

ANNEX XVIII

EARLY WARNING MECHANISM

1. The Union and Georgia hereby establish an Early Warning Mechanism with the objective to set out practical measures aimed at preventing and rapidly reacting to an emergency situation or to a threat of an emergency situation. It foresees an early evaluation of potential risks and problems related to the supply and demand of natural gas, oil or electricity and the prevention and rapid reaction in case of an emergency situation or a threat of an emergency situation.
2. For the purposes of this Annex, an emergency situation is a situation causing a significant disruption or a physical interruption of supply of energy goods between Georgia and the Union.
3. For the purposes of this Annex the Coordinators are the relevant Minister of the Government of Georgia and the Member of the European Commission in charge of energy.
4. Regular evaluations of potential risks and problems related to the supply and demand of energy materials and products should be undertaken jointly by the Parties to this Agreement and should be reported to the Coordinators.
5. Should one of the Parties to this Agreement become aware of an emergency situation or of a situation which, in its opinion, could lead to an emergency situation, that Party shall inform without delay the other Party.

6. Under the circumstances set out in paragraph 5, the Coordinators shall notify each other, within the shortest possible time, of the necessity to initiate the Early Warning Mechanism. The notification shall indicate, inter alia, designated persons that are authorised by the Coordinators to maintain permanent contact with each other.
7. Upon notification in accordance with paragraph 6, each Party shall provide the other Party with its own assessment. Such an assessment shall include an estimate of the timeframe within which the threat of an emergency situation or the emergency situation could be eliminated. The Parties shall react promptly to the assessment provided by the other Party and complement it with available additional information.
8. If one Party is unable to adequately assess or accept the other Party's assessment of the situation, or the estimated timeframe within which a threat of an emergency situation or an emergency situation may be eliminated, the corresponding Coordinator may request consultations, which shall commence within a time period not exceeding three days from the moment of forwarding the notification foreseen in paragraph 6. Such consultations shall take place through an Experts Group consisting of representatives authorised by the Coordinators. The consultations shall aim at:
 - (a) elaborating a common evaluation of the situation and of possible further developments;
 - (b) elaborating recommendations to prevent or eliminate the threat of an emergency situation or to overcome the emergency situation and

- (c) elaborating recommendations on a joint action plan with regard to the actions provided in points(a) and (b) of paragraph 8 of this Annex in order to minimise the impact of an emergency situation and, if possible, to overcome the emergency situation, including the possibility of establishing a Special Monitoring Group.
9. The consultations, common evaluations and proposed recommendations shall be based on the principles of transparency, non-discrimination and proportionality.
 10. The Coordinators, within their competencies, shall work to eliminate the threat of an emergency situation or to overcome the emergency situation taking into account the recommendations that have been elaborated as the result of the consultations.
 11. The Experts Group referred to in paragraph 8 shall report on its activities to the Coordinators promptly after the implementation of any agreed plan of action.
 12. If an emergency situation occurs, the Coordinators may establish a Special Monitoring Group with the task of examining the on-going circumstances and further developments and keeping an objective record of them. The Group may consist of:
 - (a) representatives of the Parties;
 - (b) representatives of energy companies of the Parties;
 - (c) representatives of international energy organisations, proposed and mutually approved by the Parties, and
 - (d) independent experts proposed and mutually approved by the Parties.

13. The Special Monitoring Group shall start its work without delay and shall operate, as necessary, until the emergency situation has been solved. A decision on the termination of the work of the Special Monitoring Group shall be taken jointly by the Coordinators.
14. From the time at which a Party informs the other Party of the circumstances described in paragraph 5, and until the completion of the procedures set out in this Annex and the prevention or elimination of the threat of an emergency situation or the resolution of the emergency situation, each Party shall do its utmost within the scope of its competence to minimise any negative consequences for the other Party. The Parties shall cooperate with the aim to reach an immediate solution in a spirit of transparency. The Parties shall refrain from any actions unrelated to the on-going emergency situation that could create or deepen the negative consequences for the supply of natural gas, oil or electricity between Georgia and the Union.
15. Each Party independently carries the costs relating to the actions in the framework of this Annex.
16. The Parties shall maintain in confidence all information exchanged between them that is designated as being of a confidential nature. The Parties shall take any necessary measures to protect confidential information on the basis of the relevant legal and normative acts of Georgia, or of the Union, as well as in accordance with applicable international agreements and conventions.
17. The Parties may, by mutual agreement, invite representatives of third parties to take part in the consultations or monitoring referred to in paragraphs 8 and 12.

18. The Parties may agree to adapt the provisions of this Annex in view of establishing an early warning mechanism between them and other Parties.
 19. A violation of the provisions in this Annex cannot serve as a basis for dispute settlement procedures under Title IV (Trade and Trade-related Matters) of this Agreement or any other agreement applicable to disputes between the Parties. Moreover, a Party shall not rely on or introduce as evidence in such dispute settlement procedures:
 - (a) positions taken or proposals made by the other Party in the course of the procedure set out in this Annex, or
 - (b) the fact that the other Party has indicated its willingness to accept a solution to the emergency situation subject to this mechanism.
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