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ANNEX

**STRATEGIC FRAMEWORK FOR EU-GEORGIA CUSTOMS
COOPERATION**

1. Introduction

The EU and Georgia have a mutual interest in developing stable and fruitful political, economic and social relations for the benefit of citizens. As an integral part of the economic and trade dialogue, EU-Georgia customs cooperation is important in ensuring trade facilitation, the protection of citizens, and combating fraud.

The relationship between the EU and Georgia is guided by the Association Agreement (AA), including provisions setting up a deep and comprehensive free trade area (DCFTA), and an Association Agenda. The Agreement is partly applied on a provisional basis from 1 September 2014.

While the Agreement will provide further opportunities for enhanced cooperation in customs matters, there is scope for stepping up our customs dialogue, and a more structured approach to customs cooperation might be considered, insofar as it is of benefit to both parties. In view of the mutual interest of the EU and Georgia in economic integration, customs modernisation and convergence in line with international standards, a "Strategic Framework for Customs Cooperation" may be built on the basis of three broad priorities:

2. Cooperation priorities

a) Safe and fluid trade lanes

The aim is to achieve maximum trade facilitation on the basis of operator reliability and compliance, with customs acting as links in the supply chain. The focus is on introducing modern, faster procedures and appropriate IT technologies and other infrastructures along the trade lanes to secure and facilitate trade (in line with the World Customs Organization Framework of Standards to Secure and Facilitate Global Trade (SAFE Framework)), which includes reducing administrative burdens and costs linked to customs procedures for traders, and on fostering cooperation between all border authorities.

b) Risk management and fight against fraud

The aim is to develop strong risk management to more effectively detect and address the main types of illegitimate trade, including issues of fiscal fraud and safety risks. Cooperation on risk management, including on exchanges of information, may contribute to the improvement of risk management and, thereby, to added value in terms of security and safety, intellectual property rights (IPR) enforcement, combating fraud and facilitating trade.

c) Investment in customs modernisation

The aim is to achieve close convergence of legislation and procedures in line with the strategic objectives of the Association Agreement, and to strengthen the dialogue on rulemaking and implementation. In particular, this should foster the improvement and streamlining of customs procedures, the development of fully-fledged risk management systems and should promote integrity. It also includes capacity building in support of the reform strategy and border management. The preparation of Georgia for accession to the EC-EFTA Conventions on a common transit procedure and on the simplification of formalities in trade in goods may play a catalyst role.

3. Specific objectives

a) Safe and fluid trade lanes

- Trade facilitation for reliable business: development and implementation of the Authorized Economic Operator system.
- Coordination among border authorities: implementation of the "Eastern Partnership" initiative in this field, including improved operational cooperation between the customs authorities and other border agencies.

b) Risk management and fight against fraud

- Development of risk management: risk management based on electronic data and processing is indispensable in achieving higher levels of protection and trade facilitation, as it will allow for more streamlined and better targeted controls. Exchanges of good practices are particularly important.
- Exchanges of advance customs information: insofar as they contribute to improving customs risk management, enhancing the efficiency and effectiveness of customs controls and facilitating legitimate trade. Confidentiality and protection of trade data and personal data are to be ensured.
- Fight against fraud: dialogue on the fight against fraud to obtain a good understanding of the challenges, including on means to enforce customs value and prevent/intercept illegal trade, including in excisable products, and to devise appropriate responses, which may include exchanges of experience and information as well as joint actions.
- Border enforcement of IPR: raising awareness and sharing of experiences, as well as assistance in enhancing customs' capacity for action based on risk management.

c) Investment in customs modernisation

- Convergence of legislation and procedures: dialogue on rule-making and implementation according to the commitments taken in the Association Agreement, including the Deep and Comprehensive Free Trade Area.

- Improvement of transit: preparations for Georgia's accession to the Common Transit Convention, to facilitate trade between the EU and Georgia.
- Exchange of good practices and benchmarking: with regard to procedures, technologies, infrastructure, training, integrity and capacity building.

4. Implementation

The EU-Georgia Customs Sub-Committee is responsible for ensuring the overall implementation of the Association Agreement. It takes the appropriate decisions to carry out the jointly agreed actions and achieve the jointly agreed objectives.

Under the authority of the Sub-Committee, a Working Group composed of representatives from the EU Commission, interested Member States and Georgia sees to the regular and systematic follow-up of the specific objectives and activities under the Framework, establishes appropriate work programmes or roadmaps and organises monitoring and evaluation mechanisms.

Desired, measurable, outcomes by actions and achievement indicators will need to be defined.

This Strategic Framework does not intend to create any rights or obligations under international law.