

Dear Sirs/Madams,

Trade unions in Georgia ask for radical changes in Labor code, not even understanding that such changes may lead to great damage to Georgian economy.

If we consider current economic situation in Georgia: Georgia is a developing country, the unemployment rate here is 16.3% and, naturally, foreign investments are of great importance for our country's development. And such changes (which definitely won't please investors) in labor code, will result in decline in foreign investments and, subsequently, in higher unemployment rate. Unemployed people will fall in socially unprotected category. And unfortunately Georgia is not yet a wealthy country, so financing living for those people will be quite hard for it, if not impossible.

One should also draw its attention to the fact that Georgia's trade unions are not transparent organizations. Once in a while we hear charges on corruption directed at these unions. They don't do any social activities and because they have no social support among Georgian population, all they do is to make complaints about current situation in international organizations.

Labor Freedom President:

Dursun Makharadze





საქართველოს დამსაქმებელთა ასოციაცია
Georgian Employers' Association

№ 11 ;

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To THE UNITED STATES TRADE REPRESENTATIVE

About the PETITION OF THE AFL-CIO TO REMOVE of GEORGIA
(FROM THE LIST OF ELIGIBLE BENEFICIARY DEVELOPING COUNTRIES PURSUANT TO
19 USC 2462(d) OF THE
GENERALIZED SYSTEM OF PREFERENCES (GSP)

Georgian Employer's Association was established on the 1 of December in 2000. The Association is independent, non profitable business union dealing with employment and industrial relations related issues on behalf of employers.

The goal of the Georgian Employer's Association is to support the development of entrepreneurship in the country as to reach more stability and facilitate creation of the new working places and the suitable working conditions.

The Georgian Employer's Association is the largest association of the employers within country and represents interests of big, small and medium companies operating almost in every sector of economy.

The Georgian Employer's Association is a member of the International Organization of Employers (IOE), International Congress of Industrialists and Entrepreneurs (ICIE), and is the employer constituent of the International Labour Organization (ILO).

On behalf of Georgian Employers' Association representing interests of business in Georgia we express our will to voice our opinion regarding the petition of the AFL-CIO a public hearing of which is planned on 24 January at the office of US trade representation.

Initially, we note that our association as a social partner of Georgian government and Georgian Trade Union Confederation actively participates in the implementation of the institutional reforms of tripartite social dialogue system with the support of International Labour Organization. We represent interests of Georgian business community at the Tripartite Social Partnership Commission operating at the national level. Therefore, we regretfully specify that the information concerning the Petition and planned discussions have become known to us only few days ago. In addition, it should be noted that the opinions in the text of the Petition are based on the unilateral position of the Georgian Trade Unions Confederation. In many cases assessments are exaggerated while it would be beneficial to cooperate closely with other social partners before submitting of the Petition.

We would like to inform you about our opinion regarding the Petition representing interests of entrepreneurs based on the Georgian legislation on the entrepreneurial activities and labor. The positives of Georgian legislation are that:

- They precisely reflect all the international obligations of Georgia, important conditions for the development of Georgian economy and labor market;
- Required flexibility for employers is achieved, business costs for the employment for existing and potential investors are decreased in order to counterbalance the risks caused by recruitment of unqualified and uncompetitive workers;
- The competitive environment for workers is formed that is crucial to improve the quality of their skills and knowledge, very essential for promoting of business investments and increasing of number of workplaces;
- All the discriminative factors are abolished which limited, previous times, chances of jobless people to compete with already employed in order to get jobs;
- The existing Labor Code is the part of liberalized business climate which balances existing high political and economic risks in the country and the region;
- For the solution of unemployment problems economic policy promotes creation of new businesses, of best operating conditions and therefore, more employment opportunities for workers. That is the main goal of today's Georgia to overcome the long-lasting economic crisis of the transitional period, one of the reasons of which has been a low standards of labor;
- New environment in the country promotes creation of equal conditions for all the operating businesses and participants of the tripartite social dialogue which is the important part of new economic and political course. The representatives of employers and trade unions enjoy the same high quality of freedoms as other members of the civil society. This is very crucial for the creation of new, healthy organizations, relationship and partnership instead of old monopolized, Soviet-stile institutions. We believe that these new institutions will be able to attract members voluntarily, by offering to them real, modern and competitive services and cooperation.

We consider that the Petition and its demand do not have a real foundation. The demand on removal of Georgia from GSP regime can substantially diminish the trade capacities of Georgia, attractiveness of investments in its economy and consequently reduce employment opportunities, violating the interests of those whom the respectful authors of the petition are kindly intending to protect.

According to the abovementioned, we express our readiness to be involved in the discussion on the themes described in the Petition and this letter. We hope our opinion is understood and we are sure that future is for cooperation.

Sincerely,



Elguja Meladze

President