

Azerbaijan Country Presentation



Basic information

UN Security Council non-permanent member for 2012-2013

- Establishment:** 28 May 1918
- Independence:** 18 October 1991
- Official Language:** Azerbaijani
- Political system:** Presidential Republic
- Area:** 86.6 thsd sq. km.
- Population:** 9 million
- Capital:** Baku
- Autonomy:** Nakhchivan Republic
- Significant highlights:**
 - 1st democratic republic in the Islamic world**
 - 1st Opera in the Islamic world**
 - Women voting right in 1918**
Italy - 1946; Switzerland - 1971; France - 1944
- Currency:** Manat: 1 AZN = 1.27 USD

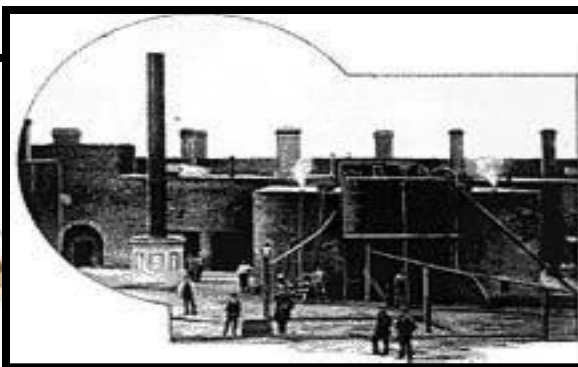


Interesting facts

- 50% of world oil production in XIX century**
- 80% of total Soviet oil production during World War II**



First Baku 'oil boom'



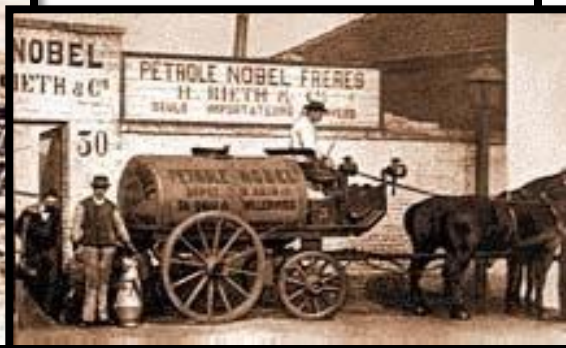
Nobel's first Kerosene factory



1846—first hand-dug oil wells



First Baku-Batumi Pipeline



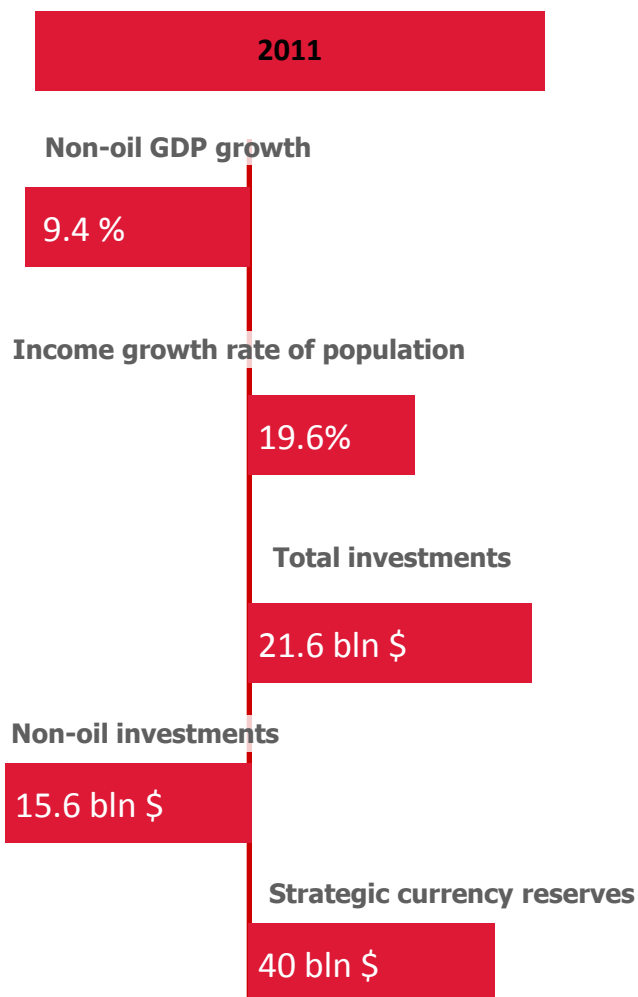
Nobel's distribution system



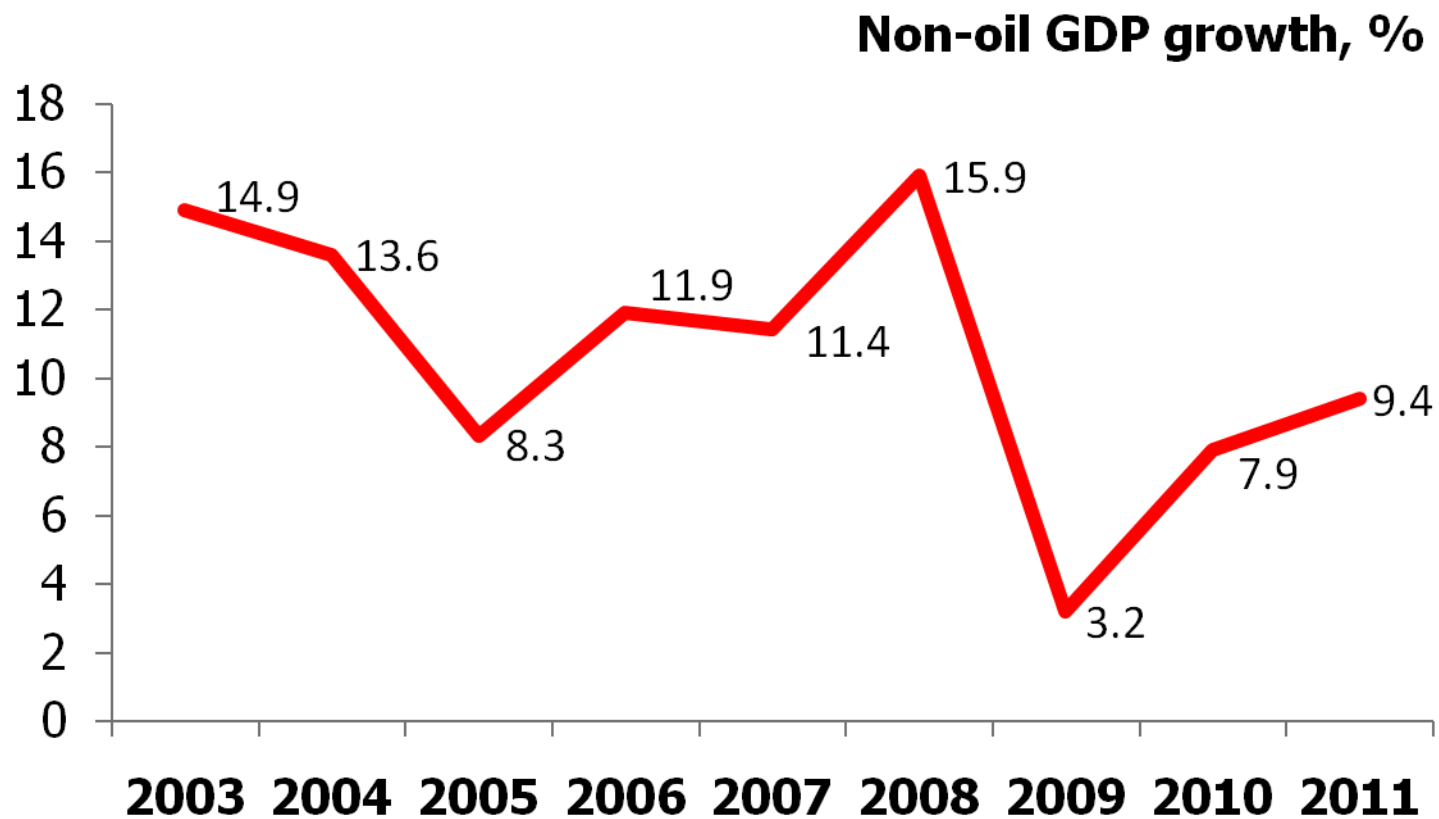
First rail tank cars

Macroeconomic figures

	2011
GDP, bln USD	63.4
GDP per capita (\$)	7,003
Investments (\$)	20 bln
FDI (\$)	4.4 bln
Inflation	7.9 %
Unemployment rate	5.4%
Poverty level	7.6%
Average monthly salary (\$)	460

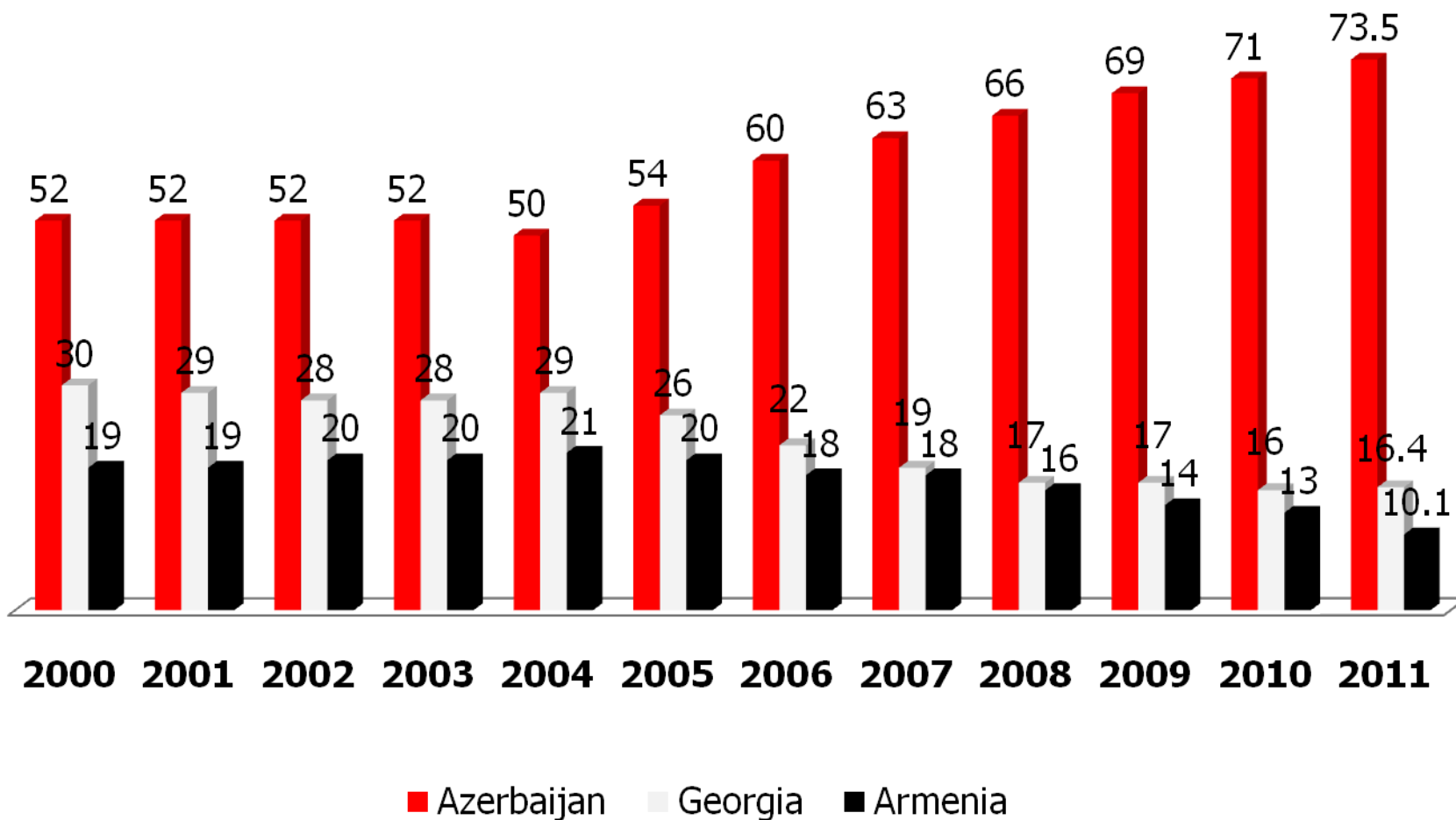


Macroeconomic figures



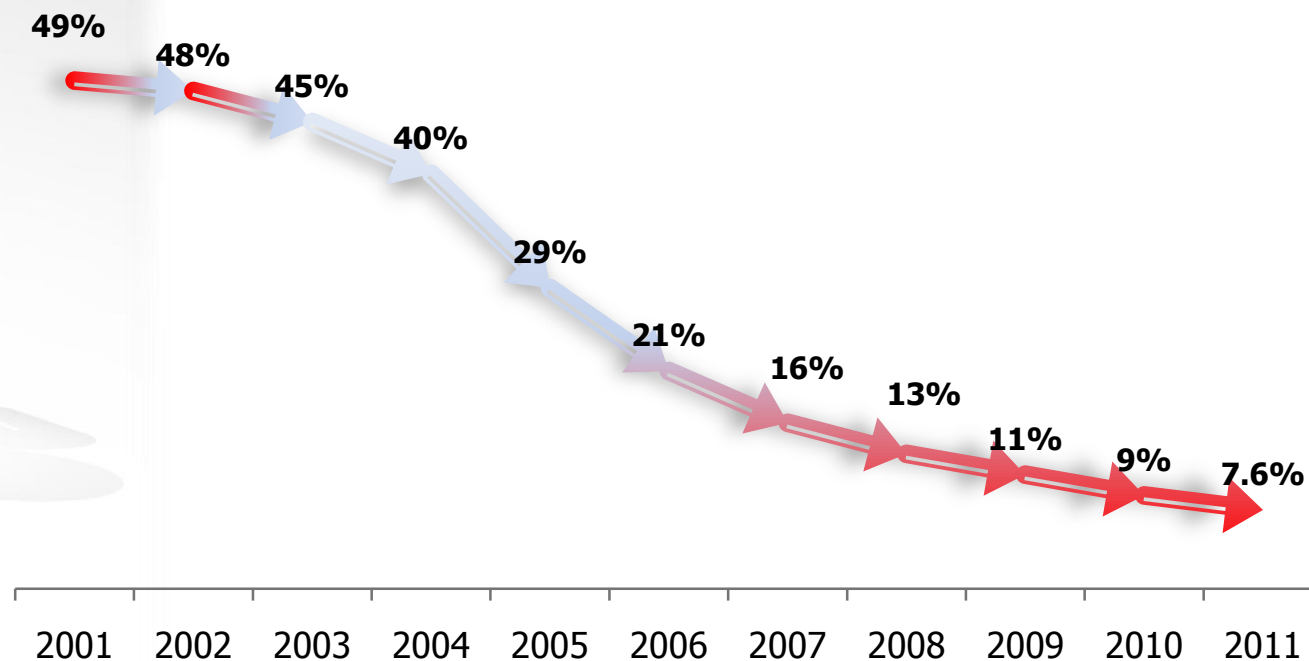
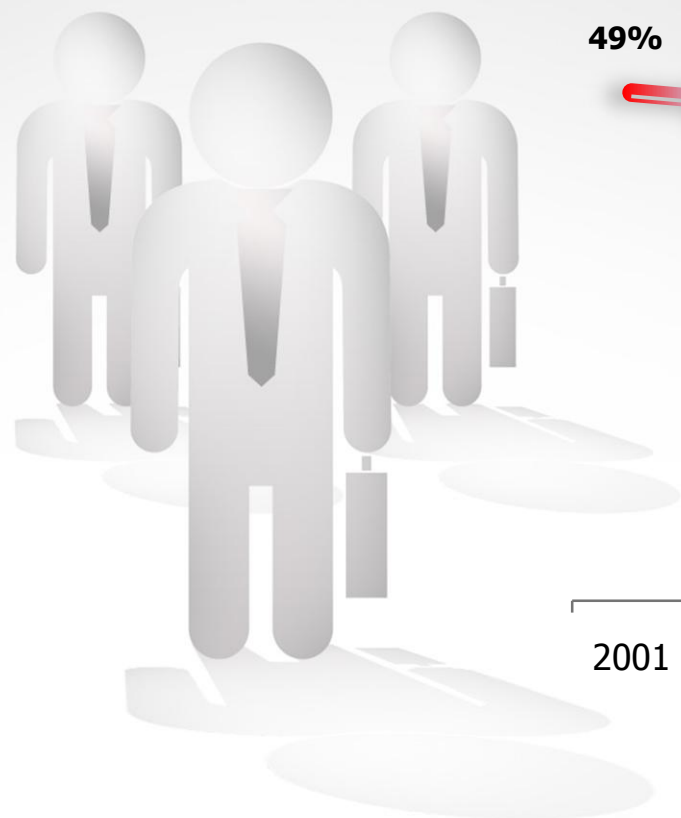
GDP share in the region

GDP share in the South Caucasus (%)



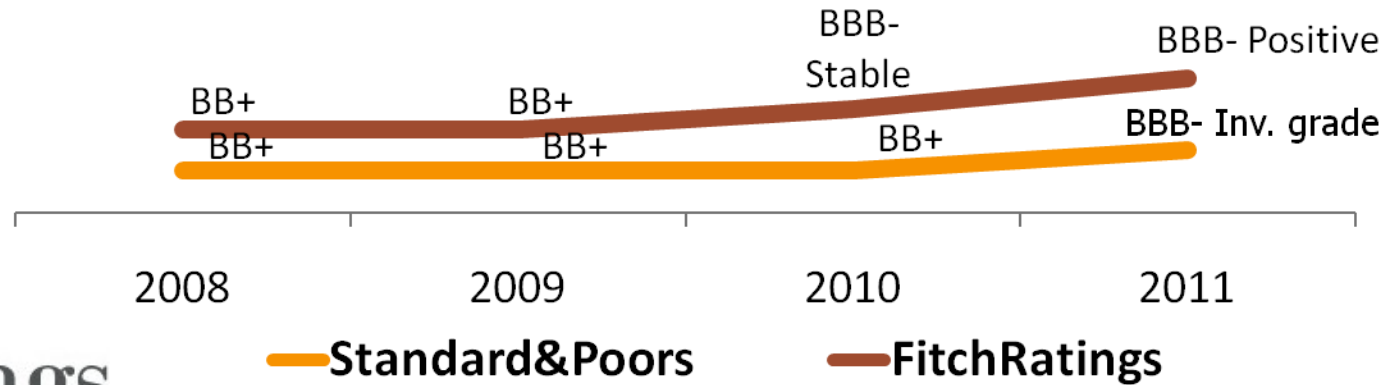
Poverty reduction

State Program on Poverty Reduction and Sustainable Development of the Republic of Azerbaijan in 2008-2015



Poverty reduction dynamics

Country Ratings



Fitch Ratings
KNOW YOUR RISK

■ **UNDP Human Development Report – 67**



■ **WEF Global Competitiveness Report 2012-2013**
– 46th among world and 1st among CIS countries

■ **World Economic Forum Report 2011-2012**
- 61st in the world



Investments

FDI
41.4 bln
USD

Foreign
63.1bln USD

Domestic
55.5 bln USD

Oil sector
48.5 bln USD

Total
Investments
118.6 bln
USD

Non-oil sector
70.1 bln USD

***1995-2011**

Investments

FDI
4.4 bln
USD

Foreign
8.6 bln USD

Domestic
13 bln USD

Oil sector
6 bln USD

Total
Investments
21.6 bln
USD

Non-oil sector
15.6 bln USD

***2011**



Why invest in Azerbaijan?

➤ POLITICAL & FINANCIAL STABILITY

➤ Favorable location

➤ Good climate and
welcoming culture

➤ Low-cost and
skilled labor force

➤ Well-developed
infrastructure

➤ Abundant resources



Agri-food industry

- Climatic zones/types – 9 out of 11 and fertile land
- 47% of population reside in rural areas
- Largest employer with up to 40% of the total workforce
- Tax breaks and subsidies
- Traditional CIS markets of around 300 million population
- Strong comparative advantage in exporting fresh fruits and vegetables
- Easy access to the regional markets – hub to supply
- GSP, GSP+, FTA with the CIS countries



Alternative and Renewable Energy

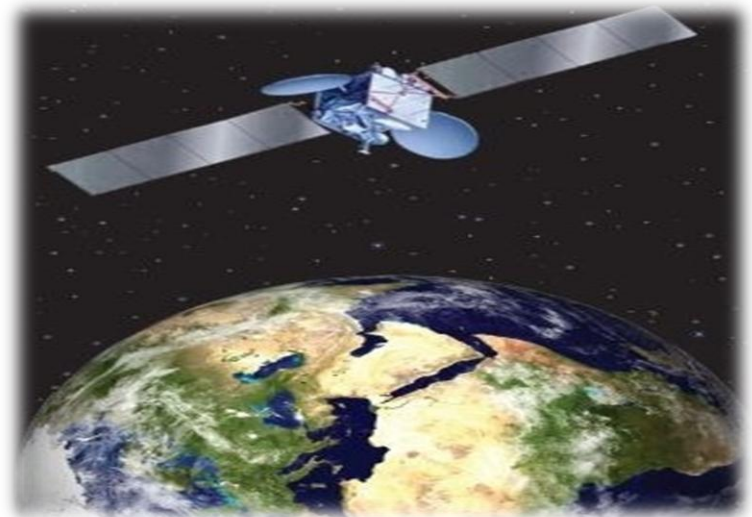
- The power sector has a leading role in the economy of Azerbaijan
- Increased demand for electricity by 4.7% each year until 2015
- Renewable Energy Sources - solar, wind, water, sea-energy, waste, bio-energy
 - Number of windy days in a year - 245-280
 - Average annual wind speed: 5.8 – 8.0 m/sec
 - Average number of sunny days in a year – 250
- First in the world 5 MW hybrid (solar, biogas, wind, thermal) Experimental Polygon in Gobustan



- Unique geografic and climatic conditions
- Tourism is on the high agenda of the Government, 2011 - a year of tourism
- Number of visitors increased by 14.1% in comparison with 2010 and reached 2.2 mln in 2011
- Well-known international hotels: Hilton, Four Seasons, JW Marriot, Jumeirah, Fairmont and Kempinski
- Winter-summer tourism complex in Shahdag – to be completed in 2016 and able to welcome 10 000 tourists
- Construction of tourism complexes and infrastructure



- Fastest -growing non-oil sector increasing revenues
- First satellite to be launched in late 2012
- 65 out of 100 persons are Internet users
- New Regional Innovation Zone – production of IT equipment and software, establishment of regional Data Centre
- Trans-Eurasian Information Super Highway - to bridge the digital divide in Eurasia through constructing a regional internet backbone



Sumgait Chemical Industrial Park

- **Total area:** 168 ha
- **Administration:** "Sumgait Chemical Industrial Park" LLC established within the Ministry of Economic Development
- **Infrastructure:** Offices, training centers, laboratory, etc. with electricity, heating, water supply and other communications will be established
- **Key benefits:** A number of tax and customs incentives as well as concessional loans are considered to be granted in the Park
- **Production:** Petro-chemical derivatives and other priority industrial products will dominate overall production



Balakhani Eco-Industrial Park

■ **Goal:** To support and promote recycling businesses, attract foreign investments

■ Area size: 7 ha

■ **Key benefits**

■ Provide an integrated infrastructure in one location

■ Reusable and cheap raw material market

■ Reduction of the environmental impact of the industrial
uses by establishing of recycling/reuse and production facilities

■ Market access for the sale of the obtained raw material or produced goods



- Azerbaijan Export and Investment Promotion Foundation (AZPROMO) was established by the Ministry of Economic Development in 2003
- **AZPROMO Vision:** Balanced growth of economy
- **AZPROMO Mission:** To sustain economic growth by maximizing the flow of non-oil extraction FDI and development of export oriented sectors
- **Main directions of activities:** Investment and Export Promotion

| AZPROMO Georgia /AZPROMO Austria

as well as representatives in

Germany, UK, Kazakhstan, Romania, Turkey, Ukraine Switzerland

Mission: Support in development of economic and business relations between Azerbaijan and Georgia as well as European countries through Austrian office

| Main activities

Market researches and analyses

Legal framework

Business consultancy

Public relations, country promotion



| Partners and proxies

Membership in the World Association of Investment Promotion Agencies (WAIPA) Steering Committee and Regional office for Central Asia and South Caucasus

Diplomatic/Trade missions and Chambers of Commerce

Thank you for the attention!

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