Azerbaijan Country Presentation





Basics

© Establishment: 28 May 1918

O Independence: 18 October 1991

O Area: 86.6 thsd km2

O 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

Manat: 1 AZN = 1.27 USD

Movement, OIC

O Highlights:

1st democratic republic in the Islamic world

1st Opera in the Islamic world

O Women voting right in 1918

(while in Italy - 1946; Switzerland - 1971; France - 1944)

Currency:

Azerbaijan Export and Investment Promotion Foundation

Stable economy

2012

GDP	•Total: •Per capita: •Growth rate:	68.7 bln USD 7490 USD 2.2%
Non-oil GDP	•Total: •Share in total GDP: •Growth rate:	36.6 bln USD 52.9% 9.7%
Investments	•Total: •Domestic: •Foreign:	25.7 bln USD 15.4 bln USD 10.3 bln USD
Trade	•Trade turnover: •Export: •Import:	43.8 bln USD 34.2 bln USD 9.6 bln USD
Other macroeconomic figures	Inflation:Strategic currency reserves:Budget balance:	1.1% 46 bln USD +3.6% of GDP
Social statistics	Average monthly wage:Unemployment:Population income growth:	502 USD 5.2% 13.8%

Source: State Statistics Committee



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 – 30th
Capacity for innovation – 35th
Technological readiness – 50st



Sovereign debt ratings

Rating agency	Term	Rating	Outlook
STANDARD &POOR'S	Long Term – Foreign Currency	BBB-	Stable
	Short Term – Foreign Currency	А3	
	Long Term – Local currency	BBB-	
	Short Term – Local Currency	А3	
FitchRatings	Long Term – Foreign Currency	BBB-	Stable
	Short Term – Foreign Currency	F3	
	Long Term – Local currency	BBB-	
Moody's	Long Term – Foreign Currency	ВааЗ	Stable
	Long Term – Local Currency	Baa3	

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Business enabling environment

Reformist business environment

Firm legal basis and continuous improvement of business legislation

Top-reformer of business regulations according to Doing Business Report 2009 Decrease of red tape, simplifying business permitting and licensing systems

One-stop-shop for business registration

One of the easiest startup procedures in the world

3 days for business registration

Internet registration of individual entrepreneurs and local commercial legal entities

Competitive tax system

E-filing and e-payment

Corporate tax – 20%; VAT – 18%; Simplified tax – 4% and 2%

No agriculture tax

Government eservices

426 e-services by 40 public authorities

Electronic portal on business permission and licenses (www.icazeler.gov.az)

B2B facilitation (www.b2b.az)



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):

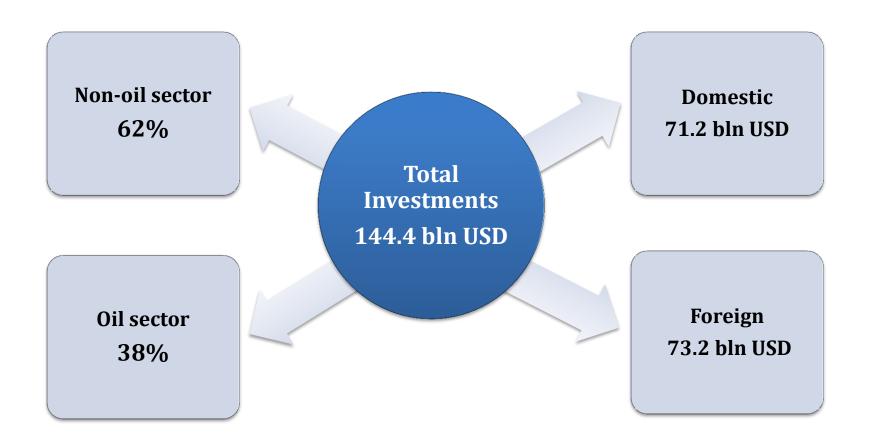
Hiring and firing practices – 8^{th} Burden of government regulation – 21^{st} Strength of investor protection – 25^{th}

Liberal investment climate

No restrictions for any Welcoming National regime for Incentives for foreign type of foreign foreign investors investors policy investment Guarantee against Guarantee of adverse changes in the No discrimination compensation of Guarantees legislation, damages and policy nationalisation and repatriation of profits requisition 46 bilateral Party to New York Law on Investment Sophisticated investment treaties (1958) and Activity and Law on Protection of Foreign Washington (1965) legal base 44 double taxation Investments Conventions treaty Government Azerbaijan Export and National Fund for **Investment Promotion** Azerbaijan Investment institutional support of Foundation Company Entrepreneurship support (AZPROMO)

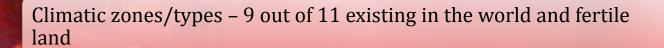
Liberal investment climate

1995-2012



Source: State Statistics Committee





Largest employer with up to 40% of employed workforce

Tax breaks and subsidies

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

Traditional consumer markets of CIS with ca. 300 million population

Alternative and renewable energy



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

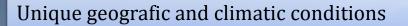
Average annual wind speed: 5.8 – 8.0 m/sec

Average number of sunny days in a year – 250

First in the world 5 MW hybrid (solar, biogas, wind, thermal) Experimental Polygon in Gobustan

Establishment of State Agency on Alternative and Renewable Energy





In 2012 number of tourists increased by 3.3 times in comparison with 2003

Well-known international hotel chains: 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

Investment opportunities in construction of brand economy hotels

Increasing demand in construction of tourism complexes

Restoration of historical and cultural sites



One of the fastest growing non-oil sectors in terms of increasing revenues

First national satellite was recently launched

70 out of 100 persons are Internet users

First among CIS States on share on internet users according to the WEF Global Information Technology Report 2012

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

Establishment of State Fund for Development of ICT



Sumgait Chemical Industrial Park

Total area: 168 ha

Administration: "Sumgait Chemical Industrial Park" LLC under management of Ministry of Economic Development

Priority products: chemicals used in agriculture, construction, packaging and automotive industries

Infrastructure: Offices, training centers, laboratory, electricity, heating, water and other communications

Tax holidays (corporate, property and land taxes and VAT on imported equipment)

Main advantage: Availability of necessary raw materials domestically in close proximity to the production site

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Balakhani Eco-Industrial Park

Total area: 7 ha

Administration: "Tamiz Sheher" OJSC under management of Ministry of Economic Development

Priority areas: Recycling of plastics, tire/rubber, electronics, accumulators, non-ferrous metals, cabels and specific types of domestic waste

Infrastructure: Offices, training centers, laboratory, electricity, heating, water and other communications

Tax holidays for 7 years: Corporate, land and property taxes and VAT on imported equipment and technology

Location: Proximity to city waste landfill site, Material Recovery (waste sorting) Facility and modern Waste-to-Energy Plant



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