



Azerbaijan Investment Guide



azpromo

Export and Investment Promotion Agency
of the Republic of Azerbaijan



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Why Invest in Azerbaijan?



Strong and Growing Economy

Azerbaijan boasts a robust economy that continues to expand, offering a stable environment for investment.



Strategic Location

Situated at the crossroads of Europe and Asia, Azerbaijan serves as a pivotal hub in the International Transport Corridor, enhancing trade and connectivity.



Economic Diversification as a Strategic Priority

The diversification of Azerbaijan's economy is one of the main directions of the state's economic policy, supported by strategic documents.



Favorable Climate for Diverse Sectors

The country's advantageous climatic conditions create substantial opportunities across various sectors, including agriculture, renewable energy, and beyond.



Skilled and Educated Workforce

Azerbaijan is home to a highly educated and skilled labor force, ready to contribute to various industries.



Liberal Investment Environment

The nation promotes a liberal investment climate, presenting a wide array of opportunities for both local and foreign investors.

Introduction to the Republic of Azerbaijan



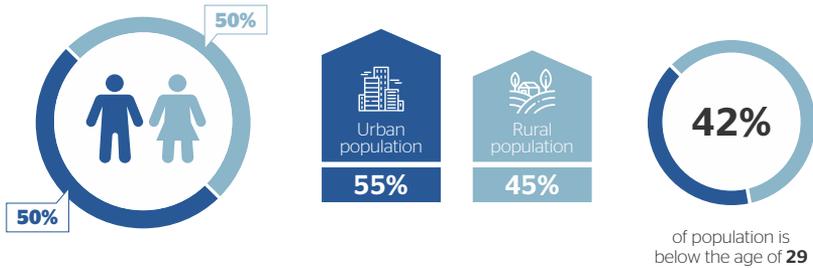
Location

Sharing borders with Türkiye, Georgia, Russia, Iran and Armenia, as well as maritime border with Kazakhstan and Turkmenistan, Azerbaijan has strategic geographical location bridging East with West, North with South.



Population

The population of Azerbaijan is more than **10 million**.



According to the United Nations Development Programme (UNDP), Human Development Index is 0.76 in Azerbaijan. Among four groups ("Very high", "high", "medium", "low"), Azerbaijan is placed in the second group - "High human development". The mentioned index is calculated based on 3 indicators:



Literacy rate in Azerbaijan is at the level of 99.8%. Raising the quality of higher education has allowed Azerbaijan to have more university graduates. 46% growth has been observed in the number of students during last decade (2014-2023).



Currency

Since January 1, 1994, Manat has been the National currency and the only means of payment in the country.



Internet Penetration: 89%





Utility Prices for Business

 205-285 AZN
(121-168\$)
/ thousand m³

 0.106-0.125 AZN
(0.062-0.074\$)
/ kilowatts

 1.0 AZN
(0.6\$)
/ m³



Government

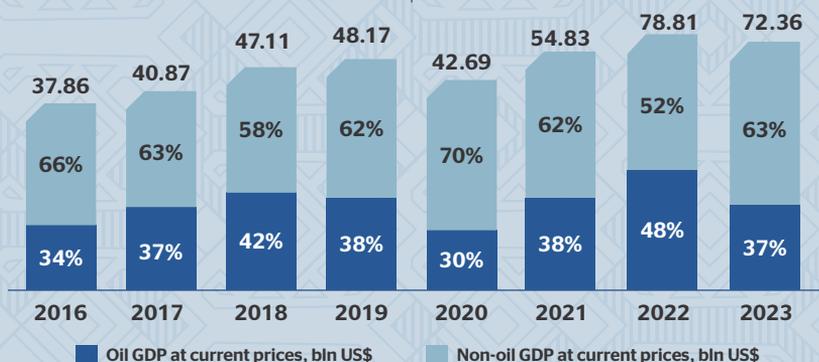
According to the Constitution of the Republic of Azerbaijan, the government of Azerbaijan is based on the separation of powers among the legislative, executive, and judicial branches. In Azerbaijan, the body exercising legislative power is the Milli Majlis (Parliament), the executive power is represented by the President, the body exercising the judicial power – the courts of the Republic of Azerbaijan. The mediation process is applicable in all kinds of issues related to civil, commercial, family, administrative, and labor law.



Economic Overview

Serious measures have been already taken to create and improve a favorable business environment and develop the non-oil sector. Besides that, immense increase has been observed in oil-gas sector too. Thus, there are plans to annually export 20 billion cubic meters of gas to the EU by 2027, signifying a doubling of gas exports from Azerbaijan to Europe. That fact contributed to the country becoming a reliable partner of European Union in gas export. In the first nine months of 2024, service exports amounted to \$5.8 billion, while service imports reached \$7.4 billion.

* All US dollars values are recalculated in the equivalent of 1:1.7 AZN



During the years 1995-2023 more than \$341.7 billion were invested into the economy, out of which foreign investment amounted to \$171.9 billion. The total amount of FDI during the same period was \$114.4 billion, out of which total non-oil FDI reached \$19.4 billion. Over the past 10 years, the leading investor countries in Azerbaijan have been the United Kingdom, Türkiye, and the United States.



Currency Stability

Azerbaijan's strategic foreign exchange reserves exceed 58 billion USD. The ratios that indicate currency sustainability are mentioned below:

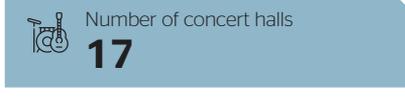


International Relations

Azerbaijan is a member/partner of a numerous international organizations and financial institutions, such as:



Lifestyle



Improved Investment Climate



No discrimination between foreign and domestic investors



No limits on the amount of foreign capital in companies



No restrictions on repatriation of profits



No prior authorization of foreign investment required



No foreign exchange restrictions



No technology transfer restrictions



No local counterpart requirement



Temporary residence allowed upon investments



Limited price control

Sustainable development index

72.2

The following measures are carried out in order to stimulate investment activity:

- Various tax related benefits and other government payments

- Provision of loans on preferential terms

- Expansion of the mechanism of public-private partnership

- Other measures aimed to stimulate investment activity

Economic Indicators

According to the State Statistical Committee of the Republic of Azerbaijan, unemployment rate was 5,5% at 2023.

When it comes to economically active people, this portion of the population is 5.2 mln and it shows 8% increase during the last decade. Average salary is 584.1 USD, which is competitive at the CIS market.



Visa regime

Electronic visas can be obtained within 3 working days (standard e-visa) or even as fast as 3 hours (for urgent e-visa) before their arrival to the Republic of Azerbaijan.



Partnership with Harvard Growth Lab

In accordance with the implementation of the "Socio-economic development strategy of the Republic of Azerbaijan in 2022-2026", the order "Regulation of organizational administrative issues in the field of implementation of the research and education training project in collaboration with Harvard University" was approved. An agreement was signed between Harvard University and the Ministry of Economy. Simultaneously, according to the agreement, a secretariat was formed and methodological frameworks were formulated by Harvard University's international development center, known as the "GROWTH LAB". The development of the ongoing project is planned in the following directions:

- Diversification of economy;
- Provision of a sustainable growth model;
- Conducting fundamental and practically significant researches;
- Increment of the analytical capacities of governmental institutions;
- Formulation of proposals which contribute to the economic policy.

Universities



Azerbaijan State Economic University



Baku State University



ADA University





International events

The Eurovision Song Contest

2012 was the 57th edition of contest. It was the first time Azerbaijan hosted the contest - only four years after the country made its debut.



2012

Azerbaijan made a progress in sport when holding **FIFA U-17 Women's World Cup**. It was for the first time for Azerbaijan holding a football competition of this scale.



2012

The 2015 **European Games** were held in Baku, from 12 to 28 June 2015. In total, 5,898 athletes attended from 50 National Olympic Committees (NOCs).



2015

It has already been 8 years since Azerbaijan became a host of the **Formula 1 Grand Prix** in 2016. It will remain on the calendar at least until 2026.



2016

The next another major event Games that welcomed 180 teams from 175 countries was 42nd **World Chess Olympiad** in September, 2016. This was a first Chess event that took place in the country.



2016

The **Islamic Solidarity Games** took place on 12-22 May 2017. Athletes from over 50 participating countries had the opportunity to take part in 10 days of competition.



2017

The next event took place in July 2019. Baku hosted 15th edition of the **European Youth Olympic Festival** that brought together more than 3000 young athletes.



2019

UEFA Europe League Final in 2019 in Olympic stadium - the venue that hosted European and Islamic Solidarity Games. The stadium also hosted 4 UEFA Euro 2020 games.



2019

Baku is also the only city in Europe that hosted four editions of **European Rhythmic Gymnastics** in 2007, 2009, 2014 and 2023.



2023

UN Climate Change Conference in Baku, Azerbaijan

November 11-22, 2024



COP29
Baku
Azerbaijan

The 29th Conference of the Parties (COP29) to the United Nations Framework Convention on Climate Change (UNFCCC) was a crucial global event focused on addressing the challenges of climate change.

COP29 brought together representatives from nearly 200 countries, environmental organizations, scientists, and civil society.

The conference aimed to assess progress on climate goals, negotiate new commitments, and promote international cooperation in reducing greenhouse gas emissions, adapting to climate impacts, and financing climate action. COP29 played a key role in shaping the global climate agenda and ensuring that the goals of the Paris Agreement were advanced.

At COP29, the final version of the proposed climate change agreement was approved, providing for an allocation of at least \$300 billion annually by 2035.

Key topics discussed included:

Carbon Emissions and Transition to Clean Energy

Participants are sharing strategies to reduce greenhouse gas emissions and accelerate the shift to renewable energy through innovative technologies and collaborative solutions.

Climate Change Adaptation

Addressing adaptation measures, especially for vulnerable regions, is a priority, emphasizing securing financial support for climate resilience in developing countries.

Climate Finance

Funding remains a key focus, particularly in supporting sustainable development transitions in less economically advanced nations, with discussions centred around

Cooperation and Innovation

Delegates are exploring global partnerships, advanced technology, and ground-breaking solutions, including the role of artificial intelligence in climate initiatives.

Hosting COP29 underscores Azerbaijan's commitment to sustainability and its significant role in the energy sector.

Participants



75.000+

Participating countries



197

Days



12



Main Exhibitions 2025



2nd International Exhibition for Water Management
8 - 10 April 2025
www.bakuwaterweek.az



18th Azerbaijan International Agriculture Exhibition
13 - 16 May 2025
www.caspianagro.az



30th Anniversary Azerbaijan International Food Industry Exhibition
13 - 16 May 2025
www.interfood.az



30th Anniversary International Caspian Oil & Gas Exhibition
3 - 5 June 2025
www.caspianoilgas.az



13th Caspian International Power and Green Energy Exhibition
3 - 5 June 2025
www.caspianpower.az



22nd Caspian International Transport, Transit and Logistics Exhibition
3 - 5 June 2025
www.translogistica.az



30th Anniversary Baku Energy Forum
4 - 5 June 2025
www.bakuenergyforum.az



30th Anniversary Azerbaijan International Construction Exhibition
15 - 17 October 2025
www.bakubuild.az



17th International Exhibition for Heating, Ventilation, Air-Conditioning, Water Supply, Sanitary and Swimming Pool
15 - 17 October 2025
www.aquatherm.az



5th Anniversary Azerbaijan International Restoration, Reconstruction and Development of Karabakh Exhibition
15 - 17 October 2025
www.rebuildkarabakh.az



13th Caspian International Road Infrastructure and Public Transport Exhibition
15 - 17 October 2025
www.roadtraffic.az



27th Azerbaijan International Medical Innovations Exhibition
30 October - 1 November 2025
www.medinex.az



Rich culture and heritage

The culture of Azerbaijan combines a diverse and heterogeneous set of elements developed under the influence of Turkic, Iranian, and Caucasian cultures. Azerbaijani culture includes its distinct cuisine, literature, art and music. Azerbaijani heritage elements which are inscribed on the UNESCO's Intangible Cultural Heritage List.



Gobustan Rock Art

Cultural Landscape covers a plateau of rocky boulders with an outstanding collection of more than 6,000 rock engravings bearing testimony to 40,000 years of rock art. The site covers an area of 537 ha.



Icheri Sheher

inhabited since the Palaeolithic period, the Walled City of Baku reveals evidence of Zoroastrian, Sasanian, Arabic, Persian, Shirvani, Ottoman, and Russian presence in cultural continuity. The site has preserved much of its 12th-century walls.



The historic city of Sheki is located at the foot of the Greater Caucasus Mountains.

The Khan Palace,

in the northeast of the city, and merchant houses reflect the wealth generated by silkworm breeding and the trade in silk cocoons from the late 18th to the 19th centuries.



Copper craftsmanship of Lahij

is the traditional practice of making copperware concentrated in the Lahij community in the Caucasus. The coppersmith-hammerer pumps the air into the ovens and hammers the smelted copper into plates.



The Azerbaijani Mugham

is a traditional musical form, characterized by improvisation. The Mugham, though a classical art, draws upon popular bard melodies, rhythms and performance techniques and is performed throughout the country.



The Azerbaijani carpet

is a traditional handmade textile of various sizes, featuring a dense texture and either a piled or pileless surface. Its patterns are distinctive to Azerbaijan's diverse carpet-making regions.



One of the top priorities of the Azerbaijani Government is to diversify the country's economy and attract FDI in non-hydrocarbon sectors, such as agriculture, logistics, information/communication technology and tourism. So, "Invest in Azerbaijan" is opportunity that gives you chance to value business environment in Azerbaijan. It provides you with support mechanisms and assists to connect with proper resources, strategic location and skilled labor force.

Get more details on below topics via our website

General economic situation

The current outlook for the Republic of Azerbaijan's economy-GDP, GDP growth, non-oil GDP, budget etc.



Investment projects

Detailed information about certain investment projects in Azerbaijan.



Top reasons to invest

"FDI in Azerbaijan", "Large domestic and regional markets", "Favorable demographics" etc.



Success stories and testimonials

Successful experience of global brands in Azerbaijan.



Legal and tax guide

Data about taxes which is subject to investors and how investment activities are governed legally.



Living in Azerbaijan

Brief information about Azerbaijan's strategic location, people, distinctive traditions and environment.



Industrial parks and districts

The list of industrial parks with a well-developed infrastructure.



Incentives

Various exemptions and incentives for investors.



“Azerbaijan 2030: National Priorities for Socio-Economic Development”

Main priorities:

- A steadily growing, competitive economy;
- A dynamic, inclusive society based on social justice;
- Areas of modern innovations and competitive human capital;
- The great return to the territories liberated from occupation;
- A clean environment and country of “green growth”.

Areas liberated from occupation

In order to ensure the “Great return” to the territories liberated from occupation, along with the preparation of complex action plans, very important practical activities have already been started in this direction. Significant works are carried out in the direction of restoration of administrative management bodies and creation of transport, energy and communication infrastructure.



Fuzuli and Zangilan international airports are already completed and another one in Lachin region is under construction process;



17 highways, spanning a combined length of 923.9 km, have been planned. 13 highways are under construction, 3 highways were inaugurated and 1 of them is on planning stage;



“Smart city and smart village” concepts have already been implemented in Zangilan.

All these measures will allow for settlement, restoration and development activities to be carried out at full speed in the liberated territories. According to the measurements of the Ministry of Energy of the Republic of Azerbaijan, along with hydropower liberated territories have a potential of 7,200 MW of solar energy and 2,000 MW of wind energy.

Energy potential in the liberated territories



7200 MW
Solar energy



2000 MW
Wind energy



By the relevant order of the President of the Republic of Azerbaijan, the liberated territories were declared green energy zones.

Government's support in the liberated territories

Along with the development of infrastructure, Azerbaijan is also strongly interested in economic development of Karabakh and Eastern Zangezur regions.

Certain priorities have been determined by the government of Azerbaijan regarding economic well-being in the liberated territories:

- Increasing investment attractiveness;
- Modern and efficient production;
- Creation of trade and service infrastructure;
- Application of innovative technologies;
- Development of optimal incentive mechanisms;
- Improving the business environment.

Mechanisms mentioned in the decree of the President of the Republic of Azerbaijan in regards to the acceleration of economic and social welfare in the liberated territories:

<p>Tax benefits, social insurance and other incentives for entrepreneurs engaged in processing industry and service infrastructure</p> 	<p>Customs benefits for entrepreneurs engaged in production activities related to the import of raw materials</p> 
<p>Concessions on utility services (electricity, natural gas and water consumption) for entrepreneurs engaged in production activities</p> 	<p>Determination of labor migration quotas and procedure improvement for work permits supporting investors who apply environmentally friendly technologies, create "green growth" and use renewable energy sources</p> 
<p>Additional support of investors who apply clean technologies, create "green growth" and use renewable energy sources</p> 	<p>Expansion of access to financial resources for entrepreneurs operating in the liberated territories</p> 

Priority sectors to be developed in the liberated territories:

 <p>Mining</p>	 <p>Transportation and Logistics service</p>
 <p>Agriculture, including traditional viticulture and wine production</p>	 <p>Industry</p>
 <p>Tourism</p>	 <p>Renewables</p>

Information on concessions and exemptions offered to the residents of the liberated territories



Exemptions offered to the residents of the liberated territories from January 1, 2023:

Profit (income), property, land and the simplified tax

10
years

Import of machinery, technological equipment and devices, raw materials and goods for relevant fields of economic activity, exemption from VAT

10
years

Import of machinery, technological equipment and devices, raw materials and goods for relevant fields of economic activity, exemption from custom duty

10
years

Dividend income of shareholders of legal entities tax;

20% discount for utility services

10
years



Reimbursement of VAT paid in non-cash and cash for overnight and stay services provided by consumers who are individuals in hotels:

30%

Non-cash payments

5%

Cash payments



Supporting investors who apply environmentally friendly technologies, create "green growth" and use renewable energy sources.



Development of public-private sector partnership in the construction of housing estates.



Subsidization of the mandatory state social insurance fee:

2023 — **100%** — **2026**

2029 — **60%** — **2031**

2026 — **80%** — **2029**

2031 — **40%** — **2033**



Determining labor migration quota and issuing work permits:

Non-application of the labor migration quota to foreign specialists

5
years

Reduction of the application review period for issuing work permits to foreign specialists to 5 days

5
years

Extension of the work permit period for those involved in labor activities no longer than 2 years

5
years

Applying concessions on the amount of the state fee required for a work permit

5
years

Key Non-Oil and Gas Economic Sectors



Agriculture

Azerbaijan is largest employer, employing approximately 31% of the population, but accounting for only 5.5% of GDP. Sown areas are above 1.5 million hectares, which is approximately 18% of the total territory of Azerbaijan.



Information and communication technologies

The IT market in Azerbaijan is continuously developing. Education and e-government programs have been launched, increased digital resources available to schools and universities outside Baku, and expanded e-services. ASAN service, as part of the State Agency for Public Services and Social Innovations under the President of the Republic of Azerbaijan provides public services, which makes it more easily accessible to the citizens using modern technologies. The government also established several technological parks throughout the country that offer tax breaks and exemptions for companies.



Renewables

The renewable energy sector in Azerbaijan has significant potential. Foreign investors are currently building three pilot renewable power plants (solar and wind) with a combined capacity of 710 MW. Azerbaijan's total power generation capacity is 8,320.8 MW, with renewable plants accounting for 1,301.8 MW (15.6%). By 2030, the country aims to expand its energy balance significantly. The total economically viable renewable energy potential is estimated at 27 GW, including 3 GW of wind, 23 GW of solar, 0.4 GW of bioenergy, and 0.5 GW from mountain rivers. Offshore wind potential is also substantial, with 35 GW in shallow waters and 122 GW in deep waters.

Several projects are already underway, with key agreements signed with companies like BP, Masdar, Fortescue Future Industries, ACWA Power, and China Gezhouba Group Overseas Investment to advance renewable energy development in Azerbaijan.



3 GW
of wind energy



23 GW
of solar energy



0.4 GW
of bioenergy



0.5 GW
of hydropower



Light industry

Is well developed in Azerbaijan and apart from many other directions, include weaving, sewing, and knitting, as well as fur-leather, skin-leather, textile and shoe production. Traditional and rich in patterns, carpet-making is also on the rise.



Chemical Industry

Chemical industry is one of the main sectors of the Azerbaijani economy. The country's proximity to the raw materials of oil and gas, salt, iodine-bromide mine water, and the waste from ferrous metals, combined with access to large neighboring consumers, gives Azerbaijan a comparative advantage in this sector.



Food Processing

Accounts for around 32% (\$2.9 billion) of Azerbaijan's total processing industry, and covers a selection of more segmented industries. Azerbaijan possesses great potential in the development of halal food industry, as Islam is a dominant religion in the country.



Transport and logistics

Today, as trade flows increase between Europe and Asia, Azerbaijan is emerging as a transport and logistics hub at the crossroads of Eurasia, adjoining seaports on the Caspian Sea, as well as serving as an interconnection point for various transportation corridors. To meet rising opportunities, Azerbaijan is constantly developing its infrastructure. Hence, an immense transit and logistics potential exists, which could be further benefited from.



Tourism

The country's rich natural, historical, and cultural heritage attracts visitors from around the world. Diverse culture, and renowned hospitality make it a popular destination for various purposes, including medical tourism, hunting, beach vacations, and gastronomy. In 2023, the number of inbound and domestic tourists reached 1,403 and 5,239 thousand people, respectively. Most inbound tourists came from Russia, Türkiye, Iran, India, and Georgia. During the first half of 2024, the average spending of an inbound tourist was \$1,087.

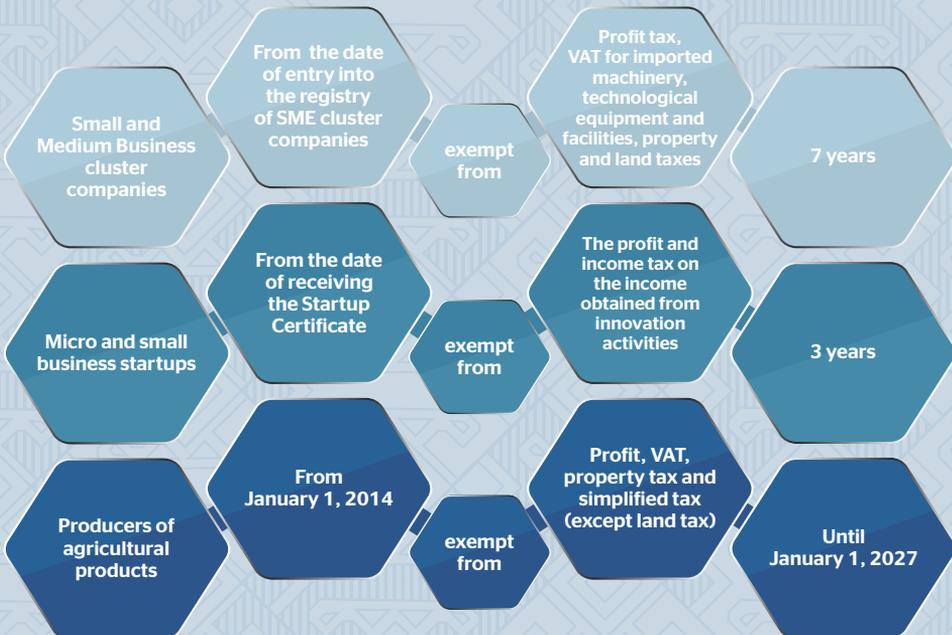
Export Activity and Priority Sectors

Since the export activity in Azerbaijan is primarily concentrated on raw materials and semi-finished products, the main priority is to develop full-cycle processing production in the fields such as: cotton, canning of fruits and vegetables, petrochemicals, aluminum etc.

Under the "Export Strategy of Non-Oil Products and Services of the Republic of Azerbaijan for 2024-2026", non-oil exports in the country are expected to nearly double, increasing by 80% by 2026. This will cover both export of commodities and products, as well as the promotion of service exports (such as IT and Tourism exports). Absence of export clearance fee, temporary storage and domestic processing mechanisms already support export activity in the country. For its further development, it is planned to implement reforms in all directions, which will include:

- Export promotion;
- Programs with sectoral potential;
- Production of high-quality export products;
- Increasing the efficiency of economic diplomacy;
- Creating an environment conducive to entrepreneurship development;
- Trade facilitation;
- National export branding;
- Creation of favorable conditions for e-export.

Activity Base Incentives for Entrepreneurs in Azerbaijan



Infrastructure and Possibilities

Road infrastructure in Azerbaijan is developing at high speed. Currently, around 20,000 km of roads and highways have been built and restored.

- 8 new international airports, including in the liberated areas of Azerbaijan. One more is on the way;
- New Baku International Sea Trade Port - located south of the capital city of Baku at the intersection of major transport corridors;
- Alat Free Economic Zone - a multi-modal production export-oriented site in a prime strategic location offering a wide range of incentives and benefits;
- Baku-Tbilisi-Kars railroad ("The Iron Silkway") - an international rail link project connecting Azerbaijan, Georgia and Türkiye;
- Potential Zangazur corridor - connects the Lesser Caucasus and the Anatolian highlands.



- Baku-Tbilisi-Kars
- Potential Zangazur corridor

Azerbaijan's Trade Policy Overview

The evolution of the customs and tax environment directly contributes to trade development. The resolution about the exemption of 300 intermediate products from import customs duties has stimulated the competitiveness of both exports and domestic goods in foreign markets. Foreign trade in Azerbaijan is primarily governed by the Tax Code, Customs Code, and the Law on Customs Tariffs. The following are the treaties and agreements to which Azerbaijan is a party:

Free and Preferential Trade Agreements

Numbers of countries that have signed the Free and Preferential Trade Agreements with Azerbaijan



Bilateral Investment Treaties

Numbers of countries that have signed the Bilateral Investment Treaties with Azerbaijan



Double Taxation Treaties

Numbers of countries that have signed the agreements on avoidance of double taxation with Azerbaijan



Free and Preferential Trade Agreements Map

- FTA countries
- PTA countries

Transit and Logistics Potential

Due to its unique location and despite being a landlocked country, Azerbaijan is a part of the numerous transport corridors:

- **South-West transport corridor**
(India, Persian Gulf, Iran, Azerbaijan, Georgia, Ukraine, Europe)
- **North-South transport corridor**
(India, Persian Gulf, Iran, Azerbaijan, Russia, Europe)
- **Trans-Caspian international transport route**
(China, Kazakhstan, Azerbaijan, Georgia, Türkiye, Ukraine, Europe)
- **Lapis-Lazuli transport corridor**
(Afghanistan, Turkmenistan, Azerbaijan, Georgia, Türkiye)



Note: Cargo flow through the territory of Azerbaijan consistently grows each year. In 2023, the volume of transit transportation was 17,433 thousand tonnes, representing a 12% increase.

- **South-West transport corridor** reduces time loss for the goods transportation between Europe and India. Due to the created conditions, it is possible to transport cargo on the route for 15 days, covering the distance of more than 7000 kilometers, delivering goods from India to Europe. For the further development of the route, work has been done and continues to improve infrastructure, which will create a competitive transport product and attract large volumes of cargo to the transport corridor.
- **North-South transport corridor** is a 7,200-km-long multi-mode network of ship, rail, and road route for moving freight between India, Iran, Afghanistan, Azerbaijan, Russia, Central Asia and Europe. The objective of the corridor is to increase trade connectivity between major cities such as Mumbai, Moscow, Tehran, Baku, Bandar Abbas, Astrakhan, Bandar-e Anzali, etc.
- **Trans-Caspian international transport route** is the shortest transport route connecting Europe and Asia, which serves to increase freight traffic from China to Türkiye and the European countries, as well as in the reverse direction. The average transit time along the 5,400 km East-West transport corridor is 15 days. Baku-Tbilisi-Kars railway, called the "Iron Silk Road" allowed the corridor to reach Europe directly by land.
- **Lapis-Lazuli transport corridor** is an international transit route opened in 2018, linking Afghanistan to Türkiye via Turkmenistan, Azerbaijan and Georgia. The Lapis Lazuli corridor is funded by the Asian Development Bank.



Azerbaijan's Flight Radius

Azerbaijan's geographic location also gives it a great strategic importance as a transit hub. It is positioning itself as a logistics hub for East-West trade in the region through major infrastructure investments.

In order to consider the importance of location, the flight radius is an important index to describe the distance with minimum flight time.



Business Entry in Azerbaijan



Since 2008 registration of legal entities is carried out in a simplified manner via the "one-stop shop" approach, according to which the registration can be completed within 2 days for foreign companies and necessary tasks can be completed through electronic platforms.

There are various platforms for registration of a business in Azerbaijan, such as:

ASAN SERVICE

www.asan.gov.az

STATE TAX SERVICE

www.e-taxes.gov.az

SMB HOUSES

www.smb.gov.az

Licenses and Permits

The Law "On Licenses and Permits" of the Republic of Azerbaijan defines the institutional, economic, and legal framework for regulating the system of licensing and issuing permits for business activities in Azerbaijan (except financial markets).

According to the Law, licenses and permits are issued separately for each type of activity, except a general license. To obtain a license or permit, the applicant must apply to the body that issued the license or permit.

Types of activities where licenses or permits are required:

Pharmaceuticals including
veterinary related medicine

Toxic industrial waste

Education

Communication

Stock exchange and investment funds

Activities related to radioactive
or hazardous products and facilities

Liquid and natural gas facilities

Activities on protection from fire

Insurance and credit institutions

Forms of Legal Entity



A commercial legal entity may be established in the form of a partnership in which all partners are liable with their assets for the debts of the partnership and limited liability companies or joint stock companies where the obligations of the shareholders are limited to their share capital.

Limited liability companies (LLCs) are mainly used as a legal entity in Azerbaijan. For LLC registration, there is no stated minimum financial limit as to the amount of the charter capital, and no need to have a local partner. LLCs may be wholly owned by foreign companies and individuals from any jurisdiction. Forming an LLC is a fairly simple process that can be broken down into 2 stages: (a) Registration Stage; and (b) Post-registration Stage. The registration of business organizations is carried out by the State Tax Service (under the Ministry of Economy) within 2 days from the date of submission of the respective documents. Documents can also be submitted electronically. AZPROMO has developed a comprehensive guide to assist foreign investors with business registration in Azerbaijan, available at the following link:

<https://azpromo.az/storage/1897/tSiCcvpBMN-legal-handbook11-revised-%282%29-%281%29.pdf>

Taxation



To make tax-related processes easier, Azerbaijan introduced an online system (www.e-taxes.gov.az) for the registration of taxpayers, correspondence with the tax office, and submission of related documents and declarations.

Main applicable taxes:

<i>Corporate income tax</i>	<i>VAT</i>	<i>Property tax (fixed assets)</i>	<i>Land tax is calculated depending on the region</i>	<i>Individual Income Tax in Azerbaijan is calculated differently, as shown below:</i>
20%	18%	1%		

From 1 January 2019, month-to-month profits of personnel who're engaged in employment for non-oil and gas and non-government sectors will be exempt for 7 years.

Entity type	Taxable monthly income	Tax rate
(a) oil-gas and government sector	below 2,500 AZN (\$1,471)	14%
	above 2,500 AZN (\$1,471)	350 AZN (\$206) + 25% of amount exceeding 2,500 AZN (\$1,471)
(b) non-oil and gas and non-government	below 8,000 AZN (\$4,706)	0%
	above 8,000 AZN (\$4,706)	14% of amount exceeding 8,000 AZN (\$4,706)

Social insurance payments for non-oil and gas and non-government

Entity type	Withheld from employee	Withheld from employer
below 200 AZN (\$118)	3%	22%
above 200 AZN (\$118)	6 AZN (\$3.5) + 10% of amount exceeding 200 AZN (\$118)	44 AZN (\$26) + 15% of amount exceeding 200 AZN (\$118)

One of the key responsibilities of the State Tax Service is to ensure that businesses meet their tax and social obligations. This includes making sure that contributions for compulsory social insurance, unemployment insurance, compulsory medical insurance, and other required payments are collected on time and in full. The State Tax Service is responsible for managing these processes as outlined by the law and the President of Azerbaijan.

Customs



The State Customs Committee (SCC) has increased business links with international customs agencies in recent years as part of its efforts to develop its operations in accordance with current needs.

The promising future of the customs system of Azerbaijan is confirmed by mutually beneficial cooperation with international customs authorities. Since June 1992, the State Customs Committee of the Republic of Azerbaijan has been a member of the World Customs Organization.

Definition of a Foreign Investor



In accordance with the Law “on Investment Activity”, dated 22 June 2022, the following entities and individuals carrying out investment activities are considered as foreign investors in Azerbaijan:

- Foreigners;
- Stateless persons;
- Foreign legal entities and their branches and representative offices;
- Foreign states;
- International organizations.

Under the same Law, investment activity in Azerbaijan can be carried out in the following forms:

- Formation and restructuring of legal entities;
- Acquisition of shares in legal entities;
- Setting up a foreign legal entity's branch and representative office in Azerbaijan;
- Other forms not prohibited by law;
- Individual entrepreneurship;
- Signing an investment activity agreement;
- Obtaining property, including rights of monetary value.

Investment Protection



The law "On investment activity" ensures the protection of the rights and the legal interests of the investors.

The regulation of investment activity is carried out by the principles of property inviolability, the rule of law, protection, and provision of human and civil rights and freedoms, and protection of confidential information. The investor can transfer investment income to a foreign country after paying taxes and state fees in compliance with the Law on “Currency Regulation” and the investment contract. This business environment allows foreign investors to operate in accordance with global standards.

Competition Code of the Republic of Azerbaijan

The Competition Code of the Republic of Azerbaijan aims at guaranteeing fair competition in the market. By defining unfair practices in the market, the Code prohibits cartel agreements, concerted practices and other acts constituting distortion of fair market.

Public-Private Partnership (PPP) in Azerbaijan



On December 27, 2022, the Law on PPP was enacted, providing a framework for public-private sector collaboration. Additional legislation, adopted on March 19, 2024, defines procedures for implementing PPP projects. A PPP unit was established under the Ministry of Economy to oversee this process.

Main PPP structures:

1. **Competent Body (Ministry of Economy):** Manages PPP policies, projects, and procurement.
2. **Public Partner:** Submits project pre-feasibility studies and ensures project financing.
3. **Ministry of Finance:** Guarantees agreements with private partners.
4. **Working Group:** Evaluates feasibility studies, competition conditions, and contracts.

Advantages for the investor:

- Risk-sharing with the state;
- Private sector participation in management;
- Long-term, repayable investments;
- State participation in project implementation;
- Possibility of obtaining additional guarantees.

Temporary Residence Permit (TRP)



According to the Azerbaijani Migration Code, foreign nationals and stateless people are granted a Temporary Residency Permit in the following instances (including but not limited to): Investment in the country's economy of at least 500 thousand AZN (\$294 thousand). Opening a company/branch or representative office of a foreign legal entity. If a foreign person is a director or deputy director of a legal entity with at least one foreign founder, then foreigner does not need to obtain a work permit and can immediately apply for a TRP. The same rule applies to establishing branches or representative offices of a foreign legal entity in Azerbaijan. TRP is issued by the State Migration Service. There is a possibility of an online application. For TRP application a foreigner should be in Azerbaijan. The term for consideration of the TRP application is 15-20 working days. The state duty for 1-year TRP is 120 AZN (\$71) for consideration in 20 working days and 160 AZN (\$94) for consideration in 15.

- Ownership of real estate worth at least 100 thousand AZN (\$59 thousand) in the territory of the Republic of Azerbaijan. In such cases, the price of real estate in Azerbaijan is assessed by independent appraisal agencies, and the real price of the real estate contract is not considered by the authorities.
- Deposit at least 100 thousand AZN (\$59 thousand) in a bank. It should be mentioned that if the deposit amount is less than 100 thousand AZN (\$59 thousand) after receiving a TRP, this will be a ground for the TRP to be revoked.



The Export and Investment Promotion Agency of the Republic of Azerbaijan – AZPROMO was established in 2003 to facilitate non-oil exports and attract foreign investments to the non-oil sector by providing services to interested investors based on a 'single window' principle. AZPROMO is a trade promotion organization (TPO) and an investment promotion agency (IPA). Active actions are taken to aim at retaining investments, providing aftercare services, and promoting the investment image. As a trade promotion organization, AZPROMO coordinates Trade and Wine houses, which support the promotion of the "Made in Azerbaijan" brand and export of Azerbaijani products. With a vast network of trade and wine houses in various countries, Azerbaijan simplifies coordination for entrepreneurs.

The charter of the Export and Investment Promotion Agency of the Republic of Azerbaijan – AZPROMO was approved by the Decree of the President of the Republic of Azerbaijan dated July 23, 2021.

Areas of activity

- Stimulation of the export of non-oil sector products
- The attraction of foreign investments to the national economy
- Expansion of cooperation between local and foreign business communities
- Organization of large-scale events in Azerbaijan and abroad



Economic Zones Development Agency (EZDA)

The Economic Zones Development Agency was established as a public entity based on the "Sumgait Chemical Industrial Park" LLC by Decree No. 1257 dated January 22, 2021, of the President of the Republic of Azerbaijan Ilham Aliyev "On measures related to the improvement of the management of industrial parks, industrial districts, and agricultural parks." Currently, 8 industrial parks, 3 industrial districts, 24 agricultural parks, and a Vocational Training Center operate under the management of the Agency.

Benefits for residents of economic zones



Support for various governmental procedures via the "One-Stop-Shop and organizational support" system to facilitate investors' activity



Supply of modern and extensive infrastructure in economic zones by the principle of "Plug & Play"



Construction of modern infrastructure (subsidized by the state), which in turn enables entrepreneurs to focus more on investing in the project



Another significant part of governmental support for residents of industrial parks is tax and custom duties incentives. The residents of industrial parks are exempt from

Corporate and income tax for



Property tax for



Land tax for



VAT for imported machinery and equipment for



Customs duties on imported machinery and equipment for



Industrial Parks and Districts

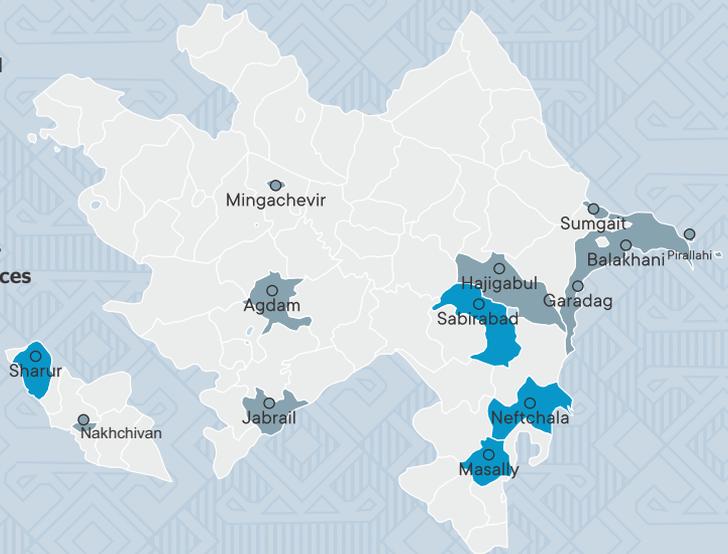
Statistics of Industrial Parks and Districts



85 residents are already operating



- Industrial Parks
- Industrial Districts



INFRASTRUCTURE

Residents of industrial zones are provided with infrastructure developed at the expense of state funds:



Electricity supply



Natural gas supply



Sewage system



Water supply



Internal roads



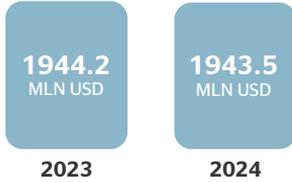
Railway lines



Fiber-optic cable

PRODUCTION AND EXPORT IN INDUSTRIAL PARKS AND DISTRICTS

TOTAL PRODUCTION



EXPORT



Residents of Industrial Districts have easier access to receive the Investment Promotion Document.

Investment Promotion document

To diversify the economy and support the attraction of foreign investment in the non-oil sector, Azerbaijan provides investment promotion documents to legal entities and individual entrepreneurs which are issued by the Ministry of Economy of the Republic of Azerbaijan for investment projects. The following are the benefits of IPD holders from the date of receipt of the Investment Promotion Certificate:



Exempt from VAT and customs duties on the import of machinery, technological equipment and facilities



Exempt from property tax (Acquired at the expense of investment funds within the framework of the relevant investment project)



Exempt from land tax for the lands owned or used



In the case of an individual entrepreneur, 50% of the income is tax-free



In the case of a legal entity, 50% of the profit is tax-free

FOR
7
YEARS

Strategic investment project areas for which the Investment Promotion Document is intended:

- Production based on local raw materials (e.g., metal ores, oil, gas, chemicals, construction materials, cotton);
- Renewable energy projects;
- Waste management and recycling;
- Seawater desalination;
- Creation of private industrial zones;
- Non-oil industry facilities privatized after January 1, 2023;
- “First in Azerbaijan” projects (import substitution or export growth in the non-oil sector);
- Aircraft operation and maintenance;
- Railway repair and spare parts production;
- Military product manufacturing;
- Aluminum product manufacturing;
- Public-private partnership projects (e.g., electricity production with public procurement);
- Implementation of the project within the framework of the international event COP29.



**AZERBAIJAN
INVESTMENT
COMPANY**

Azerbaijan Investment Company (AIC)

Azerbaijan Investment Company OJSC was established to support business development in the non-oil sector of the Azerbaijani economy by investing in the project's equity capital. The main goal of the company is to promote economic diversification and to support import substitution process.

AIC increases the market value and competitiveness of invested companies by integrating new technologies and know-how. The priority areas for cooperation are agriculture, food, industry, pharmaceuticals, logistics and renewables. AIC invests in existing (brownfield) or new (greenfield) projects with a minority shareholding (up to 30 %) and exits from the project after 5-7 years.

During past 16 years, AIC has been cooperating with many foreign investors within the framework of various projects.

Advantages of investment with Azerbaijan Investment Company:



UNIQUE FINANCIAL SOLUTIONS

Equity investments and balance sheet enhancement through debt reduction



ACCESS TO INTERNATIONAL CAPITAL MARKETS

Ability to market investment project to international investors and helping build international business relations



BEST BUSINESS PRACTICES

Implementation of CG practices in portfolio companies and experience in market analyses and financial modeling, budgeting and taxes



EFFICIENT COORDINATION BETWEEN STATE AGENCIES AND AIC

Contribution to the acceleration of investment processes via AIC's close cooperation with the relevant state agencies



EXPERTISE

Supply of talent that business is lacking by means of hands-on groups who will help meet new business goals and maximize company value



COMMITMENT TO SUCCESS

Vesting interest in making sure that the investment does well. Strong partner reliance on the AIC's commitment to ensure the future of investment is successful



AFEZ
AZERBAIJAN
FREE ECONOMIC
ZONE

Alat Free Economic Zone (AFEZ)

AFEZ is a project intended to serve as a regional investment hub intended to deliver an outstanding business environment for investors using knowledge-based innovative technologies and approaches.

AFEZ is located at the intersection of international transport corridors in the vicinity of the Baku International Sea Trade Port. Its unique legal base is founded on the Law of the Republic of Azerbaijan "On the Alat Free Economic Zone" adopted by the Parliament and signed by the President of Azerbaijan. In addition to business-friendly legislation, and fiscal and non-fiscal incentives, AFEZ provides its clients with industrial land plots with ready-to-use off-site and on-site infrastructure and utilities.



Advantages of Alat Free Economic Zone



Exemption from customs duties and taxes on import to the free zone and export from the free zone



No personal income tax for local personnel



No social security payments and no other similar taxes and payments for foreign skilled personnel



No restrictions on foreign ownership and no requirement for a local partner



Exemption from Value-Added Tax, Withholding Tax, Corporate Tax and any other taxes



No restrictions on currency transactions or profit repatriation



Investors' property is immune from any nationalization expropriation measures or any other restrictions on private ownership



Full protection of intellectual property rights



Assistance in finding local skilled personnel



Total area: 6500 hectares
Future development area: 1000 hectares



Entrepreneurship Development Fund

The Entrepreneurship Development Fund of Azerbaijan is a legal entity that supports entrepreneurial activity through financing and promotion. It provides soft loans, subsidies, and credit guarantees for greenfield and expansion projects based on innovative technologies in the non-oil sector. The fund aims to create new manufacturing, processing, and infrastructure enterprises, as well as boost the production of export-oriented products in Azerbaijan. Soft loans are offered through authorized credit institutions for priority areas of the Azerbaijani economy.



Interest rate of the loan



The term of the loan



Grace period of the loan



Maximum loan amount

In addition, state guarantee up to 90% and interest subsidies up to 10% percentage point of the loan interest rates with maximum 15% annually, are offered for the projects implemented in the liberated territories. The maximum loan amount for each project is \$2.9 mln, with the loan term being maximum 7 years and the grace period up to 3 years.



The Small and Medium Business Development Agency (KOBIA)

KOBIA supports the development of small and medium businesses (SMBs) in Azerbaijan by offering various services and ensuring coordination and regulation through SMB Houses. Its goal is to increase the share of micro, small, and medium-sized businesses in the national economy, enhance competitiveness, improve institutional support, and foster collaboration between public and private entities. KOBIA also works to create a favorable business environment for regional entrepreneurship development and provides grants, financial support for market research, start-up certificates, and more.



Center for Analysis and Coordination of the Fourth Industrial Revolution (C4IR Azerbaijan)

C4IR Azerbaijan established under the Ministry of Economy, aims to strengthen Azerbaijan's position in the Fourth Industrial Revolution by analyzing and coordinating digital economy challenges, initiatives, and projects. C4IR collaborates with the World Economic Forum's centers to access a global network of stakeholders, including multinational corporations, international organizations, NGOs, universities, tech companies, and leading 4IR nations. C4IR Azerbaijan also fosters partnerships between the public sector, private sector, and academia, serving as a platform for dialogue and collaboration on 4IR initiatives.



Agrarian Credit and Development Agency

The Agency for Agro Credit and Development under the Ministry of Agriculture of the Republic of Azerbaijan is the national executive body in charge of the implementation of crediting and management of the agricultural development projects, participating in the implementation of state support measures (subsidies, preferential loans) in the agricultural sector, promoting innovative methods and best practices in the agricultural industry, the execution of loans through participating financial institutions to support entrepreneurial initiatives, the development and the implementation of programmes for the public-private partnership in the agricultural sector. The Agency is crucial in connecting the domestic agriculture sector to finance and technology through funding projects and releasing public subsidies.

The main activities of the Agency include:

- Issuance of soft agricultural loans and discounts for equipment
- Provision of subsidies
- Implementation of rural development projects
- Insurance of the development and implementation of programs within the public-private partnership in the agricultural sector.



Innovation and Digital Development Agency

Taking into account current world trends and the 4th industrial revolution, one of the main goals of Innovations Agency under the Ministry of Digital Development and Transport of the Republic of Azerbaijan is to enhance ICT ecosystem in Azerbaijan by different approaches in order to increase non oil sector of the country, as well as follow current world trends. The Innovation Agency has a clear understanding of Azerbaijan's potential in the IT sector and how it can contribute to the country's future.

Today, Innovation Agency plays a role of an enabler in the ecosystem in order to enhance its efficiency and potential, by supporting financially mainly private sector players in order to encourage them to advance in the IT sector. Moreover, taking into account the digitalization trend and its benefits to the both public and private sector, one of the main aims of the Innovation Agency is to digitalize mainly public sector by implementing and other digital solutions that would increase efficiency and productivity, as well as to become more transparent to the public. Innovation and Digital Development Agency is the managing body of High Tech Parks (HTP).

Tax exemptions of High Tech Park residents



Profit and income tax
other than income tax
withheld from wages



Land tax
starting from the fiscal
year residents
registered in HTP



Property tax
starting from the fiscal
year residents
registered in HTP



Import VAT
on the import of
machinery,
technological
equipment and facilities



Custom duties
on the import
of machinery,
technological
equipment and
facilities



azpromo

Export and Investment Promotion Agency
of the Republic of Azerbaijan

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Useful links

THE MINISTRY OF ECONOMY
www.economy.gov.az

THE STATE CUSTOMS COMMITTEE
www.customs.gov.az

STATE SERVICE ON PROPERTY ISSUES
www.emlak.gov.az

THE STATE STATISTICAL COMMITTEE
www.stat.gov.az

ALAT FREE ECONOMIC ZONE
www.afez.az

ECONOMIC ZONES
DEVELOPMENT AGENCY
www.economiczones.gov.az

OFFICIAL ELECTRONIC VISA PORTAL
www.evisa.gov.az

AZERBAIJAN INVESTMENT COMPANY
www.aic.az

ENTREPRENEURSHIP DEVELOPMENT
FUND
www.edf.gov.az

AGRARIAN CREDIT AND
DEVELOPMENT AGENCY
www.akia.gov.az

STATE TAX SERVICE
www.taxes.gov.az

THE SMALL AND MEDIUM BUSINESS
DEVELOPMENT AGENCY
www.smb.gov.az

STATE MIGRATION SERVICE
www.migration.gov.az

INTELLECTUAL PROPERTY AGENCY
www.copat.gov.az



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