



Economic News Bulletin
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Macroeconomics

Azerbaijan expands export subsidies

Azerbaijan has expanded the list of products to which export promotion is applied, a source in the government said in a statement, in accordance with the Cabinet of ministers' decision. Eggs, peeled peanuts, olive oil, fruit wines, including pomegranate wine, except for grape wines, were added to the existing list of goods and products. To encourage exports of non-oil products, the state returns part of their costs, 3 to 6 percent of the customs value of the goods to exporters. The



approved list includes natural honey, dried fruits, persimmons, pomegranates, flour and confectionery products, canned vegetables, fruits, nuts and hazelnuts, jams, fruit jelly, marmalade, fruit, nut puree and pasta, fruit and vegetable juices, including pomegranate juices, sauces, seasonings, mineral water, carbonated water, soft drinks, cognac, brandy, liquor, Naphtalan ointment, clothes, shoes and other products made of leather, silk fabrics, pile and lint-free carpets, cotton clothing and other woven products.

Since March 1, 2016, additional measures to encourage the export of non-oil products produced in Azerbaijan have been taken. The decree signed by the President of Azerbaijan Ilham Aliyev will be valid until December 31, 2020. Export promotion is provided by state budget, depending on the types of products, local components used in the process, the specific weight of non-oil products produced in Azerbaijan.

The amount of payment is 3 percent of the customs value of the declared exported goods. The document on export promotion is issued by the Ministry of Economy within 10 days from the date of the entrepreneur's application. Only representatives of the private sector will be able to obtain the document. However, customs middlemen will not be able to use the export promotion advantage.

Forecasts of Azerbaijan's social-economic development discussed

The forecast indicators of social and economic development of Azerbaijan for 2019 and the next three years were discussed in Baku, the Ministry of Economy said in a statement. The discussions were held on June 23 in the framework of the meeting of the special state commission. At the meeting, Minister of Economy Shahin Mustafayev stressed the importance of the systemic measures implemented in recent years under the leadership of President Ilham Aliyev and comprehensive reforms on sustainable and competitive development of the economy, and informed about the work in the areas of stimulation of the non-oil sector, the continuous improvement of the business and investment climate, and expansion of measures to encourage the private sector.



It was noted that thanks to the targeted reforms, sustainable socio-economic development was ensured, in January-May 2018, GDP in Azerbaijan grew by 1.1 percent, non-oil sector - by 1.9 percent, and non-oil industry - by 8.1 percent.

The commission discussed the coordination of the activities of the

relevant bodies in the preparation of forecasts of economic and social development of the country, and heard out the recommendations and proposals of the members of the commission.

Industry

Azerbaijan eyes to implement over 20 projects in alternative energy

The State Agency on Alternative and Renewable Energy Sources of Azerbaijan plans to implement 23 projects worth about 13 million manats as part of the Strategic Roadmap for the Development of Public Utilities (Electric and Thermal Energy, Water and Gas) in 2018-2020, a source familiar with the situation told Trend June 28.



“The projects include construction of wind, hydro and biofuel power plants with a total capacity of 4,200 megawatts,” the source said. “This is while 3,500 megawatts will account for wind power plants, 500 megawatts for solar power plants, and 200 megawatts will account for biofuel power plants. The cost of building wind power plants will be 10.2 million manats, solar - 1.48 million manats, biofuel - 1.16 million manats.”

The power plants will be able to generate 11,937 kilowatt-hours of electricity per year, according to the source.

The source noted that the implementation of these projects will help achieve natural gas savings of 2.986 million cubic meters of gas per year, as well as significantly reduce the amount of carbon dioxide emissions into the atmosphere.

The power capacity of Azerbaijan's energy system is more than 6,000 megawatts. At the same time, the potential of renewable energy sources in the country is over 25,300 megavolts-amperes, according to experts. Most of the country's potential in this sphere accounts for solar energy.

Balakhani Industrial Park is successful example of public-private partnership in Azerbaijan

The Balakhani Industrial Park is a successful example of partnership between the state and the private sector in Azerbaijan. Expert and economist Fuad Alizade made the remark during a press tour to the industrial park organized by Azerbaijan's Economy Ministry.

The participants of the press tour got acquainted with the improvement

work carried out in Balakhani settlement by the Tamiz Shahar OJSC, visited the landfill for solid domestic waste disposal, as well as plants for sorting and incineration of solid domestic waste.

“We see how local producers set up production at minimal costs with the support of the state. This is a successful example of public-private partnership. The state supports the development of private sector. Everyone wins from it. Companies develop, pay taxes to the state budget, industrial production grows and new jobs are created,” Alizade said.

Chairman of the Center for Economic and Social Development of Azerbaijan, expert Vugar Bayramov, in turn, told reporters that the creation of industrial parks, such as the one in Balakhani, promotes industrial development in Azerbaijan, import substitution and prevents the outflow of foreign currency from the country. He added that the activity of industrial parks contributes to the opening of new jobs.

The Balakhani Industrial Park was created upon President Ilham Aliyev's decree dated December 28, 2011. The opening of the Park was held on September 22, 2017. The management company of the Balakhani Industrial Park, having an area of 7 hectares, is Tamiz Shahar OJSC.

Currently, the number of the Park residents is 11. Five enterprises are already operating, and six more will start in the near future. The five residents are engaged in recycling of used motor oil, waste plastic bottles, paper and cardboard products, waste plastic materials and sponge waste.

The volume of investments the residents made in the Park is \$18.8 million, and about 400 permanent jobs were created there at the first stage.

Agriculture

Local companies to export hazelnuts to Switzerland

Azerbaijani companies have reached a preliminary agreement on export of hazelnut to Switzerland.



During the export mission to Switzerland, which is being held on June 25-29, a preliminary agreement was reached on the export of hazelnut with such companies as GN-company.

The parties agreed on the visit of representatives of Swiss companies to Azerbaijan, where they will meet with the hazelnut producers. Hazelnut is one of the three main non-oil products that Azerbaijan exports. The country exported hazelnut worth \$114.5 million in 2017.

Currently, 55,000 hectares are laid for hazelnuts in Azerbaijan, the government plans to increase the area to 80,000 hectares. The export mission to Switzerland includes 12 local companies operating in the field of hazelnut production and selected on a competitive basis.

Azerbaijan, focusing widely on an export-led growth strategy, aims to expand the list of its foreign trade partners. This year the country plans to organize some five missions to increase awareness about the local production and promote “Made in Azerbaijan” brand.

Azerbaijan has already sent export missions to Qatar, Kazakhstan, Germany, Afghanistan, the UAE and Pakistan. Development of the non-oil sector mainly depends on the export of non-oil products and the main goal is to expand access to new markets, besides traditional markets.

The volume of non-oil exports from Azerbaijan in the first quarter of 2018 amounted to \$337.7 million, which is 33.2 percent more than the same period of 2017. In total, in this period the country exported products worth \$4.6 billion. The strategic markets for Azerbaijan are also considered to be EU, the countries of the Persian Gulf, China, the CIS countries, Turkey and Russia. Switzerland recognized Azerbaijan as an independent state on 23 December 1991. Diplomatic

relations between the two states were established on 21 January 1992.

Relations between Switzerland and Azerbaijan are characterized by open dialogue and are based on several key areas including energy policy, cooperation in the international financial institutions and development cooperation. Azerbaijan is Switzerland's main trading partner in the South Caucasus. Switzerland mainly exports jewellery products (precious stones, precious metals), machinery, watches, and pharmaceuticals to Azerbaijan.

Several Swiss companies are implementing their activities in Azerbaijan. A Swiss company is involved in the construction of the Trans Adriatic Pipeline (TAP), a project that will transport Azerbaijani natural gas to Italy via Georgia, Turkey, Greece and Albania by the end of the decade. The Azerbaijani state-owned energy company SOCAR operates in Switzerland. On 1 July 2012, SOCAR Energy took over the ESSO Switzerland network of 160 petrol stations, which it operates under the SOCAR brand.

Transport

Swiss Stadler reveals time of delivering cars to Azerbaijan for BTK

Swiss Stadler Rail Group will deliver the first batch of cars to Azerbaijan for

the Baku-Tbilisi-Kars (BTK) railway



in March 2019, Matthias Stöhr, sales director for Caucasus, Russia, Ukraine at the

company said. "The cars are now in the stage of final assembly. One car is already finished and is used now for the type testing. The cars were not yet delivered," said Stöhr. He noted that according to the actual time schedule, the first 10 cars will be delivered in March 2019. "A train will consist of 10 cars. First 10 will be delivered in 2019, the second 10 in 2020," added Stöhr.

Earlier, Chairman of Azerbaijan Railways CJSC Javid Gurbanov said that the passenger transportation via the Baku-Tbilisi-Kars railway will begin in 2019. He noted that the passenger transportation will be launched after receiving passenger trains ordered from Stadler. "I recently met with representatives of Stadler, and, they said, the trains will be delivered in early 2019," Gurbanov said.

The official opening ceremony of the BTK railway was held in Baku October 30 last year. The BTK railway was constructed on the basis a Georgian – Azerbaijani - Turkish intergovernmental agreement. The railway's peak capacity will be 17 million tons of cargo per year. At an initial stage, this figure will be one

million passengers and 6.5 million tons of cargo.

Tourism

Nakhchivan declared Capital of Islamic Culture 2018

The opening ceremony of "Nakhchivan, the Capital of Islamic Culture-2018" events was held in Nakhchivan State Musical Drama Theater. Prior to the event, Director General of the Islamic Educational, Scientific and Cultural Organization (ISESCO) Abdulaziz Othman Altwaijri, Azerbaijan's Minister of Culture and Tourism Abulfas Garayev, Minister of Culture of Algeria Azzedine Mihoubi, Minister of Culture, Sports and Historical and Cultural Heritage of Guinea Sanosi Bantama Sou, Minister of Education and Culture of Indonesia Muhadjir Effendy, Minister of Culture of Tajikistan Shamsiddin Shodibe, Uzbek Culture Minister Bakhtiyor Sayfullaev, Secretary General of the International Turkic Culture Organization Dusen Kaseinov, President of Azerbaijan National Academy of Sciences Akif Alizade and others put flowers at the monument of national leader Heydar Aliyev. The event participants then visited Heydar Aliyev Museum and viewed the exhibits highlighting the



great leader's life, political and statehood activities.

Chairman of the Supreme Assembly of Nakhchivan Autonomous Republic Vasif Talibov handed a painting of Hachadagh to Director General of ISESCO Abdulaziz Othman Altwaijri and a painting of Batabat to Secretary General of the International Turkic Culture Organization Dusen Kaseinov. Addressing the opening ceremony, Vasif Talibov said that Nakhchivan was proclaimed as the Islamic Culture Capital for 2018 during the 6th conference of Culture Ministers of the Organization of Islamic Cooperation in October 2009 in Baku. The decision to select Nakhchivan as the Capital of Islamic Culture is a historic event.

The chairman of the Supreme Assembly declared a series of events to be hosted by Nakhchivan in the capacity of the Capital of Islamic Culture-2018 open. Azerbaijan's Minister of Culture and Tourism Abulfas Garayev informed participants about Nakhchivan, one of the most ancient cities of Azerbaijan.

"Historically recognized as one of the most important cities of the Near East and the Middle East, Nakhchivan has played a unique role in preserving centuries-long accomplishments of Islamic culture," the Minister said.

In his speech, Abdulaziz Othman Altwaijri stressed that Nakhchivan`s

selection as the Islamic Culture Capital is a historic occasion. He expressed his gratitude to the President of Azerbaijan Ilham Aliyev for his contribution to his country and Islamic initiatives.

Abdulaziz Othman Altwaijri also thanked Chairman of the Supreme Assembly of Nakhchivan Autonomous Republic Vasif Talibov. Nakhchivan State Philharmonic concluded the event with a gala concert.

The 6th Conference of Culture Ministers of Member States of the Organization of the Islamic Conference (OIC) held in Baku in 2009, declared Nakhchivan the Capital of the Islamic Culture in 2018. During the discussion of proposals for determination of capitals of Islamic culture in 2015-2024, the city of Nakhchivan was elected for 2018.

To hold the event on the high level President Ilham Aliyev signed an executive order establishing the Organizing Committee that will deal with preparations for the events.

Under the presidential order, chairman of the Supreme Assembly of Nakhchivan Autonomous Republic Vasif Talibov was appointed head of the Organizing Committee.

Nakhchivan has plenty of fantastic tourist attractions and unique sights to

offer. One of the centuries-old cultural center of the world played an important and invaluable role in the development of Islamic culture.

It is one of the cradles of human civilization and a popular trade, art, science and cultural center of the East. The capital of Nakhchivan Autonomous Republic, Nakhchivan city is situated on the Nakhchivan River Embankment, very close to the Iranian border, and 536 km away from Baku.

However, a folk legend says the city takes its beginning from Noah's time, and Noah himself laid a foundation of the city after the



Flood. There is Noah's Mausoleum preserved in the southern part of the city. A temple once stood here, but unfortunately, it was destroyed, and the Mausoleum that people can visit today occupies the lower floor of the destroyed temple. There are names of pilgrims who once visited this place engraved upon the walls of this unique monument. The splendid 12th-century Momine Khatun mausoleum, which is the city's icon, is perhaps the finest single antique monument in Azerbaijan. Built in 1186 by Acami Abubakiroglu Nakhchivani above a vaulted crypt it sits on a shallow base made of large blocks of red diorite. A flat roof raised on a tapering,

decagonal drum covers the slightly pointed inner dome.

The extraordinary view of the Alinjagala (Alanjik) fortress attracts many foreign visitors. The fortress, which is perceived as a symbol of strength and military strategy, for centuries has been a critical geostrategic castle.

The walls of the fortress begin from the slopes of the Alinja Mountain and rise until fully embracing the top of the mountain.



Its foundations were built of big stones and burned bricks brought from the nearby villages.

Fortress is on the top of the mountain of the same name, on the right bank of Alinjachay, Julfa region. In the oldest sources it is written in many versions such as "Erinjag", "Erinjik", "Alanjik", "Alinja", and "Alanjug".

There are different assumptions about the construction date of the castle. Some historians think that it is 2,000-year castle. Alinja is depicted as strong fortress in "Kitab-i Dada Gorgud" epos.

The remainders of the beautiful palaces and buildings belonging to the feudals in the Alinjagala were depicted in the literature of the XIX century. It was possible to keep a herd

of horses and cattles before and other military ammunition in the fortress. In the rein of Atabaylar-Eldagizlar dynasty in the territory of Azerbaijan, the importance of the Alinjagala rose turning the place a shelter for the security of the rulers' families, which was considered the most strategic military fortification.

In accordance with the Decree of the Chairman of the Supreme Assembly of Nakhchivan Autonomous Republic on February 11, 2014, "On the restoration of historical monument Alinjagala", the castle was restored and granted a status of historical and cultural museum-reserve.

The region abounds with historical monuments, including ancient Gamigaya, Farhad house, Ajhab-i-Kahf, Yusuf ibn Kuseyr tomb, Tomb of the Gulistan, Khanagah tomb, Qazanchi bridge, Nakhchivan Juma Mosque, and Qesariyya monument.

Nakhchivan's main attraction for tourists today is the therapeutic salt caves of Mount Duzdag located at a height of 1,173 meters above sea level. Those who suffer with respiratory disease find great results of treatment procedures here.

Announcements and Notifications

Baku to host 24th International Construction Exhibition

24th Azerbaijan International Construction



BakuBuild
Azerbaijan

Exhibition will be held in

Baku, Azerbaijan, from October 23 to 26, 2018. The largest exhibition of the Caspian region in the construction area WorldBuild Baku is the most important professional event of the whole region in the field of construction and architecture, design and repair. Every year thousands of specialists from different countries visit the exhibition, who finds business partners here. WorldBuild Baku 2017 welcomed 310 companies from 28 countries, 8 852 visitors got acquainted with the exposition.

The WorldBuild Baku is supported by Ministry of Economy of Azerbaijan, State Committee for Town Planning and Architecture of Azerbaijan, State Housing Development Agency under the President of Azerbaijan, The Union of Architects of Azerbaijan, Azerbaijan Export and Investment Promotion Foundation (AZPROMO) and National Confederation of The Entrepreneurs (Employers) Organizations of Azerbaijan (AEC). The exhibitions are organized by Iteca Caspian and its partner ITE Group.

WorldBuild Baku will offer an extensive business program which includes B2B meetings between the exhibitors and local distributors. The exhibition will also host a number of professional events in cooperation with the Union of Architects of Azerbaijan.

WorldBuild Baku is one of the most effective channels for attracting innovative products and services to the country's construction market, and this year will be no exception; WorldBuild Baku 2018 will cover a full range of building materials, including facade, construction and finishing, windows and doors, paints and varnish, construction machinery and much more.