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THE INTERNATIONAL TRADE RELATIONS OF AZERBAIJAN

The development of Azerbaijan's legislation on trade matters has created possibilities for the expansion of co-operation in this area. In the first place, organs have been established to implement trade policies and define the goals for these policies. More than 30 laws and a number of regulatory measures have been adopted to govern inter-State trade relations.

Among these, the following may be mentioned:

- Decree of the Cabinet of Ministers of the Azerbaijani Republic No. 222 of 2 June 1994 "On the Organization of the Foreign Trade of the Azerbaijani Republic";
- "Law of the Azerbaijani Republic on Customs Tariffs" of 20 June 1995 (with Supplements and Amendments No. 583 of 1998 and No. 643-IQD of 1999);
- Decree of the President of the Republic No. 609 of 24 June 1997 "On the Further Liberalization of the Foreign Trade of the Azerbaijani Republic";
- Decree of the President of 23 July 1999 on the "State Programme for the Development of Trade in 1999–2000";
- Decree of the President of 25 July 1997 "On the Approval of the Customs Code of the Azerbaijani Republic";
- Decree of the Cabinet of Ministers No. 124 of 13 July 2000 "On the List of Articles that may be Imported into the Territory of the Azerbaijani Republic Free from the Payment of Value-Added Tax";
- Decree of the Cabinet of Ministers No. 20 of 19 January 2001 "On the Level of Excise Duties on Excisable Goods Imported into the Territory of the Azerbaijani Republic";
- Decree of the Cabinet of Ministers No. 80 of 12 April 2001 "On the Rates for Customs Duties Levied on Export-Import Operations and Stamp Duty on Customs Procedures in the Azerbaijani Republic";
- "Law of the Azerbaijani Republic on Export Control" of 26 October 2005;
- Order of the Cabinet of Ministers No. 15s of 14 January 2005 to implement the Decree of the President No. 167 of 29 December 2004 "On the Application of the Law of the Azerbaijani Republic on Export Control".

Since the year 2000, Azerbaijan has been conducting trade operations with more than 125 countries. Of these, ten are republics of the Commonwealth of Independent States (CIS) and 110 are more distant countries.

Beginning in 1996, foreign trade has been increasing. In 2004, the value of the turnover of goods amounted to 7,118.6 million US dollars, of which 3,504.3 million dollars were accounted for by imports and 3,614.3 million by exports. In comparison with 1996, the overall increase was 5,526.7 million dollars (an increase by a factor of 4.5), the growth in imports was 2,543.7 million dollars (a factor of 3.6) and the growth in exports 2,983 million dollars (a factor of 5.7). In comparison with 2003, the total value of foreign trade increased by 1,900.4 million dollars (or by 36.4 per cent); the share of imports here was 878.1 million dollars (an increase of 33.4 per cent) and the share of exports 1,022.3 million dollars (39.4 per cent).

In 2004, foreign trade activities occupied 8,172 natural persons and corporate bodies. Of these, 3,104 were State and private corporations and 5,068 were individuals. The share of the State sector in export operations came to 1,796.9 million dollars (49.7 per cent), the share of the private sector to 1,776.5 million dollars (49.1 per cent) and the share accounted for by individuals to 41.1 million dollars (1.1 per cent). The share of the State sector in import operations came to 724.9 million dollars (20.1 per cent), the share of the private sector to 2,555.7 million dollars (72.9 per cent) and the share of individuals to 224 million dollars (6.4 per cent).

The overall turnover of goods other than petroleum products in 2004 grew by 36.3 per cent and reached 4,067.9 million dollars. Imports accounted here for 84 per cent. In comparison with 2003, imports of non-petroleum goods grew by 31.1 per cent and amounted to 3,415.8 million dollars, while exports grew by 72.4 per cent and amounted to 652.1 million dollars.

In recent years, various activities have been taking place in the area of bilateral and multilateral co-operation with international organizations, and in connection with admission to the World Trade Organization (WTO).

The preparatory process of preparation for the admission of Azerbaijan to the WTO began in June 1997 after the Government submitted a statement of its wish to become a member of the organization.

On 22 March 1999, a "Memorandum on the Foreign Trade Regime" was submitted to the WTO secretariat in Geneva, covering all aspects of the external economic relations of Azerbaijan. Activities in connection with accession to the WTO are continuing at the present time.

It should be noted that the legislative instruments regulating Azerbaijan's external trade conform basically to WTO rules.

Azerbaijan has extensive possibilities for active incorporation in the international trading system. The economic reforms undertaken in Azerbaijan, the change from an administered to a market economy and the liberalization of foreign trade are all factors that play an important role in the acceleration of socio-economic development.

The legal framework for the regulation of export-import operations has been established in Azerbaijan. For the purpose of regulating foreign trade, a number of relevant laws have been passed by the Milli Mejlis, presidential decrees have been signed, orders have been issued, etc.

Economic research indicates that, in the future, the development of Azerbaijan will depend on international economic relations, because of its geographical situation at an intersection of political and economic interests.

The customs services are therefore not only of economic but also of political importance. A heavy responsibility rests on Azerbaijan's customs agencies: the protection of the domestic market of the Republic, the supervision of import-export operations, economic sovereignty and the safeguarding of this sovereignty — i.e., customs policy.

A study of the contemporary structure of the international trading system leads to the conclusion that, in recent years, the process of globalization in the world has led to an increase in the influence of transnational co-operations and to the subordination of national economic interests to international capital.

However, despite all this, the globalization process leads to the free movement of commodity services, labour and capital. Under the conditions of globalization, the development of the national economy depends, first and foremost, on the production of competitive products and the protection of the economic interests of local producers.

The main goal of State policy in the sphere of external trade co-operation consists in ensuring the stability of the national economy and its systematic development by promoting, in a rational manner, the integration of the system of economic relations into the world economy.

Foreign policy will be directed towards improving the conditions for access to the world market for goods, labour and services, protecting the domestic market and ensuring access to the capital and technology markets, which play an important role in economic development.

In this light, the key goals for the State's external economic policy in the coming years are:

- The gradual intensification of the process of liberalization of foreign trade activities;
- In efforts to improve existing legislation in the field of international trade, the combination of this with the development of external economic policies;
- Parallel with measures for tariff regulation in regard to imports, the extensive use of non-tariff measures, including measures related to standards, packaging and marking of goods, based on international experience in this sphere;
- Ensuring transparency in the process for the adoption of appropriate laws for the implementation of external trade policy;

- Preference for the principle of mutual benefit in external trade policy and the taking account of this principle in the process of developing the legislative framework;
- Expansion of co-operation with international economic organizations, particularly the World Bank and the International Monetary Fund, the completion of the process of accession to the World Trade Organization and acceleration of the process leading to accession to the World Tourism Organization and other organizations and conventions;
- Development of co-operation with regional economic organizations;
- Development of co-operation with funds of foreign countries for investment and the promotion of businesses, and attempts to interest such funds in the financing of particular projects;
- Adoption of appropriate measures in cases of economic discrimination against Azerbaijan;
- With the economic interests of the State being taken into account, the establishment of a legislative framework to regulate the import of the labour into Azerbaijan;
- The opening of Azerbaijani trade missions in foreign countries and with international economic organizations;
- The implementation of measures to create a modern infrastructure for external economic and trade activities.

The Azerbaijani Law on “Protection of the Rights of Consumers” provides for the equitable regulation of relations between the producer and the consumer and between the seller and the buyer, in order to create equitable conditions for consumers in the process of sale and purchase and of the provision of services, and establishes a general legislative framework of social and economic provisions and mechanisms for the protection of consumer rights.

The government programmes adopted — the “State Programme for the Development of Businesses in the Azerbaijani Republic (1993–1995)”, the “Programme of State Support for Small and Medium-Sized Enterprises in the Azerbaijani Republic (1997–2000)” and the “State Programme for the Development of Businesses in the Azerbaijani Republic (2002–2005)” — have played an extremely important role in bringing about advances in this area and have laid the foundations for the further progress of small-scale and medium-scale business as a priority area of government economic policy.

In September 1998, the Baku International Conference on Restoration of the Historic Silk Road accelerated the implementation of the Silk Road project. As a result of the steps taken to establish transport communications, the availability of transport facilities has increased. Such measures, in turn, have a positive impact on the development of Azerbaijan’s foreign trade.

Beginning in 1993, agreements on trade and economic relations have been signed with 20 countries in the Americas, Europe, Asia and the Middle and Far East. Inter-State

agreements signed with China, Uzbekistan, Turkmenistan, Georgia, Romania and Germany have converted Azerbaijan into a central point on a transnational transport corridor.

Azerbaijan has signed agreements on a free trade area with countries of the CIS (Georgia, Kazakhstan, Moldova, Russian Federation, Turkmenistan, Ukraine and Uzbekistan). Documents of a regulatory nature have also been signed on customs unions, economic integration and the free trade area.

Azerbaijan is developing economic relations with the European Union, the Organization of the Black Sea Economic Co-operation, the Economic Co-operation Organization, the European Free Trade Association, the Organization for Economic Co-operation and Development and other international organizations.