



2023/2538

15.11.2023

COUNCIL DECISION (EU) 2023/2538

of 9 November 2023

on the position to be taken on behalf of the European Union within the Association Council established by the Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and Georgia, of the other part, as regards the amendment of Annex XXII to that Agreement

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 207, in conjunction with Article 218(9) thereof,

Having regard to the proposal from the European Commission,

Whereas:

- (1) The Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and Georgia, of the other part ⁽¹⁾ (the 'Agreement') was concluded by the Union by Council Decision (EU) 2016/838 ⁽²⁾ and entered into force on 1 July 2016.
- (2) Pursuant to Article 406(3) of the Agreement, the Association Council established by the Agreement (the 'Association Council') has the power to update or amend the Annexes to the Agreement.
- (3) Pursuant to Article 283 of the Agreement, the Parties are to develop their cooperation and harmonise policies in counteracting and fighting fraud and smuggling of excisable products. That cooperation is to include, inter alia, the gradual approximation of excise rates on tobacco products, as far as possible, taking into account the constraints of the regional context, and in line with the World Health Organisation Framework Convention on Tobacco Control. To that end, the Parties are to look to strengthen their cooperation within the regional context.
- (4) Pursuant to Article 285 of the Agreement, Georgia is to carry out approximation of its legislation to the Union acts and international instruments referred to in Annex XXII to the Agreement in accordance with the provisions of that Annex.
- (5) The Association Council is to adopt a decision regarding the amendment of Annex XXII to the Agreement.
- (6) It is appropriate to establish the position to be taken on the Union's behalf within the Association Council, as the envisaged decision will be binding on the Union.
- (7) The position of the Union within the Association Council should therefore be based on the attached draft decision,

HAS ADOPTED THIS DECISION:

Article 1

The position to be taken on the Union's behalf within the Association Council established by the Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and Georgia, of the other part, as regards the amendment of Annex XXII to that Agreement, shall be based on the draft decision of the Association Council attached to this Decision.

⁽¹⁾ OJ L 261, 30.8.2014, p. 4.

⁽²⁾ Council Decision (EU) 2016/838 of 23 May 2016 on the conclusion, on behalf of the European Union, of the Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and Georgia, of the other part (OJ L 141, 28.5.2016, p. 26).

Article 2

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

Done at Brussels, 9 November 2023.

For the Council
The President
N. CALVIÑO SANTAMARÍA

DRAFT

DECISION No .../2023 OF THE EU-GEORGIA ASSOCIATION COUNCIL

of ...

amending Annex XXII to the Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and Georgia, of the other part

THE EU-GEORGIA ASSOCIATION COUNCIL,

Having regard to the Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and Georgia, of the other part, and in particular Article 406 thereof,

Whereas:

- (1) The Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and Georgia, of the other part ⁽¹⁾ (the 'Agreement') was signed on 16 June 2014 and entered into force on 1 July 2016.
- (2) The Preamble to the Agreement recognises the commitment of Georgia to progressively approximating its legislation in the relevant sectors with that of the Union, in accordance with the Agreement and to implementing it effectively. The Preamble also recognises the commitment of the Parties to the Agreement (the 'Parties') to respecting the principles of sustainable development, to protecting the environment and mitigating climate change, to continuous improvement of environmental governance and meeting environmental needs, including cross-border cooperation and implementation of multilateral international agreements, as well as their willingness to improve the level of public health safety and protection of human health as an essential element for sustainable development and economic growth. In the Preamble, the Parties express the belief that the Agreement will create a new climate for economic relations between the Parties and above all for the development of trade and investment, and will stimulate competition, which are factors crucial to economic restructuring and modernisation.
- (3) Article 1 of the Agreement establishes the aim of supporting Georgia's efforts to develop its economic potential through international cooperation, including through the approximation of its legislation to that of the Union.
- (4) Pursuant to Article 283 of the Agreement, the Parties are to develop their cooperation and harmonise policies in counteracting and fighting fraud and smuggling of excisable products. That cooperation is to include, *inter alia*, the gradual approximation of excise rates on tobacco products, as far as possible, taking into account the constraints of the regional context, and in line with the World Health Organisation Framework Convention on Tobacco Control.
- (5) Pursuant to Article 285 of the Agreement, Georgia is to carry out approximation of its legislation to the Union acts and international instruments referred to in Annex XXII to the Agreement in accordance with the provisions of that Annex.
- (6) Pursuant to Article 406(1) and (3) of the Agreement, the Association Council may adopt decisions for the purpose of attaining the objectives of the Agreement. In particular, it may update or amend the Annexes to the Agreement, taking into account the evolution of Union law and applicable standards set out in international instruments deemed relevant by the Parties.
- (7) The Association Council is therefore to amend Annex XXII to the Agreement,

⁽¹⁾ OJ EU L 261, 30.8.2014, p. 4.

HAS ADOPTED THIS DECISION:

Article 1

In accordance with Annex XXII to the Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and Georgia, of the other part (the 'Agreement') and Council Directive 2011/64/EU ⁽¹⁾, by the end of 2026 the overall excise duty, which is to consist of a specific component of between 7,5 % and 76,5 % of the total tax burden, expressed as a fixed amount per 1 000 cigarettes, and an *ad valorem* component, expressed as a percentage of the maximum retail selling price, in Georgia shall not be less than EUR 90 per 1 000 cigarettes and less than 60 % of the weighted average retail price. Georgia shall ensure the target rate of the excise duty through gradual increase until 2026.

Article 2

In accordance with Annex XXII to the Agreement and Directive 2011/64/EU, by the end of 2026 the overall excise duty, which is to consist of specific duty and *ad valorem* duty as appropriate, in Georgia shall not be less than:

- (i) 5 % of the retail selling price or EUR 12 per 1 000 items or per kilogram for cigars and cigarillos;
- (ii) 50 % of the weighted average retail selling price or EUR 60 per kilogram for fine-cut smoking tobacco intended for rolling of cigarettes; and
- (iii) 20 % of the retail selling price or EUR 22 per kilogram for other smoking tobacco.

Georgia shall ensure the target rates of the excise duty referred to in the first paragraph through gradual increase until 2026.

Article 3

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

Done at ...,

*For the Association Council
The Chair*

⁽¹⁾ Council Directive 2011/64/EU of 21 June 2011 on the structure and rates of excise duty applied to manufactured tobacco (OJ EU L 176, 5.7.2011, p. 24).