

# Azerbaijan Country Presentation



**Rufat Mammadov**  
**AZPRPOMO**

## Favourable Location

*Azerbaijan is the country on the crossroads of Eurasia*

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



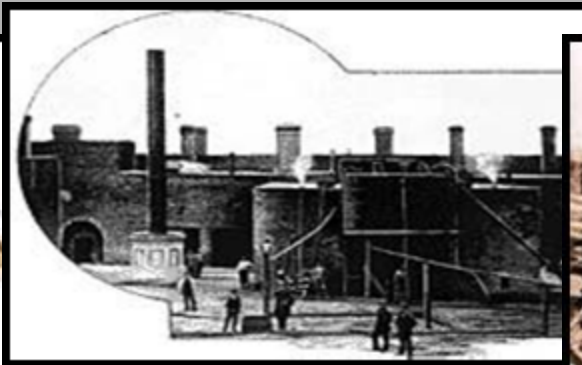
\* (0.8 AZN= 1 USD)



## Interesting facts



*First Baku 'oil boom'*



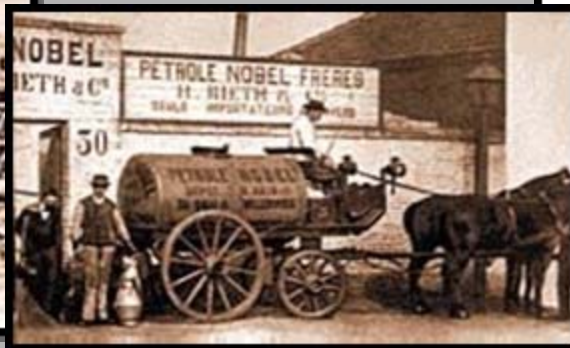
*Nobel's first Kerosene  
factory*



*1846—first hand-dug oil  
wells*



*First Baku-Batumi Pipeline*



*Nobel's distribution system*



*First rail tank cars*

# Macroeconomic figures

GDP growth rate

2009

9,3 %

GDP per capita (\$)

4.874

Investments (\$)

9.1 bln

FDI (\$)

2.9 bln

Inflation

1,5 %

Unemployment rate

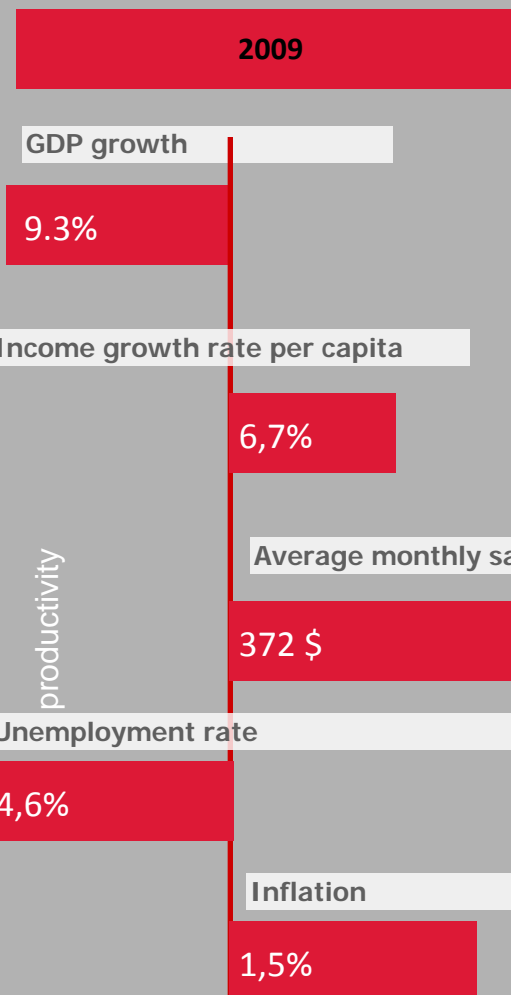
4.6%

Poverty level

11%

Average monthly salary (\$)

372



# Economic reforms

## Methodology

Starting a business

Employing workers

Registering Property

Protecting investors

Enforcing contracts



# 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 

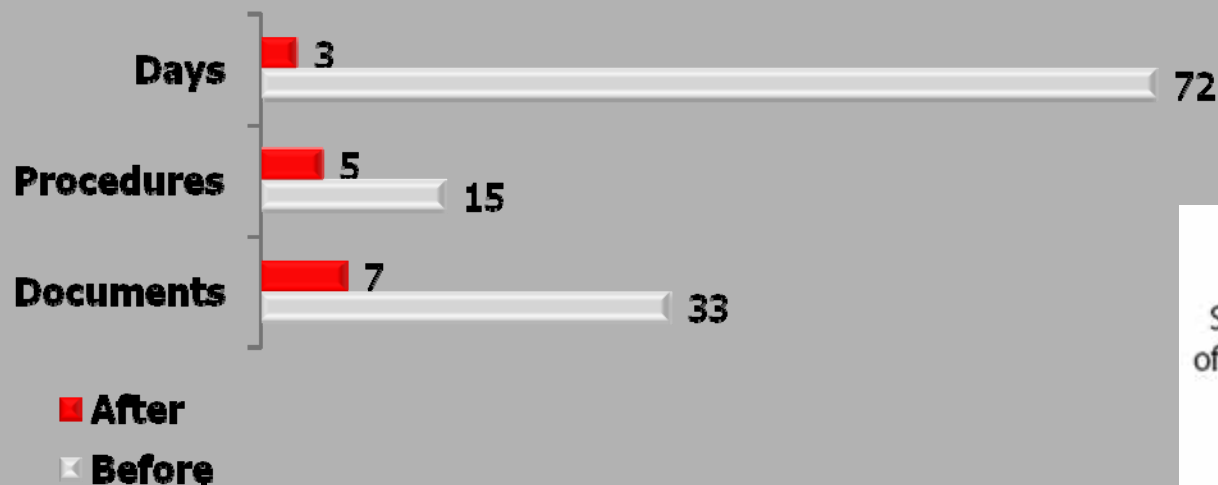
\*Azerbaijan was BB+ and B, which is an average value equivalent to 13th place out of 27



### 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:

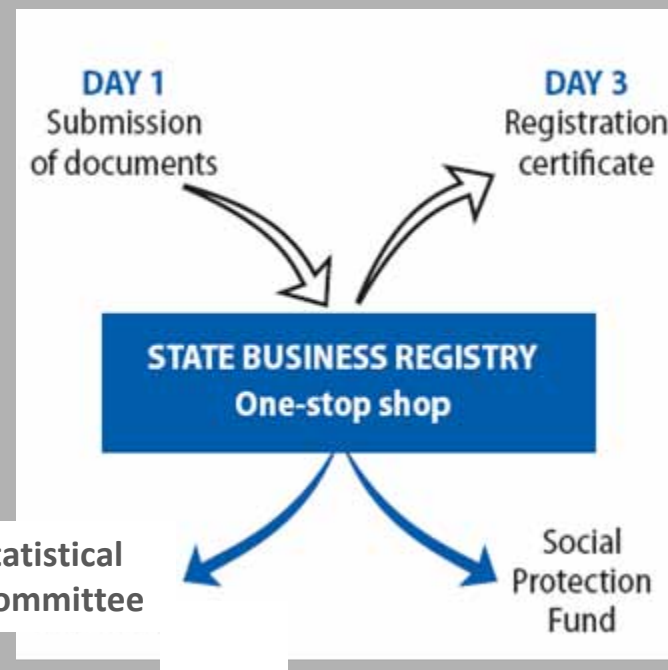
- | Banks, stock exchanges, insurance companies, branches of foreign legal entities
- | Agricultural business
- | Other legal entities

## Duty:

220 AZN

3 AZN

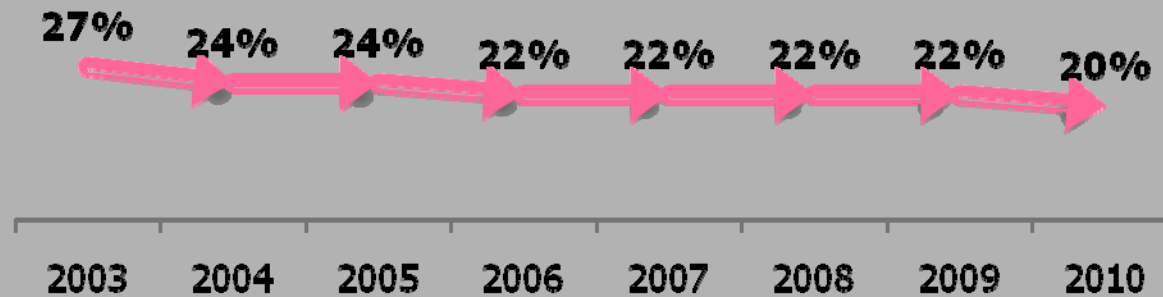
11 AZN



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

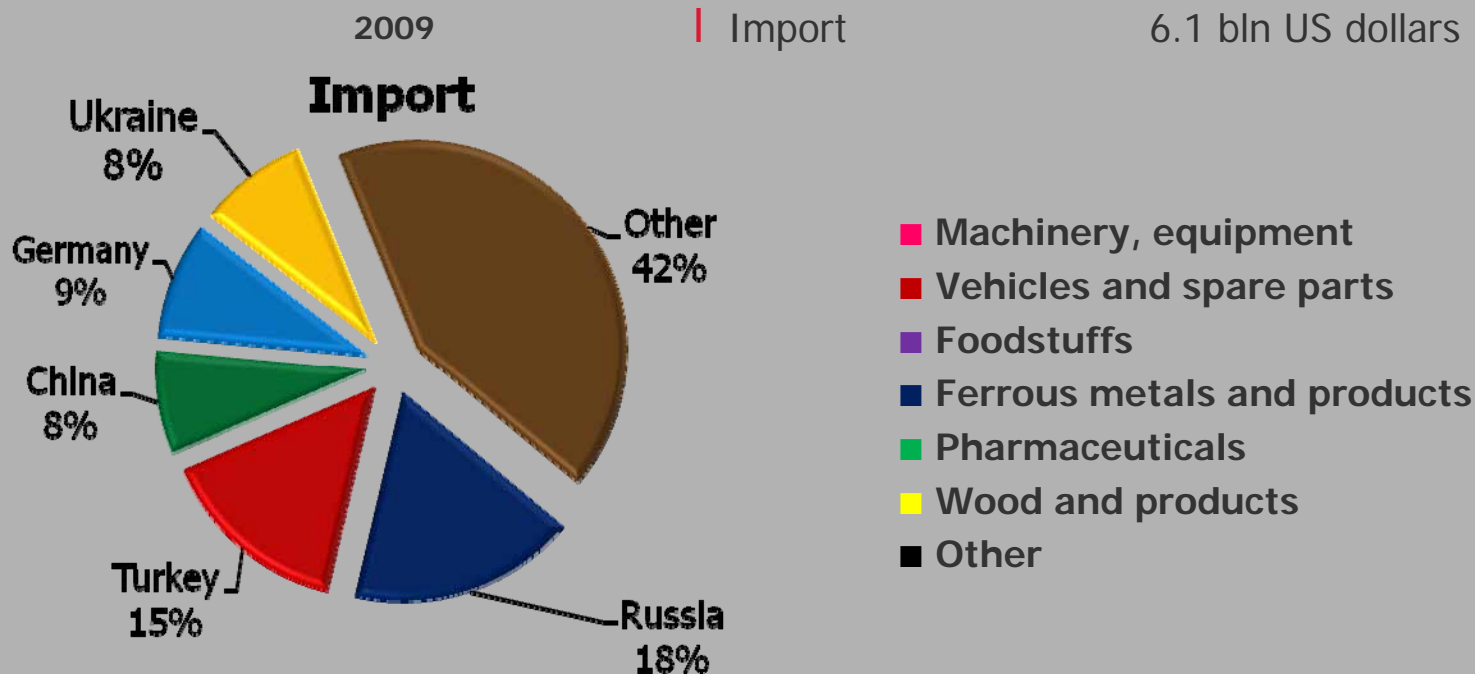


**Gradual reduction of corporate tax**



## Foreign Trade (import)

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



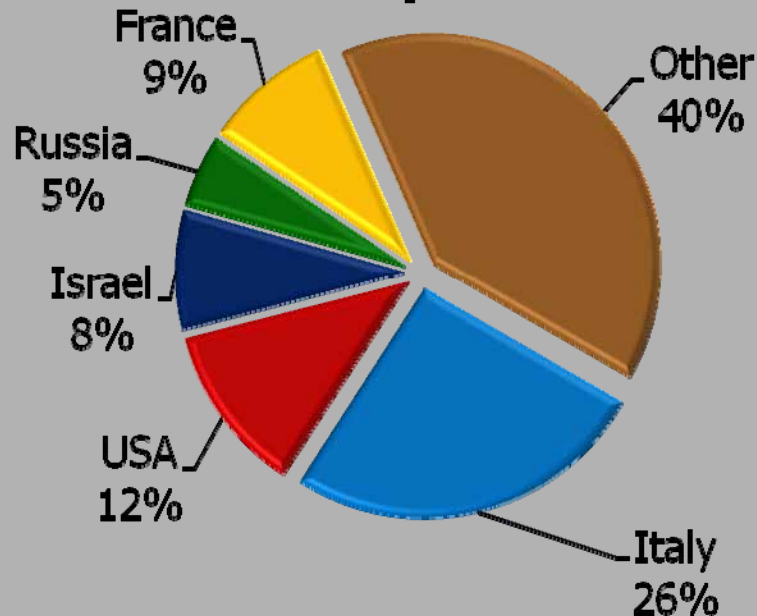
- | More than 40 Free Trade Agreements
- | 138 trade partners
- | GSP, GSP + (Generalized system of preferences)
- | WTO negotiations process

# 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



- | Rich mineral and climatic resources
- | Ferrous and non-ferrous metals
- | Raw construction materials

- | 9 out of 11 climatic zones
- | Mild winters and hot summers



# Well-developed infrastructure

- | Logistical hub for Asia – Europe, Middle East – CIS
- | 2<sup>nd</sup> 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

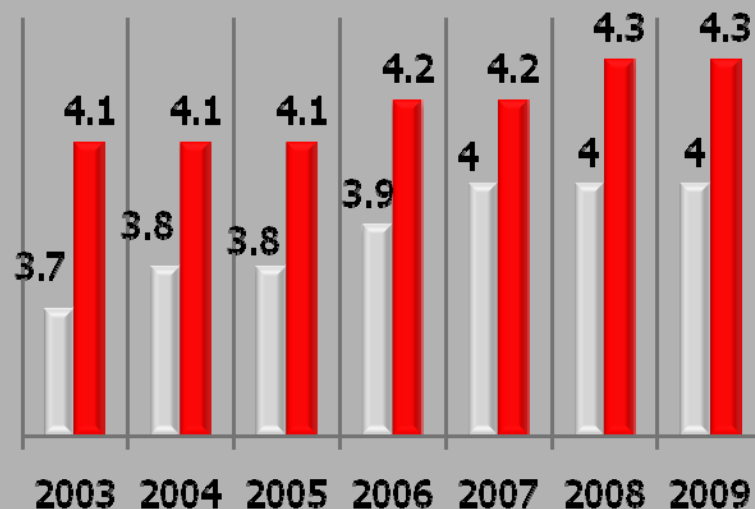


2009

| 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

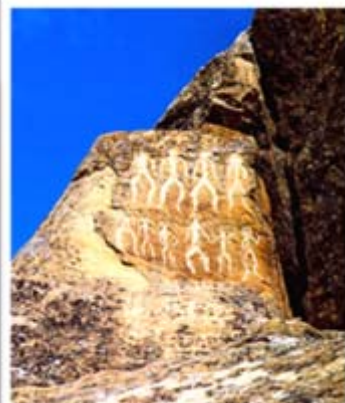
■ Labor force, mln

# 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 Export and Investment  
Promotion Foundation

Azerbaijan Investment Company

National Fund for support of Entrepreneurship



## 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 m<sup>2</sup> 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 m<sup>2</sup>

Apartments - 78.523 m<sup>2</sup>

Office - 27.492 m<sup>2</sup>

Hotel - 31.969 m<sup>2</sup>

Service Apartments - 12.444 m<sup>2</sup>

Parking & Storage - 94.908 m<sup>2</sup>

Total - 307.474 m<sup>2</sup> (Gross Area m<sup>2</sup>)



GENERAL VIEW

## Success Story



### 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!**

**Azerbaijan Export and Investment Promotion Foundation  
(AZPROMO)**

**11, H. Abdullayev str., Baku, Azerbaijan**

**[www.azpromo.az](http://www.azpromo.az)**

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

**Fax: (+99412) 598 01 52**

**[office@azpromo.az](mailto:office@azpromo.az)**