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POLICY ANALYSIS

European Standardization in Georgia

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This analysis has been conducted to be included in the comparative study *"EU standards velocity within EaP countries. Evaluation of the progress and challenges in Moldova, Ukraine, and Georgia"*.

INTRO NOTES

This paper should be treated as a final draft that will be included in the comparative study **“EU standards velocity within EaP countries. Evaluation of the progress and challenges in Moldova, Ukraine and Georgia”** prepared within the project “Enhancing the role of Civil Society and SME from Eastern Partnership Countries in the implementation of European standards”.

The project benefits from the support through the EaP CSF Re-granting Scheme. Within its Re-granting Scheme, the Eastern Partnership Civil Society Forum (EaP CSF) supports projects of the EaP CSF members with a regional dimension that contribute to achieving the mission and objectives of the Forum. The donors of the Re-granting Scheme are the European Union and National Endowment for Democracy.

The overall amount for the 2017 call for proposals is 290.000 EUR. Grants are available for CSOs from the Eastern Partnership and EU countries.

Key areas of support are democracy and human rights, economic integration, environment and energy, contacts between people, social and labour policies.

Standardisation Process in Georgia

1. Introduction

This paper discusses the challenges and opportunities of the standardisation process in Georgia and outlines the basic trends and dynamics. It focuses on the transition from Soviet to European/International standards and analyses the obstacles associated with this process. The paper seeks to figure out how the signing of the Association Agreement between the EU and Georgia has contributed to the implementation of European standards in Georgia and discusses practical examples in construction, agro-food and energy sector in support. In addition, it touches upon the development of national standardisation framework in the country and reviews the level of engagement and partnership among other stakeholders, such as the civil society, public sector, academia, SMEs, etc. Finally, the paper outlines major findings and offers specific recommendations for implementation.

2. Methodology

The paper was developed in close cooperation with the representatives of Georgian National Agency for Standards and Metrology (GeoSTM). In order to carry out the research, experts have applied a qualitative method of analysis. Existing literature, as well as legislative framework related to the standardisation process were duly analysed. Furthermore, in-depth interviews were conducted with field experts in construction, agro-food and energy sector for the purpose of receiving additional information about the existing developments.

3. National standardisation framework

3.1 Institutional framework

Standard is a document developed on the basis of consensus and registered by the National Authority, laying down the rules and general specifications for universal and multiple use in order to optimise different types of activities and their outcomes in the specific field. Standards in Georgia are developed and registered through LEPL-Georgian National Agency for Standards and Metrology (GeoSTM)¹, which is recorded in the system of the Georgian Ministry of Economy and Sustainable Development (MoESD).

The main functions of the Agency are: a) maintenance of the registry of standards and provision for their publicity; b) maintenance of the registry of patterns of legalised measurement means; c) approval/recognition and verification of patterns of legalised measurement means; d) providing information on the registered standards; e) exchanging information with appropriate international organisations on standards and technical regulations registered in Georgia; f) representation of Georgia in international and regional organisations operating in the field of standardisation and metrology –

¹ http://geostm.ge/geostm.php?id_pages=72

within the scope of its authority; g) provision for the fulfilment of obligations undertaken under international agreements concluded by Georgia in the field of standardisation and metrology².

The list of standardisation organisations whose standards are available through GeoSTM include the following:

- ISO (International Organization for Standardisation);
- IEC (International Electrotechnical Commission);
- CEN (European Committee for Standardisation);
- CENELEC (European Committee for Electrotechnical Standardisation).

3.2 Legal and methodological framework

The legal framework of the standardisation process in Georgia is provided by the 2012 law on Product Safety and Free Movement Code, which among other goals intends to introduce best practices in this field and contribute to its harmonisation with EU legislation³. According to the law, a standard must be based on the generalised results of practical experience, science and technology and must be intended to increase production efficiency and compatibility. The use of a standard is voluntary in Georgia. A manufacturer may develop and use other technical approaches to meet the requirements of technical regulations, except when a technical regulation directly specifies the use of a particular standard.

A standard is granted a legal status after it is registered by the Agency with the registry of standards. The Agency operates through technical committees, which it established in coordination with the Ministry of Economy and Sustainable Development of Georgia (MoESD) according to the respective fields of standardisation. The methodological framework of standardisation is as follow: 1. An interested party can approach the Agency with the aim of developing a standard; 2. The Agency makes a decision on the appropriateness of recognizing a standard by discussing the issue in suitable technical committee; 3. The discussion process by the technical committee is coordinated by the agency with the MoESD; 4. The technical committee makes a decision on the basis of consensus on the appropriateness of adopting a standard. In the case of adoption of a standard developed in Georgia, the Government of Georgia makes a decision to allow its application based on a request of the technical committee⁴.

The following standards are applicable in Georgia: the national standard of Georgia; standard of international/regional organisation (ISO, IEC; CEN, CENELEC); Interstate standard – named “GOST”, which is used in Georgia on the basis of the 1995 Agreement of heads of Commonwealth of Independent States (CIS); Internal standard of the enterprise; It should be mentioned that unlike standards of international and regional organisations, GOSTs are not registered as state standards.⁵

² <https://matsne.gov.ge/en/document/view/1659419?publication=8>

³ <https://matsne.gov.ge/en/document/view/1659419?publication=8>

⁴ <https://matsne.gov.ge/en/document/view/1659419?publication=8>

⁵ http://geostm.ge/geostm.php?id_pages=72

3.3 Evolution of the national fund of standards

Prior to 2005, State Department of Standardisation, Metrology and Certification (GeoStandard) was responsible for providing supervision on industrial goods' market. Standards (GOSTs) were adopted by the state and implementation of their requirements were obligatory. On the basis of reforms implemented in 2005, the Department of Standardisation, Accreditation and Certification, which was a single state body, was divided into two – LEPL National Agency of Accreditation and LEPL National Agency of Standards, Technical Regulations and Metrology of Georgia. At the same time, standards became voluntary and obligatory requirements were transferred from standards to technical regulation⁶. From this time onwards, the Agency has become a member of relevant international and European organisations, such as ISO (from 2006), CEN (from 2008), CENELEC (from 2010), etc.

In 2010, within the DCFTA negotiations between the the EU and Georgia, the government of Georgia adopted a Technical Barrier to Trade (TBT) strategy, which aimed at reducing trade barriers upon the recommendations of the Eurocommission⁷. For the implementation of the strategy principles, the government has also developed a TBT program, which intended to contribute to implementing legislative reforms and technical regulation also in the field of standardisation⁸. TBT strategy and program resulted in adoption of Supervision Strategy of Production Market in 2011⁹ and Product Safety and Free Movement Code in 2012¹⁰. These reforms have accelerated the approximation process with the EU standards and legislative framework, which is yet to be proved by a quick pace of the standardisation. Particularly, as of 2011, 50 standards were registered in total, from which 35 were national standards and 15 - international standards were registered as Georgian standards. As of today, 10,682 standards are registered, from which 5783 are national standards, while 4899 international standards. Nowadays, 45% of standards registered in Georgia are international and European, which is quite high number. The dynamics of standardisation during the last 6 years demonstrate that the process is significantly progressive.

Table 1 – Total number of available standards for 2012-2017 (according to the situation on January Q2 st)

2012	2013	2014	2015	2016	2017
149	234	977	1,725	2,238	1,092

⁶ http://gov.ge/files/68_32410_314102_strategia.pdf

⁷ http://www.economy.ge/uploads/dcfta/TBT_Strategy_GEO.pdf

⁸ http://www.economy.ge/uploads/dcfta/TBT_Programme_GEO.pdf

⁹ http://www.economy.ge/uploads/dcfta/samrecvelo_produqtebis_bazarze_zedamxedvelobis_strategia.pdf

¹⁰ http://www.economy.ge/uploads/dcfta/produqtiis_usaftrxoebis_kodeqsi.pdf

Table 2 – Total number of available standards for 2012-2017 (according to the situation on January 1st) with division by category of standards

Category of standards	2012	2013	2014	2015	2016	2017
GOST	-	-	-	-	-	-
EN	99	127	412	822	1540	1065
ISO/IEC	50	95	524	903	656	27
National standards (original)			1			4
Other standards	-	-	-	-	-	-

Table 3 – Number of European standards (EN standards) adopted as national standards in 2012-2017

2012	2013	2014	2015	2016	2017
99	139	453	822	1582	1065

NOTE:
The EN category also includes EN ISO, ETSI and other standards and technical specifications adopted by European standardization organizations (CEN, CENELEC, ETSI) and taken as national standards, including inter-state or other country standards (eg.: GOST EN, STB EN, GOST R EN ISO, etc.)

Table 4 – Number of international standards (ISO, IEC) adopted as national standards in 2012-2017

2012	2013	2014	2015	2016	2017
50	95	524	903	656	27

Table 5 – The total number of harmonized European standards adopted as national (according to the situation on January 1st)

Total number of existing EN harmonized (as published in the OJEU)	The total number of harmonized EN adopted as national
382	382

Tabelul 6 – Number of GOST standards and original national standards removed in 2012-2017

Number of removed standards	2012	2013	2014	2015	2016	2017
GOST Standards	-	103	111	-	23	-
Original national standards	-	-		-	-	-

4. European aspirations of Moldova, Ukraine and Georgia

4.1 Association Agreement and DCFTA with European Union

By signing the Association Agreement, Georgia has expressed readiness to implement and promote the values which have been long established in the EU. The Association Agreement concluded between Georgia and the EU is an ambitious and innovative, a New Generation Agreement. It covers the Deep and Comprehensive Free Trade Area (DCFTA) and envisages significant individual mechanisms of EU approximation. Establishment of a Deep and Comprehensive Free Trade area between the EU and Georgia is provided by the Title IV of the Association Agreement. It embraces mutual liberalisation of trade between parties through the elimination of Tariffs and Non-Tariff Barriers. Elimination of NTBs is provided through comprehensive action on harmonisation of the legislation and practices in a wide range of areas, which include but are not limited to national treatment and market access for goods; technical barriers to trade, standardisation, metrology; sanitary-phytosanitary measures; customs and trade facilitation, etc.

In the process of the DCFTA implementation, the most important objective is to open all possibilities for Georgian goods and services to reach the EU market. This objective should be attained through minimisation of the Non-Tariff Barriers (NTB), through legal and regulatory approximation and through mutual recognition (by the parties) of measures in the areas of industrial goods and food products. It is necessary to develop adequate quality infrastructure and provide the important part of industries with laboratories, verification, inspection, market surveillance mechanisms. Most important tasks to achieve necessary conditions by Georgia are:

- Efficient work of the Government services (adequate qualification of personnel, plans and coordination mechanisms);
- Identification of priority areas and development of a long list of actions;
- Secure availability of financial and human resources;
- Conducting intensive Communication activities to raise awareness of stakeholders and general public;

According to AA, with a view to integrating its standardisation system, Georgia shall use best practices to ensure that its standards body:

- (a) progressively transposes the corpus of European standards (EN) as national standards, including the harmonised European standards, the voluntary use of which shall give presumption of conformity with Union legislation transposed into Georgian legislation;
- (b) simultaneously with such transposition, withdraw conflicting national standards;
- (c) progressively fulfil the other conditions for full membership of the European standards organisations¹¹.

The EU also provides financial as well as technical assistance to this end. Currently, the Comprehensive Institutional Building (CIB) programme is being implemented by the support of the EU, which aims at modernising the Agency's equipment and infrastructure, as well as personnel training.

¹¹ EU-Georgia Association Agreement. Retrieved from https://eeas.europa.eu/sites/eeas/files/association_agreement.pdf

4.2 Towards European standards: benefits and challenges

Implementation of European standards is more difficult than GOSTs, as they aim at higher quality thereby requiring more efforts and resources. The cost of implementing these standards is one of foremost issues in this regard. Consultation service, as well as implementation of respective certificate require financial resources. In addition, European standards need to be adjusted along with technology which is related to further investments from the side of companies.

Another associated issue is the lack of qualified personnel. Specifically, following to implementation of standards, a certified manager should take over responsibility of controlling production process. As European standards appear to be new for most of stakeholders, there is a lack of certified managers. Furthermore, quality management audit, which would be responsible for controlling the quality in companies, is nonexistent in the country. Therefore, companies independently create consultation groups and invite foreign quality management audits for inspection, which is also costly.

Finally, 39% of Georgian export is linked to CIS countries, which is more accessible for local companies. Access to new markets is difficult and requires huge experience, as well as financial and production resources. Besides, readjusting to new market is risky in economic terms, which appears to be another obstacle.

Despite challenges, implementing European standards brings important benefits for several reasons. Firstly, it increases the quality of production, thereby offering better products to customers. In addition, it creates an opportunity for producers to explore new markets and expand their production capacities. Eventually, this process contributes to European integration of the country by incorporating it into the institutional and economic space of the EU.

4.3 Implementation of European standards in industrial and agro-food sectors: Where do we stand?

Construction sector

During Soviet times, construction issues were regulated under so called - “SNIPs” (СНП – Строительные нормы и правила), which established obligatory construction rules and norms. These rules were adjusted to the requirements of Soviet system, where state had undertaken all of responsibilities¹². After the dissolution of the Soviet Union, Georgia alike the other Soviet countries inherited SNIPs, which are allowed by law unless they are replaced by new technical regulations or contradict Georgian legislation or international agreement¹³. Nevertheless, to some extent SNIPs are outdated and incompatible to the model of market economy.

In order to correspond new realities, Georgia started to approximate its construction sector to the European model. In 2006, then Georgian Government adopted a law, which has allowed for full-fledged use of technical regulations (including in construction sector) of European Union, member

¹² <http://ioce.ge/?p=1246>

¹³ <https://matsne.gov.ge/ka/document/view/2195713>

countries of Organisation for Economic Co-operation and Development and particular economic partners of Georgia¹⁴. In addition, the Ministry of Economy started to translate and contribute to the implementation of Eurocodes¹⁵, which consists of ten sets of rules specifying how structural design should be conducted within the European Union (EU)¹⁶. This served to replace old Soviet standards of constructions. However, transition period was quite procrastinated, which puts quality of current or completed constructions under question.

Nowadays, the standardisation process in this sector is guided by the standardisation committee of “Construction and Objects of High Danger”. As of today, 914 international/European standards and 4 national standards are registered in the construction sector, which operate together with Soviet norms and standards. The signing of DCFTA has created new incentives in this direction. Specifically, it allocates resources for Technical and Construction Supervisory Agency (TACSA) to contribute to approximation of Georgian legislation to the European through providing expertise, research, exchange of experience and knowledge, etc.¹⁷.

However, serious challenges remain on the ground. In the first instance, the Government lacks strategic vision, while the normative base in this sector is not uniform and harmonised. As a result, construction activities lack clarity and predictability. On the other hand, huge discrepancy between rules and practices appear very concerning. A construction boom during recent years, resulted in a chaotic process, where standards were often compromised for business interests¹⁸. In this regard, a significant achievement would be a new Construction Code, which would bring increased clarity in this sector through implementing important changes, such as establishing technical supervision and safety engineer as mandatory. The new code is yet to be approved by parliament in 2017.

Agro-food sector

As of today, 173 International/European standards are registered as Georgian standards in agricultural sector. In addition, upon requirements of DCFTA, Georgia legislation is being approximated to European legislative framework. This process contributes to the adoption of European standards in Georgian legislation. Technical regulation of a particular product is developed and adopted in accordance with international standards. In other words, international standards or practices of production is reflected by Georgian legislation and hence, are obligatory. For instance, technical regulation for dairy production is elaborated through Codex Alimentarius. Therefore, Georgian law directly reflects the requirements, which are recognised and used as international standard and norm. It is noteworthy that within DCFTA, 39 normative acts were adopted in the agricultural sector. Each of them consist of different EU regulations. It is hard to measure the number of GOSTs in the agricultural sector, as GOSTs are not registered as Georgian standards. Therefore, exact statistics are

¹⁴ <https://matsne.gov.ge/ka/document/view/2422>

¹⁵ <http://www.economy.ge/?page=projects&s=24>

¹⁶ <http://eurocodes.jrc.ec.europa.eu/showpage.php?id=13>

¹⁷ <http://tacs.gov.ge/pages.aspx?id=7>

¹⁸ <https://www.radiotavisupleba.ge/a/construction-and-security/27314224.html>

unavailable. However, 39% of Georgian exports are linked to CIS countries and seemingly, GOSTs in this field is still in active usage. At least in the case of enterprises, which export in CIS countries¹⁹.

Efforts from the side of the Government to develop European standards in agricultural sector is noteworthy. For example, enterprises which are funded through different projects of Ministry of Agriculture, should meet international standards. As a result, these efforts are translated into a dynamic process of standardisation in this sector.

Energy efficiency sector

On 21st April, the Parliament of Georgia unanimously voted in favour of endorsing the agreement to join the Energy Community. By signing the Energy Community treaty, members commit to implement key EU regulations and rules on electricity and gas networks, environment, renewable energy, energy efficiency, oil and recording energy statistics. Furthermore, on 10th March, the EU launched the project The EU4ENERGY Governance. It is a €6.8 million programme for Eastern Partnership countries which aims to improve the legislative and regulatory framework of the country.

Increasing energy efficiency (EE) is the main path to developing the sector and also saves on finances. Energy efficiency also improves quality of life and contributes to the development of the economy. One of the examples is the consumption of the biomass in Georgia. Biomass plays a major role in Georgia's energy supply as solid biomass is the second largest domestic energy source in Georgia. Its share in the National Energy Balance in 2014 was 11%. The main consumer of biomass is the residential sector and the share of biomass consumption in total energy sector by residential area is 38%. In the residential sector biomass is mainly used for heating. The main issues in the sector leading to high biomass consumption, reduction of forest resources as well as environmental and economic damages can be associated with uncontrolled illegal wood cutting across Georgian regions and poorly insulated buildings causing high heat losses.

Currently, regarding energy efficiency, Georgia has obligations under the Energy Community Treaty (previously it was written in the Association Agreement) to implement the EU Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of the use of energy from renewable sources²⁰ and Directive 2006/32/EC of the European Parliament and of the Council of 5 April 2006 on energy end-use efficiency and energy services.

The most recent directive is that of 25 October 2012 – Directive 2012/27/EU of the European Parliament and of the Council on Energy Efficiency, which, overtime, will repeal Directive 2006/32/EC. Under the directive, countries are required to use energy more efficiently during all stages of the energy chain from its production to its final consumption.

In 2016, with EBRD financial support Georgia has developed the first National Energy Efficiency Action Plan (NEEAP). Although NEEAP has not yet been approved by the Ministry, according to the

¹⁹ http://www.geostat.ge/?action=page&p_id=133&lang=geo

²⁰ The timeline of implementation will be submitted to the Association Council no later than three years after the entry into force of the Treaty.

latest draft an establishment of the Energy Efficiency Fund (Agency) is planned. The goal of the Fund is to support faster implementation of successful energy efficiency programs and the promotion of investments. The Agency will also focus on private actors including industries and power sector companies for EE improvements and audits. According to NEEAP, the agency should start operating in 2017, however without approving the NEEAP itself, it will be hard to predict when the new fund will be established and implement its mandate. As of today, 808 International/European standards are registered in this field in Georgia.

5. Multi-Stakeholders partnerships in standardisation process

Civil society represents an important bridge between the Government and the SMEs. Georgian civil society has become active and is best placed to play a constructive role in stimulating implementation of the DCFTA objectives. The main function of civil society (CSO) is to monitor the implementation of DCFTA and to engage in a working discussion with the Government and to provide expertise as needed. Access to information remains a problem. To avoid an existing knowledge gap, the Government and the CSO should share views (including plans) frequently and even on permanent basis. The formats established up to now are not sufficient to reach a satisfactory level. It is still necessary to develop a new, comprehensive format of cooperation of the Government with the Civil Society.

Regarding, the technical standardisation process, the technical committees create an effective framework for engagement. Each committee brings together relevant representatives of the public sector, SMEs, CSOs and academia to discuss and approve specific standards, with a view of recommending relevant European and international standardisation organisations and national legislative frameworks. For instance, the technical committee for “Food Products” has 35 members, including representatives of state authorities, limited liability entities, research institute etc. Other technical committees respectively bring together relevant stakeholders and the information about their activities is open and accessible for everyone.

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