GEORGIA - HONG KONG, CHINA FREE TRADE AGREEMENT

PREAMBLE

The Government of Georgia ("Georgia") and the Government of the Hong Kong Special Administrative Region of the People's Republic of China ("Hong Kong, China"), hereinafter referred to collectively as "the Parties":

INSPIRED by their growing bilateral economic and trade relationship;

BUILDING on their rights, obligations and undertakings under the Marrakesh Agreement Establishing the World Trade Organization and the other agreements negotiated thereunder to which both Parties are party;

UPHOLDING the rights of their governments to regulate in order to meet government policy objectives;

DESIRING to strengthen their economic partnership and further liberalise bilateral trade and promote investment to bring economic and social benefits, to create new opportunities for employment and to improve the living standards of their peoples along with the protection of health and safety and of the environment;

REAFFIRMING their commitments to pursue the objective of sustainable development;

RESOLVED to create an expanded market for goods and services through establishing clear rules governing their trade, which will ensure a predictable, transparent and consistent commercial framework for business operations;

DESIRING to create favourable conditions for the development and diversification of trade between them and for the promotion of commercial and economic cooperation in areas of common interest;

RECOGNISING that the strengthening of their economic partnership through a free trade agreement, which removes barriers to trade in goods and services, will produce mutual benefits for Hong Kong, China and Georgia;

CONVINCED that this Agreement will enhance the competitiveness of their firms in global markets and create conditions encouraging economic and trade relations between them;

REAFFIRMING their commitments to democracy, the rule of law, human rights and fundamental political and economic freedoms in accordance with their obligations under international law, and principles and objectives set out in the United Nations Charter and the Universal Declaration of Human Rights; and

AFFIRMING their commitments to prevent and combat corruption in international trade and investment and to promote the principles of transparency and good governance;

Have agreed as follows:

Chapter 1. INITIAL PROVISIONS, DEFINITIONS AND INTERPRETATIONS

Article 1. Establishment of a Free Trade Area

The Parties, consistent with Article XXIV of GATT 1994 and Article V of GATS, hereby establish a free trade area.

Article 2. Relation to other Agreements

The Parties confirm their rights and obligations under the WTO Agreement and the other agreements negotiated thereunder to which both Parties are party, and any other international agreement to which both Parties are party

Article 3. Geographical Application

1. This Agreement shall apply to the respective Areas of the Parties.

2. Each Party is fully responsible for the observance of all provisions of this Agreement and shall take such reasonable measures as may be available to it to ensure their observance by local governments or local authorities, where applicable, in its Area.

Article 4. General Definitions

For the purposes of this Agreement, unless otherwise specified:

(a) Agreement means the Georgia - Hong Kong, China Free Trade Agreement;

(b) Anti-dumping Agreement means the Agreement on Implemeniation of Article VI of the General Agreement on Tariffs and Trade 1994, contained in Annex 1A to the WTO Agreement;

(c) Area in respect of:

(i) Georgia means the territory of Georgia as defined by Georgian legislation, including land territory, its subsoil and the air space above it, internal waters and territorial sea, the sea bed, its subsoil and the air space above them, in respect of which Georgia exercises sovereignty, as well as the contiguous zone, the exclusive economic zone and continental shelf adjacent to its territorial sea, in respect of which Georgia exercises its sovereign rights and/or jurisdiction in accordance with international law; and

(ii) Hong Kong, China means the Hong Kong Special Administrative Region as delineated by the Order of the State Council of the People's Republic of China No. 221 dated 1 July 1997, which includes Hong Kong Island, Kowloon and the New Territories;

(d) Customs Valuation Agreement means the Agreement on the Implementation of Article VII of the General Agreement on Tariffs and Trade 1994, contained in Annex 1A to the WTO Agreement;

(e) days means calendar days;

(f) existing means in effect on the date of entry into force of this Agreement;

(g) FTA Joint Commission means the Hong Kong, China - Georgia Joint Commission established under Article 1 (Establishment of the FTA Joint Commission) of Chapter 15 (Institutional Provisions);

(h) GATS means the General Agreement on Trade in Services, contained in Annex 1B to the WTO Agreement;

(i) GATT 1994 means the General Agreement on Tariffs and Trade 1994, contained in Annex 1A to the WTO Agreement;

(j) Harmonized System (HS) means the /nternational Convention on the Harmonized Commodity Description and Coding System, including its General Rules for the Interpretation of the Harmonized System, Section Notes and Chapter Notes, as adopted and administered by the World Customs Organization;

(k) measure includes any law, regulation, procedure, requirement or practice;

(l) natural person of a Party means:

(i) for Hong Kong, China, a permanent resident of the Hong Kong Special Administrative Region of the People's Republic of China under its internal law; and

(ii) for Georgia, a natural person who under Georgian law is a national of Georgia;

(m) originating means qualifying under the rules of origin set out in Chapter 3 (Rules of Origin) to this Agreement;

(n) SCM Agreement means the Agreement on Subsidies and Countervailing Measures, contained in Annex 1A to the WTO Agreement;

(o) SPS Agreement means the Agreement on the Application of Sanitary and Phytosanitary Measures, contained in Annex 1A to the WTO Agreement;

(p) WTO means the World Trade Organization; and

(q) WTO Agreement means the Marrakesh Agreement Establishing the World Trade Organization, done at Marrakesh on 15 April 1994.

Article 5. Interpretations

In this Agreement, unless the context otherwise requires:

(a) in the case of Hong Kong, China, where an expression is qualified by the term "national", such expression shall be interpreted as pertaining to Hong Kong, China;

(b) in the case of Hong Kong, China, the term "international agreement" shall include an agreement or arrangement entered into by Hong Kong, China with other parts of the People's Republic of China;

(c) in the case of Hong Kong, China, any reference to an international agreement to which a Party is a party shall include an international agreement made applicable to Hong Kong, China, and any reference to the rights, obligations or undertakings of a Party under an international agreement shall include the rights, obligations or undertakings made applicable to Hong Kong, China under such an international agreement; and

(d) where anything under this Agreement is to be done within a number of days after, before, from or of a specified date or event, the specified date or the date on which the specified event occurs shall not be included in calculating that number of days.

Chapter 2. TRADE IN GOODS

Article 1. Definition

For the purposes of this Chapter, customs duty means any import duty or charge of any kind, including any form of surtax or surcharge, imposed in connection with the importation of a good, but does not include any:

(a) charge equivalent to an internal tax imposed consistently with the provisions of paragraph 2 of Article Ill of GATT 1994, in respect of the like domestic product or in respect of an article from which the imported product has been manufactured or produced in whole or in part;

(b) anti-dumping or countervailing duty applied consistently with the provisions of Article VI of GATT 1994, the Anti-dumping Agreement, and the SCM Agreement; or

fees or other charges that are covered by subparagraph 1{(a) of Article VIII of GATT 1994.

Article 2. Scope

This Chapter applies to trade in goods between the Parties.

Article 3. National Treatment on Internal Taxation and Regulation

Each Party shall accord national treatment to the goods of the other Party in accordance with Article Ill of GATT 1994. To this end, Article Ill of GATT 1994 is incorporated into and made part of this Agreement, mutatis mutandis.

Article 4. Elimination of Customs Duties

1. Each Party shall eliminate all its customs duties on goods originating in the other Party as from the date of entry into force of this Agreement except as provided in paragraph 2.

2. The products listed in Annex 2-1 (Georgia's Exclusion List) shall be subject to the most-favoured-nation customs duty rate when imported into Georgia.

3. Neither Party shall increase any existing customs duty or introduce a new customs duty on an originating good of the other Party other than in accordance with this Agreement.

Article 5. Classification of Goods

The classification of goods in trade between the Parties shall be that set out in each Partyâs respective nomenclature in conformity with the Harmonized System.

Article 6. Non-Tariff Measures

1. Unless otherwise provided in this Agreement, neither Party shall adopt or maintain any non-tariff measures, including prohibition or restriction or measure having equivalent effect, on the importation of any goods originating in the Area of the other Party, or on the exportation or sale for export of any goods destined for the Area of the other Party, except in accordance with its rights and obligations under the WTO Agreement.

2. Each Party shall ensure its non-tariff measures permitted in paragraph 1 are not prepared, adopted or applied with a view to, or with the effect of, creating unnecessary obstacles to trade between the Parties.

Article 7. Import Licensing

Each Party shall ensure that import licensing regimes applied to goods originating in the other Party are applied in accordance with the WTO Agreement, and in particular, with the provisions of the Agreement on Import Licensing Procedures, contained in Annex 1A to the WTO Agreement.

Article 8. Fees and Formalities Connected with Importation and Exportation

Each Party shall ensure, in accordance with paragraph 1 of Article VIll of GATT 1994, that all fees, charges, formalities and requirements imposed in connection with the importation and exportation of goods shall be consistent with the obligations under GATT 1994.

Article 9. Administration of Trade Regulations

1. In accordance with Article X of GATT 1994, each Party shall administer in a uniform, impartial and reasonable manner all its laws, regulations, judicial decisions and administrative rulings pertaining to the classification or the valuation of products for customs purposes, or to rates of duty, taxes or other charges, or to requirements, restrictions or prohibitions on imports or exports or on the transfer of payments therefor, or affecting their sale, distribution, transportation, insurance, warehousing inspection, exhibition, processing, mixing or other use.

2. In accordance with Article VIII of GATT 1994, neither Party shall impose substantial penalties for minor breaches of customs regulations or procedural requirements. In particular, no penalty in respect of any omission or mistake in customs documentation, which is easily rectifiable and obviously made without fraudulent intent or gross negligence, shall be greater than necessary to serve merely as a warning.

Chapter 3. RULES OF ORIGIN

Section 1. Rules of Origin

Article 1. Definitions

For the purposes of this Chapter:

(a) chapter, heading and subheading mean respectively a chapter (two-digit codes), a heading (four-digit codes), and a subheading (six-digit codes) of the Harmonized System;

(b) customs value means the value as determined in accordance with Customs Valuation Agreement;

(c) ex-works price means the price paid for the good ex- works to the producer located in a Party in whose undertaking the last working or processing is carried out, provided that the price includes the value of all the materials used, wage and any other cost, and profit minus any internal taxes returned or repaid when the good obtained is exported;

(d) fungible materials means materials which are interchangeable for commercial purposes, whose properties are essentially identical, and between which it is impractical to differentiate by a mere visual examination;

(e) generally accepted accounting principles means the recognised accounting standards of a Party with respect to the recording of revenues, expenses, costs, assets and liabilities, the disclosure of information and the preparation of financial statements, and those standards may encompass broad guidelines of general applications as well as detailed standards, practices and procedures;

(f) good means product or material;

(g) material means an ingredient, part, component, subassembly or good that was physically incorporated into another product or was subject to a process in the production of another product;

(h) Originating material means a material which qualifies as originating in accordance with the provisions of this Chapter;

(i) product means a product being produced, even if it is intended for later use in another production operation; and

(j) production means any methods of obtaining goods including growing, raising, mining, harvesting, fishing, aquaculture, farming, trapping, hunting, capturing, gathering, collecting, breeding, extracting, manufacturing, processing or assembling a good.

Article 2. Originating Goods

Unless otherwise provided in this Chapter, the following goods shall be considered as originating in a Party:

(a) goods wholly obtained or produced in a Party as defined in Article 3 (Goods Wholly Obtained);

(b) goods produced in a Party exclusively from originating materials; and

(c) goods produced from non-originating materials in a Party, provided that the goods conform to a regional value content of no less than 40%, except for the goods listed in Annex 3-1 (Product Specific Rules of Origin) which must comply with the requirements specified therein.

Article 3. Goods Wholly Obtained

For the purpose of subparagraph (a) of Article 2 (Originating Goods), the following goods shall be considered as wholly obtained or produced in a Party:

(a) live animals born and raised in a Party;

(b) goods obtained from live animals referred to in subparagraph (a);

(c) plant, vegetables, fruits and other vegetable products grown, harvested, picked or gathered in a Party;

(d) goods obtained from hunting, trapping, fishing, aquaculture, gathering or capturing conducted in a Party;

(e) minerals and other naturally occurring substances not included in subparagraphs (a) through (d), extracted or taken from its soil, waters, seabed or subsoil beneath the seabed;

(f) goods extracted from the waters, seabed or subsoil beneath the seabed outside the waters of Hong Kong, China, outside the territorial waters of Georgia, and outside the territorial waters of any non-Party, provided that the Party has rights to exploit such waters, seabed or subsoil beneath the seabed in accordance with relevant international agreements to which that Party is a party;

(g) goods of sea fishing and other marine products taken from the sea outside the waters of Hong Kong, China and outside the territorial waters of Georgia by a vessel registered in a Party and flying the flag of that Party or by a vessel licensed in a Party;

(h) goods processed or made on board factory ships registered in a Party and flying the flag of that Party or by a vessel licensed in a Party, exclusively from goods referred to in subparagraph (g);

(i) scrap and waste derived from processing operations in a Party, fit only for the recovery of raw materials;

(j) used goods collected there which fit only for the recovery of raw materials; and

(k) goods produced entirely in a Party exclusively from goods referred to in subparagraphs (a) to (j).

Article 4. Regional Value Content

1. The Regional Value Content (RVC) criterion shall be calculated as follows:

RVC = ex-works price - VNM / ex-works price x 100%

where:

RVC is the regional value content, expressed as a percentage;

VNM is the value of the non-originating materials.

2. VNM shall be determined on the basis of the customs value at the time of importation of the non-originating materials, including materials of undetermined origin. If such value is unknown and cannot be ascertained, the first ascertainable price paid or payable for the materials in a Party shall be applied.

3. If a good which has acquired originating status in accordance with paragraph 1 in a Party is further processed in that Party and used as material in the production of another good, no account shall be taken of the non-originating components of that material in the determination of the originating status of the latter good.

Article 5. Accumulation

The originating material of a Party, used in the production of a good in the other Party, shall be considered to be originating in the latter Party.

Article 6. Minimal Operations or Processes

1. Notwithstanding subparagraph (c) of Article 2 (Originating Goods), a good shall not be considered as originating, if it has only undergone one or more of the following operations or processes:

(a) preservation operations to ensure the good remains in good condition during transport and storage;

(b) simple assembly of parts of articles to constitute a complete article, or disassembly of goods into parts;

(c) packing, unpacking or repacking operations for purposes of sale or presentation;

(d) slaughtering of animals;

(e) washing, cleaning, removal of dust, oxide, oil, paint, or other coverings;

(f) ironing or pressing of textiles;

(g) simple painting and polishing operations;

(h) husking, partial or total bleaching, polishing, and glazing of cereals and rice;

(i) operations to colour sugar or form sugar lumps;

(j) peeling, stoning and shelling, of fruits, nuts and vegetables;

(k) sharpening, simple grinding, or simple cutting;

(l) sifting, screening, sorting, classifying, grading, matching (including the making-up of sets of articles), cutting, slitting, bending, coiling, or uncoiling;

(m) simple placing in bottles, cans, flasks, bags, cases, boxes, fixing on cards or boards, and other similar packaging operations;

(n) affixing or printing marks, labels, logos or other like distinguishing signs on goods or their packaging;

(o) simple mixing of goods, whether or not of different kinds;

(p) mere dilution with water or another substance that does not materially alter the characteristics of the goods; or

(q) operations whose sole purpose is to ease port handling.

2. All operations in the production of a good carried out in a Party shall be taken into account when determining whether the working or process undergone by that good is considered as minimal operations or processes referred to in paragraph 1.

Article 7. De Minimis

A good that does not meet the change in tariff classification required in Annex 3-1 (Product Specific Rules of Origin) is

nonetheless originating, if the value of non-originating materials that have been used in the production of the good and do not undergo the applicable change in_ tariff classification does not exceed 10% of the ex-works price of the given good. The value of the said non-originating materials shall be determined pursuant to paragraph 2 of Article 4 (Regional Value Content).

Article 8 . Fungible Materials

Where originating and non-originating fungible materials are used in the production of a good, the following methods shall be adopted in determining whether the materials used are originating:

(a) physical separation of the materials; or

(b) an inventory management method recognised in the generally accepted accounting principles of the exporting Party, and should be used for at least one fiscal year.

Article 9. Neutral Elements

1. In determining whether a good is an originating good, any neutral elements as defined in paragraph 2 shall be disregarded.

2. Neutral element means a good used in the production, testing or inspection of another good but not physically incorporated into that good by themselves, including:

(a) fuel, energy, catalysts, and solvents;

(b) equipment, devices, and supplies used for testing or inspecting the goods;

(c) gloves, glasses, footwear, clothing, safety equipment, and supplies;

(d) tools, dies, and moulds;

(e) spare parts and materials used in the maintenance of equipment and buildings;

(f) lubricants, greases, compounding materials, and other materials used in production or used to operate equipment and buildings; and

(g) any other goods that are not incorporated into the good but whose use in the production of the good can reasonably be demonstrated to be a part of that production.

Article 10. Packing Materials, Packaging Materials and Containers

1. Packing materials and containers used for the transport of a good shall not be taken into account in determining the origin of the good.

2. The origin of the packaging materials and containers in which a good is packaged for retail sale shall be disregarded in determining the origin of the good, provided that the packaging materials and containers are classified with the good.

3. Notwithstanding paragraph 2, where a good is subject to an RVC requirement, the value of the packaging materials and containers used for retail sale shall be taken into account as originating materials or non-originating materials, as the case may be, in calculating the RVC of the good.

Article 11. Accessories, Spare Parts and Tools

1. Accessories, spare parts, or tools presented and classified with a good shall be considered as part of the good, provided:

(a) they are invoiced together with the good; and

(b) their quantities and values are commercially customary for the good.

2. Where a good is subject to change in tariff classification criterion set out in Annex 3-1 (Product Specific Rules of Origin), accessories, spare parts, or tools described in paragraph 1 shall be disregarded when determining the origin of the good.

3. Where a good is subject to an RVC requirement, the value of the accessories, spare parts or tools described in paragraph 1 shall be taken into account as originating materials or non-originating materials, as the case may be, in calculating the RVC

of the good.

Article 12. Sets

Sets, as defined in General Rule 3 of the Harmonized System, shall be regarded as originating when all component goods are originating. Nevertheless, when a set is composed of originating and non-originating goods, the set as a whole shall be regarded as originating, provided that the value of the non- originating goods does not exceed 15% of the ex-works price of the set.

Article 13. Direct Consignment

1. Preferential tariff treatment under this Agreement shall only be granted to originating goods which are transported directly between the Parties.

2. Notwithstanding paragraph 1, a good whose transport involves transit through one or more non-Parties with or without trans-shipment or temporary storage of up to 6 months in such non-Parties, shall still be considered as directly transported between the Parties, provided that:

(a) the transit entry of the good is justified for geographical reason or by consideration related exclusively to transport requirements;

(b) the good does not undergo any other operation there other than unloading and reloading, or any operation required to keep it in good condition; and

(c) the good remains under customs control during transit in those non-Parties.

3. Compliance with the provisions set out in paragraph 2 shall be evidenced by presenting the customs authorities of the importing Party either with customs documents of the non- Parties, or with any other documents to the satisfaction of the customs authorities of the importing Party.

Section 2. Origin Implementation Procedures

Article 14. Certificate of Origin

1. A Certificate of Origin as set out in Annex 3-2 (Certificate of Origin) shall be issued by an authorised body of a Party (for Georgia, the Customs administration; for Hong Kong, China, the Trade and Industry Department of Hong Kong, China or the Government Approved Certification Organisations of Hong Kong, China) on application by an exporter or producer, provided that the goods can be considered as originating in that Party subject to the provisions of this Chapter.

2. The Certificate of Origin shall:

(a) contain a unique certificate number;

(b) cover one or more goods under one consignment;

(c) state the basis on which the goods are deemed to qualify as originating for the purposes of this Chapter;

(d) contain security features, such as specimen signatures or stamps as advised to the importing Party by the exporting Party; and

(e) be completed in English.

3. The Certificate of Origin shall be issued before or at the time of shipment. It shall be valid for one year from the date of issuance in the exporting Party.

4. Each Party shall inform the customs authorities of the other Party of the name of each authorised body in paragraph 1, as well as relevant contact details, and shall provide details of any security features for relevant forms and documents used by each authorised body, prior to the issuance of any certificates by that body. Any changes in the said information provided shall be promptly notified to the customs authorities of the other Party.

5. A Certificate of Origin may be issued retrospectively within one year from the date of shipment, bearing the words "ISSUED RETROSPECTIVELY" and remain valid for one year from the date of shipment, if:

(a) it was not issued before or at the time of shipment due to force majeure, involuntary errors, omissions or other valid causes; or

(b) it was requested by the customs authorities of the importing Party, where a Certificate of Origin was issued but not accepted at importation.

6. The exporter or producer may, make a written request to the authorised body of the exporting Party for issuing a certified copy, provided that the original copy previously issued has been verified not to be used. The certified copy shall bear the words âCERTIFIED TRUE COPY of the original Certificate of Origin number _ dated __". The certified copy shall be valid during the term of validity of the original Certificate of Origin.

7. When both Parties are satisfied with the full application of the Electronic Origin Data Exchange System set out in Article 21 (Electronic Origin Data Exchange System), the Parties shall agree a date from which the data sent via the Electronic Origin Data Exchange System will replace the paper copy of Certificate of Origin referred to in paragraph 1.

Article 15. Retention of Origin Documents

1. Each Party shall inform its producers, exporters and importers that they should retain documents that prove the originating status of the goods as well as the fulfilment of the other requirements of this Chapter for at least three years or any longer time in accordance with each Party's internal law.

2. Each Party shall require that its authorised bodies retain copies of Certificates of Origin and other related supporting documents for at least three years or any longer time in accordance with each Party's internal law.

Article 16. Obligations Regarding Importations

Unless otherwise provided in this Chapter, the importer claiming for preferential tariff treatment shall:

(a) indicate in the customs declaration that the good qualifies as an originating good;

(b) possess a valid Certificate of Origin, at the time the import customs declaration referred to in subparagraph (a) is made; and

(c) submit the valid Certificate of Origin and other documentary evidence related to the importation of the good, upon request of the customs authorities of the importing Party.

Article 17. Refund of Import Customs Duties or Deposit

1. Where a Certificate of Origin is not submitted to the customs authorities of the importing Party at the time of importation pursuant to Article 16 (Obligations Regarding Importations), upon the request of the importer, the customs authorities of the importing Party may impose the applied non- preferential customs duties, or require a guarantee equivalent to the full amount of the customs duties on that good, provided that the importer formally declares to the customs authorities at the time of importation that the good in question qualifies as an originating good.

2. The importer may apply for a refund of any excess customs duties imposed or guarantee paid provided they can present all the necessary documentation required in Article 16 (Obligations Regarding Importations) and within one year of the date on which the good was exported.

Article 18. Waiver of Certificate of Origin

1. Notwithstanding Article 16 (Obligations Regarding Importations), a Party may waive the requirements for the presentation of a Certificate of Origin to any consignments of originating goods of a customs value not exceeding US$600 or its equivalent amount in the Party's currency.

2. Waivers provided for in paragraph 1 shall not be applicable when it is established by the customs authorities of the importing Party that the importation forms part of a series of importations that may reasonably be considered to have been undertaken or arranged for the purpose of avoiding the submission of a Certificate of Origin.

Article 19. Verification of Origin

1. Subsequent verifications of origin may be carried out at random or whenever the customs authorities of the importing

Party have reasonable doubts as to the authenticity of a Certificate of Origin, the originating status of a good concerned, or the fulfilment of the other requirements of this Chapter. The customs authorities of the importing Party may conduct verification of origin by means of:

(a) request of additional information from the importer;

(b) request of administrative assistance from the customs authorities of the exporting Party to conduct verification; or

(c) conduct verification visit to the premises of the exporter or producer of the exporting Party in company with the customs authorities of the exporting Party, subject to the prior written consent of the exporter or producer and in a manner to be jointly determined by the customs authorities of the Parties.

2. The customs authorities of the importing Party requesting verification pursuant to subparagraphs 1(b) and 1(c) shall issue a written communication to the customs authorities of the exporting Party, specify the reasons, and provide any documents and information supporting the verification request.

3. The importer, exporter, producer or the customs authorities of the exporting Party referred to in paragraph 1 receiving a request for verification shall respond to the request promptly but not later than six months from the date of receipt of the request.

4. If no reply is received within six months from the date of receipt of the request, or if the reply does not contain sufficient information to determine the authenticity of the documents or the originating status of the goods in question, the requesting customs authorities may deny preferential tariff treatment to the good.

Article 20. Denial of Preferential Tariff Treatment

1. Except as otherwise provided in this Chapter, the importing Party may deny claim for preferential tariff treatment if:

(a) the good does not meet the requirements of this Chapter;

(b) the importer, exporter or producer fails to comply with the relevant requirements of this Chapter;

(c) the Certificate of Origin does not meet the requirement of this Chapter; or

(d) in acase stipulated in paragraph 4 of Article 19 (Verification of Origin).

2. In the event preferential tariff treatment is denied, the customs authorities of the importing Party shall provide in writing to the importer the reasons for that decision.

Article 21. Electronic Origin Data Exchange System

Both Parties shall establish an Electronic Origin Data Exchange System to ensure real-time exchange of origin related information between the Parties, including:

(a) information concerning the unique certificate number;

(b) data of Certificates of Origin referred to in paragraph 2 of Article 14 (Certificate of Origin), except subparagraph 2(d) of Article 14 (Certificate of Origin), endorsed by the authorised bodies of the exporting Party;

(c) information of the implementation of preferential tariff treatment administered by the importing Party.

Article 22. Contact Points

Each Party shall designate contact points to ensure the effective and efficient implementation of this Chapter.
All information shall only be exchanged via contact points designated under this Chapter.

Chapter 4. CUSTOMS PROCEDURES AND TRADE FACILITATION

Article 1. Definitions

For the purposes of this Chapter:

(a) Customs, for the purpose of the definition of customs law, means the Government service which is responsible for the

administration of laws and regulations relating to customs and the collection of duties and taxes and which also has the responsibility for the application of other laws and regulations relating to the importation, exportation, movement or storage of goods;

(b) Customs Administration means:

(i) for Hong Kong, China, the Customs and Excise Department of Hong Kong, China; and

(ii) for Georgia, Revenue Service - Legal Entity of Public Law of the Ministry of Finance of Georgia;

(c) customs law means the statutory and regulatory provisions relating to the importation, exportation, movement or storage of goods, the administration and enforcement of which are specifically charged to the Customs, and any regulation made by the Customs under their statutory powers;

(d) customs procedures means the treatment applied by the Customs Administration of a Party to goods and means of transport that are subject to customs control;

(e) means of transport means various types of vessels, vehicles and aircraft which enter or leave the Area of a Party carrying persons or goods.

Article 2. Scope and Objectives

1. This Chapter shall apply, without prejudice to the Parties' respective international obligations and customs law, to customs procedures applied to goods traded between the Parties and to the movement of means of transport between the Parties.

2. The objectives of this Chapter are to:

(a) simplify and harmonise customs procedures of the Parties;

(b) facilitate trade between the Parties; and

(c) promote cooperation between the Customs Administrations of the Parties, within the scope of this Chapter.

Article 3. Facilitation

1. Each Party shall ensure that its customs procedures and practices are predictable, consistent and transparent, and facilitate trade, in accordance with this Chapter.

2. The Parties shall use customs procedures, based, as appropriate, on international standards, aiming to reduce costs and unnecessary delays in trade between them, in particular the standards and recommended practices of the World Customs Organization including the principles of the International Convention on the Simplification and Harmonization of Customs Procedures (as amended), known as the Revised Kyoto Convention.

3. The Parties shall limit controls, formalities and the number of documents required in the context of trade in goods between them to those necessary and appropriate to ensure compliance with legal requirements, thereby simplifying, to the greatest extent possible, the related customs procedures.

4. The Customs Administration of each Party shall periodically review its customs procedures with a view to exploring options for their simplification and the enhancement of mutually beneficial arrangements to facilitate international trade.

Article 4. Transparency

1. Each Party shall promptly publish, including through the internet, its laws and regulations of general application relevant to trade in goods between the Parties. To the extent practicable and where applicable, each Party shall promptly publish its administrative decisions of general application relevant to trade in goods between the Parties.

2. Each Party shall designate one or more enquiry points to address enquiries from interested persons on customs matters, and shall make available, through the internet, information concerning procedures for making such enquiries.

3. To the extent practicable and in a manner consistent with its laws and regulations, each Party shall endeavour to publish, in advance, through the internet, draft laws and regulations of general application relevant to trade between the Parties, with a view to affording the public, especially interested persons, an opportunity to provide comments.

4. Each Party shall ensure, to the extent possible, that a reasonable interval is provided between the publication of new or amended laws and regulations of general application relevant to trade between the Parties and their entry into force.

5. Each Party shall administer, in a uniform, impartial and reasonable manner, its laws and regulations of general application relevant to trade between the Parties.

6. Each Party shall make available, and update to the extent possible and as appropriate, the following through the internet:

(a) a description of its procedures for importation, exportation, and transit, including procedures for appeal or review, that informs the other Party, traders and other interested parties of the practical steps needed for importation, exportation, and transit; and

(b) the forms and documents required for importation into, exportation from, or transit through its Area.

7. Whenever practicable, each Party shall also make available the description referred to in subparagraph 6(a) in one of the official languages of the WTO.

Article 5. Customs Valuation

The Parties shall determine the customs value of goods traded between them in accordance with the provisions of Article VII of GATT 1994 and the Customs Valuation Agreement.

Article 6. Tariff Classification

The Parties shall apply the Harmonized System to goods traded between them.

Article 7. Cooperation

1. To the extent permitted by their laws and regulations, the Customs Administrations of the Parties shall assist each other in relation to:

(a) the implementation and operation of this Chapter; and

(b) such other issues as the Parties may mutually agree.

2. Each Party shall endeavour to provide the other Party with timely notice of any significant modification of its customs law or customs procedures that are likely to substantially affect the operation of this Agreement.

Article 8. Advance Rulings

1. Subject to its customs law, each Party shall provide for written advance rulings in a reasonable and time-bound manner to be issued to a person described in subparagraph 2(a) concerning tariff classification and whether goods are originating under this Agreement.

2. Subject to its customs law, each Party shall adopt or maintain procedures for issuing written advance rulings, which shall:

(a) provide that an exporter, importer or any person with a justifiable cause, or a representative thereof, may apply for an advance ruling before the date of importation of the goods that are the subject of the application, and a Party may require that an applicant to have legal representation or registration in its Area;

(b) include a detailed description of the information required to process a request for an advance ruling;

(c) allow its Customs Administration, at any time during the course of evaluation of an application for an advance ruling, to request that the applicant provides additional information necessary to evaluate the request;

(d) ensure that an advance ruling be based on the facts and circumstances presented by the applicant and any other relevant information in the possession of the decision-maker; and

(e) provide that the advance ruling be issued, in the official language of the issuing Customs Administration, to the applicant expeditiously on receipt of all necessary information within 90 days.

3. Notwithstanding paragraph 1, a Party may decline to issue an advance ruling by promptly notifying the applicant in writing, setting forth the basis for its decision to decline to issue the advance ruling.

4. Notwithstanding paragraph 1, a Party may reject a request for an advance ruling where the additional information requested in accordance with subparagraph 2(c) is not provided within a specified period.

5. Each Party shall endeavour to make the information on advance rulings which it considers to be of significant interest to other traders, publicly available, taking into account the need to protect confidential information.

6. Subject to its customs law and paragraph 7, each Party shall apply an advance ruling to importations into its Area through any port of entry, beginning on the date the advance ruling was issued or on any other date specified in the advance ruling. The Party shall ensure the same treatment of all importations of goods subject to the advance ruling during the validity period regardless of the importer or exporter involved, where the facts and circumstances are identical in all material respects.

7. A Party may modify or revoke an advance ruling, consistent with this Agreement, where there is a change in the relevant laws or regulations; where incorrect information was provided or relevant information was withheld; where there is a change in a material fact; or where there is a change in the circumstances on which the ruling was based.

Article 9. Review and Appeal

Each Party shall, in accordance with its laws and regulations, provide the importer, exporter or any other person affected by its administrative decisions on a customs matter access to:

(a) a level of administrative review of decisions by its Customs Administration, independent of the official or office responsible for the decision under review; and

(b) judicial review of the decisions subject to its laws and regulations.

Article 10. Application of Information Technology

Each Party shall apply information technology to support customs operations, where it is cost-effective and efficient, particularly in the paperless trading context, taking into account developments in this area within relevant international organisations, including the World Customs Organization.

Article 11. Risk Management

1. Each Party shall adopt and maintain a_ risk management system and based on it, the Party shall determine which persons, goods or means of transport are to be examined and the extent of the examination.

2. Each Party shall work to further enhance the use of risk management techniques in the administration of its customs procedures so as to facilitate the clearance of low-risk goods and allow resources to be focused on high-risk goods.

3. Each Party shall apply risk management in a manner that does not create arbitrary or unjustifiable discrimination under the same conditions or a disguised restriction on international trade.

Article 12. Release of Goods

1. Each Party shall adopt or maintain simplified customs procedures for the efficient release of goods in order to facilitate trade between the Parties. For greater certainty, this paragraph shall not require a Party to release goods where its requirements for release have not been met.

2. In accordance with paragraph 1, each Party shall adopt or maintain procedures that:

(a) provide for the release of goods as rapidly as possible after arrival, provided that all other regulatory requirements have been met; and

(b) as appropriate, provide for advance electronic submission and processing of information before the physical arrival of goods with a view to expediting the release of goods.

3. Each Party shall ensure that goods are released within a time period no longer than that required to ensure compliance with its customs law.

Article 13. Perishable Goods

1. With a view to preventing avoidable loss or deterioration of perishable goods, and provided that all regulatory requirements have been met, each Party shall provide for the release of perishable goods:

(a) under normal circumstances within the shortest possible time; and

(b) in exceptional circumstances where it would be appropriate to do so, outside the business hours of customs and other relevant authorities.

2. Each Party shall give appropriate priority to perishable goods when scheduling any examinations that may be required.

3. Each Party shall either arrange, or allow an importer to arrange, for the proper storage of perishable goods pending their release. The Party may require that any storage facilities arranged by the importer have been approved or designated by its relevant authorities. The movement of the goods to those storage facilities, including authorisations for the operator moving the goods, may be subject to the approval, where required, of the relevant authorities. The Party shall, where practicable and consistent with its laws and regulations, upon the request of the importer, provide for any procedure necessary for release to take place at those storage facilities.

4. In cases of significant delay in the release of perishable goods, and upon written request, the importing Party shall, to the extent practicable, provide a communication on the reasons for the delay.

Article 14. Authorised Economic Operator

A Party operating an Authorised Economic Operator System or security measures affecting international trade flows shall:

(a) afford the other Party the possibility of negotiating mutual recognition of authorisation and security measures for the purpose of facilitating international trade while ensuring effective customs control; and

(b) draw on relevant international standards, in particular the SAFE Framework of Standards to Secure and Facilitate Global Trade of the World Customs Organization.

Article 15. Border Agency Cooperation

1. Each Party shall ensure that its authorities and agencies involved in border controls related to import, export or transit of goods, cooperate with one another and coordinate their procedures in order to facilitate trade.

2. Each Party shall endeavour to establish, as far as practicable, an electronic means for communication of relevant information required by its Customs Administration and other relevant border agencies to facilitate the international movement of goods and means of transport.

Article 16. Consultations

1. The Customs Administration of a Party may at any time request consultations with the Customs Administration of the other Party, on any matter arising from the implementation or operation of this Chapter, in cases where there are reasonable grounds provided by the requesting Party. The Customs Administrations of the Parties shall conduct such consultations through their contact points, and such consultations shall take place within 60 days of the request, or any other possible time period that the Customs Administrations of the Parties may mutually determine.

2. In the event that the consultations under paragraph 1 fail to resolve the matter, the requesting Party may refer the matter to the FTA Joint Commission for further consideration.

3. The Customs Administration of each Party shall designate one or more contact points for the purposes of this Chapter. The Customs Administration of each Party shall provide information on its contact points to the Customs Administration of the other Party and promptly notify any amendment of the said information to the Customs Administration of the other Party.

Chapter 5. TECHNICAL BARRIERS TO TRADE

Article 1. Definitions

For the purposes of this Chapter:

(a) TBT Agreement means the Agreement on Technical Barriers to Trade, contained in Annex 1A to the WTO Agreement; and

(b) the definitions in Annex 1 to the TBT Agreement shall apply, mutatis mutandis.

Article 2. Objectives

The objectives of this Chapter are to:

(a) facilitate and promote trade in goods between the Parties by ensuring that technical regulations, standards and conformity assessment procedures do not create unnecessary technical barriers to trade;

(b) strengthen cooperation, including information exchange in relation to the preparation, adoption and application of standards, technical regulations and conformity assessment procedures;

(c) promote mutual understanding of each Party's standards, technical regulations and conformity assessment procedures; and

(d) facilitate implementation of the principles of the TBT Agreement.

Article 3. Scope

This Chapter shall apply to all technical regulations, standards and conformity assessment procedures of each Party that may, directly or indirectly, affect trade in goods between the Parties. It shall exclude:

(a) sanitary or phytosanitary measures as defined in paragraph 1 of Annex A to the SPS Agreement, which are covered in Chapter 6 (Sanitary and Phytosanitary Measures); and

(b) purchasing specifications prepared by governmental bodies for production or consumption requirements of governmental bodies, as provided in Article 1.4 of the TBT Agreement.

Article 4. Affirmation of the TBT Agreement

The Parties affirm their rights and obligations with respect to each other under the TBT Agreement.

Article 5. Technical Regulations (1)

(1) According to the definition of technical regulation in Annex 1 to the TBT Agreement, mandatory standards should be within the scope of technical regulation.

Where relevant international standards exist or their completion is imminent, each Party shall use them, or the relevant parts of them, as a basis for their technical regulations except when such international standards or relevant parts would be an ineffective or inappropriate means for the fulfilment of the legitimate objectives pursued, for instance because of fundamental climatic or geographical factors or fundamental technological problems.

Article 6. International Standards

For the purpose of applying this Chapter, standards issued by international standardising bodies, in particular, the International Organization for Standardization (ISO), the International [Electrotechnical Commission (IEC), the International Telecommunication Union (ITU) and Codex Alimentarius Commission (CAC), shall be considered as relevant international standards in the sense of Article 2.4 of the TBT Agreement.

Article 7. Conformity Assessment Procedures

1. Each Party, with a view to increasing efficiency and ensuring cost effectiveness of conformity assessments, shall, upon request of the other Party, seek to facilitate the acceptance of the results of conformity assessment procedures conducted by the relevant accredited and/or authorised conformity assessment bodies in the Area of that other Party, through a separate mutual recognition agreement.

2. The Parties agree, upon request of a Party, to exchange information on conformity assessment procedures, including testing, certification, and accreditation.

3. When cooperating in conformity assessment, the Parties shall take into consideration their participation in the relevant

international and/or regional organisations.

Article 8. Transparency

1. Each Party affirms its commitment to ensuring that information regarding proposed new or amended technical regulations, standards and conformity assessment procedures is made available in accordance with the relevant notification requirements under the TBT Agreement.

2. Each Party, upon written request of the other Party, shall make available the full text of technical regulations and conformity assessment procedures which are notified to the WTO, in available languages, to the requesting Party within 15 working days after receiving the written request.

3. In connection with the notification requirements under Article 2.9 and Article 5.6 of the TBT Agreement, each Party shall allow at least 60 days for the other Party to present comments on its proposed technical regulations or conformity assessment procedures except where risks to health, safety and the environment arising or threatening to arise warrant urgent actions.

4. Each Party should take the comments of the other Party into due consideration and shall endeavour to provide responses to these comments upon request.

Article 9. Technical Consultations

1. When a Party considers that a relevant technical regulation or conformity assessment procedure of the other Party has constituted unnecessary obstacle to its exports, it may request technical consultations. The requested Party shall respond as early as possible to such request.

2. The requested Party shall enter into technical consultations within a period mutually agreed, with a view to reaching a solution. Technical consultations may be conducted via any means mutually agreed by the Parties.

Article 10. Cooperation

With a view to increasing their mutual understanding of their respective systems and facilitating bilateral trade, the Parties shall strengthen their cooperation in the following areas:

(a) communication between each other's competent authorities, exchange of information in respect of technical regulations, standards, conformity assessment procedures and good regulatory practice;

(b) encouraging, where possible, cooperation between conformity assessment bodies of the Parties;

(c) cooperation in areas of mutual interest in the work of relevant regional and international bodies relating to the development and application of standards and conformity assessment procedures; and

(d) other areas as agreed upon by the Parties.

Article 11. Contact Points

1. Each Party designates a Contact Point, which shall for that Party have the responsibility of coordinating the implementation of this Chapter, as follows:

(a) for Hong Kong, China, the Trade and Industry Department; and

(b) for Georgia, Ministry of Economy and Sustainable Development of Georgia.

2. Each Party shall provide the other Party with the name and the contact details of the relevant official of its designated contact point, including telephone and email.

3. Each Party shall notify the other Party promptly of any change of its contact point or any amendment to the details of the relevant official.

Chapter 6. SANITARY AND PHYTOSANITARY MEASURES

Article 1. Definitions

For the purposes of this Chapter, the definitions in Annex A to the SPS Agreement shall apply, mutatis mutandis.

Article 2. Objectives

The objectives of this Chapter are to:

(a) facilitate trade between the Parties while protecting human, animal or plant life or health in their Areas;

(b) ensure transparency in and understanding of the application of each Partyâs sanitary and phytosanitary measures;

(c) strengthen cooperation between the Parties in the field of sanitary and phytosanitary measures to facilitate trade and access to their respective markets; and

(d) facilitate implementation of the principles of the SPS Agreement.

Article 3. Scope

This Chapter shall apply to all sanitary and phytosanitary measures of a Party, which may, directly or indirectly, affect trade between the Parties.

Article 4. Affirmation of the SPS Agreement

The Parties affirm their rights and obligations with respect to each other under the SPS Agreement.

Article 5. Risk Assessment

The Parties shall ensure that their sanitary or phytosanitary measures are based on an assessment, as appropriate to the circumstances, of the risks to human, animal or plant life or health as provided in Article 5 of the SPS Agreement, taking into account risk assessment techniques developed by the relevant international organisations.

Article 6. Harmonisation

1. The Parties shall make their best endeavour to base their sanitary or phytosanitary measures on international standards, guidelines or recommendations, where they exist.

2. The Parties shall strengthen communications, cooperation and coordination with each other, where appropriate, in the Codex Alimentarius Commission (Codex) and the World Organisation for Animal Health (OIE), and the relevant international and regional organisations operating within the framework of the International Plant Protection Convention (IPPC).

Article 7. Regionalisation

The Parties recognise the principles of regionalisation and their implementation as provided for in Article 6 of the SPS Agreement and the relevant international standards, guidelines and recommendations from the relevant organisations stated in the SPS Agreement.

Article 8. Equivalence

Each Party shall accept sanitary or phytosanitary measures of the other Party as equivalent to its own if the exporting Party objectively demonstrates to the importing Party that its measures achieve the importing Party's appropriate level of sanitary or phytosanitary protection. For this purpose, reasonable access shall be given, upon request, to the importing Party for inspection, testing and other relevant procedures.

Article 9. Transparency

1. Each Party affirms its commitment to ensuring that information regarding proposed new or amended sanitary or phytosanitary measures is made available in accordance with the notification requirements under the SPS Agreement.

2. Each Party, upon written request of the other Party, shall make available the full text of sanitary or phytosanitary measures which are notified to the WTO, in available languages, to the requesting Party within 15 working days after receiving the written request.

3. In connection with the notification requirements under Article 7 of and Annex B to the SPS Agreement, each Party shall allow at least 60 days for the other Party to present comments on its proposed sanitary or phytosanitary measures except where risks to human, animal or plant life or health arising or threatening to arise warrant urgent actions.

4. Each Party shall endeavour to take into consideration the comments of the other Party and provide responses to these comments upon request in reasonable timeframe.

Article 10. Technical Cooperation

1. The Parties agree to explore the opportunity for technical cooperation on sanitary or phytosanitary matters of mutual interest consistent with this Chapter, with a view to enhancing the mutual understanding of the regulatory systems of the Parties and facilitating access to each other's markets.

2. Each Party, on request of the other Party, shall give due consideration to cooperation in relation to sanitary or phytosanitary matters of mutual interest consistent with this Chapter.

Article 11. Contact Points

1. Each Party designates a contact point, which shall for that Party have the responsibility of coordinating the implementation of this Chapter, as follows:

(a) for Hong Kong, China, the Trade and Industry Department; and

(b) for Georgia, the Legal Entity of Public Law - National Food Agency.

2. Each Party shall provide the other Party with the name and the contact details of the relevant official of its designated contact point, including telephone and email.

3. Each Party shall notify the other Party promptly of any change of its contact point or any amendment to the details of the relevant official.

Chapter 7. TRADE REMEDIES

Article 1. Definition

For the purposes of this Chapter, Safeguards Agreement means the Agreement on Safeguards, contained in Annex 1A to the WTO Agreement.

Article 2. Anti-dumping

1. The Parties shall endeavour to refrain from initiating anti-dumping procedures under Article VI of GATT 1994 and the Anti-dumping Agreement against each other.

2. When a Party receives a properly documented application and before initiating an investigation under the Anti-dumping Agreement, the Party shall notify in writing the other Party whose products are allegedly being dumped and allow for a 30-day period for consultations with a view to finding a mutually acceptable solution. The other Party shall request consultations within 20 days from the receipt of the notification and the consultations shall be conducted within the FTA Joint Commission in accordance with the provisions of Chapter 15 (Institutional Provisions).

3. If an anti-dumping measure is applied by a Party, the measure shall be terminated no later than five years from its imposition.

4. A Party shall not initiate an anti-dumping investigation with regard to the same product from the other Party within one year from a determination which resulted in the non- application or revocation of anti-dumping measures or from the termination of a measure pursuant to paragraph 3.

5. If a Party decides to impose an anti-dumping duty, the Party shall apply the âlesser dutyâ rule by determining a duty which is less than the dumping margin, if such lesser duty would be adequate to remove the injury to the domestic industry.

6. Five years after the entry into force of this Agreement, the FTA Joint Commission shall review whether there is a need to maintain the possibility of taking anti-dumping measures between the Parties. If the Parties decide after the first review to maintain this possibility, biennial reviews may thereafter be conducted by the FTA Joint Commission.

Article 3. Subsidies and Countervailing Measures

1. Each Party affirms their commitment to abide by Article XVI of GATT 1994 and the SCM Agreement.

2. Notwithstanding paragraph 1, neither Party shall initiate any investigation or apply any countervailing measure as provided for under Article VI of GATT 1994 and the SCM

Agreement on goods originating in the other Party from the date of entry into force of this Agreement.

Article 4. Global Safeguard Measures

1. Each Party affirms its rights and obligations with respect to another Party under Article XIX of GATT 1994 and the Safeguards Agreement.

2. Unless otherwise provided in paragraph 3, this Agreement does not confer additional rights or obligations on the Parties with regard to actions taken pursuant to Article XIX of GATT 1994 and the Safeguards Agreement.

3. A Party shall promptly notify the other Party in writing, including through electronic means, of the initiation of any global safeguard investigation and the reasons for initiation. Such notification shall be made no later than seven days after such initiation.

Chapter 8. TRADE IN SERVICES

Part I. DEFINITIONS AND SCOPE

Article 1. Definitions

For the purposes of this Chapter:

(a) aircraft repair and maintenance services means such activities when undertaken on an aircraft or a part thereof while it is withdrawn from service and does not include so-called "line maintenance";

(b) commercial presence means any type of business or professional establishment, including through:

(i) the constitution, acquisition or maintenance of a juridical person; or

(ii) the creation or maintenance of a branch or a representative office,

within the Area of a Party for the purpose of supplying a service;

(c) computer reservation system ("CRS") services mean services provided by computerised systems that contain information about air carriers' schedules, availability, fares and fare rules, through which reservations can be made or tickets may be issued;

(d) controlled means having the power to name a majority of directors or otherwise legally direct a juridical person's actions;

(e) juridical person of a Party means any legal entity duly constituted or otherwise organised under applicable law, whether for profit or otherwise, and whether privately-owned or governmentally-owned, including any corporation, trust, partnership, joint venture, sole proprietorship or association, which is either:

(i) constituted or otherwise organised in accordance with the law of that Party, and is engaged in substantive business operations in the Area of that Party; or

(ii) in the case of the supply of a service through commercial presence, owned or controlled by:

(1) natural persons of that Party; or

(2) juridical persons of that Party identified under subparagraph (i);

(f) measure means any measure by a Party, whether in the form of a law, regulation, rule, procedure, decision, administrative action or any other form, taken by:

(i) central, regional or local governments and authorities if any; and

(ii) non-governmental bodies in the exercise of powers delegated by central, regional or local governments or authorities if any;

(g) measures by Parties affecting trade in services include measures in respect of:

(i) the purchase, payment or use of a service;

(ii) the access to and use of, in connection with the supply of a service, services which are required by the Parties to be offered to the public generally; and

(iii) the presence, including commercial presence, of persons of a Party for the supply of a service in the Area of the other Party;

(h) monopoly supplier of a service means any person, public or private, which in the relevant market of the Area of a Party is authorised or established formally or in effect by that Party as the sole supplier of that service;

(i) owned by persons of a Party means more than 50 per cent of the equity interest in a juridical person is beneficially owned by such persons;

(j) person of a Party means either a natural person or a juridical person of a Party;

(k) sector of a service means, with reference to a specific commitment, one or more or all subsectors of that service, as specified in a Party's Schedule of Specific Commitments in Annex 8-1 (Schedules of Specific Commitments), or otherwise the whole of that service sector, including all of its subsectors;

(l) selling and marketing of air transport services means opportunities for the air carrier concerned to sell and market freely its air transport services including all aspects of marketing such as market research, advertising and distribution, but do not include the pricing of air transport services nor the applicable conditions;

(m) services includes any service in any sector except services supplied in the exercise of governmental authority;

(n) service consumer means any person that receives or uses a service;

(o) service supplied in the exercise of governmental authority means any service which is supplied neither on a commercial basis nor in competition with one or more service suppliers;

(p) service supplier of a Party means any person of a Party that supplies a service; (2)

(2) Where the service is not supplied directly by a juridical person but through other forms of commercial presence such as a branch or a representative office, the service supplier (i.e. the juridical person) shall, nonetheless, through such commercial presence be accorded the treatment provided for service suppliers in accordance with this Chapter. Such treatment shall be extended to the commercial presence through which the service is supplied and need not be extended to any other parts of the supplier located outside the Area of a Party where the service is supplied.

(q) supply of a service includes the production, distribution, marketing, sale and delivery of a service;

(r) trade in services means the supply of a service:

(i) from the Area of a Party into the Area of the other Party ("cross-border supply mode");

(ii) in the Area of a Party to the service consumer of the other Party ("consumption abroad mode");

(iii) by a service supplier of a Party, through commercial presence in the Area of the other Party ("commercial presence mode"); and

(iv) by a service supplier of a Party, through presence of natural persons of that Party in the Area of the other Party ("presence of natural persons mode" or "movement of natural persons mode"); and

(s) traffic rights means the right for scheduled and non- scheduled services to operate and/or to carry passengers, cargo and mail for remuneration or hire from, to, within, or over the Area of a Party, including points to be served, routes to be operated, types of traffic to be carried, capacity to be provided, tariffs to be charged and their conditions, and criteria for designation of airlines, including such criteria as number, ownership and control.

Article 2. Scope

1. This Chapter shall apply to measures adopted or maintained by a Party affecting trade in services.

2. This Chapter shall not apply to:

(a) measures affecting air traffic rights, however granted, or measures affecting services directly related to the exercise of air traffic rights and air traffic control and air navigation services, other than measures affecting:

(i) aircraft repair and maintenance services;

(ii) the selling and marketing of air transport services;

(iii) CRS services;

(b) government procurement;

(c) services supplied in the exercise of governmental authority in a Partyâs Area;

(d) subsidies, including grants, provided by a Party or a governmental enterprise thereof, including government-supported loans, guarantees, and insurance, or to any conditions attached to the receipt or continued receipt of such subsidies, whether or not such subsidies are offered exclusively to domestic services, service consumers or service suppliers, except as provided for in Article 14 (Subsidies); and

(e) measures affecting natural persons of a Party seeking access to the employment market of the other Party, or measures regarding citizenship, residence or employment on a permanent basis.

3. The Parties note the multilateral negotiations pursuant to the review of the GATS Annex on Air Transport Services. Upon the conclusion of such multilateral negotiations, the Parties shall conduct a review for the purpose of discussing appropriate amendments to this Agreement so as to incorporate the results of such multilateral negotiations.

Part II. GENERAL OBLIGATIONS AND DISCIPLINES

Article 3. Scheduling of Specific Commitments

1. Where a Party schedules commitments in accordance with this Part, it shall set out in a schedule (its "Schedule of Specific Commitments") the specific commitments it undertakes in accordance with Article 4 (National Treatment), Article 5 (Market Access) and Article 7 (Additional Commitments). With respect to sectors where such commitments are undertaken, its Schedule of Specific Commitments shall specify:

(a) terms, limitations and conditions on market access;

(b) conditions and qualifications on national treatment;

(c) undertakings relating to additional commitments; and

(d) where appropriate, the time-frame for implementation of such commitments.

2. Measures inconsistent with both Article 4 (National Treatment) and Article 5 (Market Access) shall be inscribed in the column relating to Article 5 (Market Access). In this case the inscription will be considered to provide a condition or qualification to Article 4 (National Treatment) as well.

3. Schedules of Specific Commitments are annexed to this Chapter as Annex 8-1 (Schedules of Specific Commitments) and shall form an integral part thereof.

Article 4. National Treatment

1. Where a Party schedules commitments in accordance with this Part, in the sectors inscribed in its Schedule of Specific Commitments in Annex 8-1 (Schedules of Specific Commitments), and subject to any conditions and qualifications set out therein, it shall accord to services and service suppliers of the other Party, in respect of all measures affecting the supply of services, treatment no less favourable than that it accords to its own like services and service suppliers. (3)

(3) Specific commitments assumed under this Article shall not be construed to require the Party to compensate for any inherent competitive disadvantages which result from the foreign character of the relevant services or service suppliers.

2. A Party may meet the requirement in paragraph 1 by according to services and service suppliers of the other Party either formally identical treatment or formally different treatment to that it accords to its own like services and service suppliers.

3. Formally identical or formally different treatment by a Party shall be considered to be less favourable if it modifies the conditions of competition in favour of services or service suppliers of that Party compared to the like service or service suppliers of the other Party.

Article 5. Market Access

1. With respect to market access through the modes of supply identified in paragraph (r) of Article 1 (Definitions), a Party shall accord services and service suppliers of the other Party treatment no less favourable than that provided for under the terms, limitations and conditions agreed and specified in its Schedule of Specific Commitments in Annex 8-1 (Schedules of Specific Commitments). (4)

(4) If a Party undertakes a market access commitment in relation to the supply of a service through the mode of supply referred to in subparagraph (1)(i) of Article 1 (Definitions), and if the cross- border movement of capital is an essential part of the service itself, that Party is thereby committed to allow such movement of capital. If a Party undertakes a market access commitment in relation to the supply of a service through the mode of supply referred to in subparagraph (r)(ii) of Article 1 (Definitions), it is thereby committed to allow related transfers of capital into its Area.

2. In sectors where market access commitments are undertaken, the measures which a Party shall not maintain or adopt, either on the basis of a regional subdivision or on the basis of its entire Area, unless otherwise specified in its Schedule of Specific Commitments in Annex 8-1 (Schedules of Specific Commitments), are defined as:

(a) limitations on the number of service suppliers whether in the form of numerical quotas, monopolies, exclusive service suppliers or the requirements of an economic needs test;

(b) limitations on the total value of service transactions or assets in the form of numerical quotas or the requirement of an economic needs test;

(c) limitations on the total number of service operations or on the total quantity of service output expressed in terms of designated numerical units in the form of quotas or the requirement of an economic needs test; (5)

(5) Subparagraph 2(c) does not cover measures of a Party which limit inputs for the supply of services.

(d) limitations on the total number of natural persons that may be employed in a particular service sector or that a service supplier may employ and who are necessary for, and directly related to, the supply of a specific service in the form of numerical quotas or the requirement of an economic needs test;

(e) measures which restrict or require specific types of legal entity or joint venture through which a service supplier may supply a service; and

(f) limitations on the participation of foreign capital in terms of maximum percentage limit on foreign shareholding or the total value of individual or aggregate foreign investment.

Article 6. Most-Favoured-Nation Treatment

1. Without prejudice to measures taken in accordance with Article VII of GATS, each Party shall accord immediately and unconditionally, in respect of all measures affecting the supply of services, to services and service suppliers of the other Party treatment no less favourable than the treatment it accords to like services and service suppliers of any non-party.

2. Treatment granted under other existing or future agreements concluded by a Party and notified under Article V or Article V bis of GATS shall not be subject to paragraph 1.

3. If a Party concludes or amends an agreement of the type referred to in paragraph 2, it shall, upon request from the other Party, endeavour to accord to the other Party treatment no less favourable than that provided under that agreement. The former Party shall, upon request from the other Party, afford adequate opportunity to the other Party to negotiate the incorporation into this Agreement of a treatment no less favourable than that provided under the former agreement.

4. The provisions of this Chapter shall not be so construed as to prevent the Parties from conferring or according

advantages to adjacent countries in order to facilitate exchanges limited to contiguous frontier zones of services that are both locally produced and consumed.

Article 7. Additional Commitments

A Party may also negotiate commitments with respect to measures affecting trade in services not subject to scheduling under Article 4 (National Treatment) and Article 5 (Market Access), including but not limited to those regarding qualification, standards or licensing matters. Such commitments shall be inscribed in that Party's Schedule of Specific Commitments in Annex 8-1 (Schedules of Specific Commitments).

Part III. OTHER PROVISIONS

Article 8. Domestic Regulation

1. In sectors where specific commitments are undertaken, each Party shall ensure that all measures of general application affecting trade in services are administered in a reasonable, objective and impartial manner. Each Party shall also ensure that measures relating to licensing requirements and procedures, qualification requirements and procedures, and technical standards are not formulated, introduced, implemented, administered or applied with a view to creating unnecessary barriers to trade in services.

2. (a) Each Party shall maintain or institute as soon as practicable judicial, arbitral or administrative tribunals or procedures which provide, on request of an affected service supplier, for the prompt review of, and where justified, appropriate remedies for, administrative decisions affecting trade in services. Where such procedures are not independent of the agency entrusted with the administrative decision concerned, the Party shall ensure that the procedures in fact provide for an objective and impartial review.

(b) The provisions of subparagraph (a) shall not be construed to require a Party to institute such tribunals or procedures where this would be inconsistent with its constitutional structure or the nature of its legal system.

3. Where authorisation is required for the supply of a service on which a specific commitment under this Agreement has been made, the competent authorities of each Party shall:

(a) in the case of an incomplete application, on request of the applicant, identify all the additional information that is required to complete the application and provide the opportunity to remedy deficiencies within a reasonable timeframe;

(b) within a reasonable period of time after the submission of an _ application considered complete under its internal laws and regulations, inform the applicant of the decision whether or not to grant the relevant authorisation;

(c) at the request of the applicant, provide without undue delay information concerning the status of the application; and

(d) if an application is terminated or denied, to the maximum extent possible, inform the applicant in writing and without delay the reasons for such action. The applicant will have the possibility of resubmitting, at its discretion, a new application.

4. To ensure that measures relating to qualification requirements and procedures, technical standards and licensing requirements do not constitute unnecessary barriers to trade in services, the Parties shall jointly review the results of the negotiations on disciplines on these measures pursuant to paragraph 4 of Article VI of GATS, with a view to their incorporation into this Agreement. The Parties note that such disciplines aim to ensure that such requirements are, inter alia:

(a) based on objective and transparent criteria, such as competence and the ability to supply the service;

(b) not more burdensome than necessary to ensure the quality of the service; and

(c) in the case of licensing procedures, not in themselves a restriction on the supply of the service.

5. (a) Insectors in which a Party has undertaken specific commitments, pending the incorporation of the disciplines referred to in paragraph 4, that Party shall not apply licensing and qualification requirements and technical standards that nullify or impair its obligation under this Agreement in a manner which:

(i) does not comply with the criteria outlined in subparagraph 4(a), 4(b) or 4(c); and

(ii) could not reasonably have been expected of that Party at the time the specific commitments in those sectors were made.

(b) In determining whether a Party is in conformity with the obligation under subparagraph (a), account shall be taken of international standards of relevant international organisations applied by that Party. (6)

(6) The term "relevant international organisations" refers to international bodies whose membership is open to the relevant bodies of the Parties to this Agreement.

6. In sectors where specific commitments regarding professional services are undertaken, each Party shall provide for adequate procedures to verify the competence of professionals of the other Party.

7. A Party shall, in accordance with its laws and regulations, permit services suppliers of the other Party to use enterprise names under which they trade in the Area of the other Party.

8. Where a Party maintains measures relating to qualification requirements and _ procedures, â technical standards and licensing requirements, the Party shall make publicly available:

(a) information on requirements and procedures to obtain, renew or retain any licenses or professional qualifications; and

(b) information on technical standards. 9. In respect of non-governmental bodies which are not exercising governmental authorities or are not administering mandatory domestic regulations, each Party shall encourage them to comply with the provisions of this Article.

Article 9. Recognition

1. For the purposes of the fulfilment, in whole or in part, of its standards or criteria for the authorisation, licensing or certification of service suppliers, and subject to the requirements of paragraph 4, a Party may recognise, the education or experience obtained, requirements met, or licences or certifications granted in the other Party. Such recognition, which may be achieved through harmonisation or otherwise, may be based upon an agreement or arrangement between the Parties or may be accorded autonomously.

2. Where a Party recognises, autonomously or by agreement or arrangement, the education or experience obtained, requirements met, or licences or certifications granted in the Area of a non-party, nothing in Article 6 (Most- Favoured-Nation Treatment) shall be construed to require the Party to accord such recognition to the education or experience obtained, requirements met, or licences or certifications granted in the Area of the other Party.

3. A Party that is a party to an agreement or arrangement of the type referred to in paragraph 2, whether existing or in the future, shall afford adequate opportunity for the other Party, on request, to negotiate its accession to such an agreement or arrangement or to negotiate comparable ones with it. Where a Party accords recognition autonomously, it shall afford adequate opportunity for the other Party to demonstrate that the education, experience, licences or certifications obtained or requirements met in that other Party's Area should also be recognised.

4. A Party shall not accord recognition in a manner which would constitute a means of discrimination between the other Party and non-parties in the application of its standards or criteria for the authorisation, licensing or certification of service suppliers, or a disguised restriction on trade in services.

Article 10. Qualifications Recognition Cooperation

1. The Parties agree to encourage, where possible, the relevant bodies in their respective Area responsible for issuance and recognition of professional and vocational qualifications to strengthen cooperation and to explore possibilities for mutual recognition of respective professional and vocational qualifications.

2. The Parties may discuss, as appropriate, relevant bilateral, plurilateral and multilateral agreements relating to professional and vocational services.

Article 11. Payments and Transfers

1. Except in the circumstances envisaged in Article 6 (Measures to Safeguard the Balance of Payments) of Chapter 17 (General Provisions and Exceptions), a Party shall not apply restrictions on international transfers and payments for current transactions relating to its specific commitments.

2. Nothing in this Chapter shall affect the rights and obligations that apply to the Parties under the Articles of Agreement of the International Monetary Fund ("IMF"), including the use of exchange actions which are in conformity with the Articles of

Agreement of the IMF, provided that a Party shall not impose restrictions on any capital transactions inconsistently with its specific commitments regarding such transactions, except under Article 6 (Measures to Safeguard the Balance of Payments) of Chapter 17 (General Provisions and Exceptions), or at the request of the IMF.

Article 12. Denial of Benefits

Subject to prior notification and consultation, a Party may deny the benefits of this Chapter to a service supplier of the other Party if the service supplier is a juridical person:

(a) owned or controlled by persons of a non-party or of the denying Party; and

(b) has no substantive business operations in the Area of the other Party.

Article 13. Transparency

1. Each Party shall ensure that:

(a) regulatory decisions, including the basis for such decisions, are promptly published or otherwise made available to all interested persons; and

(b) its measures relating to services are made publicly available, including the requirements, if any, for permits.

2. Each Party shall ensure that, where a licence is required, all measures relating to the licensing of suppliers of services are made publicly available, including:

(a) the circumstances in which a licence is required;

(b) all applicable licencing procedures;

(c) the period of time normally required to reach a decision concerning a licence application;

(d) the cost of, or fees for applying for, or obtaining, a licence; and

(e) the period of validity of a licence.

3. Each Party shall, in accordance with its laws and regulations, ensure that, on request, an applicant receives reasons for the denial of, revocation of, refusal to renew, or the imposition or modification of conditions on, a licence. Each Party shall endeavour to provide, to the extent possible, such information in writing.

Article 14. Subsidies

1. A Party which considers that it is adversely affected by a subsidy of the other Party may request ad hoc consultations with that Party on such matters. The requested Party shall enter into such consultations.

2. The Parties shall review any disciplines agreed under Article XV of GATS with a view to incorporating them into this Chapter.

Article 15. Monopolies and Exclusive Service Suppliers

1. Each Party shall ensure that any monopoly supplier of a service in its Area does not, in the supply of the monopoly service in the relevant market, act in a manner inconsistent with that Party's obligations under Article 6 (Most-Favoured- Nation Treatment) and its Schedule of Specific Commitments in Annex 8-1 (Schedules of Specific Commitments).

2. Where a Party's monopoly supplier competes, either directly or through an affiliated company, in the supply of a service outside the scope of its monopoly rights and which is subject to that Party's specific commitments in its Schedule of Specific Commitments in Annex 8-1 (Schedules of Specific Commitments), the Party shall ensure that such a supplier does not abuse its monopoly position to act in its Area in a manner inconsistent with such commitments.

3. lf a Party has reason to believe that a monopoly supplier of a service of the other Party is acting in a manner inconsistent with paragraph 1 or 2, that Party may request the other Party establishing, maintaining or authorising such supplier to provide specific information concerning the relevant operations.

4. If, after the date of entry into force of this Agreement, a Party grants monopoly rights regarding the supply of a service

covered by its specific commitments in its Schedule of Specific Commitments in Annex 8-1 (Schedules of Specific Commitments), that Party shall notify the other Party no later than three months before the intended implementation of the grant of monopoly rights, and subparagraph 1(b) and paragraph 2 of Article 17 (Modification of Schedules) shall apply.

5. This Article shall also apply to cases of exclusive service suppliers, where a Party, formally or in effect:

(a) authorises or establishes a small number of service suppliers; and

(b) substantially prevents competition among those suppliers in its Area.

Article 16. Miscellaneous Provisions

1. The GATS Annex on Movement of Natural Persons Supplying Services under the Agreement, the GATS Annex on Financial Services and the GATS Annex on Telecommunications are incorporated into and made part of this Chapter, mutatis mutandis.

2. This Chapter shall include the Annexes and the contents therein which shall form an integral part of this Chapter, and all future legal instruments agreed pursuant to this Chapter.

3. Except as otherwise provided in this Chapter, this Chapter or any action taken under it shall not affect or nullify the rights and obligations of a Party under existing agreements to which it is a party.

Article 17. Modification of Schedules

1. A Party (referred to in this Article as the "modifying Party") may modify or withdraw any commitment in its Schedule of Specific Commitments in Annex 8-1 (Schedules of Specific Commitments) at any time after three years have elapsed from the date on which that commitment entered into force, provided that:

(a) it notifies the other Party (referred to in this Article as the "affected Party") of its intention to modify or withdraw a commitment no later than three months before the intended date of implementation of the modification or withdrawal; and

(b) upon notification of a Party's intent to make such modification or withdrawal, the Parties shall consult and attempt to reach agreement on the appropriate compensatory adjustment.

2. In achieving a compensatory adjustment, the Parties shall endeavour to maintain a general level of mutually advantageous commitment that is not less favourable to trade than provided for in the Schedules of Specific Commitments in Annex 8-1 (Schedules of Specific Commitments) prior to such negotiations.

3. If agreement under subparagraph 1(b) is not reached between the modifying Party and the affected Party within three months, the affected Party may refer the matter to an arbitral tribunal in accordance with the procedures set out in Chapter 16 (Dispute Settlement) or, where agreed between the Parties, to an alternative arbitration procedure.

4. The modifying Party may not modify or withdraw its commitment until it has made the compensatory adjustments in conformity with the findings of the arbitral tribunal in accordance with paragraph 3.

5. If the modifying Party implements its proposed modification or withdrawal and does not comply with the findings of the arbitral tribunal, the affected Party may modify or withdraw substantially equivalent benefits in conformity with the findings of the arbitral tribunal.

Article 18. Contact Points

Each Party shall designate one or more contact points to facilitate communications between the Parties on any matter covered by this Chapter, and shall provide details of such contact points to the other Party. The Parties shall notify each other promptly of any amendments to the details of their contact points.

Article 19. Review

1. The Parties shall consult within three years of the date of entry into force of this Agreement and every five years thereafter, or as otherwise agreed, to review the implementation of this Chapter and consider other trade in services issues of mutual interest, with a view to the progressive liberalisation of the trade in services between them on a mutually advantageous basis.

2. Where a Party unilaterally liberalises a measure affecting market access of a service supplier or suppliers of the other Party, the other Party may request consultations to discuss the measure. Following such consultations, if the Parties agree to incorporate the liberalised measure into the Agreement as a new commitment, the relevant Schedule of Specific Commitments in Annex 8-1 (Schedules of Specific Commitments) shall be amended.

Chapter 9. ELECTRONIC COMMERCE

Article 1. General

The Parties recognise the economic growth and opportunity that electronic commerce provides, the importance of promoting the use and development of electronic commerce, and the applicability of the WTO Agreement to measures affecting electronic commerce.

Article 2. Cooperation on Electronic Commerce

1. The Parties agree to share information and experience on issues related to electronic commerce, including, inter alia, laws and regulations, rules and standards, and best practices.

2. The Parties shall encourage cooperation in research and training activities to enhance the development of electronic commerce.

3. The Parties shall encourage business exchanges, cooperative activities and joint electronic commerce projects.

4. The Parties shall actively participate in regional and multilateral fora to promote the development of electronic commerce in a cooperative manner.

5. The Parties agree that cooperation under this Article shall be conducted in a manner compatible with their respective laws, regulations and competence.

Chapter 10. ESTABLISHMENT

Article 1. Definitions

For the purposes of this Chapter:

(a) commercial presence means any type of business establishment, including through:

(i) the constitution, acquisition or maintenance of a juridical person, or

(ii) the creation or maintenance of a branch or a representative office,

(iii) within the Area of a Party for the purpose of performing an economic activity;

(b) juridical person means any legal entity duly constituted or otherwise organised under applicable law, whether or not for profit, and whether privately-owned or governmentally-owned, including any corporation, trust, partnership, joint venture, sole proprietorship or association;

(c) juridical person of the other Party means a juridical person constituted or otherwise organised under the applicable law of that Party and engaged in substantive business operations in either Party;

Article 2. Scope and Coverage (7)

(7) It is understood that nothing in this Chapter shall be construed to impose any obligation with respect to investment protection matters, such as protection against expropriation, full protection and security and other investment protection matters.

1. This Chapter shall apply to commercial presence in all sectors with the exception of services sectors covered by Chapter 8 (Trade in Services) (8).

(8) It is understood that services specifically exempted from the scope of Chapter 8 (Trade in Services) do not fall under the scope of this Chapter.

2. This Chapter shall be without prejudice to the interpretation or application of other international agreements relating to investment to which Hong Kong, China and Georgia are parties. (9) For greater certainty, in case of conflict, the bilateral agreement concerning promotion and protection of investment to be entered into between the Parties shall prevail.

(9) It is understood that any dispute settlement mechanism in an investment protection agreement to which Hong Kong, China and Georgia are parties is not applicable to alleged breaches of this Chapter.

Article 3. National Treatment

Each Party shall, subject to Article 4 (Reservations) and the reservations set out in Annex 10-1 (Schedules of Reservations), accord to juridical and natural persons of the other Party and to the commercial presence of such persons, treatment no less favourable than that it accords, in like circumstances, to its own juridical and natural persons and to the commercial presence of such persons.

Article 4. Reservations

1. Article 3 (National Treatment) shall not apply to:

(a) any reservation of a Party as set out in Annex 10-1 (Schedules of Reservations);

(b) an amendment to a reservation referred to in subparagraph (a), to the extent that the amendment does not decrease the conformity of the reservation with Article 3 (National Treatment); and

(c) any new reservation adopted by a Party, and incorporated into Annex 10-1 (Schedules of Reservations) which does not affect the overall level of commitments of that Party under this Agreement;

to the extent that such reservations are inconsistent with Article 3 (National Treatment).

2. A Party may, at any time, either upon request of the other Party or unilaterally, remove, in whole or in part, reservations set out in Annex 10-1 (Schedules of Reservations) by written notification to the other Party.

3. A Party may, at any time, incorporate a new reservation into Annex 10-1 (Schedules of Reservations) in accordance with subparagraph 1(c) by written notification to the other Party. On receiving such written notification, the other Party may request consultations regarding the reservation. At the written request of a Party, the Party incorporating the new reservation shall enter into consultations with the requesting Party within 30 days after the date of receipt of the request.

Article 5. Key Personnel

1. Each Party shall, subject to its laws and regulations, endeavour to grant natural persons of the other Party who have established or seek to establish commercial presence in that Party, and key personnel employed by natural or juridical persons of the other Party, temporary entry and stay in its Area in order to engage in activities connected with commercial presence.

2. Each Party shall, subject to its laws and regulations, endeavour to permit natural or juridical persons of the other Party, and their commercial presence, to employ, in connection with commercial presence, any key personnel of the natural or juridical personâs choice regardless of nationality and citizenship provided that such key personnel has been permitted to enter, stay and work in its Area and that the employment concerned conforms to the terms, conditions and time limits of the permission granted to such key personnel.

Article 6. Right to Regulate

1. Nothing in this Chapter shall be construed to prevent a Party from adopting, maintaining or enforcing any measure consistent with this Chapter that is in the public interest, such as measures to meet health, safety or environmental concerns and reasonable measures for prudential purposes.

2. A Party should not waive or otherwise derogate from, or offer to waive or otherwise derogate from, measures provided in paragraph 1 as an encouragement for the establishment, acquisition, expansion or retention in its Area of the commercial presence of a juridical or natural person of the other Party.

Article 7. Transparency

1. Each Party shall promptly publish, make publicly available or provide upon the request of the other Party, its laws, regulations, procedures and administrative rulings and judicial decisions of general application as well as_ international agreements which may affect the commercial presence of juridical and natural persons of the other Party in the Area of the former Party.

2. Nothing in this Chapter shall require a Party to furnish or allow access to any confidential or proprietary information, including information concerning the commercial presence of a particular juridical or natural person, which is designated as confidential under its internal legislation or the disclosure of which would impede law enforcement or be contrary to its laws protecting confidentiality or prejudice legitimate commercial interests of such juridical or natural person.

Article 8. Payments and Transfers

1. Except in the circumstances envisaged in Article 6 (Measures to Safeguard the Balance-of-Payments) of Chapter 17 (General Provisions and Exceptions), a Party shall not apply restrictions on current payments and capital movements relating to commercial presence activities in non-services sectors.

2. Nothing in this Chapter shall affect the rights and obligations that apply to the Parties under the Articles of Agreement of the International Monetary Fund ("IMF"), including the use of exchange actions which are in conformity with the Articles of Agreement of the IMF, provided that a Party shall not impose restrictions on any capital transactions inconsistent with its obligations under this Chapter, except under Article 6 (Measures to Safeguard the Balance of Payments) of Chapter 17 (General Provisions and Exceptions), or at the request of the IMF.

Article 9. Review

This Chapter shall be subject to periodic review within the framework of the FTA Joint Commission regarding the possibility of further developing the Parties' commitments.

ANNEX 10-1. HONG KONG, CHINA’S SCHEDULE OF RESERVATIONS

Sector: Fishing

Sub-sector: -

Legal source or authority of the measure:

Fisheries Protection Ordinance (Cap. 171)

Section 12 of the Merchant Shipping (Local Vessels) Ordinance (Cap. 548)

Succinct description of the measure:

Under the Fisheries Protection Ordinance (Cap. 171), certificated local fishing vessels which possess a valid operating licence under the Merchant Shipping (Local Vessels) Ordinance (Cap. 548) can be registered for engaging in fishing activities within the waters of Hong Kong, China (HKC). Fishing with the use of non-local fishing vessels within the waters of HKC is prohibited.

Under the Merchant Shipping (Local Vessels) Ordinance (Cap. 548), fishing vessels must be certificated. To be certificated as a Local Vessel Class III “fishing vessel” plying within the waters of HKC, if the owner of the vessel is an individual, the owner shall be an individual who holds a valid HKC Identity Card and who is ordinarily resident in HKC.

Purpose or motivation of the measure:

To conserve the depleted fisheries resources in HKC by controlling the size of fishing fleets operating in the waters of HKC.

Sector: Manufacture and storage of dutiable commodities

Sub-sector: -

Legal source or authority of the measure:

Sections 7 & 8A of the Dutiable Commodities Ordinance (Cap. 109)

Regulation 22 of the Dutiable Commodities Regulations (Cap. 109A)

Succinct description of the measure:

To apply for a licence for the manufacture or storage of dutiable commodities under the Dutiable Commodities Ordinance (Cap. 109), the applicant has to appoint a responsible person to be held responsible for the running and management of the premises concerned. The responsible person has to be a HKC resident holding a valid HKC Identity Card.

Purpose or motivation of the measure:

To ensure the effective enforcement of excise control and revenue protection.

Sector: Manufacture of optical discs and stampers

Sub-sector: -

Legal source or authority of the measure: Sections 5(1), 5(2)(c)(v) and 30 of the Prevention of Copyright Piracy Ordinance (Cap. 544)

Succinct description of the measure:

To apply for a licence for the manufacture of optical discs or stampers under the Prevention of Copyright Piracy Ordinance (Cap. 544), the applicant has to be a HKC resident holding a valid HKC Identity Card.

Purpose or motivation of the measure:

To ensure the effective enforcement of copyright protection.

Sector: Mining

Sub-sector: -

Legal source or authority of the measure:

Section 7(1) of Mining Ordinance (Cap. 285)

Succinct description of the measure:

When not resident in HKC every holder of a prospecting or mining licence and every lessee of a mining lease shall at all times have a duly authorised attorney, approved by the Director of Lands, resident in HKC, with full power to represent the holder or lessee in all matters relating to his licence or lease.

Purpose or motivation of the measure:

To ensure the effective enforcement of regulatory measures on mining.

Sector: All sectors

Sub-sector: -

Legal source or authority of the measure: -

Succinct description of the measure: HKC reserves the right to adopt or maintain any measure with respect to the acquisition or ownership of land and properties in HKC.

Purpose or motivation of the measure:

To provide policy flexibility for measures with respect to land and property acquisition or ownership in HKC.

Sector: All sectors

Sub-sector: -

Legal source or authority of the measure: -

Succinct description of the measure:

HKC reserves the right to adopt or maintain any measure with respect to the acquisition, sale or other disposition by natural persons of the other Party of bonds, bills, notes, or other kinds of debt securities or instruments issued by the Government of HKC.

Purpose or motivation of the measure:

To provide policy flexibility for measures with respect to bonds, bills, notes, or other kinds of debt securities or instruments issued by the Government of HKC.

Sector: All sectors

Sub-sector: -

Legal source or authority of the measure: -

Succinct description of the measure:

HKC reserves the right to adopt or maintain any measure with respect to the privatisation or divestment of corporate entities or assets in government ownership.

Purpose or motivation of the measure:

To provide policy flexibility for measures with respect to the privatisation or divestment of corporate entities or assets in government ownership.

Sector: All sectors

Sub-sector: -

Legal source or authority of the measure: -

Succinct description of the measure:

HKC reserves the right to adopt or maintain any measure in respect of subsidies or grants, including government-supported loans, guarantees and insurance, that is not inconsistent with HKC's obligations under the WTO Agreement.

Purpose or motivation of the measure:

To provide policy flexibility for measures with respect to subsidies or grants, including government-supported loans, guarantees and insurance, that are not inconsistent with HKC's obligations under the WTO Agreement.

Sector: All sectors

Sub-sector: -

Legal source or authority of the measure: -

Succinct description of the measure:

HKC reserves the right to adopt or maintain any measure in respect of government procurement that is not inconsistent with HKC's obligations under the WTO Agreement.

Purpose or motivation of the measure:

To provide policy flexibility for measures with respect to government procurement that are not inconsistent with HKC's obligations under the WTO Agreement.

Sector: All sectors

Sub-sector: -

Legal source or authority of the measure: -

Succinct description of the measure:

HKC reserves the right to adopt or maintain any measure in respect of taxation that is not inconsistent with HKC's obligations under the WTO Agreement.

Purpose or motivation of the measure:

To provide policy flexibility for measures with respect to taxation that are not inconsistent with HKC's obligations under the WTO Agreement.

ANNEX 10-1. GEORGIA'S SCHEDULE OF RESERVATIONS

Sector: Fishing

Sub-sector: -

Legal source or authority of the measure: Resolution #138 of the Government of Georgia (August 11, 2005) on "Approval of Regulations on Rules and Conditions on Issuance of Fishing License"

Succinct description of the measure:

Fishing license can be granted only to the resident juridical or natural persons of Georgia.

Purpose or motivation of the measure:

Fisheries policy considerations.

Sector: Agriculture

Sub-sector: Agricultural Cooperation

Legal source or authority of the measure:

Law of Georgia on "Agricultural Cooperative" (July 12, 2013)

Succinct description of the measure:

A member of an agricultural cooperative may be an 18-year or older citizen of Georgia and/or agricultural cooperative registered in Georgia, which directly participates in agricultural activities carried out by the cooperative and owns membership share.

The citizen of foreign country and/or other legal entity of private law (including legal entities registered in foreign country) has a right to be an associated member of the agricultural cooperative, provided they have contributed membership fee, based on this law or decision of cooperative members' assembly.

The associated member may participate in an assembly, but he/she has only the right of deliberative vote.

The associated member has the right to receive dividends from the contributed membership fee; He/she can be elected as the member of the supervisory board or executive council.

The associated member may not be directly involved in agricultural activities carried out by the agricultural cooperative.

Purpose or motivation of the measure:

Agricultural cooperation policy considerations.

Sector: Agriculture

Sub-sector: Purchasing of a state owned agricultural land

Legal source or authority of the measure: Law of Georgia on "State Property" (July 21, 2010)

Succinct description of the measure:

A state owned agricultural land can be purchased by the citizen of Georgia or a private legal entity, registered in Georgia. Georgia reserves the right to maintain or amend the measure or adopt any other measure with respect to agricultural land.

Purpose or motivation of the measure:

Land policy considerations.

Sector: Power and Energy

Sub-sector: -

Legal source or authority of the measure:

Not applicable

Succinct description of the measure:

Georgia reserves the right to maintain or adopt any measure with respect to the power and energy sector.

Purpose or motivation of the measure:

Energy policy considerations.

Chapter 11. INTELLECTUAL PROPERTY

Article 1. Definitions

For the purposes of this Chapter, unless the contrary intention appears:

(a) intellectual property rights refers to copyright and related rights, rights in trade marks, geographical indications, industrial designs, patents and layout- designs (topographies) of integrated circuits, rights in plant varieties, and rights in undisclosed information, as defined and described in the TRIPS Agreement; and

(b) TRIPS Agreement means the Agreement on Trade- Related Aspects of Intellectual Property Rights, contained in Annex 1C to the WTO Agreement, as revised or amended from time to time by a revision or amendment that applies to both Parties and including any waiver of any provision thereof granted by the General Council of WTO.

Article 2. Purpose and Principles

The purpose of this Chapter is to increase the benefits from trade and investment through the protection and enforcement of intellectual property rights. The Parties recognise that:

(a) establishing and maintaining transparent intellectual property systems and promoting and maintaining adequate and effective protection and enforcement of intellectual property rights provides certainty to rights holders and users;

(b) protecting and enforcing intellectual property rights should contribute to the promotion of technological innovation and to the transfer and dissemination of technology;

(c) intellectual property protection promotes economic and social development and can reduce distortion and obstruction to international trade;

(d) intellectual property systems should support open, innovative and efficient markets, including through the effective creation, utilisation, protection and enforcement of intellectual property rights, appropriate limitations and exceptions, and an appropriate balance between the legitimate interests of rights holders, users and the public interest;

(e) intellectual property systems should not themselves become barriers to legitimate trade;

(f) appropriate measures, provided they are consistent with the provisions of the TRIPS Agreement and this Chapter, may be needed to prevent the abuse of intellectual property rights by right holders, or the resort to practices which unreasonably restrain trade, are anti-competitive or adversely affect the international transfer of technology; and

(g) appropriate measures to protect public health and nutrition may be adopted provided they are consistent with the TRIPS Agreement and this Chapter.

Article 3. Obligations Are Minimum Obligations

Each Party shall, at a minimum, give effect to the provisions of this Chapter. A Party may, but shall not be obliged to, provide more extensive protection for, and enforcement of, intellectual property rights than this Chapter requires, provided that this additional protection and enforcement is not inconsistent with the provisions of this Agreement. Each Party shall be free to determine the appropriate method of implementing the provisions of this Chapter within its own legal system and practice.

Article 4. International Agreements

Each Party affirms its commitment to the TRIPS Agreement and any other international agreement relating to intellectual property which applies to both Parties.

Article 5. Intellectual Property and Public Health

The Parties recognise the principles established in the Declaration on the TRIPS Agreement and Public Health adopted on 14 November 2001 in Doha by the Ministerial Conference of the WTO and confirm that the provisions of this Chapter are without prejudice to this Declaration.

Article 6. Exhaustion

Nothing in this Chapter shall affect the freedom of the Parties to determine whether, and under what conditions, the exhaustion of intellectual property rights applies. The Parties agree to further discuss relevant issues relating to the exhaustion of patent rights.

Article 7. Procedures on Acquisition and Maintenance

1. Each Party shall:

(a) continue to work to enhance its examination and registration systems, including through improving examination procedures and maintaining quality registration systems;

(b) provide applicants with a communication in writing of the reasons for any refusal to grant or register an intellectual property right;

(c) provide an opportunity for interested parties to oppose the grant or registration of an intellectual property right, or to seek either revocation, cancellation or invalidation of an existing intellectual property right; and

(d) require that opposition, revocation, cancellation or invalidation decisions be reasoned and in writing.

2. For the purposes of this Article, writing and communication in writing may include writing and communications in an electronic form.

Article 8. Patentable Subject Matter

1. Subject to paragraphs 2 and 3, patents shall be available for any inventions, whether products or processes, in all fields of technology, provided that they are new, involve an inventive step and are capable of industrial application.

2. The Parties may exclude from patentability inventions, the prevention within their Area of the commercial exploitation of which is necessary to protect ordre public or morality, including to protect human, animal or plant life or health or to avoid serious prejudice to the environment, provided that such exclusion is not made merely because the exploitation is prohibited by their law.

3. The Parties may also exclude from patentability:

(a) diagnostic, therapeutic and surgical methods for the treatment of humans or animals; and

(b) plants and animals other than micro-organisms, and essentially biological processes for the production of plants or animals other than non- biological and microbiological processes.

Article 9. Amendments, Corrections and Observations on Patent Applications

Each Party shall provide patent applicants with opportunities to make amendments, corrections and observations in connection with their applications in accordance with each Partyâs laws, regulations and rules.

Article 10. Transparency

To assist with the transparency of the operation of its intellectual property system, Georgia shall make available its registers of patents for invention, utility models, industrial designs, plant varieties, trade marks and geographica lindications on the internet for public inspection, and Hong Kong, China shall, subject to its laws, make available its registers of standard patents, short-term patents, registered designs and trade marks, containing such particulars as are required to be entered therein in accordance with its laws, on the internet for public inspection.

Article 11. Types of Signs as Trade Marks

The Parties agree to cooperate on the means to protect types of signs as trade marks, including visual and sound signs.

Article 12. Well-Known Trade Marks

The Parties shall provide protection for well-known trade marks at least in accordance with Article 16.2 and Article 16.3 of the TRIPS Agreement and Article 6 bis of the Paris Convention for the Protection of Industrial Property, done at Paris on 20 March 1883, as revised or amended from time to time by a revision or amendment that applies to both Parties.

Article 13. Geographical Indications

1. Each Party recognises that geographical indications may be protected through a trade mark or sui generis system or other legal means. (10)

(10) Georgia agrees to provide to Hong Kong, China the English version of any new legislation and/or amendments to legislation on registration of geographical indications, and Hong Kong, China agrees to provide to Georgia the English version of any new legislation and/or amendments to legislation on registration of certification marks and collective marks, through the means referred to in Article 19 (Communications) after the entry into force of such new legislation and/or amendments to the legislation.

2. For the purposes of this Chapter, "geographical indications" are indications which identify a good as originating in the Area of a Party, or a region or a locality in that Area, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin.

3. Without prejudice to Article 22 and Article 23 of the TRIPS Agreement, the Parties shall take all necessary measures, in accordance with this Agreement, to ensure mutual protection of the geographical indications referred to in paragraph 2 that are used to refer to goods originating in the Area of the Parties. Each Party shall provide interested parties with the legal means to prevent the use of such geographical indications for identical or similar goods not originating in the place indicated by the geographical indication in question.

Article 14. Plant Breeders' Rights

The Parties, through their competent agencies, shall cooperate to encourage and facilitate the protection and development of plant breeders' rights with a view to:

(a) better harmonising the plant breeders' rights administrative systems of both Parties, including enhancing the protection of species of mutual interest and exchanging information; and

(b) reducing unnecessary duplicative procedures between their respective plant breedersâ rights examination systems.

Article 15. Collective Management of Copyright

Each Party shall foster the establishment of appropriate bodies for the collective management of copyright and shall encourage such bodies to operate in a manner that is efficient, publicly transparent and accountable to their members.

Article 16. Genetic Resources, Traditional Knowledge and Folklore

1. Subject to the international obligations that are applicable to each Party and each Partyâs laws, the Parties may establish appropriate measures to protect genetic resources, traditional knowledge and folklore.

2. The Parties agree to explore the possibility to further discuss relevant issues concerning genetic resources, traditional knowledge and folklore, taking into account future developments in their respective laws and in multilateral agreements.

Article 17. Enforcement

1. Each Party commits to implementing effective intellectual property enforcement systems with a view to eliminating trade in goods and services infringing intellectual property rights.

2. Each Party shall provide for criminal procedures and penalties in accordance with the TRIPS Agreement to be applied at least in cases of wilful trade mark counterfeiting or copyright piracy on a commercial scale. Remedies available shall include imprisonment and/or monetary fines sufficient to provide a deterrent, and consistent with the level of penalties applied for crimes of a corresponding gravity.

Article 18. Cooperation - General

1. Each Party shall, on request of the other Party, exchange information:

(a) relating to intellectual property policies in their respective administrations;

(b) on changes to, and developments in the implementation of, their respective intellectual property systems; and

(c) on the laws, procedures and practices of general application relating to administration and enforcement of intellectual property rights.

2. Each Party shall, on request of the other Party, consider intellectual property rights issues and questions of interest to private stakeholders.

3. The Parties will consider opportunities for continuing cooperation under established arrangements in areas of mutual interest that aim to improve the operation of the intellectual property rights system, including administrative processes, in each otherâs jurisdictions. This cooperation could include, but is not necessarily limited to:

(a) experience sharing and collaboration in patent examination;

(b) enforcement of intellectual property rights;

(c) raising public awareness on intellectual property issues;

(d) improvement of patent examination quality and efficiency; and

(e) reducing the complexity and cost of obtaining the grant of a patent.

4. Each Party shall, on request of the other Party, give due consideration to any specific cooperation proposal made by the other Party relating to the protection or enforcement of intellectual property rights, promotion of intellectual property trading, or promotion (including organising seminars and workshops) of the use of alternative dispute resolution such as arbitration and mediation to resolve intellectual property disputes between private parties.

Article 19. Communications

1. Each Party shall designate a contact point to facilitate communications between the Parties on any matter covered by this Chapter, and shall provide details of its contact point to the other Party. Each Party shall notify the other Party promptly of any amendment to the details of its contact point.

2. Either Party may at any time request meetings with the other Party to discuss and consider any issue related to intellectual property covered by this Chapter.

3. A request under paragraph 2 shall be conveyed through the contact points referred to in paragraph 1 by any means as may be agreed by the Parties.

Chapter 12. COMPETITION

Article 1. Definitions

For the purposes of this Chapter:

(a) anti-competitive business practices means business activities or transactions that are incompatible with the proper functioning of this Agreement in so far as they may affect trade between the Parties, such as:

(i) agreements between enterprises, decisions by associations of enterprises and concerted practices, which have as their object or effect the prevention, restriction or distortion of competition in the Area of either Party as a whole or in a substantial part thereof;

(ii) any abuse by one or more enterprises of a dominant position which prevents, restricts or distorts competition in the Area of either Party as a whole or in a substantial part thereof;

(iii) concentrations between enterprises, which significantly reduce competition, in particular as a result of the creation or strengthening of a dominant position in the Area of either Party as a whole or in a substantial part thereof; and

(b) competition laws mean:

(i) for Hong Kong, China, the Competition Ordinance (Laws of Hong Kong, Chapter 619) and its subsidiary legislation; and

(ii) for Georgia, the Georgian law on Competition, its implementing regulations and amendments and legislation of regulated sectors of the economy.

Article 2. Objectives

Each Party understands that proscribing anti-competitive business practices, implementing competition policies and cooperating on competition issues contribute to enhancing trade liberalization and promoting economic efficiency and consumer welfare.

Article 3. Competition Laws and Authorities

1. Each Party shall maintain or adopt competition laws that promote and protect the competitive process in its market by proscribing anti-competitive business practices.

2. Each Party shall maintain an authority or authorities responsible for the enforcement of its competition laws.

Article 4. Principles of Law Enforcement

1. Each Party shall ensure consistency with the principles of transparency, non-discrimination, and procedural fairness in its competition law enforcement.

2. Each Party shall treat persons who are not persons of the Party no less favourably than persons of the Party in like circumstances in its competition law enforcement. the Party no less favourably than persons of the Party in like circumstances in its competition law enforcement.

3. Each Party shall ensure that during an investigation to determine whether a person's conduct violates its competition laws, or before it imposes a sanction or remedy against a person for violating its competition laws, it affords that person a reasonable opportunity to present opinion or evidence in its defence.

4. Each Party shall provide a person that is subject to the imposition of a sanction or remedy for violation of its competition laws with the opportunity to seek review of the sanction or remedy in accordance with the laws and regulations of the Party.

Article 5. Transparency

1. Each Party shall make public its competition laws, and regulations, guidelines and any rules issued in relation to the administration of such laws, excluding internal operating procedures.

2. Each Party shall ensure that a final decision finding a violation of its competition laws is in written form and sets out relevant findings of fact and the legal basis on which the decision is based.

3. Each Party shall endeavour to make public the decisions and any orders implementing them in accordance with its laws and regulations, excluding any business confidential information or other information that is protected by its laws and regulations from public disclosure.

Article 6. Cooperation

1. The Parties recognise the importance of cooperation and coordination in the field of competition to promote fair competition.

2. The Parties shall cooperate through notification, consultation, and the exchange of information upon request.

3. The Parties agree that cooperation under this Article shall be conducted in a manner compatible with their respective laws and regulations, and within their respective competence and reasonably available administrative resources. For greater certainty, in the case of Hong Kong, China, its competence refers to such powers and functions that it may lawfully exercise on its own.

Article 7. Confidentiality of Information

1. This Chapter shall not require the sharing of information by the competition authority or authorities of each Party, which is contrary to the Party's laws, regulations or important interests or paragraph 3 of Article 5 (Transparency).

2. The Parties shall maintain the confidentiality of any information provided as confidential by the other Party. The Party receiving such information:

(a) shall use it only for the purpose disclosed at the time of request unless specific permission is granted by the Party providing the information;

(b) shall not disclose it to any other authority, entity or person that is not authorised by the competition authority of the Party providing the information; and

(c) shall comply with any other conditions required by the competition authority of the Party providing the information.

Article 8. Technical Cooperation

The Parties may promote technical cooperation, including exchange of experiences, training programs, workshops and research collaborations for the purpose of enhancing their competition authoritiesâ capacity related to competition policy and law enforcement.

Article 9. Independence of Competition Authorities

Nothing in this Chapter shall be construed to affect the independence of each Party in enforcing its competition laws.

Article 10. Non-Application of Dispute Settlement

Neither Party shall have recourse to the dispute settlement mechanism under Chapter 16 (Dispute Settlement) for any matters arising under this Chapter. Any difference or dispute between the Parties concerning the application, interpretation or implementation of the provisions of this Chapter shall be settled amicably through consultations between the Parties pursuant to Article 11 (Consultations).

Article 11. Consultations

To foster understanding between the Parties, or to address specific matters that arise under this Chapter, each Party shall, on request of the other Party, enter into consultations with the other Party. In its request, the requesting Party shall indicate, if relevant, how the matter affects trade or investment between the Parties.

Chapter 13. ENVIRONMENT AND TRADE

Article 1. Levels of Protection

The Parties reaffirm each Party's right to establish its own levels of environmental protection and its own environmental development priorities, and to adopt or modify its environmental laws and policies.

Article 2. Environmental Laws and Regulations

The Parties recognise that it is inappropriate to encourage trade or investment by weakening or reducing the protections afforded in its environmental laws, regulations, policies and practices. Accordingly, neither Party shall waive or otherwise derogate from such laws, regulations, policies and practices in a manner that weakens or reduces the protections afforded in those laws, regulations, policies and practices in order to encourage trade or investment.

Article 3. Enforcement

Nothing In this Chapter shall be construed to empower a Party's authorities to undertake environmental law enforcement activities in the Area of the other Party.

Article 4. Multilateral Environmental Agreements

The Parties recognise that multilateral environmental agreements (hereinafter referred to as "MEAs") play an important role

globally and domestically in protecting the environment, and reaffirm their commitments to the effective implementation in their laws and practices of the MEAs which apply to both Parties.

Article 5. Review of Environmental Impact

The Parties shall endeavour to review the impact of the implementation of this Agreement on the environment as appropriate, at any time after the entry into force of this Agreement, through their respective participative processes and institutions.

Article 6. Cooperation

Recognising the importance of cooperation in the field of environment in achieving the goals of sustainable development, the Parties commit to conducting cooperative activities in areas of common interest as appropriate.

Article 7. Non-Application of Dispute Settlement

The Parties shall not have recourse to arbitration under Chapter 16 (Dispute Settlement) for matters arising under this Chapter.

Chapter 14. TRANSPARENCY

Article 1. Publication

1. Each Party shall ensure that its laws, regulations, procedures and administrative rulings of general application that may have an impact on any matter covered by this Agreement are promptly published, including through the internet where feasible, or otherwise made available in such a manner as to enable interested persons and the other Party to become acquainted with them.

2. The Parties shall promptly respond to specific questions and, upon request, provide full information to each other on matters referred to in paragraph 1.

3. Nothing in this Chapter shall require a Party to furnish or allow access to confidential information, which is designated as confidential under its internal legislation or the disclosure of which would impede law enforcement or otherwise be contrary to the public interest or which would prejudice the legitimate commercial interests of particular enterprises, public or private.

Article 2. Notification and Provision of Information

1. Each Party shall endeavour to notify the other Party on any measure that the Party considers might materially affect the operation of this Agreement.

2. The information referred to under this Article shall be considered to have been provided when it has been made available by appropriate notification to the WTO or when it has been made publicly available in accordance with the legislation of the Party concerned or has been published on the official, public and fee-free accessible website of the Party concerned.

3. Any notification, response or information provided under this Article shall be without prejudice to any determination as to whether the measure is consistent with this Agreement.

4. Any notification, request, or information under this Article shall be conveyed to the other Party through contact points designated under Article 4 (Contact Point) of Chapter 15 (Institutional Provisions). Article 3 Incorporation For the purposes of this Agreement, Article X of GATT 1994 and Article III of GATS are incorporated into and made part of this Agreement, mutatis mutandis.

Chapter 15. INSTITUTIONAL PROVISIONS

Article 1. Establishment of the FTA Joint Commission

1. The Parties hereby establish the Hong Kong, China - Georgia Joint Commission ("FTA Joint Commission") comprising representatives of each Party. The Parties shall be represented by senior officials designated by them for this purpose.

Article 2. Functions of the FTA Joint Commission

1. The FTA Joint Commission shall:

(a) consider matters relating to the implementation of this Agreement;

(b) consider issues referred to it by either Party or by the committees or working groups established under this Agreement;

(c) in accordance with the objectives of this Agreement, explore opportunities for the further expansion of trade and promotion of investment between the Parties;

(d) consider any proposal to amend this Agreement and make recommendations to the Parties; and

(e) consider any other matter that may affect the operation of this Agreement.

2. The FTA Joint Commission may:

(a) establish additional committees or ad hoc working groups as necessary and refer matters to any committee or working group for advice;

(b) further the implementation of this Agreement through implementing arrangements;

(c) seek to resolve any differences that may arise regarding the interpretation or application of this Agreement, without prejudice to the dispute settlement mechanism in accordance with Chapter 16 (Dispute Settlement);

(d) seek the advice of non-governmental persons or groups on any matter falling within its responsibilities where this would assist the FTA Joint Commission in discharging its responsibilities; and take such other action in the exercise of its functions as the Parties may agree.

Article 3. Rules of Procedure of the FTA Joint Commission

1. The FTAJoint Commission shall, by mutual agreement, take decisions and make recommendations on any matter within its functions, as set out in Article 2 (Functions of the FTA Joint Commission). If a representative of a Party in the FTA Joint Commission has accepted a decision subject to the fulfilment of the Party's internal legal requirements, the decision shall enter into force on the date which the Party notifies that its internal legal requirements have been fulfilled, unless the decision itself specifies a later date for its entry into force. A Party may apply a decision of the FTA Joint Commission provisionally until such decision enters into force for it, subject to its internal legal requirements.

2. The FTA Joint Commission shall meet within one year from the entry into force of this Agreement. Thereafter, it shall meet whenever necessary but normally once every two years. Its meetings shall be chaired successively by each Party. The FTA Joint Commission shall establish its rules of procedure.

3. Each Party may request at any time, through a notice in writing to the other Party, that a special meeting of the FTA Joint Commission be held. Such a meeting shall take place within 30 days from the date of receipt of the request, unless the Parties otherwise agree.

4. The FTA Joint Commission shall ordinarily meet at the level of senior officials, unless there is a request by either Party to convene the meeting at a higher level.

5. Subject to paragraph 4, each Party shall be responsible for the composition of its delegation to the FTA Joint Commission.

6. The Party chairing a session of the FTA Joint Commission shall provide any necessary administrative support for such session, and shall record any decision taken by the FTA Joint Commission, copies of which shall be provided to the other Party.

Article 4. Contact Point

For the purpose of facilitating communication between the Parties on any matter covered by this Agreement, the following contact points are designated:

(a) for Hong Kong, China: Trade and Industry Department; and

(b) for Georgia: Ministry of Economy and Sustainable Development.

Chapter 16. DISPUTE SETTLEMENT

Article 1. Cooperation

The Parties shall at all times endeavour to cooperate with respect to the interpretation and application of this Agreement, and shall when a dispute arises, make every attempt through cooperation and consultations to arrive at a mutually satisfactory solution of any matter that might affect the operation of this Agreement.

Article 2. Scope of Application

Unless otherwise provided in this Agreement, whenever a Party considers that a measure of the other Party is inconsistent with its obligation under this Agreement or the other Party has failed to carry out its obligations under this Agreement, this Chapter shall apply.

Article 3. Choice of Forum

1. Where a dispute regarding the same matter arises under this Agreement and under the WTO Agreement or other agreements including another free trade agreement to which both Parties are party, the complaining Party may select the forum in which to settle the dispute.

2. Once the complaining Party has selected a forum under any of the agreements referred to in paragraph 1, the forum selected shall be used to the exclusion of other fora.

Article 4. Consultations

1. The Parties shall make every attempt to arrive at a mutually satisfactory solution of any dispute through consultations under this Article.

2. The request for consultations shall be submitted in writing and shall set out reasons for the request, including identification of the measure at issue and indication of the legal basis for the complaint. The complaining Party shall deliver the request to the Party complained against.

3. If a request for consultations is made, the Party complained against shall reply to the request within 10 days after the date of its receipt and shall enter into consultations in good faith within a period of not more than:

(a) 15 days after the date of receipt of the request for urgent matters, including those concerning perishable goods; or

(b) 30 days after the date of receipt of the request for all other matters,

with a view to reaching a mutually satisfactory solution.

4. If the Party complained against does not respond within 10 days or enter into consultations within the timeframes referred to in paragraph 3, then the complaining Party may proceed directly to request the establishment of an arbitral tribunal (hereinafter referred to as "Arbitral Tribunal") in accordance with this Chapter.

5. The consultations shall be confidential and without prejudice to the rights of either Party in any further or other proceedings.

Article 5. Good Offices, Conciliation or Mediation

1. The Parties may at any time agree to good offices, conciliation or mediation. They may begin, continue and be terminated at any time, including while proceedings of an Arbitral Tribunal established in accordance with this Chapter are in progress.

2. Proceedings involving good offices, conciliation and mediation, and in particular positions taken by the Parties during those proceedings, shall be confidential and without prejudice to the rights of either Party in any further or other proceedings.

Article 6. Establishment of Arbitral Tribunal

1. The complaining Party may request in writing the establishment of an Arbitral Tribunal if:

(a) the consultations referred to in Article 4 (Consultations) fail to resolve a dispute within:

(i) 30 days after the date of receipt of the request for consultations regarding urgent matters, including those concerning perishable goods; or

(ii) 60 days after the date of receipt of the request for consultations regarding all other matters; or

(b) paragraph 4 of Article 4 (Consultations) applies.

2. The complaining Party shall indicate in the request whether consultations were held, identify the specific measure at issue and provide a brief summary of the factual and legal basis of the complaint sufficient to present the problem clearly, and shall deliver the request to the Party complained against.

3. The date of the establishment of the Arbitral Tribunal shall be the date on which the last arbitrator is appointed.

Article 7. Composition of Arbitral Tribunal

1. An Arbitral Tribunal shall comprise three members.

2. Within 15 days after the date of receipt of the request to establish an Arbitral Tribunal, each Party shall designate one member of the Arbitral Tribunal.

3. The Parties shall designate by mutual agreement the third arbitrator within 30 days after the date of receipt of the request to establish an Arbitral Tribunal. The arbitrator so designated shall chair the Arbitral Tribunal.

4. If any member of the Arbitral Tribunal has not been designated under paragraph 2 or paragraph 3, following 30 days after the date of receipt of the request to establish an Arbitral Tribunal, the Director-General of the WTO shall, at the request of either Party, designate the relevant member within 30 days of the request to the Director-General of the WTO. In the event that the Director-General of the WTO is a national or permanent resident of any Party, the Deputy Director-General or the officer next in seniority who is not a national or permanent resident of any Party shall be requested to make the necessary designations.

5. The chair of the Arbitral Tribunal shall not be a national or permanent resident of any Party, nor be employed by either Party.

6. All arbitrators shall:

(a) have expertise or experience in law, international trade, other matters covered by this Agreement, or the resolution of disputes arising under international trade agreements;

(b) be chosen strictly on the basis of objectivity, reliability, and sound judgment;

(c) not have dealt with the matter under dispute in any capacity;

(d) be independent of, and not be affiliated with or take instructions from, either Party; and

(e) comply with a code of conduct in conformity with the rules established in the Rules of Conduct for the Understanding on Rules and Procedures Governing the Settlement of Disputes adopted by the WTO Dispute Settlement Body on 11 December 1996.

7. If an arbitrator appointed under this Article resigns or becomes unable to act, a substitute arbitrator shall be appointed within 15 days in accordance with the selection procedure as prescribed for the appointment of the original arbitrator and the substitute arbitrator shall have all the powers and duties of the original arbitrator. The work of the Arbitral Tribunal shall be suspended during the appointment of the substitute arbitrator.

Article 8. Function of Arbitral Tribunal

1. The function of the Arbitral Tribunal is to make an objective assessment of the matter before it, including an examination of the law and facts of the case and the applicability of and conformity with this Agreement.

2. Where an Arbitral Tribunal concludes that a measure is inconsistent with this Agreement or the Party complained against has failed to carry out its obligations under this Agreement, it shall recommend that the Party complained against brings the measure into conformity with this Agreement or complies with its obligations under this Agreement.

3. The Arbitral Tribunal shall interpret this Agreement in accordance with customary rules of interpretation of public

international law. The Arbitral Tribunal, in its findings and recommendations, cannot add to or diminish the rights and obligations provided in this Agreement.

Article 9. Rules of Procedure of Arbitral Tribunal

1. Unless the Parties otherwise agree, the arbitral proceedings shall be conducted in accordance with Annex 16- 1 (Rules of Procedure of Arbitral Tribunal).

2. Apart from the rules of procedure set out in this Article and Annex 16-1 (Rules of Procedure of Arbitral Tribunal), the Arbitral Tribunal may, in consultation with the Parties, adopt additional rules of procedure, as it considers appropriate, provided they are not contrary to the provisions of this Chapter and Annex 16-1 (Rules of Procedure of Arbitral Tribunal).

3. The Arbitral Tribunal shall take its decisions by consensus. Where an Arbitral Tribunal is unable to reach consensus, it may take its decisions by majority vote. Arbitrators may furnish separate opinions on matters not unanimously agreed. The Arbitral Tribunal shall indicate separate opinions of the arbitrators on matters not unanimously agreed in its reports, without disclosing which arbitrators are associated with majority or minority opinions. All opinions expressed in the reports of the Arbitral Tribunal by individual arbitrators shall be anonymous.

4. Unless the Parties agree otherwise within 20 days from the date of the establishment of the Arbitral Tribunal, the terms of reference for the Arbitral Tribunal shall be as follows:

"To examine, in the light of the relevant provisions of this Agreement, the matter referred to in the request for the establishment of an Arbitral Tribunal pursuant to Article 6 (Establishment of Arbitral Tribunal) and to make findings of law and facts and if applicable, make recommendations, together with the reasons therefor, for the resolution of the dispute."

5. After consulting the Parties, the Arbitral Tribunal shall, as soon as practicable and whenever possible within 15 days from the date of its establishment, fix the timetable for the arbitral proceedings.

6. Unless the Parties agree otherwise, each Party shall bear the costs of its appointed arbitrator and its own expenses. The costs of the chair of the Arbitral Tribunal and other expenses associated with the conduct of the arbitral proceedings shall be borne by both Parties in equal shares.

Article 10. Suspension or Termination of Proceedings

1. The Parties may agree that the Arbitral Tribunal suspends its work at any time for a period not exceeding 12 months from the date of such agreement. In such event, the Parties shall jointly notify the chair of the Arbitral Tribunal. If the work of the Arbitral Tribunal has been suspended for more than 12 months, the terms of reference for the Arbitral Tribunal shall lapse unless the Parties otherwise agree.

2. The Parties may agree to terminate the proceedings of an Arbitral Tribunal by jointly notifying the chair of the Arbitral Tribunal at any time before the issuance of the final report to the Parties.

Article 11. Reports of Arbitral Tribunal

1. The reports of the Arbitral Tribunal shall be drafted without the presence of the Parties. The Arbitral Tribunal shall base its reports on the relevant provisions of this Agreement, the submissions and arguments of the Parties and any other information provided to the Arbitral Tribunal pursuant to paragraph 14 of Annex 16-1 (Rules of Procedure of Arbitral Tribunal).

2. The Arbitral Tribunal shall present its draft report to the Parties within 90 days after the date of its establishment or in cases of urgency, including those concerning perishable goods, within 30 days after the date of its establishment. In exceptional cases, if the Arbitral Tribunal considers that it cannot present its draft report within 90 days, or within 30 days in cases of urgency, it shall inform the Parties in writing of the reasons for the delay together with an estimate of the period within which it will present its draft report. Any delay shall not exceed a further period of 30 days unless the Parties agree otherwise.

3. The Arbitral Tribunal shall set out in its draft report:

(a) a descriptive section summarising the submissions and arguments of the Parties;

(b) its findings on the law and facts of the case and on the applicability of the relevant provisions of this Agreement;

(c) its findings on whether the measure concerned is inconsistent with this Agreement or whether the Party complained

against has failed to carry out its obligations under this Agreement and, if applicable, recommendations for the resolution of the matter; and

(d) the reasons for its findings and recommendations in subparagraphs (b) and (c).

4. A Party may submit written comments on the draft report to the Arbitral Tribunal within 10 days after receiving the draft report or within such period as the Parties may agree.

5. After considering any written comments by the Parties and making any further examination it considers necessary, the Arbitral Tribunal shall present its final report to the Parties within 30 days, or 15 days in cases of urgency, after presentation of the draft report, unless the Parties agree otherwise. The final report shall set out any further arguments made by the Parties on the draft report as well as relevant findings and recommendations of the Arbitral Tribunal and the reasons thereto.

6. The final report of the Arbitral Tribunal is final and has binding effect on the Parties in respect of that particular case to which the report refers.

7. Unless the Parties otherwise decide, the final report shall be made available to the public no later than 15 days after its issuance, subject to the protection of confidential information.

Article 12. Implementation of Arbitral Tribunal's Final Report

1. If in its final report the Arbitral Tribunal concludes that a measure is inconsistent with this Agreement or the Party complained against has failed to carry out its obligations under this Agreement, the Party complained against shall eliminate the non-conformity or comply with its obligations under this Agreement.

2. The Party complained against shall promptly comply with the obligations in paragraph 1. If this is not practicable, the Party complained against shall comply with the obligations in paragraph 1 within a reasonable period of time.

Article 13. Reasonable Period of Time

1. The reasonable period of time referred to in Article 12 (Implementation of Arbitral Tribunal's Final Report) shall be mutually determined by the Parties. Where the Parties fail to agree on the reasonable period of time within 30 days after the issuance of the final report of the Arbitral Tribunal, either Party may refer the matter to the original Arbitral Tribunal, which shall determine the reasonable period of time.

2. The Arbitral Tribunal shall provide its determination to the Parties pursuant to paragraph 1 within 30 days after the date of the referral of the matter to it.

3. The reasonable period of time normally should not exceed 15 months from the date of issuance of the final report of the Arbitral Tribunal. The reasonable period of time may be extended by mutual agreement of the Parties.

Article 14. Compliance Review

1. Where there is disagreement as to the existence or consistency with this Agreement of measures taken to comply with the obligations in paragraph 1 of Article 12 (Implementation of Arbitral Tribunal’s Final Report), such dispute shall be decided through arbitral proceedings under this Chapter, including wherever possible by resort to the original Arbitral Tribunal with the same arbitrators. Where this is not possible, any substitute arbitrator shall be appointed in the same manner as prescribed for the appointment of the original arbitrator, and shall have all the powers and duties of the original arbitrator.

2. The Arbitral Tribunal shall provide its report to the Parties in respect of the matter under paragraph 1 within 60 days after the date of the referral of the matter to it. When the Arbitral Tribunal considers that it cannot provide its report within this timeframe, it shall inform the Parties in writing of the reasons for the delay together with an estimate of the period within which it will submit its report. Any delay shall not exceed a further period of 15 days unless the Parties agree otherwise.

3. The provisions of this Chapter including Annex 16-1 (Rules of Procedure of Arbitral Tribunal) shall apply, mutatis mutandis, to the arbitral proceedings under this Article.

Article 15. Suspension of Concessions or other Obligations

1. If the Arbitral Tribunal under Article 14 (Compliance Review) finds that the Party complained against fails to comply with

the obligations in paragraph 1 of Article 12 (Implementation of Arbitral Tribunalâs Final Report) within the reasonable period of time, or the Party complained against expresses in writing that it will not comply with the obligations in paragraph 1 of Article 12 (Implementation of Arbitral Tribunal's Final Report), such Party shall, if so requested, enter into negotiations with the complaining Party, with a view to agreeing on a mutually acceptable compensation. If the Parties fail to reach an agreement on compensation within 20 days from the date of receipt of such request or if no such request has been made and the reasonable period of time has expired, the complaining Party may suspend the application of concessions or other obligations to the Party complained against. The complaining Party shall notify the Party complained against 30 days before suspending the concessions or other obligations. The notification shall indicate the level and scope of the suspension of concessions or other obligations.

2. The level of the suspension of concessions or other obligations shall be equivalent to the level of the nullification or impairment. For the avoidance of doubt, any suspension of concessions or other obligations shall be restricted to those accruing to the Party complained against under this Agreement.

3. In considering what concessions or other obligations to suspend:

(a) the complaining Party should first seek to suspend concessions or other obligations in the same sector or sectors as that affected by the measure that the Arbitral Tribunal has found to be inconsistent with the obligations of this Agreement or affected by the failure of a Party complained against to carry out its obligations under this Agreement as determined by the Arbitral Tribunal; and

(b) if the complaining Party considers that it is not practicable or effective to suspend concessions or other obligations in the same sector or sectors, it may suspend concessions or other obligations in other sectors. The communication in which it notifies such a decision shall indicate the reasons on which it is based.

4. Upon written request of the Party complained against, the original Arbitral Tribunal shall determine whether the level of the concessions or other obligations suspended or to be suspended by the complaining Party is excessive pursuant to paragraph 2 or determine whether the principles set forth in paragraph 3 have not been followed. If the Arbitral Tribunal cannot be established with its original members, it shall be established according to the procedures provided in Article 7 (Composition of Arbitral Tribunal).

5. The Arbitral Tribunal shall present its determination within 60 days from the request made pursuant to paragraph 4, or if an Arbitral Tribunal cannot be established with its original members, from the date on which the last arbitrator of the newly established Arbitral Tribunal is appointed.

6. The complaining Party may not suspend the application of concessions or other obligations before the issuance of the determination of the Arbitral Tribunal pursuant to paragraph 5.

7. Compensation and the suspension referred to in this Article shall be temporary measures. Neither compensation nor suspension is preferred to the compliance with the obligations in paragraph 1 of Article 12 (Implementation of Arbitral Tribunalâs Final Report). The suspension shall only be applied until such time as the obligations in paragraph 1 of Article 12 (Implementation of Arbitral Tribunalâs Final Report) are complied with or a mutually satisfactory solution is reached.

Article 16. Post Suspension

1. Without prejudice to the procedures in Article 15 (Suspension of Concessions or Other Obligations), if the Party complained against considers that it has brought the measure into conformity with this Agreement or carried out its obligations under this Agreement, it may provide written notice to the complaining Party with a description of how it has brought the measure into conformity with this Agreement or carried out its obligations under this Agreement. If the complaining Party disagrees, it may refer the matter to the original Arbitral Tribunal within 45 days after receipt of such written notice. Otherwise, the complaining Party shall promptly stop the suspension of concessions or other obligations.

2. The Arbitral Tribunal shall release its report within 60 days after the referral of the matter by the complaining Party pursuant to paragraph 1. If the Arbitral Tribunal concludes that the Party complained against has brought the measure into conformity with this Agreement or carried out its obligations under this Agreement, the complaining Party shall promptly stop the suspension of concessions or other obligations.

Article 17. Private Rights

Neither Party may provide for a right of action under its law including the initiation of proceedings before its respective courts against the other Party on the ground that a measure of the other Party is inconsistent with this Agreement.

ANNEX 16-1. RULES OF PROCEDURE OF ARBITRAL TRIBUNAL

First Written Submissions

1. The complaining Party shall deliver its first written submission to the Arbitral Tribunal and to the Party complained against no later than 20 days after the date of the establishment of the Arbitral Tribunal. The Party complained against shall deliver its first written submission to the Arbitral Tribunal and to the complaining Party no later than 30 days after the date of delivery of the complaining Party's first written submission, unless the Arbitral Tribunal decides otherwise.

2. A Party shall provide a copy of its first written submission to each of the arbitrators and to the other Party. The copy shall be delivered against receipt, or by registered post, courier, or facsimile. A copy of the documents shall also be provided in electronic format.

Hearings

3. The chair of the Arbitral Tribunal shall fix the date and time of the hearings in consultation with the Parties and the other members of the Arbitral Tribunal. The venue of the hearings shall be decided by mutual agreement of the Parties. If there is no agreement, the venue shall alternate between the Areas of the Parties with the first hearing to be held in the Area of the Party complained against. The chair of the Arbitral Tribunal shall notify the Parties in writing of the date, time and venue of the hearings.

4. Unless a Party disagrees, the Arbitral Tribunal may decide to convene additional hearings or not to convene a hearing at all.

5. All arbitrators shall be present at the hearings.

6. The hearings of the Arbitral Tribunal shall be held in closed session.

Supplementary Written Submissions

7. Within 20 days after the date of the hearing, each Party may deliver a supplementary written submission responding to any matter that arose during the hearing. The Parties shall not make new complaints or present new evidence at this stage of the arbitral proceedings unless requested or authorised by the Arbitral Tribunal. The supplementary written submissions shall be delivered in accordance with paragraph 2 of this Annex. The Parties shall deliver their supplementary written submissions simultaneously.

Questions in Writing

8. The Arbitral Tribunal may at any time during the proceedings put questions to the Parties in writing.

9. A Party to whom the Arbitral Tribunal addresses a written question shall deliver the written reply to the Arbitral Tribunal and the other Party in accordance with the timetable established by the Arbitral Tribunal. Each Party shall be given the opportunity to provide written comments on the reply of the other Party within five days after the date of delivery of the reply.

Confidentiality

10. The deliberations of the Arbitral Tribunal and written submissions, documents, information or technical advice submitted to the Arbitral Tribunal as well as the hearings of the Arbitral Tribunal and replies to questions made during the hearings of the Arbitral Tribunal shall be kept confidential. Nothing in this Chapter shall preclude a Party from disclosing statements of its own positions to the public provided that there is no disclosure of information which has been designated as confidential by the other Party or any individual or body referred to in paragraph 14 of this Annex. The information submitted by a Party to the Arbitral Tribunal which that Party has designated as confidential shall be treated as confidential information by the Arbitral Tribunal and the other Party. A Party shall within 28 days after a request of the other Party provide a non-confidential summary of the information contained in its written submissions that could be disclosed to the public.

Ex parte Contacts

11. The Arbitral Tribunal shall not meet or contact a Party in the absence of the other Party.

12. No Party shall contact any arbitrator in relation to the dispute in the absence of the other Party and other arbitrators.

13. No arbitrator shall discuss any aspect of the subject matter of the proceedings with a Party in the absence of the other

Party and other arbitrators.

Role of Experts

14. Upon request of a Party or on its own initiative, the Arbitral Tribunal may seek information and technical advice from any individual or body that it deems appropriate. Any information so obtained shall be provided to the Parties for comments. Where the Arbitral Tribunal takes the information or technical advice into account in the preparation of its reports, it shall also take into account any comments by the Parties on the information or technical advice.

Working Language

15. The working language of the dispute settlement proceedings under this Chapter shall be English. Written submissions, documents, oral arguments or presentations, the reports of the Arbitral Tribunal and all written and oral communications between the Parties and with the Arbitral Tribunal shall be in the English language.

Chapter 17. GENERAL PROVISIONS AND EXCEPTIONS

Article 1. Disclosure and Confidentiality of Information

1. Nothing in this Agreement shall require a Party to furnish or allow access to confidential information, which is designated as confidential under its internal legislation or the disclosure of which would impede law enforcement or otherwise be contrary to the public interest or which would prejudice the legitimate commercial interests of particular enterprises, public or private.

2. Unless otherwise provided in this Agreement, where a Party provides information to the other Party in accordance with this Agreement and designates the information as confidential, the other Party shall maintain the confidentiality of the information.

Article 2. General Exceptions

1. For the purposes of Chapter 2 (Trade in Goods), Chapter 3 (Rules of Origin), Chapter 4 (Customs Procedures and Trade Facilitation), Chapter 5 (Technical Barriers to Trade), Chapter 6 (Sanitary and Phytosanitary Measure), Chapter 7 (Trade Remedies) and the annexes to these Chapters, Article XX of GATT 1994, including its interpretative notes, is incorporated into and made part of this Agreement, mutatis mutandis.

2. For the purposes of Chapter 8 (Trade in Services) and Chapter 10 (Establishment) and the annexes to these Chapters, Article XIV of GATS, including its footnotes, is incorporated into and made part of this Agreement, mutatis mutandis.

Article 3. Security Exceptions

For the purposes of this Agreement, with respect to security exceptions, Article XXI of GATT 1994 and Article XIV bis of GATS are incorporated into and made part of this Agreement, mutatis mutandis.

Article 4. Taxation

This Agreement shall be without prejudice to the interpretation or application of other international agreements relating to taxation to which the Parties are party.

Article 5. Review of Agreement

The Parties shall undertake a general review of this Agreement, with a view to furthering its objectives, within three years from the date of entry into force of this Agreement, and at least every five years thereafter, unless otherwise agreed by the Parties. The review shall include but not be limited to consideration of further liberalisation and expansion of market access.

Article 6. Measures to Safeguard the Balance-of-Payments

1. The Parties shall endeavour to avoid the imposition of restrictions to safeguard the balance-of-payments.

2. Where a Party is in serious balance-of-payments and external financial difficulties or under threat thereof, it may:

(a) in case of trade in goods, in accordance with GATT 1994 and the Understanding on Balance- of-Payments Provisions of

the General Agreement on Tariffs and Trade 1994, contained in Annex 1A to the WTO Agreement, adopt or maintain restrictive import measures;

(b) in case of trade in services, adopt or maintain restrictions on trade in services on which it has undertaken specific commitments, including on payments or transfers for transactions related to such commitments; and

(c) in case of establishment under Chapter 10 (Establishment), in accordance with paragraphs 1 to 3 of Article XII of GATS, mutatis mutandis, adopt or maintain restrictions to safeguard the balance-of-payments.

3. Restrictions adopted or ~maintained under subparagraph 2(b) shall:

(a) be consistent with the Articles of Agreement of the International Monetary Fund;

(b) avoid unnecessary damage to the commercial, economic and financial interests of the other Party;

(c) not exceed those necessary to deal with the circumstances described in paragraph 2;

(d) be temporary and be phased out progressively as the situation specified in paragraph 2 improves; and

(e) be applied on a non-discriminatory basis such that the other Party is treated no less favourably than any non-Party.

4. In determining the incidence of the restrictions adopted or maintained under paragraph 2, the Parties may give priority to economic sectors which are more essential to their economic development. However, such restrictions shall not be adopted or maintained for the purpose of protecting a particular sector.

5. Any restrictions adopted or maintained by a Party under paragraph 2, or any changes therein, shall be notified to the other Party within 14 days after the date such measures are taken.

6. The Party adopting or maintaining any restrictions under paragraph 2 shall commence consultations with the other Party within 45 days after the date of notification in order to review the measures adopted or maintained by it.

Chapter 18. FINAL PROVISIONS

Article 1. Annexes

The Annexes to this Agreement shall constitute an integral part of this Agreement.

Article 2. Entry Into Force

The Parties shall notify each other of the completion of their internal procedures necessary for the entry into force of this Agreement. This Agreement shall enter into force 30 days after the date of receipt of the last written notification.

Article 3. Amendments

1. The Parties may agree in writing to amend this Agreement. Any amendment shall enter into force in accordance with the procedures required for the entry into force of this Agreement.

2. If any amendment is made to the WTO Agreement or any other international agreement, or a provision therein, that has been incorporated into this Agreement, the Parties shall consult each other on whether to amend this Agreement accordingly, unless otherwise provided in this Agreement.

Article 4. Termination

1. This Agreement shall remain in force unless either Party notifies the other Party in writing to terminate this Agreement. Such termination shall take effect 180 days after the date of receipt of the notification.

2. Within 30 days after a notification referred to in paragraph 1 is issued, either Party may request consultations regarding whether the termination of any provision of this Agreement should take effect on a date later than the date of termination as determined under paragraph 1. Such consultations shall commence within 30 days after the delivery of such request to the other Party and shall be completed before the date of termination as determined under paragraph 1.

In WITNESS WHEREOF, the undersigned, being duly authorised by their respective Governments, have signed this Agreement.

Done in duplicate at Hong Kong on the 28th day of June 2018 in the English language.

For the Government of Georgia

GENADI ARVELADZE

Deputy Minister of Economy and Sustainable Development of Georgia

For the Government of the Hong Kong Special Administrative Region of the People's Republic of China

EDWARD YAU TANG-WAH

Secretary for Commerce and Economic Development