

TRADE POLICY FORUM
CENTRAL ASIA AND THE MULTILATERAL TRADING SYSTEM

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H.E. Mr. Mahmud Mammad-Guliyev – Session I – Accession to the WTO

Accession Negotiations: Exchange of Experiences and Lessons Learnt

Domestic Preparation and Domestic Coordination – Perspectives of Chief Negotiators

It is a pleasure for me to participate at this forum which gives us a favorable opportunity to share experiences, learn from the best practices, as well as shed light on the particular challenges faced by acceding countries. In this regard, I'd like to express my gratitude to the WTO and UNECE for organizing this timely event.

Trade and investment are important components in shaping Azerbaijan's internal and external economic policy. Therefore, becoming a full-fledged member of WTO is a significant milestone that we aspire to achieve. Accession process to the WTO is not a smooth process; rather it has its own advantages and complexities. From one side, the process contributes to fostering of trade and investment opportunities, liberalization of trade regime, adoption of good practices, business-friendly laws and regulations, increasing of transparency, fighting of corruption, elimination of monopolies and etc. But from the other side, you also face members who put on the negotiations table WTO+ commitments and request such conditions that are not compatible with the government's economic development program. However, you have to analyze your program and find a compromise; otherwise you would delay your accession.

During this process, we have come through different challenges. Let me mention a few:

- **Human resources**: Having a team of English-speaking experts with good knowledge on WTO and trade issues is a cornerstone of every accession. For this purpose, we used our State Programme on Education of Azerbaijani Youth and sent bright youth to study abroad at the most prestigious universities. Today we are, in some way, benefitting from the outcomes of this programme, as more and more youth with necessary expertise and language skills come and work in the government structures related to trade. With the assistance from WTO, we have set up Reference Center in Azerbaijan State Economic University where students benefit from various trade publications. We are also in the process of establishing WTO Chair in this university. We highly appreciate different training and e-learning platforms offered by WTO that we have benefitted largely. Especially I would like to emphasize the trainings that are offered specifically to the acceding countries and hope that this practice would continue in the future.
- **Absence of interest from local entrepreneurs / SMEs**: From the first day of our accession we tried to attract the interest of the industry to the accession process in order to adopt

negotiations strategy. Unfortunately, we faced with lack of interest and response from the relevant industry. We think that this absence of interest could stem from the fact that our entrepreneurs were mostly interested in trade with neighboring Newly Independent States with whom we already had bilateral free trade agreements. To overcome this challenge, together with our international partners, we have organized workshops, seminars and various events to raise public awareness, as well as to motivate the business. We have met one-on-one with representatives of major industries (such as fisheries, furniture and etc.) to discuss their particular interests so that we could represent them adequately during the accession. This process is still ongoing. With the government paying more attention to the economic reforms at the moment and with the development of SMEs, I believe that interest to the WTO among entrepreneurs would also increase.

- **Influence of geopolitical situation**: As a country with specific geopolitical situation related with the occupation of 20% of our territories, for the first time in WTO history, we have put forward a proposal during Plurilateral negotiations on domestic support to agriculture. Stemming out of the situation with occupied territories, in addition to the domestic support package that we would receive once we are a WTO member, we have also requested additional support for the restoration of agricultural lands after the liberation of those territories. This issue is still under the discussion on the negotiations table.
- **Dependence from one source of commodity**. As an oil and gas dependent economy, diversification and development of sustainable non-oil sector is the key direction of economic policy in Azerbaijan. Recent downfall of oil prices have once more shown how crucial this policy is. The government pays more attention to develop some potential sectors of non-oil economy; and I hop that our negotiations partners will take this into account.

Notwithstanding all of these challenges, I must say that WTO accession process has at the same time been a rewarding experience. Let me point out what we have learnt during this process:

- By participating at the multilateral accession negotiations and reviewing the questions and answers submitted by the members, we have comprehensively analyzed our trade policy and we are able to identify ways to further boost bilateral trade relations.
- In order to harmonize our legislation with WTO agreements, we have adopted and amended dozens of laws and regulations such as Customs Code, law on Customs Tariffs, Law on Copyright, on Patents, on Trademarks and Geographical Indications, on Licenses and Permits and etc. A number of draft laws and regulations are already at the stage of finalizing and will be adopted in the near future.
- Even though we have started this process somewhat late, but eventually we reviewed the tariff structure of the goods, identified priority and sensitive goods for us and elaborated the corresponding tariffs for them.

- Concerning services, we have analyzed the structure of our services market focusing on further liberalization of market access conditions and taken a wide range of specific commitments in 113 services sub-sectors, including full commitments in different sectors, as well as additional obligations for some services. Once we are WTO member, this liberalization would result in increase of investment in services sectors. As a country in the crossroads of East-West and North-South transport corridors, we envisage that liberalization of transport services would bring positive yields to the trade and economy as a whole.
- As a result of collaboration with our international partners like USAID, GIZ, EU and etc, we managed to harmonize our domestic support to agriculture to the WTO agreed framework and prepared draft of national strategy on the development of agriculture.
- We are developing our own expert potential through the assistance of members and development partners.
- In order to timely answer the enquiries of the member states, we have set up WTO TBT Enquiry Point at the State Committee on Standardization, Metrology and Patents, WTO SPS Enquiry Point at the Ministry of Agriculture and WTO Services Enquiry Point at the Ministry of Economy.

Concerning domestic coordination, our team mostly consists of representatives of Ministry of Economy and Foreign Affairs and some relevant agencies. We have set a special Commission for the accession of Azerbaijan to the WTO. Minister of Economy is the head of the Commission and is responsible for preparation of accession documents, offers, answering of questions, liaison with the WTO focal points at the line ministries and agencies. Deputy Minister of Foreign Affairs is the deputy-head of the Commission and also Chief Negotiator. Me and my team at the Ministry of Foreign Affairs is responsible for conducting negotiations. Commission has 6 working groups on goods, services, legislature, agriculture, IP, TBT and SPS.

In conclusion, I would like to note that, there are more advantages of joining WTO than disadvantages and I hope that in the near future, all the countries, including Azerbaijan, would be equal members of the WTO. Thank you for your attention.