

RE: Case Number 001-CP-10

U.S. Generalized System of Preferences 2010 Annual Review – Docket USTR-2010-0017:  
Petition submitted September 10, 2010, by the AFL-CIO to Remove Georgia from the List of  
Eligible Beneficiary Developing Countries Pursuant to 19 USC 2462(d) of the Generalized  
System of Preferences (GSP)

**Oral Testimony Brief (DRAFT)**

**By Mr. Lasha Akhaladze, Chairman, Employment and Labor Relations Committee,  
Business Association of Georgia**

The intent of my testimony today is to convey our position regarding the protection of internationally recognized worker rights in Georgia. The Business Association of Georgia (BAG) is committed to the full implementation of worker rights and to working closely with our social partners to address the concerns raised by the AFL-CIO's petition.

I represent one of the largest business associations of Georgia – the Georgian Business Association (BAG) that unites 58 members that employ approximately 70 thousand employees covering virtually all the sectors of economy.

The BAG and the Employers Association of Georgia (the official representative of Georgian employers to the ILO) have a memorandum of partnership on cooperation in labor issues. I am also one of the employers representatives to the Tripartite Commission of Georgia on Social Dialogue.

In addition, I served as the Chief Executive Officer of the Port of Poti (Georgia) during the period mentioned in the case that is referenced in the AFL-CIO's Petition.

The purpose of my testimony is to shed more light on a number of issues raised in the petition from a different (employers and managers) perspective.

We would strongly oppose the suspension of Georgia's GSP status and, in our view, the arguments that have been put forward for doing so are neither justified nor substantiated by the facts.

We believe that the petitioner's responsibility was to prove that labor situation in Georgia has deteriorated as compared to the situation when the GSP was granted to my country (in 2001). In reality, we see the opposite: worker rights in Georgia, both in law and in practice, have advanced towards being more straightforward, transparent and focused on bipartite negotiation between employees and employers. If further fine-tuning is needed, we welcome and are ready for the dialogue with the GTUC regarding further advancement of the existing labor code.

We see the Tripartite Commission on Social Dialogue as an appropriate venue and institution for addressing the concerns of our social partners, for responding to any conflicts, and for mediating them. We are committed, without reserve, to throwing our full weight behind the efforts of the Commission to make its activities as constructive and as effective as possible for the benefit of both employers and employees. We understand that the success of our undertakings rests heavily on the quality, dedication and skills of our employees.

The Georgian labor law continues to improve progressively to govern labor relations based on international standards. The protection of the rights to associate and to unionize is guaranteed by law and applied in practice. No strong evidence of systematic workers' rights violations and limitations on the application of the freedom of association and the right to organize has been identified using credible proof.

The petition cites various cases to support its central claim that, in Georgia, freedom of association and the right to collective bargaining are not applied in practice. These claims are not supported by the evidence, but rather are based on hand-picked and misinterpreted cases, and regretfully on hear-say.

In contrast to the allegations, reliable statistics suggest quite the opposite: there are number of trade unions active in Georgia, and they continue to emerge. The coverage of Georgian workers by collective agreements is quite comparable with international standards, and even higher than in many larger and richer countries. Many of our members have collective agreements and maintain very high labor standards in their respective undertakings.

We agree that the strike regulation should be streamlined. However, we also cannot verify that currently alleged 'cumbersome' regulation on the right to strike has limited our employees in applying it in practice.

Based on our careful examination of the claims made by the GTUC and by the AFL-CIO on its behalf, our view is that they aim generally at two things: a) to maintain their monopolistic position, as a legal heir to the Soviet Labor Union, and b) to exercise as much administrative (management) pressure and as many tools possible to collect 'easy' dues, without being obliged to prove to their members exactly how they will benefit as a result of these activities.

It is not surprising under these circumstances that as soon as new unions emerge, they are attacked by the GTUC with the claim that they are 'yellow'. In effect, what we see in practice is that when the GTUC talks about freedom of association, it means limiting it, and when it talks about the right to collective bargaining, it means their leaders' rights of 'colluding' against workers.

Our Association resolutely and unwaveringly stands for freedom of association and collective bargaining. These are the values that our members adhere to not only in theory but in their daily practice. But we will not support granting a monopolistic position or immunities to any single hand-picked association insofar as this could contravene democratic values and freedom of choice.

The ILO has repeatedly requested Georgian authorities to reduce the minimum requirement for the membership in the unions (100) provided under Georgian law. The GTUC, on the other hand, has never raised the issue, as they opt for a higher entry barrier.

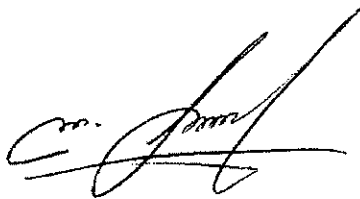
Their general strategy is not geared towards the dialogue with their partners, but in theatric 'victimization' to buy them an 'international bargaining chip'. Efforts of our members to sit down and discuss the issues with them have mostly failed, as the GTUC prefers to write long letters to their partners abroad rather than to give a try and solve problems domestically.

Our members suggest that most of the problems as interpreted by the petitioner are based on the excessive trust to the information provided by the GTUC.

There are some issues in the Petition that could be easily sorted out as they stem from misinforming the English-speaking audience by the GTUC on the wording of the Georgian law. Hopefully, that was not intentional, and it does not deserve more time than it needs for technically sorting it out.

Finally, I will stand ready to discuss the Poti Port Case, if there are relevant questions from the sub-committee members.

We appreciate this opportunity to present our views on these very important issues.

A handwritten signature in black ink, appearing to read 'Lasha Akhaladze', with a stylized flourish at the end.

Lasha Akhaladze

Chairman

Employment and Labor Relations Committee

Business Association of Georgia

