

ECONOMY STRATEGIC ROADMAPS

On 16 March 2016, the President of Azerbaijan signed Decree No 1897 on “Primary Directions of Strategic Roadmaps for National Economy and Main Sectors of Economy” introducing analysis and systematic approach to economic reforms in Azerbaijan. These documents (Directions) represent Economic Development Strategy and Action Plan developed by the working group (consisting of a number of local and foreign experts) along with describing organizational steps and long-term development planning and forecasting of the Azerbaijani economy on both macroeconomic and microeconomic levels. Later, on 6 December 2016, the President signed additional Decree No 1138 approving the Strategic Roadmaps for National Economy and Main Economic Sectors.

The roadmaps include the developmental prospects of the national economy (a national economic outlook) and focus on eleven major sectors of the economy: (i) oil and gas (including chemical production); (ii) manufacture and processing of agricultural products; (iii) manufacture of consumer goods by small and medium enterprises (SMEs); (iv) heavy industry and machinery; (v) specialized tourism industry; (vi) logistics and trade; (vii) affordable housing; (viii) vocational education and trainings; (ix) financial services; (x) communication and information technologies; and (xi) utilities (electricity and thermal energy, water and gas supply). The outlook includes a detailed short term action plan for 2017-2020, a long-term strategy for the period covering years until 2025, and a vision for the post 2025 period.

The documents also provide for a review of the current situation of every economic sector, the SWOT analysis, action plan, benchmarks, required investments, foreseeable risks, and expected outcomes. Implementation of each roadmap requires legislation applicable to each concerned sector of the economy. Investments for the implementation of the projects introduced by the action plans are expected to be sourced from state and private funds.

The objectives and measures contemplated by the roadmaps can be exemplified on the basis of the following roadmaps:

Production and Processing Agricultural Products

The roadmap introduces measures focusing on: simplifying and improving access to financial resources, stimulating production of agricultural products in compliance with food safety standards, public-private cooperation related to project implementation, introduction of incentives and regulations encouraging export of local agricultural products, development and support of farm infrastructure, encouraging competitiveness and best performance, developing consulting and information services, and simplifying for manufacturers access to markets.

To ensure that implementation of the strategy has sufficient funding, the roadmap requires that the Ministries of Finance and Agriculture cooperate to establish a public-private investment fund, which would provide the investors with prepared and categorized agricultural projects, make relevant calculations, and monitor the system. It is expected that implementation of the roadmap will create job opportunities for more than 20,000 people.

Manufacture of Consumer Goods by SMEs

These are the reforms and objectives that the Government is planning to achieve within the framework of this roadmap: to create SMEs industrial zones, establish the centralized SME agency, simplify procedures for start-ups, monitor and eliminate inspections of businesses, expand and improve access to financing for entrepreneurs, undertake reforms in relation to businesses' insolvency and liquidation, create export associations covering different entrepreneurship sectors, introduce favourable taxation policy and conditions encouraging SME competitiveness, and increase share of SMEs exports in the total exports. The roadmap also provides for certain amendments to be made to the legislation governing SMEs.

Specialised Tourism Industry

The tourism industry in Azerbaijan is undergoing rapid development. A short-term action plan includes: (i) turning Baku into a major touristic attraction point; (ii) formation of a favourable environment for the development of tourism in the country; and (iii) making tourism in Azerbaijan attractive by creating the relevant infrastructure. The list of measures planned for implementation by the roadmap includes:

- establishment of a special bureau engaged in promoting information for tourists;
- construction and development of touristic infrastructure facilities, including affordable hotels, and of sightseeing routes;
- simplification of the visa regime;
- establishing air connections for major routes;
- creation of cultural-themed routes;
- investing in educational and training programs; and
- development of a winter tourism industry.

It is foreseen that the measures will result in a direct growth of GDP in Azerbaijan amounting AZN465 million by 2020 and an increase in the number of foreign tourists by 4.6 times against the 2015 indices.

Logistics and Trade

Priorities set out in this roadmap are aimed to make Azerbaijan a regional transport hub and expand its global reach benefiting from transit trade. Key projects include the completion of the port of Baku at Alat, which is to become the largest port and a free trade zone in the Caspian region providing comprehensive logistics and value-added services for the zone residents and international clients.

Launch of the Baku-Tbilisi-Kars railway expected by mid this year is included in the short-term action plan. The railway will complete a transport corridor linking Azerbaijan to Turkey (and therefore Central Asia and China to Europe) by rail. The key objective of the project is to increase mutual trade and economic relations between the three countries and to ensure that the volume of transit is expanded as well as attraction of foreign direct investment by creating the Europe-Caucasus-Asia high-speed railway corridor.

There is another large scale railway project, Astar (Iran) – Astar (Azerbaijan) railway, which is going to play a vital role in expanding trade relations between Iran and Azerbaijan and countries of Middle East, Southeast Asia, Northern Europe, and Russia and should significantly improve the transport infrastructure of the region. Transportation corridors can provide alternative routes for the cost-effective transportation of time-critical cargo and would be beneficial for both export-oriented economies and for importers who could benefit from lower freight costs.

REGULATION OF ONLINE CONTENT

As of 19 March 2017, amendments are introduced to Law No 460-IQ of the Republic of Azerbaijan *On Information, Informatisation, and Protection of Information*, dated 3 April 1998 (the “**Information Law**”) and Law No 927-IIQ of the Republic of Azerbaijan *On Telecommunication*, dated 14 June 2005 (the “**Telecommunication Law**”). The main purpose of the said changes is to control the information published online and which can be used by persons in the Republic of Azerbaijan.

New Definitions

The following definitions are introduced to the Information Law:

- Internet information resource;
- Internet information resource owner;
- domain name;
- domain name owner;
- Internet provider;
- host provider;
- State domain name controller; and
- domain name registrar.

Hosting Information

Amendments are also introduced in connection with placement of information online and, pursuant to the new provisions, Internet website owners are free to determine the process of placing such information. However, the following information about its owner must be clearly visible on the website:

- if the owner is a legal person – its name, legal form, and e-mail; and
- if the owner is a natural person – his/her full name and e-mail.

Meanwhile, it is prohibited to place the following:

- terrorism propaganda;
- information promoting religious extremism, revolution, mass riots and other similar propaganda;
- State secrecy;
- information on production of weapons and spare parts;
- information on preparation of narcotics, drugs, and similar substances, their sale;
- pornography (including child pornography);
- information on promotion of gambling and illegal betting;
- information on suicide inspiration;
- insult and defamation as well as information breaching personal security;
- information breaching intellectual property rights; and
- other information, distribution of which is prohibited by law of the Republic of Azerbaijan.

If an owner of Internet website or domain discovers that prohibited information is placed on the website, it must ensure removal of such information, while host providers must notify relevant website owners if they discover or are informed that prohibited information is placed on the website.

A process of and rules related to the registration of “.az” ccTLD in Azerbaijan are yet to be approved by the Ministry of Transport, Communication, and High Technologies of the Republic of Azerbaijan (the “**Ministry**”).

Preventive Measures

Once the Ministry has discovered (independently or upon grounded information provided by natural or legal persons or state bodies) that prohibited information has been placed on a website, it notifies the website owner or host in writing of the same. If prohibited information is not removed within eight hours of the notification, the Ministry applies to court to restrict access to the website.

When information placed on a website threatens legal interests of state and society or poses imminent threat to humans’ life and safety, the Ministry can temporarily restrict access to such websites, and, simultaneously, apply to court for same. Until court decision is rendered, access to the website remains restricted. The court must render relevant decision within five days of the application.

Once court and the Ministry render a relevant decision restricting access to a website, such website is added to the “List of Internet Information Resources, which Host Prohibited Information”. Afterwards, Internet providers and host providers must restrict access to the website and inform website owner(s) of the same.

Registration of Internet Operators and Providers

Under the amendments introduced to the Telecommunication Law, Internet operators and providers must within 15 days of commencement of their activities register with the Ministry and, in case of any changes in their registration information, notify the Ministry of the same in ten days.

**PLEASE CONTACT US FOR ANY QUESTIONS AND FURTHER
INFORMATION AT:**

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