

PRESIDENT OF GEORGIA

Regarding the Law on “Timber Exports” Adopted by Georgian Parliament

On February 20, 1998 Georgian Parliament adopted the law on “Timber Exports”. Its goal is to support protection of the environment and natural resources and to ensure rational utilization of forest resources.

Managing and recovering of forests, which are one of the country’s main natural assets, recently has become a national issue. Therefore it is quite understandable why Georgian Parliament is so zealous to prevent illegal cuts and exports of raw materials through regulations. It is no less important what economic and legal leverages are used to achieve this goal, because first – preventive regulations do not always lead to the desired outcomes, and second – restrictions shall be consistent with the Georgian Constitution, with main principles of acting legislature, and with international economic and legal liabilities of our country. The latter is especially important in the light of Clause 6 of the Georgian Constitution, which stipulates that “Georgia’s international agreements override its national regulations if the two are in conflict”.

Banning of timber exports runs counter a credit agreement between the Government of Georgia and the World Bank, which has been ratified by the Georgian parliament on May 31, 1996. According to the agreement, the Government of Georgia shall not impose any restrictions and/or administrative constraints other than already existent licensing rules for log exports. Another argument against banning of timber exports is an agreement for partnership and cooperation between European Union and Georgia, which has been ratified by the Parliament of Georgia on September 4, 1996. According to the Clause 16 of the mentioned agreement, although the signatories may introduce restrictions based on various reasons, environmental concerns inclusive, the Clause 19 of the same agreement stipulates that first – Georgia shall inform the EU about such restrictions prior to their adoption which may lead to consultations between the parties, and second – if Georgia passes new legislation creating more stringent regime for the companies of the EU countries operating in Georgia than it

was prior to signing the agreement, than within three years the new regulations shall not become effective for those companies of the EU countries, which have been registered in Georgia prior to adopting the new legislation. It is clear that law of Georgia on “Timber Exports” runs counter the Clause 29 of the above-mentioned international agreement. Hence, viability of this law as well as its compliance with Georgian Constitution are questionable. I believe that economic leverages should be used to resolve issues associated with timber exports rather than adopting restrictive regulations.

Based on the above judgements, I find necessary introducing the following alterations into the language of the law on “Timber Exports”:

- I. Title of the draft law be formulated as the law on “Timber Export License Fees” and corresponding rectifications be made in the entire text of the law;
- II. Clause 3 of the draft law be formulated in the following way:
“Clause 3. Timber Export License Fees.
 1. Exports of the following wood products from Georgia are subject for licensing:
 - Fuel wood appearing as sown or chopped stem, branches, twig piles, or the similar products belonging to the 44th type of commodity nomenclature for foreign economic activities (commodity position code 4401);
 - Unprocessed trees with removed or intact bark, roughly logged or not logged wood - 44th type of commodity nomenclature for foreign economic activities (commodity position code 4403);
 - 44th type of commodity nomenclature for foreign economic activities (commodity position code 4404).
 2. Timber export license fee is established in the amount of 60 Lari per cubic meter”.
- III. Paragraph 5 of Clause 6 as well as Clause 7 and Clause 8 be deleted and corresponding changes be made in the numbering of clauses.
- IV. Clause 9 of the draft law be formulated in the following way:
“This law enters into force on July 1, 1998”.

Without the above alterations made, I am not in the position of endorsing the law on “Timber Exports” passed by the Parliament of Georgia on February 20, 1998. I am sending it back to the Parliament for further elaboration as stated in Clause 68 of the Georgian Constitution.

Edward Shevardnadze

90 / 1

March 12, 1998