliminate and Prevent Recurrence of Obsolete Pesticides as Model for Tackling Unused Hazardous Chemicals in the Former Soviet Union'. Also, awareness raising activities have been carried out.

To meet the requirements of the Rotterdam and Stockholm Conventions and to implement the Regulation (EC) No 689/2008 of the European Parliament and of the Council of 17 June 2008 concerning the export and import of dangerous chemicals, the Governmental Decree N263 On Rule of Import and Export of Certain Hazardous Chemicals and Pesticides and Implementation of Prior Informed Consent Procedure has been adopted by the Government in 2016.

Cartagena Protocol on Biosafety

The 3rd national report was sent to the CBD Secretariat in 2015. However, the first national report has not been submitted to date.

In 2015, the Law on Living Genetically Modified Organisms was amended and Georgia was announced as a zone free from living modified organisms (LMOs), which means that imports of LMOs are prohibited. The law allows only transit of LMOs and their use in closed systems (for example laboratories).

Conventions on Climate Change

Georgia maintains exceptionally low greenhouse gas (GHG) emissions per capita due to its hydro-based electricity generation (even if only 14% of the hydro potential is used, providing 80% of total electricity generation in 2011). Moreover, according to the 3rd National Communication to the United Nations Framework Convention on Climate Change (UNFCCC), GHG emissions from Georgia in 2011 already constituted only 34% of 1990 emissions level. National GHG emissions of Georgia represent approximately 0.03% of global emissions.

In recent years, hydrochlorofluorocarbons (HCFC) import quotas in line with Montreal Protocol requirements and optimisation of the regulatory issues around import/export permits were introduced. In particular, a technicians' certification system and controls of the application of better servicing methods were implemented.

Georgia still needs to ratify the Kigali amendment to the Montreal Protocol on hydrofluorocarbons (HFCs) for which relevant intergovernmental procedures need to start in the near future.

Concerning the implementation of the UNFCCC, Georgia submitted to the UNFCCC Secretariat its 3rd National Communication on 24 February 2016 and its 1st Biennial Update Report on 18 July 2016. In 2017, the project for the preparation of the 4th National Communication and 2nd Biennial Update Report was approved by the Government in accordance with decree N 951 of 18 May.

On 21 February 2017, the Government approved the Paris Agreement, which entered into force on 7 June 2017. Furthermore, the preparation of the Low Emission Development Strategy was extended until 2017.

By the end of 2015, Georgia completed the preparation phase of its two nationally appropriate mitigation actions and submitted proposals to the Nationally Appropriate Mitigation Actions (NAMA) registry web portal.

Conclusions

Georgia is committed to implement the obligations under the international conventions and to improve the compliance of national legislation with their requirements.

In order to implement the requirements of CBD, Georgia plans to submit the 6th national report by December 2018 at the time of writing. Financial assistance for the elaboration of the report is requested from GEF. Furthermore, Georgia is eager to reflect the CITES requirements as well as the COP decisions and recommendations in the national legislation, particularly in the upcoming new Law on Biodiversity. Moreover, the MENRP is currently working on the establishment of a unified system of biodiversity monitoring and is planning to start the ratification process for the Nagoya Protocol.

With regards to the Stockholm Convention, the MENRP plans to submit the second NIP to the Government for approval by the end of 2017. The Law on Import, Export and Transit of Waste is also planned to be submitted to the Parliament by the end of 2017. It will contribute to the implementation of the requirements of the Basel Convention.

In order to support global efforts towards GHG reduction by 2020, Georgia started the process of ratification of the Doha amendment. To comply with the requirements of the Paris Agreement and to raise the level of ambition, Georgia aims to submit a revised Nationally Determined Contribution (NDC) to the UNFCCC Secretariat by 2019. It is envisaged to develop a National Adaptation Plan.

Finally, the implementation of the HCFC Phase out Management Plan (HPMP) is among the priority issues for the Ministry to ensure the achievement of the Montreal Protocol target on reduction of HCFC consumption by 35% in 2020. Georgia has started the relevant procedures and intends to ratify the Kigali amendment to the Montreal Protocol on hydrofluorocarbons (HFCs).

2.4. UN Conventions on Good Governance (Conventions 24-27)

Status of ratification and reporting

During the reporting period, Georgia maintained ratification of the GSP+ relevant conventions on drugs and corruption and remained up to date with its reporting requirements.

Georgia is a priority country for the South Caucasus sub-region on the basis of good cooperation during the previous phase of the Heroin Route Programme and the expressed commitment of the authorities to cooperation. In January 2017, the EU included Georgia in the Project 'EU-ACT: EU Action against Drugs and Organised Crime'. EU-ACT succeeds EU's Heroin Route Programme, financed by the long-term component of the Instrument Contributing to Stability and Peace during 2017-2020. Through EU-ACT, Georgia may be assisted in three ways: 1) National Policy and Operational Responses for five priority countries identified from each sub-region, 2) a Technical Assistance Facility for short-term technical advice to non-priority countries across the whole geographical scope of the variant 'Heroin Route' trajectories, 3) Cooperation Initiatives for trans-regional, international cooperation and operational activities across borders.

Status of implementation of the conventions

UN Conventions Fighting Illegal Drugs

The main issues regarding Georgia's implementation of these conventions in 2015-2016 were the adoption and implementation of a National Anti-Drug Strategy, the regular assessment of the extent of drug use, incidence and prevalence, and the invoking of the country's rights to require pre-export notification for all substances included in Tables I and II of the Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances.

In November 2015, a memorandum of understanding was signed between Georgia and the European Monitoring Centre for Drugs and Drug Addiction (EMCDDA). The agreement between EMCDDA and the Ministry of Justice provides for exchange of technical expertise and knowledge between the two institutions, co-sponsoring of technical meetings and pooling of human and financial resources to launch joint programmes. This will help Georgia put in place a strategic approach to drug prevention and rehabilitation.

The Inter-Agency Coordinating Council for Combating Drug Abuse adopted the new National Anti-Drug Action Plan for 2016-2018 at the Council meeting held on 20 December 2016.

As for precursors, the Decree on the Approval of the Rules of Import/Export of Precursors was approved by the Government on 1 July 2016.

UN Convention against Corruption (UNCAC)

Transparency International's 2016 Corruption Perception Index ranked Georgia number 44 out of 176 countries, with a perceived level of public sector corruption score of 57 out of 100 (whereby zero means 'highly corrupt'). This marks an improvement compared to previous years when Georgia scored 52.

A 2012 assessment of Georgia's compliance with UNCAC's requirements, focusing on criminalisation and international cooperation, was largely positive. No assessment has been conducted since then. The next assessment is expected to take place in 2018 or 2019, with a focus on prevention and assets recovery.

On 28 October 2015, the Georgian Government adopted a new Law on Civil Service which aims among other things at the depoliticisation of the civil service – a benchmark under the Visa Liberalisation Action Plan (VLAP) requirements on anti-corruption. A specialised anti-corruption unit within the office of the Chief Prosecutor was set up in January 2015. Georgia has established a regular updating and monitoring of the national anti-corruption strategy and action plan. In April 2017, Georgia's Anti-Corruption Council adopted the revised national Anti-Corruption Strategy and the new Action Plan for 2017-2018. Both remain to be approved by the Government. The strategy has been broadened to include new areas, such as corruption at local level. Further amendments to the Law on Conflict of Interest and Corruption in Public Service were made in 2015 as part of the VLAP requirements, focusing on whistleblowing and effective monitoring of assets declarations by public officials. The provisions related to the monitoring of asset declarations came into force in January 2017.

There were also progress assessments of the country as part of the OECD Anti-Corruption Network Monitoring Rounds. The 4th monitoring round was carried out in 2016. It reassessed 13 out of the 15 previous recommendations (from the 3rd round), and concluded with full or partial compliance for 12 out of 13 recommendations (identical to the previous assessment). In addition, the assessment included an in-depth study of public procurement in infrastructure projects. The 4th monitoring round report now includes 22 recommendations: 19 new and 3 previous that remain valid.

In 2016, the 4th Evaluation Round of the Council of Europe's Group of States against Corruption (GRECO), covering prevention of corruption with respect to members of Parliament, judges and prosecutors, concluded with 16 recommendations. One important aspect highlighted in the 4th Evaluation Round is the effective verification of asset declarations, for which the necessary legal provisions came into force on 1 January 2017.

However, they need more strict enforcement. Both international assessments commend Georgia's efforts and successes in significantly reducing petty corruption.

Conclusions

Georgia proved its commitment to effective implementation of the UN conventions fighting illegal drugs. Still, the National Drugs Monitoring Centre remains to be established.

Georgia demonstrated continued anti-corruption efforts and is encouraged to fully implement the GRECO and OECD-Anti-Corruption Network recommendations. They have called for addressing high-level and more complex types of corruption. At the same time, Georgia's achievements in that area, when compared to those of its neighbours, are exceptional and reflected in international rankings.

3. Trade and Economy

3.1. Trade Picture

In 2016, Georgia's GDP grew by 2.7%, following a growth rate of 2.9% in 2015. According to the IMF, in 2017, Georgia's GDP is projected to grow by more than 4%, on the back of a faster than expected recovery in both external and domestic demands as well as increased investment. An agreement with the IMF in April 2017 on a three-year programme worth \$285 million to underpin economic reforms and encourage investors also restored confidence.

The largest share in the sectoral structure of GDP is held by industry (17%) and trade services (16%), followed by transport and communication services (10%), agriculture, forestry and fishing (9%), public administration (9%), construction (8%), real estate, renting and business activities (7%), and health and social work (6%).

An improved business environment, sustained growth rates, and relatively moderate inflation were the results of the first generation of reforms that started a decade ago. Recent challenges for Georgia's economy include socioeconomic vulnerabilities such as the ongoing fiscal consolidation which could weaken domestic demand, as well as persistently high unemployment due to the mismatch in skills and large regional disparities. Georgia also remains vulnerable to external shocks due to external imbalances (notably, a large current account deficit and significant external debt) and the decreasing but still high dollarization of the financial sector.

In 2016, total bilateral EU-Georgia trade decreased by 2.3% year-on-year and reached EUR 2.5 billion. EU imports from Georgia amounted to around EUR 513 million. This marks a decrease of 25% compared to 2015 when EU imports from Georgia totalled around EUR 736 million. The decrease in EU imports from Georgia is nominal, driven by changes in the prices of Georgia's exports of mineral fuels (-81%), nuts (-8%), fertilizers (-60%), and mining products (-4%). Those four products account for almost 60 % of total Georgian exports to the EU.

The value of EU exports to Georgia slightly increased by 6.7% to EUR 2 billion. EU exports to Georgia are concentrated on machinery appliances and mineral products .

According to Eurostat data, in 2016, the EU was Georgia's key trading partner, with a 30% share in its total trade (27% before the entry into force of the DCFTA), followed by Canada (15%), Turkey (around 13%), Russia (about 7%), China (6%) and Azerbaijan (over 5%). Trade with Georgia accounts for 0.1% of EU's total trade. Main EU importers from Georgia are Bulgaria, Italy and Germany.

3.2. GSP+ Statistics

Figures 1-3 below describe Georgia's utilisation of GSP+ in the context of the EU's overall imports from Georgia.

In 2016, out of total EU imports from Georgia, 48% (EUR 244 million) qualified for trade preferences under GSP+. Out of this figure, 1% (EUR 6.6 mio) entered the EU effectively using GSP+. In 2014, 16% (EUR 100 million) of total EU imports from Georgia had used GSP+. Since the provisional application of the EU-Georgia DCFTA in 2014, EU imports from Georgia under GSP+ have decreased by 93%. Georgia's utilisation rate of GSP+ has been constantly declining. This reflects the transition from GSP+ to trade under the DCFTA.

Source for all statistics: Eurostat data as of September 2017.

Figure 1

Georgia - Imports to the EU, 2014-2017					
<i>Figures in thousand EUR</i>	2014	2015	2016	2017 (Q1-2)	Trend 2014-2016
Total imports to EU	621,360	688,607	513,241	334,060	-17.4%
GSP+ eligible imports	213,860	312,638	244,174	0	14.2%
GSP+ preferential imports	100,401	31,302	6,562	0	-93.5%
GSP+ utilisation rate	46.9%	10.0%	2.7%	N/A	-94.3%

Figure 2

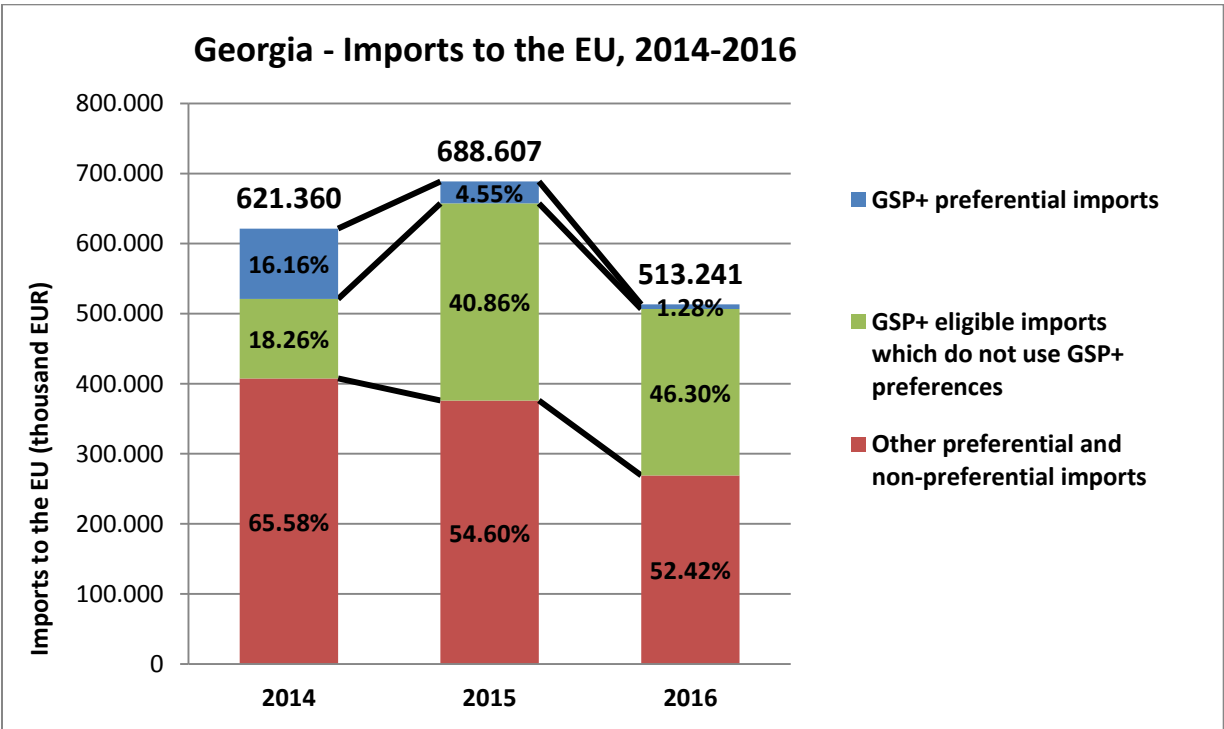
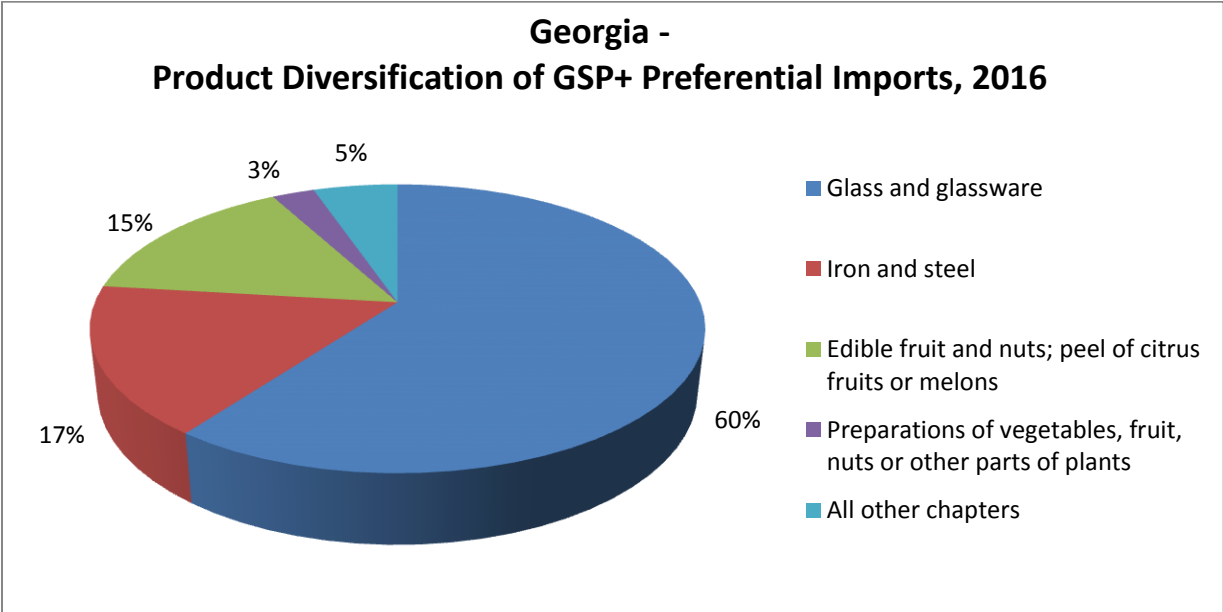


Figure 3



ANNEX

Georgia – Treaty Ratification and Reporting

Convention	Status of ratification / reservations ¹	Compliance with reporting obligations to monitoring bodies
1. Convention on the Prevention and Punishment of the Crime of Genocide	Accession: 11.10.1993 No reservations	No reporting obligations
2. International Convention on the Elimination of All Forms of Racial Discrimination	Accession: 02.07.1999 No reservations	Compliant with reporting obligations Latest report submitted on 03.07.2014. Next report due on 02.07.2020.
3. International Covenant on Civil and Political Rights	Accession: 25.01.1994 No reservations	Compliant with reporting obligations Latest report submitted on 25.06.2012. Next report due by 31.07.2019.
4. International Covenant on Economic, Social and Cultural Rights	Accession: 25.01.1994 No reservations	Lack of compliance with reporting obligations Last report was due on 30.06.2007. Latest national report submitted on 19.06.2001.
5. Convention on the Elimination of All Forms of Discrimination against Women	Accession: 22.09.1994 No reservations	Compliant with reporting obligations Latest report submitted on 27.06.2012. Next national report due on 01.07.2018.
6. Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment	Accession: 22.09.1994 No reservations	Lack of compliance with reporting obligations Last report was due in 2011. Latest national report submitted on 24.11.2003.
7. Convention on the Rights of the Child	Accession: 21.04.1994 No reservations	Compliant with reporting obligations Latest national report published on 27.06.2016.
8. Convention concerning Forced or Compulsory Labour, No. 29	Ratification: 1993	Compliant with reporting obligations Latest CEARC comments: Direct Request 2016.
9. Convention concerning Freedom of Association and Protection of the Right to Organise, No. 87	Ratification: 1999	Compliant with reporting obligations Latest CEACR comments: Direct Request 2014, Observation 2014.
10. Convention concerning the Application of the Principles of the Right to Organise and to Bargain Collectively, No. 98	Ratification: 1993	Compliant with reporting obligations Latest CEACR comments: Direct Request 2014, Observation 2014.
11. Convention concerning Equal Remuneration of Men and Women Workers for Work of Equal Value, No. 100	Ratification: 1993	Compliant with reporting obligations

¹ Reservations do not apply in the ILO system, so there is no relevance to providing information on reservations under each of these conventions.

12. Convention concerning the Abolition of Forced Labour, No. 105	Ratification: 1996	Compliant with reporting obligations Latest CEACR comments: Direct Request 2016
13. Convention concerning Discrimination in Respect of Employment and Occupation, No. 111	Ratification: 1993	Compliant with reporting obligations
14. Convention concerning Minimum Age for Admission to Employment, No. 138	Ratification: 1996	Compliant with reporting obligations Latest CEACR comments: Direct Request 2015
15. Convention concerning Minimum Age for Admission to Employment, No. 182	Ratification: 2002	Compliant with reporting obligations
16. CITES	Accession: 13.09.1996 No reservations	Lack of compliance with reporting obligations Biennial Reports for 2015-2016 due. Annual Report for 2016 due. Latest Annual Report submitted on 09.08.2016.
17. Montreal Protocol	Accession: 21.03.1996 No reservations	Compliant with reporting obligations Most recent annual data for 2016 was submitted.
18. Basel Convention	Accession: 20.05.1999 No reservations	Lack of compliance with reporting obligations Latest (2013 annual) report submitted 22.01.2015. National report for 2005 still due.
19. Convention on Biological Diversity	Accession: 02.06.1994 No reservations Georgia made a declaration to the CBD at accession. ²	Compliant with reporting obligations Revised National Biodiversity and Action Plan submitted on 26.09.2014. Latest (Fifth National) Report submitted on 10.06.2015.
20. UN Framework Convention on Climate Change	Accession: 29.07.1994 No reservations	Compliant with reporting obligations First National Communication submitted on 10.08.1999. Second National Communication submitted on 02.10.2009. Third National Communication submitted on 24.02.2016. First Biennial Update report submitted on 18.07.2016.
21. Cartagena Protocol on Biosafety	Accession: 04.11.2008 No reservations	Lack of compliance with reporting obligations First National report not submitted. Second National report submitted on 22.11.2013. Third National report submitted on 05.11.2015.

² Under the GSP Regulation this declaration is permissible, as it is not prohibited by the Convention and for GSP+ purposes is not considered to be incompatible with the object and purpose of the Convention as it does not meet criteria of point (c) of Article 9(1).

22. Stockholm Convention	Ratification: 04.10.2006 No reservations	Lack of compliance with reporting obligations First National Report not submitted. Second National Report submitted on 03.11.2011. Third National Report submitted on 03.09.2014.
23. Kyoto Protocol	Accession: 16.06.1999 No reservations	No reporting obligations
24. UN Single Convention on Narcotic Drugs	Accession: 27.03.2000 No reservations	Reviewing is fulfilled by the International Narcotics Control Board (INCB).
25. UN Convention on Psychotropic Substances	Accession: 08.01.1998 No reservations	
26. UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances	Accession: 08.01.1998 No reservations	
27. UN Convention against Corruption	Accession: 04.11.2008 Georgia made a reservation to this Convention. ³	Reviewing is fulfilled by the UN Office on Drugs and Crime (UNODC). Latest UNODC review executive summary and UNODC country review published on 30.05.2012.

³ Under the GSP Regulation this reservation is permissible, as it:

(a) is not prohibited by the Convention;

(b) for GSP+ purposes is not considered to be incompatible with the object and purpose of the Convention as it does not meet criteria of point (c) of Article 9(1). The Convention does not set out a process for determination of the incompatibility with the object and purpose of the Convention. Therefore provisions of Article 9(1)(c)(ii) are applied to determine whether the reservation is incompatible with the object and purpose of the Convention. No EU Member State objected to the reservation opposing the entry into force of the Convention between them and Georgia.