



Azerbaijan Report on Implementation of TPSAP

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Mirza Aliyev

Foreign trade policy and WTO Department
Ministry of Economic Development of Republic of Azerbaijan

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A. Trade Openness Measures Prior to WTO Accession

- **Tarification**

In legislation Import quotas have been replaced to import tariff rate quotas in **wine products** (amendment to Law “On Grape Growing and Wine Making” dated 28.10.2008) and **tobacco products** (amendment to Law “On Tobacco and Tobacco Products” dated 30.09.2009). In practice Azerbaijan had not imposed both import quotas and import TRQs since 2002.

- **Trade Restrictions**

Only 1 restriction in export since 2001 (President’s Decree “On Temporary Suspension of Export of Scraps and Wastes of Ferrous and Non-Ferrous Metals”). Abolishment of this restriction is under discussion in Government.

- **Differential taxation and VAT Exemptions**

Differential **excise** taxation imposed on domestically produced and imported goods is still existing. Mechanism of Harmonization is under discussion in Government.

List of Goods Imported into Azerbaijan is exempted from VAT (Resolution of Cabinet of Ministers, No.11 dated 31.01.2005). Latest amendment was made to the List in 2012 (goods, materials, equipment imported for the project for construction of cements plants till 01.01.2014, also wheat and maslin, wheat flour or wheat-rye flour till 24.09.2013).

- **Tariffs**

In 2011 from 10130 tariff lines (HS 2007) applied tariff rates:

40% are 0-5% tariff rates (where 2% of tariff lines is 0% tariff rate)

6% are 5-10% tariff rates

54% are 10-15% tariff rates

Average MFN applied rate: 9.0%, lower than developing countries and LDCs (WTO World Tariff Profile Report 2011).

Average MFN applied rate in agriculture goods: 14%, lower than developed, developing countries and LDCs.

Average MFN applied rate in NAMA: 8.3%, lower than developing countries and LDCs.

List of Goods Imported into Azerbaijan is exempted from customs duties (Resolution of Cabinet of Ministers, No.91 dated 22.04.1998). Latest amendment was made to the List in July, 2012 (goods, materials, equipment imported for the project for construction of cement plants till 01.01.2014).

- **Simplifying the trade procedures**

“Single window” principle is applied at customs since January 1,2009 during the inspection of goods and transport means moved through state borders (President’s Decree No.12 dated 11.11.2008)

Number of required documents have been abolished in import-export procedures: export and import price justification certificate, information on financing of import operations (President’s Decree No.260 dated 14.05.2010)

New “Customs Code” came into force in January 1,2012: e-declaration, customs audit, secure export scheme, risk management systems in customs, e-models of customs procedures, authorized economic operator, etc.

B. WTO Accession Process of Azerbaijan Republic

- Azerbaijan applied for WTO membership in June, 1997
- Working Party on Accession of Azerbaijan was set up in July, 1997

Multilateral negotiations

- ✓ 32 members are in Working Party
- ✓ As of today 9 meeting of Working Party were held (in 2002, 2004, 2005, 2006, 2 meetings in 2008, 2009, 2010 and 2012)
- ✓ The latest meeting was held in 24th February 2012 in Geneva: Factual Summary was revised
- ✓ Commitments on Agriculture were discussed in Plurilateral Meeting.
- ✓ Next 10th meeting is scheduled in end November-early December 2012.

Bilateral negotiations

- Azerbaijan has ongoing bilateral negotiations with 12 countries:
 - 8 of them are both on Goods and Services: US, EU, Japan, Canada, Republic of Korea, India, Chinese Taipei, Norway.
 - 4 of them are only on Goods: Switzerland, Ecuador, Brazil, Sri Lanka
- 5 bilateral negotiations on Goods and Services have been already concluded and bilateral protocols have been signed: Turkey (2007), Oman and United Arab Emirates (2008), Georgia (2010), Kyrgyz Republic (2012).

- In most tariff lines the maximum offered bound rates are not higher than 25%. Average offered bound rate: 11.6% (almost equal to developed countries' rates)
- Azerbaijan actively conducts negotiations on joining to Sectoral Initiatives: ITA, Chemical Harmonization, Medical and Scientific Equipment
- The main sectors in Services Negotiations are: Telecommunications, Financial Services, Transport, Business Services.

Strategic goals in Accession Negotiations

- ✓ Azerbaijan aims to attain benefits from incentives granted in WTO Agreements for WTO members with “developing country” status
- ✓ Azerbaijan seeks to attain 10% de minimis level in Agriculture
- ✓ To get appropriate policy space for market access negotiations in Agricultural Goods and NAMA
- ✓ To liberalize services sector ensuring financial stability, interests of local service providers and labour force

Domestic Procedures in Accession Process

- Inter-Ministerial Commission on accession of Azerbaijan to the WTO was created in August, 2003
 - Chairman of the Commission is a Minister of Economic Development
 - As of today 11 meetings of the Commission were held
- Azerbaijani Government adopted Legislative Action Plan (legal reforms package) in August 2006, to bring national legislation into conformity with WTO requirements.

18 normative legal acts have already been adopted out of 39 targeted in Action Plan
- www.wto.az web-page has been created and is operated by Ministry of Economic Development
- Regional seminars, round tables on WTO topics for entrepreneurs and researchers are held in regions, research institutions regularly
- Enquiry Points on TBT (under State Committee for Standardization, Patent and Metrology), SPS (under Ministry of Agriculture) and GATS (under Ministry of Economic Development) have been already established

C. Capacity Building on Trade Issues

Government officials, researchers involved in trade policy and WTO Issues actively and regularly participate in seminars and courses organized or sponsored by:

- ADB's CAREC Program (sponsored by World Bank) – 3 seminars in March, May and July in 2012
- World Trade Organization
- Islamic Development Bank
- Seminars organized by different Governments: Turkey, People's Republic of China, India.

**Thank you
for attention!**