



AZERBAIJAN INDUSTRY


azpromo

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NOTICE:
All statistical information used in this
publication is provided by the State Statistical
Committee of the Republic of Azerbaijan.

Territory	86 600 km ²
Capital city	Baku
Language	Azerbaijani
Population	9.6 Mln.
Currency	Azerbaijani manat (AZN)
GDP	53 bln USD
GDP per capita	5559 USD
FDI	7.5 bln USD
Labour force	4.8 mln. people
Foreign trade	20.6 bln USD
Major trading partners	Italy, Germany, Russia, Turkey, USA, France, Israel, Czech Republic, China
Volume of industrial products	25.7 Billion USD
Investments in industry	8.3 Billion USD

INTRODUCTION

In 1848, industrialized drilling of an oil well in Baku which happened for the first time in the world marked the beginning of industrialization in Azerbaijan. Rapid increase of oil extraction volume in the second half of the XIX century stimulated this process resulting in the establishment of oil-related industrial sectors and infrastructure. In the mid XX century industrialization started spreading to Azerbaijani regions and new industrial cities had been established at the time. During the 1970-1980's large-scale investments had been allocated for industrial development. A lot of large industrial enterprises established, new industrial sectors introduced into the economy of Azerbaijan along with strong human capital development policies. As a result, the process of industrial diversification received powerful impulse.

Unfortunately, the crisis which hit Azerbaijan after the collapse of the Soviet Union exerted its negative influence on industry as well. As a result, the volume and diversity of industrial products thoroughly decreased. Nevertheless, successful restoration of political and economic stability soon improved the situation of Azerbaijani industry, which started to grow again in 1997. During its independence, Azerbaijan attracted large volumes of foreign investment in oil and gas sector which significantly contributed to the revival of other industries. At that time, most of industrial enterprises were privatized, as a part of the policy of transition to a market economy. These measures became crucial in a new development of Azerbaijani industry. Since 2003, accelerated industrial growth is being observed. Effective measures have been taken in order to resolve energy supply issues, which are of vital importance for industry. Azerbaijan turned from an importer of

natural gas and electric energy into the net exporter and managed to thoroughly improve the infrastructural maintenance of industries. In recent years, state investments have been made into strategic projects, favourable investment climate has been established, and financing of private business projects under preferential terms and participation of the state in such projects have been realized. As a result, in 2015, the volume of industrial products reached 25.7 billion AZN and investments into the fixed capital in industrial sector increased surpassing 8.3 billion AZN. Azerbaijan now disposes all the conditions necessary for industrial development: favourable business and investment climate, human capital, institutional potential, renovated energy and transport infrastructure, raw material resources, easy access to foreign markets and huge financial opportunities.

The year 2014 has been announced "the year of industry" in Azerbaijan. The "Azerbaijan 2020: Vision of the Future" Development Concept and "The State Program on the Development of Industry in Azerbaijan for the years 2015-2020" has been designed to fully utilize existing potential for industrialization and turn Azerbaijan into an important industrial centre of the region. Today, industrial modernization and its structural improvement, increasing export potential of non-oil industries, expanding science-intensive and innovative production, training highly qualified professionals, providing state support mechanisms, increasing investment attractiveness of economy are perceived as major goals to be reached. It should be mentioned that establishment of industrial parks, where various incentives are provided for entrepreneurs, opens new opportunities for foreign investments inflow.

SECTOR OVERVIEW

INDUSTRY MAKES UP A LION'S SHARE OF AZERBAIJAN'S GDP. THE POSITIVE PERFORMANCE OF THIS SECTOR IS A RESULT OF FAVOURABLE INVESTMENT CLIMATE, HIGHLY QUALIFIED HUMAN CAPITAL, RENOVATED ENERGY AND TRANSPORT INFRASTRUCTURE, RAW MATERIAL RESOURCES, EASY ACCESS TO FOREIGN MARKETS AND HUGE FINANCIAL OPPORTUNITIES.

INTERESTING FACTS ABOUT AZERBAIJANI INDUSTRY

- First industrialized oil well drilling operations in the world
- First oil refinery plant in the world
- First using of oil tankers in the world
- First offshore oil extraction in the world

“AZERBAIJAN 2020: LOOK INTO THE FUTURE” CONCEPT OF DEVELOPMENT

- Doubling of GDP (compared to 2012)
- 13000 USD GDP per capita
- Export-oriented economic model
- Innovation based efficient economy
- 7% average annual growth of non-oil GDP
- 1000 USD non-oil export per capita

STATE PROGRAM 2015-2020: DEVELOPMENT OF INDUSTRY

- industrial modernization
- increasing export of non-oil industries
- Science-intensive and innovative production
- Training of highly qualified professionals
- State support mechanisms
- improving investment attractiveness

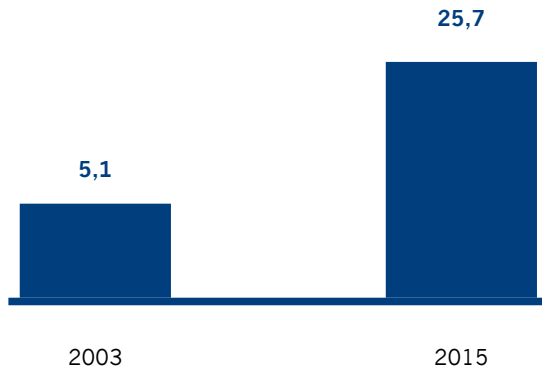
VOLUME OF INDUSTRIAL PRODUCTS (2015)

25.7 billion USD

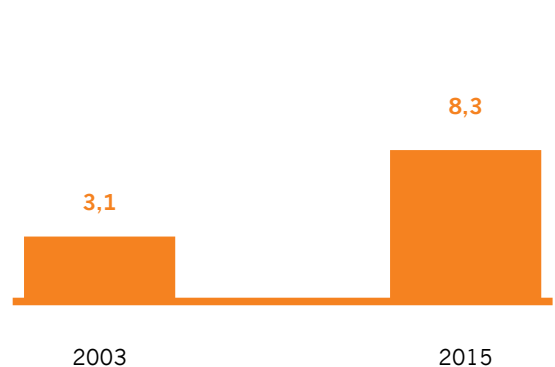
SHARE OF PRIVATE SECTOR IN INDUSTRY (2015)

76.4 %

VOLUME OF INDUSTRIAL
PRODUCTS BILLION USD



INVESTMENTS INTO THE FIXED CAPITAL
IN INDUSTRY BILLION USD



INDUSTRY



INDUSTRIAL ACTIVITIES IN AZERBAIJAN ARE CLASSIFIED INTO 1) MINING, 2) MANUFACTURING, 3) ELECTRIC ENERGY, GAS AND STEAM AND 4) WATER AND WASTE MANAGEMENT. MINING INDUSTRY ACCOUNTS FOR 67.0% OF TOTAL INDUSTRIAL OUTPUT, FOLLOWED BY MANUFACTURING INDUSTRY WITH 24.3% SHARE. MAJOR COMPONENTS OF MANUFACTURING INDUSTRY ARE FOOD INDUSTRY, OIL PRODUCTS PROCESSING AND PRODUCTION OF CONSTRUCTION MATERIALS.

**WATER
AND WASTE
MANAGEMENT**
1.0%

**ELECTRIC
ENERGY, GAS
AND STEAM**
7.7%

MINING
67.0%

MANUFACTURING
24.3%

FOOD INDUSTRY
13.8%

PETROCHEMICALS
15.3%

METALLURGY
2.3%

**CONSTRUCTION
MATERIALS**
2.4%

**MACHINERY AND
EQUIPMENT**
1.3%

FOOD INDUSTRY

(INCLUDING BEVERAGES AND TOBACCO)

FOOD INDUSTRY IS THE LARGEST MANUFACTURING SECTOR IN TERMS OF PRODUCTION VOLUME. IN 2015, VOLUME OF FOOD PRODUCTION ACCOUNTED FOR 2698.7 MILLION USD. FOR THE PERIOD OF 2003-2015 FOOD INDUSTRY ATTRACTED 1326.4 MILLION USD OF INVESTMENTS INTO FIXED CAPITAL.

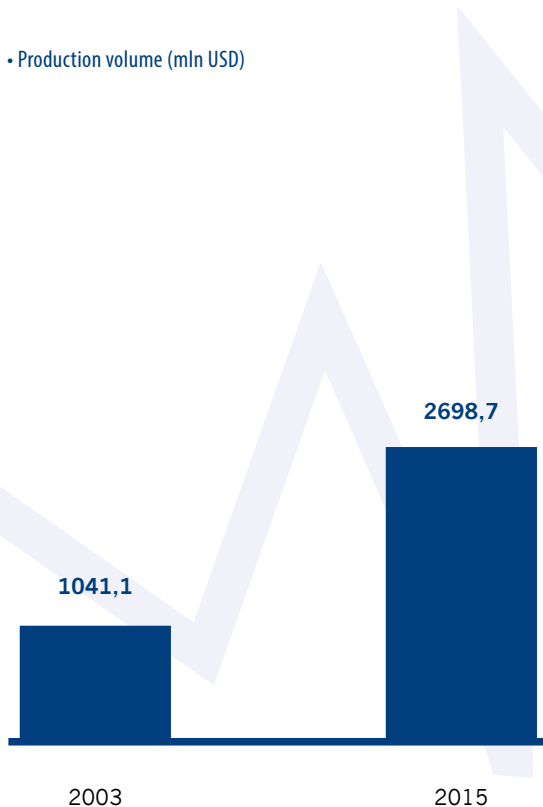
PRODUCTION VOLUME AT CURRENT PRICE (2015)

2699 million USD

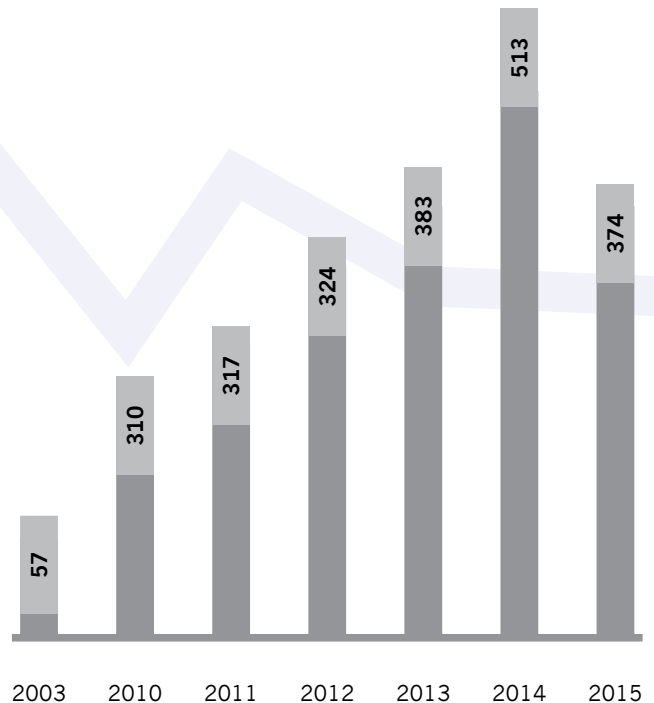
INVESTMENTS INTO FIXED CAPITAL (2003 - 2015)

1326 million USD

• Production volume (mln USD)



• Average monthly salary (USD)



MAJOR PRODUCTS:

MEAT AND MILK, FISH AND SEA PRODUCTS, BAKERY AND PASTA, SUGAR, CONFECTIONARY, OIL AND FATS, BEVERAGES, TOBACCO PRODUCTS, TEA, CANNED FRUIT AND VEGETABLES, SALT AND OTHERS.

SECTOR HIGHLIGHTS:

Baku Oil Plant operating since 1996, besides meeting domestic demand became one of the country's major food exporters. Sumgait Oil Factory, launched in 2014, is the biggest oil processing plant in the region with 250 thousand tons processing capacity. Launched in 2006, Imishly Sugar Plant meets sugar demand of the country with daily processing capacity of 5 thousand tons of sugar beet or 1.8 thousand tons raw sugar. Factory is one of the key export enterprises. Export geography covers CIS and Near East countries. Since 2010, as a result of opening new milk processing plants all around the country, processing capacity increased more than 3 times and range of local production expanded significantly. Local production capacity prevails internal poultry meat and egg demand. Meat production capacity is growing intensively as well. Many new enterprises have been launched in the fields of fruit, vegetable and canned food production in the cities of Guba, Khachmaz, Gusar, Sheki, Gabala, Balakan, Gakh, Goychay, Sabirabad, Lenkoran and Masally.

WERNER & PFLEIDERER
INDUSTRIELLE BACKTECHNIK





PETROCHEMICAL INDUSTRY

(INCLUDING OIL AND CHEMICAL PRODUCTS)

IN 2015, VOLUME OF PETROCHEMICAL PRODUCTION ACCOUNTED FOR 2850.0 MILLION USD. FOR THE PERIOD OF 2003-2015, PETROCHEMICAL INDUSTRY ATTRACTED 623.7 MILLION USD OF INVESTMENTS INTO FIXED CAPITAL.

PRODUCTION VOLUME AT CURRENT PRICE (2015)

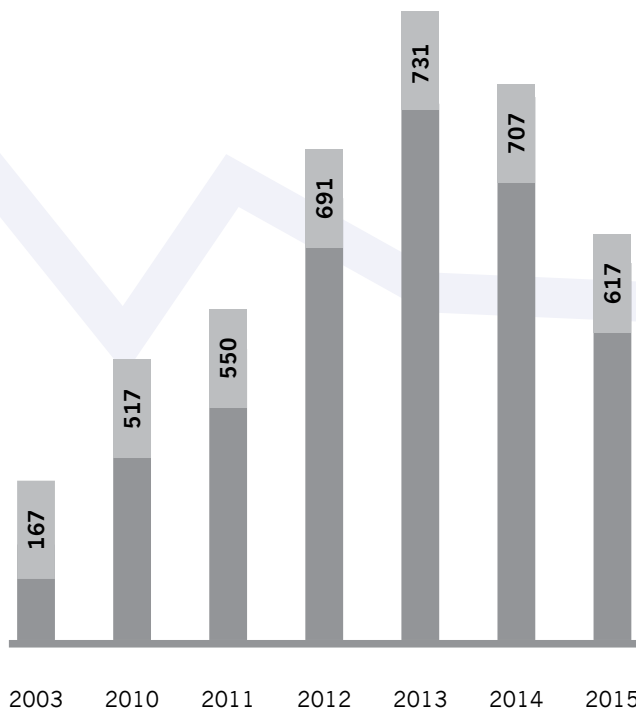
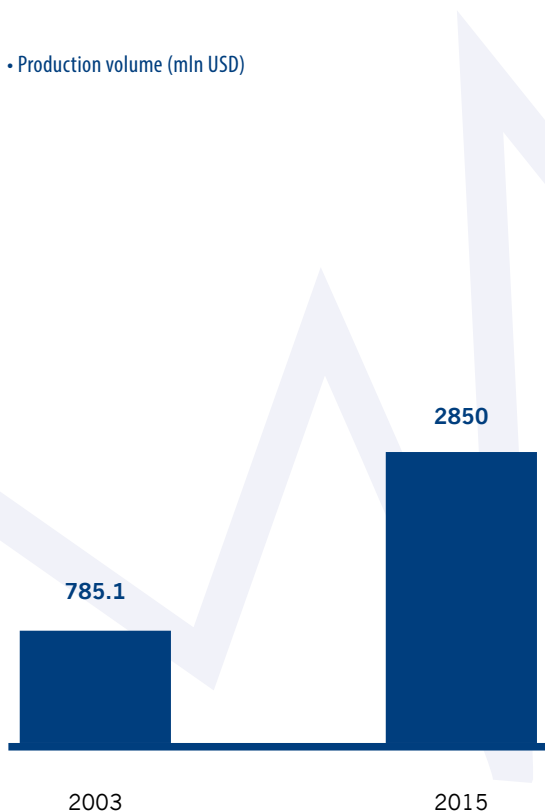
2850 million USD

INVESTMENTS INTO FIXED CAPITAL (2003 - 2015)

624 million USD

• Production volume (mln USD)

• Average monthly salary (USD)



MAJOR PRODUCTS:

GASOLINE, DIESEL FUEL, OIL LUBRICANTS, OIL BITUMEN, PROPYLENE, POLYETHYLENE, IODINE, ISOPROPYL ALCOHOL AND PAINTWORK MATERIALS.

SECTOR HIGHLIGHTS:

The first chemical production site in Azerbaijan was a sulphuric acid plant opened in Baku in 1879. Three more similar plants began production in 1883, 1885 and 1889. As an oil and gas rich country, Azerbaijan has developed its upstream and midstream production. In order to complete this value chain with downstream production and stimulate production of chemicals used in agriculture, construction, packaging, automotive and personal care including medicine, in 2011 the Sumgait Chemical Industrial Park was established. It offers its residents a number of advantages including tax incentives, availability of in-door raw materials, access to utilities on a plug-and-play basis. "Azerkimya" production unit under the State Oil Company of Azerbaijan Republic (SOCAR) is the major producer and exporter of chemicals in the region bringing together 4 large chemical plants under one umbrella. Additionally, SOCAR established a "SOCAR-Polymer" plant in the Sumgait Chemical Industrial Park. It is planned to produce there annually 150 thousand tonnes of polypropylene and 50 thousand tonnes of high-pressure polyethylene based on Canadian and Austrian technologies. The new Oil-Gas Processing and Petrochemical Complex is projected to consist of the following major units: Gas processing plant, Oil processing plant, Petrochemical plant, and Power supply unit. The territory of the Oil-Gas Processing and Petrochemical Complex which is to be put into operation around 2020. In the first stage a gas processing complex will be constructed. At the later stage two major production units will be launched into operation: a petrochemical complex and an oil processing plant.





METALLURGY

(INCLUDING METAL PRODUCTS)

IN 2015, VOLUME OF METALLURGY PRODUCTION ACCOUNTED FOR 435.3 MILLION USD. FOR THE PERIOD OF 2003-2015, METALLURGY ATTRACTED 2499 MILLION USD OF INVESTMENTS INTO FIXED CAPITAL.

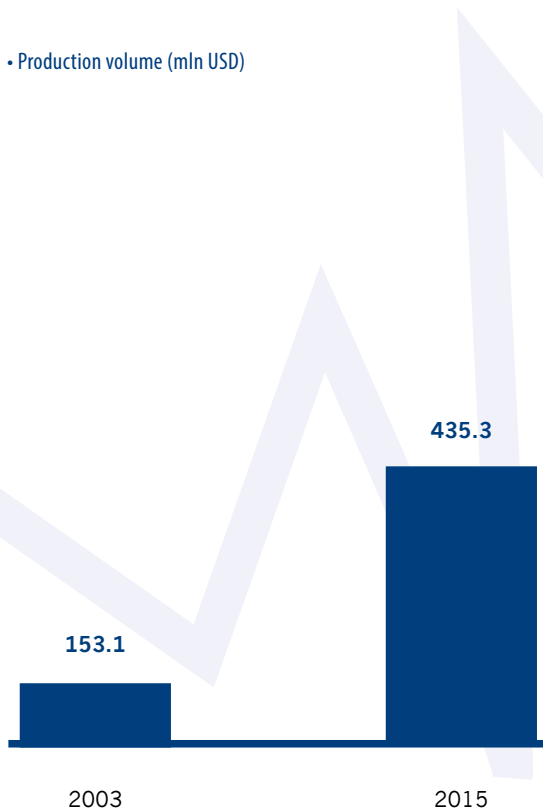
PRODUCTION VOLUME AT CURRENT PRICE (2015)

435 million USD

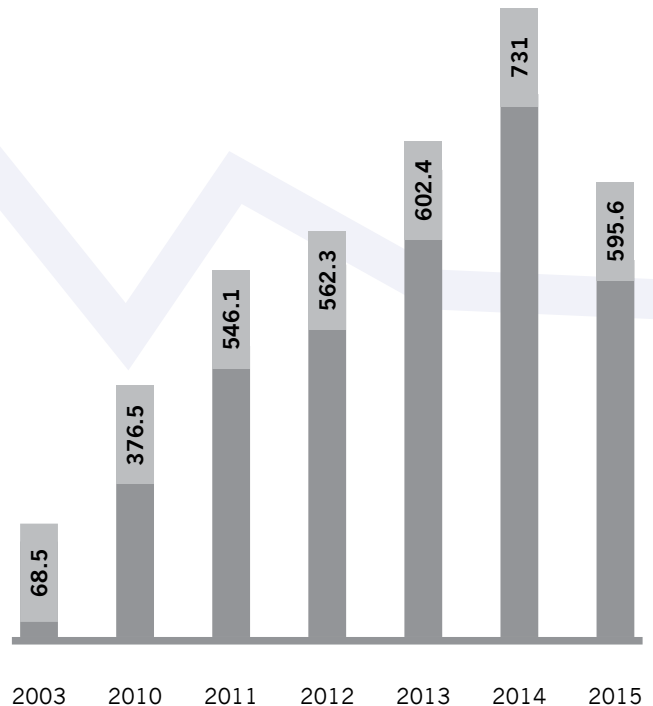
INVESTMENTS INTO FIXED CAPITAL (2003 - 2015)

2499 million USD

• Production volume (mln USD)



• Average monthly salary (USD)



MAJOR PRODUCTS:

ALUMINA AND ALUMINIUM SEMI-PRODUCTS, PURIFICATION OF IRON ORE AND COPPER-GOLD, PRODUCTION OF STEEL AND STEEL PRODUCTS AND COPPER PROCESSING.

SECTOR HIGHLIGHTS:

Implementing modern technologies of steel melting and nonstop steel milling, the Azerbaijan companies produce armature rolls from alloyed steel. Local production capacity constitutes to approximately 1 million tons per year. Steel products are mainly exported to Iran, Kazakhstan, Georgia, Russia and Turkmenistan. Gold and copper plants were launched into operation in Gadabay in 2009 and 2013. Its hourly processing capacity is 100-150 tons of ore. In 2012, Ganja Aluminium Plant designed to produce up to 50 thousand tons of aluminium by means of electrolysis, was put into operation. In 2013, Metal Milling and Nonstop Rolling Plant, Pressure Processing and Coloration Plants were launched. In 2013, the President of Azerbaijan signed a decree on the establishment of Azerbaijan Steel Production Complex. The complex processes include all production stages - from iron ore mining to steel production, based on using cutting-edge technologies.





MACHINERY AND EQUIPMENT

IN 2015, VOLUME OF MACHINERY AND EQUIPMENT PRODUCTION ACCOUNTED FOR 307.6 MILLION USD. THIS SECTOR EMPLOYS MAJORITY OF LABOUR FORCE ENGAGED IN MANUFACTURING INDUSTRY. FOR THE PERIOD OF 2003-2015, MACHINERY AND EQUIPMENT PRODUCTION SECTOR ATTRACTED 676.7 MILLION USD OF INVESTMENTS INTO FIXED CAPITAL.

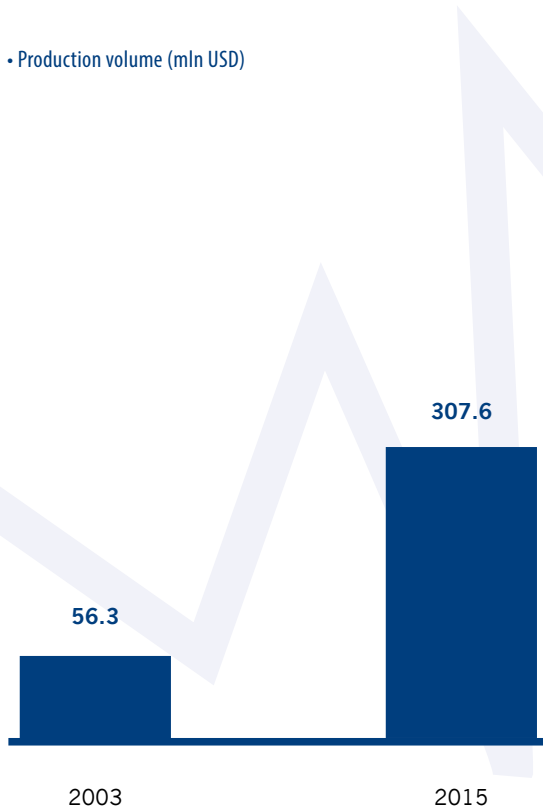
PRODUCTION VOLUME AT CURRENT PRICE (2015)

308 million USD

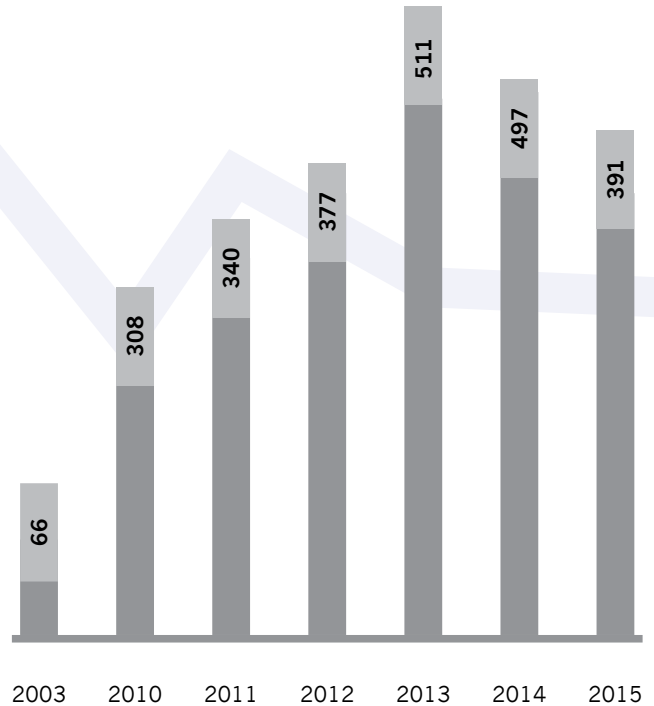
INVESTMENTS INTO FIXED CAPITAL (2003 - 2015)

677 million USD

• Production volume (mln USD)



• Average monthly salary (USD)



MAJOR PRODUCTS:

MACHINE-BUILDING COMPLEX CONSISTS OF SEVERAL INTERRELATED SUBSECTORS SUCH AS MACHINE-TOOL INDUSTRY, INSTRUMENT-MAKING, TRACTOR AND AUTOMOBILE INDUSTRY, SHIP-BUILDING, AGRICULTURAL MACHINERY PRODUCTION, ELECTRICAL ENGINEERING, RADIO ENGINEERING AND AUTOMATIC CONTROL ENGINEERING. THE MAJOR GOODS PRODUCED ARE HOUSEHOLD AIR CONDITIONERS, LIFTS, REFRIGERATED SHOWCASES, TRACTORS, TRUCKS AND MOTOR-CARS, OIL EXTRACTION EQUIPMENT AND ELECTRIC ENGINES.

SECTOR HIGHLIGHTS:

9 plants and 4 specialized research institutes producing oil machinery and equipment operate under the umbrella of the state-owned company “Azneftkimyamash”. Company’s production includes wellhead equipment, column platforms, jacking equipment for repair works at wells, deep-well oil pumps, washing pump instruments, manifolds, sweep machine-tools and reducers. The modern shipyard and ship repair facility were launched by Baku Shipyard Company LLC in 2013 with a major objective to supply the growing demand of Azerbaijan and other countries of the Caspian Sea in maritime vessels. Strategic co-investors to the project are the State Oil Company of the Republic of Azerbaijan (SOCAR), Azerbaijan Investment Company and Keppel Offshore and Marine (Singapore). The project aims construction of a modern shipyard and ship repair facility on the Caspian Sea. Sumgait Technologies Park (STP) is one of the largest production sites in the region bringing together 20 production units on a territory. Production includes cables and electric equipment, trucks, buses, trailers, railway cars, cranes, ventilation systems, solar collectors and boilers and many others.





CONSTRUCTION MATERIALS PRODUCTION

IN 2015, VOLUME OF CONSTRUCTION MATERIALS PRODUCTION ACCOUNTED FOR 420.8 MILLION USD. FOR THE PERIOD OF 2003-2015, THIS SECTOR ATTRACTED 845.3 MILLION USD OF INVESTMENTS INTO FIXED CAPITAL.

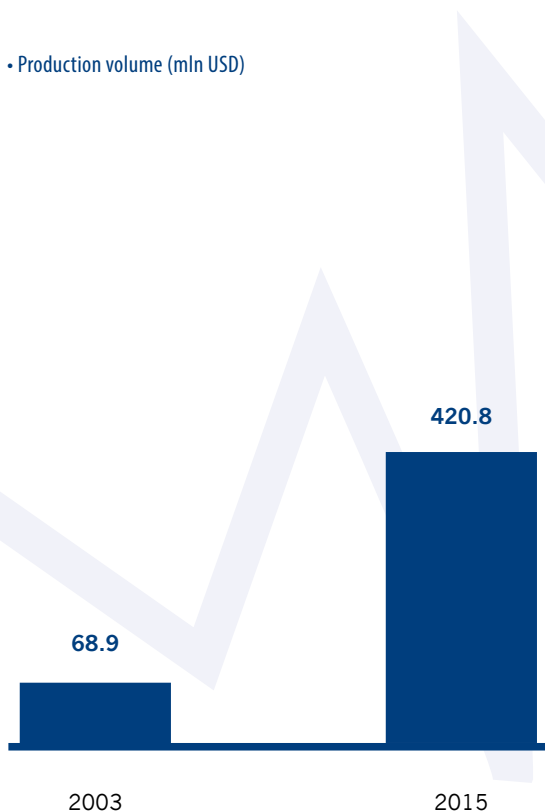
PRODUCTION VOLUME AT CURRENT PRICE (2015)

421 million USD

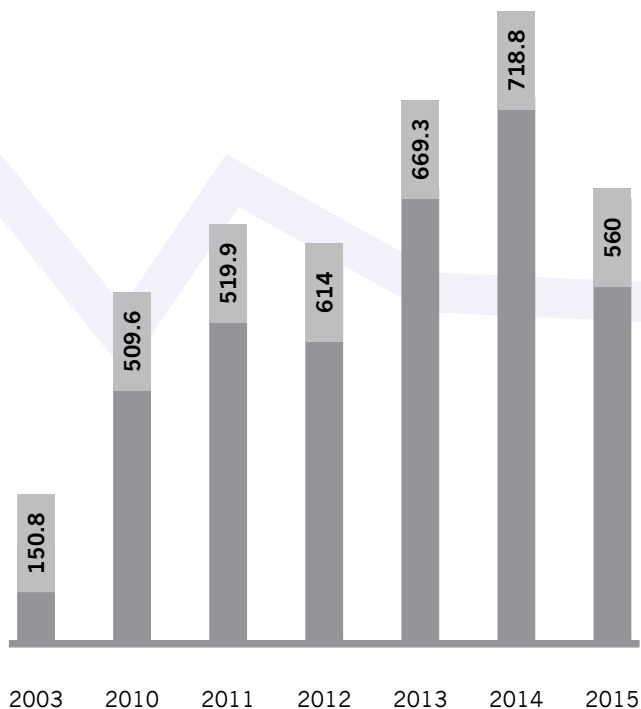
INVESTMENTS INTO FIXED CAPITAL (2003 - 2015)

845 million USD

• Production volume (mln USD)



• Average monthly salary (USD)



MAJOR PRODUCTS:

CEMENT, GYPSUM CEMENT, REINFORCED CONCRETE FRAMINGS AND PANELS, PREFABRICATED CONCRETE STRUCTURES, PROCESSED MARBLE, TRAVERTINE, ALABASTER, ASPHALT, READY-MADE CONCRETE MIXTURES, CONSTRUCTION BRICK, AND DISKS FOR BRICK SAWS.

SECTOR HIGHLIGHTS:

The majority of the construction industry facilities are concentrated in Absheron region due to accessibility of raw materials and high demand. Thus, 60% of construction and assembling works are concentrated in Absheron region. Local companies produce a broad variety of construction materials such as cement, gypsum cement, reinforced concrete framings and panels, prefabricated concrete structures, processed marble, travertine, alabaster, asphalt, ready-made concrete mixtures, construction brick, construction composites, etc. Since 2012, new significant projects have been implemented in cement production including 3 large cement producing companies such as Holcim OJSC, Norm LLC and Akkord Corporation with production capacity of more than 5 million tons per year. This figure is expected to fully meet local demand.





WASTE MANAGEMENT

(INCLUDING WATER TREATMENT)

IN 2015, VOLUME OF WASTE MANAGEMENT PRODUCTION ACCOUNTED FOR 233.4 MILLION USD. FOR THE PERIOD OF 2003-2015, WASTE MANAGEMENT INDUSTRY ATTRACTED 6192.4 MILLION USD OF INVESTMENTS INTO FIXED CAPITAL.

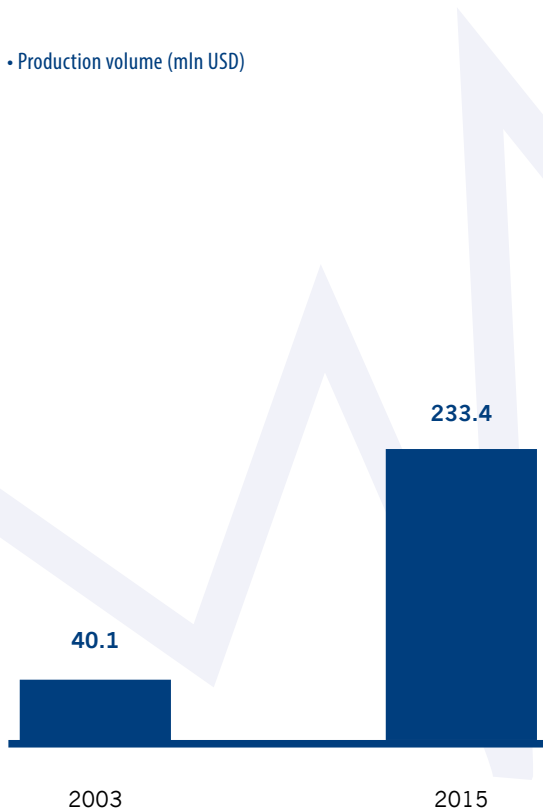
PRODUCTION VOLUME AT CURRENT PRICE (2015)

233 million USD

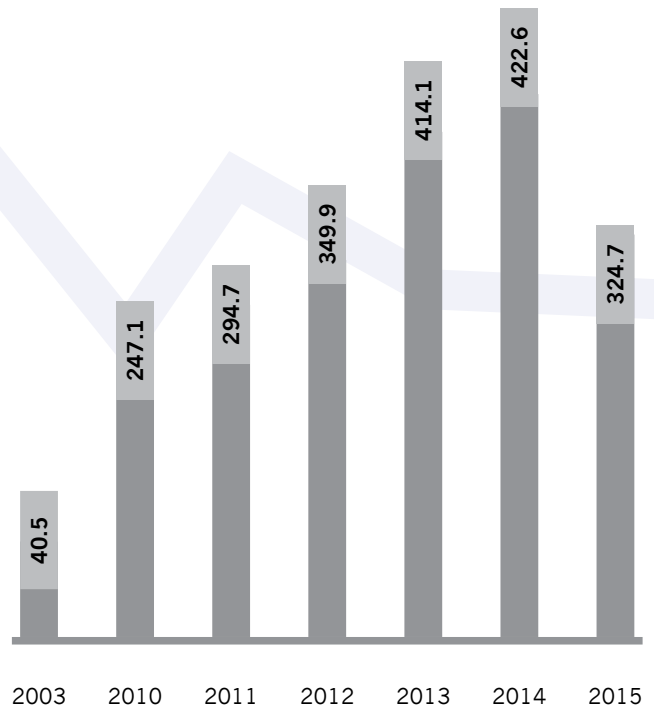
INVESTMENTS INTO FIXED CAPITAL (2003 - 2015)

6192 million USD

• Production volume (mln USD)



• Average monthly salary (USD)



MAJOR PRODUCTS:

COLLECTION, PURIFICATION AND DISTRIBUTION OF WATER AND SORTING AND RECYCLING OF HOUSEHOLD WASTE.

SECTOR HIGHLIGHTS:

The duty of improvement of ecological situation in the capital city of Baku by virtue of placement and disposal of the solid household wastes is vested in the state-owned “Tamiz Shahar” (“Clean City”) JSC. One of the major projects related to waste management, was the construction of Waste-to-Energy Plant in 2009. It is considered to be the biggest Waste-to-Energy Plant in Eastern Europe and CIS. Annual incineration capacity of the plant is 500 thousand tons of waste with production of 231.5 million kWh of electricity. Another important project implemented by “Tamiz Shahar” JSC is Balakhani Industrial Park established in 2011. Along with the primary goal to sustain the improvement of the ecological situation in Baku city, this industrial park shall offer favourable conditions for the investors interested in recycling industry, such as tax holidays and VAT exemption on imported equipment used in production line for 7 years. The Park will ensure the required internal and external infrastructure like roads, electricity, gas, water, drainage and communication are based on plug-and-play concept. Priority areas for investing within the Park are recycling of plastic, tile/ rubber, lead batteries, non-ferrous metal, cables and municipal hazardous waste.





LIGHT INDUSTRY, WOODWORKS AND FURNITURE PRODUCTION

IN 2015, VOLUME OF LIGHT INDUSTRY PRODUCTION ACCOUNTED FOR 153.1 MILLION USD. LIGHT INDUSTRY ATTRACTED 76.7 MILLION USD OF INVESTMENTS INTO FIXED CAPITAL IN 2015.

PRODUCTION VOLUME AT CURRENT PRICE (2015)

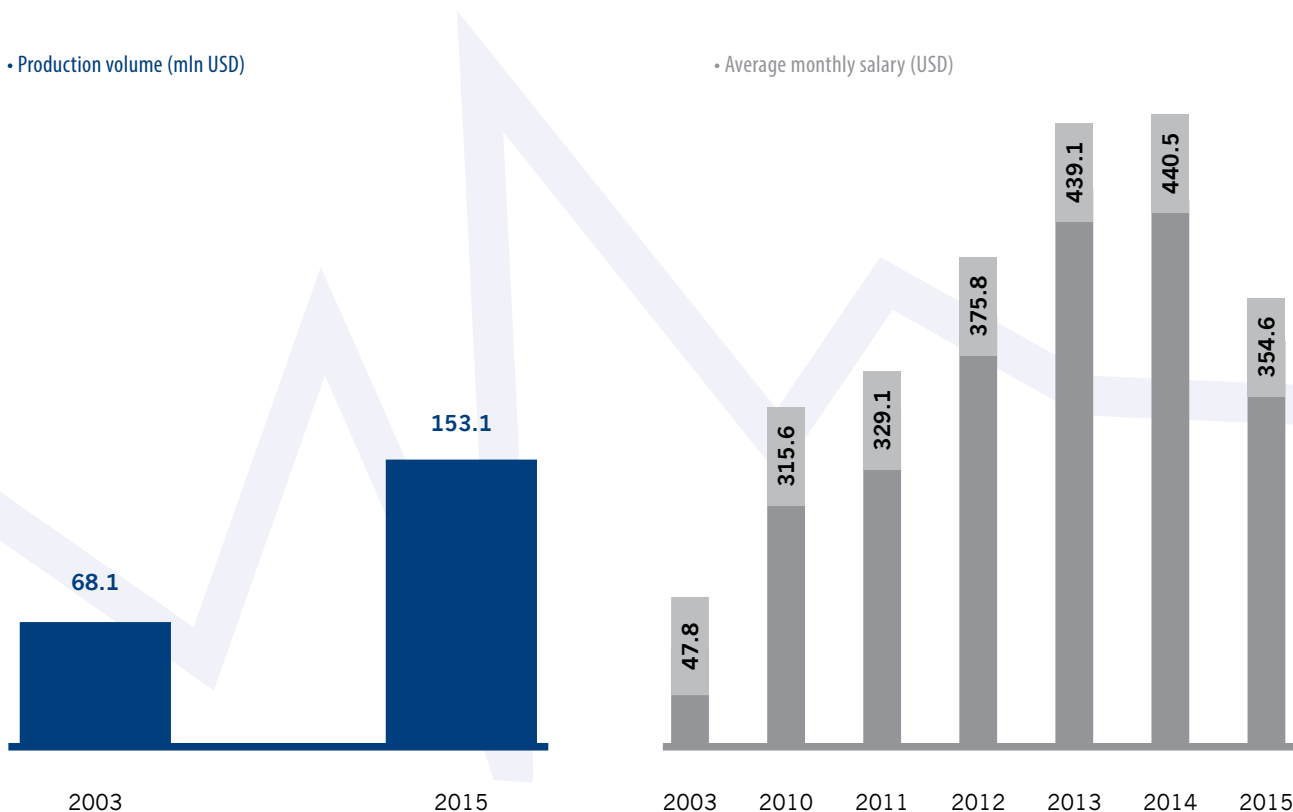
153 million USD

INVESTMENTS INTO FIXED CAPITAL (2003 - 2015)

638 million USD

• Production volume (mln USD)

• Average monthly salary (USD)



MAJOR PRODUCTS:

TEXTILE, READY-MADE GARMENTS, CARPET PRODUCTS, PAPER AND CARDBOARD, LEATHER AND LEATHER GOODS, FUR AND FUR PRODUCTS, FOOTWEAR, FURNITURE AND WOOD PRODUCTS.

SECTOR HIGHLIGHTS:

At present 70 sewing enterprises, 74 clothing enterprises, 20 leather products and shoe production enterprises operate in the country. New high-technology textile industry enterprises have been put into operation in recent years. Wide range of textile production activities starting from yarn production to weaving, painting and sewing are carried out in these enterprises. Also men's, women's and children's clothes, as well as military and other special garments from 100% cotton and cotton-polyester textile are produced by the local enterprises. Furniture industry is one of the dynamically developing fields of light industry that increased 10 times in the period of 2002-2015. Furniture made in Azerbaijan is exported to Georgia, Kazakhstan, Kyrgyzstan, Turkmenistan, Iran, Russia and many other countries. Due to the rapidly developing local demand, the MDF production plant was launched in 2011. Moreover, number of companies produces plywood, parquet, wood boards, wood containers and other wooden products; moreover laminate production was started as well.





INDUSTRIAL AND HIGH-TECH PARKS

THE SUMGAI CHEMICAL INDUSTRIAL PARK

The Sumgait Chemical Industrial Park was established on December 21, 2011 by the decree of the President of the Republic of Azerbaijan.

Managing authority of the park is the Sumgait Chemical Industrial Park LLC, which is under subordination of the Ministry of Economy of Azerbaijan Republic.

Territory of the Sumgait Chemical Industrial Park is 295,62 hectares. Regarding the implementation of Presidential decree on establishment of Sumgait Chemical Industrial Park number 548, dated 21 December 2011, total 167,66 hectare land area of the SOCAR's Azerikimya Production Unit was allocated to Sumgait Chemical Industrial Park according to the decree of Cabinet of Ministers of Azerbaijan Republic, date 2 February 2012 number 47s and decree of the Sumgayit City Executive Authority, date 7 March 2012, number 59.

Up to date there are 9 resident of the Sumgait Chemical Industrial Park: "Azertexnolayn" LLC, "SOCAR Polymer" LLC, "Azerbaijan Fibro Cement" LLC, "AzerFloat" CSC, "SIKA" LLC, "MST Engineering" "Baku Non Ferrous and Foundry Company" LLC, "Alco Lubricant Company" LLC and "Agrokimya Azerbaijan" LLC.

According to Tax Code of Azerbaijan Republic significant incentives are applied for residents of industrial parks. Basing on the legislation, which entered into force on 1st of January 2013, residents of the Park are exempted of following taxes for 7 years:

a) Property tax; b) Land tax; c) Corporate income tax; d) VAT for imported equipment.

BALAKHANY INDUSTRIAL PARK

Balakhany Industrial Park was established on December 28, 2011 by the decree of the President of the Republic of Azerbaijan.

The managing organization of the Balakhany Industrial Park is "Tamiz Shahar" Open Stock Company. Total area of the Balakhany Industrial Park is 7 hectares.

There are 5 resident of the Balakhany Industrial Park: "Ekokat" LLC (involved in processing of used motor oils), "AzEkol" LLC (involved in plastic bottle recycling), "Ecotire" LLC, "Metak" LLC and one natural person who is deling with polygraph business.

Utilities: Electricity, water, sewage, gas and heat, waste collection and disposal, phone line, ADSL internet connection

Internal facilities: weighbridge, warehouse, bank and post office, repair workshop,

Administrative (office) building, operational building (canteen, showers, change rooms, etc), single storey factories/areas for lease.

General services: bus service, parking, fenced territory, safety and security (including fire protection), regular environmental monitoring

MINGACHEVIR INDUSTRIAL PARK

The Mingachevir Industrial Park was established on February 26, 2015 by the order of the President of the Republic of Azerbaijan.

The managing organization of the Mingachevir Industrial Park is the "Sumgait Chemical Industrial Park" LLC, which is under subordination of the Ministry of Economy of Azerbaijan Republic.

It is planned to give priority to the light industry activities including textile, cotton products and leather production within the Mingachevir Industrial Park.

GARADAGH INDUSTRIAL PARK

Garadagh Industrial Park was established on June 3, 2015 by the order of the President of the Republic of Azerbaijan.

The managing organization of the Garadagh Industrial Park is the "Sumgait Chemical Industrial Park" LLC, which is under subordination of the Ministry of Economy of Azerbaijan Republic.

Main activity direction of the Garadagh Industrial Park will be shipyard and ship repair activities. There is one resident of the industrial park "Baku Shipyard Company" LLC.

INDUSTRIAL ESTATES

PIRALLAHI INDUSTRIAL PARK

The Pirallahi Industrial Park was established on September 14, 2016 by the order of the President of the Republic of Azerbaijan.

The managing organization of the Pirallahi Industrial Park is the "Sumgait Chemical Industrial Park" LLC, which is under subordination of the Ministry of Economy of the Republic of Azerbaijan.

There is intention to attract pharmaceutical companies to the Pirallahi Industrial Park.

HIGH-TECH PARK

High Tech Park (HTP) was launched on November 5, 2012 by the decree of the President of the Republic of Azerbaijan.

High Tech Park is the cornerstone project of the Vision with the goal of developing a sustainable and competitive environment for ICT.

HTP is established as a company wholly owned by Azerbaijan Government reporting to the Ministry of Communication and High Technology. 50 hectares of land on Pirallahi Island has been granted for use of High Tech Park.

Priority areas: mobile and information technologies, ebusiness, animation graphics, software engineering, space and telecommunications, biotechnologies, nanotechnologies, medical software, robotics and mechanics.

NEFTCHALA INDUSTRIAL ESTATE

The Neftchala Industrial Estate was established on February 2, 2015 by the order of the President of the Republic of Azerbaijan.

Establishment of regional industrial estate, will contribute to further development of industries, and ensure industrial employment in Azerbaijan.

Industrial Estates are designated industrial compounds where SMEs are provided with necessary infrastructure enabling them to produce and offer goods and services.

The managing organization of the Neftchala Industrial Site is the Azerbaijan Investment Company OSC, which is under subordination of the Ministry of Economy and Industry of Azerbaijan Republic. Residents of the industrial estate are: "Kahf" LLC, "Oilgasmining Equipments" CSC, "Azeurocar" LLC, "Sun Rise Production" LLC "Aqua Group" LLC.

MASALLY INDUSTRIAL ESTATE

The Masally Industrial Estate was established by the order "On Establishment of Masally Industrial Estate" number 2115, dated June 13, 2016 of the President of the Republic of Azerbaijan Ilham Aliyev.

Industrial Estate are designated industrial compounds where SMEs are provided with necessary infrastructure enabling them to produce and offer goods and services.

The managing organization of the Masally Industrial Estate is the Azerbaijan Investment Company OSC.

Holcim

 **BASF**
The Chemical Company

 **Keppel Group**




WÄRTSILÄ


EMERSON


PETRONAS

STADLER

ENIM
Imaginer et Agir




ITOCHU

Coca-Cola

SIEMENS

STADLER

 **TOTAL**

Schlumberger



 **Holcim**

 **BASF**
The Chemical Company

 **Keppel Group**

ENIM
Imaginer et Agir


WÄRTSILÄ


EMERSON


PETRONAS

STADLER



ENIM
Imaginer et Agir


ITOCHU

Coca-Cola

SIEMENS

ENIM
Imaginer et Agir



ITOCHU

SIEMENS



DLER



Schlumberger

ABB

ENS



BASF
The Chemical Company



Keppel

ABB



WÄRTSILÄ

EMERSON



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t Agir



ITOCHU

Coca-Cola



SIEMENS

**WE ARE
ALREADY HERE**

ENS

REASONS TO INVEST IN AZERBAIJAN

POLITICAL AND ECONOMIC STABILITY

- 2nd fastest growing economy among 179 countries in terms of GDP per capita growth in 2001-2010 (The Economist)
- In the last 10 years: GDP grew by 3.2 times, non-oil GDP by 2.6 times, GDP per capita by 2.8 times, strategic currency reserves by 31.3 times
- Foreign debt of Azerbaijan is only 8% of the GDP (one of the lowest in the world), the volume of currency reserves accounts for about 70% of the GDP, and public deficit is about 1%
- 38th most competitive economy among 148 countries and 1st among CIS members (WEF Global Competitiveness Report 2014-2015)
- 9th most stable macroeconomic environment in the world (WEF Global Competitiveness Report 2014-2015)
- Sovereign-credit rating at investment level with stable outlook by three major international rating agencies: Standard and Poor's, Fitch Ratings and Moody's

- Safety, government and political stability are considered the strongest factors by international business community operating in Azerbaijan, which is confirmed by the World Economic Forum in its Global Competitiveness Report 2014-2015

REFORMIST BUSINESS ENVIRONMENT

- Top reformer of business regulations in the world according to the World Bank's "Doing Business 2009"
- 13th among the 50 economies narrowing the distance to the best performance in reforming business regulations the most since 2005 (WB "Doing Business 2013")
- Low burden of government regulation
- Strengthening welcoming business environment and legislative reforms are among the top priorities of "Azerbaijan 2020: the vision of the future" – national development concept

SKILLED LABOR FORCE

- About half of the population is economically active. Total labour force reached 4.8 million persons in 2015
- One of the highest employment rates in the region (94.8%)
- The main driver of employment is the private sector (74%)
- Very high literacy rate of 99.8%
- Around 30 thousand students graduate from universities and other higher education institutions annually
- Large number of Azerbaijani students is studying abroad in the framework of the State Programme on Education of Azerbaijani Youth Abroad in 2007-2015. The number of graduates reached 5000 by 2015.
- Azerbaijani students studying abroad with state scholarships (academic years 2011-2012)
- A large R&D centre, the National Academy of Sciences with its 28 research institutes exists in Azerbaijan in parallel with 52 universities and 108 colleges ensures the scientific and HR component of economic development

ABUNDANT RESOURCES

- Despite relatively small size, Azerbaijani territory has 9 climatic zones out of 11 existing in the world ranging from humid subtropical climate to semi-arctic due to its complex terrain and geography
- The territory of Azerbaijan stands out for its complex geological structure, diversity and manifold of minerals
- Major deposits of oil and gas
- Ferrous and nonferrous, rare and fine metals: iron and chromite ores, copper, lead and zinc, cobalt, molybdenum, aluminium, quicksilver, gold
- Nonferrous minerals and construction materials: building stone, facing stone, clay, cement raw materials, construction stone, sand- gravel, sand, bituminous sands, perlite, pumice, gypsum, anhydride, alabaster, bentonite clays, sodium chloride, dolomite,

quartzite, limestone for flux and soda, ceramic raw materials, mineral dye (clayey ochre), quartz sands, barite, pebble, brimstone, Icelandic spar, refractory and hard clays, natural soda flashes, zeolites

FAVORABLE TAX REGIME AND STATE SUPPORT

- Azerbaijan is the fifth country narrowed the distance to the best performance in paying taxes the most since 2004, according to the World Bank's "Doing business 2013"
- Azerbaijan has third easiest tax paying procedures among CIS countries
- Fully digitalized tax payment system (e-filing and e-payment)
- Corporate tax reduced by 7% down to 20% within last 10 years
- Simplified tax system introduced to promote SMEs, whereby taxpayers with total turnover not exceeding 200,000 AZN for the previous 12 consecutive months are levied with one tax at the rate of 4% for taxpayers operating in Baku and 2% for taxpayers operating in other regions of Azerbaijan.
- Trade and public catering companies eligible for simplified tax of 6% and 8%, respectively.
- Taxpayers of simplified tax are exempt from VAT, corporate and property taxes
- Tax holidays (except land tax) in agriculture
- Tax incentives in industrial and hi-tech parks

FAVORABLE LOCATION

- Azerbaijan is located on the south-eastern border of Europe serving as the natural bridge between Europe and Asia
- Logistics hub for the Caspian region with the biggest airport, maritime port and railway network
- Easy access to the markets with over 600 million customers in CIS, Middle East and Central Asia

DEVELOPING INFRASTRUCTURE

- The most state-of-the-art transport infrastructure of the region
- Over 29,000 km of hard-surface roads. 8332 km of roads built and re-constructed in the last 10 years
- 5 international airports with direct flights to major European as well as Asian cities, 4 of which built in the last decade. Baku operates the biggest international airport in the region and additional large international terminal with capacity of 3 million passengers a year is under construction
- Azerbaijan operates the biggest port on the Caspian Sea. A new port with capacity of 25 million tons cargo or 1 million containers a year is under construction. A new ship-building yard and the only one on the Caspian Sea commissioned in September 2013
- Over 2,800 km of operational railroads. The so-called Iron Silk Way, Baku-Tbilisi-Kars trunk-railway is under construction. Once launched, it will not only connect railway systems of Azerbaijan, Georgia and Turkey, but also those of Europe and Asia
- Freight transport through Transport Corridor Europe-Caucasus Asia (TRACECA) increased 1.3 times in the last 10 years

STATE SUPPORT

- NO restrictions to foreign investments
- Various incentive programmes for foreign investors
- Over 450 e-services by state authorities
- B2B facilitation
- Stimulation of entrepreneurship activities through various subject and sector-oriented state programmes and strategies
- Established institutional mechanisms for investment promotion and facilitation, such as Azerbaijan Export and Investment Promotion Foundation (AZPROMO), Azerbaijan Investment Company (www.aic.az) and National Fund for Entrepreneurship Support (www.anfes.gov.az)

THE AZERBAIJAN EXPORT & INVESTMENT PROMOTION FOUNDATION (AZPROMO) – YOUR RELIABLE PARTNER IN DISCOVERING BUSINESS OPPORTUNITIES IN AZERBAIJAN.

Azerbaijan Export and Investment Promotion Foundation (AZPROMO) - a joint Public Private Initiative, established by the Ministry of Economy in 2003. The organization aims to contribute to the economic development through attracting foreign investments to the non-oil sectors and stimulating expansion of country's exports of the same sector to overseas markets.

As a unique "one-stop shop" body, we assist and advise foreign-based companies interested in investigating and utilizing investment opportunities in Azerbaijan. Meantime, we are the devoted partner of companies established in Azerbaijan looking to enter the foreign markets. Our knowledge of foreign markets and applicable trade regulations along with a wide network of foreign representations and partners offer good opportunity for companies to expand their export capacities.

AZPROMO has huge international networking capabilities. We are the member of the World Association of Investment Promotion Agencies (WAIPA) and currently, hold its Vice-Presidency post. Close relations with many international investment promotion agencies, chambers of commerce and other business promotion institutions have been maintained. We signed memorandums on cooperation and partnership with over 81 such organizations from 37 countries all over the world.

We encourage you to discover what Azerbaijan is and learn more about the business atmosphere of our country through our dynamic organization!

PARTNER IN DISCOVERING BUSINESS OPPORTUNITIES IN AZERBAIJAN

OUR MISSION:

AZPROMO'S MISSION IS TO SUSTAIN ECONOMIC GROWTH AND DIVERSIFICATION BY MAXIMIZING INFLOW OF FDI AND UTILIZING EXPORT CAPACITIES EFFECTIVELY.

OUR ACTIVITIES:

- Country promotion
- Event management
- Investment generation and services
- Market intelligence and export services
- Matchmaking and linkages
- Policy advocacy
- Cooperation with international trade and investment promotion agencies

OUR SERVICES:

INFORMATION SUPPLY

- Handling investment inquiries
- Sectoral investment opportunities
- Investment projects
- Legal and business framework for FDI

LOGISTICS SUPPORT

- Fact-finding missions to Azerbaijan (visa facilitation, accommodation, booking and transportation)
- Site visits
- Meetings with local authorities and private institutions

SUPPORT IN GETTING ESTABLISHED

- Business start-up
- Identification of local suppliers and commercial service providers
- Project partner search and contact
- Licenses and permits
- Liaising with regulators

AFTERCARE SERVICES

- Investment expansion/re-investment plans
- Social events for investors (networking, relationship building)
- Individual troubleshooting and assistance day-to-day operational issues
- Information on changes in business environment
- Identification of local suppliers



AZPROMO established by:
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