



Economic News Bulletin
Embassy of the Republic of
Azerbaijan to the
Swiss Confederation and
Principality of Liechtenstein
Kramburgstrasse 10, 3006 Bern
tel: +41 31 350 50 44
fax: +41 31 350 50 41
e-mail: bern@mission.mfa.gov.az

Macroeconomics

President Ilham Aliyev met with Swiss President Ueli Maurer

President of the Republic of
Azerbaijan



Ilham Aliyev
has met with
President of
the Swiss
Confederation Ueli Maurer in Davos.
The sides hailed the successful
development of bilateral relations
between Azerbaijan and Switzerland
in a variety of areas.

President Ueli Maurer noted that the
Swiss businessmen are satisfied with
the conditions created for business
environment in Azerbaijan. “They
praise the favorable conditions created

for the expansion of economic
development and business
opportunities in Azerbaijan. The
launch of air communication between
Azerbaijan and Switzerland is also of
great importance in terms of
expanding cooperation.”

President Ilham Aliyev highlighted
what has been done in the field of
infrastructure in Azerbaijan,
describing the country as a key transit
country in terms of international
transportation. The head of state
pointed to the launch of railway cargo
transportation from Asia to Europe
through the territory of Azerbaijan.

President Ilham Aliyev emphasized
that the trains manufactured in
Switzerland contribute to the
renovation and development of
railway network in Azerbaijan, saying
that cooperation in this area is
successfully underway.

The importance of SOCAR’s making
investment in Switzerland in terms of
expanding bilateral cooperation was
hailed at the meeting.

President Ilham Aliyev underlined
Azerbaijan’s keenness to attract more
Swiss companies as investors to the
country’s economic development. The
head of state expressed his confidence
that the Swiss companies will
continue close cooperation with
Azerbaijan in the years to come.

The necessity of expanding mutual trade was underlined during the meeting. The Swiss companies' involvement in alternative energy production in Azerbaijan was also pointed out.

President Ilham Aliyev highlighted large-scale work done in this field, and noted the importance of studying the Swiss experience in this regard. The head of state emphasized that the conditions created for the business environment, and the development processes in Azerbaijan have been recognized by international organizations and reflected in international ratings.

It was noted that the construction of a cement plant by Holcim in Azerbaijan played a pivotal role in laying of the foundation for economic cooperation. The head of state hailed the role of the cement plant in Azerbaijan's economic development.

Swiss President Ueli Maurer underlined his country's keenness to take specific steps in terms of expanding economic cooperation with Azerbaijan.

President Aliyev attends conference on results of implementation of State Program on socio-economic development of regions

Over the past 15 years, the Azerbaijani economy has grown and

the gross domestic product has grown by 3.3 times.



President Ilham Aliyev has informed at the conference

on the results of the implementation of the "State Program on socio-economic development of the regions of the Republic of Azerbaijan in 2014-2018". He said that over the past 15 years, industrial production in the country increased by 2.6%, agriculture - 1.7%, exports - 4.7%, currency reserves - by 24 times and now amounts to \$ 45 bln.

President Ilham Aliyev said that \$ 250 billion has been invested in Azerbaijan in this period and the country has been ranked 25th in the World Bank's "Doing Business" report. Speaking about social issues, President Ilham Aliyev said more than 100 settlements were built for internally displaced persons, 6650 families of martyrs and war disabled received apartments.

We managed to combine the principles of market economy with social justice principles, said President Ilham Aliyev, noting that despite the negative processes taking place in the world, Azerbaijan has developed. Over the past 15 years, huge infrastructure projects have been implemented, including the Baku-Tbilisi-Kars railway and the Southern Gas Corridor. Azerbaijan has become

an active participant in the north-south, east-west transport corridors.

Heads of different companies and heads of district executive bodies made speeches at the conference. In his closing speech, President Ilham Aliyev said that the necessary infrastructure and reclamation activities should be continued in the future. At the same time, social infrastructure projects, provision of martyr families and disabled veterans should be in the focus of attention.

The President noted that local executive authorities should be attentive and kind to citizens, and work aiming at the creation of new jobs should be continued. The Head of State underlined that the new 4th program on the socio-economic development of the regions was formed on the basis of proposals and initiatives received from regions.

Industry

Wind energy production increases five-fold

Renewables are the sources of clean and inexhaustible energy. Hydrocarbons, which are the traditional source of energy used by the world for many years, are gradually being run out and, thus, make the use of alternative and renewable energy sources urgent.

Azerbaijan produced goods and services worth 1.9 billion manats in production, distribution and supply of electricity, gas and steam in 2018.

The figure shows a seven percent increase compared to 2017, according to the State Statistics



Committee, Report informs. Production volumes in the sector of water supply, wastewater treatment and processing increased by 3.7 percent reaching 313.8 million manats. As much as 23.2 billion kWh of electricity was produced in Azerbaijan last year, which is 2.6 percent more than in 2017.

However, 1,737 kWh of this accounted for the production of hydro power plants, that makes 1.2 percent increase compared to 2017. Thermal power plants increased electricity production by 3.1 percent to 20,534 kWh. During the past year, energy production at wind power plants registered growth of five compared to last year, amounting to 57,5 kWh. At the same time, production at solar power plants reduced by 4.3 percent compared to 2017, having produced only 38.3 kWh. The favorable geographic location and climatic conditions allow the widespread use of environmentally friendly alternative energy sources in Azerbaijan.

The capacity of the energy system of Azerbaijan is more than 6,000 megawatts. At the same time, according to experts, the potential of renewable energy sources in the country is more than 25,300 megawatts. Most of the country's potential in this area falls on solar energy, while it is estimated at 5,000 megawatts.

Some 4,500 megawatts accounts for wind power, 1,500 megawatts -- for biomass, 800 megawatts -- for geothermal energy, and the remaining 350 megawatts -- for the small hydro power plants (HPP). The use of wind energy in Azerbaijan is considered prospective. More than 270 days of strong winds were captured on the Absheron Peninsula and in the coastal zone of the Caspian Sea. The average annual speed of the wind is 7.2 meters per second. The calculations show that a wind power plant with a capacity of 500 kW prevents emissions of 750 to 1,250 tons of carbon dioxide and 3-6 tons of other harmful substances compared to the coal-fired power plant.

According to the State Agency for Alternative and Renewable Energy Sources, Azerbaijan has about 800 MW of annual wind energy reserves due to its geographical location, natural conditions and economic infrastructure. This is about 2.4 billion kWh of electricity, in other words it is possible to save about 1 million tons

of fuel per year due to the wind energy.

Aiming to lessen its dependency on oil, Azerbaijan carries out a number of measures for further development of alternative energy sector.

There are plans to implement a number of projects totaling \$2.3 billion in alternative energy. The projects include a plant for production of biofuels (pellet fuels) in the Sabirabad district, construction of wind power plants in the Pirallahi district, an agro-energy residential complex in the Samukh district and others.

Construction of two wind power farms worth \$800 million and \$408.9 million in the Pirallahi district, as well as a wind power farm worth \$377.7 million in the Khizi district are the biggest projects planned for implementation.

Agriculture

Preferential sale of agricultural equipment launched in Azerbaijan

The Azerbaijani state believes that the development of preferential terms makes a significant contribution to the development of the Azerbaijan's agricultural sector, thus it continues to take new measures in this sphere.

The Agency for Agricultural Credits



and Development has started applying new rules for the sale of agricultural equipment on preferential terms, the Azerbaijan's Ministry of Agriculture reports. At the expense of the agency, the first sale of agricultural equipment on such conditions was carried out in accordance with the new rules approved by the decree of the Azerbaijani President "On Improving Leasing Activities in Agriculture and State Support to Agriculture".

The agricultural enterprise purchased equipment with a customs value of 172,000 manats for 68,000 manats, that is, with a 40 percent benefit. The company made a down payment of 20 percent of the sale price. The buyer has paid the remaining amount on the basis of a soft loan taken from an authorized credit institution.

According to the "Procedure for the use of funds of the Agency for Agricultural Loans and Development under the Ministry of Agriculture", the sale of agricultural equipment and breeding animals will now be carried out by the agency. Before the signing of this decree, these issues were dealt with by Agroleasing OJSC.

According to the new rules, agricultural machinery and breeding

animals can be purchased on favorable terms and with the use of preferential loans from any supplier or any authorized lending organization.

Earlier in Azerbaijan, the maximum value of a soft loan from the above mentioned State Service was 200,000 manats. The changes also affected microloans, the maximum value of which was 1,000 manats. Now their value has been increased to 5,000 manats.

The grace period for loans is 12-24 months, and the loan repayment period is 2-5 years. The maximum credit line, which the Agency for Agricultural Credits and Development can open for banks, is 5 million manats.

Agricultural loans from state in Azerbaijan are issued by the newly established Agency for Agricultural Credits and Development (formerly the State Service on Management of Agricultural Projects and Credits).

Transport

2019 to be successful for development of transport sector in Azerbaijan

Thanks to the steps taken in recent years, Azerbaijan has become the transport and logistics hub of the region, Azerbaijani national secretary at TRACECA, expert in the field of

transport and logistics Akif Mustafayev said.

Mustafayev noted that during the meeting of the Cabinet of Ministers on Jan. 11 dedicated to



the results of socioeconomic development of 2018 and objectives for the future, President Ilham Aliyev touched upon the work done in the sphere of transport and logistics in 2018. One of the important tasks in this direction is the implementation of the subsequent stages of construction of the Baku International Sea Trade Port, which is currently the most modernized port of the Caspian Sea, the expert said.

"For this, the experience of the advanced states is applied and the most modern crane devices and equipment are used," Mustafayev said. "We have 13 ferries, two Ro-Ro vessels and oil tankers moving in the direction of Kazakhstan and Turkmenistan. Other neighboring countries do not have ferries in this number," he said.

A free economic zone will be created, which will include the Baku port as well, the expert said adding that work is also being carried out in this direction and a commission has been created in accordance with the relevant presidential decree.

Mustafayev further added that the Baku Shipyard operates in Azerbaijan and builds modern vessels not only for Azerbaijan, but also for other countries of the region. He also added that cargo transportation is successfully being done along the "North-South" and "West-East" routes. He said that the "Lapis Lazuli" corridor has also been added to the routes and thus transportation will be carried out from Afghanistan too. "The first batch of trucks was sent from Afghanistan through the Turkmenbashi port across the Caspian Sea to Baku and then they left Baku for Turkey," Mustafayev said.

The expert, addressing the issue of infrastructure development, noted that this year it is planned to complete the construction of highways that were not completed in 2018. "As the head of state noted, work is being continued to expand the road from Ganja to Georgia. It is planned to enlarge the road from two-lane to four-lane," Mustafayev said.

The expert added that in order for more cargo to pass through the territory of Azerbaijan, tariffs should be attractive. "It is also necessary to simplify customs procedures and pay attention to digital technologies so that all documentation comes electronically," Mustafayev said. He further noted that the country has gained good ranks and this success

must be maintained and further developed.

"The transport and logistics sector will develop in the future. Due to the fact that the head of state pays special attention to this sector and in every speech he notes the importance of this sector, so there is no doubt that success will follow in 2019," Mustafayev said.

Presently, several routes from the East to Europe pass through the territory of Azerbaijan. Among such projects are the International North-South Transport Corridor, which is designed to transport goods from India and the Persian Gulf countries to Russia, Western Europe, the Baltic and Scandinavian countries.

In addition, the Baku-Tbilisi-Kars railway built at the initiative of Azerbaijan, which is part of the East-West Corridor, also allows supplying cargo to Europe. Another example is the Lapis Lazuli route, which runs from Afghanistan to Turkey and further to Europe.

Tourism

Tourism opportunities of Azerbaijan presented in Switzerland

Tourism potential of Azerbaijan has been presented at the national pavilion organized by the State Tourism

Agency and the Azerbaijan Tourism Board as part of the World Polo Competitions held in St. Moritz, Switzerland. During the tournament participants and numerous guests got acquainted with the horse-riding traditions, national culture and hospitality of our country.

The "Azerbaijan - Take another look"



pavilion, organized by the State Tourism Agency and the

Azerbaijani Tourism Board, provides a unique opportunity for visitors to see our country live. Thanks to the VR technology, everyone has the opportunity to get acquainted with the beauty of Azerbaijan.

The Pavilion featured Lahic copper and Sheki networking art, carpets and jazz music in the background of national music attracted the attention of the guests. Dancing ensemble performed in front of the Pavilion and the audience danced alongside national dancers. New brochures about Azerbaijan have been distributed to everyone who visited the pavilion.

The Land of Fire team, representing our country, was the third in the tournament organized by the Azerbaijan Equestrian Federation. Within the framework of the

competition, the spectators were amazed by the performance consisting of Karabakh horses and national dances.

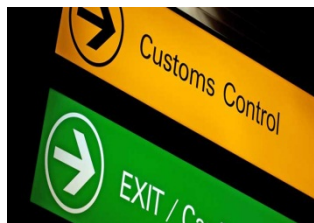
It should be noted that the tournament, which has been gathering fans of polo races from different countries around the world for 35 years, held on the frozen lake St. Moritz in Switzerland, has received a record 18,000 visitors this year.

Azerbaijan is among the developing countries in the field of tourism, occupying the 39th place among 148 countries in terms of global competitiveness in tourism.

In 2018, 2,849,600 tourists from 196 countries arrived in Azerbaijan, showing a 5.7 percent increase compared to 2017, according to the State Statistics Committee of Azerbaijan.

Announcements and Notifications

Based on the Law of the Republic of Azerbaijan (No. 1431-VQD dated 28.12.2018) on Amendments to the Customs Code of the Republic of Azerbaijan, as of 01.02.2019, before importing goods into the customs territory of the Republic of Azerbaijan (except for the cases when goods are not intended for commercial purposes), customs



authorities should be provided, in an electronic form, with a short import declaration. Failure to submit such import declaration will cause an administrative responsibility in relation to the declarant. During international carriage realized in the framework of procedures regulated within the TIR Convention, information about goods and vehicles can be also submitted, in advance, to the customs authorities using TIR-EPD.