

Azerbaijan Country Presentation



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AZPRPOMO

- | **Establishment:** 28 May 1918
- | **Independence:** 18 October 1991
- | **Official Language:** Azerbaijani
- | **Political system:** Presidential
Republic
- | **Area:** 86.6 ths. sq. km.
- | **Population:** 9 million
- | **Capital:** Baku
- | **Autonomous Republic:**
Nakhchivan
- | **Currency:** Manat *

Favourable Location

Azerbaijan is the country on the crossroads of Eurasia



Interesting facts



| *First Baku 'oil boom'*



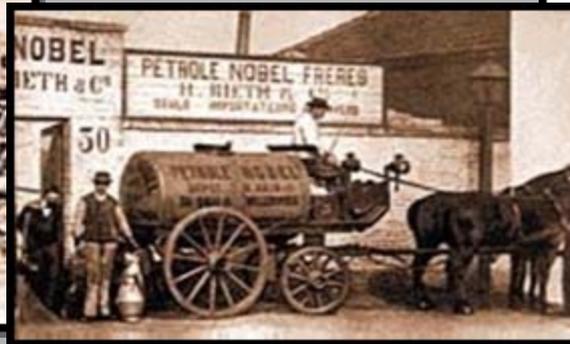
| *Nobel's first Kerosene factory*



| *1846—first hand-dug oil wells*



| *First Baku-Batumi Pipeline*



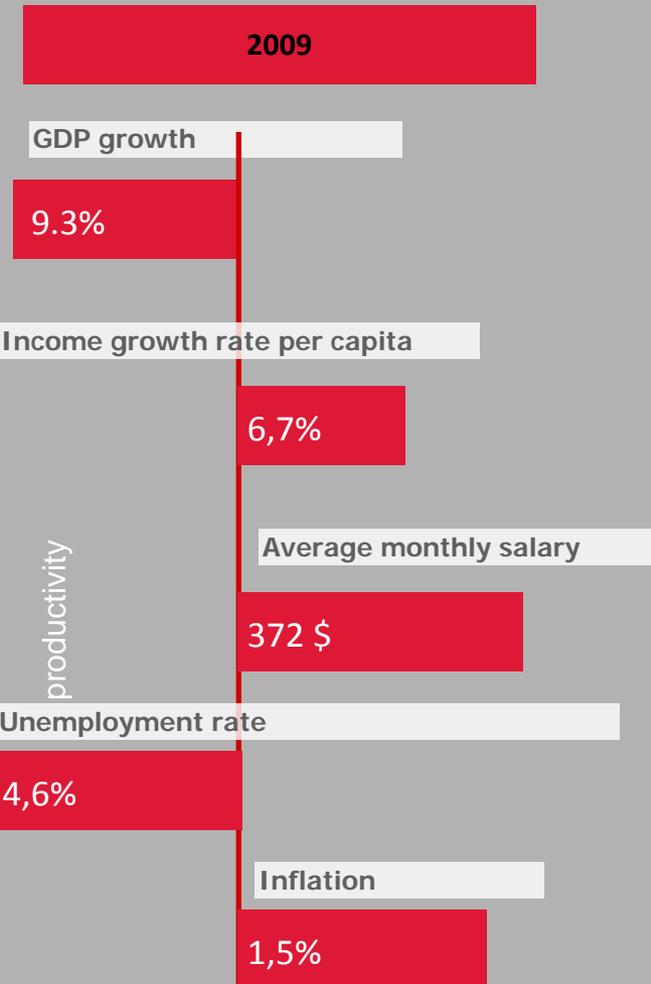
| *Nobel's distribution system*



| *First rail tank cars*

Macroeconomic figures

	2009
GDP growth rate	9,3 %
GDP per capita (\$)	4.874
Investments (\$)	9.1 bln
FDI (\$)	2.9 bln
Inflation	1,5 %
Unemployment rate	4.6%
Poverty level	11%
Average monthly salary (\$)	372



Economic reforms

Methodology

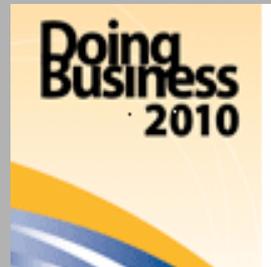
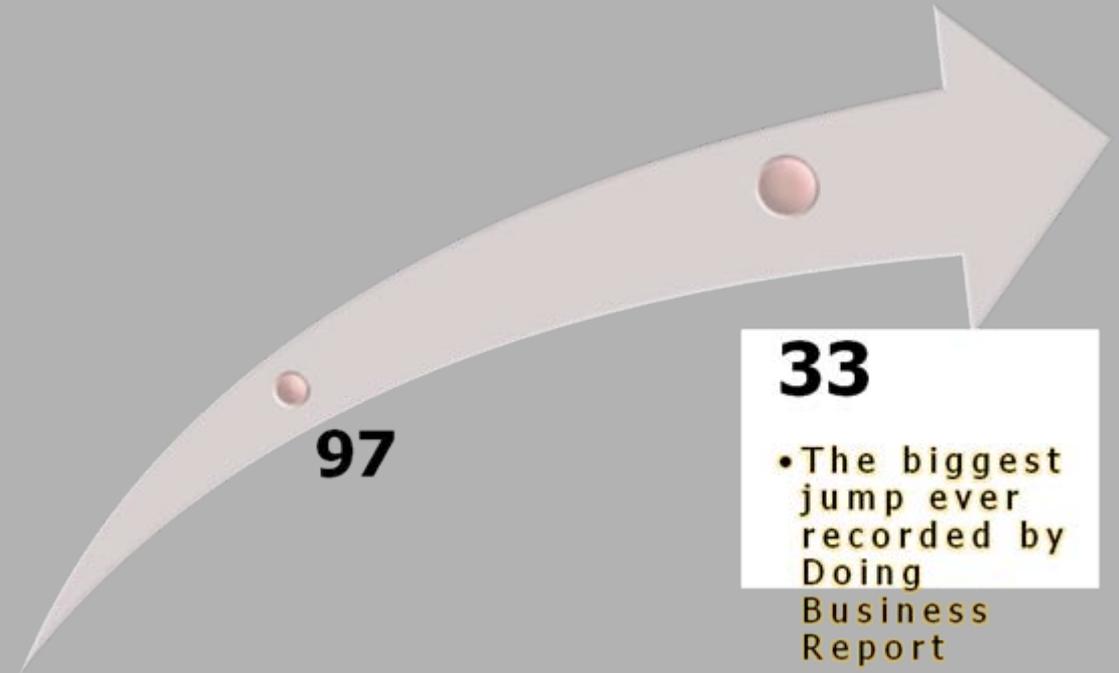
Starting a business

Employing workers

Registering Property

Protecting investors

Enforcing contracts



The Doing Business project provides objective measures of business regulations and their enforcement across 183 economies and selected cities at the subnational and regional level.

Doing
Business
2009

CELEBRATING REFORM
AZERBAIJAN No.1

Country Ratings

Rating Parameters

Payment balance

Stability of local currency

Solvency

State budget

Macroeconomic indicators

Political stability

2010

- | Long term credit rating: BBB - 
(Investment Grade)
- | Short-term credit rating: F3 

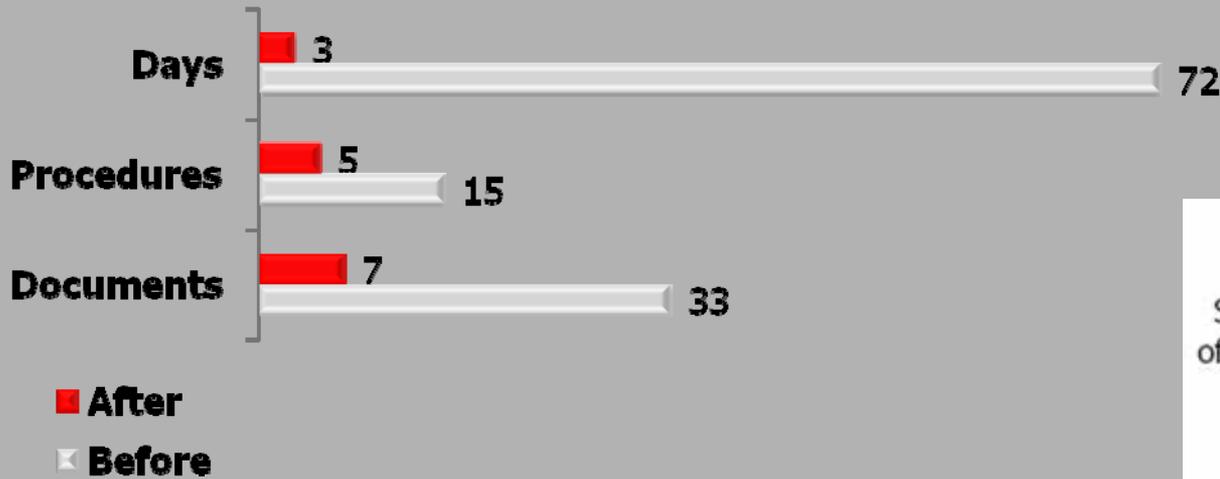
*Azerbaijan was BB+ and B, which is an average value equivalent to 13th place out of 27



The Fitch Ratings

Leading global rating agency committed to providing the world's credit markets with independent, timely and prospective credit opinions.

One-stop-shop

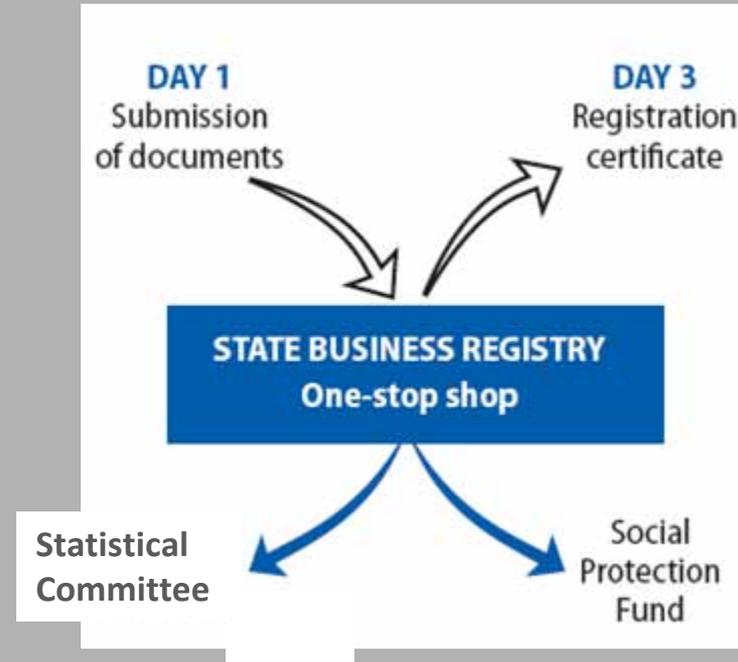


Type of legal entity:

- | Banks, stock exchanges, insurance companies, branches of foreign legal entities
- | Agricultural business
- | Other legal entities

Duty:

- 220 AZN
- 3 AZN
- 11 AZN



Effective 01.01.2008

Taxation

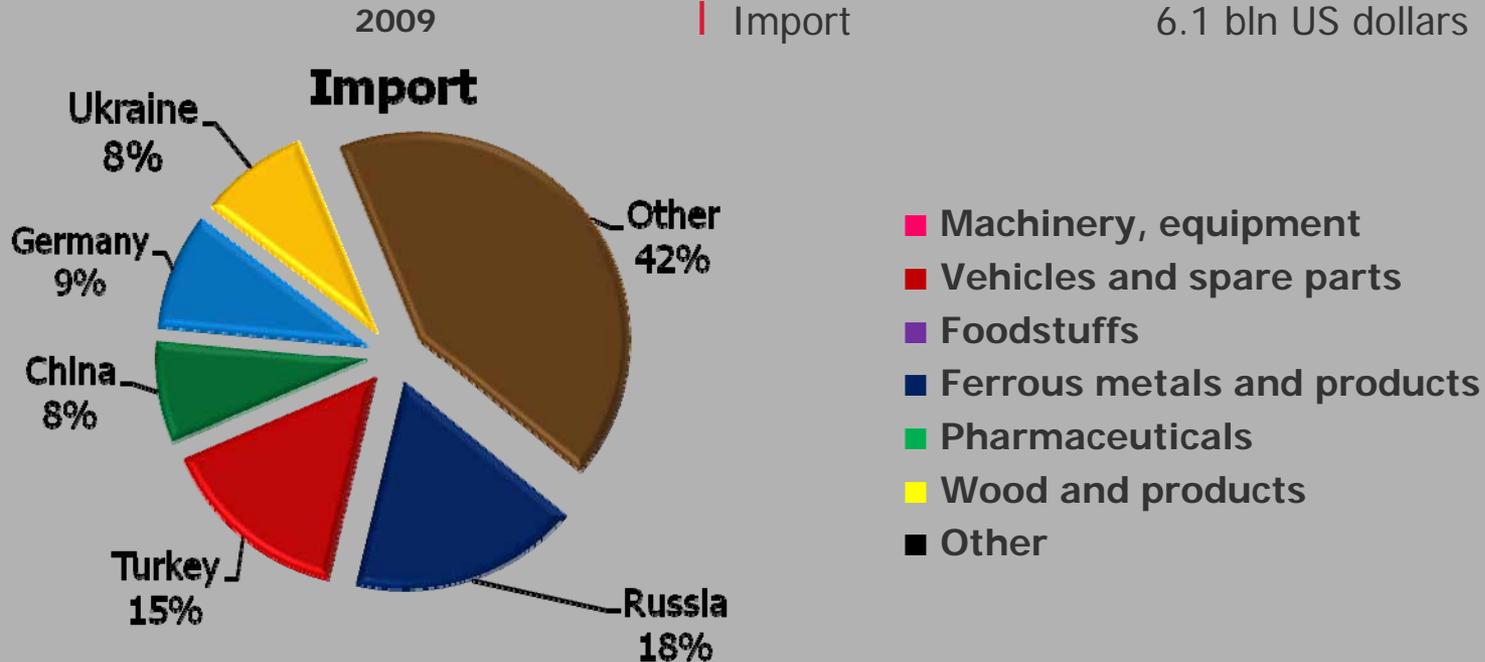
Corporate Tax	20%	Agriculture Tax
Value Added Tax	18%	No limits on the Repatriation of profits
Simplified Tax	4% and 2%	Inheritance and Gift Tax



Gradual reduction of corporate tax

Foreign Trade (import)

| Trade turnover 20.8 bln US dollars
| Import 6.1 bln US dollars



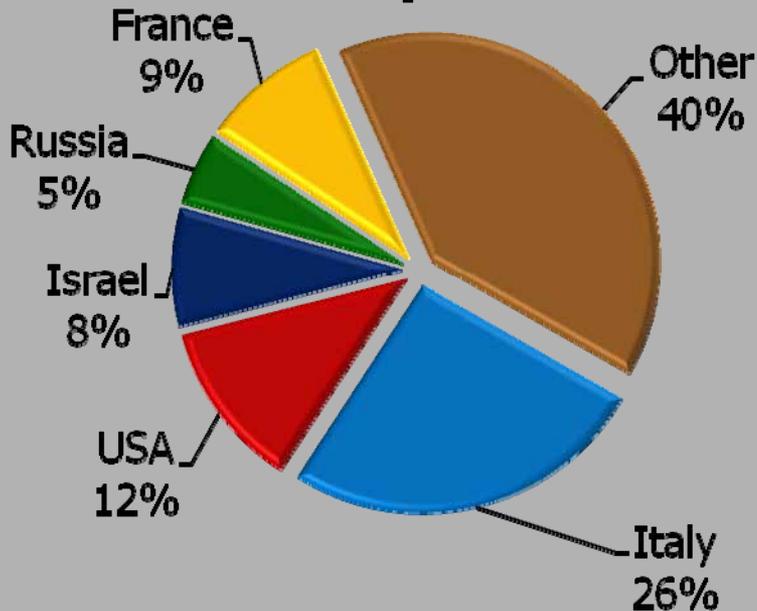
- | More than 40 Free Trade Agreements
- | 138 trade partners
- | GSP, GSP + (Generalized system of preferences)
- | WTO negotiations process

Foreign Trade (export)

Trade turnover 20.8 bln US dollars
Export 14.7 bln US dollars

2009

Export



- Raw oil and petrochemicals
- Fruit and vegetables
- Plant and animal oil
- Ferrous metals and products
- Chemical industry products
- Cotton
- Aluminum and products
- Alcoholic and non-alcoholic beverages
- Tobacco and products
- Other

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



Abundant resources



| 9 out of 11 climatic zones

| Mild winters and hot summers



| Rich mineral and climatic resources

| Ferrous and non-ferrous metals

| Raw construction materials

Well-developed infrastructure

- | Logistical hub for Asia – Europe, Middle East – CIS
- | 2nd largest port in the Caspian Sea



- | Developed rail infrastructure
- | Easy access to the Black Sea region
- | Baku – Tbilisi – Kars railroad (The Iron Silkway)



Low-cost and skilled labor force

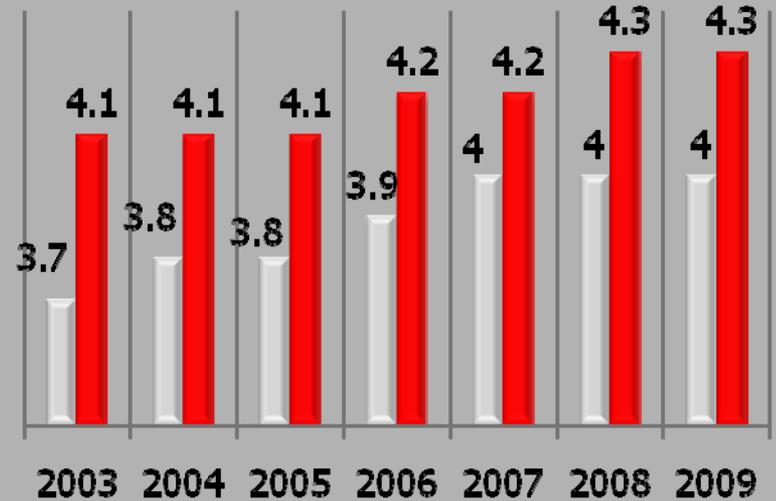


2009

| 372 USD

Average monthly salary

- | Entrepreneurial culture
- | High literacy level (99.6%)
- | Excellent IT and foreign languages skills
- | Human resources development strategy/
State Program on education abroad (2007-2015)



▣ Employed, mln
■ Labor force, mln

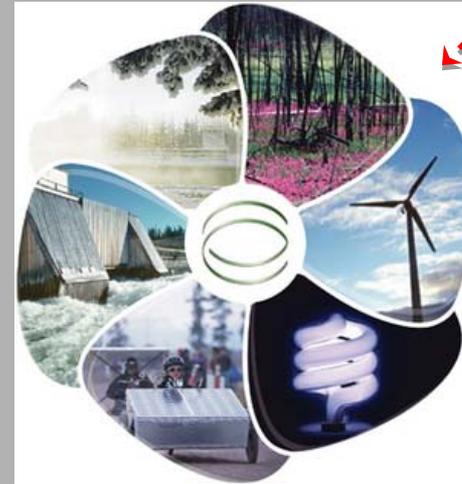
* Source: The State Statistical Committee

Where to invest in Azerbaijan?

Agriculture/
food industry

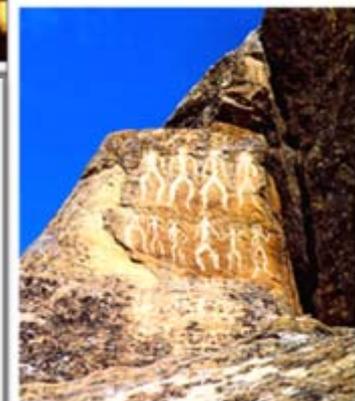


Tourism



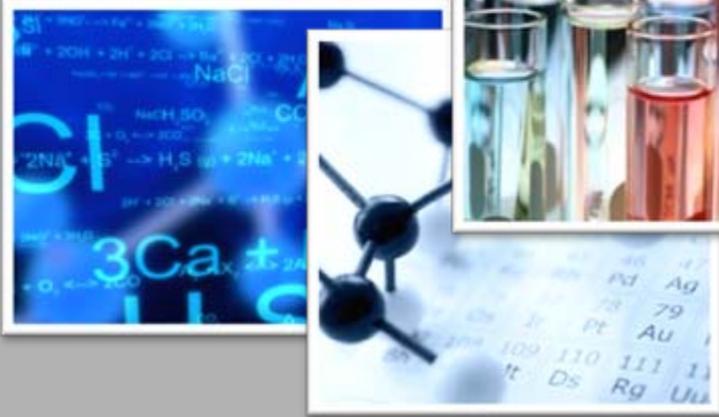
Alternative energy

Construction



Where to invest in Azerbaijan?

Chemical industry



ICT



Transportation and logistics



Light industry



Leading FDI destination

National Legislation

Law on Investment Activity
Law on Protection of Foreign Investments
Law on Special Economic Zones

International Agreements

Avoiding of double taxation
Bilateral treaties

Government Institutional Support

Azerbaijan and Export and Investment
Promotion Foundation
Azerbaijan Investment Company
National Fund for support of Entrepreneurship





Azerbaijan Export and
Investment Promotion
Foundation

About AZPROMO

- | 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

Investment Promotion



| **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

Export Promotion



New exporters

Consultancy, assessment of export capabilities, training and guidance

Entering a new market

Market information, legal analysis, price research, trade shows/fairs research

Looking for new customers

Search for new business contacts, matchmaking and sector/product events, trade missions

Image building

Trade shows/fairs, PR activities abroad, outward foreign investment, international relations

Policy advocacy

Advice in foreign trade policies and input on export regulations

AZPROMO Georgia

Mission: Support in development of economic and business relations between Azerbaijan and Georgia

Main activities

Market researches and analyses

Legal framework in Georgia

Business consultancy

Public relations, country promotion



Partners and proxies

2 Memorandums of Understanding in 2010

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

Investment Project

| Baku White City

Project Consultants:

ATKINS (UK)

Foster & Partners (UK)

F&A Architects (USA)

Project Specifications:

221 ha development

10 districts

50 000 residents

4.5 mln sq m gross built area

20 000 residential and commercial units

48 000 workplaces (upon completion)

40 000 parking places

39 ha landscape



Investment Project

| Tile Production Factory



Project Executor:
Cahan Holding



Project Specifications:
900 000 m² annual production
(for future export)



6800 sq m built area in Nakhchivan
city



Project cost - 6 mln Euros

Project payback period - 4 years



Investment Project

I Industrial line of solar modules and collectors



Project Executor:

2 M Engineering LTD



Project Specifications:

✓ Delivery of solar modules and panels
parts in Azerbaijan



✓ Full assembly of parts into ready
product



✓ Sales and installation at sites



Implementation period - 12 months

Project cost - 2-2.5 mln USD

Project payback period - 3 years



Investment Project

| Baku Garden City



Project Executor:



Vizzion Architects

Project Specifications:



Retail - 62.138 m²

Apartments - 78.523 m²

Office - 27.492 m²



Hotel - 31.969 m²

Service Apartments - 12.444 m²



Parking & Storage - 94.908 m²

Total - 307.474 m² (Gross Area m²)



GENERAL VIEW



AzAgro Export LLC - Xachmaz Greenhouse Project

Project Objective:

Construction of modern greenhouse complex

Project Specifications:

Location - Xachmaz region, Charkhi village

Area - 25 ha

Project cost - 29 411 000 USD

Annual production - 1.4 mln seedlings, 3500 tones
tomatoes and 2500 tons peppers

New workplaces - 205

Operation start up - June 2011

Investors - Azerbaijan Investment Company

Marcin International

MYBA Agro Project





Azerbaijan Export and
Investment Promotion
Foundation

Thank you for the attention!

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(AZPROMO)**

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