



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: Azerbaijan interested in Swiss companies' participation in industrial, infrastructure projects in country

President of Azerbaijan Ilham Aliyev has received a delegation led by head of the Federal



Department of Economic Affairs, Education and Research of the Swiss Confederation, Federal Councillor Johann N. Schneider-Ammann. Johann N. Schneider-Ammann expressed satisfaction with his visit to Azerbaijan, noting that the purpose of the delegation's visit is to get

acquainted with the development processes in Azerbaijan and to define the issues related to the further expansion of business ties between the countries.

At the same time, the guest noted that as part of the visit, the delegation is interested in getting more detailed information about Azerbaijan's participation in the One Belt, One Road Initiative. Johann N. Schneider-Ammann said that successful cooperation between Switzerland and Azerbaijan is carried out within the World Bank and the International Monetary Fund as well.

The guest conveyed congratulations on the occasion of the launch of the Trans-Anatolian Natural Gas Pipeline (TANAP) project. He expressed gratitude to President Ilham Aliyev for his annual participation in the Davos Economic Forum. In turn, noting the very successful development of ties between the countries in the political and economic spheres, Ilham Aliyev said that there is great potential for further expansion of cooperation.

President Ilham Aliyev, having emphasized the availability of good opportunities for the expansion of business ties in various fields, said that from this point of view there is good experience in the areas of mutual investment and the implementation of individual infrastructure projects. Recalling his meeting with Johann N.

Schneider-Ammann in Davos, President Ilham Aliyev said that the current visit of the Swiss delegation to Azerbaijan will contribute to the expansion of ties, and the cooperation will continue to develop.

President Ilham Aliyev expressed confidence that further development of the Azerbaijani economy will be ensured in the years to come. There are plans to implement a large number of industrial and infrastructure projects in Azerbaijan, and the country is interested in the participation of Swiss companies in this work, Ilham Aliyev said.

During the conversation it was noted that participation of a great number of business representatives, both from Switzerland and Azerbaijan, in the Swiss-Azerbaijani business forum held in Baku will contribute to the expansion of economic cooperation.

The sides exchanged views on the prospects for cooperation between the countries in trade, investments, transport, healthcare, education and other spheres.

Azerbaijan improves results in GII 2018

Azerbaijan, which is developing successfully and dynamically in recent years, improved its results on four blocks in the Global Innovation Index 2018.

The Azerbaijani Copyright Agency told Trend on July 11 that in comparison with last year's rating, Azerbaijan

**GLOBAL
INNOVATION
INDEX 2018**
Empowering the World with Innovation



improved its positions on the blocks “Institutions”, “Human Capital and Science”, “Business Development” and “Development of Technologies and Knowledge Economy”. Azerbaijan occupies the 82nd place in the rating, and this indicator compared to a year earlier remained unchanged. The best result of Azerbaijan - 26th place was achieved on the subindex “innovative resources” in the fourth block – “Development of the domestic market”.

Azerbaijan occupies very high places on indicators “Cooperation between universities and industry” – 33rd place and “Cluster development” – 34th place. The Global Innovation Index 2018 is a joint publication of Cornell University (USA), INSEAD Business School (France) and the World Intellectual Property Organization (WIPO), which covers 126 countries.

In general, the rating was compiled on the basis of 82 indicators covering the potential, effectiveness and framework conditions of innovation activity, which are the above-mentioned seven groups of characteristics of innovation activity.

As many as 80 parameters are used for evaluation and give a complete picture of innovative development, including an overview of the political situation, the state of education, the level of infrastructure and business development.

The 2018 report analyzes the innovative landscape in the energy sector of the next decade and identifies potential areas for breakthrough developments in such areas as electricity generation, storage, distribution and energy consumption. It also looks at ways of introducing revolutionary innovations at the grassroots level and provides information on the more active use of small-scale renewable systems.

The leader of the GII in 2018 is Switzerland, followed by the Netherlands, Sweden, the United Kingdom and Singapore. The ten most innovative countries are also the U.S., Finland, Denmark, Germany and Ireland.

Industry

\$250B of investments made in Azerbaijani economy

The delegation led by the Head of the Federal Department of Economic Affairs, Education and Research of the Swiss Confederation, Federal Councillor Johann N. Schneider-Ammann arrived in Azerbaijan.

They visited the plant of the Swiss SIKA Company for the production of raw materials for construction mixtures and finished products being under construction in the Sumgayit Chemical and Industrial Park, where he got acquainted with the progress of the implemented work. Addressing the event, Schneider-Ammann noted that he feels at home in Azerbaijan.



“I am very pleased to visit the plant of the Swiss company in Azerbaijan. I feel at home. Like other Swiss companies, SIKA is one of the leaders in its field. SIKA has been operating in Azerbaijan since 2005, but the creation of a production site is a very important event. I am very grateful to the leaders of Azerbaijan for creating such favorable conditions for Swiss investors,” Schneider-Ammann said.

In turn, Azerbaijani Economy Minister Shahin Mustafayev, who participated in the event, noted that \$250 billion of investments have been made in the economy of Azerbaijan to date, about half of which are foreign investments.

Mustafayev said this fact proves that a favorable investment environment has been created in Azerbaijan, which is emphasized by the reports of international organizations. “The Azerbaijani economy ranked 35th in

the competitiveness ranking of the Davos Economic Forum. And the country ranked 57th in the World Bank's Doing Business report," the minister said.

Talking about the SIKA plant, the minister stressed that there were no any conditions in that territory five years ago. "There were wastes left by old Soviet factories on the territory, and it resembled a landfill of hazardous wastes. Around 500 hectares of land have been cleared by using public investment, and we have opened the doors to residents of the industrial park. The establishment of such plants is now possible thanks to the financial and political stability in the country," Mustafayev said, adding that \$ 3.5 million were invested in the establishment of the SIKA plant, and it will allow for creating 60 new jobs. SIKA LLC, a division of the Swiss SIKA AG group, launched the factory for manufacturing the concrete mixers in Baku as early as in 2005. The investments made for the establishment of the factory, located on the avenue named after Heydar Aliyev, amounted to \$1 million.

Switzerland recognized Azerbaijan as an independent state in December 1991 and a year later the two states established diplomatic relations. Relations between the two sides 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. In 2012, SOCAR Energy took over the ESSO Switzerland network of 160 petrol stations, which it operates under the SOCAR brand.

The trade turnover between the countries amounted to \$240 million in first five months of the year.

Agriculture

Country to increase hazelnut exports to Europe

Azerbaijan Hazelnut Producers and Exporters Association intends to expand the geography of hazelnut exports in the European market.

Association Chairman Ismayil Orudjov told Trend that last week AZPROMO organized an export mission to Switzerland, in which about 12 local manufacturers took part.



“In the matter of exporting products, it is important to have a bio-certificate, and in the framework of the export mission, a preliminary agreement was reached with the local exporter holding this certificate. Last year, the total export to Switzerland amounted to 22 tons. We plan to expand the export geography in the European market. In October the exporters will take part in the SIAL PARIS exhibition,” Orudjov said.

“Azerbaijan has recently expanded the list of products to which export promotion is applied, and nuts have also been added to the existing list of goods and products, so this encouragement from the state gives us a competitive advantage, and we will try to expand the geography of our exports,” he noted.

The chairman went on to say that last year the export volume of hazelnut was 20,842 tons. In the first place among the importers of hazelnuts is Italy, where it was delivered approximately 9,000 tons of peeled hazelnuts. In second place is Russia

with over 6,000 tons and the third is Germany with more than 3,000 tons. “Now we are trying to diversify the market and enter other markets, we have already begun to deliver products to Dubai and Tunisia,” Orujov said.

As for the whole volume of hazelnut production in the country, according to Orujov, if the weather conditions are acceptable, hazelnut production will be increased by 5-10 percent compared to last year’s figure, which will be about 60,000-65,000 tons. Last year, hazelnut trees were planted in Azerbaijan on area of 18,000 hectares. Thus, the total area of hazelnut gardens in Azerbaijan has reached 55,000 hectares. The main goal is to bring their area up to 80,000 hectares.

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.

Transport

Cargo turnover on Trans-Caspian route to significantly increase by 2020

The potential for growth in trade of the Trans-Caspian route ranges from \$646 billion to \$922 billion by 2020, which is equivalent to 300,000 containers in cargo capacity, Deputy Chairman of the Board of Kazakhstan Railways Maksat Kabashev said. He added that the cargo base focused on the route is represented by the markets of Kazakhstan's European, Chinese and Turkish trade partners.

"The efficiency of the route will increase along with the increase in freight traffic, as well as, with the use of the Marmaray cargo tunnel and the connection to the system of pan-European corridors in Europe. The first train to arrive at the port of Mersin, after the completion of the



the Trans-Caspian route ranges from \$646 billion to \$922 billion by

construction of the new Baku-Akhalkalaki-Kars railway line, was loaded by Kazakh grain. From January to June 2018, 1,073 containers with Kazakh grain cargo were transported along this route," Kabashev said.

He added that Kazakhstan highly appreciates the historical significance of the Baku-Tbilisi-Kars railway as the central part of the Trans-Caspian International Transport Route.

"The Trans-Caspian route has historically been the successor of the Great Silk Road. The Kazakhstan-Baku-Tbilisi-Kars link, as expected, will further increase the opportunities for transportation of export, import and transit cargo between Kazakhstan and Turkey in addition to road transport and sea traffic via the Black Sea," Kabashev said.

Tourism

Azerbaijan in Top 50 most influential countries of world

Azerbaijan took the 45th place in the ranking of most influential countries,



thus improving its position by two, according to the ranking compiled by the U.S. News & World Report. Azerbaijan is ahead of countries such as Poland, Greece, Colombia, Czech Republic, Romania, Hungary, etc. It is noteworthy that

Azerbaijan is the only country in the South Caucasus that was included in the ranking.

As for the leaders of the ranking, it is headed by the U.S, followed by Russia and China. Germany, the United Kingdom, France, Japan, Israel, Saudi Arabia and the UAE are also included in the Top-10 influential countries of the world. In another ranking, listing the best countries of the world, Azerbaijan is put in the 64th place, thus improving its position by five. Here Azerbaijan precedes such countries as Ukraine, Kazakhstan, Belarus, Iran, Serbia, etc. The first three places in this ranking were taken by Switzerland, Canada and Germany. The United Kingdom, Japan, Sweden, Australia, the U.S., France and the Netherlands also take their places among the Top-10 best countries of the world.

The analysts assessed each country on nine criteria, including the level of development of the tourism industry, openness to business, living standards, impact on the world stage, culture, historical heritage, etc. Thus, Azerbaijan is improving its position year by year thanks to the proper management of the country. Since the 1990s, the country has significantly improved all of its spheres, such as economy, tourism, education and healthcare, etc, and this process is constantly continuing in Azerbaijan.

Announcements and Notifications

Baku to host 24th International Construction Exhibition

24th Azerbaijan International Construction 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.