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## Economic Commission for Europe

### Steering Committee on Trade Capacity and Standards

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**Removing regulatory and procedural barriers to trade  
in the Economic Commission for Europe region,  
forthcoming country studies: Azerbaijan and Turkmenistan**

## **Economic Commission for Europe study on regulatory and procedural barriers to trade in Azerbaijan: project outline**

**Submitted by the secretariat\***

#### *Summary*

Studies of the Economic Commission for Europe (ECE) on regulatory and procedural barriers to trade (RPBT) are demand-driven, conducted upon the request of member States, to support economic diversification in the countries of the ECE region. The secretariat has already published RPBT studies of several ECE programme countries, including Albania, Armenia, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Republic of Moldova, Serbia and Tajikistan. During the seventh session of the Steering Committee on Trade Capacity on 27–28 June 2022, the delegation of Azerbaijan requested to conduct an RPBT study. In December 2023, the ECE Executive Committee approved the extra-budgetary project “Strengthening capacity of Azerbaijan to reduce regulatory and procedural barriers to trade”, funded by Azerbaijan, which envisages developing elements of the RPBT study. This document presents the outline of a scoping study to be conducted with the currently available funds. The work will be expanded contingent on the availability of additional funding. The ECE secretariat calls on donors and development partners to consider providing funding to offer continuation of this project.

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\* The present document was submitted to the conference services for processing after the deadline due to the late approval by the Government.



## I. Introduction

1. Azerbaijan has made significant progress over the last three decades, rolling out reforms towards a market economy. In 2022, its economy expanded by 4.6 per cent year-on-year, supported by strong (9.1 per cent) growth in non-energy sectors, including the information and communication technologies (ICT) industries.<sup>1</sup> Building upon this success, Azerbaijan has recently launched several promising initiatives to support sustainable development and facilitate integration into regional and global value chains (GVCs).

2. The Government has significantly improved transparency, reduced bureaucracy and removed certain non-tariff barriers to trade for micro-, small- and medium-sized enterprises (MSMEs). While not yet a World Trade Organization (WTO) member, Azerbaijan has moved forward with implementing trade facilitation measures, including digital trade facilitation measures. Further improvement could be made regarding actions related to cross-border paperless trade, including electronic exchanges and transactions.<sup>2</sup> The WTO accession process, which was reactivated in 2023,<sup>3</sup> will further contribute to this process. In addition, regional integration initiatives, such as a new comprehensive agreement with the European Union (EU), can enhance cooperation in a wide range of areas, including investment and trade.<sup>4</sup> These are significant to foster diversification away from natural resources, which currently comprise more than 90 per cent of export revenue.<sup>5</sup>

3. Azerbaijan considers digitalization to be an essential tool in this process. In April 2021, Azerbaijan committed to becoming a regional digital hub as part of its overarching development goals.<sup>6</sup> Digital transformation has been declared one of Azerbaijan's main priorities for the next ten years. As part of these efforts, Azerbaijan led the development of the Roadmap for the Digitalization of Multimodal Data and Document Exchange along the Trans-Caspian Transport Corridor, Using United Nations Legal Instruments and Standards as part of its chairmanship in the United Nations Special Programme for the Economies of Central Asia in 2023.

## II. Scoping study outline

4. The project's objective is to support the Government in establishing institutional and legislative frameworks to ensure successful integration in GVCs. This document provides an outline of the scoping study for the RPBT.

### A. Introduction

5. The introductory chapter of the study will provide an overview of the economic context in Azerbaijan and will analyse the country's performance regarding trade-related United Nations Sustainable Development Goals. It will describe Azerbaijan's current trade patterns, including its import and export sectors.

### B. Removing regulatory and procedural barriers to trade

6. This section will provide an initial review of the current regime of Azerbaijan vis-à-vis the following areas: technical barriers to trade (including technical regulations, standards, conformity assessment procedures and accreditation) and trade facilitation measures (including digital trade facilitation, such as paperless trade, cross-border paperless trade

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<sup>1</sup> See <https://thedocs.worldbank.org/en/doc/d5f32ef28464d01f195827b7e020a3e8-0500022021/related/mpo-aze.pdf>.

<sup>2</sup> See <https://www.untfsurvey.org>. See also United Nations UNECE. 2023. Digital and Sustainable Trade Facilitation: UNECE Regional Report 2023, United Nations, Geneva.

<sup>3</sup> See [https://www.wto.org/english/news\\_e/news23\\_e/acc\\_28apr23\\_e.htm](https://www.wto.org/english/news_e/news23_e/acc_28apr23_e.htm).

<sup>4</sup> See [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_22\\_4550](https://ec.europa.eu/commission/presscorner/detail/en/ip_22_4550).

<sup>5</sup> See <https://www.iea.org/reports/azerbaijan-2021>.

<sup>6</sup> See <https://aze.media/azerbajians-latest-steps-toward-becoming-a-regional-digital-hub/>.

measures, electronic customs, digital signature and electronic data exchange). While the primary aim of non-tariff measures (NTMs) is to protect public health, safety, or the environment, they also might substantially affect trade. Trade-related procedures such as standardisation, conformity assessment and pre-shipment inspections at the national level impact the country's integration into the global/regional economy. Assessing such NTMs is an important consideration during the WTO accession process. It aims to ensure that existing and planned NTMs do not become unnecessarily burdensome to trade operators.

7. Based on the recent developments in the context of the country's digital transformation, the scoping study will also take into account approaches endorsed by the Steering Committee in 2023 on integrating digital economy considerations in RPBT studies.<sup>7</sup> It will examine how existing legislation supports or hinders the adoption of the fourth industrial revolution (4SI) technologies in trade processes. This includes data protection laws, digital document recognition and cross-border data flow policies.<sup>8</sup>

### **C. The way forward and policy recommendations**

8. This section will include an overview of the way forward. It will suggest a set of recommendations for further enhancing the trade regime, with a particular focus on available ECE tools, including in the context of the ECE Working Party on Regulatory Cooperation and Standardization Policies, Working Party on Agricultural Quality Standards, and the United Nations Centre for Trade Facilitation and Electronic Business.

9. This initial scoping study will be conducted based on desk research and interviews with relevant public and private stakeholders. The secretariat will also organise a workshop to discuss initial findings and consider a wide range of perspectives and experiences, including from the public sector dealing with 4SI technologies (blockchain, smart contracts).

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<sup>7</sup> See [https://unece.org/sites/default/files/2023-05/ECE\\_CTCS\\_2023\\_7\\_E.pdf](https://unece.org/sites/default/files/2023-05/ECE_CTCS_2023_7_E.pdf).

<sup>8</sup> It is suggested that a full-fledged RPBT should also separately research the indicators of digitalization in the development of micro, small and medium-sized businesses and their role in the diversification of the economy.