

## Memorandum of Consultations

1. On May 1, 2014, representatives of the Government of the United States of America and the Government of the Republic of Azerbaijan met via digital video conference, and through subsequent communications, reached agreement, *ad referendum*, on the text of the Air Transport Agreement Between The Government of the United States of America and The Government of the Republic of Azerbaijan (the “Agreement”) (Attached).

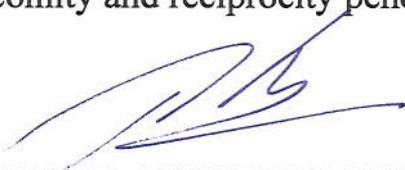
2. In discussing Article 8, paragraph 4, of the Agreement, the delegation from Azerbaijan noted that the Constitution of Azerbaijan requires that local sales be made in local currency (manat). The delegation explained, however, that the Central Bank of Azerbaijan regularly grants waivers of this requirement to foreign air carriers in order to permit local sales in freely convertible currencies, so that, if U.S. carriers submit applications for this waiver, the Central Bank of Azerbaijan has the authority to grant renewable, one-year waivers permitting local sales in freely convertible currencies. With respect to Article 8 of the Agreement, the Azerbaijan representatives explained that the Government of Azerbaijan does not tax the conversion or remittance of local revenue.

3. In response to concerns raised by the U.S. delegation, the Azerbaijani delegation clarified that airport charges at Baku are imposed evenly on all carriers, including both foreign and Azerbaijani airlines, without distinction with respect to nationality.

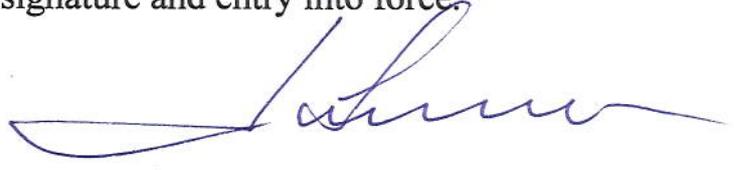
4. In response to questions posed by the Azerbaijani representatives concerning exemptions from customs duties, representatives of the United States explained that paragraph 2 of Article 9 reflects the full extent of exemptions from customs duties that U.S. law permits U.S. customs authorities to extend to foreign airlines on a reciprocal basis. U.S. customs authorities may not exempt Azerbaijani airlines from duties on articles that are not listed in paragraph 2 of Article 9, whether or not Azerbaijani authorities exempt U.S. airlines from duties on such articles. The United States noted, however, that U.S. customs duty rates on imports for many items are zero or *de minimis*, providing the equivalent of an exemption.

5. The representatives of Azerbaijan expressed interest in an agreement with the United States addressing double taxation, including taxation of income from the international operation of aircraft. The representatives of the United States noted that the U.S. Department of the Treasury is responsible for such agreements and undertook to bring Azerbaijan's interest to the attention of the responsible officials.

6. The representatives of the United States of America and the Republic of Azerbaijan both expressed their expectation that their aeronautical authorities would permit operations consistent with the terms of the Agreement on the basis of comity and reciprocity pending its signature and entry into force.



FOR THE GOVERNMENT OF THE  
UNITED STATES OF AMERICA:



FOR THE GOVERNMENT OF THE  
REPUBLIC OF AZERBAIJAN:

Baku, April 6, 2016.