

## **Protection of Georgian Wine Appellations: Which Way Forward**

**Workshop on 1 December 2005, Sheraton-Metechi Hotel, Tbilisi, Georgia**

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### **Summary Conclusions**

#### ***Objective of the Workshop***

On 1 December 2005, the Food and Agriculture Organization of the United Nations (FAO) organized a workshop on the protection of Georgian wine appellations. This workshop was part of a larger ongoing policy dialogue involving the Government of Georgia and the Georgian wine industry regarding the development of the national wine sector. The workshop and other activities supporting this dialogue are commissioned by the European Bank for Reconstruction and Development (EBRD). They are co-financed by FAO and the Government of Canada. The main objective of the December workshop was to reach consensus on some concrete steps, both legal and institutional, that would lead to a more effective protection of Georgian wine appellations.

The workshop was attended by fifty representatives of the wine industry and public institutions involved in the wine sector. The list of participants and agenda of the workshop are available on <http://www.eastagri.org>. During the workshop, FAO presented an action plan prepared by a team of international experts, which attempted to reflect the views of a large spectrum of sector representatives. Workshop participants discussed the concrete legal and institutional steps presented in the action plan, as well as examples and lessons learned from other countries – in particular France and Australia – which faced similar problems as Georgia with the protection of their wine appellations.

#### ***Improvement of the institutional framework***

Institutional issues were discussed in a round table entitled “*Ways and means to improve the institutional set-up of the wine sector?*”

Participants of the round table agreed that the current institutional framework in Georgia is not adequate to protect Georgian wine appellations and fight counterfeiting. On one hand, SAMTREST, the main government entity responsible for this task, lacks financial and human resources to effectively carry out its duties. On the other hand, private wineries, which have more financial and organizational capacity, are not in a position, individually, to take legal action against counterfeiters and illegal users of Georgian wine appellations. It was noted that, in order to act collectively, the largest wineries have started to organise themselves in an association. However, workshop participants agreed that, for any institutional model to be successful, the active involvement of both the State – as custodian of the appellations – and the private sector – with its technical and marketing expertise, its financial resources and its inherent interest in a strong and successful wine sector – was critical.

The exact structure of the ideal institution, as well as its financing modalities, would have to take into account current national legislation. At the moment, Georgian law imposes limitations on the extent to which private industry can provide direct (co-)financing to public entities. One possibility under the current law would be to create a private body, separate from SAMTREST, which would take over some functions that SAMTREST is currently not able to carry out, for instance marketing of Georgian appellations and protection against counterfeits. This body, funded from both Government and private sources, would be governed by an independent board consisting of private sector and Government representatives. The right to initiate international legal action (on behalf of the Government of Georgia) to defend wine appellations would have to be delegated to this new body. The exact legal form of this new body, as well as its funding mechanism, will have to be studied further.

In concluding the round table, participants agreed on the need to continue discussions on this issue and showed strong commitment to organise themselves as a working group to elaborate a detailed proposal. Such a working group would have to include all relevant parties, including representatives from the Government/SAMTREST, the wine industry (including existing association/s of Georgian wine producers), grape growers, and the Agrarian Committee of the Parliament of Georgia. With technical assistance from FAO/EBRD, the working group will focus its efforts on: (i) the legal form that a new wine body could take under Georgian law, (ii) the definition of the core functions of the new body; (iii) financing modalities; (iv) ways to ensure a good representation of the overall wine sector in the governing board/s of the new body; and (v) legal possibilities for the new entity to represent the State of Georgia – as the custodian of the appellations – in international legal action.

Workshop participants supported the following actions under the next phase of the EBRD/FAO project:

- (i) Formalise the establishment of the working group and define its plan of work;
- (ii) Organise a targeted study tour to visit similar wine bodies in old or/and new world wine producing countries;
- (iii) Prepare a reference manual on similar institutions in a series of selected wine-producing countries.

### ***International legal action and other short term actions***

Participants of a second round table entitled “*How to improve the protection of Georgian wine appellations on international market?*” discussed legal steps that could be taken in the short run to fight the illegal use of Georgian wine appellations abroad.

In line with discussions in the first round table, participants agreed that strong collaboration between the State and the private sector is a critical success factor in the international legal domain. Ideally, this collaboration would take place in a new public-private entity (see above) which will act as a focal point for international legal action. However, the creation of such an entity will undoubtedly take some time and, in the meantime, several international legal options should be pursued. Participants agreed to pursue the following short-term legal actions under the next phase of the EBRD/FAO project:

- (i) Identify and vigorously pursue a legal test case through court action against illegal users of Georgian wine appellations in one particular country (Latvia, Bulgaria or Ukraine);
- (ii) Complete bilateral negotiations with Ukraine and pursue negotiations with EU and CIS countries on the protection of Georgian wine appellations;
- (iii) Evaluate costs and benefits and, if deemed beneficial, join the Madrid agreement;
- (iv) Compile a reference manual to raise the understanding among all stakeholders of the rights and obligations that flow from the national and international legal framework. Both SAMTREST and SAKPATENTI would be involved in this task;
- (v) Review and update the law on wine and vine to (a) make it more effective for the fight against counterfeited wines and (b) comply with EU (and other developed countries’) technical and wine quality standards;
- (vi) Improve the set of documents used to trace wine production and processing.

FAO/EBRD could contribute to all of the above actions through the provision of technical assistance, training workshops (e.g. on international instruments relevant to geographical indications), and study tours.

### ***Conclusions and next steps***

The conclusions of the workshop were discussed with the Minister of Agriculture, who expressed his general support in a letter sent to FAO’s Assistant Director-General. Based on the general

endorsement reached at the workshop and during discussions with the Minister of Agriculture, the FAO/EBRD team will prepare a detailed description of the above actions, indicating estimated costs, funding sources, and implementation arrangements. This detailed plan of action will be discussed with potential implementation partners, including SAMTREST, the new wine industry association, and interested donors at the occasion of a visit to Tbilisi scheduled in February 2006. In the meantime, the working group on institutional reform should be formed.