

Azerbaijan: WTO Accession

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Azerbaijan: brief information

- Total area - 86,600 square kilometers.
- Azerbaijan borders with the Russian Federation, Georgia, Armenia, Iran and the Caspian sea in the east.
- Azerbaijan's population is more than 10 mln., including approximately 53% urban population and 47% rural population.
- The biggest city is Baku, the capital.
- GDP in 2019 - 81.7 billion AZN, GDP per capita is approximately 8247 AZN.
- Foreign trade turnover for 2019 - 33,31 billion US dollars, including import 13,67 billion U.S. dollars, export 19,64 billion U.S. dollars
- Azerbaijan is rich in oil and gas deposits. Other mineral resources: limestone, marble and salt; raw aluminium, copper, alunite, molybdenum, gold, cobalt and mercury.

Chronology of Accession Process

- Application for the WTO accession: 1997
- Presentation the Memorandum on the Foreign Trade Regime: 1998
- First meeting of the Working party on Azerbaijan: 2002
- Working Party meetings: 14 (as of today)
- Bilateral negotiations on goods and services: with 22 Members
- Concluded and signed bilateral protocols: with 5 countries (Turkey, Oman, United Arab Emirates, Georgia and Kyrgyz Republic);

Priorities and Strategic Goals

- Purposes to accede the WTO:
 - ✓ efficient integration into the global economy;
 - ✓ diversification of export structure;
 - ✓ decreasing dependence on oil and gas.
- Goals to be achieved:
 - ✓ to attain possible flexibilities in Agriculture (de minimis, AMS);
 - ✓ to get appropriate policy space for market access negotiations on Agricultural goods and NAMA;
 - ✓ to liberalize services sector ensuring stability and interests of the country

WTO Accession Process: Domestic Procedures

- Establishment of Inter-Ministerial Commission on accession of Azerbaijan to the WTO for coordination of the whole preparation process in country
- The Commission consists of different Working Groups (on Services, Agriculture, Justice, Goods, SPS and TBT, TRIPS)
- Experts from all Governmental Agencies, as well as some JSCs and legal public entities (for services) are represented in Working Groups

Legislative and Regulatory Reforms

- Adoption of a 1st Legislative Action Plan in 2006, to bring national legislation into conformity with the WTO requirements.
- More than 20 normative legal acts have already been adopted out of 39 stated in Action Plan, specifically, in the following areas:
 - ✓ *customs procedures* - Amendments to the Customs Code and Amendments to the “Customs Tariff Law”;
 - ✓ *standardization and intellectual property*- Laws “On Accreditation in the Field of Conformity Assessment”, and “On Anti-Piracy and IP Protection”, Laws “On Standardization” and “On Technical regulation”, Law “On Trade remedies”;
 - ✓ *taxation policy*- Amendments to the Taxation Code;
 - ✓ *services* - Amendments to the “Law on Insurance activity”, “Urban planning and Construction Code”, etc.

Legislative and Regulatory Reforms (cont.)

- Amendments to some current laws in different areas, were prepared to be in conformity with the different WTO Agreements, including TBT, SPS, TRIPS, Import Licensing, GATS, Trade remedies, etc. and now are under the consideration, specifically:
 - ✓ Draft Amendments to the laws “On Phytosanitary control” , “On Veterinary” and “Foodstuffs”, “On telecommunication” (to be in conformity with the WTO Telecommunications Reference Paper), Draft Competition Code (the Code will replace present legal framework governing monopolies, will enforce competition policy and bring it in line with the best international practices), etc.;
 - ✓ New Draft Law “On Food Security”

Negotiations on goods and services (bilateral and multilateral)

- Consultations with stakeholders in the private sector and relevant government officials to analyse the situation in different production areas and services sectors and to formulate the strategy for necessary changes:
 - ✓ on goods- with companies-producers and exporters of fishery products, furniture, paper products, processed agricultural goods, chemical goods;
 - ✓ on services - with government organizations, responsible for the policy formulation in different services sectors.

Negotiations on goods and services (bilateral and multilateral)

- Progress on goods and services negotiations:
 - ✓ in goods- identification of sensitive goods in Agriculture and NAMA, removing existing quotas for several goods, providing INRs for some lines, etc., as well as undertaking the commitments on joining to some sectoral agreements, including ITA, Chemical harmonization, Medical Equipment, etc.;
 - ✓ in services – undertaking specific commitments in 11 services sectors(out of 12), 113 sub-sectors, including full commitments in different sectors, as well as additional obligations for some services;
 - ✓ a number of legislative acts were amended to harmonize it with the commitments taken in the process of services negotiations.

Standards Harmonization

- Starting the harmonization process with Codex Alimentarius (since 2018), OIE and IPPC:
- ✓ Azerbaijan became a member of Codex Alimentarius and a National Codex focal point was appointed (Azerbaijan Food Safety Agency-AFSA);
- ✓ The State Phytosanitary Service previously and newly established AFSA began working on key Codex standards and on the process of harmonization with International Standards of Phytosanitary measures.
- After the adoption and entering into force 2 laws – “On Standardization” and “On Technical Regulation” starting the development of a plan for converting mandatory requirements to voluntary standards and preparation of technical regulations

Institutional reforms and public awareness

- Establishment of different institutions to meet the WTO requirements:
 - ✓ SPS, TBT, GATS Enquiry Points, as well as SPS Notification Centre.
- Building political and private sector support for WTO accession:
 - ✓ organization of seminars and roundtables both in capital and regions on accession process and requirements, with participation of representatives from government agencies, private sector, as well as academia and NGOs;
 - ✓ creation of relevant web-page (www.wto.az).
 - ✓ establishment of WTO Reference Centre

Other specific issues

- Azerbaijan does not maintain or apply the followings:
 - ✓ other duties and charges;
 - ✓ import bans, or quantitative restrictions.
- Azerbaijan is working currently on legislation necessary to apply its export policy, specifically on prohibited export subsidies, into conformity with WTO provisions
- Azerbaijan started development of an action plan to move gradually away from the current system of distortive agricultural subsidies to permitted (Green Box) subsidies

Conclusions

- Policy and legal reforms process in Azerbaijan is still continuing with involvement of different government bodies
- Reform efforts have a clear results
- Public and private dialogue is developing currently
- Negotiations are conducting taking into account both members requests and specific interests of country
- Public awareness building is one of the influential elements for the reforms process
- Greater effort should be made with the participation of all stakeholders to finalize the work and achieve a successful accession

