

Azerbaijan Country Presentation



Basics

- **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



Stable economy

2013

GDP	<ul style="list-style-type: none">•Total: 73.5 bln USD•Per capita: 7912.5 USD•Growth rate: 5.8%
Non-oil GDP	<ul style="list-style-type: none">•Total: 41.6 bln USD•Share in total GDP: 56.6%•Growth rate: 10%
Investments	<ul style="list-style-type: none">•Total: 27.9 bln USD•Domestic: 17.5 bln USD•Foreign: 10.4 bln USD
Trade	<ul style="list-style-type: none">•Trade turnover: 34.7 bln USD•Export: 24 bln USD•Import: 10.7 bln USD
Other macroeconomic figures	<ul style="list-style-type: none">•Inflation: 2.4%•Strategic currency reserves: 50 bln USD•Budget balance*: +3.6% of GDP
Social statistics	<ul style="list-style-type: none">•Average monthly wage: 539.2 USD•Unemployment: 5%•Population income growth: 8%

Competitive economy

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

Competitive economy

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	

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 start-up procedures in the world

2 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 e-services

426 e-services by 40 public authorities

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

B2B facilitation
(www.b2b.az)

Business enabling environment

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

Liberal investment climate

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, nationalisation 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

Liberal investment climate

1995-2013



Cooperation opportunities: Food industry/agriculture

Climatic zones/types – 9 out of 11 existing in the world and fertile land

Tax breaks and subsidies for agricultural producers

Strong comparative advantage and access to regional markets

Supply of fresh fruits and vegetables to Hungary

Supply of fruit and vegetable juices, wine and spirits to Hungary

Joint ventures for greenhouse production of fresh vegetables and fruits

Joint ventures for production and processing of medical plants, combined feed, confectionary products, sauces, dried fruit and berries

Tourism

Unique geografic and climatic conditions

In 2013 number of tourists increased by 3.9 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

Cooperation opportunities: ICT

Average annual growth rate at 20-25% in the last 10 years

80% of income in ICT belongs to private sector, while mobile telephony and IT are completely private

Around 2.5 bln USD invested in ICT in the last 10 years, 72% of which accounts for private sector and foreign investments

First among CIS States on share on internet users according to the WEF Global Information Technology Report 2013

70% of population uses internet, 50% uses broadband internet

Opportunities for investors in the High Technologies Park in Baku

Joint ventures in hardware and software production

Cooperation opportunities: Industry

Share in GDP: 58.4%

Intensive industrialisation policy: increase of 186% since 2005

Investment (2012): total \$7,7 bln – \$3,4 bln foreign, \$4,3 bln domestic

Supply of chemical products and chemical preparations, construction materials, electric equipment, oil and petrochemical equipment

Joint ventures for the production of electric appliances and equipment

Joint ventures for the production of construction materials

Joint ventures in the light industry (furniture, textiles)

Cooperation opportunities: Sumgait Chemical Industrial Park (SCIP)

Total area: 168 ha

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

Infrastructure: All utilities are provided provided by plug-and-play concept

Tax holidays (corporate, property and land taxes and VAT on imported equipment) **for 7 years**

Key advantages: Availability of in-door raw materials, increasing domestic demand and close proximity to regional markets

Opportunities for investments in the production of chemical products and preparations, final plastic products, pharmaceuticals, fertilizers

Opportunities for investments in packaging production, automotive spare parts, chemicals and cleaners, industrial glues and adhesives

Collect, Transport, Sort, Process
and Recycle

Cooperation opportunities: Balakhani Eco-Industrial Park

Total area: 7 ha

Priority areas: recycling of domestic waste

Infrastructure: Offices, training centers, laboratory, all utilities are provided provided by plug-and-play concept

Tax holidays (corporate, property and land taxes and VAT on imported equipment) **for 7 years**

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

Opportunities for investing in plastic recycling, tire/rubber recycling, WEEE recycling, lead batteries, non-ferrous metal and cable recycling

Opportunities for investing in municipal hazardous waste (battery pills, light tubes, mercury containing goods, etc.) recycling

Thank you for the attention!