

**FREE TRADE AGREEMENT BETWEEN GEORGIA AND  
THE RUSSIAN FEDERATION**

Communication by Georgia

**I. BACKGROUND INFORMATION ON THE AGREEMENT**

**1. Membership and Dates of Signature, Ratification and Entry into Force**

Date of Signature: 3 February 1994 (Tbilisi), Georgia  
Ratification: 10 May 1994 (Georgia)  
Entry into Force: 11 February 2000

**2. Type of Agreement**

The Agreement establishes a free-trade area in conformity with the definition set out in Article XXIV:8(b) of GATT 1994.

**3. Scope**

The free-trade area established by this Agreement provides the framework for free-trade relations between Georgia and the Russian Federation.

The Agreement covers commodities, service, capital and labour.

With the entry into force of this Agreement, Parties will not impose customs duties, taxes or charges of equivalent effect on exports and imports of commodities originating from the customs territories of the contracting Parties. The Parties to the Agreement will also not impose, directly or indirectly, local taxes or charges on goods covered by the present Agreement, in excess of the rate of the relevant taxes or charges imposed on analogous goods of local production or those produced in third countries.

**4. Trade Data**

Imports from Russian Federation into Georgia, 1997-2000  
(million US\$)

	<b>Total Trade</b>	<b>Trade Covered</b>	<b>Trade Covered (%)</b>
<b>1997</b>	76.2	69.7	91.5%
<b>1998</b>	64.7	41.5	64.1%
<b>1999</b>	129.3	113.9	88.1%
<b>2000</b>	52.9	51.2	96.8%

## II. TRADE PROVISIONS

### 1. Import Restrictions

#### 1.1 Duties and charges

As provided for by Article 1 of the Agreement, the Parties shall introduce no customs duties on imports or taxes and charges having equivalent effect except on imports of goods listed in the Protocol of exemptions from the free-trade regime.

The Protocol of exemptions from the free-trade regime represents an integral part of the agreement and covers the following products:

170199 10	White sugar
220300	Beer made from malt
2207	Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol. or higher; ethyl alcohol and other spirits, denatured, of any strength
2208 90 91	Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80% vol., in containers holding: 2 litres or less
2208 90 99	More than 2 litres
2402	Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes

#### 1.2 Quantitative restrictions

Parties will refrain from applying the quantitative restrictions on imports of goods or their equivalent measures in the framework of the present Agreement.

The Parties have also agreed on freedom of transit.

### 2. Export Restrictions

#### 2.1 Duties and charges

Georgia does not charge the export of goods. The Russian Federation applies an export tariff on commodities, the list of which is attached in Annex 1).

#### 2.2 Quantitative restrictions

Both sides will refrain from carrying out quantitative restrictions or equivalent measures on exports of goods within the framework of the present Agreement.

### 3. Rules of Origin

The following goods are considered as being originated from the territories of the Parties:

- (a) goods fully produced in the territories of the Parties;
- (b) goods processed in the territories of the Parties using raw materials and accessory items originated from third countries, resulting in a change of tariff classification (namely of first four digits);

- (c) goods produced using raw materials and accessory items noted in the paragraph "b", provided that their aggregate cost does not exceed the fixed amount of export price of the goods.

#### **4. Standards**

The Agreement does not stipulate any provisions regarding the standards.

The Agreement does not provide for the provisions concerning sanitary and phytosanitary measures.

#### **5. Safeguards**

Quantitative restrictions may be introduced unilaterally in a reasonable manner having strictly determined period and in the following cases only:

- In case of sharp commodity deficiency at the domestic market - till stabilization of situation at the market;
- In case of a balance-of-payments deficit - till stabilization of the balance-of-payments;
- In case when a commodity is imported to the territory of one of the Parties in such an increased quantity or in conditions which are threatening to cause the damage to domestic procedures of similar or directly competitive goods.

#### **6. Anti-Dumping and Countervailing Measures**

Parties to the Agreement consider that unfair business practice is incompatible with the Agreement's objective.

#### **7. Subsidies and State-Aid**

Parties will not apply governmental support through subsidization or any other form if such governmental support negatively affects the normal economic conditions in the territory of other Party.

#### **8. Sector-specific Provisions**

As mentioned above, there is a list of commodities not covered by the free-trade regime between the Parties. These products are incorporated in the Protocol of exemptions from the free trade regime signed by the Parties, which represents an integral part of the Agreement.

### **III. GENERAL PROVISIONS OF THE AGREEMENT**

#### **1. Exceptions and Reservations**

The present Agreement does not concern action of other agreements, which were concluded between the Parties and third countries.

Nothing in this Agreement shall prevent any Party from using the measures that it deems necessary in order to protect its vital interests or implement the provisions of international agreements to which it is a contracting party, if such measures concern the following:

- Information concerning interests of national defense;
- Trade in weapon, ammunition and military equipment;
- Research and production, relating to defensive needs;
- Supply of materials and equipment applied in nuclear industry;
- Protection of public moral and public order;
- Protection of industrial or intellectual property;
- Gold, silver or other precious metals and stones;
- Protection of human, animal, plant health and environment.

## **2. Accession**

In case of the approval by the Parties, any Government may accede to the present Agreement subject to conditions which will be agreed upon among this Government and the Parties.

## **3. Dispute Settlement Procedures**

Disputes regarding interpretation and application of provisions of the Agreement will be settled through bilateral negotiations.

## **4. Relation with Other Trade Agreements**

Nothing in this Agreement shall prevent the Parties from implementing the relations with third countries or international organizations without prejudice to the objectives and terms of the present Agreement.

## **5. Institutional Framework**

In order to implement the present Agreement and elaborate recommendations for improvement of trade and economic cooperation between two countries, Parties to the Agreement agreed to establish the joint Russian–Georgian Commission.

## ANNEX 1

Export tariff of Russian Federation

Code	Rate of export custom duty (per cent of custom value, or in euro)
0301, 0302, 0303, 0307, 1605 10 000, 1605 20, 1605 30 000, 1650 40 000, 1605 90 900, 2705 00 000, 2706 00 000, 2707, 2708, 2710 00, 2711, 2714, 2715 00, 2907 23 100, 3102 30, 3104 10 000, 3104 30 000, 3104 90 000, 3104 20, 3105, 7108, 7201-7203, 7205-7229, 7204 41, 7601	5
0306, 4701 00-4707, 4801 00-4823, 7401, 7402 00 000, 7403, 7405 00 000, 7501, 7520, 7901	10
1201 00, 1205 00	10 no less than 20 euro for 1,000 kg.
1206 00	10 no less than 15 euro for 1,000 kg.
4104	10 no less than 90 euro for 1,000 kg.
4105	10 no less than 70 euro for 1,000 kg.
4107	10 no less than 60 euro for 1,000 kg.
4402-4421	10 no less than 5 euro for 1m <sup>3</sup> .
4407 91, 4407 92	10 no less than 10 euro for 1m <sup>3</sup> .
4407 99	10 no less than 12 euro for 1m <sup>3</sup> .
4703 21 000 0, 4704 21 000 0	10 no less than 40 euro for 1,000 kg.
2207, 2208, 2501 00, 2502 00 000, 2504, 2505, 2506, 2507 00, 2508, 2509 00 000, 2510, 2511, 2512 00 000, 2513, 2514 00 000, 2515, 2516, 2517, 2518, 2519, 2520, 2521 00 000, 2522, 2523, 2524 00, 2525, 2526, 2527 00 000, 2528, 2529, 2530 10, 2530 20 000, 2530 40 000, 2530 90 2000, 2530 90 950 2601, 2602 00 000-2621 00 000, 2704 00, 2805, 2818 20 000, 2818 30 000, 2825, 2902 41 000-2902 43 000, 2902 50 000, 2905 13 000, 2907, 2933 71 000, 3901, 3902, 3904, 7101-7112, 8001, 8002 00 000, 8101 91, 810291, 8103 10, 8106 00, 8107, 8108 10 1000, 8109-8112	6.5
2709 00	27 euro for 1,000 kg.
2711 11 000-2711 14 000, 2711 19 000	40 euro for 1,000 kg.
2711 21 000	5 no less than 2.5 euro for 1,000 kg.
3102 10	5 no less than 4 euro
4408 90, 4409 20	5 no less than 6 euro for 1m <sup>3</sup> .
4101	15 no less than 150 euro for 1,000 kg.
4102	15 no less than 105 euro for 1,000 kg.
4103	15 no less than 90 euro for 1,000 kg.
4104	10 no less than 90 euro for 1,000 kg.
4105	10 no less than 70 euro for 1,000 kg.
4107	10 no less than 60 euro for 1,000 kg.
4402-4421	10 no less than 5 euro for 1m <sup>3</sup> .
4407 91, 4407 92	10 no less than 10 euro for 1m <sup>3</sup> .
4407 99	10 no less than 12 euro for 1m <sup>3</sup> .
4703 21 000 0, 4704 21 000 0	10 no less than 40 euro for 1m <sup>3</sup> .
7404 00	30 no less than 330 euro for 1,000 kg.
7503 00	30 no less than 720 euro for 1,000 kg.
7602 00	30 no less than 150 euro for 1,000 kg.
7802 00 000	30 no less than 105 euro for 1,000 kg.
7902 00 000	30 no less than 180 euro for 1,000 kg.
8105 10 900	30 no less than 1,200 euro for 1,000 kg.
8108 10 900	30 no less than 225 euro for 1,000 kg.