

საქართველოს ეკონომიკისა და მდგრადი
განვითარების სამინისტრო



MINISTRY OF ECONOMY AND SUSTAINABLE
DEVELOPMENT OF GEORGIA

E-Commerce in Georgia

Workshop On Environmental Readiness For E-commerce: Economic,
Legal & Institutional Aspects

Shanghai, PRC

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2018

General Overview and Statistics

- Population - 3 729 600
- GDP (US Dollar) - 4046.8
- GDP Real Growth Rate (%) - 4.8 %
- Population having access to fixed Internet services - 70.7%
- Population having access to the Mobile 4G/LTE services – 99.7%
- Enterprises having a Website or Web-page – 40.3%
- Enterprises receiving orders via Web-page for goods or services – 14.3 %
- Enterprises using Digital and Social Media Marketing – 49.5%

Source: Geostat.ge – National Statistics Office of Georgia, 2018

Institutional & Legal Readiness For E-Commerce

Ministry of Economy and Sustainable Development of Georgia – Policy maker in the field of E-Commerce

- *Draft laws prepared by the Ministry:*
 - Law on Postal Services
 - Law on Electronic Commerce
- *Development of The Broadband infrastructure and promoting Digital Economy*
 - With support of the EC and the technical assistance of the World Bank Group (WBG) working on elaboration of the Broadband Development Strategy of Georgia;
 - Together with the Georgian National Communication Commission working on the Draft law on Measures of Sharing Telecommunication Infrastructure;

Institutional & Legal Readiness For E-Commerce

- *Overcoming digital divide across the urban and rural areas*
 - In 2017 the project “Internetization of Tusheti” covered dozens of villages and areas in the mountainous areas of Georgia with wireless internet (in cooperation with private sector);
 - In 2018, another similar project of internetization of mountainous areas has been announced and recently is on it’s last formal step to be launched. The Broadband Rollout Project in Pshavi-Khevsureti and Gudamakari Regions is jointly financed by internet society (ISOC) and The Government of Georgia.
- *Online Safety*
 - With the technical assistance of ITU working on implementation of the national strategy and the acting plan for the protection of population from harmful online interference;
- **Promoting Cooperation between Government and Private Sector**
 - Business House will be created in Georgia, which will transform the relations between Government and Business and promote quality of service and significantly reduces time-consumption and charges for service provision;

Institutional & Legal Readiness For E-Commerce

- *Georgia's Innovation & Technology Agency (GITA) – LEPL under the Ministry of Economy and Sustainable Development*

The most important projects:

- Tech Parks In two different locations - Tbilisi and Zugdidi, are presented with innovation and fabrication laboratories equipped with high technology, co-working and training facilities and business incubator.
- Start Up Georgia – The program initiated by the Prime Minister of Georgia and is run by GITA. The project is oriented on developing the products on global markets, supporting potential beneficiaries to start up their business in the field of innovations and technology and creation of the new working places;
- The IT Specialists' program – Aims to increase level of technical skills available on labor market in programming (Java, iOS, Android, Web programming, IT project management and quality assurance, etc.)



Institutional & Legal Readiness For E-Commerce

Other State Agencies Related To The E-Commerce Activities:

- Data Exchange Agency (Ministry of Justice)*
- The Revenue Service (Ministry of Finance of Georgia)*
- Public Service Development Agency (Ministry of Justice of Georgia)*
- The National Bank of Georgia*
- The National Agency of Public Registry (Ministry of Justice of Georgia)*
- Personal Data Protection Inspector Office*
- National Intellectual Property Center of Georgia*

Readiness of Private Sector For E-Commerce

Mainly SME's are using Web-Pages to receive order for goods or services

In this regards, it is very important to promote Web-Page and Mobile Application Development as well as the Digital Marketing and Social Media usage

- There are several private labs and training centers in Georgia where people are able to study Digital Marketing issues, Web Development, Creation of Mobile Applications, Web and Graphic Design and etc.*
- Several enterprises which provide IT support, Digital Marketing and Social Media Management services, Web and Mobile Development and etc.*

Regarding to mentioned above, according to Georgia's Labor Web-sites, in the last few years demand on specialists in the field of ICT and Digital Marketing raised significantly and still continuous to grow.

Readiness of Private Sector For E-Commerce

Private financial institutions (commercial banks, payment system operators) own and manage the electronic payment-processing infrastructure jointly with The National Bank of Georgia

- More than 8 million debit cards and 0.8 million credit cards were issued for Georgia's population of 3.7 million;
- Electronic transactions over the last 5 years have increased significantly. For example, in October 2018, Georgian residents carried out 22.8 million transactions with payment cards worth of more than \$760 millions.

Readiness of Private Sector For E-Commerce

National Postal Service Operator and private postal service companies are working properly in the country and deliver E-Commerce domestic and cross-border items to the end user(supplying E-commerce items);

- To support business and rise interest to E-Commerce, the national post company is working on extension of it's Exchange Center to process bigger amount of international/ cross-border items even faster;*
- Also, the post company is engaged to provide various basic postal services at low price to stimulate higher stream of E-commerce items (draft law);*

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Draft Law on Electronic Commerce of Georgia

Draft Law on Electronic commerce of Georgia

The draft Law contains from 6 Chapters:

- *General Provisions*
 - Scope and regulatory framework of the law
 - Definitions
- *Providing Information Society Service*
 - Obligation of providing general information
 - Commercial communications
- *Contracts concluded by electronic means*
 - Electronic contracts
 - Information prior to concluding electronic contract
 - Placing of the order

Draft Law on Electronic commerce of Georgia

- *Liability of Intermediary Service Provider*
 - Mere Conduit (Transmission of Information)
 - Caching (temporary storage of information on the server)
 - Hosting (Server of space allocation on the server)
 - No Obligation to Monitor
- *State Regulation, Control and Liability*
 - State regulation and control
 - Sanctions
 - Protecting of Personal Data in The Electronic Commerce
- *Final Provisions*
 - Entry into Force

Draft Law on Electronic commerce of Georgia

- *The scope of the law is to regulate social relations connected to the E-commerce(information society service)*
- *The law does not preclude to:*
 - *Activities carried out by the administrative body for the public purposes;*
 - *To the services which does not fall under the scope of information society services*
 - *On the activities which are regulated by the specific Georgian legislation*
- *No additional license or any kind of permission is required, accept the providing the service which requires authorization or license regime according to the specific legislation of Georgia;*
- *Service provider is obliged to provide general information to the recipient of the service such as its:*
 - *Name and the legal form;*

Draft Law on Electronic commerce of Georgia

- Address;
- E-mail address and other contact information
- Registration number from The National Agency of Public Registry;
- License of permission number (if exists)
- *Electronic Contracts shall be concluded by electronic means*
 - The articles of the Civil Code of Georgia is applicable for the electronic contracts;
 - The Law of Georgia on Electronic Documents and Electronic Trust Services is applicable If concluding of electronic contract requires electronic signature;
- *While placing of the order by electronic means, the service provider is obliged to make available to the recipient of the service appropriate, affective and accessible technical means allowing him to identify and correct input errors, prior to the placing of the order;*

Draft Law on Electronic commerce of Georgia

- Provider of Mere Conduit is not liable for the transmitted information if ISP did not:
 - Initiate transmission of the information;
 - Select the receiver of the transmission of the information;
 - Select or modify the information contained in the transmission;
- Provider of Caching is not liable for the automatic, intermediate and temporary storage of information if ISP:
 - Did not change the information;
 - Complied with the conditions on access to the information;
 - Complies with the rules the rules regarding the updating of the information, specified in a manner widely recognized and used by the industry;

Draft Law on Electronic commerce of Georgia

- Provider of Hosting service is not liable for the illegal content or information stored on the request of the recipient of the service if he didn't have actual knowledge about illegal activity or if he obtains such a knowledge and removes or disables access to the illegal activity or information immediately;*
- Provisions of the exemptions of the liability of the ISP's shall not effect right of the administrative body or the court to*
- The ISP's are not obliged to monitor the activities carried out by the recipients of their service;*
- In some cases, the competent administrative bodies or the court, for the purposes of preventing the crime may impose obligation to the ISP's to provide contact information of the recipient of their service;*

Draft Law on Electronic commerce of Georgia

- *State regulation and control over electronic commerce to the extent prescribed are carried out by the state supervisory bodies within their competence.*
- *Personal Data Protection in the Electronic Commerce shall be carried out by the Personal Data Protection Inspector.*

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