

Business Process Analysis

For exports of pharmaceutical products under HS heading 30.3 (Medicaments) and 30.4 from Georgia to the Central Asian countries



United Nations Economic Commission for Europe

United Nations Centre for Trade Facilitation and Electronic Business

**Business process analysis
for exports of pharmaceutical products under
HS heading 30.03 (Medicaments) and 30.04
from Georgia to the Central Asian countries**



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LIST OF ABBREVIATIONS

ADB	Asian Development Bank
AIIB	Asian Infrastructure Investment Bank
BPA	Business Process Analysis
CIS	Commonwealth of Independent States
CT-1	Preferential Certificate of Origin
DCFTA	Deep and Comprehensive Free Trade Area
EC	European Commission
EFTA	European Free Trade Association
EIB	European Investment Bank
EU	European Union
FIZ	Free Industrial Zone
FTA	Free Trade Agreement
GEL	Georgian Lari
GMP	Good Manufacturing Practices
GSP+	Generalized Systems of Preferences
GUAM	Organization for Democracy and Economic Development
IDPs	Internally Displaced Persons
ITS	Intelligent Transportation Systems
JICA	Japan International Cooperation Agency
JSC	Joint Stock Company
LEPL	Legal Entity of Public Law
LTD	Limited Liability Company
UNDA11	“Evidence-based trade facilitation (TF) measures for economies in transition” project
UNECE	United Nations Economic Commission for Europe
VAT	Value Added Tax
WTO	World Trade Organization

PART A: GENERAL OVERVIEW

INTRODUCTION AND BACKGROUND

ABOUT THE PROJECT

This study was carried out in the context of the “Evidence-based trade facilitation (TF) measures for economies in transition” project (UNDA11) and envisioned conducting a business process analysis (BPA) for exports of pharmaceutical products in HS Code 3003 and 3004 from Georgia to the Central Asian countries. The main purpose of the BPA was to identify possible bottlenecks in and propose solutions for the trade-related regulatory and commercial procedures for exporting pharmaceutical products to the Central Asian countries.

This report represents the first part (Part A) of the assignment, which provides an overview of the general trade and regulatory context of Georgia and an analysis of the key economic figures of the pharmaceutical sector, such as industry composition and dynamics, and exports. It also provides an overview of the country's transport networks and presents key facts of the sector. With this, it lays the foundation for the second part of the assignment – the detailed BPA (Part B).

METHODOLOGY AND APPROACH

The *research methods* included a comprehensive desk study, compiling the reports on the subject and collecting and analysing quantitative industry and trade statistics.

STRUCTURE OF THE DOCUMENT

This document consists of several sections and subsections. The first section provides an overview of the general geographical context in which the economy operates, which includes analysis of the key transport networks in the country and its links with the Central Asian countries, in particular. The next section provides all key facts about the applicable tax, trade and customs regimes, as well as the legal framework and its advantages. The next section is about the overall regulatory context and applicable regulatory framework for trade in pharmaceuticals. The final section provides an analysis of the key economic performance figures of the pharmaceutical industry, with a particular focus on exports of medicaments to the target region.

1. GEOGRAPHY CONTEXT

Strategic Geographic Location of Georgia – A Trade Corridor

Georgia is located at the crossroads of Europe and Asia. Its strategic location makes it a natural logistics and transit hub along the “New Silk Road”, linking Asia and Europe via the Caucasus. Georgia is considered to be a bridge connecting several important economic regions, including the European Union, Central Asia and the former Commonwealth of Independent States (CIS), and Turkey and the Caucasus. It is a key link in the shortest transit route between Western Europe and Central Asia for the transport of oil and gas, as well as dry cargo. Ports, railway systems and airports are playing an increasingly important role in linking east and west.

Figure 1
Georgia and Central Asia



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