





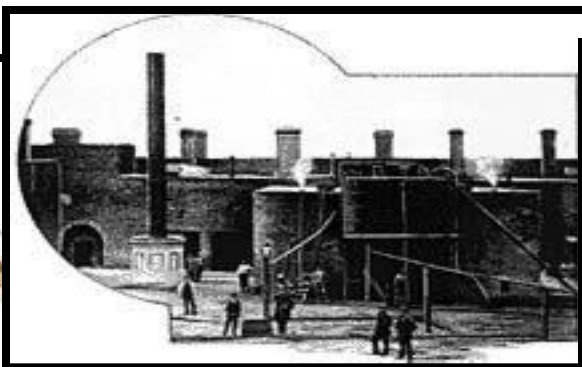
- **Establishment:** 28 May 1918
- **Independence:** 18 October 1991
- **Area:** 86.6 thsd km²
- **Population:** 9.37 million
- **Official Language:** Azerbaijani
- **Government system:** Presidential Republic
- **Membership in:** UN (Non-permanent member of UN Security Council for 2012-2013), Council of Europe, OSCE, Non-Aligned Movement, OIC
- **Highlights:**
 - 1st democratic republic in the Islamic world
 - 1st Opera in the Islamic world
 - Women voting right in 1918
(while in 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'***



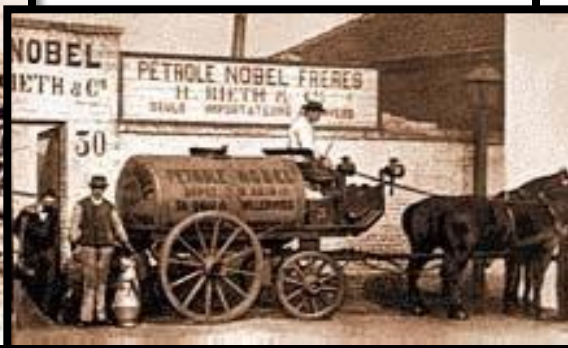
■ ***Nobel's first Kerosene factory***



■ ***1846—first hand-dug oil wells***



■ ***First Baku-Batumi Pipeline***



■ ***Nobel's distribution system***



■ ***First rail tank cars***

2012

GDP	<ul style="list-style-type: none"> •Total: 68.7 bln USD •Per capita: 7490 USD •Growth rate: 2.2%
Non-oil GDP	<ul style="list-style-type: none"> •Total: 36.2 bln USD •Share in total GDP: 52.9% •Growth rate: 9.7%
Investments	<ul style="list-style-type: none"> •Total: 25.7 bln USD •Domestic: 15.5 bln USD •Foreign: 10.3 bln USD
Trade	<ul style="list-style-type: none"> •Trade turnover: 43.8 bln USD •Export: 34.2 bln USD •Import: 9.6 bln USD
Other macroeconomic figures	<ul style="list-style-type: none"> •Inflation: 1.1% •Strategic currency reserves: 46 bln USD •Budget balance: +3.6% of GDP
Social statistics	<ul style="list-style-type: none"> •Average monthly wage: 502 USD •Unemployment: 5.2% •Population income growth: 13.8%

Sovereign debt ratings

Rating agency	Term	Rating	Outlook
STANDARD & POOR'S	Long Term – Foreign Currency	BBB-	Stable
	Short Term – Foreign Currency	A3	
	Long Term – Local currency	BBB-	
	Short Term – Local Currency	A3	
FitchRatings	Long Term – Foreign Currency	BBB-	Stable
	Short Term – Foreign Currency	F3	
	Long Term – Local currency	BBB-	
MOODY'S	Long Term – Foreign Currency	Baa3	Stable
	Long Term – Local Currency	Baa3	

Global Competitiveness Report 2013-2014

Economy	Rank
Azerbaijan	39
Poland	42
Turkey	44
Czech Republic	46
Kazakhstan	50
Slovenia	62
Russia	64
Georgia	72
Armenia	79
Iran	82
Ukraine	84

The report assesses the ability of countries to provide high levels of prosperity to their citizens. This in turn depends on how productively a country uses available resources. Therefore, the Global Competitiveness Index measures the set of institutions, policies, and factors that set the sustainable current and medium-term levels of economic prosperity.

1st among CIS countries (5 times running), 39th among 148 countries

Other indicators:

Inflation – 1st

Macroeconomic environment – 8th

Government budget balance – 15th

General government debt – 13th

Labour market efficiency – 30^h

Capacity for innovation – 35th

Technological readiness – 50st

WB Doing Business Report 2014

Economy	Rank
Georgia	8
Kazakhstan	50
Bulgaria	58
Italy	65
Turkey	69
Azerbaijan	70
Romania	73
Czech Republic	75
Russia	92
Serbia	93
Iran	152

70th among 189 countries

15th among the 50 economies narrowing the distance to frontier the most since 2005. The distance to frontier measure shows how far on average an economy is from the best performance achieved by any economy on each Doing Business indicator since 2005.

Some sub-indicators:

Registering property – 13th

Starting a business – 10th

Enforcing contracts – 28th

Getting credit – 55th

In Global Competitiveness Index 2013-2014 (rank/148):

Hiring and firing practices – 8th

Burden of government regulation – 21st

Strength of investor protection – 25th

Welcoming policy

National regime for foreign investors

No restrictions for any type of foreign investment

Incentives for foreign investors

Guarantees

Guarantee against adverse changes in the legislation, nationalization and requisition

No discrimination policy

Guarantee of compensation of damages and repatriation of profits

Sophisticated legal base

Law on Investment Activity and Law on Protection of Foreign Investments

Party to New York (1958) and Washington (1965) Conventions

46 bilateral investment treaties
44 double taxation treaty

Government institutional support

Azerbaijan Export and Investment Promotion Foundation (AZPROMO)

Azerbaijan Investment Company

National Fund for support of Entrepreneurship

1995-2012



Gas Export Projects

- ❖ Expansion of SCP from 8 to 16-20 bln. c.m.a
- ❖ Trans-Anatolian Pipeline (TANAP)

Length: **2,000 km**;
Capacity: **16 bln. c.m.a.**;
Cost: **\$7 bln**;
SOCAR with 51% share



Other Investment Projects (2)

❖ Petkim

- Investments of **\$10 bln.** during upcoming 7-8 years,
- ❖ **Construction of an Oil Refinery**
 - Supply Petkim with raw chemicals.
 - Decline import of raw chemicals by 30%
 - Investment of **\$5-5.5 bln.** in 6 years.
- ❖ **Expansion of Petkim**
 - Investment of **\$730 mln.**
- ❖ **Expansion of port near Petkim**
 - Investment of **\$230 mln.**
- ❖ **Construction of Electric power station**
 - Investment of **\$0.8-1.2 bln.**



PSA Tax Regimes

Withholding Tax

- ☐ Applies to Foreign Subcontractors
- ☐ Tax rate varies from 5% to 8%
- ☐ Applicable to:
 - Work & Services performed in Azerbaijan
 - Mark-up, Handling fee on Goods sold in Azerbaijan
- ☐ Satisfies Subcontractors corporate tax liability

Profit Tax

- ☐ Applies to Foreign Subcontractors
- ☐ Calculated under the PSAs
- ☐ Profit Tax rate varies from 25% to 32%
- ☐ Taxable Base revenues less operating costs and tax depreciation

Other Taxes

- ☐ VAT – exempt with credit (0%)
- ☐ Customs Taxes – exempt
- ☐ Personal Income Taxes – payable by employees at a max. rate of 25%
- ☐ Contractor Parties are entitled to full and complete exemption from other taxes, such as royalties, property taxes , etc.



Investments to non-energy sector

Agriculture



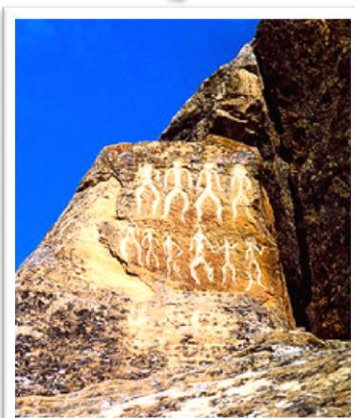
Alternative energy



Construction



Tourism



Chemical industry



ICT



Waste management





Image building

marketing campaigns (perception=reality),
communication strategy

Investment generation

Identification of potential investors, marketing
campaigns, presentations, seminars, road shows

Investment facilitation

Investment information, site visits, organisation
and providing information

Investor servicing + aftercare

Helping investors get established and be
operational, expansion and re-invest

Advocacy+strategy formulation

Advocating for investment friendly business
climate, inputs to national FDI policy

Azerbaijan Export and Investment Promotion Foundation (AZPROMO)

**Baku Business Center
44, Neftchiler ave., Baku, Azerbaijan**

www.azpromo.az

www.b2b.az

Tel.: (+99412) 598 01 47/48;

Fax: (+99412) 598 01 52

office@azpromo.az