



2017



azpromo
Azerbaijan Export & Investment
Promotion Foundation

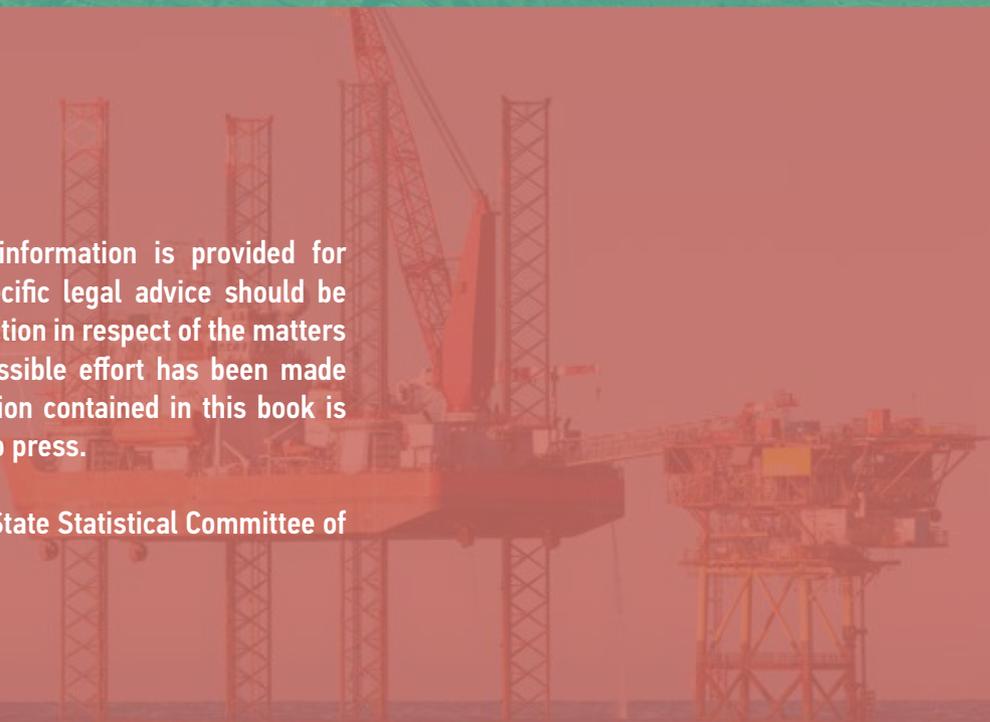


**DOING BUSINESS
IN AZERBAIJAN**



Important notice: This information is provided for general guidance only. Specific legal advice should be sought prior to taking any action in respect of the matters discussed herein. Every possible effort has been made to ensure that the information contained in this book is accurate at the time going to press.

Statistical data by: The State Statistical Committee of the Republic of Azerbaijan





DOING BUSINESS IN AZERBAIJAN 2017

TABLE OF

08

COUNTRY INFORMATION

Azerbaijan: state, geography
and history in brief
Economic snapshot

22

WHY AZERBAIJAN

09 Political and economic stability
Reformist business environment
13 Attractive investment climate
Skilled labour force
A perfect hub
Fast developing infrastructure
Abundant resources

25

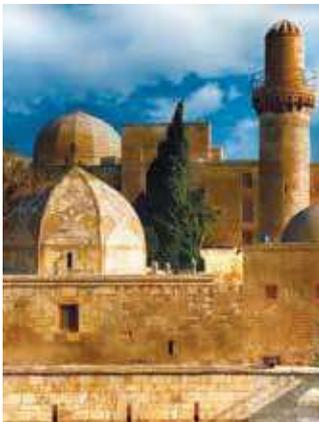
BUSINESS CLIMATE

23 Establishing a legal presence
23 Land and property
23 Licensing
23 Employment
24 Foreign trade regulation
24 Currency regulation and repatria-
tion of profits
Taxation
Accounting
Intellectual property
Dispute resolution and arbitration

50

SECTORS REVIEW

26 Energy 52
28 Chemicals 55
29 Agriculture 57
30 Food processing 60
32 Textiles 62
34 ICT 64
Construction 66
36 Machinery and equipment 69
44 Transport and logistics 70
46 Tourism and hospitality 73
47 Financial services 76
Insurance 77
Industrial parks 78
Agro-Parks 80
High-Technology Parks 81



CONTENTS

82

OVERVIEW OF THE REGIONS

Absheron	84
Aran	84
Ganja-Gazakh	85
Guba-Khacmaz	85
Daglig Shirvan	86
Sheki-Zagatala	86
Lankaran	87
Nakhchivan	87
Yukhari Garabakh	88
Kalbajar-Lachin	88

90

GENERAL INFORMATION

Business etiquette	92
--------------------	----

99

USEFUL CONTACTS

117

ANNEXES & MAP





ILHAM ALIYEV

PRESIDENT OF THE REPUBLIC OF AZERBAIJAN

Azerbaijan has managed to maintain its economic sustainability and ensured economic stability in 2016. The drastic and comprehensive economic reforms carried out this year have opened up great horizons and prospects for our future development. Despite all the difficulties, our country's non-oil industry has grown by 5 per cent and agriculture by more than 2 per cent this year. We have managed to safeguard our currency reserves this year. This is also a very important issue because our economic potential and financial resources precondition both economic and political independence.

All social programs were over-fulfilled in 2016. Even though 2016 was a year of crisis, population incomes have increased by 7 per cent. The average wage has risen by 9 per cent.

Despite all the difficulties, Azerbaijan continued to develop in 2016. Let me reiterate that the decisions made this year, in particular the steps towards economic diversification, will yield fruit. At the same time, we have taken significant steps to diversify our exports.

Year 2016 also brought us great sporting success. Our athletes made a historic achievement in the Rio Olympic Games. By winning 18 medals, Azerbaijan proved yet again that it is a sporting nation and that Azerbaijani athletes are among the best. For the number of medals, Azerbaijan finished in 14th place among 200 countries, seventh in Europe, second among post-Soviet republics and first in the Muslim world. This is a huge sporting achievement for us. At the same time, this victory is a demonstration of the power of our people, our state.

This year we also marked the 25th anniversary of our independence. Our servicemen and sportsmen delighted us with their victories on this occasion.

Year 2016 was declared a Year of Multiculturalism in Azerbaijan. Our country has hosted a number of prestigious international events this year. Azerbaijan has demonstrated to the world again that representatives of different religions, nationalities and ethnic groups can live together in one country, under the same sky and in dignity. Azerbaijan is a country playing an exceptional role in the promotion of the ideas of multiculturalism in the world.

COUNTRY INFORMATION



AZERBAIJAN:

HISTORY, GEOGRAPHY AND STATE

Azerbaijan has a deep heritage, and is one of the oldest cultures in the world. Gobustan, a UNESCO World Heritage Site, located about 70 kms south of Baku, has petroglyphs dating back to the 12th century BC, which puts Azerbaijan history and culture on the same level as sites in Egypt and China. The first recorded states in what is now Azerbaijan date back to the 9th century BC. The states of Manna, Maday and Albania, with their own unique traditions, succeeded one another in the period to follow.

Azerbaijan was a strategic meeting point for all of Eurasia, which led to the country being a major focus for trade and migration. This has influenced the country's ethnic mix. It is a hybrid of Turkic, Persian, European and Caucasian influences, which gives the region a unique history.

The Arab conquest of Azerbaijan commenced in the 7th century. The Caliphate prevailed over the Turkic Khazar Kaganate for domination over Azerbaijan and Azerbaijan remained under Arab rule for around three centuries. Caliphate dominance was interrupted for a short period of time, when a large scale Hurammi Freedom Movement, led by the leader Babek, overthrew the Arabs in Azerbaijan and parts of Iran. Azerbaijan is an integral part of the Islamic cultural tradition. Nizami, Nasimi, Tusi and other Azerbaijani poets and scholars are now regarded as among the leading figures of Islamic civilization. Their contribution to the Islamic Renaissance is undeniable.

Azerbaijan witnessed some powerful empires during The Middle Ages. These were predominantly Turkic in origin. Some of the mightiest dynasties were of Azerbaijani origin, including the Karakoyunlu, Agkoyunlu and Safavids. Despite the dominance of large neighboring states, northern Azerbaijan (Shirvan) managed to retain some autonomy throughout the whole period, including the hectic times of the Mongols and the Teymurids.

In the 18th century, the rise of the Russian Empire in the region led to the occupation of the few autonomous Khanates located in Northern Azerbaijan. After the 1828 Turkmanchay Peace Treaty with Persia, the country was divided and Southern Azerbaijan was left under Persian sovereignty.

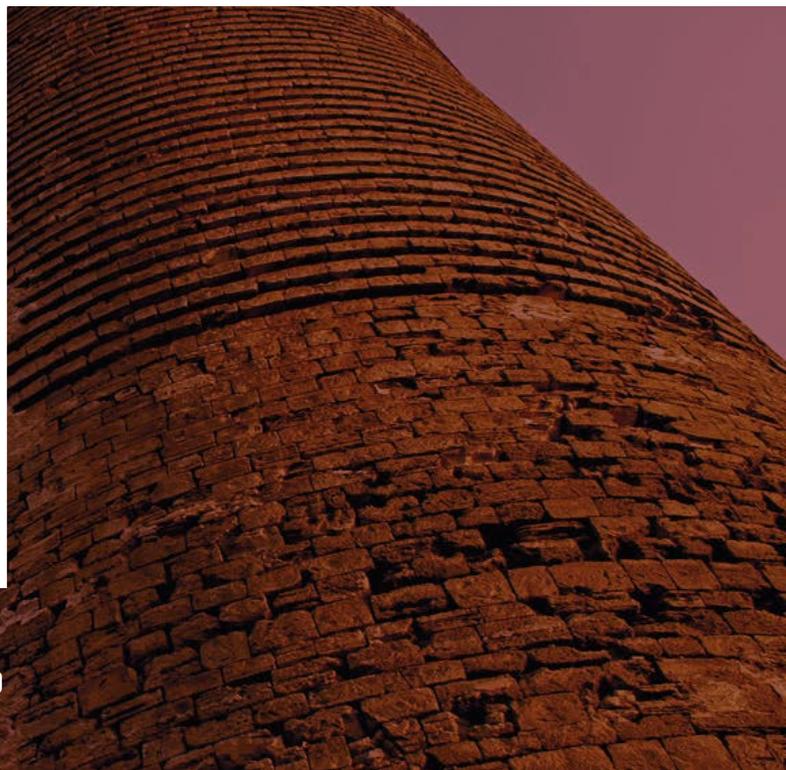
The period of cultural and economic growth in Azerbaijan started in the late 19th and early 20th centuries. The industrial exploitation of the Azerbaijani oil fields commenced in the 1860's. This led to the emergence of international businesses involving the Nobel Brothers, Rothschild, Siemens and others. Consequently, the Nobel Brothers made their fortune in Baku, to become one of the world's richest families.

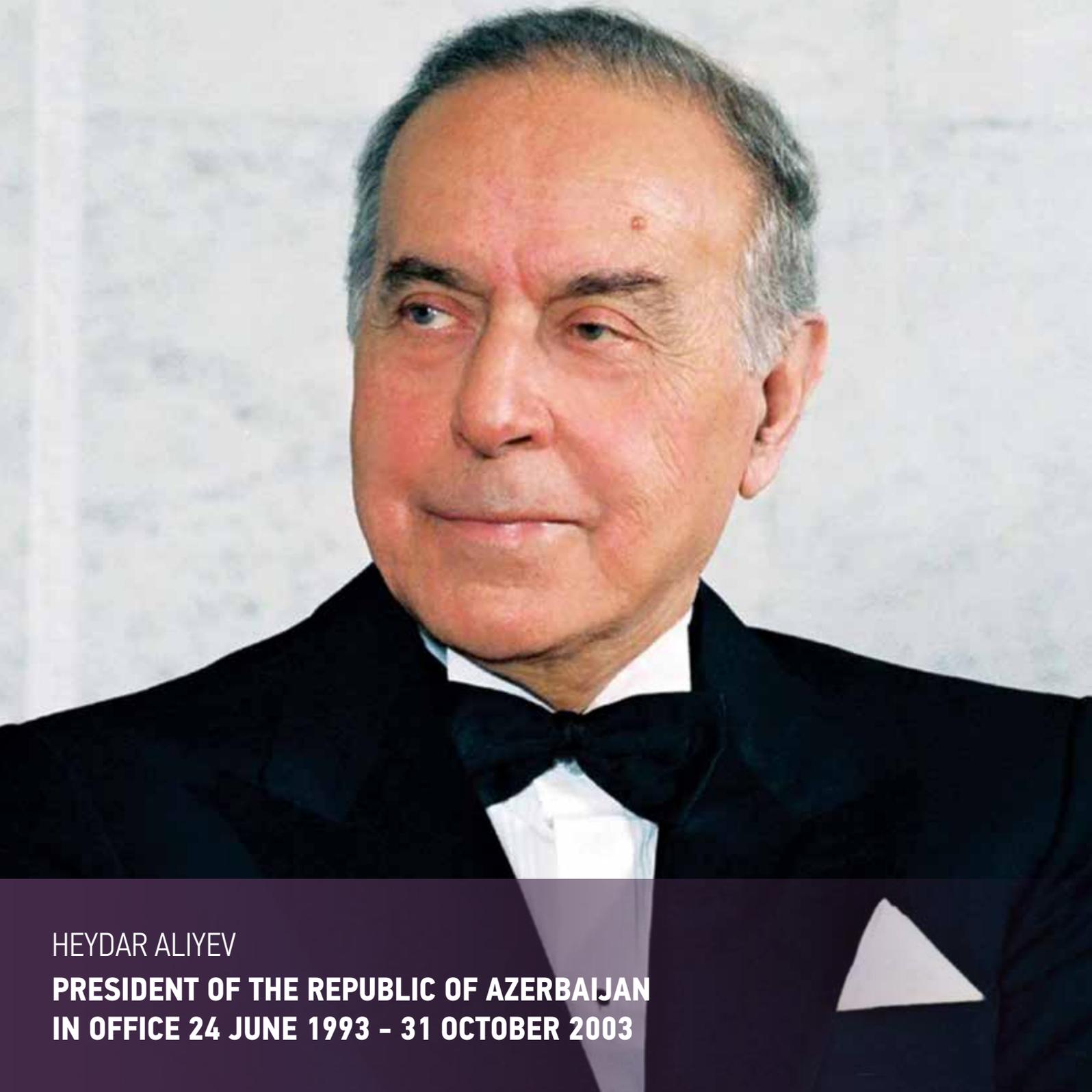
This economic rise led to a cultural revival. The traditional Islamic & Oriental cultural influence was enriched by growing European and Russian influence. The 19th and 20th centuries were a period of major advancement in Azerbaijani social life. The most notable cultural advances included the first opera in the Muslim world, a national drama theatre, the adoption of a modified Latin alphabet, and the first school for Muslim girls in the Islamic world.

Today's Republic of Azerbaijan is the successor of the Azerbaijan Democratic Republic (ADR) declared on 28th May, 1918 by the first Azerbaijani parliament, the National Assembly (Milli Majlis). Though short-lived, the ADR was the very first democratic republic in the whole Islamic world. Such measures as electoral rights for women, representation of ethnic minorities in parliament, and other progressive initiatives were introduced in the country. These initiatives were ahead of their time, even by European standards. After the short life of the ADR, the 11th Soviet Red Army occupied Azerbaijan in late April 1920.

Azerbaijan declared its independence from the Soviet Union in 1991. The collapse of the USSR and Armenian aggression, beginning in 1988, had grave consequences for the new state. Armenian nationalists, backed by the late Soviet administration, launched a separatist movement in Western Azerbaijan (Nagorno-Karabakh). The conflict was further complicated by civil confrontation within Azerbaijan. Several political groups were competing for power in the country. A succession of weak, largely unstable governments ended in 1993 when veteran politician and popular leader Heydar Aliyev was elected President.

The leadership of Heydar Aliyev led to a decade of rehabilitation and growth. Heydar Aliyev re-established peace and stability in the country, reinforced state infrastructure, and established civil rule. He launched a robust foreign policy campaign aimed at the recovery of territories illegally annexed by Armenia. On September 20, 1994, a major oil and gas contract with a consortium of oil giants such as BP, Amoco, Total, and others was signed. This is called the "Contract of the Century". Along with economic rehabilitation, the government of Azerbaijan launched major political reforms aimed at bringing the country up to international standards with regard to the rule of law, democracy, and human rights. The era of Heydar Aliyev ended in December, 2003 with his sad death. But his policies were continued by the ensuing administration, with increasing emphasis on social policies and the creation of a liberal market economy. His successor, Ilham Aliyev, elected president in 2003, 2008, and 2013, continues on this course.





HEYDAR ALIYEV

**PRESIDENT OF THE REPUBLIC OF AZERBAIJAN
IN OFFICE 24 JUNE 1993 - 31 OCTOBER 2003**

ESTABLISHMENT:

28 MAY 1918

INDEPENDENCE:

18 OCTOBER 1991 (II REPUBLIC)

CAPITAL:

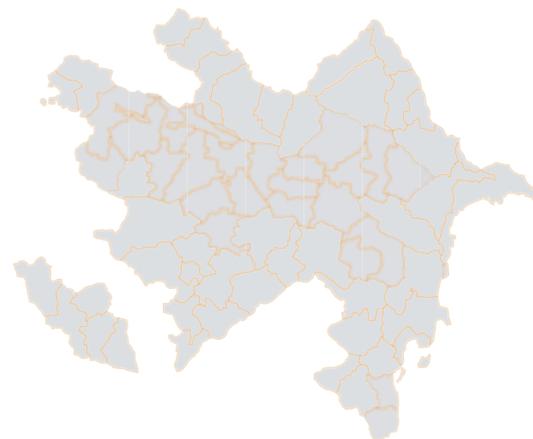
BAKU

LANGUAGE:

AZERBAIJANI

CURRENCY:

AZERBAIJANI MANAT (AZN)



TERRITORY:

Land territory of 86,600 km² (12% forests, 1.7% water, 55.1% agricultural lands (30.5% of which are pastures) and 31.2% other lands). The territory also includes the Azerbaijani sector of the Caspian Sea.

COUNTRY LOCATION:

44° - 52° E, 38° - 42° N

NEIGHBOURS:

Borders in the south with Iran (765 km) and Turkey (15 km), Russia in the north (390 km), Georgia in the north-west (480 km), and Armenia in the west (1007 km). The coastline of the Caspian Sea shared by Azerbaijan is 825 km.

POPULATION:

9,810,000 (53.1 % urban, 46.9 % rural)

POLITICAL SYSTEM

FOREIGN POLICY

GOVERNMENT FORM

Republic

LEGISLATIVE BRANCH

PARLIAMENT

Unicameral National Assembly (Milli Mejlis)

LEGAL SYSTEM

Civil Law

EXECUTIVE BRANCH

JUDICIAL BRANCH

Constitutional Court, Supreme Court, Court of Appeals, Courts of First Instance

HEAD OF STATE

President

HEAD OF GOVERNMENT

Prime Minister

DIPLOMATIC RELATIONS

With 177 countries

MEMBER OF

UN, Council of Europe, OSCE, Commonwealth of Independent States, GUAM (Georgia, Ukraine, Azerbaijan and Moldova alliance), Non-Aligned Movement, Organization of the Black Sea Economic Cooperation, Organization of Islamic Cooperation, European Bank for Reconstruction and Development, Asian Development Bank, World Bank, International Monetary Fund, Islamic Development Bank, Black Sea Trade & Development Bank.

ECONOMIC SNAPSHOT

GDP (B USD)

66.0

69.7

74.2

75.2

53

37.8

NON-OIL GDP
(B USD)

32.2

37.2

41.6

45.9

23.2

24.9

2011

2012

2013

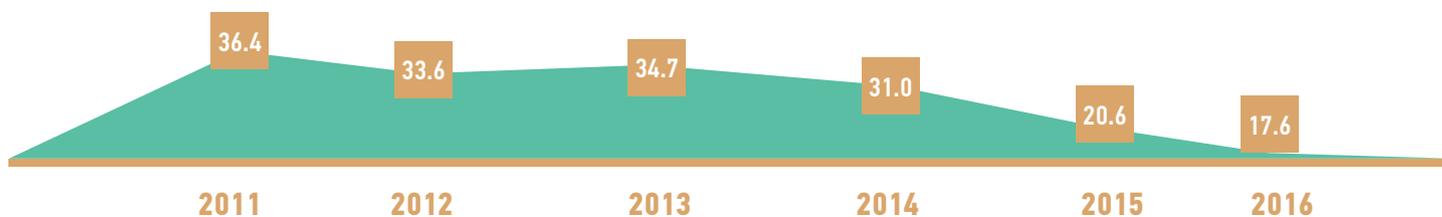
2014

2015

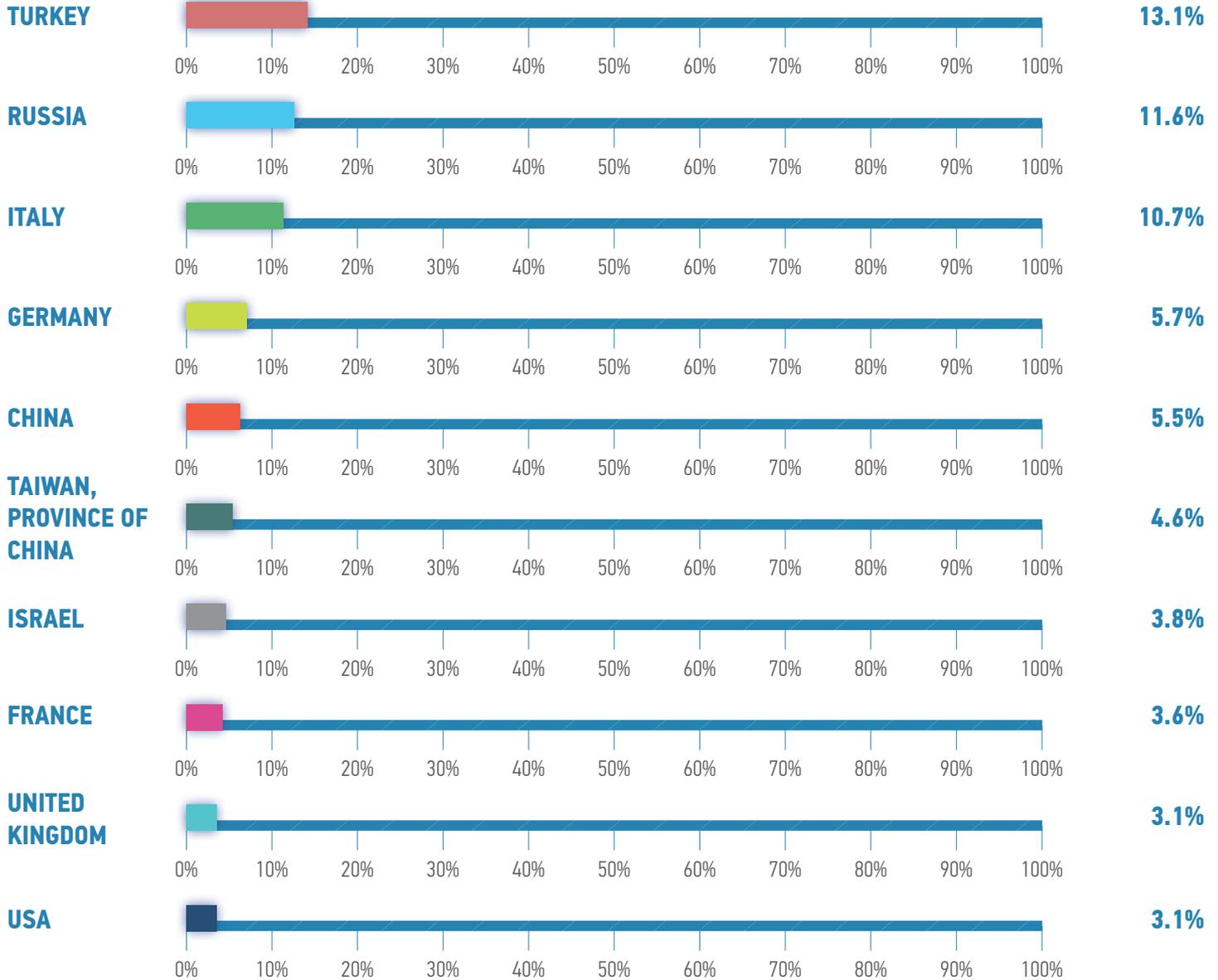
2016

GDP PER CAPITA (USD)	7285	7594	7977	7986	5559	3927
INFLATION (%)	7.9	1.1	2.4	1.4	4	12.4
EXTERNAL DEBT (B USD)	4.8	5.7	6.1	6.5	6.9	6.9
TOTAL INVESTMENT (B USD)	21.6	25.8	27.3	27.7	19.4	14.3
FOREIGN INVESTMENT (B USD)	8.6	10.3	10.5	11.5	10.7	10.1
DOMESTIC INVESTMENT (B USD)	12.9	15.5	16.8	16.2	8.7	4.2
FDI (B USD)	4.3	5.4	6	7.6	7.5	7.3
	2011	2012	2013	2014	2015	2016

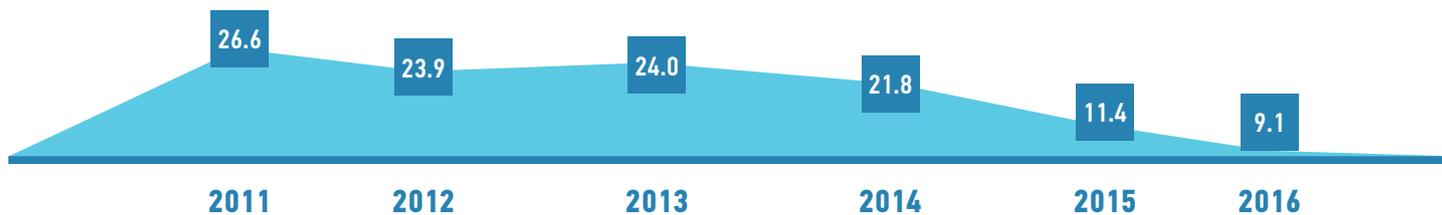
FOREIGN TRADE (B USD)



LEADING FOREIGN TRADE PARTNERS (2016)



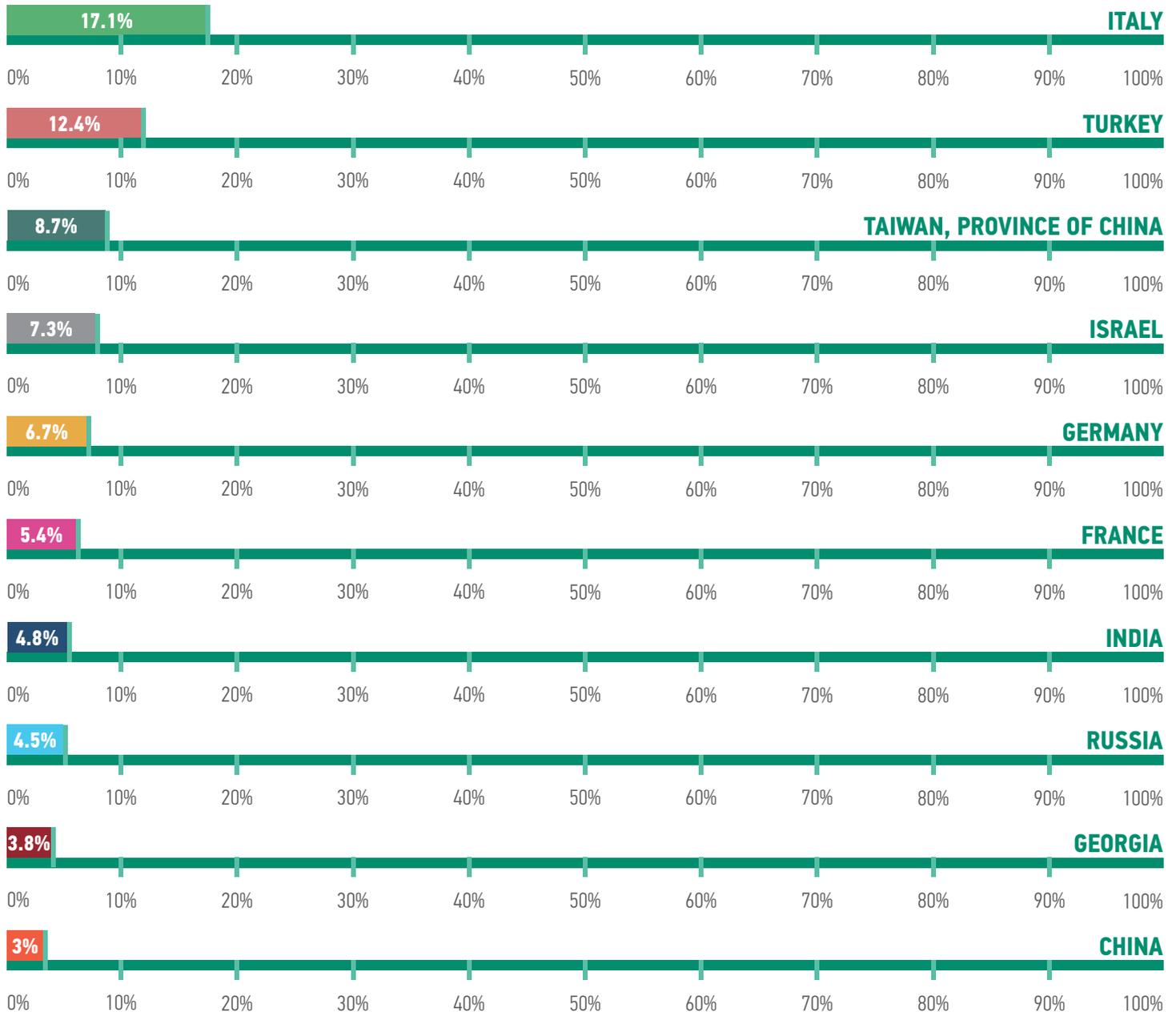
EXPORT (B USD)



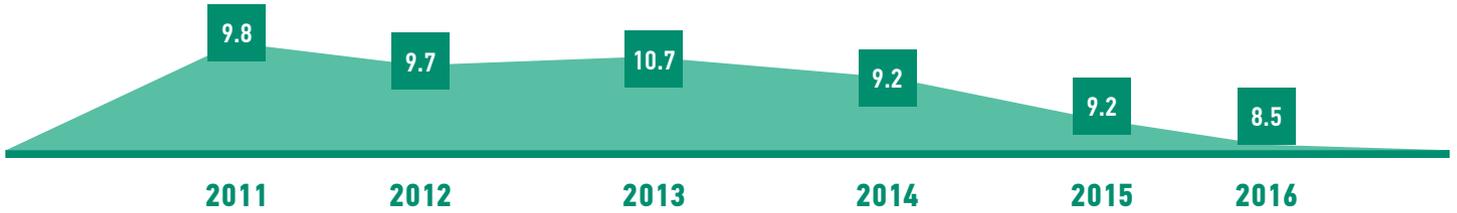
TOP EXPORT PRODCUTS



LEADING EXPORT PARTNERS (2016)



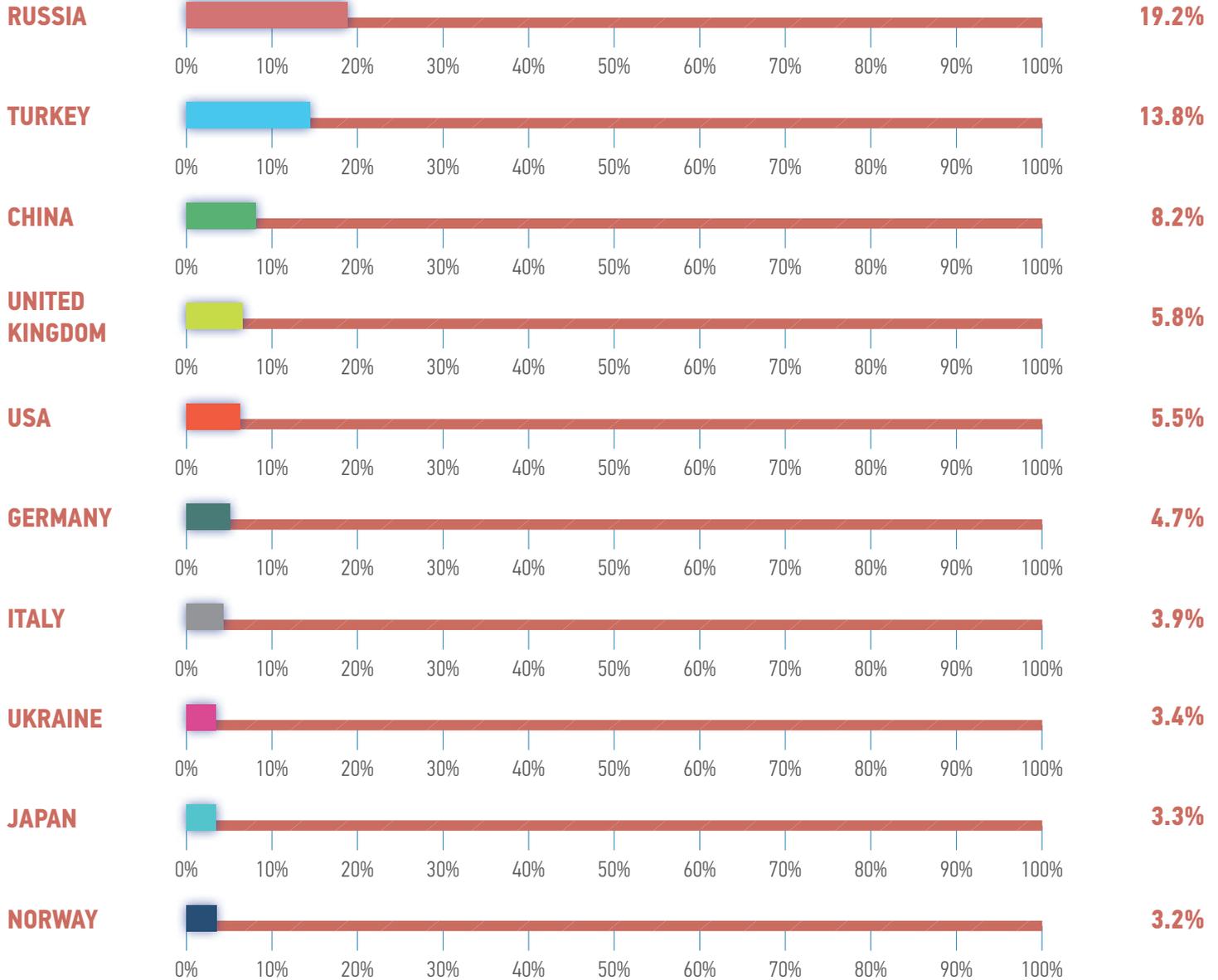
IMPORT (B USD)



TOP IMPORT PRODCUTS



LEADING IMPORT PARTNERS (2016)



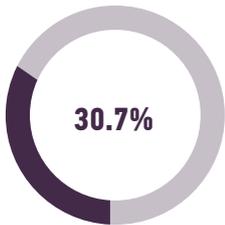
FDI BY COUNTRIES (2016)



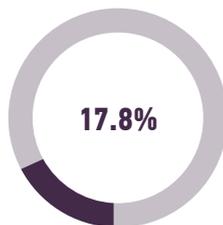
GDP SECTOR COMPOSITION

The GDP composition by sectors is changing, with the non-oil sector forming an increasing portion of economy. Today the non-oil sector share in GDP is 69.3%.

MINING



SOCIAL AND OTHER SERVICES



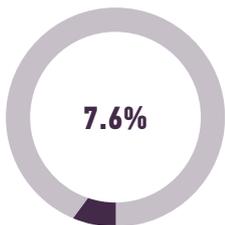
CONSTRUCTION



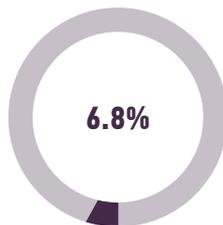
TRADE; REPAIR OF TRANSPORT MEANS



PRODUCTION AND IMPORT NET TAXES



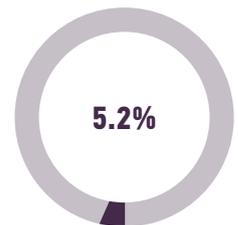
TRANSPORTATION AND STORAGE



AGRICULTURE



MANUFACTURING



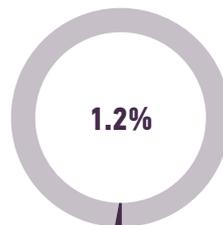
ACCOMMODATION AND FOOD SERVICE ACTIVITIES



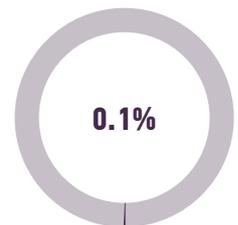
INFORMATION AND COMMUNICATION



ELECTRICITY, GAS AND STEAM PRODUCTION, DISTRIBUTION AND SUPPLY



WATER SUPPLY, WASTE TREATMENT AND DISPOSAL





WHY AZERBAIJAN

POLITICAL AND ECONOMIC STABILITY

- In the past 10 years, GDP and foreign trade has doubled in size
- Strategic currency reserves have increased by 16.3 times
- The foreign debt of Azerbaijan is only 20.4% of the GDP
- The budget deficit is about 0.4% (2016)
- 37th most competitive economy among 138 countries (WEF Global Competitiveness Report 2016-2017)
- Azerbaijan is ranked 65th in the World Bank Doing Business Guide (2017).
- Investments worth 220 billion USD since 1995

REFORMIST BUSINESS ENVIRONMENT

- A number of fundamental reforms aimed at promotion of exports and investments
- New economic reforms launched by the President through the series of Strategic Roadmaps in 2016
- Top reformer of business regulations in the world according to the World Bank's Doing Business Guide 2009 and 2015
- Improved access to tourism and business through the launch of the ASAN e-visa system
- Low burden of government regulation
- Strengthening a welcoming business environment and legislative reforms are among the top priorities of "Azerbaijan 2020: The Vision of the Future" - national development concept

ATTRACTIVE INVESTMENT CLIMATE

- Attractive investment incentive schemes
- NO restrictions on foreign investments
- NO local content requirement
- NO business inspections by state authorities and agencies
- Party to all major multilateral instruments on protection and promotion of foreign investment
- 47 bilateral investment treaties and 51 double taxation treaties with foreign countries (see Annexes 1 and 4 for the lists of treaties)
- Over 450 e-services by state authorities

SKILLED LABOUR FORCE

- About half of the population is economically active. Total labour force reached 5 mln. in 2016
- One of the highest employment rates in the region (95%)
- The main driver of employment is the private sector (75.4%)
- Extremely high literacy rate of 99.8%
- Around 30,000 students graduate from universities and other higher education institutions annually
- Large number of Azerbaijani students studying in the best universities worldwide in the framework of the State Programme on Education of Azerbaijani Youth Abroad in 2007-2015
- A large R&D center, the National Academy of Sciences (altogether they affiliate about 40 research and cultural institutions throughout the country) in parallel with 54 universities and 113 primary vocational educational institutions ensures the scientific and HR component of economic development



A PERFECT HUB

- Located on the south-eastern border of Europe serving as the natural bridge between Europe and Asia
- Trans-Caspian East-West Trade and Transit Corridor as a key route connecting two major global economies, China and Europe (4,200 km length, 12-14 days transit period)
- Logistics hub for the Caspian region with the biggest airport, sea port and railway network
- Free access to CIS and Georgia markets of 270 million consumers and GDP worth 1.6 trillion USD
- Outreach to 50 countries with almost 50% of world consumers within 4-hour flight range (medium-haul flight)

FAST DEVELOPING INFRASTRUCTURE

- The most state-of-the-art transport infrastructure in the region
- About 19,000 km of hard-surface roads, 8,000 km of which built and constructed in past 10 years
- 6 international airports - Baku operates the largest international airport in the region
- A new international sea port, located at Alat, 60kms south of Baku, with annual capacity of 10-11.5 million tons of cargo and 50,000 TEU (to be increased up to 21-25 M tons of cargo and 1 M TEU); A new shipyard and the only one on the Caspian Sea commissioned in 2013
- Over 2,000 km of operational railroads: The so-called "Iron Silk Way", Baku-Tbilisi-Kars trunk-railway connecting European and Asian railway systems, is under construction

ABUNDANT RESOURCES

- 9 climatic zones out of 11 existing in the world ranging from humid subtropical climate to semi-arctic
- The territory of Azerbaijan stands out for its complex geological structure and diversity 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, aluminum, 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



BUSINESS CLIMATE

Legal review by: Ekvita LLC / www.ekvita.com



ESTABLISHING A LEGAL PRESENCE



A company may start operations in Azerbaijan from the moment of state registration. The registration of commercial legal entities is handled by the Ministry of Taxes within 2 business days. Limited liability companies with local investment can be registered online. The law “on State Registration of Legal Entities and State Register” sets out the requirements of the legal registration process.

A certain, limited number of documents must be submitted to the Ministry of Taxes for registration purposes. Azerbaijan is a party to the Hague Convention Abolishing the Requirement of Legalisation for Foreign Public Documents, and the legalisation requirement has ceased to exist in respect of documents produced and executed in the convention’s member countries.

There are numerous forms in which a legal entity/company can be incorporated in Azerbaijan. There are no specific rules for the incorporation of companies by foreigners, apart from the standard legal and translation requirements. Foreign investors may either establish a limited presence (representative office or branch) or opt for a full presence through various legal organisational forms.

There is no local content requirement and no specific requirements for the size of share or legal limitations for the foreign component in a company and investment. With the exception of certain licensed activities, there are no additional general approvals or permissions apart from state registration for the start up.

Azerbaijani law recognizes the following types of commercial legal entities (commercial legal entities are defined as those operating for profit):

General partnership (“GP”)

Limited partnership (“LP”)

Limited liability company (“LLC”)

Additional liability company (“ALC”)

Joint-stock company (open or closed JSC)

Cooperatives

LLCs and JSCs are the most popular choices for incorporation. (See Annex 2 for a brief comparative analysis of these two types of legal entities).

Due to practical irrelevance, non-profit organisations are not covered in this publication.

GENERAL PARTNERSHIP

GP is formed by private entrepreneurs and/or commercial legal entities. An individual may participate in the creation of a GP only if this individual is registered as an entrepreneur. Individuals and/or legal entities may only participate in one GP. Partners are jointly and severally liable for GP’s liabilities with their property. The profits and losses of a GP are allocated among the participants in proportion to their shares in the charter capital. If, due to losses incurred, the GP’s net assets decrease below its charter capital, no earnings distribution may occur until the net assets exceed the charter capital

LIMITED PARTNERSHIP

LP has one or more general partners and one or more limited partners. General partners are personally liable for the partnership’s obligations. Limited partners’ liability is limited to the amount of their contributions. A person may participate as a general partner only in one LP. Similarly, a partner of a GP may not participate as a general partner in an LP.

LIMITED LIABILITY COMPANY

LLC is an entity established by one or more individuals and/or legal entities contributing their shares to the charter capital. An LLC that has only one participant may not be the sole participant of another LLC or any other company. The participants of an LLC are liable only to the extent of their contributions. An LLC is not responsible for the obligations of its participants to third parties.

ADDITIONAL LIABILITY COMPANY

ALC is an entity established by one or more individuals and/or legal entities contributing their shares to the charter capital. The legal structure of an ALC is similar to an LLC, except that the participants in an ALC may assume liability for the company in excess of their contributions, as regulated by the charter.

JOINT-STOCK COMPANY

JSC is a legal entity with charter capital divided into a certain number of shares (securities). JSC shareholders are liable for the obligations of the JSC only to the extent of their shares' par value. A single individual or legal entity may be the founder or the shareholder of a JSC. The charter capital of a JSC is divided into a fixed number of shares with a stated par value. Pursuant to the Civil Code of the Republic of Azerbaijan, members of the Board of Directors must be individuals. An individual who is not a shareholder of the JSC may also be a member of Board of Directors. A Supervisory Board is mandatory for JSCs with more than 50 shareholders. The General Meeting of Shareholders is the supreme body in a JSC. Azerbaijani law sets a minimum share capital required for the establishment of JSCs, which ranges from AZN 2,000 for a closed JSC to AZN 4,000 for an open JSC. Additional statutory requirements exist for the establishment of banks, insurance companies and investment funds in the form of a JSC.

COOPERATIVE

A cooperative is a voluntary union of at least five individuals and/or legal entities, for the purpose of satisfying the needs of its members through the consolidation of their financial or in-kind resources. Depending on the purpose of their activity, cooperatives may be of different kinds, such as consumer or housing cooperatives.

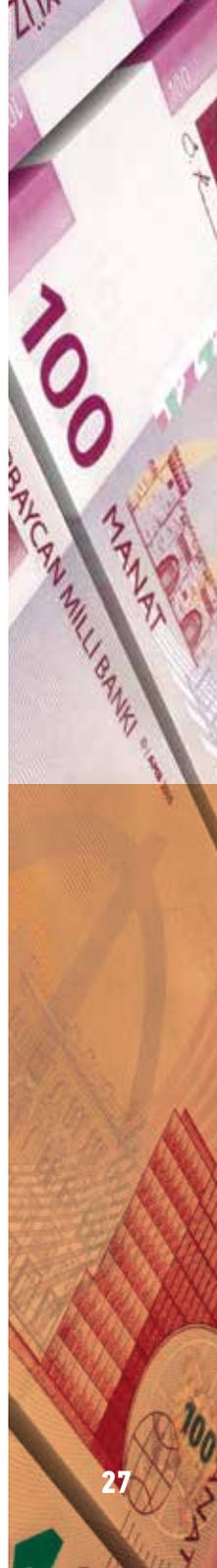
SUBSIDIARIES

A legal entity, whether or not established in Azerbaijan, may form a subsidiary in Azerbaijan in any legal form available for commercial purposes, i.e. a GP, an LP, a JSC, an LLC, or an ALC. A subsidiary is a separate and distinct legal entity; the parent enterprise may contribute property to its subsidiary but is typically not liable for the obligations of the subsidiary. A parent company, however, may be held liable for the obligations of its subsidiary in bankruptcy if such bankruptcy was caused through the fault of the parent company in connection with the execution of its instructions.

Additionally, a parent company and its subsidiary are jointly liable for obligations incurred by the subsidiary as a direct result of the implementation of the parent's instructions, even if the former is not in bankruptcy.

REPRESENTATIVE OFFICES AND BRANCHES

Neither representative offices nor branches are legal entities in and of themselves. These are separate divisions of a foreign legal entity they represent. Unlike a representative office, which only represents interests of a legal entity, a branch may perform the commercial activities that the head office does.



LAND AND PROPERTY



Azerbaijan is a pioneer among the former USSR republics to introduce the private ownership of land, as well as free trade and transfer of title to land.

Azerbaijani law provides for the following basic rights in land: (I) ownership; (II) lease; and (III) use. In Azerbaijani legislation real estate is generally referred to by the term “immovable property”. Pursuant to the Law on the State Register of Immovable Property (the “State Register Law”), the creation of rights to property (ownership and other rights), transfers and the termination of rights are subject to state registration with the register of immovable property.

As a general rule, the registration of property rights to immovable property takes not more than 10 business days. The State Register Law contains special provisions in respect of registration of certain rights in immovable property:

- Ownership and other property rights regarding unfinished construction of immovable property may be registered in advance.
- Property rights regarding individual apartments in unfinished buildings or non-residential properties and mortgages thereon may also be registered in advance.
- In the event that immovable property is leased or given for use for a period exceeding 11 months, such right must be registered by either party to the lease or use agreement.

The concept of ownership in Azerbaijan includes the right to exercise possession, the right to use/benefit and the right to dispose of the land (transfer ownership or other rights in land to third parties).

It should be noted that the right to own land is a privilege of (I) the Republic of Azerbaijan, (II) municipalities, and (III) Azerbaijani individuals and legal entities (including legal entities with foreign investment). Foreigners (individuals and legal entities) and stateless individuals may not own land in Azerbaijan and may not be granted a purchase option on a lease. However, international organizations, foreign legal entities and foreign citizens and states may lease land in Azerbaijan. Foreigners who have acquired ownership rights in land through general legal procedures, such as the enforcement of a security interest, a grant or a succession must dispose of their ownership (e.g. through a sale) within one year; otherwise, the land shall be subject to compulsory purchase by relevant authority or municipality. There is no legal limitation on the ownership of buildings, constructions etc. by foreign individuals and legal entities.

In addition to ownership, the Land Code recognizes perpetual and temporary land use rights, lease rights and easements. A temporary land use right is granted for a short-term (up to 15 years) or long-term (between 15 and 99 years for private owned lands and between 15 and 49 years for state/municipality owned lands) periods and may be extended by the parties. A perpetual land use right is granted for an indefinite period. The holder of such rights is liable only for the land tax for land use. Perpetual and temporary land use rights are granted by the state and municipalities only in exceptional circumstances to a limited number of persons listed in the Land Code. Landowners may grant perpetual or temporary land use rights under an agreement with the land user. Land use terms are defined by an agreement between the landowner and the land user. The lease of land is the use of land for a specific period for a charge. Leases are concluded for a period agreed by the parties. Rent payments for the lease of privately held land parcels are freely negotiable. Rent payments for state owned land parcels are determined according to the guidelines approved by the relevant executive authority taking into account their purpose, geographical location and quality. With regard to agricultural land, discounts from statutory rents are available depending on market conditions in the agricultural sector.

LICENSING



Under Azerbaijani law: a license is an official record permitting relevant types of entrepreneurial activities to a legal entity irrespective of its organizational and legal form, as well as to a natural person engaged in entrepreneurial activities without the creation of a legal entity. There are 37 types of business activities requiring a license. (See Annex 3).

A license is granted without discrimination to any entity that satisfies the requirements for that specific license. Thus (with certain exceptions), foreign investors may obtain licenses under the same conditions and in accordance with the same procedure as Azerbaijani nationals. A licensee may not transfer a license to another person.

Licensing in Azerbaijan is strictly regulated by the legislation. The Ministry of Economy is entrusted to exercise overall state policy in the field of licensing and to maintain a single register of licenses. Issuance of 25 types of licenses is carried out via one-stop-shop system by the Ministry of Economy at “ASAN Service” centers and through the E-Portal. Licenses for state security and financial markets related activities are issued by relevant authorities.

A person willing to carry out licensed entrepreneurial activity should either create a legal entity or register as an individual entrepreneur, i.e. become a “sole proprietor”, and then apply for

a license. An applicant is required to submit all documents specified in the regulations and pay the fee. The list of documents required to obtain a license is exhaustive. No other documents may be demanded from a business to issue the license. Provided the application meets all requirements, a license is issued within 10 business days. Licenses are issued for a life-long period with no fixed term.

A new law “On Licenses and Permits” adopted on 15 March, 2016 sets out a system of permits. According to the law, a “permit” is an official document (permit, approval, certificate, accreditation, etc.) granted by the authority responsible for issuing the permit for the purpose of the fulfillment of the relevant entrepreneurial activities or certain actions in connection with the implementation of entrepreneur activities. The list of permits includes 86 types of commercial activities.

An information portal on permits and licenses (www.icazeler.gov.az) provides broad information on the type of permit required, the process for obtaining it, the granting authority, the state fee and other related information.



EMPLOYMENT

EMPLOYMENT APPLICATION



Labor relations governing the employment of all employees in the Republic of Azerbaijan are regulated by the Labor Code, the Migration Code and other relevant legislation.

Employment relations become effective, not following the signature of the employment agreement, but from the time of the registration of the employment agreement in an electronic database for maintaining records of employment agreements created by the Ministry of Labor and Social Protection of Population. Under this rule, notification of all employment agreements, amendments to employment agreements and information on the termination of employment agreements must be submitted to the Ministry of Labor and Social Protection of Population.

Employment contracts are concluded in most cases without a fixed term. In limited cases (such as seasonal employment, work on a fixed-term project or assignment, or by agreement of the employer and employee) the employment contract may be concluded for a fixed term of up to five years. A fixed-term contract is deemed to be extended for the same period unless terminated by notice within seven days of the expiration of the original term of the contract. If the term of the fixed-term contract lasts continuously for more than five years, it will be deemed to be an indefinite term contract.

A contract without a fixed term may be terminated by the employer only in cases specified in the Labor Code. (See Termination below).

An employer has the duty of giving notice of termination. The general term of such notices is two months (e.g., redundancies). However, certain exceptions apply (e.g., in case of a gross violation of job duties, when no notice is required). An employee can terminate a contract at any time on one month's notice or on the day indicated in the resignation letter if, for example, he/she concludes a contract with another employer. When employment is terminated by the employer due to redundancy, for a period of two months prior to termination the employer must allocate to the employee at least one business day in a working week to allow the employee to look for a new job. For certain categories of employees (e.g., pregnant women, women with children under three years of age), termination of employment is prohibited, unless the employer is being liquidated or the term of the fixed-term contract expires.

In cases of termination of employment due to redundancy or the liquidation of an enterprise, the employer must make severance payments to employees including employee's average salary for additional two months if the employee is unable to find a job.

Generally, employers are liable for paying monthly social insurance contributions equal to 22% of the salary fund of their employees. Employers are also obligated to withhold employees' social insurance contributions in the amount of 3% of gross salaries and transfer them on the employees' behalf to the State Social Protection Fund.

Individual entrepreneurs are generally required to pay social insurance contributions equal to 20% of the minimum salary. Different rates are provided for certain regions and categories of individual entrepreneurs (such as private notaries, auditors, accountants etc.).

Azerbaijani law also provides for mandatory insurance against accidents at work and occupational diseases to be obtained by all employers.

COMPENSATION IN FOREIGN CURRENCY

All salaries paid in Azerbaijan must be paid in Azerbaijani manats, unless there is a special agreement (for example, a Production Sharing Agreement for the development of hydrocarbon reserves) concluded with the Government of Azerbaijan allowing payments in other currencies.

PROBATIONARY PERIOD

A probationary period of up to three months is allowed in most cases if envisaged in the employment contract. The contract may be terminated by either party before the expiration of the probationary period upon giving a three-day notice. A probationary period may not be imposed on certain categories of staff listed in the Labor Code.

MINIMUM WAGE

Employee remuneration may not be lower than the minimum monthly wage, currently AZN 116 per month.

WORK WEEK

The regular work week is 40 hours, reduced for certain groups of people and workplaces. Overtime work is allowed in order to prevent a natural disaster, an industrial accident, or other emergency events, or to eliminate their consequences, as well as to prevent the loss of perishable goods. The duration of overtime work may not exceed a certain limit established by the Labor Code. For each hour of overtime work, an employee must be compensated at a rate at least double of a normal hourly rate.

HOLIDAYS

Employees are entitled to 19 official public days off, 18 of which are public holidays and one is a day of mourning.

The minimum paid annual leave is 21 calendar days, more for certain groups of employees and in certain workplaces.

Overtime and work during days-off (which are Saturdays, Sundays, public holidays and the day of mourning) are compensated in accordance with the law.

SICK LEAVE

Except for the first 14 days of any absence, compensation for sick leave is provided by the State Social Protection Fund, not the employer. Compensation is calculated on the basis of employee's income (monthly salary, bonuses, etc.) for the last 12 complete calendar months prior to sick leave. However, the total amount of monthly compensation is currently limited to AZN 2,750.

MATERNITY LEAVE

Women are entitled to be paid maternity leave for 70 calendar days prior to and 56 days (70 or 110 days in certain cases) after the birth of a child. Maternity pay is provided by the State Social Protection Fund.

TERMINATION

Grounds for dismissal include, among other things: staff redundancy; employee's failure to meet required competency standards as determined by the decision of a competency assessment body; liquidation of an enterprise; and violation of employment duties as determined by the employment contract or labor law.

There are statutory restrictions relating to the dismissal of certain categories of employees. In certain cases, an employer is required to report an employee's dismissal to the appropriate state authorities and/or trade unions.

INCOME TAX

The employer is obliged to withhold income taxes for its employees at source and remit them to the state budget. (See Taxation chapter).

FOREIGN WORKERS IN AZERBAIJAN

Foreign employees who are employed by enterprises (subsidiaries), branches or representative offices operating in Azerbaijan are subject to Azerbaijani labor law, except for those working in branches or representative offices located in Azerbaijan under employment contracts concluded with the foreign state's enterprise in that state.

Foreign nationals travelling to Azerbaijan to take employment here, have to obtain work and temporary residence permits. These permits are issued by the State Migration Service for the period of up to one year. The term of validity can be extended every time for another period of up to one year. Permanent residents, persons engaged in entrepreneurship activities in Azerbaijan, staff of diplomatic missions, consulates and international organizations, heads and deputy heads of organisations established by international agreements, persons employed by relevant executive authorities, persons on secondment in certain statutorily listed areas for no more than 90 days a year, heads and deputy heads of branches and representative offices of foreign legal entities in Azerbaijan, heads and deputy heads of legal entities founded in Azerbaijan by a foreign legal entity or a foreign individual and some other categories of foreign nationals would not require work permits.

FOREIGN TRADE REGULATION

Import and export operations are regulated by the Presidential Decree No 609 "On Further Liberalization of Foreign Trade in the Republic of Azerbaijan", Customs Code and other relevant legislation.

All goods imported in or exported from Azerbaijan shall be declared at customs authorities. Azerbaijan applies a single-window system for the inspection of goods and vehicles crossing the state borders. Thus, inspection of goods and transport documents, veterinary, phytosanitary, hygienic and other certificates, as well as the veterinary, phytosanitary, sanitary control is carried out by customs authorities. Moreover, State Customs Committee of Azerbaijan introduced "e-Customs" for a number of services including e-declaration.

Azerbaijani law recognizes several customs procedures applicable to goods imported into Azerbaijan, the most important of which are transit (international and national), warehouse (temporary storage and customs warehouse), free zone, special use (temporary import and end use), and processing (in and outside customs territories).

In order to facilitate customs clearance for goods and vehicles, Azerbaijan introduced "Green Channel System" at entry points. This system is based on risk assessment prior to entry of goods and vehicles into the customs territory. Automated digital information system determines type of customs entry channel:

“green” (no physical examination), “blue” (customs control measures after entry into the customs territory), “yellow” (a thorough examination of documents, goods and vehicles at customs border checkpoints) and “red” (examination of documents, physical examination of goods, vehicles and persons).

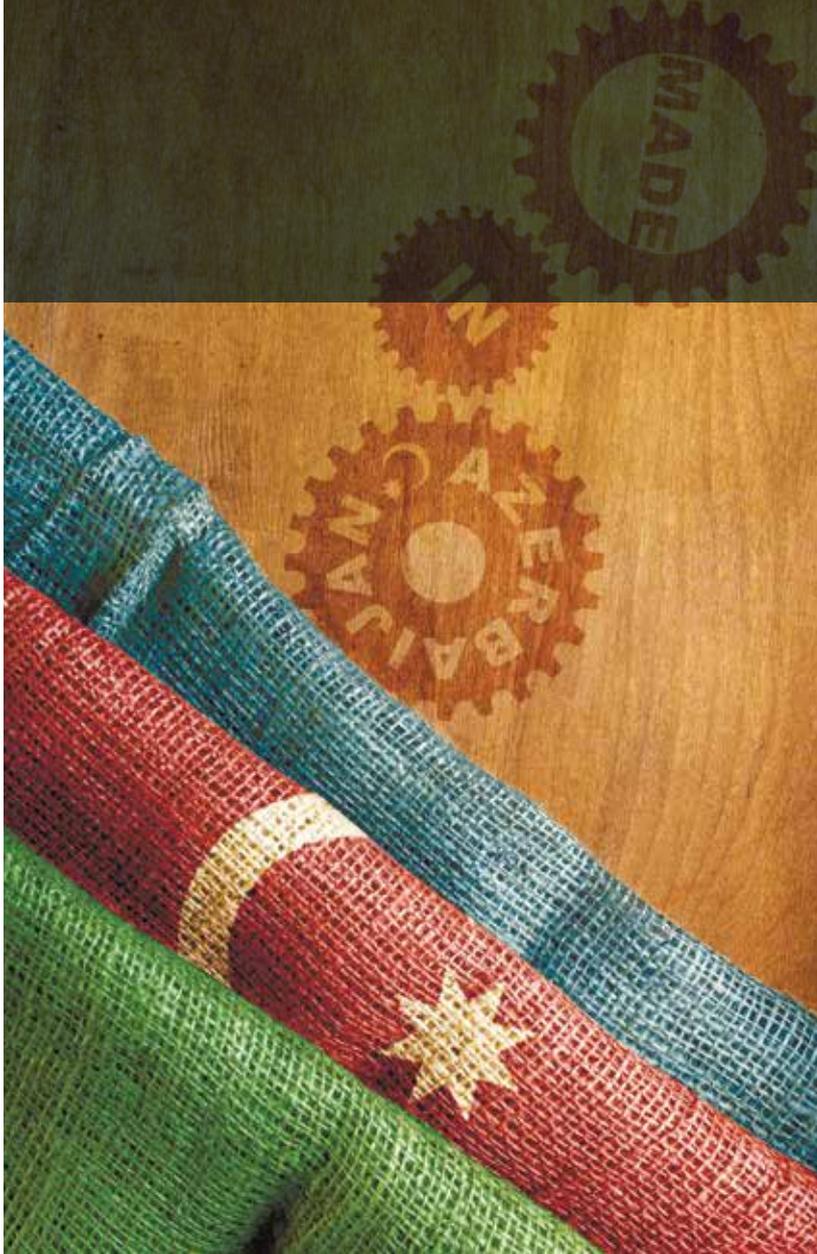
There are no export duties in Azerbaijan (except for certain types of metals and metal products), while imported goods are subject to import duties

In the case of temporary imports, no duties or reduced duties are applied and the goods must be re-exported from Azerbaijan by the deadline established by the customs authorities. Goods brought in as temporary imports should be re-exported without substantial changes in their nature.

Excise tax applies to certain types of imported goods (e.g., tobacco and alcohol products, fur-leather goods). Azerbaijan has adopted a “destination VAT” principle and VAT (currently set at 18%) is payable (subject to the applicable customs regime) on the declared value of goods (including assessed import duties and excise tax). Certain categories and types of goods are exempt from import duties, while certain other types of goods are subject to 0% VAT (the list of goods is approved by relevant resolutions of the Cabinet of Ministers).

Azerbaijan has free trade agreements with Russia, Ukraine, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan, Moldova and Belarus. (See Annex 5). Goods imported from these countries are free of customs duties. Azerbaijan has also ratified the United Nations Convention on Contracts for the International Sale of Goods (Vienna, 1980).

Export promotion and stimulation mechanisms are available for non-oil goods produced in Azerbaijan. Export reimbursement system is applied to certain goods depending on their value and local components used for their production at the basis rate of 3% of their customs value indicated in the export customs declaration. Furthermore, export grant scheme was introduced to support the participation of exporters in international exhibitions, organisation of export missions, market researches, entry of goods into the foreign market chains and duty-free shops, promotion of “Made in Azerbaijan” brand in foreign countries and export product related R&D programmes.



CURRENCY REGULATION AND REPATRIATION OF PROFIT



National currency of Azerbaijan is the Azerbaijani Manat (AZN).

FOREIGN EXCHANGE

Foreign exchange transactions are governed by the law “On Currency Regulation”. The Central Bank of Azerbaijan administers the overall enforcement of currency regulation. The Financial Markets Supervision Chamber regulates certain aspects of currency related transactions. Various aspects of foreign currency regulation also cover precious metals and foreign securities.

Azerbaijan’s currency control legislation distinguishes between residents and non-residents. The definition of resident includes individuals having a permanent place of residence in Azerbaijan and legal entities established in accordance with Azerbaijani legislation. Branches and representative offices of foreign entities established in Azerbaijan do not fall within the definition of a resident.

Foreign currency operations are divided into routine currency operations and operations involving the movement of capital. Routine currency operations include:

- Transfers for the payment of goods and services under import/export contracts;

- Transfers in connection with the financing of export/import transactions with a term not exceeding 180 days;
- Transfers in connection with financial loans with a term not exceeding 180 days;
- Transfers of dividends, interest, and other income from deposits, investments, credits and other operations; and
- Non-commercial transfers, for example including transfers of inheritances, wages, pensions or alimony.

Operations involving the movement of capital include the following:

- Direct investment;
- Purchase of securities;
- Payments for ownership and other rights to immovable property;
- Transfers in connection with the financing of export/import transactions with a term exceeding 180 days;
- Deposits in the authorised banks with a term exceeding 180 days;
- Any other currency operation not deemed to be a routine currency operation.

Sale and purchase of foreign currency in Azerbaijan shall be carried out through authorised banks and non-banking financial institutions.

No licensing of currency operations involving the movement of capital is required at present for residents. There is no specific limitation as to the amount allowed for transfer.

Both residents and non-residents are permitted to have foreign currency accounts in the authorised banks, as well as outside the Republic of Azerbaijan without restriction, may deposit their funds outside the country, and are not required to sell foreign currency proceeds or submit a report upon the withdrawal of foreign currency, subject to a routine procedure involving the obtaining of a duplicate of registration certificate from the Ministry of Taxes (e-application is available). Non-resident legal entities may purchase foreign currency on the domestic foreign currency market for routine currency operations and in other cases stipulated by legislative acts.

IMPORT/EXPORT OF FOREIGN CURRENCY IN CASH

Resident and non-resident individuals and legal persons are treated equally with regard to the import of foreign currency in cash form. There are no limitations on the amount of foreign currency an individual or legal person may bring into Azerbaijan, provided that the amount is declared to the Azerbaijani customs authorities.

Resident and non-resident natural and legal persons may export hard currency in the amount up to the equivalent of USD 10,000 without any documentation, except a verbal declaration to the customs authorities. In case of export of the hard foreign currency in the amount exceeding the equivalent of USD 10,000 but less than the equivalent of USD 50,000, customs document confirming previous import of this amount in cash to Azerbaijan and written customs declaration are required. In all other cases foreign currency shall be transferred via authorised bank or national postal service operator.

CASH SETTLEMENTS

In order to ensure transparency of settlements and protection of consumer rights, a new law on non-cash settlements was adopted on 16 December 2016. According to the new law, the following settlements are to be conducted cashless:

- Payments by VAT payers of over AZN 30,000 per calendar month;
- Payments by other taxpayers of over AZN 15,000 per calendar month.

1% simplified tax is applied for cash withdrawals by legal entities and sole entrepreneurs from their bank accounts.



TAXATION

TAXATION

Taxation in Azerbaijan is regulated by the Tax Code and other relevant legislative acts. Tax Code establishes the statutory tax regime and defines taxation in the industrial and technological parks. In addition, Tax Code recognizes the existence of special tax regimes. Such special tax regimes are existent predominantly in the oil & gas sector under Production Sharing Agreements (PSAs) and under Host Government Agreements (HGAs).

This review concentrates on the corporate taxation under the statutory tax regime.

Tax Code establishes following taxes:

PROFIT TAX

Legal entities are taxed on profit, which is determined as gross income from economic activities less allowable deductions at a flat rate of 20%. Both resident and non-resident entities (through their permanent establishment) pay profit tax in Azerbaijan

The gross income of a non-resident enterprise that is not connected with the permanent establishment is taxed at the source of payment without the deduction of expenses. Unless otherwise specified in

the double taxation treaties that Azerbaijan has entered to (see Annex 4), foreign legal entities with no permanent establishment in Azerbaijan are subject to the following withholding tax rates on items of income from Azerbaijani sources:

- Dividends - 10%
- Interest - 10%
- Rent and royalties - 14%
- International communication and transport services - 6%
- Risk insurance and re-insurance fees - 4%
- Interest on financial leasing - 10%
- Income received from performing works and rendering services - 10%
- Wins at sports betting - 10%

TRANSFER PRICING

As of 01.01.2017, transfer pricing rules apply to the related party transactions which exceed AZN 500,000 during a calendar year. These rules are applied to the transactions concluded between below-mentioned parties:

- Resident of the Republic of Azerbaijan and non-resident in a related party relationship;
- Permanent establishment of non-resident in the Republic of Azerbaijan and that non-resident or its any representative office, branch office or other unit located in other countries;
- Resident of the Republic of Azerbaijan and (or) permanent establishment of non-resident in the Republic of Azerbaijan and legal entities incorporated in countries with preferential tax regimes.

All the persons mentioned above should submit a certificate in a relevant form determined by the Ministry of Taxes regarding the transaction exceeding AZN 500,000 during a calendar year no later than 31 of March after the reporting year, as well as provide information about those persons.

VAT

Supply of goods and rendering of services in Azerbaijan, as well as import of goods are subject to VAT. The VAT rate is 18%.

Separate VAT registration is required under the Tax Code. Companies with taxable transactions exceeding a certain threshold (currently AZN 200,000 during in a consecutive 12 month period) must register as VAT payers. Other companies doing business in Azerbaijan may voluntarily register. Only registered VAT payers may charge VAT or claim a credit for the input VAT that they pay.

PROPERTY TAX

Legal entities are levied with 1% property tax on average annual value of fixed assets on the enterprise's balance sheet. Non-resident legal entities with permanent representation in Azerbaijan pay property tax on the average annual value of fixed assets connected with the permanent representation.

Property tax for individuals is calculated for buildings and their parts, as well as water and air transport vessels in individual's ownership at different rates.

PERSONAL INCOME TAX

Residents of Azerbaijan are subject to income tax. Individuals who are present in Azerbaijan for more than 182 cumulative days during a calendar year, or those with a place of permanent residence, a centre of vital interests or an habitual abode in Azerbaijan, or who have Azerbaijani citizenship, are considered to be tax residents of Azerbaijan.

Taxable income is defined as gross income received from all sources worldwide during the tax year, regardless where the income was earned or paid, less allowable deductions. Non-residents are subject to Azerbaijani income tax only on income received from Azerbaijani sources. The effective progressive tax rate ranges from 14% (for monthly income up to AZN 2,500) up to 25% (AZN 350 + 25% of the monthly amount exceeding AZN 2,500).

Individual entrepreneurs are taxed at a fixed rate of 20%. Wins at sports betting are subject to 10% personal income tax.

SOCIAL INSURANCE

Both Azerbaijani nationals and foreign individuals are subject to social insurance contribution requirement. Employers are liable for paying social insurance contributions at a rate of 22% of the employee's gross salary, and 3% is deducted from the employee's gross salary as the employee's portion of the social insurance contribution. Subject to relevant international agreements of Azerbaijan, foreign citizens may be exempted from paying Azerbaijani social insurance contributions.

MINING TAX

Legal entities and individuals extracting mineral resources in Azerbaijan pay mining tax at rates from 3% to 26%.

LAND TAX

A land tax is imposed on owners and users of land plots, the amount of which depends on the use and location of the land.

EXCISE TAX

All natural and legal persons producing excisable goods in or importing them to Azerbaijan are subject to excise tax, the rate of which differs among the products.

ROAD TAX

Non-residents owning passenger and cargo vehicles entering or transiting Azerbaijan, as well as the persons producing or importing petrol, diesel and liquefied gas in Azerbaijan shall pay road tax.

Trucks, trailed and semi-trailed vehicles of foreign countries are exempted from road tax from 1st July 2016 for the period of 3 years in the following cases:

- At the relocation of goods transported by rail onto the trucks, trailed and semi-trailed vehicles of foreign countries at the relevant final railway station on the territory of Azerbaijan and their forwarding to another country via the nearest border and a customs checkpoint;
- At the transportation of goods from the territory of another country by trucks, trailed and semi-trailed vehicles of foreign countries via the nearest border and a customs checkpoint to the nearest relevant railway station on the territory of Azerbaijan.

SIMPLIFIED TAX

The simplified tax is charged at the following rates on taxpayers' gross revenue:

- 4% for taxpayers operating in Baku
- 2% for taxpayers operating in other regions of Azerbaijan.

In order to qualify for this tax, the total revenue of the legal entity should not exceed AZN 200,000 for a consecutive 12 month period and not registered for VAT. The payers of simplified tax are exempt from paying VAT, profit tax and property tax.

Persons engaged in trading and catering activities whose taxable turnover exceeds AZN 200,000 in any month within consecutive twelve months are entitled to a simplified tax at the following rates:

- 6% for trading activities
- 8% for catering activities.

Persons engaged in the construction of buildings are also entitled to register as simplified taxpayers voluntarily. In such case simplified tax is calculated at a rate of AZN 45 per square meter multiplied by the location zone ratio, which varies from 0.5 to 4.0. The ratio for non-residential buildings is 1.5 regardless of location.

Transportation service providers (except for international transportation), operators and commissioners of sports betting, as well as persons selling residential and non-residential property (with certain exemptions) are simplified tax payers in any case.

Tax rates for sports betting operators and commissioners:

- 6% for operators of sports betting
- 4% for commissioners of sports betting

Rates for simplified tax payers providing transportation services vary from AZN 1 up to AZN 9, and more per month depending on such factors as the number of seats, cars and tonnage.

Income from the sale of residential and non-residential property, including property acquired from persons engaged in construction, is subject to a simplified tax at a rate of AZN 15 per square meter multiplied by the location

zone rate, which varies from 0.5 to 4.0. The rate for non-residential buildings is 1.5 regardless of location.

Certain categories of entrepreneurs, e.g. producers of excised goods, credit and insurance organizations, investment funds, professional securities market participants, non-public pension funds and others cannot enjoy the right for simplified tax.

INDUSTRIAL AND TECHNOLOGY PARKS

Residents of industrial and technology parks enjoy certain tax holidays and exemptions within seven years starting from the year of registration in the park:

- no income tax on any income (other than income from employment) generated from the activity in the industrial and technology parks by individual entrepreneurs that are residents of such parks;
- no profit tax on any income generated from activities in the industrial and technology parks by legal persons that are residents of such parks;
- no VAT and no customs duties on imports of machinery, technological equipment and installations by residents with the purpose of a) construction of the production facilities in the parks and b) research and development works;
- no property tax for residents on property used in the parks;
- no land tax for residents on land used in the parks.



INVESTMENT PROMOTION DOCUMENT

Holders of Investment Promotion Document (IPD) enjoy certain tax and customs benefits. The issuance of an IPD is based on the following criteria:

- areas of economic activity in which investments will be made;
- a minimum amount in relation to the scope of an investment project;
- the territorial administrative units where investment projects will be performed.

CEA	AREAS OF ECONOMIC ACTIVITIES IN WHICH INVESTMENT IS MADE	MINIMUM INVESTMENT REQUIREMENT (MILLION AZN)				
		REGION 1	REGION 2	REGION 3	REGION 4	REGION 5
01	Sorting and packaging of agricultural products	-	2	1	0.4	0.2
02	Transportation of food products by special vehicles (refrigerator)	-	2	1	0.4	0.2
03	Intensive growing of plants (farms with cultivation area no less than 50 hectares using overhead irrigation)	-	-	-	0.4	0.2
04	Intensive horticulture, watermelon, melon, gourd and tea growing (farms with no less than 5 hectares of area irrigated with drip and overhead irrigation systems)	-	1	-	0.4	0.2
05	Raising of cattle (for milk and meat production) (farms with no less than 50 pedigree cattle)	-	-	-	0.4	0.2
07	Industrial fish farming	-	-	-	0.4	0.2
07	Mining and preparation of metal ores	-	-	-	-	50
10	Manufacture of food products	-	2	1	0.4	0.2

CEA	AREAS OF ECONOMIC ACTIVITIES IN WHICH INVESTMENT IS MADE	MINIMUM INVESTMENT REQUIREMENT (MILLION AZN)				
		REGION 1	REGION 2	REGION 3	REGION 4	REGION 5
11	Manufacture of beverages	-	2	1	0.4	0.2
12	Manufacture of tobacco products	-	2	1	0.4	0.2
13	Manufacture of textiles and related products	5	2	1	0.4	0.2
14	Manufacture of wearing apparel	5	2	1	0.4	0.2
15	Manufacture of leather and related products, footwear ¹	5	2	1	0.4	0.2
16	Manufacture of wood and of products of wood	-	2	1	0.4	0.2
17	Manufacture of paper and paperboard	-	2	1	0.4	0.2
19	Production of oil lubricants from the category of SCIP 19.20 Manufacture of refined petroleum products	-	3	2	1	0.5
20	Manufacture of chemicals and chemical products (except SCIP 20.51 Manufacture of explosives)	-	3	2	1	0.5
21	Manufacture of pharmaceuticals	-	10	10	10	5
22	Manufacture of rubber and plastics products	-	3	2	1	0.5
23	Manufacture of construction materials ² (except manufacture of products falling under the categories of SCIP 23.63 Ready-mixed concrete, 23.64 Dry-mix concrete, and manufacture of asphalt falling under the category of SCIP 23.99 Manufacture of other non-metallic mineral products)	-	3	2	1	0.5
24	Manufacture of products of metallurgy industry	5	5	3	2	1

CEA	AREAS OF ECONOMIC ACTIVITIES IN WHICH INVESTMENT IS MADE	MINIMUM INVESTMENT REQUIREMENT (MILLION AZN)				
		REGION 1	REGION 2	REGION 3	REGION 4	REGION 5
25	Manufacture of fabricated metal products, except machinery and equipment	5	3	2	1	0.5
26	Manufacture of computers and other electronic equipment	5	3	2	1	0.5
27	Manufacture of electrical equipment	5	3	2	1	0.5
28	Manufacture of machinery and equipment	5	3	2	1	0.5
29	Manufacture of motor vehicles, trailers and semi-trailers	-	5	3	2	1
30	Manufacture of other transport equipment	5	5	3	2	1
31	Manufacture of furniture	-	3	2	1	0.5
32	Manufacture of jewellery, musical instruments, sports goods and medical equipment	5	3	2	1	0.5
33	Alternative energy generation	5	3	2	1	0.5
34	Construction of tourism services facilities included in the General development plans in the tourism and recreation areas:					
	1. Hotels and equal accommodation facilities;	-	-	-	1	1
	2. Catering services facilities;	-	-	-	0.1	0.1
	3. Entertainment services facilities	-	-	-	0.5	0.5

CEA	AREAS OF ECONOMIC ACTIVITIES IN WHICH INVESTMENT IS MADE	MINIMUM INVESTMENT REQUIREMENT (MILLION AZN)				
		REGION 1	REGION 2	REGION 3	REGION 4	REGION 5
35	Establishment of hostel type accommodation facilities Note: Areas which are not included in region 4 and region 5 tourism and recreation areas	-	-	0.1	0.1	0.1
36	Establishment of 2 and 3 star accommodation facilities Note: Areas which are not included in region 4 and region 5 tourism and recreation areas	-	-	2	2	2

ABBREVIATIONS:

CEA – Classification of Economic Activities (III edition, 2009)

SCIP – Statistical Classification of Industrial Products (III edition, 2009)

FOOTNOTES:

¹ Except establishing manufacturing falling under the category of tanning, dyeing and dressing of leather in Region 1

² Investment promotion on manufacture of cement does not apply to cement enterprises not producing clinkers

REGION 1	Baku city (except settlements around Baku)
REGION 2	Settlements around Baku and Absheron region
REGION 3	Sumgait city, Ganja city
REGION 4	cities and regions not falling under Regions 1, 2, 3 and 5
REGION 5	Nakhchivan Autonomous Republic, regions of Fuzuli, Khojavand, Agdam, Tartar, Agjabadi, Naftalan, Goranboy, Goygol, Gadabay, Dashkasan, Gazakh, Tovuz, Agstafa, Lerik, Yardimli, Balakan, Gusar

Holders of IPD enjoy the following tax and customs exemptions within seven years starting from the date of issue of IPD:

- 50% reduction of income tax for individual entrepreneurs;
- 50% reduction of profit tax for legal persons;
- no VAT and no customs duties on imports of machinery, technological equipment and installations;
- no property tax;
- no land tax.

ACCOUNTING



The law “On Accounting” stipulates that all significant entities including credit institutions, insurance companies, investment funds and commercial organizations which meet certain criteria are subject to International Financial Reporting Standards (IFRS). Others (except for small private businesses) have the choice of using either IFRS or National Accounting Standards (NAS). Small private businesses also have the right to choose between NAS or the simplified method of accounting.

All entities registered in Azerbaijan, which includes Azerbaijani legal persons, representative offices and branches of companies within the territory of Azerbaijan are required to keep their accounts and records in local currency, and in accordance with the Azerbaijani accounting legislation (“AAL”). This includes the use of a mandatory and quite rigid chart of accounts which, in most cases, will also necessitate the employment of a full-time, experienced Azerbaijani chief accountant.

The Civil Code (2000) contains general provisions regarding financial reporting and audit requirements for legal entities. Joint-stock companies and limited-liability companies are required to use an independent auditor to audit their annual financials. Similarly, joint-stock companies are required to publish their annual accounting reports

and balance sheets. The Tax Code (2000) also contains certain provisions dealing with accounting matters, such as depreciation. Depreciation is accrued in accordance with a declining balance method, and the following rates apply to these selected categories of assets:

- Buildings and structures – up to 7% p.a. on a reducing balance basis;
- Machinery and equipment – up to 20% p.a. on a reducing balance basis;
- High-tech products – up to 25% p.a. on a reducing balance basis;
- Motor vehicles – up to 25% p.a. on a reducing balance basis;
- Geological exploration costs and development costs preparatory to the extraction of natural resources (including the cost of acquiring the right to explore, develop or exploit natural resources) – up to 25% p.a. on a reducing balance basis; and
- Intangible assets with a life of more than one year – depreciated over the useful life of the asset or, where the useful life cannot be determined, at up to 10% p.a. on a reducing balance basis.

AAL differs from IFRS and generally accepted accounting principles in other countries (e.g., the United States). Below is a summary of the most significant differences.

ACCOUNTING POLICIES

AAL does not require a detailed disclosure of the accounting policies used in the preparation of the financial statements or footnote disclosures that provide additional information, analysis and clarification relating to the financial statements.

PROPERTY, PLANT AND EQUIPMENT (“PPE”)

Property, plant and equipment is maintained under the historical cost convention (at acquisition price or at the cost of production including transportation and assembly costs) as modified by the revaluation of these assets, if revalued. At various times since 1992, PPE in Azerbaijan have been revalued in accordance with government decrees (the latest such revaluation occurred in 1996).

The indexes used for these revaluations did not properly account for the changes in the value of the Azerbaijani Manat, nor did they provide a market value for the fixed assets to which they were applied. Revaluations of property, plant and equipment are generally not required under IFRS and US GAAP, except under certain circumstances.

IMPAIRMENT OF ASSETS

AAL does not permit the recording of a provision against the carrying value of an impaired asset. This includes setting up provisions for tangible assets, as well as inventories, accounts receivable and other assets.

IFRS requires, among other things, that long-lived assets and certain identifiable intangibles that are held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In addition, provisions may also be set up on the carrying value of short-term assets (for example, accounts receivable) when it is likely that the full carrying value of the asset will not be recovered.

DEFERRED TAXES

Deferred tax assets and liabilities under IFRS are recorded for the expected future tax consequences of existing differences between the asset and liabilities base of financial and tax reporting, and loss or tax credit carry forwards. Under AAL rules, there are no such provisions dealing with deferred tax accounting.

EQUITY

In the balance sheet of an Azerbaijani company equity is generally represented by charter capital, additional paid-in capital, reserve capital, appropriated earnings, social funds and retained earnings for the current and previous years. Deductions can be made directly from reserve funds for non-tax deductible expenses.



INTELLECTUAL PROPERTY



Intellectual property rights in Azerbaijan include: all rights to industrial property (including inventions, industrial designs, utility models, trademarks, and geographical indication), copyright and related rights.

The State Committee for Standardization, Metrology and Patents is responsible for the issuance of patents and trademark registration. The State Copyright Agency is in charge of the registration of the copyrights. Beyond this, however, procedures for the registration and protection of various intellectual property rights differ from one state agency to another.

Azerbaijan is a party to several international agreements on the protection of intellectual property, including: the Convention Establishing the World Intellectual Property Organization, the Paris Convention for the Protection of Industrial Property, the Madrid Agreement Concerning the International Registration of Marks, the Madrid Protocol, the Patent Cooperation Treaty, the Eurasian Patent Convention, the Performances and Phonograms Treaty of the World Intellectual Property Organization, and the Copyright Treaty of the World Intellectual Property Organization.

Azerbaijan is a “first to file” and not a “first to use” jurisdiction, meaning early registration of intellectual property rights is essential to ensure protection. Patent protection is granted to an invention if

it is novel, inventive and useful. The maximum duration of protection for an invention patent is 20 years.

Utility models are granted patent protection if they are new and “industrially applicable”. The term of utility patents is 10 years.

An industrial design right is characterized by an artistic and structural form which determines its external appearance. Patent protection is granted if an industrial design is novel and original. The term is 10 years.

Patents may be assigned and/or licensed by their owner(s) to natural persons or legal entities. However, an assignment and/or license must be registered with the relevant state agency to be enforceable. Infringement carries civil, criminal and administrative liability.

The right to a trademark is based on registration with the respective state agencies. Trademark registration is granted for a term of 10 years, renewable every 10 years. Assignments of licenses for trademarks must be registered with the relevant state agency.

Legal protection is given to the appellation of origin of goods based on registration with the relevant state agency, and to trademarks existing under international agreements on the registration thereof or bearing the status of a well-known trademark. Violations of intellectual property rights lead to civil, criminal, and administrative liability.

The Copyright Law protects works of science, literature and the arts (works) as well as stage productions, phonograms of radio or cable broadcasts, and computer programs and databases (related rights). Copyright protection is normally granted to the author without registration. The right to use a copyrighted work may be reassigned. A copyright provides protection for the lifetime of the author and normally for a period of 70 years following his or her death.

Rights to computer programs, databases and topologies of integrated circuits are protected under the Copyright Law, the Law “On Topology of Integrated Circuits” and the Law “On Legal Protection of Compilations of Data”. The unauthorized recreation (copying) of computer programs, alteration of existing programs, and unlawful accessing of legally protected computer information are criminal offences.

DISPUTE RESOLUTION AND ARBITRATION



COURTS

Azerbaijan has a three-tier court system - courts of first instance, appellate courts and a cassation court.

Courts of first instance are the district (city) courts of general jurisdiction, local administrative-economic courts, felony courts, and military courts.

Courts of general jurisdiction hear cases on civil, family, or land-related matters, use of natural resources, environmental protection, tax, administrative and other matters, where at least one of the parties to a dispute is a natural person without the status of a sole proprietor, or, in case of such status, where the dispute is not related to the carrying out of entrepreneurial activity by this natural person.

The administrative-economic courts hear cases in respect of economic disputes arising from civil, administrative and other legal relations between legal entities and natural persons with the status of sole proprietor.

There are six regional appellate courts in Azerbaijan each having civil, criminal, military and administrative-economic chambers. Their decisions can be further considered under the cassation proceedings in the Supreme Court also having civil, criminal, military and administrative-economic chambers.

ARBITRATION

Referral of a dispute for arbitration is a permitted dispute resolution mechanism. In general, matters over which courts have jurisdiction can be arbitrated in cases provided by law, international and bilateral agreements of Azerbaijan.

Azerbaijani courts have exclusive jurisdiction over certain matters, which include, inter alia, rights over immovable property located in Azerbaijan, cases concerning the recognition of patents or other marks or rights, if they were registered (or application for registration was filed) in Azerbaijan, cases where an action is brought against a carrier under a contract for the carriage of goods, cases relating to the existence of a legal person registered in Azerbaijan, or cases where the cancellation of a decision taken by a legal person is sought.

Legislation on civil procedures does not set forth provisions regulating the conduct of domestic arbitration. Hence, it is assumed that the parties have liberty to establish these provisions through an agreement.

In terms of international mechanisms, Azerbaijan acceded to and ratified the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the “New York Convention”), the 1965 Washington Convention on the Settlement of Investment Disputes between States and Nationals of Other States (the “Washington Convention”) and the 1961 European Convention on Foreign Commercial Arbitration. Azerbaijan has also enacted the Law “On International Arbitration”, which basically adopts the UNCITRAL Model Law on International Commercial Arbitration of 21 June 1985. In addition, Azerbaijan is a signatory to the Agreement on the Manner of Reciprocal Enforcement of Arbitral Awards and Economic Court Judgments on the Territory of the Member States of the Commonwealth of Independent States (1998).

Decisions on the enforcement and recognition of foreign arbitral awards are taken by the Supreme Court. In certain cases, enforcement can be declined, most notably, if:

- an award contravenes legislation, or offends public policy or the sovereignty of the Republic of Azerbaijan;
- the principle of reciprocity is not adhered to;
- there is a valid judgment of an Azerbaijani court relating to the same parties and same subject-matter;
- an award has not entered into force in the country where it was made.

Moreover, the law “On International Arbitration” lists several reasons for a refusal of recognition and enforcement of an arbitral award independent of the country it was taken in:

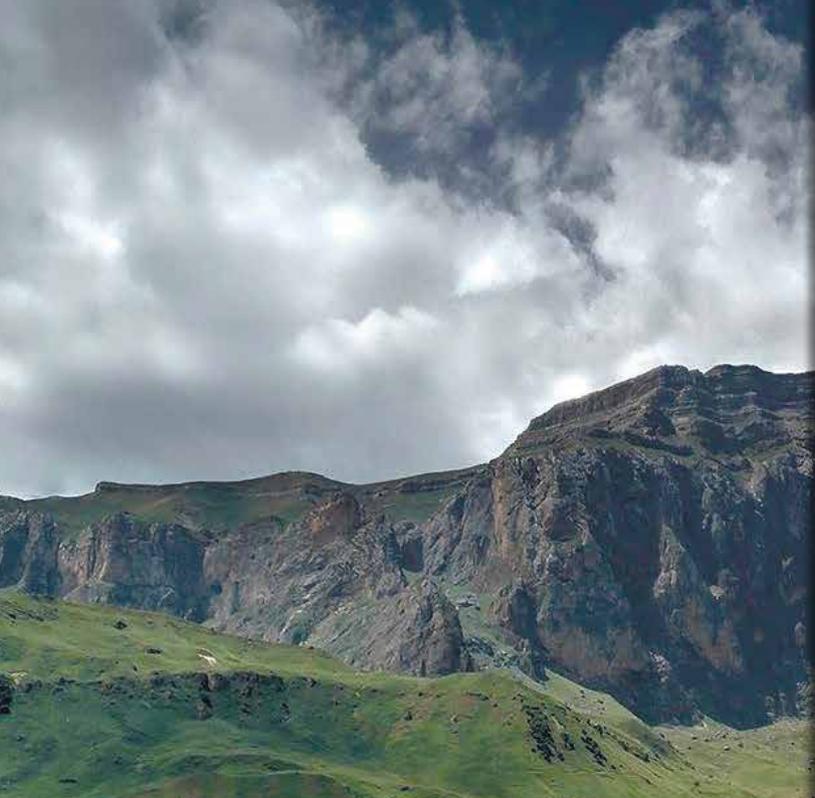
- one of the parties in the arbitral award is legally incapable;



- the arbitration agreement is not valid under the law to which the parties have subjected it or, failing any indication thereon, under the law of the state the decision was taken in;
- a defendant has not been given notice of the appointment of an arbitrator or of the hearing and a fair opportunity to be heard;
- the dispute does not fall within the scope of the arbitration agreement;
- the composition of the arbitration court or the arbitration procedure was not in accordance with the agreement of the parties;
- the arbitral award is not yet effective or has been repealed or suspended by a court of the state the arbitration decision was taken in;
- the subject-matter of the dispute is not subject to settlement by arbitration under the legislation of the state the arbitration decision was taken in; or
- the arbitral award is in conflict with the Azerbaijani legislation.

The New York Convention shall not apply to the recognition and enforcement of domestic awards by Azerbaijani courts (where an award is made in Azerbaijan arbitral proceedings).

It is noteworthy that under the Constitution of Azerbaijan international treaties ratified by the Republic of Azerbaijan prevail over national (domestic) laws (except for the Constitution and acts adopted by referendum) in case of conflict. Therefore, in case of international arbitration under the Washington Convention, the arbitral award will be enforceable in Azerbaijan as if it were a final judgment of a court in Azerbaijan (Article 54 of the Washington Convention).



A composite image showing a wind turbine blade and solar panels against a sunset sky. The text 'SECTORS REVIEW' is overlaid in white.

SECTORS REVIEW





INTRODUCTION

Abundant hydrocarbon resources made Baku the birthplace of the global oil industry. Over a hundred years later, the oil & gas sector remains an important part of the Azerbaijani economy. But as the world economy changes, so too is Azerbaijan giving non-oil sectors an increasingly important role. The new industrial policies launched by the government aim to diversify the Azerbaijani economy, make the country less dependent on oil & gas revenues, increase the role of private sector and establish a sustainable development trend in non-oil sector. The new initiatives of recent years have produced some significant results. For example, during the last ten years, machinery industry has increased production by 15 times and holds 21.5% share in the non-oil manufacturing sector of the economy. This section provides a brief review for the major industries of the Azerbaijani economy.

ENERGY



The energy sector is the key and the largest part of Azerbaijani economy. Energy sector has made a strong contribution to the economic growth in the country. It is the major recipient of investments, in particular FDI and modern technologies. Consequently, Azerbaijan is able to supply 100% of its gross energy demand from the local sources. The country does not depend on foreign resources in the energy sector.

Azerbaijan exports oil, natural gas and electricity. Azerbaijan is self-sufficient in energy, which provides business with stability and security of supply. Moreover, Azerbaijan is ranked 36th globally in the Energy Architecture Performance Index 2017. This measures the extent to which a country's energy architecture secures its economic growth, the environmental impact of energy supply and consumption, as well as the extent to which an energy supply is secure, accessible and diversified.

The energy sector in Azerbaijan consists of 3 main elements: extraction of oil and gas, conventional electricity generation, and utilization of renewable energies.

OIL AND GAS

Azerbaijan is among the largest producers of oil and gas worldwide. It is one of the world's oldest oil producers and the city of Baku and the Absheron Peninsula have long been known as historic sites for oil. The first oil well in the world was drilled in the Bibiheybat part of Baku in 1847, eleven years before the first well in Pennsylvania, USA. At the turn of the 20th century, Azerbaijan accounted for half of the world's oil production. The first ever oil pipeline, oil refinery, oil tanker, railway tank (cistern), and operating offshore platform are all part of Azerbaijan's oil history.

Following its independence from the Soviet Union in 1991, a successful oil and gas strategy was implemented by the Azerbaijan government, with the signing of the "Contract of the Century" in 1994. This was followed by a deal on the Shah Deniz gas field in 1996, which led to an extraordinary amount of international investment flowing into the oil and gas sector.

In December 2013, a consortium of 10 companies signed a deal to develop the Shah Deniz field, discovered in 1999. It is one of the world's largest gas and condensate fields. According to British Petroleum (BP), the operator of the development, it has approximately 40 Tcf of natural gas in place. The project will bring about USD 50 billion of capital investment into Azerbaijan and its partners, with the development of the Southern Energy Corridor. This includes the South Caucasus Pipeline Expansion, the Trans-Anatolian Pipeline (TANAP), and the Trans-Adriatic Pipeline (TAP), will bring another USD 50 billion investment to Azerbaijan and other participants in the corridor. It places Azerbaijan as a key strategic energy partner for Europe, and will encourage opportunities for local producers to supply their products and services to the industry.

The energy sector has played an important role in the development of the non-oil sector. Since oil revenues became available in 2006, the profits from the sector have been re-invested into the economy, through payments to the State Oil Fund (SOFAZ). SOFAZ was established as an extra-budgetary fund to ensure macroeconomic stability, oil and gas revenue management transparency, sustainable utilization of natural resources for the benefit of future generations. SOFAZ plays a crucial role in the government's efforts to diversify the economy. It is funding the development of a world-class infrastructure to assist the growth of the non-oil sector, for example, the development of a fiber-optic network for broadband internet access.

FACTSHEET 2016



**41.1 MLN TONS
GROSS
PRODUCTION**

OIL

**20901,3 THSD
TONS
EXPORT**



**29,3 BILLION
M3
GROSS
PRODUCTION**

GAS

**6754,6 MLN
M3
EXPORT**



**25,0 BILLION
KWH
GROSS
PRODUCTION**

ELECTRICITY

**646,8 MILLION
KWH
EXPORT**



**2,2 BILLION KWH
GENERATION FROM
RENEWABLE
ENERGY**

ALTERNATIVE ENERGIES

SOURCE: STATE STATISTICAL COMMITTEE OF AZERBAIJAN

INVESTMENT OPPORTUNITIES

- 
- Renewable Energy Equipment
 - Oil Equipment and Services
 - Electricity Grid and Transmission
 - Alternative Fuels
 - Alternative Electricity
 - Wind Power
 - Geothermal
 - Solar PV

SOURCE: STATE STATISTICAL COMMITTEE OF AZERBAIJAN

ELECTRICITY SECTOR

Azerbaijan has prioritized its energy security. Currently, Azerbaijan operates 13 thermal power plants, 11 hydro power plants, and 6 small hydro power plants has an installed capacity above 7000 MW. Total length of high voltage transmission lines is more than 7600 km. A large scale investment programme for electricity has resulted in the construction and upgrade of power transmission lines, substations, and new power plants. The state-owned company Azerenergy OJSC owns all of the high voltage transmission lines and also controls the dispatching of the high voltage grid. The transmission grid voltages are 500 kV, 330 kV, 220 kV and 110 kV. Azerbaijan has interconnections with Georgia, Russia, Iran, and Turkey that enables the export and import of electricity to and from these countries. Azerenergy OJSC produces and transports electricity throughout the whole country, while Azerishig OJSC is responsible for its distribution and sales.

RENEWABLE ENERGY

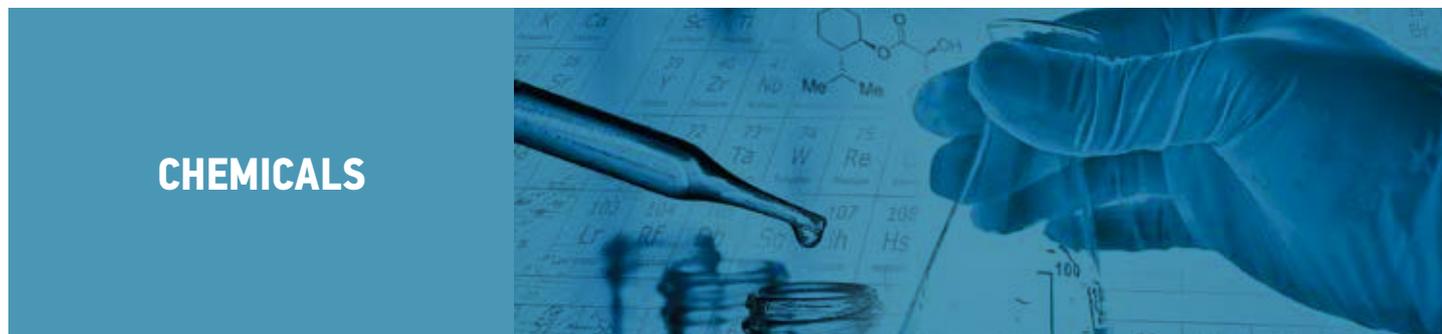
Although Azerbaijan is rich in oil and gas, the government has recently started paying greater attention to developing renewable energy sector. This is reflected by the adoption of the State Programme on the Use of Alternative and Renewable Energy Sources 2004-2013, Azerbaijan`s accession to the International Renewable Energy Agency (IRENA) in June 2009, and the creation of the State Agency on Alternative and Renewable

Energy Sources (SAARES) in 2013. The government is prioritizing the development of policies to encourage greater private sector involvement in the development of the sector, such as the creation of a feed-in tariff system in line with international best practice. SAARES has recently adopted a special Strategy Plan for the further improvement of the renewable energy sector.

The potential of renewable energy sector of Azerbaijan is promising. According to SAARES, the capacity of all renewable energy sources could be as follows:

	MW
WIND	15,000
SOLAR	8,000
BIOMASS	900
GEOTHERMAL	800
SMALL RIVERS	650

The government has included the waste-to-energy process among its renewable energy development plans, with public investments directed towards the construction of solid and municipal waste incineration plants. Additionally, geothermal energy can partially meet domestic needs.



CHEMICALS

Chemical industry is one of the key sectors of the Azerbaijani economy. Azerbaijan's proximity to the raw materials of oil and gas, salt, iodine-bromide mine water, and the waste of ferrous metals, combined with access to large neighbouring consumers, gives Azerbaijan a comparative advantage in the sector. During the Soviet period, Azerbaijan was one of the centers of chemical industry and produced over 70% of key chemicals for the former Soviet Union economy.

To meet the long term demand in the region, and to conform to international standards, the Government recognizes that the future competitiveness of the sector requires investment to adopt high-technology techniques. It has adopted regulations to reach the highest standards of environmental protection.

FACTSHEET 2016 (EXCLUDING PETROCHEMICALS)

234,5 M USD

VOLUME OF CHEMICAL PRODUCTS

NUMBER OF ACTING ENTERPRISES

75

52,2 THS TONS

MANUFACTURE OF THE PROPYLENE

ETHYLENE

103,4 THS TONS

MAJOR PRODUCTS

- METHANOL
- ETHYLENE
- POLYETHYLENE
- ISOPROPYLALCOHOL
- BARIUM SULFATE
- PROPYLENE
- NITROGEN

SOURCE: STATE STATISTICAL COMMITTEE OF AZERBAIJAN

INVESTMENT OPPORTUNITIES

- NITROGEN, PROSPHORUS, POTASSIUM CONTAINING FERTILISERS (NPK)
- FIBRE GYPSUM BOARDS
- BASALT FIBRE
- GLASS AND CARBO FIBRE
- ACYCLIC ALCOHOLS AND THEIR DERIVATIVES
- PVC
- CHLORIDES, HYDROXIDES, SODIUM (CAUSTIC SODA) AND CAUSTIC POTASH
- CAR TIRES
- ENGINE OILS
- SINGLE CRYSTAL WAFER
- SOAP AND CLEANING AGENTS
- HOUSEHOLD CHEMICALS
- EPOXY RESINS AND ADHESIVES
- MEDICAL DISPOSABLE SYRINGES AND SYSTEMS
- ANTIBIOTICS

AGRICULTURE



The importance of agricultural sector in the global context is undeniable. According to the FAO, although the agricultural production increases, it cannot supply the demand of growing population. Accordingly, the agriculture sector becomes an important part of Azerbaijani economy.

Between 1995-2015, the total agricultural production in actual prices in Azerbaijan grew by 7.7 times. According to the FAO Gross Production Index Number, Azerbaijan is above an average in global indicators. The agriculture sector increases its share in Azerbaijan's GDP too. During 2010-2015, the share of agriculture sector grew from 5.5% to 6.2%.

Azerbaijan has natural advantages in the agriculture sector. The country hosts nine climatic zones out of eleven existing ranging from humid subtropical climate to semi-arctic. The Kur River dissects the country, and is fed by water and alluvial deposits from the mountain ranges of the Greater Caucasus, Lesser Caucasus and Talysh, thus giving it fertilising qualities. Azerbaijan has the basis for the strong cultivation of specialized, often rare, crops, including cotton, tea, tobacco and hazelnut. Azerbaijan produces other potentially valuable crops, including pink grapes and persimmon. Ninety percent of the production of these crops are dependent on irrigated lands, which constitute one third (1,433 thousand ha) of total agricultural lands.

The strategic location of Azerbaijan, next to the very large consumer markets of Russia (the largest importer of apples in the world) and the Middle East, make Azerbaijan a suitable hub for export-orientated production. To fulfill this potential, the government is increasing the global profile of Azerbaijani agricultural products, through its 'Made in Azerbaijan' campaign.

Azerbaijan provides numerous incentives programmes for farmers, processors and traders of agricultural products. These range from tax and customs exemptions, to subsidies and discounts. In particular, they cover the purchase of fuel and motor oils, mineral fertilizers, wheat seeds, pedigree cattle, and the insurance of crop and vegetable products.

FACTSHEET 2016

3.5 BLN USD

**GROSS
OUTPUT**

**AGRICULTURAL
LAND**

4.8 M HA

2 M HA

**ARABLE
LAND**

**PERMANENT
CROPS**

241 THSD HA

45.8%

**CROP
PRODUCTION**

**LIVESTOCK
FARMING**

54.2%

AMONG TOP 20 GLOBAL PRODUCERS OF:

- SOUR CHERRIES
- CHESTNUTS
- CRANBERRIES
- CURRANTS
- FIGS
- HAZELNUTS
- PERSIMMONS
- QUINCES
- RASPBERRIES

MAJOR CROPS:

- CEREALS
- VEGETABLES
- FRUITS
- POTATOES
- WATERMELONS, MELONS
AND GOURDS

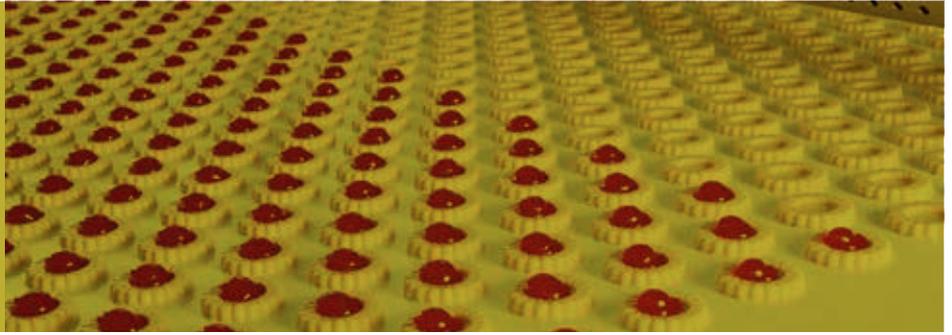
MAJOR PRODUCTS:

- MEAT
- MILK
- EGGS
- WOOL

INVESTMENT OPPORTUNITIES

- 
- GREENHOUSE VEG AND FRUIT PRODUCTION
 - MEDICINAL HERBS
 - AQUACULTURE FARMS
 - INTENSIVE FRUIT ORCHARDS
 - ESSENTIAL (FLOWER) OILS
 - APICULTURE
 - VITICULTURE
 - POULTRY FARMS
 - SEED PRODUCTION
 - TEA GROWING
 - MEAT FARMS
 - FEED PRODUCTION
 - SAFFRON PRODUCTION
 - DAIRY FARMS

FOOD PROCESSING



The Government's efforts to diversify the economy include the development of the food processing industry. In the period of 2005-2015 the production of foodstuffs increased by 2.3 times, while beverage production showed 2.7 times growth. In Azerbaijan, the food processing industry consists of four main segments: meat processing, production of dairy products, production of beverages, and the processing and canning of fruits and vegetables. In 2016, total production of foodstuffs including beverages was over 3.4 million tonnes.

This sector is characterized by a large number of small businesses engaged in production, whilst a few medium and large companies undertake the key processes of packaging and retail distribution.

Azerbaijan has free trade access to the 270 million consumers of the CIS, and has improved its infrastructure to access untapped markets of the wider region, such as Iran and the Middle-East. The food industry is well located to supply these markets.

The government has been working to improve international export standards. Azerbaijan is a member of the International Organization of Standardization (ISO). Azerbaijan has continued preparation for accession to the WTO and the Codex Alimentarius, which includes an approximation to EU rules. Moreover, sustainable improvement of quality infrastructure led to significant improvement of food safety system. The new set of measures to be taken include creation of Food Safety Agency, new Law on Food Safety, new State Programme on Food Safety covering period of 2018-2025, enforcement of international food safety standards including Codex Alimentarius.

FACTSHEET 2016

3.27 BLN AZN

**FOODSTUFF
PRODUCTION**



**BEVERAGE
PRODUCTION**

191.4 M AZN





MAJOR PRODUCTS

- MEAT AND MEAT PRODUCTS
- DAIRY PRODUCTS
- VEGETABLE OILS
- CANNED FRUITS AND VEGS
- SUGAR
- CONFECTIONARY
- FLOUR
- PREPS. OF CEREALS
- SALT
- TEA
- NON-ALCOHOLIC BEVERAGES
- STILL AND SPARKLING WATER
- WINE
- OTHER ALCOHOLIC BEVERAGES

INVESTMENT OPPORTUNITIES

- BEVERAGES
- HONEY
- BABY FOOD
- MEAT PRODUCTS
- VEGETABLE OILS
- BAKERY PRODUCTS
- DAIRY PRODUCTS
- DRIED FRUITS
- CANNED FOODS
- FISH PRODUCTS
- CONDIMENTS
- FRUIT JAMS
- CONFECTIONARY
- SPICES
- SNACK FOODS

TEXTILES



Azerbaijan has a long tradition of textile production, spinning and weaving. It has the necessary climatic and soil conditions for reliable cotton production with high yields, and today, the industry is focused on cotton, silk and mulberry production. Cotton growing areas have generally been along the Kur River valley, including the Mil-Mugan and Shirvan plains, the Salyan-Mugan plains, Mil-Karabakh, and Ganja-Qazakh regions.

Azerbaijan has significant potential to increase the production of cotton and silk necessary for the development of textile industry. In 2016, country produced almost 90 thousand tonnes of cotton increasing the production by 2.5 times in comparison to 2015. With a new State Programme on the Development of Cotton Production covering period of 2017-2022, the goal was set to increase cotton growing up to 500 thousand tonnes per year by 2022. Silk is another prioritised production area spread in 30 regions of Azerbaijan. The initial plan is to increase production of cocoons up to six thousand tonnes by 2025.

To fulfill the potential of the sector several key reforms have been carried out. To improve co-operation between entrepreneurs and the government, Association of Textile Producers and Exporters was established. Secondly, the Government of Azerbaijan has created a package of subsidies to stimulate production. Thirdly, the government is working to improve technical production standards, in order to meet international standards to improve access to markets. Moreover, Mingachevir Industrial Park provides necessary platform and conditions for creating new manufacturing capacities in the textile industry.

FACTSHEET 2016

97,0 M AZN

VOLUME OF TEXTILE PRODUCTS





AVERAGE MONTHLY WAGES

301.4 AZN

66



ENTERPRISES



MAJOR PRODUCTS

- GINNED COTON
- CLEAN SCOURED WOOL
- CARPET AND CARPET PRODUCTS
- COTTON FABRICS
- SILK FABRICS
- BED LINEN OF COTTON
- COTTON YARN



INVESTMENT OPPORTUNITIES

- PRODUCTION OF PROTECTIVE CLOTHING
- CARPET WEAVING
- SHOE PRODUCTION
- PRODUCTION OF UNDERWEAR
- ESTABLISHMENT OF CLOTHING (INCLUDING UNIFORM) MANUFACTURE
- ESTABLISHMENT OF WOOL PROCESSING MANUFACTURE
- PRODUCTION OF LEATHER
- PRODUCTION OF NURSERY NAPPIES
- ESTABLISHMENT OF WEAVING MILL

INFORMATION AND COMMUNICATION TECHNOLOGIES (ICT)



The ICT is one of the most attractive and dynamic sectors of economy for investors. It is the fastest growing non-oil sector in terms of increasing revenues. The number of consumers is growing rapidly. Azerbaijan recognizes that high technology is a key contributor to its future prosperity. It has high ambitions to inspire the younger generation that are the main users of technology. The Internet Penetration in Azerbaijan is 75.5%. Currently, there are four mobile operators in the country. Three of them provide mobile services in 2G, 3G and 4G frequencies. 3G technology has been operating in Azerbaijan since 2009. Azerbaijani consumers started using 4G technology from 2012. As of 2015, Azerbaijan has 23 television stations and 15 radio stations.

Currently, there are 39 telecommunication service enterprises in the country, in addition to 48 Internet providers.

The ICT sector is pioneering the application of innovative technologies into Azerbaijan. The 'ASAN' services is a 'one-stop-shop' for the delivery of public services, which has been commended by the Asian Development Bank for reducing corruption.

Azerbaijan owns two satellites, which provide communication services including digital broadcasting, the Internet access, data transmission and

VSAT multi-service network to public and private sector representatives in Azerbaijan, Central Asia, Europe and Africa.

The government wants to encourage entrepreneurship in ICT. As a result, the ICT Development Fund was established with financing in the form of soft loans and grants. The Fund started financing projects in 2014.

Azerbaijan announced a Strategic Road Map for the development of the telecommunication and information technologies sector. The document was approved by a decree of President of the Republic of Azerbaijan dated December 6, 2016. According to the Road Map, the long-term vision for the period up to 2025 in the information and communication technologies sector is to continue the innovation-driven reform in this sector. This will increase the range and scope of modern services, to expand the coverage of broadband networks, and to ensure the country's development through the standards of international telecommunication standards, and improve the level of technical literacy of the society to achieve the formation of a digital economy.



FACTSHEET 2016



STRUCTURE OF ICT SERVICES



GLOBAL INFORMATION TECHNOLOGY REPORT 2016

MOBILE NETWORK COVERAGE	1/139
GOVERNMENT SUCCESS IN ICT PROMOTION	8/139
ICT USE AND GOVERNMENT EFFICIENCY	12/139
LAWS RELATING TO ICT	24/139
ICT USE FOR B2B TRANSACTIONS	38/139
IMPACT OF ICT ON ACCESS TO BASIC SERVICES	42/139
FIXED BROADBAND INTERNET SUBSCRIPTIONS	45/139
CAPACITY FOR INNOVATION	53/139

CONSTRUCTION



Although the medium term prospects for the construction industry are challenging, there are opportunities in the long term, due to the demographic changes in Azerbaijan, and the need for new technologies in building design. The ongoing, rapid urbanization of Azerbaijan is a key driver of opportunities in the sector. The cities are growing and this has driven growth in the sector. Value of construction works was more than 7 billion AZN in 2016, constituting 10.6% of the GDP.

The rapid growth of construction in the past decade has encouraged increased production of construction materials. Between 2006-2016, the total production of construction materials in actual prices grew by more than 2 times.

The next stage of development in the sector is the adoption of new technologies. The implementation of EU technical standards is a key development in the industry. In 2012, the EU “Energy Saving Initiative in the Building sector” was launched in Azerbaijan as part of the EU-funded Innogate project.

The UK’s BREEAM system, a design and assessment method for sustainable building is being increasingly applied. Accordingly, there is significant demand for resource-efficient technologies for insulation, heating, cooling, water supply, architectural and engineering services, designs and methods following green building standards to local firms, development of smart complexes (including housing, offices and shopping centres), and interior design consultancy.

According to the targets set forth in the Strategic Road Map on Provision of Affordable Housing in the Republic of Azerbaijan, the construction sector will attract over 900 million manats of investment by 2020. This shall create an additional 10,000 jobs in the construction sector. This will also stimulate the demand in construction materials to be supplied locally.

FACTSHEET 2016

10.6%

**VALUE OF
GDP**

**PRODUCTION OF
CONSTRUCTION
MATERIALS**

397.2 MLN AZN

7660.4 MLN AZN

**VALUE OF
CONSTRUCTION
WORKS**

**ENTERPRISES
IN
CONSTRUCTION**

1425

SOURCE: STATE STATISTICAL COMMITTEE OF AZERBAIJAN

MAJOR PRODUCTS

- 
- CEMENT
 - READY CONCRETE MIX
 - ASPHALT
 - LIMESTONE AND OTHER STONES
 - CONSTRUCTION BRICK
 - BLOCKS
 - GYPSUM
 - CERAMIC PLATES
 - SAND
 - GLASS
 - NON-ORE CONSTRUCTION MATERIALS

INVESTMENT OPPORTUNITIES

- 
- PRODUCTION OF BUILDING AND FINISHING MATERIALS
 - PRODUCTION OF ARTIFICIAL MARBLE
 - PRODUCTION OF CONSTRUCTION MATERIALS
 - PRODUCTION OF CERAMIC COATING TILES
 - PRODUCTION OF LIME
 - CONSTRUCTION OF BRICK FACTORY
 - PRODUCTION OF CONSTRUCTION GLASS
 - PRODUCTION OF ALUMINIUM
 - CONSTRUCTION OF LOGISTICAL WAREHOUSES
 - PRODUCTION OF CEMENT AND CONCRETE BLOCKS
 - CONSTRUCTION OF MACHINERY PLANTS

SOURCE: STATE STATISTICAL COMMITTEE OF AZERBAIJAN

MACHINERY AND EQUIPMENT



The opportunities for investment in to the local production of machinery and equipment have increased as imported goods have become more expensive. At the same time, the local oil and gas machinery (OGM) sector is well developed, with more than 150 years of experience. Today the OGM sector has growing export potential, to serve demand in neighbouring markets.

According to the Strategic Roadmap for the Development of Heavy Industry and Machinery in the Republic of Azerbaijan, the following priority sectors with high potential have been identified: mining, metallurgy, production of construction materials, machinery for oil and gas industries and agriculture, production of electric equipment, services in machinery industry. According to the Roadmap, Azerbaijan will decrease imports of various products by increased their production locally, e.g. construction machinery and equipment, mining equipment, pumps and compressors, loading equipment, agriculture machinery and equipment, food industry equipment, electric equipment and others. Production is stimulated by various incentive schemes offered to local and foreign investors.

FACTSHEET 2016

154.9 M AZN

**PRODUCTION
VOLUME**

**CAPITAL
INVESTMENTS**

10.0 M AZN

58

ENTERPRISES

EMPLOYEES

4 THS

MAJOR PRODUCTS

- TV SETS
- CASH REGISTERS
- ELECTRIC MOTORS
- POWER TRANSFORMERS
- WELL-CONTROL EQUIPMENT
- ROD WELL-PUMPS
- AIR CONDITIONERS
- REFRIGERATORS
- TRACTORS
- PASSENGER CARS
- TRUCKS
- CAR SPARE PARTS

SOURCE: STATE STATISTICAL COMMITTEE OF AZERBAIJAN

TRANSPORT & LOGISTICS

Azerbaijan has been at the centre of trade between Asia and Europe for millennia, as the Silk Road passed through Azerbaijan. Today, as trade flows increase between Europe and Asia, Azerbaijan is emerging as a transport and logistics hub at the crossroad of Eurasia.

Azerbaijan is a home for the “Transport Corridor Europe-Caucasus-Asia” TRACECA, the international programme on creation of a transport corridor from Europe to Asia through the Caucasus. It involves the European Union and 14 states of Eastern Europe, Caucasus and Central Asia. Its permanent secretariat is located in Baku, Azerbaijan.

It is no wonder that Azerbaijan hosts the Programme, as the Trans-Caspian East-West Corridor is considered to be the shortest linkage between China and Europe, both in distance and time. The average length of the corridor is 4,200 km, and possible transit period is about 12 to 14 days which enables cargo shippers to have 70% time saving in comparison with traditional ocean shipment. In the meantime this route provides plenty of opportunities for emerging economies of Central Asia to reach European markets. In addition, Azerbaijan is currently cooperating with its partners on the creation of faster South-to-North transport corridor. Theoretically, using both corridors Azerbaijan can attract additional trade volume of almost 230 million tonnes.

According to the Strategic Roadmap for the Development of Logistics and Trade, Azerbaijan will become a strategic international logistics hub by 2025. This will require attraction of additional investment in transport infrastructure, logistics and trade. The projection for investment into the mentioned sectors to be attracted by 2020 exceeds 3 billion AZN. The Strategic Roadmap breaks down the projected share of Azerbaijan in the international transit of goods by 2020: Central Asia-Black Sea route – 40%, Central Asia-Europe route – 25%, China-Europe route – 3%, Russia-Iran route – 40%, Iran-Black Sea route – 25%.

To ensure Azerbaijan can meet this potential as a strategic location, investment has been made to upgrade the transport infrastructure to EU standards, and to meet this increasing intercontinental traffic. Significant investment has been made to upgrade the transport infrastructure to EU standards. This includes 10,185 km of constructed and rehabilitated roads and highways; the Baku-Tbilisi-Kars railway line, to connect the Trans-European and Trans-Asian railway networks; the new Baku International Sea Trade Port with capacity of 10-11.5 mln tons of cargo and 50 thsd TEU (to be increased up to 21-25 mln tons of cargo and 1 mln TEU); the new Heydar Aliyev terminal at Baku International Airport with its state of the art services and significant capacity for transit passengers, as well as the new air cargo terminal. Moreover, Azerbaijan invests in creation of logistic centers in strategic markets. The first such center was established in Aktau, Kazakhstan in order to increase export of Azerbaijani products into the Central Asian market.

Government of Azerbaijan set high priority for further improvement of country's transit potential. The Coordinating Council of the Republic of Azerbaijan on Transit Freight was established in 2015 with the aim to increase the competitiveness and effectiveness of the transit corridors passing through its territory, involvement of additional transit flows to these corridors, including improvement of transportation quality, decreasing delivery time and lowering transport expenses.

FACTSHEET 2016

222 461
THSD TONS

TOTAL
TRANSPORTED
GOODS

RAILWAY

15 480
THSD TONS

59 556

PIPELINES

ROAD

141 459
THSD TONS

5 807
THSD TONS



SEA



AIR

160
THSD TONS

SOURCE: STATE STATISTICAL COMMITTEE OF AZERBAIJAN

INVESTMENT OPPORTUNITIES

- OVERGROUND TRANSPORT
- RAILWAY TRANSPORT
- OTHER LAND TRANSPORT
- PIPELINE
- WATER TRANSPORT
- AIR TRANSPORT
- STOREHOUSES
- TRANSPORT SUPPORT ACTIVITIES



TOURISM & HOSPITALITY



International events held in Baku, such as the 1st European Olympic Games 2015, the 4th Islamic Solidarity Games, and the Formula 1 Grand Prix 2016–2017, are raising the international profile of Azerbaijan as a tourist destination. The Government policy of hosting international business conferences and events, targeted on key sectors continues this trend. As a result, TripAdvisor announced Baku among top 10 world destinations on the rise in 2016, taking the top spot for Asia.

The Government of Azerbaijan has initiated some key improvements to the visa application process. As a result, tourists from most of the countries of the world can apply for a pre-entry visa through the special online ASAN e-visa system. Generally, visas are issued as fast as within 3 working days. This has encouraged a tourism boom, with an 11% increase in tourists visiting from the Gulf, Middle East, and Europe in 2016. The improving transport links with Azerbaijan, resulted in Baku being attractive to 26 cities, with a population of more than 90 million. The World Economic Forum named Azerbaijan the most-improved country in the Travel & Tourism Competitiveness Index 2017.

To serve the demand created by international sports, business and political events, the tourism and hospitality infrastructure is developing quickly. A number of top class international hotel chains such as Four Seasons, Marriott, Pullman, Hilton, Excelsior, Rixos, Fairmont and others operate in Azerbaijan. In 2012, Shahdag Winter-Summer Tourism Complex in Gusar was put into operation. The complex includes two hotels (“Shahdagh” and “Peak Palace”), trade centers, a restaurant, café, game hall, equestrian sports, skiing and other services. Continuously increasing volume of international visitors stimulates direct investment into the development of tourism industry and related services. A new incentive mechanism for investors was put in place in 2016. According to the World Travel & Tourism Council, Azerbaijan is placed 17th in the world for the travel & tourism long-term growth forecast 2017–2027 (Travel & Tourism Economic Impact 2017: Azerbaijan).

The Strategic Roadmap for the Development of the Tourism industry aims to push the sector into the next stage of development. This includes the promotion of tourism based on national values of Azerbaijan in the international marketplace and locally. Moreover, it includes improvements in the tourism communications infrastructure (including signage), and international hotel certification. This will create opportunities for companies with expertise in the service industry, investing in human capital and practical know-how within the country.



FACTSHEET 2016

2 MLN

**FOREIGN
TOURISTS**

**TOURIST
EXPENDITURES**

2.4 BLN USD

272

**TOURISM
COMPANIES**

**NUMBER OF
BEDS**

38 226

540

HOTELS

**OVERNIGHT
STAYS**

110 MLN

TOURISTS BY PURPOSE (%)

LEISURE, RECREATION	34.1%
BUSINESS	33.8%
VISIT TO RELATIVES/FRIENDS	27.5%
HEALTH TREATMENT	2.0%
RELIGIOUS	0.6%
OTHER TOURISM	2.0%

TOURISTS BY COUNTRY (THSD. PERSONS)

RUSSIAN FEDARATION	669.7
GEORGIA	440.5
TURKEY	287.6
IRAN	232.7
IRAQ	60.0
UAE	52.3
UKRAINE	50.6
KAZAKHSTAN	29.0
GREAT BRITAIN	27.8
UZBEKISTAN	15.1

SOURCE: STATE STATISTICAL COMMITTEE OF AZERBAIJAN

INVESTMENT OPPORTUNITIES

- 
- HOTELS
 - RECREATION ZONES
 - ADVENTURE FACILITIES
 - ENTERTAINMENT FACILITIES
 - TRAVEL AGENCIES
 - ONLINE SERVICES
 - EVENTS AND CONFERENCES
 - RESTAURANTS AND CATERINGS
 - SOUVENIR PRODUCTION
 - SHOPPING

FINANCIAL SECTOR



The financial sector is undergoing regulatory reform to improve the stability and resilience of the sector, and to assist the development of the non-oil sectors. To this end, the Strategic Roadmap for the Development of the Financial Services includes provisions for the development of transparency, customer focused services, and digitization.

The Financial Markets Supervisory Board regulates the financial services sector, including banking and insurance. The industry is going through a period of reforms to increase the capitalization of the banks and stability of insurance companies.

The demand for alternative forms of finance has grown steadily. Microfinance has developed quickly in Azerbaijan, and the alternative finance sector remains a segment with room for substantial growth. These non-bank financial institutions are just over 1% of GDP.

The Government supports entrepreneurs, namely SMEs via the "Aqrarkredit" CJSC, the non-banking credit institution, and the National Fund for Support for Entrepreneurship Support.

Trade finance, and leasing are relatively new, but demand for these services is increasing as Azerbaijan diversifies its economy. This will create opportunities for companies with expertise in these areas. Financial consultancy is also growing to meet the demand for business plans and financial statements.

FACTSHEET 2016

32

BANKS



**NON-BANK
CREDIT
ORGANIZATIONS**

144





2

**LOCAL BRANCHES
OF
FOREIGN BANKS**



**TOTAL
ASSETS
OF BANK**

31.4 BLN AZN



480.7 MLN AZN

**VOLUME OF
INSURANCE
PREMIUMS**



**VOLUME OF
INSURANCE
CLAIMS**

249 MLN AZN

SOURCE: FINANCIAL MARKET SUPERVISORY AUTHORITY OF THE REPUBLIC OF AZERBAIJAN

INSURANCE

The insurance industry is relatively new, but the increasing income of the population is playing a significant role in the development of a viable insurance market. A major driver of growth in the insurance market is the newly enforced law on compulsory insurance. This is evidenced in the increasing volume of car and mortgage credits, because insurance for these loans is now obligatory.

There are 48 types of insurance services in Azerbaijani market: 16 of them are compulsory insurance and 32 are voluntary insurance products. At present, there are 23 insurance and reinsurance companies in the Azerbaijani market. The low level of capitalization of local insurance companies is one of the major disadvantages affecting the development of the insurance market. Many insurance companies depend on local banks in terms of capital growth.

INDUSTRIAL PARKS



Azerbaijan is creating the infrastructure for five industrial parks: in Sumgait, Balakhani, Mingachevir, Pirallahi, and Garadagh. Industrial Parks reduce the costs of doing business through an attractive tax incentives mechanism (for more information see the “Business Climate” Chapter), simpler customs procedures, and the integrated infrastructure facilities. There are 22 resident companies taking advantage of these benefits: ten in Sumgait, seven in Balakhani, one in Mingachevir, three in Pirallahi and one in Garadagh.

SUMGAIT CHEMICAL INDUSTRIAL PARK

The Sumgait Chemical Industrial Park (SCIP) was established on December 21, 2011 and located on 466,37 hectares. The mission of the park is to attract investment for the production of agricultural, medical, consumer, construction industry, electronics and automotive chemicals, polymers and equipment. Its location has rail access to the Alat Sea Port, giving market access to Central Asia. The European market is accessible through the Baku-Tbilisi-Kars railway. SCIP already hosts 10 residents with investment projects worth 1.2 billion USD.

BALAKHANI ECO-INDUSTRIAL PARK

The Balakhani Industrial Park was established on December 19, 2012. Territory of the Park covers 7 hectares. The main purpose of the Park is to provide favorable conditions for investors in recycling industry. This industrial park was established close to Balakhany waste landfill and Waste-to-Energy Plant providing raw materials and energy supply to the park residents. The Park has already attracted investment worth of 15 million USD.

MINGACHEVIR INDUSTRIAL PARK

Mingachevir Industrial Park was established on February 26, 2015. Territory of the Park covers 14.8 hectares. Mingachevir Industrial Park aims to attract companies operating in light industries including manufacturing of textile, cotton and leather products. There are already 9 investment projects planned for realization in the Park in the field of production of shoes, yarn, dyeing, weaving, sewing, medical cosmetics and other. The volume of already attracted investment reaches 46 million USD.

PIRALLAHI INDUSTRIAL PARK

The Pirallahi Industrial Park was established on September 14, 2016. Territory of the Park covers 30 hectares. Pirallahi Industrial Park focuses on companies operating in pharmaceutical industry. Three projects are being implemented with attracted investment worth of almost 100 mln USD.

GARADAGH INDUSTRIAL PARK

The Garadagh Industrial park was established on June 03, 2015. The Park has been developed to the south of the Absheron peninsula, near the Garadagh district of the Baku-Astara highway. In total, 72 hectares of land has been allocated to the territory of the Garadagh Industrial Park. The Park hosts one resident, namely Baku Shipyard, the most modern shipbuilding and ship-repair facility in the Caspian Sea. The attracted investment reaches 470 million USD.

Like the other parks, the government is developing the physical infrastructure to enable businesses to operate in the park. It is focused on the production of competitive products for shipbuilding industry, utilising modern production techniques and practices.

INDUSTRIAL ZONES

Industrial zones are designated industrial compounds where SMEs are provided with necessary infrastructure enabling them to produce and offer goods and services. The Ministry of Economy is creating the internal and outer infrastructure, including power, water, gas, heating, sanitation, communications, transport, administrative, industrial, and social areas.

There are already three industrial zones established in Neftchala, Masally and Hajigabul. The Neftchala Industrial Zone was established in 2015 and covers territory of 10 ha. Nine residents operate in the Zone with investment projects in the areas of automobile industry, production of agricultural equipment, fish feed, paper goods, construction materials and foodstuffs worth of over 45 million AZN.

The Masally Industrial Zone was established in 2016 and covers territory of 10 ha. It is under construction. The Zone is projected to attract investment in the areas of production of furniture, construction materials, car spareparts, packaging, light industry and foodstuffs.

The latest industrial zone was established in 2017 in Hajigabul.

AGRO-PARKS



Azerbaijan, with its advantageous climatic conditions to develop the agrarian sector, has defined the establishment of agro-parks among its priorities to boost the development of agriculture. In 2015, the President Ilham Aliyev inaugurated the Garabagh Agrarian Industrial Park in Barda. The facility includes a 5,000 tonne logistic center, cattle-breeding complexes, a meat cutting and processing factory, and a fodder plant. Building on this initiative, the agro-parks in Shamkir and Khacmaz are nearing completion.

SHAMKIR AGROPARK

The Shamkir Agropark covers 604 hectares of land, and includes a logistics center, a cold storage center and a calibration hall for fruit and vegetables. These facilities use the latest technology in calibration, packaging, and labeling.

Investors in the agropark are free of income tax and VAT and will have infrastructure already provided.

YALAMA AGROPARK

The Yalama Agropark occupies 523 hectares of land in the town of Yalama, in the Kachmaz region. A modern gravity-powered irrigation system has been installed. This has allowed for 335 hectares of spring corn to be sowed. The park is served by a water supply with a capacity of 50,000 cubic meters of concrete irrigation canal.

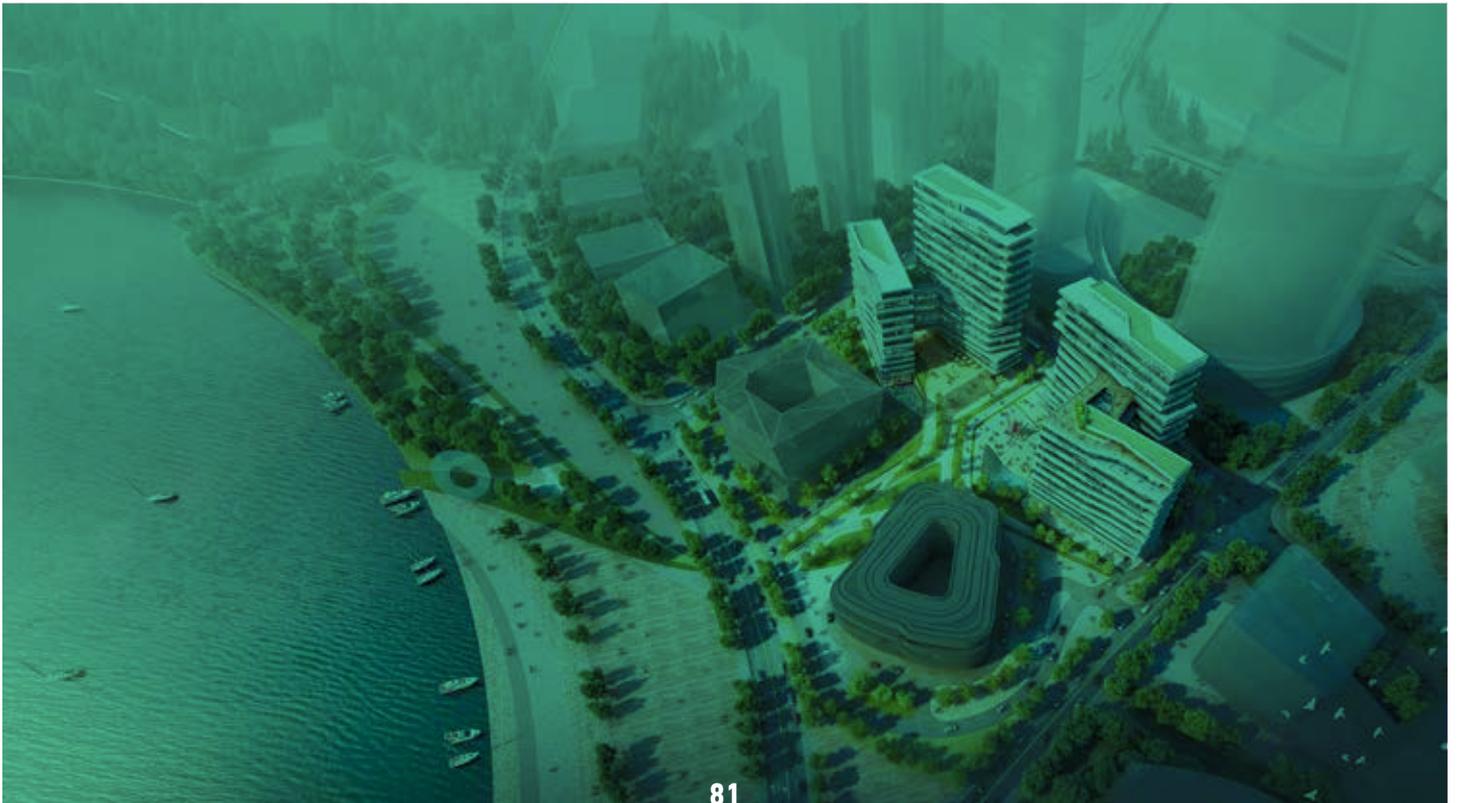
Investors in the agropark are free of income tax and VAT.

HIGH TECHNOLOGY PARKS

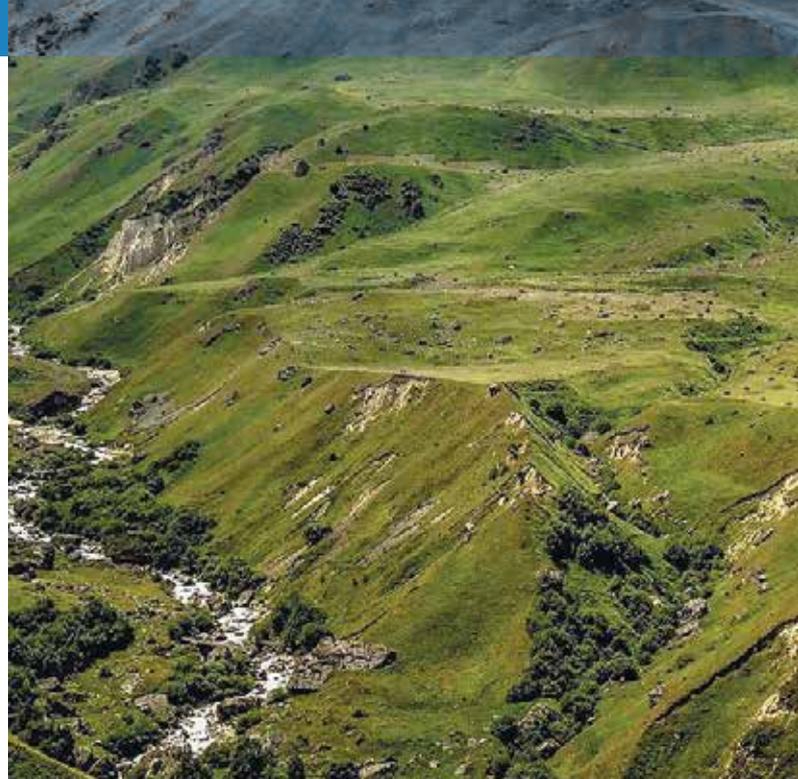


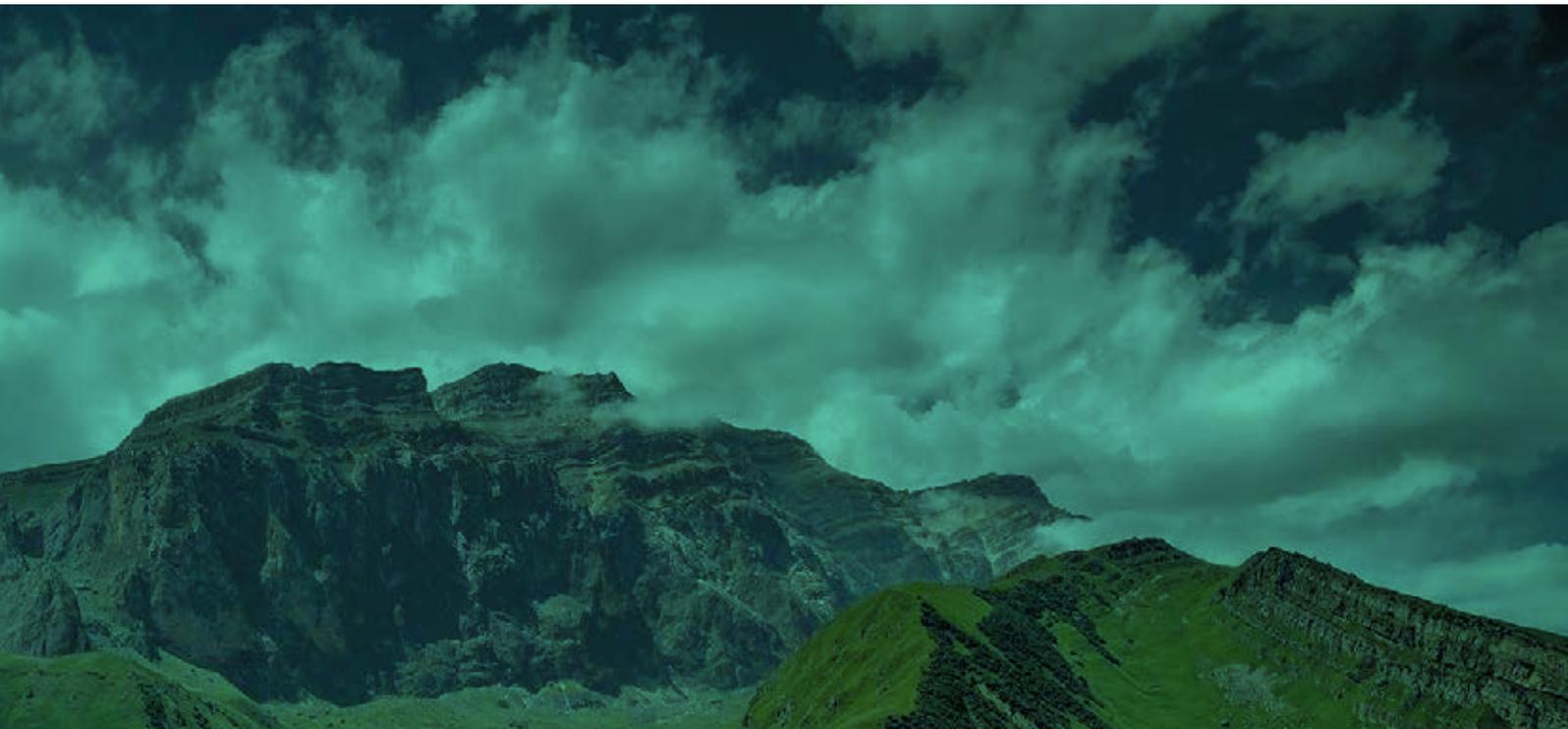
High Technology Parks in Azerbaijan create a business-friendly environment for the commercial development of innovative and new technologies. The locations in Baku and Mingchevir are developing the necessary infrastructure and logistics to enable talented engineers to conduct research in ICT, space, energy efficiency, and the development of new technologies into commercially viable businesses.

Companies operating in the park benefit for 7 years from no income tax, no profits tax, no import VAT for equipment to be used in production facilities or research and development, no property tax, and no land tax in respect of land in the technology park.



OVERVIEW OF REGIONS





	ABSHERON	ARAN
ADMINISTRATIVE UNITS	Sumgait city, Absheron and Khizi districts	Agdash, Aghjabadi, Barda, Beylagan, Bilasuvar, Goychay, Hajigabul, Imishli, Kurdamir, Neftchala, Saatli, Sabirabad, Salyan, Ujar, Zardab districts, Mingachevir, Yevlakh and Shirvan cities
AREA	3.29 thousand sq.km	21.43 thousand sq.km
POPULATION	563,1 thousand	1985.2 thousand
KEY ECONOMIC SECTORS	Industry and agro-industrial complex, tourism	Industry, agriculture
MAJOR PRODUCTS	Olives, cattle breeding, poultry farming, construction raw materials, balneological resources	Fishery, cattle breeding, poultry farming, cotton, grain, wine-making, subtropical fruits
GENERAL OUTPUT	1900 mln AZN	5031,5 mln AZN
INDUSTRY	931,1 mln AZN	1140,5 mln AZN
AGRICULTURE	121 mln AZN	1740,9 mln AZN
INVESTMENTS INTO FIXED CAPITAL	339,2 mln AZN	762,7 mln AZN

	GANJA-GAZAKH	GUBA-KHACHMAZ
ADMINISTRATIVE UNITS	Agstafa, Dashkasan, Gadabay, Goranboy, Goygol, Gazakh, Samukh, Shamkir, Tovuz districts and Ganja, Naftalan cities	Shabran, Khachmaz, Guba, Gusar and Siyazan districts
AREA	12.48 thousand sq.km	6.96 thousand sq.km
POPULATION	1265.2 thousand	538,8 thousand
KEY ECONOMIC SECTORS	Agriculture, industry, tourism and handicrafts	Manufacturing, agriculture, industry, tourism and handicrafts
MAJOR PRODUCTS	Potatoes, viticulture, grain, fruits, apiculture, animal husbandry	Vegetables, fruits, grain, fishery, viticulture
GENERAL OUTPUT	2965,9 mln AZN	1327,8 mln AZN
INDUSTRY	616,6 mln AZN	95 mln AZN
AGRICULTURE	856,5 mln AZN	599,4 mln AZN
INVESTMENTS INTO FIXED CAPITAL	535,8 mln AZN	327,2 mln AZN

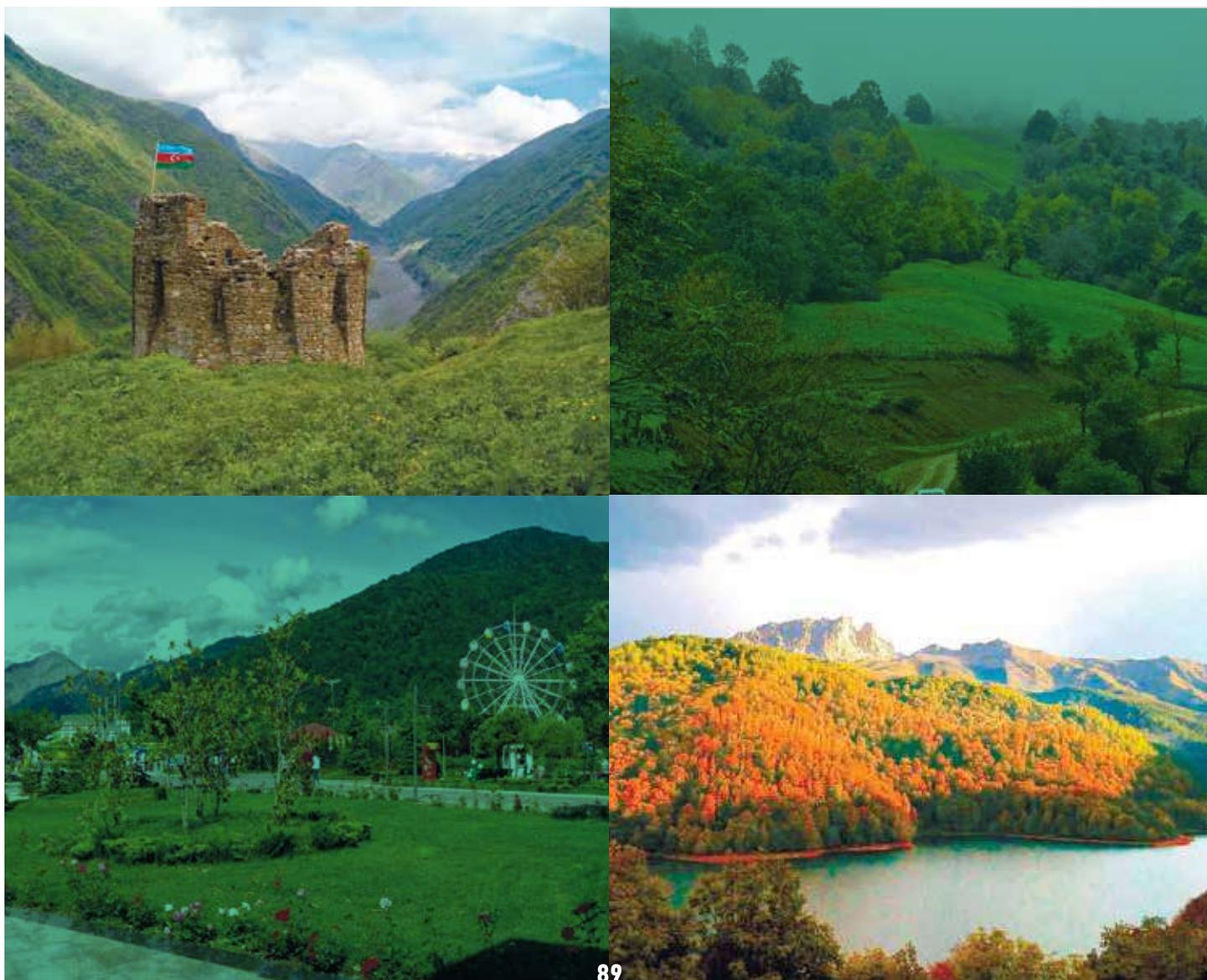
	DAGLIG SHIRVAN	SHEKI-ZAGATALA
ADMINISTRATIVE UNITS	Agsu, Ismailli, Gobustan and Shamakhi districts	Shaki, Zagatala, Gabala, Oguz, Gakh and Balakan districts
AREA	6.06 thousand sq.km	8.96 thousand sq.km
POPULATION	311.9 thousand	611,9 thousand
KEY ECONOMIC SECTORS	Agriculture, industry, tourism and handicrafts	Agriculture, tourism, food and light industry
MAJOR PRODUCTS	Viticulture, vegetables, wine-making, fruits, animal husbandry and apiculture	Tobacco, silkworm, fruits, grain, viticulture, meat and dairy production
GENERAL OUTPUT	642 mln AZN	1211,1 mln AZN
INDUSTRY	18 mln AZN	193,1 mln AZN
AGRICULTURE	251,2 mln AZN	495 mln AZN
INVESTMENTS INTO FIXED CAPITAL	178,8 mln AZN	159,4 mln AZN

	LANKARAN	NAKHCHIVAN
ADMINISTRATIVE UNITS	Astara, Jalilabad, Lerik, Masalli, Yardimli and Lankaran districts	Nakhchivan city, Julfa, Sharur, Ordubad, Babek, Shahbuz, Sadarak and Kangarli districts
AREA	6.07 thousand sq.km	5.5 thousand sq.km
POPULATION	917.8 thousand	449.1 thousand
KEY ECONOMIC SECTORS	Agro-industrial complex, tourism	Manufacturing, construction, agriculture and food production
MAJOR PRODUCTS	Fruits and vegetables, tea-growing, cit-ruses, viticulture, animal husbandry	Grain, vegetables, animal husbandry, fishery
GENERAL OUTPUT	1626,6 mln AZN	3293,6 mln AZN
INDUSTRY	101,1 mln AZN	942,9 mln AZN
AGRICULTURE	602,2 mln AZN	436,4 mln AZN
INVESTMENTS INTO FIXED CAPITAL	433,7 mln AZN	997,6 mln AZN

	YUXARI GARABAGH *	KALBAJAR-LACHIN **
ADMINISTRATIVE UNITS	Agdam, Tartar, Khojavand, Khojali, Shusha, Jabrayil, Fuzuli districts and Khankandi city	Kalbajar, Lachin, Zengilan and Gubadli districts
AREA	7.25 thousand sq.km	6.42 thousand sq.km
POPULATION	669.8 thousand	251.4 thousand
KEY ECONOMIC SECTORS	Agriculture, industry, tourism	Agriculture, industry and tourism
MAJOR PRODUCTS	Grain, fruits, meat and dairy products, viticulture	Ores, grain, meat and dairy products
GENERAL OUTPUT	471,7 mln AZN	66,6 AZN
INDUSTRY	25,2 mln AZN	-
AGRICULTURE	226,8 mln AZN	-
INVESTMENTS INTO FIXED CAPITAL	138,5 mln AZN	-

*The territories of Khojavand, Khojaly, Shusha, Jabrail regions and Khankandi city of this economic region are under complete Armenian occupation and the areas of Aghdam and Fuzuli regions are partly under Armenian occupation.

** All administrative regions within the economic region are under Armenian occupation.





GENERAL **INFORMATION**



BUSINESS ETIQUETTE



APPOINTMENT AND MEETINGS

Arrange appointments in advance. Try to do so via telephone and confirm it with a letter or an e-mail. It is a very good idea to call on the day or the day before to follow up. The dynamics of business life means that people at senior level might change their schedule at short notice.

If you do arrive on time you might be requested to wait a little bit while a previous meeting is wrapped up or a telephone conversation is taking place. Flexibility is very much appreciated. So try not to overbook your day.

As a dynamic and vivid city, Baku can sometimes experience traffic jams. However, if you factor this into your plans, your trip will be a pleasant adventure. The city center's streets are narrow, and therefore, finding a parking slot can be a challenge. But, Baku is quite compact and the centre in particular is well suited to walking.

Business hours are 9:00 a.m. to 1:00 p.m. and 2:00 p.m. to 6:00 p.m., Monday to Friday. Government departments and agencies usually work Saturdays too, at least until lunch time. Shops and restaurants are generally open seven days a week.

The business community tends to work quite long and rather variable hours. Lunch can be taken as early as 12:00 pm (mainly by the oil sector) and as late as 3:00 p.m. Many managers work later than 6:00 p.m. Most Azerbaijanis eat early in the evening rather than late.



FACTORS AND EVENTS AFFECTING THE WORKING ROUTINE

Azerbaijan is a secular state but approximately 80% of Azerbaijanis follow Islam. Muslim prayer times impinge relatively little on the typical working day. However, during the Holy month of Ramadan (the date of which changes every year) many Azerbaijanis fast from dawn to sunset and then break their fast immediately after sunset by having a meal (iftar).

Managers need to be aware of this as it can affect the normal working routine and staff may be eager to leave the office in time to have their first food and drink since dawn. Fasting is growing in popularity each year, especially among young adults.

Avoid travelling to Azerbaijan on business during July and August since many Azerbaijani businesspeople take extended vacations to spend time with family in their holiday homes or, increasingly, abroad.

Azerbaijan has many secular and Islamic holidays and one day of mourning. The 2017 calendar is:

- January 1-2 – New Year
- January 20 – Martyr’s day (Day of Mourning)
- March 8 – Women’s day
- March 20-24 Novruz Bayram
- May 9 - Victory day
- May 28 – Republic day
- June 15 - Salvation day
- June 26 – Army day
- Ramazan Bayram (Ramadan Celebrations) (to be confirmed by Cabinet of Ministers)
- Gurban Bayram (Sacrifice Feast) (to be confirmed by Cabinet of Ministers)
- October 18 – Independence Day
- November 9 – State Flag Day
- November 12 – Constitution Day
- November 17 – The Day of Revival
- December 31 – Solidarity Day

Major holidays are December 31 to January 2 (inclusive) to celebrate the International Solidarity of Azerbaijanis and the international New Year, and Novruz Bayram over March 20-24 (traditional New Year).

In addition to these, Azerbaijan has one day of mourning on January 20 in remembrance of hundreds of Azerbaijanis massacred by Soviet troops in 1990. All businesses, shops and even TV and radio will be closed down or with sombre programming for at least the first half of the day. (This is an official day of mourning; it should not be referred to as a holiday).

Ramadan ends with the festival known as Ramazan Bayramı. Families visit each other and children receive presents, sweets or money.

This Islamic festival of the “Sacrifice Feast” is known in Azerbaijan as Qurban Bayramı and falls on different dates each year due to the lunar cycle. It marks the end of the pilgrimage in Mecca, Saudi Arabia, and is based upon the Quranic story of Abraham’s willingness to sacrifice his son for God.

BUSINESS COMMUNICATION

Azerbaijan’s official language is Azerbaijani and all state documentation is in the Azerbaijani language. Russian is widely known and spoken but most official meetings will be conducted in Azerbaijani. Many Azerbaijani businesspeople have a good command of English and the vast majority of young people speak English to some degree, especially those who work in foreign companies. Other international languages spoken include French, Italian and German, especially if there is some connection to a particular country. If you are unsure as to your counterpart’s linguistic capability, it may be worth investing in an interpreter. Speak slowly and clearly and make sure that you are not misunderstood.

Rather than getting straight down to business, engage in some small talk and always wait for your host to initiate a change in topic. At most meetings the person you are visiting will offer you tea or sometimes coffee. Often tea (chai) will be served routinely by an assistant and delivered to the table. It is usually served in pear-shaped glasses with lemon slices and wrapped sweets or chocolates. Sugar may not be offered as many Azerbaijanis prefer to sip their tea and eat something sweet to accompany the drink. If sugar cubes are offered you may find your host places one in his mouth and drinks his tea through the sugar cube. You are not expected to follow suit.

BUSINESS DRESS CODE

Business dress is always conservative but varies slightly with the seasons. Men generally wear suits or jackets and ties. Similarly, women should wear smart professional outfits. In the hotter weather (and temperatures can regularly reach over 30 degrees in summer months), men usually switch to short-sleeved shirts with or without ties. Light coloured summer suits are also acceptable. The oil sector, especially foreign companies, adopts rather more informal standards. Never wear shorts.

Outside Baku, men's dress code remains the same. Women should dress more conservatively. Long skirts or trousers are appropriate. Shorts never.

At the beach, normal beach wear is worn by Azerbaijanis and foreigners alike. Topless bathing is not allowed.

When visiting a mosque, bear in mind that it is a place of worship. Always remove your shoes and put them on the rack provided. Men should not wear shorts and must wear a shirt or t-shirt. Women should be covered fully, especially their hair. If you do not have a head scarf, ask an attendant for one.

If you are invited to someone's home, you will be offered slippers in place of your shoes.

WELCOME TOPICS OF CONVERSATION

At initial meetings, try to get to know your Azerbaijani counterpart on a personal level. Ask about his or her family, especially the children. Find out about their work and their role in their company.



Azerbaijanis are proud of their country and will enjoy answering questions about their culture, countryside and history. They follow international current affairs and will feel free to express their views.

TOPICS TO AVOID

Avoid offering opinions on issues involving Armenia, especially the war over Nagorny Karabakh and the protracted efforts by the OSCE Minsk Group to find a solution to the conflict. Azerbaijan has had a turbulent political history. Avoid this subject.

Avoid discussing religion. Islamic values vary from person to person. In general, discretion is advised.

FIRST NAME OR TITLE?

When addressing an Azerbaijani, especially middle-aged or older men, the most common method is to call a man by his first name followed by Müəllim [pronounced mal-lim]. So, Emil Hasanov would be Emil Mallim. Similarly, a woman's first name would be followed by Xanım [pronounced hanum]. Mallim and Hanum are Azerbaijani for Teacher/Mister and Madam/Miss/Mrs respectively.

In official letters men should be addressed as Canab and women as Xanım. For example, Hormetli Canab Emil Hasanov or Hormetli Xanım Aygun Hasanova. Hormetli means "respected".

GIFT-GIVING

Gift-giving is never necessary in business. Relationship building and the like will usually place while dining or sightseeing rather than through gift-giving. However, if a gift is given it will be accepted graciously. Small hand-craft items from your own country will always be well received.

Azerbaijan is a Muslim country. Many people eschew alcohol. Before offering alcohol to anyone, make certain that it will be accepted.

If invited to an Azerbaijani's home for dinner, feel free to bring a small gift. Decorative items for the home such as ornaments, vases or small pictures are acceptable. Flowers are not usually offered, but ask a florist's advice if you want to bring them. If the host has children, take some sweets or biscuits.

MAKING A DEAL

In Azerbaijan, bear two things in mind. First, your success will depend on building effective personal relationships. Second, you will need to have a well-defined goal and the means to achieve it.

Business remains personal in Azerbaijan, although a more corporate culture is developing led by the foreign oil companies. But even in those companies whom you know is more important than what you know. Many smaller Azerbaijani businesses are family-owned and run. It is not unusual to find several relatives on the payroll.

Azerbaijanis will want to do business with those they trust. If you do not inspire this, you will get nowhere.

Building a relationship with your Azerbaijani counterparts is therefore crucial. It may take several meetings to achieve this.

Azerbaijanis are also astute businesspeople. Your proposal should clearly demonstrate mutual benefit and profitability. Do not underestimate the business acumen of your counterparts. Remember, you may need them a lot more than they need you.

Azerbaijanis are primarily verbal and visual communicators. In addition to written statistics, projections and the like, try to present information orally and visually.

Decision making can be slow. It is often the case that you will be asked to negotiate with lower-ranking members of staff. Don't read anything negative into this. Once senior management finds out that you are trustworthy and that your proposal is financially viable, you will meet them in person. Almost all decisions in business in Azerbaijan are made at the very highest levels of the company (or government structure).

Azerbaijan has a long history of trade dating back to ancient times. They are canny negotiators. They may be very demanding at first. Gauge your response. Know your goal but be prepared to make concessions. Make it clear that you respect and value them both professionally and personally.

Do not use deadlines or pressure tactics. They won't get you very far. Indeed, you are much more likely to be the victim of such tactics. Remain calm and be patient.

It may not always be necessary to focus only on financial benefits when negotiating. Power, influence, honour, respect and other non-monetary incentives are also valued in the bargaining process. However, profit usually overrides all at the end of the day.

ENTERTAINING

Most business entertaining will take place in restaurants. Azerbaijanis enjoy food and meals are a time for relaxing and diversion.

Azerbaijani hospitality dictates that the host always pays for the meal. The concept of sharing a bill is completely alien to their culture. The best policy is to thank the host and later to reciprocate by inviting the host to dinner at a restaurant of your choice. It may be a good idea to inform the restaurant manager that under no circumstances are they to accept payment from your guests.

Your choice of restaurant is important. Top hotels and restaurants are fine, and many have separate dining rooms for private meetings, a feature that is very much valued in Azerbaijan. Meeting informally for a drink is rarely done.

Meals may be accompanied by alcohol, depending on your dining companions' attitude. Drinks will usually be wine or vodka or both. If vodka is served there may be toasts. You will not be expected to make a toast. Toasts are usually drunk to the business, family or friendship. You will not be considered anti-social if you do not drink the entire shot. Taking a sip at each toast is acceptable. An empty vodka glass might be refilled!

A traditional Azerbaijani meal will comprise several courses. Salads and cheese usually start the meal, followed by various chicken, fish and lamb kebabs. Caspian sturgeon and other fish are popular and traditionally eaten with a sauce made from pomegranates. Bread is always served. Azerbaijanis smoke during meals and will often take breaks between courses to have a cigarette and a few drinks. Tea or coffee is often served at the end of a meal, usually with something sweet.

CONDUCTING YOURSELF IN PUBLIC

When greeting someone, shake hands firmly, but note that Azerbaijanis will resist shaking hands while standing over the threshold of a door. This can lead to some confusion on arrival unless you are aware of the tradition. When departing, it is generally customary to shake hands again.

Friends and relatives will greet each other with either one or two kisses on the cheek, even men. It is better to avoid kisses as part of any greeting or farewell until you are familiar with the custom. Women especially may be offended.

When entering a room, if you are not met by someone, greet the most senior person first. Greet the person closest to you, then work your way around the room or table anti-clockwise. If you want to adopt local custom, greet people with the Islamic greeting of Assalamu alaykum [peace be upon you].

Many Azerbaijanis smoke. There are some legal controls on where people can smoke but it is generally accepted that one does not smoke in confined places such as lifts and buses. Many taxi drivers smoke but will sometimes ask if passengers mind. Smoking is permitted in restaurants, but, restaurants usually have smoking and non-smoking areas. Azerbaijanis do not usually wait for others to finish eating before they start to smoke.

When seated opposite someone, try not to sit with your legs apart. Keep them together or cross your legs. Also try not to allow your feet to touch someone else's.

Holding hands with someone of the opposite sex is acceptable in Baku and beaches but less so in rural areas. Kissing (other than as a greeting) in public should be avoided.

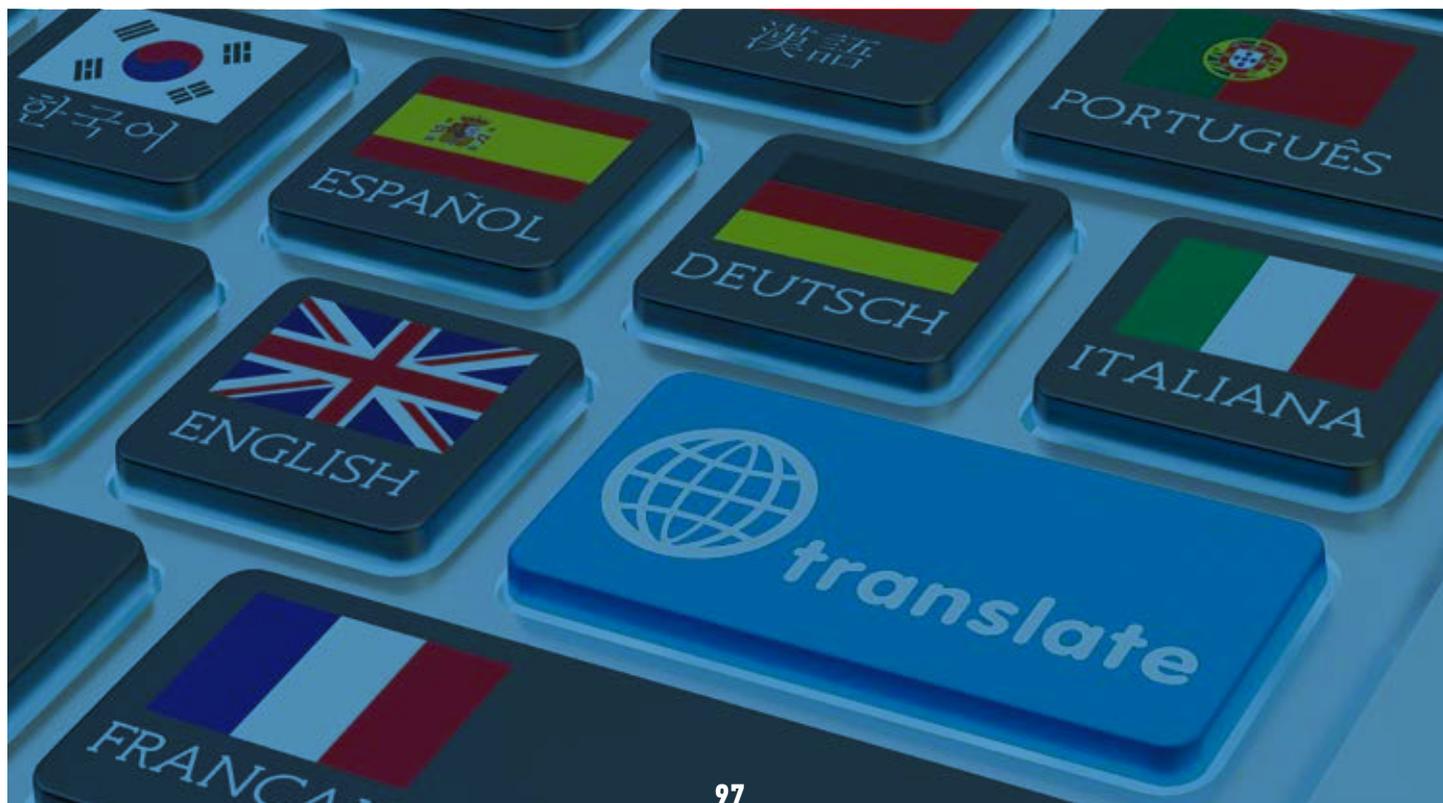


To wave down a taxi or bus, stretch out your right arm and move your wrist inwards repeatedly. To avoid frustration you should note that taxis usually have their taxi signs illuminated whether they are carrying passengers or not.

LANGUAGE POLICY

All state bodies, local authorities, state agencies, political parties, non-governmental organizations (funds and public associations), trade unions, and legal entities (including their representative or branch offices) are required to use Azerbaijani in their official interactions and transactions. Any notarization, legalization, registration or other forms of documentation in a foreign language require translation into Azerbaijani with subsequent notarization of the translation.

Seals and stamps of entities operating in the Republic of Azerbaijan must be in Azerbaijani. Letterheads, signage, announcements, advertisements, price lists, price tags, labels, and certifications and instructions applying to goods produced in Azerbaijan (and all other visual information) must be in Azerbaijani and, additionally, may be in other languages where necessary or desirable. For services rendered to foreigners, a foreign language may be used together with Azerbaijani.







USEFUL CONTACTS

PUBLIC INSTITUTIONS



	ORGANIZATION	ADDRESS	CONTACTS
1	Administration of the President of the Republic of Azerbaijan	Baku, Istiglaliyyat st.19, "The President Palace", AZ1066	Fax: (+99412) 492 35 43 / 492 06 25 E-mail: office@pa.gov.az URL: www.president.az
2	Cabinet of Ministers	Baku, Lermontov st.68, AZ1066	Tel.: (+99412) 492 41 61 Fax: (+99412) 498 97 86 E-mail: nk@cabmin.gov.az URL: www.cabmin.gov.az
3	National Assembly (Milli Majlis)	Baku, Parlament ave.1, AZ1152	Tel.: (+99412) 498 97 48 Fax: (+99412) 498 97 22 E-mail: azmm@meclis.gov.az URL: www.meclis.gov.az
4	Ministry of Economy	Baku, U.Hajibeyov st.84, "The Government House", AZ1000	Tel.: (+99412) 493 88 67 Fax: (+99412) 492 58 95 E-mail: office@economy.gov.az URL: www.economy.gov.az

	ORGANIZATION	ADRESS	CONTACTS
5	Ministry of Foreign Affairs	Baku, S.Gurbanov st.50, AZ1009	Tel.: (+99412) 596 90 00 Fax: (+99412) 596 90 01 E-mail: katiblik@mfa.gov.az URL: www.mfa.gov.az
6	Ministry of Taxes	Baku, Landau st.16, AZ1073	Tel.: (+99412) 403 89 70 Fax: (+99412) 403 89 71 E-mail: office@taxes.gov.az URL: www.taxes.gov.az
7	Ministry of Transport	Baku, Tbilisi ave.1054, AZ1122	Tel.: (+99412) 530 02 41 Fax: (+99412) 530 35 42 E-mail: common.dept@mintrans.az URL: www.mintrans.az
8	Ministry of Agriculture	Baku, Sabail distr., U.Hajibayov st.80, "The Government House", AZ1000	Tel.: (+99412) 498 08 44 / 498 21 59/ 498 66 18 / 493 20 70 Fax: (+99412) 498 64 49 E-mail: web@agro.gov.az URL: www.agro.gov.az
9	Ministry of Communications and High Technologies	Baku, Z.Aliyeva st.77, AZ1000	Tel.: (+99412) 498 58 38 Fax: (+99412) 498 79 12 E-mail: mincom@mincom.gov.az URL: www.mincom.gov.az
10	State Customs Committee	Baku, Inshaatchilar ave.2, AZ1073	Tel.: (+99412) 404 22 00 Fax: (+99412) 404 22 17 E-mail: international@customs.gov.az URL: www.customs.gov.az

	ORGANIZATION	ADDRESS	CONTACTS
11	State Statistical Committee	Baku, Inshaatchilar ave.81, AZ1136	Tel.: (+99412) 538 87 83 Fax: (+99412) 538 24 42 E-mail: sc@azstat.org URL: www.stat.gov.az
12	State Committee for Standardization, Metrology and Patents	Baku, Nasimi distr., Mardanov Gardashlary st.124, AZ1000	Tel.: (+99412) 449 99 59 Fax: (+99412) 440 52 24 E-mail: office@aztand.gov.az URL: www.azstand.gov.az
13	State Migration Service	Baku, Binagadi distr., Block 3123, 202 Binagadi Highway, AZ1114	Tel.: (+99412) 565 61 18 / 565 61 19 / 565 61 20 / 565 61 21 / 565 61 22 Fax: (+99412) 562 37 02 E-mail: info@migration.gov.az URL: www.migration.gov.az
14	State Service for Antimonopoly Policy and Consumer Rights Protection	Baku, Yasamal distr., H.Zerdabi ave.88A, AZ1011	Tel.: (+99412) 498 15 01/ 498 15 04 Fax: (+99412) 497 24 08 E-mail: office@consumer.gov.az URL: www.consumer.gov.az
15	State Agency for Public Service and Social Innovations under the President of the Republic of Azerbaijan	Baku, H.Aliyev st.36, AZ1078	Tel.: (+99412) 108 (call centre) Fax: (+99412) 541 76 63 E-mail: info@asan.gov.az URL: www.asan.gov.az
16	State Agency on Alternative and Renewable Energy Sources	Baku, U.Hajibayov st.84, "The Government House", AZ1000	Tel.: (+99412) 493 72 75 Fax: (+99412) 493 16 97 E-mail: info@area.gov.az URL: www.area.gov.az

	ORGANIZATION	ADRESS	CONTACTS
17	State Oil Fund	Baku, H.Aliyev ave.165, AZ1029	Tel.: (+99412) 498 77 53 E-mail: info@oilfund.az URL: www.oilfund.az
18	National Fund for Entrepreneurship Support	Baku, Sharifzade st.172, AZ1122	Tel.: (+99412) 433 63 65 Fax: (+99412) 432 37 17 E-mail: info@anfes.gov.az URL: www.anfes.gov.az
19	Chamber of Auditors	Baku, S.Y.Bakuvi st.35, AZ1072	Tel.: (+99412) 465 65 48 / 465 65 35 / 464 80 62 Tel./Fax: (+99412) 465 65 45/ 498 28 55 E-mail: audit-azerbaijan@audit.gov.az URL: www.audit.gov.az
20	Sumgait Chemical Industrial Park	Baku, Khojaly ave.37, "Damirchi Tower", 20th floor, AZ1025	Tel.: (+99412) 488 80 65 Fax: (+99412) 488 80 64 E-mail: office@scip.az URL: www.scip.az
21	"Tamiz Shahr" JSC	Baku, Khojaly ave.55, "AGA Business Centre", AZ1025	Tel.: (+99412) 464 41 11 Fax: (+99412) 464 41 12 E-mail: info@tamizshahr.az URL: www.tamizshahr.az
22	State Oil Company of the Republic of Azerbaijan (SOCAR)	Baku, H.Aliyev ave.121, AZ1029	Tel.: (+99412) 521 02 82 Fax: (+99412) 521 03 83 E-mail: info@socar.az URL: www.socar.az

	ORGANIZATION	ADDRESS	CONTACTS
23	Azerbaijan Investment Company	Baku, Khojaly ave.37, "Damirchi Tower", 20th floor, AZ1025	Tel.: (+99412) 488 80 10 Fax: (+99412) 488 80 12 E-mail: info@aic.az URL: www.aic.az
24	High Technologies Park	Baku, Nizami st.203-B, "AF Business House", 3rd floor, AZ1000	Tel.: (+99412) 493 14 00 Fax: (+99412) 493 41 00 E-mail: info@hightech.az URL: www.hightech.az

DIPLOMATIC REPRESENTATIVES OF THE REPUBLIC OF AZERBAIJAN ABROAD*



1	Embassy in Algeria (also accredited in Tunisia)
2	Embassy in Argentina (also accredited in Chile, Paraguay, Uruguay, Bolivia)
3	Embassy in Australia (also accredited in New Zealand and Fiji)
4	Embassy in Austria (also accredited in Slovakia, Slovenia; Mission to OSCE, UNIDO, IAEA)

*For contact details see www.mfa.gov.az

5	Embassy in Belarus (Permanent Mission in the Charter and other bodies of the CIS)
6	Embassy in Belgium (also accredited in Luxembourg; Mission to the EU)
7	Embassy in Brazil (also accredited in Guyana, Surinam, Ecuador, Trinidad and Tobago)
8	Embassy in Bulgaria
9	Embassy in Canada (Permanent Mission to ICAO)
10	Embassy in China
11	Embassy in Croatia
12	Embassy in Czech Republic
13	Embassy in Egypt (also accredited in Sudan; Permanent Observer to the League of Arab States)
14	Embassy in Estonia
15	Embassy in Ethiopia (also accredited in Kenya, Djibouti; Permanent Mission to the African Union)
16	Embassy in France (also accredited in Holy See and Monaco)
17	Embassy in Georgia
18	Embassy in Germany
19	Embassy in Greece (also accredited in Albania)

20	Embassy in Hungary
21	Embassy in India (also accredited in Nepal, Bangladesh, Bhutan, Sri-Lanka, Maldives)
22	Embassy in Indonesia (also accredited in Singapore, Philippines, Timor-Leste; Permanent Mission to ASEAN)
23	Embassy in Iran (Permanent Mission to ECO)
24	Embassy in Iraq
25	Embassy in Italy (also accredited in San Marino, Malta; Mission to FAO, IFAD and WFP)
26	Embassy in Japan
27	Embassy in Jordan
28	Embassy in Kazakhstan
29	Embassy in Korea
30	Embassy in Kuwait
31	Embassy in Kyrgyzstan
32	Embassy in Latvia
33	Embassy in Lithuania
34	Embassy in Malaysia (also accredited in Brunei, Myanmar, Thailand)

35	Embassy in Mexico (also accredited in Costa-Rica, Guatemala, Colombia, Panama, Peru, Honduras)
36	Embassy in Moldova
37	Embassy in Morocco (also accredited in Tunisia, Mali, Gambia, Portugal, Senegal, Mauritania; Permanent Mission to ISESCO)
38	Embassy in Netherlands (Permanent Mission to OPCW)
39	Embassy in Pakistan
40	Embassy in Poland
41	Embassy in Qatar
42	Embassy in Romania
43	Embassy in Russia
44	Embassy in Saudi Arabia (also accredited in Bahrain, Yemen and Oman; Permanent Mission to OIC)
45	Embassy in Serbia (also accredited in Bosnia and Herzegovina, Montenegro)
46	Embassy in South Africa (also accredited in Angola, Swaziland, Zimbabwe, Mozambique)
47	Embassy in Spain (also accredited in Andorra; Permanent Mission to UNWTO)
48	Embassy in Sweden (also accredited in Norway, Finland)
49	Embassy in Switzerland (also accredited in Liechtenstein)

50	Embassy in Syria (also accredited in Lebanon)
51	Embassy in Tajikistan
52	Embassy in Turkey (also accredited in Macedonia)
53	Embassy in Turkmenistan (also accredited in Afghanistan)
54	Embassy in the UAE
55	Embassy in the UK (also accredited in Ireland, Iceland and Denmark)
56	Embassy in Ukraine (Permanent Mission to GUAM)
57	Embassy in the USA (Permanent Observer to the OAS)
58	Embassy in Uzbekistan
59	Embassy in Vietnam (also accredited in Laos and Cambodia)
60	Consulate General in Aktau, Kazakhstan
61	Consulate General in Batumi, Georgia
62	Consulate General in Dubai, UAE
63	Consulate General in Istanbul, Turkey (Permanent Mission to BSEC)
64	Consulate General in Kars, Turkey

65	Consulate General in Los Angeles
66	Consulate General in St. Petersburg, Russia
67	Consulate General in Tabriz, Iran
68	Consulate General in Yekaterinburg, Russia
69	Honorable Consulate in Genoa, Italy
70	Honorable Consulate in Santa Fe
71	Honorable Consulate in Stuttgart, Germany
72	Honorable Consulate in Valetta, Malta
73	Honorary Consulate in Bratislava, Slovakia
74	Honorary Consulate in Manila, Philippines
75	Mission to NATO, Brussels, Belgium
76	Permanent Mission to the Council of Europe, Strasbourg, France
77	Permanent Mission to the UN in Geneva and other international organizations in Switzerland
78	Permanent Mission to the UN, New York, USA (also accredited in Cuba, Venezuela, Nicaragua, Jamaica)
79	Permanent Mission to UNESCO, Paris, France

DIPLOMATIC REPRESENTATIVES OF FOREIGN COUNTRIES IN THE REPUBLIC OF AZERBAIJAN



- 1 Embassy of the Arab Republic of Egypt
- 2 Embassy of the Czech Republic
- 3 Embassy of the Democratic People's Republic of Algeria
- 4 Embassy of the Federal Republic of Germany
- 5 Embassy of the Federative Republic of Brazil
- 6 Embassy of Georgia
- 7 Embassy of the Hashemite Kingdom of Jordan
- 8 Embassy of the Hellenic Republic
- 9 Embassy of India
- 10 Embassy of the Islamic Republic of Afghanistan

11	Embassy of the Islamic Republic of Iran
12	Embassy of the Islamic Republic of Pakistan
13	Embassy of Japan
14	Embassy of the Kingdom of Belgium
15	Embassy of the Kingdom of Morocco
16	Embassy of the Kingdom of the Netherlands
17	Embassy of the Kingdom of Sweden
18	Embassy of the Kyrgyz Republic
19	Embassy of Libya
20	Embassy of Malaysia
21	Embassy of the People's Republic of China
22	Embassy of the Portuguese Republic
23	Embassy of the Republic of Argentina
24	Embassy of the Republic of Austria
25	Embassy of the Republic of Belarus

26	Embassy of the Republic of Bulgaria
27	Embassy of the Republic of Colombia
28	Embassy of the Republic of Croatia
29	Embassy of the Republic of Cuba
30	Embassy of the Republic of Estonia
31	Embassy of the Republic of France
32	Embassy of the Republic of Hungary
33	Embassy of the Republic of Indonesia
34	Embassy of the Republic of Iraq
35	Embassy of the Republic of Italy
36	Embassy of the Republic of Kazakhstan
37	Embassy of the Republic of Korea
38	Embassy of the Republic of Latvia
39	Embassy of the Republic of Lithuania
40	Embassy of the Republic of Moldova

41	Embassy of the Republic of Poland
42	Embassy of the Republic of Serbia
43	Embassy of the Republic of Sudan
44	Embassy of the Republic of Tajikistan
45	Embassy of the Republic of Turkey
46	Embassy of the Republic of Uzbekistan
47	Embassy of Romania
48	Embassy of the Russian Federation
49	Embassy of the State of Israel
50	Embassy of the State of Kuwait
51	Embassy of the State of Palestine
52	Embassy of the State of Qatar
53	Embassy of Swiss Confederation
54	Embassy of Turkmenistan
55	Embassy of Ukraine

56	Embassy of the United Arab Emirates
57	Embassy of the United Kingdom of Great Britain and Northern Ireland
58	Embassy of the United Mexican States
59	Embassy of the United States of America
60	Royal Embassy of Saudi Arabia
61	Royal Norwegian Embassy
62	Royal Spanish Embassy
63	Consulate General of Georgia in Ganja
64	Consulate General of Iran in Nakhchivan
65	Consulate General of Turkey in Nakhchivan
66	Consulate General of Turkey in Ganja
67	Honorary Consulate of the Former Yugoslav Republic of Macedonia
68	Honorary Consulate of the Kingdom of Denmark
69	Honorary Consulate of the Kingdom of Thailand
70	Honorary Consulate of Montenegro

71 Honorary Consulate of the People's Republic of Bangladesh

72 Honorary Consulate of the Portuguese Republic

73 Honorary Consulate of the Republic of Croatia

74 Honorary Consulate of the Republic of Finland

75 Honorary Consulate of the Republic of Hungary

76 Honorary Consulate of the Republic of Slovenia

77 Honorary Consulate of the Republic of Turkey

REPRESENTATIONS OF INTERNATIONAL ORGA- NIZATIONS IN THE RE- PUBLIC OF AZERBAIJAN



1 Delegation of the European Union

2 Asian Development Bank – Azerbaijan Resident Mission: Central and West Asia Department

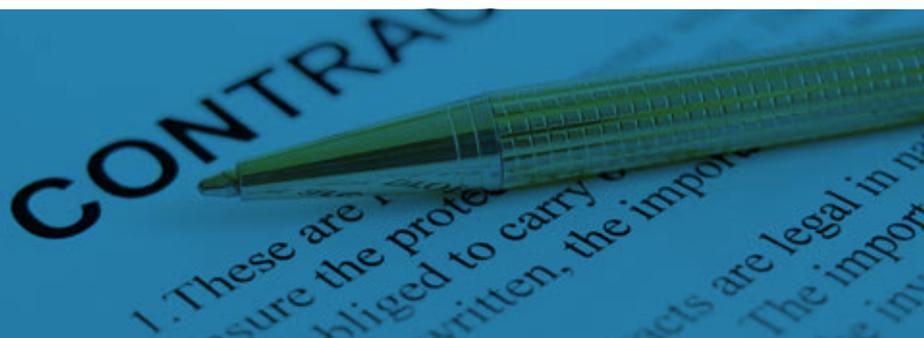
3 Council of Europe - Special Representative of the Secretary General to Azerbaijan

4	European Bank for Reconstruction and Development
5	Delegation of International Committee of the Red Cross
6	IOM - Office of the Resident Representative of the International Organization for Migration
7	International Monetary Fund
8	International Turkic Culture and Heritage Foundation
9	Interstate Council of Plenipotentiary Representatives on Aviation and Airspace Use (IAC)
10	Islamic Conference Youth Forum for Dialogue and Cooperation (ICYF-DC) – Regional Centre for Eurasia in Baku
11	Parliamentary Assembly of Turkic-Speaking Countries – TURKPA Secretariat
12	Science and Technology Center of Ukraine – Information Office in Azerbaijan
13	Permanent Secretariat of the Intergovernmental Commission “Traceca”
14	<p>UN</p> <ul style="list-style-type: none"> - United Nations Development Programme (UNDP) - United Nations Information Center (UNIC) - United Nations Population Fund (UNFPA) - United Nations High Commissioner for Refugees (UNHCR) - United Nations Children’s Fund (UNICEF) - United Nations Department of Safety and Security (UNDSS)
15	United Nations Food and Agriculture Organization (FAO)
16	World Bank
17	World Health Organization (WHO)



ANNEXES & MAP

ANNEX 1. BILATERAL INVESTMENT TREATIES



	COUNTRY	DATE OF SIGNATURE	RATIFICATION DATE
1	Albania	9 February 2012	22 May 2012
2	Austria	4 July 2000	24 October 2000
3	Belarus	3 June 2010	30 September 2010
4	Belgium-Luxembourg Economic Union	18 May 2004	26 October 2004
5	Bulgaria	7 October 2004	1 March 2005
6	China	8 March 1994	-----
7	Croatia	2 October 2007	1 February 2008
8	Czech Republic	17 May 2011	30 September 2011
9	Egypt	24 October 2002	13 May 2003

	COUNTRY	DATE OF SIGNATURE	RATIFICATION DATE
10	Estonia	7 April 2010	8 June 2010
11	Finland	26 February 2003	13 May 2003
12	France	1 September 1998	27 November 1998
13	Georgia	8 March 1996	19 April 1996
14	Germany	22 December 1995	25 June 1996
15	Greece	21 June 2004	26 October 2004
16	Hungary	18 May 2007	1 October 2007
17	Iran	28 October 1996	1 December 1998
18	Israel	20 February 2007	1 October 2007
19	Jordan	5 May 2008	2 October 2008
20	Kazakhstan	16 September 1996	15 November 1996
21	Korea	23 April 2007	1 October 2007
22	Kuwait	10 February	28 April 2009
23	Kyrgyzstan	23 April 1997	26 June 1997

	COUNTRY	DATE OF SIGNATURE	RATIFICATION DATE
24	Latvia	3 October 2005	1 March 2006
25	Lithuania	8 June 2006	10 April 2007
26	Lebanon	11 February 1998	4 December 1998
27	FYR of Macedonia	9 April 2013	21 June 2013
28	Moldova	27 November 1997	8 December 1998
29	Montenegro	16 September 2011	13 December 2011
30	Norway	25 September 1996	-----
31	Pakistan	9 October 1995	12 March 1996
32	Poland	26 August 1997	13 February 1998
33	Qatar	28 August 2007	19 October 2007
34	Romania	29 October 2002	5 December 2003
35	Russia	29 September 2014	-----
36	San Marino	25 September 2015	-----
37	Saudi Arabia	9 March 2005	10 May 2005

	COUNTRY	DATE OF SIGNATURE	RATIFICATION DATE
38	Serbia	8 June 2011	30 September 2011
39	Syria	8 July 2009	30 September 2009
40	Switzerland	23 February 2006	10 April 2007
41	Tajikistan	15 March 2007	5 June 2007
42	Turkey	25 October 2011	30 December 2011
43	UAE	20 November 2006	10 April 2007
44	Ukraine	24 March 1997	6 June 1997
45	United Kingdom	4 January 1996	15 March 1996
46	USA	1 August 1997	14 April 1998
47	Uzbekistan	27 May 1996	29 October 1996

ANNEX 2 BRIEF COMPARATIVE ANALYSIS OF LLC AND JSC UNDER AZERBAIJANI LAW



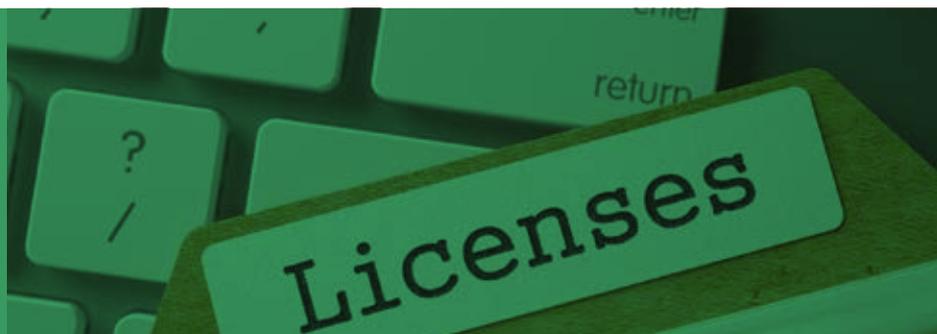
	JSC	LLC
1. MINIMUM NUMBER OF FOUNDERS	<p>At least one founder (legal entity or individual). Closed JSC - maximum number of shareholders may not exceed fifty. If this limit is exceeded, a closed JSC must be either reorganized into an open JSC, or liquidated.</p>	<p>At least one founder (legal entity or individual). However, there is not a statutory limit on the number of participants.</p>
2. LIABILITY OF FOUNDERS	<p>The participants/shareholders are not personally liable for the obligations/liabilities of a JSC/LLC. The liability of founders is limited to the amount of their equity (capital) contribution.</p>	
3. CAPITAL REQUIREMENTS	<p>Open JSC – AZN 4,000 (about USD 2,360)/ Closed JSC – AZN 2,000 (circa USD 1,180). Share capital must be paid in full prior to state registration.</p> <p>In-kind capital contributions must be valued by an independent appraiser. The value of in-kind contributions of a newly founded company and an existing company is determined by a founders' meeting and the general meeting of shareholders, respectively.</p>	<p>There is no specified minimum capital requirement. However, the Civil Code (2000) states that the minimum capital is to be set by the relevant executive authorities. Charter capital must be paid in full prior to state registration, unless the charter of an LLC specifies that the payment of the charter capital be made within a certain period of time in the future. In-kind capital contributions must be valued by an independent appraiser.</p>

	JSC	LLC
4. SECURITIES	<p>Shares must be registered by the Financial Markets Supervision Chamber. Placement of securities can be public (offered to the public at large) or private (offered to a limited group of investors).</p> <p>Open joint-stock companies can place securities only through public placement (except for establishment and reorganization of a company and conversion of shares) while closed joint-stock companies place their securities only through private placement.</p>	<p>Paid-in capital of participants is not considered to be a security. Therefore, there are no registration requirements with the Financial Markets Supervision Chamber.</p>
5. TRANSFERABILITY OF SHARES/ PARTICIPATORY INTERESTS	<p>Open – no restriction on the transfer of one’s shares to another. Closed – shareholders have the right of first refusal.</p>	<p>Unless provided otherwise in the Charter, a participant may alienate (sell/transfer) his participating interest to third parties. However, other participants have the right of first refusal, if the Charter does not provide otherwise.</p>
6. MANAGEMENT STRUCTURE	<p>The General Meeting of Shareholders (GMS) is the supreme governing body, which has exclusive competence in fundamental matters (such as amendments to the Charter and to the Share Capital, any decision on liquidation, reorganization, etc.). The law does not allow delegation of such powers to other inferior governing bodies.</p> <p>A JSC which has more than 50 shareholders must create a Supervisory Board.</p> <p>The management body can be either in the form of a board of directors or an individual director.</p>	<p>Same as JSC. Still there is no requirement to create a Supervisory Board, which can though be established if so desired by the participants and indicated in the charter.</p>

	JSC	LLC
7. ACCOUNTABILITY	An Open JSC must make public its annual report and balance sheet.	
8. LIQUIDATION & REORGANIZATION	A voluntary liquidation or reorganization is performed by a decision of the shareholders' general meeting. A JSC may be reorganized into an LLC.	A voluntary liquidation or reorganization is performed by a decision of the general meeting of participants. An LLC may be reorganized into a JSC.
9. TAX	Identical tax treatment (except in case of distribution of net profits).	



**ANNEX 3
LIST OF
ACTIVITIES REQUIRING
LICENSES AND THE
AMOUNT OF STATE DUTY**



	NAME OF ACTIVITY	EXECUTIVE ORGAN TO ISSUE THE LICENSE	AMOUNT OF STATE DUTY (IN MANATS)
1	Private security activity	State Security Service (to ensure the safety of legal entities formed on the territory of the Republic of Azerbaijan by foreign legal entities or foreigners or stateless persons, including legal entities established with direct or indirect participation of the foreign capital); Ministry of Internal Affairs (in other cases)	1500
2	Activities in the field of the designing and production of data protection facilities	State Security Service	1100
3	Development of biometric technologies and maintenance of such technologies	Ministry of Transport, Communication and High Technologies	1100

	NAME OF ACTIVITY	EXECUTIVE ORGAN TO ISSUE THE LICENSE	AMOUNT OF STATE DUTY (IN MANATS)
4	Creation of information resources on personal data and development of information systems, their servicing	Ministry of Transport, Communication and High Technologies	1100
5	Toxic waste:		
5.1	utilization	Ministry of Economy	550
5.2	Neutralization	Ministry of Economy	550
6	Supply of raw wild medicinal plants for production	Ministry of Economy	250
7	Private medical activities	Ministry of Economy	2250
8	Pharmaceutical activities:		
8.1	Manufacture of medicines	Ministry of Economy	2250
8.2	Wholesale of medicines		2250
8.3	Retail sale of medicines		1000
9	Precursors:		
9.1	Production	Ministry of Economy	250
9.2	Import		250
9.3	Export		250

9.4	Transit		250
10	Education activities:		
10.1	pre-school education institutions	Ministry of Economy	1250
10.2	general education (including lyceums and gymnasiums)		2000
10.3	primary vocational education (vocational schools and vocational lyceums)		2000
10.4	specialized secondary education institutions		2000
10.5	higher education institutions		2750
10.6	additional education institutions		1500
10.7	secondary-special religious education institutions		2000
10.8	higher religious education institutions		2750
11	Communication services:		
11.1	telephony (wire)	Ministry of Economy	2500
11.2	radio trunk and wireless		2500
11.3	cellular (mobile)		5500
11.4	IP-telephony		4000
11.5	arranging of internal telecommunication channels		2500
11.6	arranging of international telecommunication channels		5500

11.7	data communication		3000
11.8	express post services		1250
12	Broadcasting activities:		
12.1	republican TV broadcasting	Ministry of Economy	5500
12.2	Baku city TV broadcasting		2250
12.3	regional TV broadcasting		1500
12.4	republican radio broadcasting		2500
12.5	Baku city radio broadcasting		1250
12.6	regional radio broadcasting		500
12.7	auxiliary information broadcasting		500
12.8	cable network broadcasting with up to 5000 subscribers		1500
12.9	cable network broadcasting with over 5000 subscribers		2500
12.10	satellite broadcasting		500
12.11	activity on ensuring satellite broadcasting of foreign radio and television channels by means of coding devices		500
13	Activities of stock exchange	Financial Markets Supervision Chamber	5500
14	Activities of Investment Company	Financial Markets Supervision Chamber	2750

15	Clearing organization activity	Financial Markets Supervision Chamber	2750
16	Investment fund depositary activity	Financial Markets Supervision Chamber	2750
17	Activities of stock investment fund	Financial Markets Supervision Chamber	5500
18	Activities on the production and sale of all types of securities forms	Financial Markets Supervision Chamber	2750
19	Preparation of various seals and stamps	Ministry of Economy	1100
20	Credit institutions:		1500
20.1	bank, local branch of a foreign bank	Financial Markets Supervision Chamber	11000
20.2	non-bank credit institutions		550
20.3	national postal operator		500
21	Activities in the insurance sector:		500
21.1	insurance activities	Financial Markets Supervision Chamber	11000
21.2	reinsurance activities		11000
21.3	insurance broker activities:		
21.3.1	insurance brokers – legal entities		11000
21.3.2	insurance brokers - natural persons		500
21.4	insurance agent activities:		
21.4.1	insurance agents - legal entities		500

21.4.2	insurance agents - natural persons		220
22	Storage and disposal of radioactive and ionized waste	Ministry of Economy	550
23	Transportation of hazardous cargo by transport facilities	Ministry of Economy	250
24	Liquid and natural gas facilities:		
24.1	Installation	Ministry of Economy	1100
24.2	Exploitation	Ministry of Economy	1100
25	Field operations, mining and drilling works	Ministry of Economy	1100
26	Installation and repair of elevators	Ministry of Economy	250
27	Exploitation of attractions	Ministry of Economy	1250
28	Installation and repair of hoisting facilities, metallurgical plants, boilers and tanks operating under pressure	Ministry of Economy	1250
29	Diagnostics and other maintenance inspection of the equipment and technical installations used at the potentially hazardous facilities	Ministry of Economy	1250
30	Fire protection activities:		
30.1	Fire protection on the basis of the agreement of enterprises and settlements	Ministry of Economy	1800
30.2	Production, sale and testing of firefighting equipment	Ministry of Economy	1800

30.3	Installation of fire protection systems and facilities, their repair and maintenance	Ministry of Economy	1800
30.4	Repair and servicing of fire protection equipment, primary firefighting appliances, restoration of firefighting appliances performance	Ministry of Economy	1800
31	Engineering and exploration works of buildings and facilities requiring permission for construction	Ministry of Economy	550
32	Construction and installation works of buildings and facilities requiring permission for construction	Ministry of Economy	550
33	Designing buildings and facilities requiring permission for construction or subject to information procedures	Ministry of Economy	550
34	Private veterinary medicine activities	Ministry of Economy	220
35	Veterinary drugs:		
35.1	Production	Ministry of Economy	1500
35.2	Sale	Ministry of Economy	220
36	Plant protection remedies and agrochemicals:		
36.1	Production	Ministry of Economy	1000
36.2	Import	Ministry of Economy	500
37	Organization of individual hunting farms	Ministry of Economy	550

LIST OF ACTIVITIES REQUIRING LICENSES BY THE EXECUTIVE AUTHORITIES OF THE NAKHCHIVAN AUTONOMOUS REPUBLIC

	NAME OF ACTIVITY
1	Private medical activities
2	Pharmaceutical activities
3	Communication services:
3.1	telephony (wire)
3.2	cellular (mobile)
3.3	radio trunk and wireless
3.4	IP-telephony
3.5	data communications
3.6	express post services
4	Education activities:
4.1	Pre-school education institutions
4.2	general education (including lyceums and gymnasiums)
4.3	primary vocational education (vocational schools and vocational lyceums)

NAME OF ACTIVITY

4.4	specialized secondary education institutions
4.5	higher education institutions
4.6	additional education institutions
4.7	secondary-special religious education institutions
4.8	higher religious education institutions
5	Preparation of various seals and stamps
6	Broadcasting activities (TV and radio broadcasting, auxiliary information broadcasting, cable network broadcasting, satellite broadcasting, activity on ensuring satellite broadcasting of foreign radio and television channels by means of coding devices)
7	Supply of raw wild medicinal plants for production
8	Production, export-import, transit transportation of precursors
9	Transportation of hazardous cargo by transport facilities
10	Installation and exploitation of liquid and natural gas facilities
11	Field operations, mining and drilling works
12	Installation and repair of elevators
13	Exploitation of attractions
14	Installation and repair of hoisting facilities, metallurgical plants, boilers and tanks operating under pressure
15	Diagnostics and other maintenance inspection of the equipment and technical installations used at the potentially hazardous facilities

NAME OF ACTIVITY

16	Fire protection activities:
16.1	Production, sale and testing of firefighting equipment
16.2	Installation of fire protection systems and facilities, their repair and maintenance
16.3	Repair and servicing of fire protection equipment, primary firefighting appliances, restoration of firefighting appliances performance
17	Engineering and exploration works of buildings and facilities requiring permission for construction
18	Construction and installation works of buildings and facilities requiring permission for construction
19	Designing buildings and facilities requiring permission for construction or subject to information procedures
20	Private veterinary medicine activities
21	Veterinary drugs:
21.1	production
21.2	sale
22	Development of biometric technologies and maintenance of such technologies

ANNEX 4 DOUBLE TAXATION TREATIES



	STATE	SIGNATURE DATE	COMING INTO FORCE DATE
1	Austria	04.07.2000	23.02.2001
2	Belarus	08.08.2001	29.04.2002
3	Belgium	18.05.2004	12.08.2006
4	Bulgaria	12.11.2007	25.11.2008
5	Bosnia and Herzegovina	18.10.2012	26.12.2013
6	Canada	07.09.2004	23.01.2006
7	China	17.03.2005	17.08.2005
8	Croatia	12.03.2012	18.03.2013
9	Czech Republic	24.11.2005	16.06.2006
10	Estonia	30.10.2007	27.11.2008
11	Finland	29.09.2005	29.11.2006

	STATE	SIGNATURE DATE	COMING INTO FORCE DATE
12	France	20.12.2001	01.10.2005
13	Georgia	18.02.1997	01.12.1997
14	Germany	25.08.2004	28.12.2005
15	Greece	16.02.2009	11.03.2010
16	Hungary	18.02.2008	15.12.2008
17	Islamic Republic of Iran	10.03.2009	25.01.2010
18	Islamic Republic of Pakistan	10.04.1996	01.07.1997
19	Israel	13.12.2016	-----
20	Italy	21.07.2004	28.04.2010
21	Japan	30.05.2005	11.04.2008
22	Kazakhstan	16.09.1996	07.05.1997
23	Korea	19.05.2008	25.11.2008
24	Kuwait	10.02.2009	18.04.2012
25	Latvia	03.10.2005	19.04.2006
26	Lithuania	02.04.2004	13.11.2004
27	Luxemburg	16.06.2006	02.07.2009

	STATE	SIGNATURE DATE	COMING INTO FORCE DATE
28	FYR Macedonia	19.04.2013	12.08.2013
29	Malta	29.04.2016	-----
30	Moldova	27.11.1997	28.01.1999
31	Montenegro	12.03.2013	04.11.2013
32	Nederland	22.09.2008	18.12.2009
33	Norway	24.04.1996	19.09.1996
34	Poland	26.08.1997	20.01.2005
35	Qatar	28.08.2007	11.03.2008
36	Romania	29.10.2002	29.01.2004
37	Russian Federation	03.07.1997	03.07.1998
38	San Marino	08.09.2015	-----
39	Saudi Arabia	13.05.2014	01.05.2015
40	Slovenia	09.06.2011	10.09.2012
41	Serbia	13.05.2010	01.12.2010
42	Spain	23.04.2014	-----
43	Sweden	10.02.2016	-----

	STATE	SIGNATURE DATE	COMING INTO FORCE DATE
44	Switzerland	23.02.2006	13.07.2007
45	Tajikistan	13.08.2007	11.02.2008
46	The Hashemite Kingdom of Jordan	05.05.2008	-----
47	Turkey	09.02.1994	01.09.1997
48	Ukraine	30.07.1999	03.07.2000
49	United Arab Emirates	20.11.2006	25.07.2007
50	United Kingdom	23.02.1994	29.09.1995
51	Uzbekistan	27.05.1996	02.11.1996
52	Vietnam	19.05.2014	11.11.2014



ANNEX 5 FREE TRADE AGREEMENTS



	COUNTRIES	DATE	PLACE OF SIGNING
1	Agreement on Free Trade between the Republic of Azerbaijan and the Russian Federation	30 September 1992	Baku
2	Agreement on Free Trade between the Republic of Azerbaijan and Moldova	26 May 1995	Minsk
3	Agreement on Free Trade between the Republic of Azerbaijan and Ukraine	28 July 1995	Baku
4	Agreement on Free Trade between the Republic of Azerbaijan and Georgia	8 March 1996	Tbilisi
5	Agreement on Free Trade between the Republic of Azerbaijan and Turkmenistan	18 March 1996	Baku
6	Agreement on Free Trade between the Republic of Azerbaijan and Uzbekistan	27 May 1996	Baku
7	Agreement on Free Trade between the Republic of Azerbaijan and Kazakhstan	10 June 1997	Almaty
8	Agreement on Free Trade between the Republic of Azerbaijan and Kyrgyzstan	12 January 2004	Moscow
9	Agreement on Free Trade between the Republic of Azerbaijan and Belarus	31 March 2004	Minsk

ANNEX 6: TABLE OF APPLICABLE TAXES

RATE	PAYERS	TAXABLE BASE	EXEMPTIONS
<p>1. Corporate Profit Tax</p> <p>Generally - 20%</p>	<p>All enterprises (resident and non-resident). Resident enterprises are subject to tax on their total profit. Non-resident enterprises operating in Azerbaijan through permanent establishments ('PE') are subject to tax on profit from such operations. Non-residents are taxable only on profits from activities performed in Azerbaijan.</p>	<p>Difference between total gross income (excluding the income exempted from tax) and deductible expenses. In case of a PE, total gross income generated from Azerbaijani sources through a PE less the amount of expenses incurred with respect to such income.</p>	<p>Profit of charity organizations (except from entrepreneurial activity);</p> <p>Grants, membership fees and donations received by non-commercial organizations;</p> <p>Income of international, interstate and intergovernmental organizations (except from entrepreneurial activity) etc.</p> <p>50 percent of the profit of entities that have obtained an Investment Promotion Certificate will be exempt from income tax for seven years.</p> <p>Any income generated from activities in the industrial and technology parks by legal persons that are residents of such parks. Part of income directed to the construction and maintenance of the infrastructure of the parks by the management organisation or the operator of the industrial or technological parks, founded by the decision of the President of the Republic of Azerbaijan, as well as income from the activity of the resident legal entity in this parks for a period of 7 years, starting from their registration reporting year.</p> <p>Legal entities involved in production of agricultural products (including production by industrial method) are exempt from profit tax, except of land tax, up to January 1, 2019.</p>

RATE	PAYERS	TAXABLE BASE	EXEMPTIONS
<p>2. Withholding Tax from the income of non-residents</p> <p>4%, 6%, 10% and 14% depending on type of income</p>	<p>Enterprises or entrepreneurs making payments to non-residents.</p> <p>Payments made by the PE of non-residents are treated the same as the payments of resident enterprises.</p>	<p>The gross income of a non-resident from an Azerbaijani source not attributable to a PE of a non-resident on the territory of Azerbaijan is subject to taxation at the source of payment, without deduction of expenses.</p> <p>The remittance of profits, derived from a permanent establishment in Azerbaijan, to the head office is subject to a branch remittance tax of 10%.</p>	
<p>3. Income Tax of Employees</p> <p>14% for up to 2500 AZN (1480 USD)</p> <p>25% for over 2500 AZN (350 AZN+ 25% of the amount of exceeding 2500 AZN)</p>	<p>Resident and non-resident employees working in Azerbaijan. Payments made by the PE of non-residents are treated the same as the payments of resident enterprises. Residents are taxed on their worldwide income, while non-residents are taxed only on Azerbaijani source income.</p>	<p>Any salaries, payments or benefits received by an employee in respect of employment, regardless the place of payment</p>	<p>Income of diplomats or consular employees who are not citizens of Azerbaijan;</p> <p>Employment income from the work-place of a person who is not a resident of the Republic of Azerbaijan - - if this income is paid by an employer or in the name of an employer who is not a resident of Azerbaijan and is not paid by or on behalf of a PE of a non-resident; gifts, material aid and inheritance up.</p> <p>Other Exemptions and privileges on income tax stipulated in the tax code</p>

RATE	PAYERS	TAXABLE BASE	EXEMPTIONS
<p>4. Value- Added Tax ('VAT')</p> <p>18%</p>	<p>Any person registered or required to register as a VAT payer (there is a requirement to register for VAT purposes if turnover of a taxpayer exceeds a certain threshold);</p> <p>Persons importing goods to which VAT applies are considered payers of VAT on goods so imported;</p> <p>A non-resident person performing work or providing service, without registration for VAT purposes and being subject to tax on such works or services;</p> <p>Producers of the excise goods and those who are involved in residential housing construction and not using the right to be the simplified tax payer.</p>	<p>Value of goods, works, and services provided, value of taxable import and trade addition during the retail sale of agricultural goods produced on the territory of Azerbaijan VAT payer are entitled to recover the amount of VAT paid on purchases (input VAT) by offsetting it with its output tax or any other taxes.</p>	<p>The cost of property purchased from state enterprises in the course of privatization;</p> <p>The provision of financial services etc.</p> <p>The following are subject to '0' (zero) rate: The purchase of goods or services, or importation thereof, with the proceeds of foreign grants; Exports, etc</p> <p>Any entity or individual entrepreneur having obtained an Investment Promotion Certificate will be exempt, for the period of seven years, from VAT upon confirmed import of equipment, technological equipment and devices.</p>
<p>5. Excise Tax</p> <p>Various rates (per unit, volume, etc)</p>	<p>All persons engaged in the production of excisable goods in Azerbaijan or importation of such goods into Azerbaijan.</p>	<p>Release of excise goods produced in Azerbaijan and import of excisable goods into Azerbaijan.</p> <p>Excisable goods are spirits, beer and all kinds of alcohol, tobacco products, petroleum products, vehicles, yachts for sports and leisure, platinum, gold and jewelry products made from them, fur-leather products.</p>	<p>Transit transportation of goods through the territory of Azerbaijan;</p> <p>temporary imports of goods into Azerbaijan, except for goods intended for re-export;</p> <p>Goods that are intended for re-export and secured under a pledge etc.</p>

RATE	PAYERS	TAXABLE BASE	EXEMPTIONS
<p>6. Property Tax</p> <p>Different rates depending on type of assets.</p> <p>Individuals – depending on the region where the property is located between AZN 0.1-0.4 for each square meter of the property;</p> <p>legal entities – 1% of the value of fixed assets ; Other rates are applicable for possession of watercrafts and aircrafts</p>	<p>All persons and legal entities having assets (buildings or their parts, fixed assets etc.) in ownership.</p> <p>Resident enterprises, as well as non-resident enterprises carrying out business activity through its permanent establishment in the Republic of Azerbaijan, are subject to property tax.</p>	<p>For individuals, buildings owned by resident and non-resident individuals in the Republic of Azerbaijan, plus watercraft and aircraft owned by resident individuals;</p> <p>For resident enterprises average annual value of fixed assets on the balance sheet of the enterprise;</p> <p>For legal entities carrying out business activities in Azerbaijan through a permanent establishment annual average value of only those fixed assets which are related to the PE.</p>	<p>Facilities that are used for environmental preservation, fire protection or civil defense purposes;</p> <p>pipelines carrying products, rail and motorways, communication, power transmission lines, irrigation system facilities, satellites and other space objects, mechanical vehicles etc.</p> <p>Any entity or individual entrepreneur that has obtained an Investment Promotion Certificate is exempt from property tax for seven years.</p> <p>Residents of industrial and technology parks for the property used in the parks.</p>
<p>7. Land Tax</p> <p>Different rates depending on location and type of land plots</p>	<p>All persons owning or using land in Azerbaijan</p>	<p>Land plots granted for use or ownership.</p>	<p>Common use residential land plots;</p> <p>national border zones and land designated for defense purposes etc.</p> <p>Any entity or individual entrepreneur that has obtained an Investment Promotion Certificate is exempt from land tax for seven years.</p> <p>Residents of industrial and technology parks for land used in the parks.</p>

RATE	PAYERS	TAXABLE BASE	EXEMPTIONS
<p>8. Mining Tax (Royalty)</p> <p>3% - 26%</p>	<p>All individuals and legal entities engaged in extraction of commercial minerals from subsoil strata of the earth within the territory of the Azerbaijan Republic, (including in the Azerbaijani sector of the Caspian Sea)</p>	<p>Commercial minerals extracted from subsoil strata in the territory of Azerbaijan (including in the Azerbaijani sector of the Caspian Sea).</p>	
<p>9. Simplified System Tax</p> <p>4% for taxpayers operating in Baku and</p> <p>2% for taxpayers operating in other regions</p> <p>6% for trading activities and 8% for catering activities with more than AZN 200,000 turnover</p> <p>6% for operators of sports betting</p> <p>4% for commissioners of sports betting</p>	<p>Enterprises and individuals with a yearly turnover not exceeding a certain limit (currently 200,000 AZN – around USD 118,000); whose taxable turnover exceeds AZN 200,000 in any month within consecutive twelve months are entitled to a simplified tax</p> <p>Persons engaged in trading and catering activities;</p> <p>Persons engaged in the passengers and cargo transportation on territory of the Republic of Azerbaijan</p> <p>Persons engaged in the construction of buildings are also entitled to register as simplified taxpayers voluntarily;</p> <p>Operators and commissioners of sports betting etc.</p>	<p>Total proceeds realized by a taxpayer from the sale of goods or services and from non-sales related activity.</p>	

RATE	PAYERS	TAXABLE BASE	EXEMPTIONS
Social insurance fund contributions payable by the employee	Azerbaijani and foreign employees	Employer is responsible for Social Insurance Fund Contribution on behalf of employees at the rate of 22% paid by employer on top of the gross wages, and 3% Contribution to State Pension fund, withheld at from employee's gross salary	Foreign Employees providing services under PSA regime are exempted from Social Protection Fund Contributions



INTERNATIONAL EXHIBITIONS AND CONFERENCES IN AZERBAIJAN

2017



23rd Azerbaijan International
HEALTHCARE EXHIBITION
28-30 SEPTEMBER
www.bihe.az



12th Azerbaijan International
STOMATOLOGY EXHIBITION
28-30 SEPTEMBER
www.stomatology.az



11th Azerbaijan International
**BEAUTY AND AESTHETIC
MEDICINE EXHIBITION**
28-30 SEPTEMBER
www.beauty.iteca.az



23rd Azerbaijan International
CONSTRUCTION EXHIBITION
18-21 OCTOBER
www.worldbuild.az



10th Anniversary International Exhibition
**FOR HEATING, VENTILATION,
AIR-CONDITIONING,
WATER SUPPLY, SANITARY,
ENVIRONMENTAL TECHNOLOGY,
SWIMMING POOL AND
RENEWABLE ENERGIES**
18-21 OCTOBER
www.aquatherm.az

2017



Caspian International
**FURNITURE, INTERIORS AND
DESIGN EXHIBITION**
18-21 OCTOBER
www.caspianmebelexpo.az



10th Anniversary Caspian International
**PROTECTION, SECURITY AND
RESCUE EXHIBITION**
18-21 OCTOBER
www.securikacaspian.az



2018



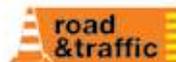
17th Azerbaijan International
TRAVEL AND TOURISM FAIR
5-7 APRIL
www.aitf.az



12th Caucasus International
HOSPITALITY EXHIBITION
5-7 APRIL
www.horex.az



17th Caspian International
**TRANSPORT, TRANSIT AND
LOGISTICS EXHIBITION**
25-27 APRIL
www.transcaspian.az



8th Caspian International
**ROAD INFRASTRUCTURE AND
PUBLIC TRANSPORT EXHIBITION**
25-27 APRIL
www.roadtraffic.az



ORGANISERS
Tel.: +99412 4041000; Fax: +99412 4041001
E-mail: office@iteca.az

*Dates are subject to change

www.iteca.az

2017-2018

2018

5th Anniversary Caspian International
BOAT AND YACHT SHOW
25-27 APRIL
www.cibs.az

24th Azerbaijan International
FOOD INDUSTRY EXHIBITION
22-24 MAY
www.worldfood.az

Caspian International
**PACKAGING, TARE, LABEL AND
PRINTING EXHIBITION**
22-24 MAY
www.ipack.iteca.az

25th Anniversary International
CASPIAN OIL AND GAS EXHIBITION
5-8 JUNE
www.caspianoilgas.az

8th Caspian International
**POWER AND ALTERNATIVE ENERGY
EXHIBITION**
5-8 JUNE
www.caspianpower.az

25th Anniversary International
CASPIAN OIL AND GAS CONFERENCE
6-7 JUNE
www.oilgasconference.az



#ItecaCaspian

PROFESSIONAL EVENTS ORGANISER



2017



11th AZERBAIJAN INTERNATIONAL
EDUCATION EXHIBITION

6-8 OCTOBER

www.eduexpo.az



11th AZERBAIJAN INTERNATIONAL
CAREER EXHIBITION

6-8 OCTOBER

www.careerexpo.az



1st AZERBAIJAN INTERNATIONAL
GIFT FAIR

27-28 OCTOBER

www.giftfair.az



8th AZERBAIJAN INTERNATIONAL
ENVIRONMENTAL EXHIBITION

14-16 NOVEMBER

www.caspianecology.az



23rd AZERBAIJAN INTERNATIONAL
TELECOMMUNICATIONS AND INFORMATION
TECHNOLOGIES EXHIBITION AND CONFERENCE

5-8 DECEMBER

www.bakutel.az

2018



12th AZERBAIJAN INTERNATIONAL
AGRICULTURE EXHIBITION

22-24 MAY

www.caspianagro.az

Organiser

Tel.: +99412 4474774; Fax: +99412 4478558

E-mail: office@ceo.az

www.ceo.az

#CaspianEventOrganisers

MAP OF AZERBAIJAN





AZPROMO established by:

MINISTRY OF ECONOMY OF THE REPUBLIC OF AZERBAIJAN

84 U.Hajibayov str., "The Government House", Baku, Azerbaijan, AZ1000

Phone: +99412 493 88 67

Fax: +994 12 492 58 95

E-mail: office@economy.gov.az

www.economy.gov.az



Azerbaijan Export & Investment
Promotion Foundation

The publication prepared by:

AZERBAIJAN EXPORT & INVESTMENT PROMOTION FOUNDATION

Baku Business Center, 32 Neftchiler ave.

Baku, AZ1000, Azerbaijan

Phone: +99412 598 01 47, 598 01 48

Fax: +99412 598 01 52

E-mail: office@azpromo.az

www.azpromo.az

www.export.az