

**Opening Address at the first "Energy Policy and Sustainability" Seminar
20/2/2014 (15.00-15.45) – Ilia State University**

Ladies and Gentlemen,

I am delighted to stand here today at the Ilia State University and to open the first "Energy Policy and Sustainability" Seminar.

This is my first time in Georgia and the culmination of the excellent impressions I have had from Georgia! And I do not just mean your excellent gastronomy and wine, but also your hospitality and sense of commitment.

Today, I met several members of the Government, and I met business representatives. It is a particular pleasure to me to meet with all of you here, as representatives of the civil society and as voices of the society you represent. This is why I would not like to come here and just make a speech, but I would rather prefer hearing from you, from your impressions and expectations. Let me therefore keep my words short.

You have come a long way since Georgia's independence in 1991. Over the past few years, Georgia has undertaken considerable efforts to move closer to the EU. These efforts are now resulting in important milestones that will mark the start of a new era in our relationship. After a three-year process, the EU and Georgia initialled last November the Association Agreement and its related Deep and Comprehensive Free Trade Area. We expect to sign these agreements by this summer.

These agreements are the most advanced of their type ever negotiated by the EU and they will entail significant benefits to Georgia. Firstly, the ambitious liberalisation of import duties will provide better access for Georgian goods and services to the EU market, the largest single market in the world. It is estimated that the Deep and Comprehensive free Trade Agreement could **boost trade** between the EU and Georgia by **12% as regards Georgia's exports to the EU**, and **by 7.5% on imports from the EU**. This opportunity will be maximised by policy reforms and regulatory approximation in line with the EU standards, which will greatly contribute to the creation of an open, stable and predictable policy-making environment. In turn, these developments will also boost the inflow of European and Foreign Direct Investments to Georgia creating more enterprises and strengthening the competitiveness of the economy and individual sectors.. Stronger domestic rules will improve the **safety of consumer products** and therefore of consumers in general.

The DCFTA as a whole is expected to improve the current account balance of Georgia and boost the GDP by 4.3% (292 million EUR in national income), provided that the reforms are completed.

But it is not just trade we are talking about. We are talking about people! As an example, since 2012 the EU and Georgia hold a dialogue on visa liberalisation, and the EU-Georgia Visa Facilitation Agreement has been the first of the kind between the EU and a Southern Caucasus country. The Association Agreement also places great emphasis to the full absorption of values, such as democracy and rule of law, human rights and fundamental freedoms, good governance and sustainable development.

All in all, the implementation of these agreements will be conducive to further socioeconomic development and competitiveness, and hence to enhanced growth and job opportunities. Equally importantly, it will facilitate the progressive integration of Georgia with the EU standards and economy.

It is no secret that Georgia could be subject to significant external pressure to prevent the completion of these agreements. In the EU, we are aware of this, and we have a lot of respect and appreciation for Georgia's choice. I want to reassure you that the EU will remain vigilant and will stand by Georgia, in particular in the run-up to the signature of the agreements.

In addition, the EU will also support Georgia in implementing the ambitious reforms, both financially and by sharing the EU experience and know-how. In 2011-2013, the European Neighbourhood and Partnership Instrument provided Georgia with 230m EUR. Further considerable assistance will be devoted to the implementation of the Free Trade Agreement.

Energy cooperation is paramount to our overall partnership. Today, the Government of Georgia and the European Union launched the negotiations on Georgia's membership in the Energy Community.

We expect to finalise these negotiations by September this year.

What benefits does Georgia have from the Energy Community membership ?

By extending most of the EU's internal energy policy to the contracting parties, the Energy Community creates the right conditions for a modern and competitive energy sector. This in turn attracts investments in power generation and networks, facilitates energy trade, and increases both the sustainability and the security of supply of the energy sector.

Placed in the heart of South Caucasus, Georgia plays an increasingly important role in the transit of hydrocarbons towards the EU. In particular, Georgia is a key transit country for the Southern Gas Corridor, a top priority project that will deliver natural gas from the Caspian Sea to the large EU and Turkish energy markets. The Final Investment Decision taken by the Shah Deniz II consortium last December represents a landmark decision for the Southern Gas Corridor that is of high strategic relevance for both Georgia and the EU.

The realisation of the Southern Gas Corridor will in fact provide strong incentives to further deepen and sustain our energy cooperation based on mutual benefits. In this respect, this project still has a tremendous unexploited potential that can be realised. The EU does not expect the Southern Gas Corridor to only transport gas from Shah Deniz II field. We expect that in the medium-term this corridor could supply 10% of EU demand, accommodating additional volumes from other gas fields in Azerbaijan, Turkmenistan, Iraq, but potentially also Iran, among others. Upon realisation of the Trans-Caspian Pipeline, Turkmenistan alone has indicated that is like to supply 30 bcm per year to the EU by 2025.

Facilitating and supporting the realisation of this potential is in our mutual interest as it would maximise commercial benefits, strengthen the security of energy supply in Europe and in the region, and it would create a true "win-win" relationship based upon our common strategic interests.

Ladies and Gentlemen,

The EU attaches great value to Georgia's decision to move closer to the EU, not only in economic terms but also as regard our common values. This choice has been underpinned by concrete efforts which will soon start to bear their fruits. However, we are not at the end of the road yet. 2014 will be another important year in this respect, both for our overarching cooperation and for our common energy goals. The actual implementation of several ambitious agreements will not be possible without a clear vision, a strong ownership and a true commitment by Georgia.

The EU is ready to assist and support you in this historic journey.

Thank you.