

# **Law on Grain**

## **of the Republic of Azerbaijan**

This Law describes the legal basis for grain production, procurement and market arrangement in the Azerbaijan Republic, as well as the management of the quality of grain and grain products.

### **Part I. General provisions**

#### **Article 1. Principal concepts**

1.0. The concepts used in this Law shall have the following meanings:

1.0.1. grain - the grain of cereal and legume crops used as food products, seeds and fodder, as well as for technical purposes;

1.0.2. grain processing products - flour, grit, bread, baking and pasta products, mixed fodder and additional grain processing products;

1.0.3. grain products - grain and grain processing products;

1.0.4. quality of grain and grain processing products - the compliance by grain product quality with the applicable technical, environmental, sanitary, veterinary and phytosanitary standards, norms, regulations and requirements (hereinafter referred to as the standards and requirements).

#### **Article 2. Laws and regulations of the Azerbaijan Republic regarding grain**

2.1. The laws and regulations of the Azerbaijan Republic regarding grain consist of this Law, other regulatory documents adopted in connection with this law, and laws and regulations on agriculture of the Azerbaijan Republic.

2.2. The production of grain processing products and the organization of their market and the management of their quality are regulated, aside from this Law, by the applicable laws and regulations of the Azerbaijan Republic.

2.3. In case procedures for grain production, procurement and market arrangement, as well as grain product quality management specified in international agreements to which the Azerbaijan Republic is a party differ from the procedures specified in this Law, the procedures specified in international agreements shall take priority.

### **Article 3. Purposes and functions of the laws and regulations on grain**

3.1. The purpose of the laws and regulations on grain is to ensure the development of grain growing and grain product processing in the Republic, thus reducing the dependence of consumers on foreign markets, and to create favorable legal, economic and organizational conditions for local producers in the development of this industry.

3.2. The functions of the laws and regulations on grain are to define the general rules for the arrangement of grain growing, the regulation of the grain market and the management of grain product quality.

### **Article 4. Objects and subjects in grain growing**

4.1. The objects of grain growing are grain products and any land, technical and technological resources, as well as accessory natural and artificial materials used at any stage of their production, including final consumption.

4.2. The subjects of grain growing are legal entities and individuals engaged in the production, procurement, storage, transportation, import and export of grain products.

### **Article 5. Functions of the state with regard to grain growing**

5.0. The functions of the state with regard to grain growing are as follows:

5.0.1. to conduct grain market research, to prepare and approve the grain balance, and to regulate the grain market by economic means;

5.0.2. to develop targeted grain growing programs in order to stimulate grain growing, and to implement appropriate investment, pricing, lending and taxation policies;

5.0.3. to stimulate the development of grain growing and to reinforce the scientific support for seed-growing;

5.0.4. to establish the state grain fund, and to arrange its development, maintaining and use;

5.0.5. to adopt required regulatory documents related to grain growing, and to ensure the enhancement of international cooperation;

5.0.6. to perform other functions specified by the applicable laws and regulations.

## **Article 6. State support for grain production**

6.1. The state shall support the selection and seed-growing in grain production, increasing the volumes of grain production, as well as its productivity and quality.

6.2. The establishment of the state grain fund shall be supported primarily by local production.

6.3. Cooperation and joint efforts in the production, procurement, storage, and sale of grain and grain processing products, as well as the reinforcement of the material and technical basis of grain growing shall be supported by the state and promoted by the implementation of various stimulating measures.

6.4. The state shall, in order to provide loans to grain producers employing advanced technologies, arrange a loan security system. Such system shall comply with the laws on security of the Azerbaijan Republic.

6.5. In order to promote grain production, the state shall insure this industry against natural disasters and other risks. The amount of funds allocated for such insurance, as well as the insurance terms and the types of the insured grain products shall be determined by the appropriate executive bodies.

6.6. The state shall, in order to ensure the application of advanced technical methods and technologies in rural areas, promote leasing services, provision of

technical and agrochemical substances and the lease of agricultural equipment on a long-term basis.

6.7. The directions and forms of the state support for grain production, as well as the procedures for the stimulation and promotion of grain production shall be specified by regulatory documents issued by the appropriate executive bodies.

## **Article 7. Scientific support for grain growing, and its funding**

7.1. The scientific support for grain growing and seed growing in the Azerbaijan Republic shall be provided by the appropriate research and development institutions and centers of higher education.

7.2. The scientific support for grain and seed growing, the development of targeted grain programs and the establishment of the state grain fund shall be funded at the expense of the state budget funds, as well as extra-budgetary resources.

7.3. The subjects of grain growing shall cooperate or enter into licensing agreements with the holders of the patents on particular cultivars used in grain production and sale.

## **Part II. State grain fund, its establishment and use**

### **Article 8. Establishment of the state grain fund**

8.1. The state grain fund of the Azerbaijan Republic shall be established in order to meet the needs of consumers in grain products in cases of emergency, to maintain the state's grain reserves, to perform international obligations and, if necessary, to prevent sudden changes on the grain market. The state grain market shall include the state seed fund and the insurance fund.

8.2. The state grain fund is the property of the Azerbaijan Republic and shall be managed by the appropriate executive bodies.

8.3. Grain products procured for the state grain fund shall meet the applicable standards and requirements.

8.4. The state grain fund shall be maintained primarily by procuring locally produced grain on the grain market, and, if necessary, by importing grain.

8.5. The procedures for the maintaining and using the state grain fund shall be designed by the appropriate executive bodies.

## **Article 9. Procurement of grain products for the state grain fund**

9.1. In order to coordinate the procurement of grain products for the state grain fund the appropriate executive bodies shall appoint state contractors, define their authority, and allocate funds required for such procurement.

9.2. State contractors shall publish in the mass media information regarding the procurement of grain products for the state grain fund at minimum prices, and shall conclude agreements with producers (suppliers) in advance. If, during the procurement, the actual prices on the grain market are high, the minimum level of the grain product prices procured for the state grain fund may be adjusted by the appropriate executive body.

9.3. The security shall be provided under a separate agreement in advance and in an amount of no less than 30 percent of the value of the grain products procured from local producers for the state grain fund.

9.4. The state contractors shall be responsible for the amount and the variety of the state grain fund and shall, in January of every year, submit to the appropriate executive bodies reports regarding the maintaining and use of the fund, as well as the provision of financial, loan and material supplies, and publish such information in the mass media.

## **Part III. Grain market**

### **Article 10. State regulation of the grain market**

10.0. State regulation of the grain market shall be carried out solely by economic means based on the balance of grain products approved in the prescribed manner, and shall include the following:

10.0.1. intervention in the grain market in order to ensure the market balance;

10.0.2 monitoring and forecasting of the grain market; provision of information to the subjects of grain growing;

10.0.3. prevention of unfair competition on the grain market, and supporting local producers;

10.0.4. standardization and certification of requirements for the quality of grain products.

## **Article 11. Import and export of grain products**

11.1. In case grain products need to be imported to maintain the state grain fund, the amount of the grain and grain processing products to be purchased shall be specified by a resolution adopted by an appropriate state executive body, and the import operations shall be carried out by public contractors in the prescribed manner.

11.2. Grain may be imported from foreign countries if it has an appropriate compliance certificate and a phytosanitary certificate duly registered in the state register of the Azerbaijan Republic.

11.3. Grain products that do not have any certificates listed in the applicable regulatory documents of the Azerbaijan Republic may only be imported into the republic for exhibition, research and testing purposes.

11.4. Grain products may be exported in compliance with the applicable laws and regulations of the Azerbaijan Republic, as well as the international regulatory standards.

## **Part IV. Grain product quality management**

### **Article 12. Ensuring the quality of grain products**

12.0. The quality of grain products shall be ensured using the following methods:

12.0.1. standardization of requirements for the quality of grain products;

12.0.2. evaluation of the quality of grain products in special laboratories and on the basis of a single method;

12.0.3. certification of grain products;

12.0.4. official hygienic registration of grain processing products;

12.0.5. state control over the quality of grain products.

### **Article 13. Standardization of requirements for the quality of grain products**

13.1. Standardization for the purposes of grain quality assurance involves the specification of standards and requirements regulating the production, procurement, conditioning, transportation, storage, and processing and sale conditions of various types of grain products.

13.2. The standardization of requirements in order to ensure the quality of grain processing products shall be carried out in a manner similar to the standardization of requirements for the quality and safety of food products.

13.3. All entities engaged in grain growing shall comply with the procedures for the standardization of requirements regarding grain product quality assurance.

### **Article 14. Evaluation of the quality of grain products**

14.1. The composition of grain produced in and imported into the Azerbaijan Republic shall be analysed and evaluated in terms of its chemical, biological, toxicological and radiological properties.

14.2. The quality of grain products shall be evaluated on the basis of a single method in specialized laboratories selected by the appropriate executive bodies.

14.3. Hygienic registration of grain processing products in the state register shall be carried out by the appropriate executive bodies.

14.4. Grain products whose quality has been evaluated, as well as those grain processing products whose hygienic registration has been carried out shall be certified accordingly.

14.5. Grain product certification procedures shall be regulated by the applicable laws and regulations of the Azerbaijan Republic.

## **Article 15. State control over the quality of grain products**

15.1. The purpose of the state control over the quality of grain products is to ensure that that the individuals and legal entities engaged in the production, procurement, storage, transportation, sale, import and export of these products comply with the relevant standards and requirement.

15.2. The functions of the state control over the quality of grain products shall be performed, within their authority, by the appropriate executive bodies.

15.3. The appropriate executive bodies that exercise state control over the quality of grain products shall have the following powers:

15.3.1. to check whether the subjects of grain growing comply with the standards and requirements for the quality of grain products;

15.3.2. to check whether the legal entities and individuals engaged in the production, procurement, storage, transportation, sale, import and export of grain products comply with the requirements set forth in the applicable laws and regulations;

15.3.3. to take, in the prescribed manner, samples of grain products in order to check their quality, and to request from the entities engaged in grain growing any information regarding the quality of grain products;

15.3.4. to provide to the subjects of grain growing, on the basis of their official application, documents regarding the quality of grain products and their use for the intended purpose, as specified in the applicable laws and regulations;

15.3.5. to draw up administrative protocols (~~statements~~) regarding the quality of grain products;

15.3.6. to issue mandatory directives on the elimination of violations of grain laws to legal entities and individuals engaged in the production, sale, purchase, storage, transportation, import and export of grain products;



15.3.7. to adopt resolutions and provide recommendations regarding prohibition of the use of those grain products whose quality does not comply with the applicable standards and regulations, as well as their removal from trade, decontamination or disposal;

15.3.8. to examine the quality of grain products on the basis of applications submitted by legal entities and individuals;

15.3.9. to exercise other powers specified by the applicable laws and regulations.

15.4. the procedures for the state control over the quality and safety of grain products shall be specified by the regulations adopted by the appropriate executive bodies.

## **Part V. Liability for violations of the laws on grain and dispute resolution**

### **Article 16. Liability for violations of the laws on grain**

Legal entities and individuals implicated in violations of the laws on grain shall be held liable in the manner prescribed by the laws of the Azerbaijan Republic.

### **Article 17. Dispute resolution**

Any disputes arising with regard to the production, procurement, storage, transportation, import, export, use and quality of grain products shall be settled in courts of justice in the manner prescribed by the applicable laws and regulations of the Azerbaijan Republic.

## **President of the Azerbaijan Republic**

**Heydar ALIYEV**

**Baku, June 16, 2000**

**No 898-IQ**

**Published in the "Azerbaijan" newspaper (July 21, 2000, No. 163).**

**Published in the "Laws of the Azerbaijan Republic" (July 31, 2000, No. 7, Article 491).**

**As amended by Resolution 568-IIQD No. 30 dated December 30, 2003 and Resolution No. 236-IIIQD dated February 1, 2007.**