

**AGREEMENT
BETWEEN THE GOVERNMENT OF RUSSIAN FEDERATION AND THE
GOVERNMENT OF THE REPUBLIC OF AZERBAIJAN ON FREE TRADE**

(Baku, September 30, 1992)

The Government of the Russian Federation and the Government of the Republic of Azerbaijan, hereafter referred to as the Contracting Parties,
striving to develop trade and economic cooperation between the Russian Federation and the Republic of Azerbaijan based upon equality and mutual benefits,
based upon the sovereign rights of each Contracting Party to conduct its independent foreign economic policy and enforce relevant international obligations and realization of proclaimed aims,
recognizing importance of measures, aimed at the creation of a strong base for successful enlargement of cooperation between the countries on a basis of a free trade,
have agreed as follows:

Article 1

1. Contracting Parties shall not apply customs duties, taxes and charges having equivalent impact on import of goods originating from the customs territory of one of Contracting Parties and destined for the customs territory of the other Contracting Party. Special cases of application of this trade regime between the two countries on the agreed nomenclature of the goods shall be formalized by annual documents, which shall be an integral part of this Agreement.

2. For the purposes of this Agreement, and for its effective term, goods originating from the territories of Contracting Parties shall be deemed to be:

- (a) Completely produced in the territory of Contracting Parties;
- (b) Having been processed on the territory of Contracting Parties by utilizing raw materials, materials and components of third country origin, whose classification under the Harmonized System of Commodity Description and Coding changed in at least one of the first four digits due to this processing;
- (c) Produced with the use of raw materials, materials and components listed in "b" of the above provided that their total cost does not exceed a fixed proportion of the export price of commodities sold.

Detailed rules on establishing origins of goods shall be coordinated by Contracting Parties and included in a document that shall become an integral part of this Agreement.

Article 2

Contracting Parties shall not:

directly or indirectly impose any internal taxes or charges on goods covered by this Agreement, in excess of corresponding taxes and charges imposed on similar goods of domestic production or of third country origin;

apply any special limitations or conditions to goods covered by this Agreement, in excess of limitations or conditions applied under similar circumstances to similar goods of domestic production or of third country origin;

apply rules to warehousing, reloading, storage, and transportation of goods that originating from the territory of the other Contracting Party, as well as to payments and payment transfers, other than those applied in similar situations regarding goods of domestic production or of third country origin.

Article 3

1. Contracting Parties shall refrain from introducing quantitative restrictions or its equivalents on export and (or) import of goods within the framework of this Agreement.

2. Quantitative restrictions referred to in Paragraph 1 of this Article may be introduced unilaterally with strictly defined time frames only in the event of:

- sharp deficit in this good on domestic market - until the situation on domestic market will stabilize, or

- sharp deficit in the balance of payment - until the balance of payment situation stabilizes, or

- if any good has been imported on the territory of one of the Contracting Parties in such increased quantities and on such terms that threaten or may threaten to cause injury to domestic producers of like or directly competitive goods,

- for the purposes of exercising the measures provided by the Article 4 of this Agreement.

3. Quantitative restrictions referred to in Paragraph 1 of this Article may also be introduced by mutual agreement of the parties and shall be included in the annual documents referred to in Paragraph 1 of Article 1 of this Agreement.

4. A Contracting Party using quantitative restrictions under Paragraph 2 of this Article shall if possible in advance inform, as well as upon request of the other Contracting Party, immediately provide the necessary information on the reasons, forms, and possible time frames for using the abovementioned restrictions.

5. Contracting Parties shall endeavour to solve all issues arising in relation to application of quantitative restrictions under Paragraph 2 of this Article by means of consultations.

Article 4

Each Contracting Party shall not permit re-export of goods in relation to export of which the other Contracting Party where these goods originate from applies measures of tariff-based and (or) non-tariff-based regulation.

Re-export of such goods into third countries is permitted only upon written consent and on conditions stipulated by an authorized state agency of the country of origin of these goods. In the event of non-compliance with this provision, the Contracting Party whose interests have been violated has the right for unilateral introduction of measures to regulate export of goods into the territory of the state that permitted the non-sanctioned re-export. In addition the latter shall repay the full amount of such re-export proceeds to the country of origin of relevant goods.

The term "re-export" refers to the export of goods originating from the customs territory of one Contracting Party, as defined in Article 1, paragraph 2 of this Agreement, by the other Contracting Party to the outside of the customs territory of the latter, for the purpose of exporting it into a third country.

Article 5

Contracting Parties will on a regular basis exchange information on customs issues, including customs statistics. Relevant authorized bodies of the Contracting Parties shall coordinate the way to exchange such information.

Article 6

Contracting Parties will inform each other on all the exceptions to the existing customs tariff that are applied unilaterally.

Article 7

Contracting Parties shall consider incompatible with the purposes of this Agreement any unfair business practices and shall not allow and eliminate the following methods thereof:

- agreements between enterprises, decisions made by the associations of enterprises, and general methods of business practices aimed at hindering or limiting competition or disrupting the competitive environment in the territories of the Contracting Parties;
- actions by means of which one or a few enterprises use their dominant position, limiting competition within the entire territory of the Contracting Parties or a significant part thereof.

Article 8

For the purposes of applying measures of tariff and non-tariff regulation in the bilateral economic relationships, statistical information exchange, and for carrying out customs procedures, the Contracting Parties agreed to use the unified, nine-digit Commodity Nomenclature of Foreign Economic Activities (CN FEA), based upon the Harmonized Commodity Description and Coding System and Combined Tariffs and Statistics Nomenclature of the Eurasian economic community. For their own needs Contracting Parties may expend this Commodity Nomenclature beyond the nine digits if necessary.

Introduction of the reference original of the Commodity Nomenclature is carried out by the Russian Federation through the existing representations in the relevant international organizations, until the Republic of Azerbaijan declares its independent introduction of such an original.

Article 9

Contracting Parties shall not use state aid in the form of subsidies to enterprises or in any other form if the result of such state aid would be the distortion of normal economic conditions in the territory of the other Contracting Party.

Article 10

Contracting Parties agree that the adherence to the principle of freedom of transit is the major condition for achieving goals of this Agreement and a substantial element in the process of their integration into the system of international division of labour and cooperation.

Thereupon each Contracting Party shall provide unimpeded transit through its territory for goods originating from the customs territory of the other Contracting Party or third countries and destined for the customs territory of the other Contracting Party or any third country, and shall supply exporters, importers, and carriers with all facilities and services available and necessary for ensuring transit on terms not worse than those granted to national exporters, importers, or carriers, or exporters, importers or carriers of any other third state.

Transit tariffs for all types of transportation, including tariffs for loading and unloading operations, shall be economically justified and shall not exceed normal operational expenses, including reasonable profit rates. Contracting Parties shall not request payment for warehousing, reloading, storage, and transportation of goods in the currency of any third state.

Contracting Parties shall conclude a special agreement on transit.

Article 11

Contracting Parties have the right to take measures which they consider necessary for protecting their vital interests or which are undoubtedly necessary for compliance with international agreements to which they are or intend to become parties, if these measures relate to:

- information affecting the interests of national defence;
- trade in arms, munitions and military equipment;
- research or production related to the defence needs;
- supply of materials and equipment used in nuclear industry;
- protection of public morality and public order;

- protection of industrial and intellectual property;
- gold, silver, and other precious metals and stones;
- protection of human, animal and plant life.

Article 12

With the goal of pursuing coordinated policy of export control in relation to the third countries on goods and services included in common check lists, Contracting Parties shall establish an Inter-State Coordination Council on Export Control consisting of the heads of national bodies of export control and support staff. Functions of Inter-State Coordination Council shall include the approval of common check lists of goods and services, examination of cases of export control requirements violation, elaboration of proposals to introduce or to call off sanctions, as well as other questions of export control.

Article 13

Provisions of this Agreement shall replace the provisions of agreements concluded earlier by the Contracting Parties insofar as the latter are incompatible or identical with the former. Contracting Parties will instruct their competent authorities to prepare an appropriate protocol on this matter.

Article 14

This Agreement shall not affect other Agreements concluded earlier by the Contracting Parties with third countries.

Article 15

Nothing in this Agreement shall prevent Contracting Parties from establishing relationships which do not contradict the goals and terms of this Agreement with the states which are not parties to this Agreement and with their associations and international organizations.

Article 16

Disputes between Contracting Parties related to interpretation or application of provisions of this Agreement shall be resolved by means of negotiations.

Article 17

To achieve the goals of this Agreement and to elaborate recommendations for developing trade and economic cooperation between the two countries, Contracting Parties have agreed to establish a joint Russian-Azerbaijani commission.

Article 18

Contracting Parties have agreed that the Russian Federation may establish its trade representation in the Republic of Azerbaijan, and the Republic of Azerbaijan may establish its trade representation in the Russian Federation. The legal status of these trade representations, their functions and residence will be agreed by the Contracting Parties in a separate agreement.

Article 19

Any state may accede to this Agreement on terms and conditions which would be agreed between the acceding state and the Contracting Parties.

Article 20

An integral part of this Agreement shall be a Protocol on exceptions to free trade regime which the Parties shall sign in one month after the signature of the Agreement.

Article 21

This Agreement becomes effective upon exchange of notices of completion by the Contracting Parties of intra-state procedures necessary for its entry into force.

This Agreement will become invalid after twelve months from the date, when one of the Contracting Parties notifies the other Contracting Party in writing of its desire to terminate this Agreement.

This Agreement after its termination shall apply to the contracts among the enterprises and organizations of both countries, concluded, but not implemented during the period when the Agreement is in force.

Done in the City of Baku, on September 30, 1992 in two originals, each in Russian and Azerbaijani, both texts being equally authentic.

(Signatures)

**PROTOCOL
ON EXCEPTIONS TO FREE TRADE REGIME
TO THE AGREEMENT BETWEEN THE GOVERNMENT OF THE RUSSIAN
FEDERATION AND THE GOVERNMENT OF THE REPUBLIC OF AZERBAIJAN
ON FREE TRADE
OF SEPTEMBER 30, 1992**

(Moscow, November 26, 1992)

Authorized representatives of the Russian Federation and the Republic of Azerbaijan, have concluded this Protocol on the following.

Article 1

Exceptions provided by Article 1 of the Agreement between the Government of the Russian Federation and the Government of the Republic of Azerbaijan on Free Trade, as of September 30, 1992, shall apply to:

1. Goods subject to the Russian legislation on export tariff, as well as the legislation on licensing and quoting of exportation of goods (works, services) which is in force at the moment of customs clearance of goods during their exportation from the Russian Federation to the Republic of Azerbaijan (at the moment of signing this Protocol export tariffs in force, established by the Government of the Russian Federation Regulation No 461 as of June 30, 1992; list of the goods subject to quotas and licensing are established by the Government of the Russian Federation Regulation No 854 as of 6 November 1992);

2. Goods subject to the Azerbaijani legislation on export tariff, as well as the legislation on licensing and quoting of exportation of goods (works, services) which is in force at the moment of customs clearance of goods during their exportation from the Republic of Azerbaijan to the Russian Federation (at the moment of signing this Protocol there is no legislation of the Republic of Azerbaijan on export tariff, the Republic of Azerbaijan will inform the Russian Federation on its introduction, the list of the goods subject to quotas and licensing are established by the Decree of the President of the Republic of Azerbaijan No. 136 as of August 13, 1992).

The Parties shall immediately inform each other of all changes in the above stated exceptions.

Article 2

1. In respect of the goods subject to tariff and non tariff export restrictions in accordance with Article 1 of this Protocol, Parties shall provide each other most favoured nation regime in regard to:

- customs duties, taxes and charges payable upon export, including methods of levying such duties, taxes and fees;
- provisions relating to customs clearance of transit, transportation, storage, reloading and other similar services;
- export regulation;
- issuance of export licenses.

2. The provisions of paragraph 1 of this Article shall not apply to:

- advantages offered by any of the Parties to third countries with the aim of creating a customs union or a free trade area or as a result of the establishment of such a union or area;
- advantages granted to developing countries, in accordance with the laws of the Parties;
- advantages provided to the neighbouring countries in order to facilitate cross-border trade;
- advantages provided by Parties to each other in accordance with special agreements.

Article 3

The Parties have agreed not to apply customs export and import duties in mutual trade till February 1, 1993.

Article 4

1. This Protocol shall be integral part of the Agreement between the Government of the Russian Federation and the Government of the Republic of Azerbaijan on Free Trade, as of September 30, 1992, and shall come into force on the same date as this Agreement.

2. This Protocol shall be valid till the new Protocol will be signed as provided by the Article 1 the Agreement between the Government of the Russian Federation and the Government of Azerbaijan on Free Trade, as of September 30, 1992.

Done in the city of Moscow on 26 November 1992, in two originals. Each is in the Russian and Azerbaijani languages. And both of the texts shall be equally valid.

(Signatures)

**PROTOCOL
ON EXCEPTIONS TO FREE TRADE REGIME
TO THE AGREEMENT BETWEEN THE GOVERNMENT OF THE RUSSIAN
FEDERATION AND THE GOVERNMENT OF THE REPUBLIC OF AZERBAIJAN
ON FREE TRADE
OF SEPTEMBER 30, 1992**

(Moscow, December 30, 1992)

Authorized representatives of the Russian Federation and the Republic of Azerbaijan, have concluded this Protocol on the following.

Article 1

The Parties have agreed not to apply in 1993 export duties on goods, included in the list to the Protocol on realization of the Trade and Economic Cooperation Agreement between the Government of the Russian Federation and the Government of the Republic of Azerbaijan, as 1993 (Annex 3 to this Protocol) within the limits provided in this list.

Additional exceptions from the application of exports duties, as well as mutually agreed placing of additional advantages in mutual trade will be formed by separate protocols.

Article 2

The Parties have agreed not to apply customs export and import duties in mutual trade till February 1, 1993.

Article 3

1. This Protocol shall be integral part of the Agreement between the Government of the Russian Federation and the Government of the Republic of Azerbaijan on Free Trade, as of September 30, 1992, and shall come into force after the date of signing.

2. This Protocol shall not cease the Protocol with the same heading as of November 26, 1992, and is addition to it.

Done in the city of Moscow on December 30, 1992, in two originals. Each is in the Russian and Azerbaijani languages. And both of the texts shall be equally valid.

(Signatures)

**PROTOCOL
ON AMENDMENTS AND ADDITIONS
TO THE PROTOCOL ON EXCEPTIONS TO FREE TRADE REGIME
OF THE AGREEMENT BETWEEN THE GOVERNMENT OF THE RUSSIAN
FEDERATION AND THE GOVERNMENT OF THE REPUBLIC OF AZERBAIJAN
ON FREE TRADE AS OF SEPTEMBER 30, 1992,
SIGNED ON NOVEMBER 26, 1992**

(Baku, November 29, 2000)

The Government of the Russian Federation and the Government of the Republic of Azerbaijan, hereafter referred to as the Parties,

taking into account that since the signing of Agreement between the Government of the Russian Federation and the Government of the Republic of Azerbaijan on Free Trade, as of September 30, 1992, hereinafter referred to as the Agreement, and the Protocol as of November 26, 1992, to the Agreement, hereinafter referred to as the Protocol, structural changes have occurred in national economies as well as in the legislation of the state Parties on tariff and nontariff regulation of foreign economic activity,

taking guidance from the provisions of the Agreement on the Establishment of the Free Trade Area as of April 15, 1994, and the Protocol on Amendments and Additions to the Agreement on the Establishment of the Free Trade Area of April 15, 1994, signed on April 2, 1999,

have agreed as follows:

Article 1

To introduce to the Protocol to the Agreement the following amendments:

Article 1 shall be added by the Paragraph 3 of the following substance:

“3) goods imported into the customs territory of the Russian Federation from the Republic of Azerbaijan, as specified in Annex No.1, and goods imported into the customs territory of the Republic of Azerbaijan from the Russian Federation, as specified in Annex No.2 to this Protocol, as well as the goods within the purview of the states Parties’ legislation on licensing and quotas of import of goods (works, services) effective at the moment of customs declaration of the commodities.

The Parties shall notify each other about the introduction of exceptions to free trade regime of goods, as specified in Annexes No.1 and No.2 to this Protocol, not later than two months prior to its introduction”;

in Paragraph 1 of Article 2 the words “during the export; export” shall be replaced by the words “during the export and/or import; exported and/or imported”;

Paragraph 2 of Article 4 shall be deleted.

Article 2

Protocol on exceptions to free trade regime to the Agreement between the Government of the Russian Federation and the Government of the Republic of Azerbaijan on Free Trade, as of September 30, 1992, signed on December 30, 1992, shall cease to have effect.

Article 3

This Protocol shall come into force from the date of the last notification about the Parties having performed the inter-state procedures required for the Agreement to become effective, and shall be an inseparable part of the Agreement between the Government of the Russian Federation and the Government of the Republic of Azerbaijan on Free Trade, as of September 30, 1992, signed on December 30, 1992.

Made at the city of Baku on November 29, 2000 in two copies, each in the Russian and Azerbaijani languages, both texts being of equal force.

(Signatures)

Annex No.1
to the Protocol on Amendments
and Additions to the Protocol on the Exceptions
to Free Trade Regime to the Agreement between
the Government of the Russian Federation and
the Government of the Republic of Azerbaijan
on Free Trade as of September 30, 1992, signed on
November 26, 1992,
as of November 29, 2000

**LIST OF GOODS,
IMPORTED INTO THE CUSTOMS TERRITORY OF THE RUSSIAN FEDERATION
FROM THE REPUBLIC OF AZERBAIJAN AND SUBJECT TO EXCEPTION
FROM THE FREE TRADE REGIME ON GOODS, WHICH FORMATION IS ENVISAGED BY
PARAGRAPH 1 OF ARTICLE 1 OF THE AGREEMENT BETWEEN
THE GOVERNMENT OF THE RUSSIAN FEDERATION AND
THE GOVERNMENT OF THE REPUBLIC OF AZERBAIJAN
ON FREE TRADE AS OF SEPTEMBER 30, 1992.**

CIS HS Code	Name of goods
1701 99 100	White sugar
2207	Undenatured ethyl alcohol of an alcoholic strength by volume of 80% or higher; ethyl alcohol and other spirits, denatured, of any strength
2208 90 910	Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80%; spirits, liqueurs and other spirituous beverages:
2208 90 990	- 2 liters and less - more than 2 liters
2402	Cigars, cigars with clipped ends, cigarillos, and cigarettes of tobacco and its substitutes

(Signatures)

Annex No.2
to the Protocol on Amendments
and Additions to the Protocol on the Exceptions
to Free Trade Regime to the Agreement between
the Government of the Russian Federation and
the Government of the Republic of Azerbaijan
on Free Trade as of September 30, 1992, signed on
November 26, 1992,
as of November 29, 2000

**LIST OF GOODS,
IMPORTED INTO THE CUSTOMS TERRITORY OF THE REPUBLIC OF AZERBAIJAN
FROM THE RUSSIAN FEDERATION AND SUBJECT TO EXCEPTION FROM THE FREE TRADE REGIME
ON GOODS, WHICH FORMATION IS ENVISAGED BY
PARAGRAPH 1 OF ARTICLE 1 OF THE AGREEMENT BETWEEN
THE GOVERNMENT OF THE RUSSIAN FEDERATION AND
THE GOVERNMENT OF THE REPUBLIC OF AZERBAIJAN
ON FREE TRADE AS OF SEPTEMBER 30, 1992.**

CIS HS Code	Name of goods
2203	Malted beer
2207	Undenatured ethyl alcohol of an alcoholic strength by volume of 80% or higher; ethyl alcohol and other spirits, denatured, of any strength
2208 90 910	Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80%; spirits, liqueurs and other spirituous beverages:
2208 90 990	- 2 liters and less - more than 2 liters
2402	Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes

(Signatures)
