

INTERVIEW

Anar Baghirov



The Lay of the Land

TBY talks to *Anar Baghirov*, Managing Partner of *BHM Baku Law Center*, on Azerbaijan's business legal climate.

TBY What should foreign companies be aware of before engaging in their start-up phase?

ANAR BAGHIROV The Azeri government welcomes foreign investors and considers foreign investment to be important for the development of the national economy. Therefore, continuous improvements are being made to the legislation in order to attract more and more investors. In order to be successful in engaging local markets, one should first become familiar with the culture and tradition of the regions. This is a great opportunity for investors to not only do business, but also to expand their knowledge of a variety of cultures around the world, making it easier for them to understand individuals from different backgrounds. Moreover, from the very start, investors should be set on targeting markets on a continuous basis, as well as making new contacts and even more friends. Local partners can also offer a great deal of assistance. This makes processes run more smoothly, enabling investors to achieve their goals in a shorter timeframe. Investors should be aware that although the oil and gas industry is the field attracting most foreign investment, Azerbaijan's economic strategy is to develop the other fields of economy. Thus, foreign companies should view investing in other production or service

industries as good opportunities that will also be welcomed and protected by the government. Azerbaijan has concluded numerous bilateral investment treaties and is a party to several multilateral treaties that should give more assurance to foreign investors from countries that are also parties to those treaties. The fact that Azerbaijan is a party to the Washington Convention on the Settlement of Investment Disputes between nations and nationals of other nations means that investors can have any disputes between them and the state settled by ICSID arbitration, which is a neutral forum. Foreign investors should note that Azerbaijan is not a member of the WTO, although accession negotiations are ongoing and Azerbaijan is gradually improving its legislation in accordance with the WTO norms and standards.

What regulation changes are we likely to see over the medium term aimed at making life easier for foreign investors and start-up companies?

Azerbaijan is continuously developing its legal framework in order to create better and easier conditions for foreign investors to do business in Azerbaijan. Old laws are simplified and modernized, taking into account international practice and the recommendations of international organizations. In early 2011 a new act on Administrative Proceeding and Administrative Procedural Code came into force. This provides a new legislative base from which the judiciary will conduct administrative activities and judges are now receiving training on the new legislation. The act aims to improve human rights in the country. In the near future the adoption of new important codes such as the Construction Code and the Competition Code is expected. These Codes will unify, harmonize, and simplify numerous laws and regulations governing these issues. Also, a new draft of the Customs Code will replace the current one. Besides creating more favorable conditions and simplifying the registration and declaration rules, the new Customs Code is expected to foster modernization of the customs infrastructure in conformity with international standards and accelerate Azerbaijan's membership to the WTO. Apart from these major codification changes, various laws and regulations are going to be amended in order to make business easier for foreign investors. ●

CURRICULUM VITAE

EDUCATION

LLB in Civil Law, Baku State University
LLM in Civil Law, Baku State University
PhD, Azerbaijan National Academy of Sciences

CAREER OVERVIEW

Anar Baghirov worked as a lawyer for the Azerbaijan Culture Foundation from 1997 to 2000. He then became Senior Legal advisor for Toot Oil & Gas Co Ltd before making Partner at BHM Baku Law Center. His main practice areas are contract law, corporate law, and intellectual property law. Mr. Baghirov has been a member of the Azerbaijan Bar Association since 2005 and was awarded with the Certificate of Honor by the Association in 2008. He is a member of the editorial board of the Southern Caucasus Law Journal and has been identified as one of the leading lawyers in the CIS by Who's Who Legal 2011.

INTERVIEW

Gabriel Lansky



Austrian Additive

TBY talks to *Gabriel Lansky*, Managing Partner of *Lansky Ganzger & Partner*, on Austrian penetration of the Azeri market and the legal potential for foreign investment in Azerbaijan.

TBY How many Austrian companies conduct business in Azerbaijan and what are the main areas of their activity?

GABRIEL LANSKY Presently over 30 Austrian corporations conduct frequent business in Azerbaijan in various fields including construction, tourism, and energy. These companies include established names on the Austrian business market such as OMV, Strabag, Doppelmayr, and Coop-Himmelblau. LGI, along with OMV, ASP Consulting, Siemens, and Coop-Himmelblau founded the Austrian-Azerbaijani Chamber of Commerce, which is dedicated to improving business and cultural relations between Austria and Azerbaijan, increasing export-import operations between the two nations, and attracting further Austrian and Azeri companies to enter both markets.

Could you tell us about your first experience with Azerbaijan?

We have been working on legal projects with clients from Azerbaijan for several years and are proud to say that our firm was one of the first Austrian companies to enter the Azeri market. Beginning initially with the smaller-scale legal cases of private companies from Azerbaijan, we expanded to representing the interests of Azerbaijani clients before the European Court of Human Rights.

Why did a joint venture operation appeal to you above other modes of establishing a presence in the country?

In general, it is not easy for a law firm to position itself internationally, primarily as different regions require different business models. One cannot simply employ the same strategy in the enormous markets of Russia or China as in the smaller, network-oriented markets of Azerbaijan. We established a joint venture as we felt that current traditional models are simply sub-par for our clients. Our competitors who operate internationally do so mainly on the basis of a sort of franchise system in which they collaborate with local lawyers under the name of a western law firm. The most successful local firms, however, are usually well established in their domestic markets and are not inclined to work under a foreign name. Meanwhile, smaller firms operate internationally with loose networks. This does not necessarily make for an ideal solution based on international standards, and consequently we developed a new strategy. Depending on the size of the target market, we maintain different numbers of qualified "best-friend firms", combining this site model with the activities of legal experts in the target markets with our main offices in Vienna and Bratislava. As with BHM, these legal experts not only know every aspect of their domestic markets, but also coordinate collaboration with the appropriate partners for each project and guarantee the necessary quality assurance. Our joint venture became the very first project of its kind in Azerbaijan and the model is a unique solution combining the services of the deep-rooted international experience of LGP with successful local firm BHM.

Could you highlight any specific foreign investment success stories in which your firm has been involved?

We offer valuable assistance to foreign companies entering the market and are committed to the continued success of the region as a destination for FDI. We have assisted several companies in quickly registering their branch offices in Baku and also providing them with all necessary legal backing and market consultancy services. Today these companies are operating in Azerbaijan successfully with our ongoing cooperation. As I mentioned before we have also established the Austrian-Azerbaijani Chamber of Commerce (ATAZ), which has now attracted numerous members and aims to further strengthen business relationships in the country. ●

CURRICULUM VITAE

BORN 1955

EDUCATION

Faculty of Law and Political Science, University of Law, Economics and Sciences of Aix-Marseille
PhD, Vienna University Law School

CAREER OVERVIEW

Mr. Lansky passed the Bar in 1985 and was made partner at Ruckliff Müller & Partners in the same year. In 1991, he formed his own law firm and formed the partnership Lansky & Prochaska in 1997. The company merged with Law firms Dr. Elisabeth Steiner in 2001 and Dr. Gerald Ganzger in 2004. He became a member of the Brussels Bar in 1997, and the Budapest and Bratislava Bars in 2004.