



Legal updates

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The Law on Mediation has been adopted

The President of the Republic of Azerbaijan signed the Decree on April 3, 2019 on the application of the Law of the Republic of Azerbaijan "On Mediation" No 1555-VQ dated March 29, 2019 (the "Law"). The Law regulates public relations in the field of mediation, and defines goals, principles, rules of conduct of the mediation, as well as the status of mediators.

A "mediation" means the process defined by the Law on the settlement of the disputes arising between the parties as mediated by mediator (mediators) based on mutual consent.

A "mediation process" agreement is signed between the parties in order to resolve the dispute through the implementation of mediation process. Mediation is applied to civil and economic disputes (including those with a foreign element), as well as the disputes arisen in the field of family, labor and administrative law relationships. From 1 July 2020, it will be required to attend the initial mediation session before applying to the court in connection with the disputes arisen in the field of economic, family and labor relations. The initial mediation session is carried out by a mediator or a mediator organization, which the parties have agreed to, and party's non-participation at the initial mediation session without any valid reason entails liability prescribed by the Law.

According to the Law, the Mediation Council (the "Council") will carry out the regulation and control over mediation. Moreover, initial training for the persons wishing to become mediators and the professional development of the mediators will be carried out by the mediation training body.

Under the Law, subject to some exceptions, disputes arising from adoption, execution or cancellation of administrative acts by the administrative bodies or from any other action or omission of the administrative body can be settled through mediation in accordance with the Law of the Republic of Azerbaijan "On Administrative Execution".

In addition to the above, the Law defines the definition of a "judicial mediation." Thus, according to the Law, at any stage of the proceedings and by taking into account the circumstances of the case, the court may propose to resolve the disputes through mediation process at its own discretion and subject to the parties' consent or by the request of one of the parties and subject to other party's consent. In this case, the court proceedings are suspended until the settlement agreement and the protocol on the result of mediation process are submitted.

Decree on Reforms in Judicial System

Action plan on deepening of the reforms in the judicial system has been set up by the Decree of the President of the Republic of Azerbaijan, dated 3 April 2019 (the "Decree").

The Decree is directed to broaden the reform of the judicial practice, improve the social conditions of the court staff, develop the judicial proceedings and appeal procedures.

The Decree stipulates the creation of a specialized court on tax and customs payments, the disputes arising out of payment of mandatory state social insurance contributions and other matters with regard to the entrepreneurial activity. The aim is to facilitate the entrepreneurs' access to court and to ensure the consideration of the disputes pertaining to entrepreneurial activity by the judges who would have deeper legal knowledge and experience in the relevant field. At the same time, measures to promote international arbitration procedures have been envisaged in our country in order to extend the out-of-court settlement of disputes over entrepreneurial activity.

In addition to the above, the Decree provides implementation and strengthening of the following measures:

- ensuring the independence of judges and improving the mechanisms for preventing from an intervention in the judicial activities;
- substantial increase of compensation of the judges;
- differentiation of rates of the state duty paid for the court cases in accordance with the value of the claims;
- directing part of the paid state duty to strengthening the social protection of judicial staff employees and strengthening the material and technical conditions of the courts;
- examination of the possibility to apply advanced international experience in Azerbaijan in order to empower private institutions to execute decisions of the court and other state bodies as an alternative mechanism of the execution;
- analyzing advanced international experience in implementation of judicial expertise by private agencies;
- taking actions in formation of the court practice and publication of the court decisions in electronic form;

- carrying out relevant technical measures to ensure fast and effective search in the "Electronic Court" information system;
- allocation of funds directly to the Bar Association of Azerbaijan for legal support rendered at the state expense; and
- continuous audio recording of court proceedings and compilation of the minutes as per audio recording of the court proceedings to ensure the objectivity.



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