





- **Establishment:** 28 May 1918
- **Independence:** 18 October 1991
- **Area:** 86.6 thsd km²
- **Population:** 9.48 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

Characteristics of economy



ECONOMIC
STABILITY



FAVOURABLE
BUSINESS AND
INVESTMENT
CLIMATE



PRIVATE
SECTOR

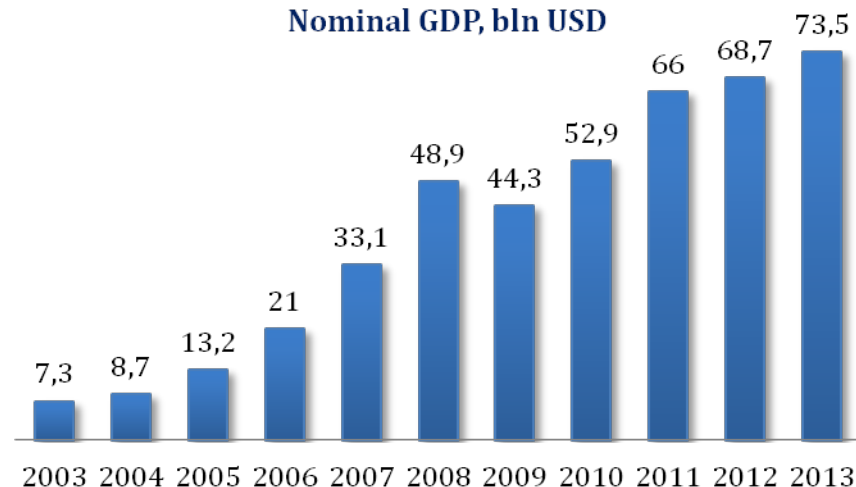


CLEAR VISION
FOR FUTURE

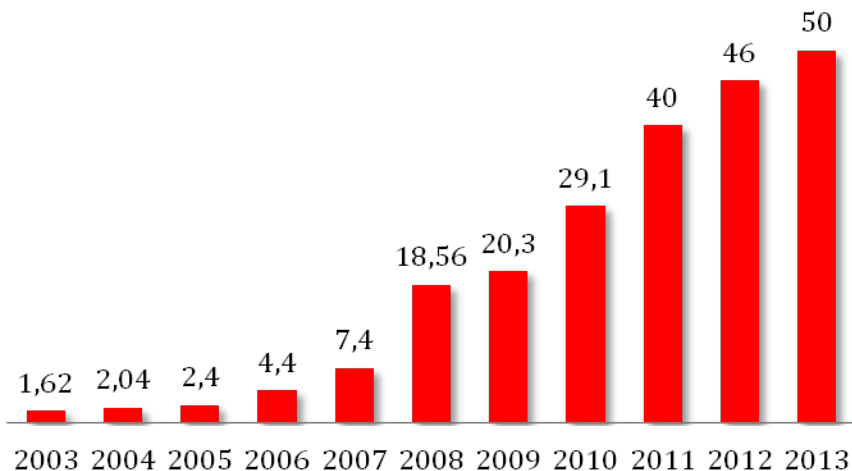
**8th among 148 countries in terms of
stability of macroeconomic environment**

Source: **World Economic Forum**

Nominal GDP, bln USD



Strategic currency reserves, bln USD



**2nd fastest growing economy among
179 countries for GDP per capita growth in
2001-2010**

Source: **The Economist**

GLOBAL COMPETITIVENESS REPORT 2013-2014

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 (place among 148):

Inflation – 1st

Macroeconomic environment – 8th

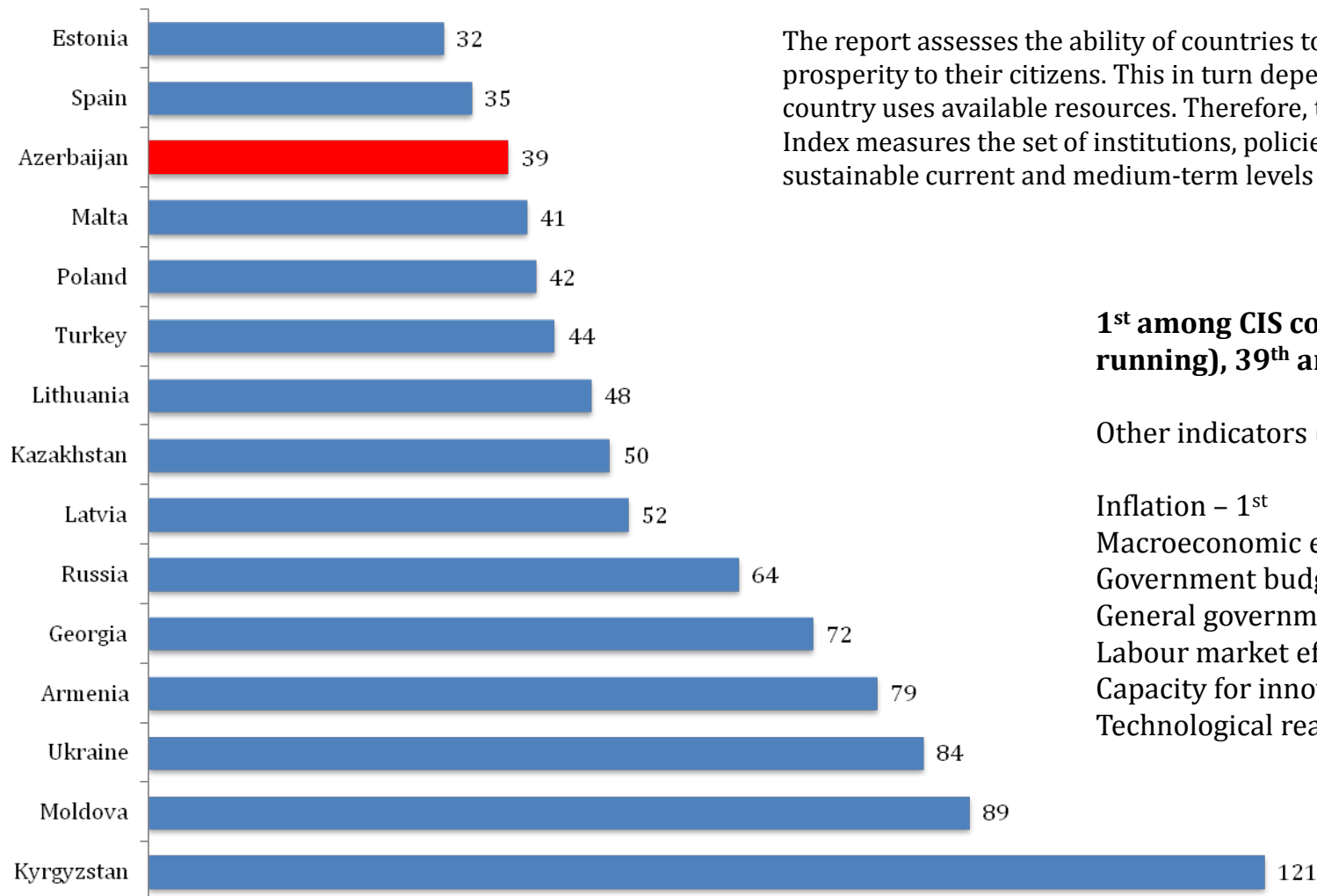
Government budget balance – 15th

General government debt – 13th

Labour market efficiency – 30^h

Capacity for innovation – 35th

Technological readiness – 50st



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	

WB Doing Business Report 2014

Economy	Rank
Georgia	8
Kazakhstan	50
Bulgaria	58
Italy	65
Turkey	69
Azerbaijan	70
Romania	73
Czech Republic	75
Croatia	89
Russia	92
Ukraine	112

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:

Starting a business – 10th
 Registering property – 13th
 Investor protection – 22nd
 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

Fig. 1 Azerbaijan's main trading partners: import side

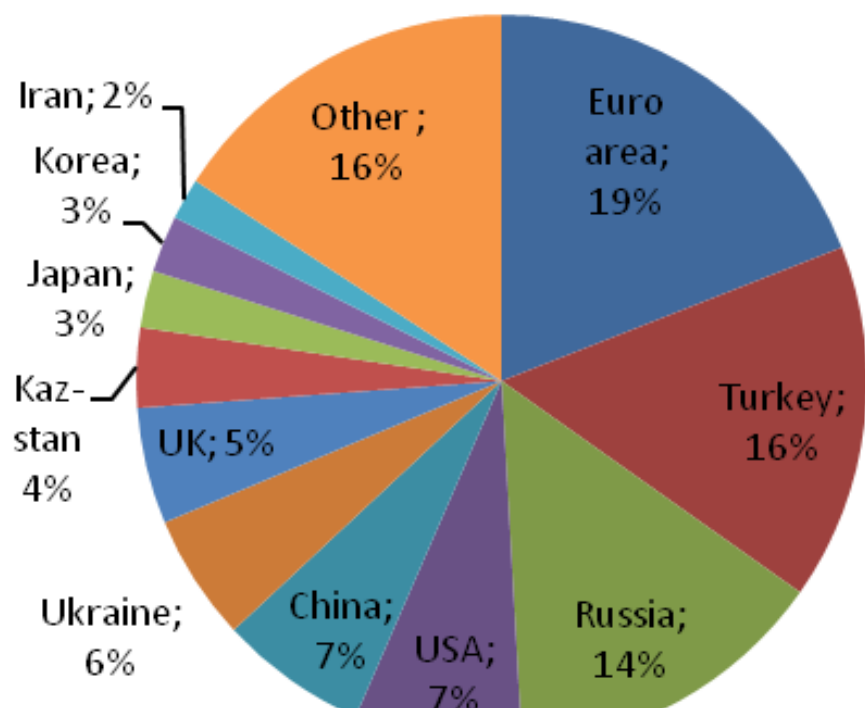
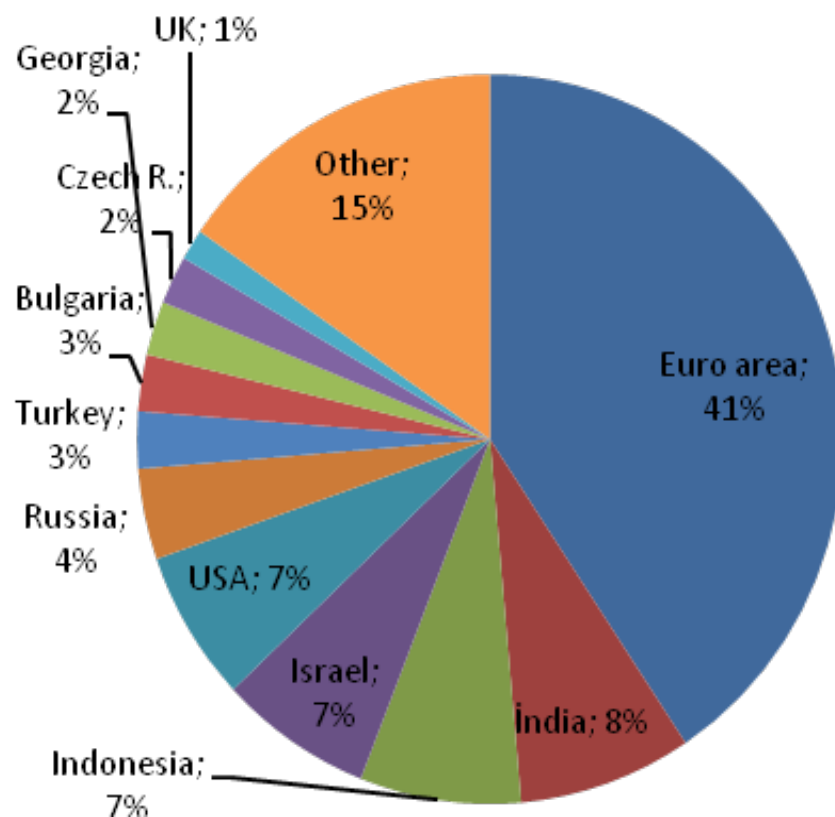


Figure 2. Azerbaijan's main trading partners: export side



MAJOR REGIONAL INFRASTRUCTURE PROJECTS



Investment to transport infrastructure

- 5 International airports in last 5 years
- Up to 3000 km new roads
- New international Baku sea port



Baku-Tbilisi-Kars railway project



The oil and non-oil sector's contribution to trade (2013)

	Total (% of total GDP)	oil sector ³ (% of the oil sector's GDP)	non-oil sector (% of the non-oil sector's GDP)
Export	47.5%	86.6%	5.8%
Import	15.1%	2.9%	28.1%

Source: Central Bank of Azerbaijan (BoP statistics) and State Statistics Committee of Azerbaijan

General information on respondents participated in interview:

Traders (exporters and importers) – 100 companies

Railway operators – 3 companies

Freight forwarders - 8 companies

Truck operators – 11 companies

Customs brokers - 1 company - www.transbroker.az

Chambers of Commerce and Industry - www.chamber.az

Azerbaijan Export and Investment Fund (AZPROMO) - www.azpromo.az

Azerbaijan Marketing Association - www.marketing.az

Economic Research Center - www.erc.az

State agency overseeing railway system - www.addy.gov.az

Border control agencies - www.dsx.gov.az

Customs authorities - www.customs.gov.az

State agencies responsible for Technical Regulations - www.azstand.gov.az

Ministry of Trade and Industry - www.economy.gov.az

1. Road-transport infrastructure of the trade is satisfactory for all geographic directions.
2. Government started the implementation of the “single window” principle for inspecting the goods and vehicles transported across the border checkpoints of the country.
3. Since the implementation of “Single window” system all kind of border controls has been carried out at the same timeframe.
4. The technical infrastructure of customs checkpoints has been radically modernized.
5. Government started applying information technology in customs operations.
6. Improvement of the standardization, technical control, harmonization and metrology system has been gone on.
7. There are explicit illegal prohibition on the import and export of some goods, in other words only selected traders may import and export these kinds of high profitable products.
8. The sole customs broker company operating in the country works as an arranger of all illegal processes at the customs checkpoints.

There are following problems impeding flourishing the trade

1. There are wide range of facts about illegal payments.
2. There are explicit illegal prohibition on the import and export of some goods, in other words only selected traders may import and export these kinds of high profitable products.
3. Even though the government started applying the “E-Customs” services, the use of those services are not widespread among traders and transport companies.
4. Truck operators face with the red-tape obstacles due to ill-grounded “official” technical requirements.
5. Standardization, technical control, harmonization and metrology systems are in stub level of its development.
6. There does not exist professional unified sources for the traders where they can get news on documentary requirements, transport and logistics services (in Azerbaijan and in foreign countries).
7. The system of Electronic Exchange of Information is not applied in most companies operating in the country.

1. All traders and transport companies mentioned the absence of unified information source for procedures. - Establishing a unified portal of procedures for the trade regulation and give it to the management of AZPROMO.
2. It might be meaningful to assess the information needs of various groups of traders on the customs procedures and to arrange corresponding seminars. Establishment of unified source of information and popularization of it among traders might more or less strengthen the “resistance” of traders against corruption in the customs procedures that is biggest non-tariff barrier.
3. Development of the standardization, technical regulation and conformity assessment is one of most important area. There are many problems on the adaptation of local legislation to internationally recognized norms. Recently the government is carrying out various projects together with international organizations particularly with EU.

Title of the project: Supporting Azerbaijan's trade expansion

Beneficiary country: Azerbaijan

Duration: Three years and 4 months, including phase (4 months) and implementation phase (3 years)

Estimated cost: Inception phase - USD 100,000;
implementation phase - up to USD 2 million;

Beneficiary organization/s:

AZPROMO (Azerbaijan Export and Investment Promotion Foundation), *ASAN Service* (State Agency for Public Service and Social Innovations under the President of AZE), *ASEU* (Azerbaijan State Economic University), *AEC* (Azerbaijan Entrepreneurs Confederation)

- I. Context
- II. Relevance
- III. Target group
- IV. Development objectives
- V. Outcomes
- VI. Outputs and activities
- VII. Institutional framework
- VIII. Implementation strategy
- IX. Sustainability
- X. Budget

A Digital Trade Facilitation Hub, which brings together participants in international trade transactions (e.g. customs, foreign trade institutes, banks, chambers of commerce, freight forwarders, transport and insurance companies) under a virtual roof to assist enterprises increase their participation in international trade.

By the end of the project, the help desk would provide the following services: Placement of local Company and country/market information, Up-to-date information on business and market opportunities, potential clients and suppliers, banking practices and other information regarding Secure Electronic Transactions, ETOs, access to Big data & Clouds that provide centralised access to national databases.

Up-to-date information on national trade-related regulations and procedures in Azerbaijan and in regional and global partner countries.

Information on available transport services by national, regional and global operators and the possibility of purchasing these services online through the virtual help desk

Links to similar help desks in the region and beyond



Azerbaijan Export and
Investment Promotion
Foundation

**Thank you for
the attention!**



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