

**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;