

ENPI 2011 / 264 459

# **Logistics Processes and Motorways of the Sea II**

**Country Profile** 

**GEORGIA** 

May 2012



This project is funded by the European Union





A project implemented by Egis International / Dornier Consulting





## **TABLE OF CONTENTS**

1	INTRODUCTION	6
2	NATIONAL TRANSPORT POLICY	7
3	LEGAL ENVIRONMENT IN THE FIELD OF TRANSPORT	10
4	NATIONAL POLICY AND LEGISLATION IN TRADE AND TRANSIT	13
5	INVESTMENT IN TRANSPORT AND LOGISTICS SECTOR IN GEORGIA	14
6	STRATEGIC CHALLENGES	16
	6.1 MARKET CHALLENGES	
	6.2.3 Inland Transport Mode: Roads 6.3 TRADE AND TRANSIT FACILITATION	37 39 39
7	PILOT PROJECTS SELECTED FOR MOS I AND ILC PROJECTS	43





## **LIST OF TABLES**

Table 1: Bilateral Agreements with LOGMOS Beneficiary Countries	10
Table 2: Multilateral Agreements with LOGMOS Beneficiary Countries	
Table 3: Tax-Preferences Regimes in Three Designated Tax-Free Zones	13
Table 4: IFI Supported Projects in Georgia	
Table 5: Distribution of Georgia Potential Trade Partners	17
Table 6: Georgia Potential Trade with TRACECA Countries and Europe	18
Table 7: Potential Trade with TRACECA Region - Commodity Structure of Imports to Georgia	22
Table 8: Potential Trade with TRACECA Region - Commodity Structure of Exports from Georgia	24
Table 9: Relevant Berth Data of Poti Port	
Table 10: Relevant Berth Data of Batumi Port	30
Table 11: Main Features of the Georgian Railway Network	33
Table 12: Containers Handled by Sea Ports and on Carried by Railway and Truck	34
Table 13: Containers Transported by Railway from/to Poti and Batumi by Countries	34
Table 14: SWOT Analysis in Trade and Transit Facilitation Procedures	41
Table 15: Selected Pilot Projects in Georgia	43
LIST OF FIGURES	
Figure 1: General Map of Georgia	5
Figure 2: Georgia Trade Partners	16
Figure 3: Georgia Trade Partners, Potential Trade	
Figure 4: Georgia Potential Trade with TRACECA Countries and Europe	
Figure 5: Potential Trade with TRACECA Region - Commodity Structure of Imports to Georgia	
Figure 6: Potential Trade with TRACECA Region – Commodity Structure of Exports from Georgia	
Figure 7: Port of Poti	
Figure 8: Port of Batumi	
Figure 9: Container Feeder under Operations at Batumi International Container Terminal	
Figure 10: Rail Ferry under Operations at Batumi International Container Terminal	
Figure 11: Container Stripping at Batumi International Container Terminal	32
Figure 12: Georgia Railway Map	
Figure 13: Baku – Tbilisi – Kars Railway Project	
Figure 14: Georgia Road Map	37







#### LIST OF ABBREVIATIONS

ADB Asian Development Bank

BICT Batumi International Container Terminal

BIMCO The Baltic and International Maritime Council

BS MoU Black Sea Memorandum of Understanding

BSPA Black Sea Port Association

COSPAS- Cosmicheskaya Sistema Poiska Avariynyh Sudov – Search and Rescue

SARSAT Satellite Aided Tracking

EBRD European Bank for Reconstruction and Development

EDI Electronic Data Interchange
EIB European Investment Bank

EU European Union

FEZ Free Economic Zone
FIZ Free Industrial Zone
FTA Free Trade Agreement

GR Georgian Railways

GRTC Georgian Railway TransContainer
GSP Generalized System of Preferences

IACS International Agency of Classification Societies

ICTS International Container Terminal Services

IFI International Financing Institution

ILC International Logistic Centre

IMO International Maritime Organization

INMARSAT International Maritime Satellite

ITU International Telecommunication UnionJBIC Japan Bank for International CooperationJICA Japan International Cooperation Agency

LOGMOS Logistics Processes and Motorways of the Sea

MLA Multilateral Agreement MOS Motorways of the Sea

MSC Maritime Safety Committee

NATO North Atlantic Treaty Organization

NPLH National Program for Harmonization of the Georgian Legislation

PBOS Planning Board for Ocean Shipping
PCA Partnership Cooperation Agreement

PPP Public Private Partnership







RZD Rossiyskie Zheleznye Dorogi

SAD Single Administrative Documents

SLRP Secondary and Local Roads Project

STCW Standards of Training and Certification and Watchkeeping

SWS Single Window System

TRACECA Transport Corridor Europe Caucasus Asia

UAE United Arab Emirates

USA United States of America

USD United States Dollar

VAT Value Added Tax

WB World Bank

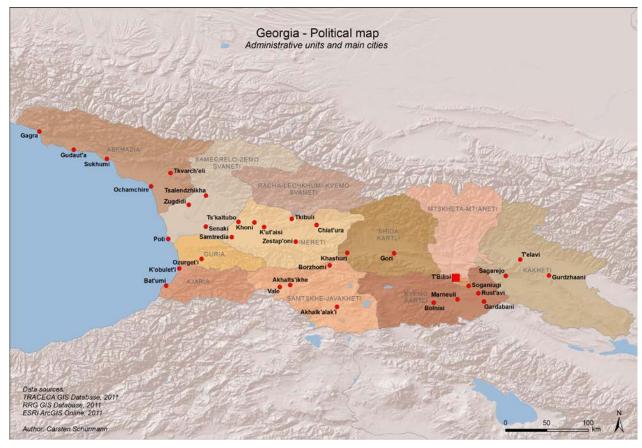
WTO World Trade Organization







Figure 1: General Map of Georgia



Source: TRACECA (2011)







#### INTRODUCTION

Georgia occupies a very central and strategic geographical position in the Southern Caucasus region. It constitutes the western neck of Caucasus through which cargos using the TRACECA corridor are transported. The importance of Georgia is also reinforced as it represents the main gateway to the neighbouring and landlocked Republic of Armenia.

Georgia borders Russia in the North, Azerbaijan in the East, Armenia in the South as well as Turkey. A common maritime border is also shared with Ukraine.

Georgia's transport network is undergoing a great development since the independence of the country. It is today composed of nearly 1 600 km of rail and 20 000 km of roads. It also possesses a number of international ports including Poti and Batumi, which serve as the European gateways for international dry-cargo trade in the whole Caucasus region and beyond.

#### TRACECA Framework

Georgia has also been an active member of TRACECA since the Brussels Conference in May 1993 which gave birth to the TRACECA program

The ten direct beneficiary countries under review by LOGMOS Project share a globally common legal and regulatory background for the transport sector, but also have different laws and rules resulting from different contexts and policies.

International Conventions and regional or bilateral agreements are completing the framework, and there are expected moves at both national and regional (TRACECA and other groups) levels.

The approach of legal issues related to the LOGMOS Project is focusing on the transport laws and regulations as well as on the afore-mentioned national, international, regional and bilateral conventions and agreements which have a direct or indirect impact on surface transport modes with a priority for maritime and intermodal transport<sup>1</sup>.

The TRACECA program started in 1993 as one of the components of the intergovernmental TACIS program. The active participation of Georgia started in September 1998, when it signed without any restriction the Multilateral Agreement (MLA) on the development of the transport corridor Europe - Caucasus - Asia which was also signed by Azerbaijan, Armenia, Bulgaria, Kyrgyzstan, Kazakhstan, Moldova, Romania, Tajikistan, Turkey, Ukraine and Uzbekistan.

After the Intergovernmental Committee and Permanent Secretariat of TRACECA were established in 2000, Georgia set up a TRACECA National Commission headed by a National Secretary.

Georgian representatives take an active part in all conferences and Working group's meetings organized by IGC TRACECA.



<sup>&</sup>lt;sup>1</sup> The Annex 3, Introduction to Legal Case Study of the Progress Report 2, analyzed by the LOGMOS project, can be downloaded here: Progress Report 2, Annex 3 - Introduction to Legal Case Study