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AZERBAIJAN ECONOMIC REFORMS REVIEW



Decree of the President of the Republic of Azerbaijan on the establishment of “Azerbaijan Industrial Corporation” Open Joint-Stock



With respect to implementation of the Decree of the President of the Republic of Azerbaijan dated December 6, 2016 number 1138 “On approval of strategic road maps for the national economy and major sectors of economy” in order to increase efficiency in managing state property, establish accountability system based on corporate management principles, achieve establishment of favourable cooperative relations between state-owned entities and increase in production potential through chains of value chain, a state owned “Azerbaijan Industrial Corporation” Open Joint-Stock Company was established by the President of the Republic of Azerbaijan, Ilham Aliyev pursuant to the Decree dated November 6, 2017.

Ensuring balanced, competitive and sustainable development of economy in the country is one of the priorities of state economic policy. As a result of continuous economic reforms and the policy of economic diversification, great success has also been achieved in the development of industry as in all spheres of economy and the volume of industrial production has significantly increased.

In order to ensure successful development, taking modern challenges and new initiatives into consideration, the implementation of a number of measures in line with the key strategic objectives of economic reforms, including involvement of existing natural and economic resources into economic turnover, more efficient management of the property taken into the balance of state-owned legal entities and legal entities whose controlling blocks of shares (stocks) belong to the state will be necessary during the following periods as well.

It is important to take several measures related to main strategic targets of economic reforms, considering the contemporary calls and new initiatives in next stages to ensure successful development, as well as to bring the available natural and economic resources into the household turnover, to control effectively the property under balance of legal entities which are held by state and shares of which control belongs to state.

For this purpose and simultaneously, in connection with the implementation of the Decree of the President of the Republic of Azerbaijan dated December 6, 2016 No. 1138 "On approval of strategic road maps for the national economy and major sectors of economy", in order to increase efficiency in managing state property, establish accountability system based on corporate management principles, achieve establishment of favourable cooperative relations between state-owned entities and increase in production potential through

chains of value chain, "Azerbaijan Industrial Corporation" (AIC) Open Joint-Stock Company shares of which belong to the state was established by the President of the Republic of Azerbaijan, Ilham Aliyev pursuant to the Decree dated November 6, 2017.

Implementation of the following provisions have also been specified in the Decree:

- Establishment of Supervisory Board comprised of 5 members at "AIC" OJSC
- Activities of "AIC" OJSC shall be directed by the General director;
- Issues referred to the exclusive competence of the general meeting under the Civil Code of the Republic of Azerbaijan at "AIC" OJSC shall be resolved by the President of the Republic of Azerbaijan;
- Approval of the structure of "AIC" OJSC, determination of the salaries of its employees and other powers assigned to the Supervisory Board by its charter shall be exercised by the Supervisory Board of "AIC" OJSC;
- Charter capital of "AIC" OJSC and other assets necessary for its operation, shall be formed, mainly at the expense of the assets which are acquired by "Aqrarkredit" CJSC from the "International Bank of Azerbaijan" Open Joint Stock Company in exchange for the troubled assets (debts), which are under the ownership (balance) of "Aqrarkredit" CJSC and which will be transferred to the ownership (balance) of "AIC" OJSC.

Among the goals under decree, it is also intended to prepare the proposals on the followings by the Administration of the President of the Republic of Azerbaijan within month period and submit them to the President of the republic of Azerbaijan:

· The list and transferring mechanisms of state property acquired in return of troubled assets (debts) which is taken by "Aqrarcredit" Closed Joint-Stock Company from "International Bank of Azerbaijan" Open Joint-Stock Company;

· The list of troubled assets (debts) acquired in return of troubled assets which is taken by "Aqrarcredit" Closed Joint-Stock Company from "International Bank of Azerbaijan" Open Joint-Stock Company and belongs to the former, and which will be given to the control of "ASK" Open Joint-Stock Company and delivering mechanisms of the mentioned property to the management.

According to the decree, it is intended to bring into line the acts of Cabinet of Ministers and the President of the Republic of Azerbaijan, also normative legal acts of Cabinet of Ministers and central executive authorities with this decree, as well as to prepare proposals on providing "ASK" Open Joint Stock Company with administration building to ensure its activity and submit them to the President of the Republic of Azerbaijan.

Ensuring the harmonisation of the legal acts and normative acts of central executive bodies with this Decree by the Ministry of Justice of the Republic of Azerbaijan and informing the Cabinet of Ministers of the Republic of Azerbaijan about this are also stipulated among the assignments given within the frames of the Decree.



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