WORLD TRADE ORGANIZATION

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Committee on Regional Trade Agreements
Eighty-fourth Session

FREE TRADE AGREEMENT BETWEEN THE RUSSIAN FEDERATION AND AZERBAIJAN (GOODS)

NOTE ON THE MEETING OF 3 APRIL 2017

Chairman: Ambassador Daniel BLOCKERT (Sweden)

1.1. The 84th Session of the Committee on Regional Trade Agreements (hereinafter 'CRTA' or the 'Committee') was convened in Airgram WTO/AIR/RTA/9/Rev.1 dated 24 March 2017.

1.2. Under Agenda Item F.II of the Session, the CRTA considered the Free Trade Agreement (FTA) between the Russian Federation and Azerbaijan, goods, (hereinafter "the Agreement").

1.3. The Chairman recalled that during the CRTA meeting of 4 March 2009, Members had agreed to consider RTAs involving non-Members under the Transparency Mechanism's procedures and had agreed that those RTAs notified since 14 December 2006, including future notifications, should be taken up before the others. Members had made it clear that consideration of such agreements by the Committee did not have any implication for the views or positions of any Member with respect to the consistency of that RTA with WTO rules and would be without prejudice to the rights and obligations of Members under the WTO Agreements, as clearly stated in paragraphs 1 and 5 of the Transparency Mechanism Decision. Members had also agreed that the consideration of such agreements in the CRTA would be organized under a separate agenda item.

1.4. The Agreement had entered into force on 17 February 1993 and it had been notified to the WTO by the Russian Federation on 13 September 2012 under Article XXIV:7(a) of the GATT 1994 and the Understanding on the Interpretation of Article XXIV of GATT 1994 as an Agreement establishing a free trade area (document WT/REG317/N/1). The text of the Agreement was available, together with its Annexes, on the WTO RTA database.

1.5. The Factual Presentation on the goods aspects (document WT/REG317/1 dated 16 January 2017) and questions and replies on this Agreement (document WT/REG317/2 dated 17 March 2017) had been distributed.

1.6. The representative of the Russian Federation thanked the Secretariat for preparing the Factual Presentation and appreciated the Members who had expressed interest in the Agreement and had asked written questions, to which Russia had provided answers in line with established practices in close coordination with the Permanent mission of Azerbaijan in Geneva. He hoped that the day's meeting would be helpful for WTO Members to better understand the Agreement.

1.7. The Agreement had been signed in 1992, thus being one of the first agreements establishing the legal basis for a free trade regime in the CIS area. Although at the time neither of the two countries had been a GATT participant and the WTO framework had been still an issue for discussions, the Agreement had incorporated fundamental provisions of regional trade agreements in accordance with the then-GATT rules.

1.8. The purpose of the Agreement included developing trade and economic cooperation between Russia and Azerbaijan as well as accelerating the economic development of both countries, improving working and living conditions, increasing employment and achieving financial stability. The Agreement provided for information exchange on a wide range of issues. The Parties had also agreed to establish a Joint Commission in order to discuss the implementation of the Agreement

and to elaborate recommendations for developing trade and economic cooperation between the two countries.

1.9. The Agreement had formed a solid basis for robust trade relations between Russia and Azerbaijan. At a meeting of the Joint Intergovernmental Commission on Economic Cooperation in December 2016 both Parties had underlined positive trends in bilateral trade. In particular, they had noted that Azerbaijan's exports to Russia of machines, equipment and vehicles had grown 5.8 times and, paper and cellulose articles had grown 5.5 times. Azerbaijan's export of agricultural and mineral products had increased by 27% and 12.6% respectively. He considered the FTA to be an important instrument for maintaining and further deepening economic relations between the two countries. The Russian delegation looked forward to a constructive exchange of views on all aspects of the Agreement.

1.10. The representative of Azerbaijan expressed appreciation to the WTO Secretariat for the factual presentation. Trade and economic cooperation between the Russian Federation and Azerbaijan had developed and was still developing dynamically and successfully. Russia had traditionally been one of Azerbaijan's main trading partners, ranking second in 2016 in terms of Azerbaijan's exports and first in terms of the share of imports. Along with these positive trends there was great potential for the further strengthening of mutually beneficial trade relations.

1.11. He noted the positive role that the FTA had played in strengthening relations between the countries. In this respect, he stressed the importance of the work of the Joint Intergovernmental Commission on Economic Cooperation, which had been established in August 2006. The Commission regularly met to discuss not only issues related to the FTA but also a broad variety of issues related to trade, customs, and agriculture, as well as humanitarian and other social-economic issues. It served as a legal institution which aimed at providing effective interaction of business and governmental structures of the two countries.

1.12. Despite the fact that the FTA had been initially signed with some exceptions, at the time Azerbaijan and Russia did not apply any import tariffs against each other; as of 2012, all exceptions had been eliminated according to the Protocol on Exceptions signed between the Parties on 6 February 2004. Azerbaijan believed that effective implementation of the provisions of the FTA would contribute to further enhancement of relations between the two countries.

1.13. In conclusion, he expressed gratitude for Members' interest and thanked them for their written questions. He also thanked his colleagues from the Permanent Mission of the Russian Federation for their collaboration in preparing the answers to the questions received. He reiterated his delegation's readiness to continue the constructive cooperation.

1.14. The representative of Japan thanked both Parties for the comprehensive presentation and their written response to Japan's question submitted in advance of the meeting. The delegation of Japan did not have additional questions. Japan had noted that the Parties had notified the Agreement separately from the CIS Agreement, which Azerbaijan and Russia had also signed. He appreciated the achievement of full liberalization in terms of trade in goods between both Parties. Finally, he said Japan would be following how the Parties would proceed to address the issue of export duties, which were permitted under the Agreement.

1.15. The Chairman said that the consideration of the Goods Aspects of the Free Trade Agreement between the Russian Federation and Azerbaijan had allowed the Committee to clarify a number of questions and it could now conclude oral discussion of the RTA in accordance with paragraph 11 of the Transparency Mechanism. If any delegations wished to ask follow-up questions they were invited to forward submissions in writing to the Secretariat by 10 April 2017 and Parties were asked to submit replies in writing by no later than 24 April 2017. In accordance with paragraph 13 of the Transparency Mechanism all written submissions, as well as minutes of this meeting would be circulated promptly, in all WTO official languages, and would be made available on the WTO website.

1.16. The Committee took note of the comments made.

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