



Economic News Bulletin
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Macroeconomics

President Aliyev signs documents encouraging local entrepreneurs



President
Ilham
Aliyev has
signed a
number of
documents
aimed at
strengthening non-oil sectors of the
local economy.

On the background of the worldwide economic fluctuations, the government is keen on diversifying the economy by encouraging local entrepreneurs.

Thus, the amendments to the Tax Code, approved by the head of state, provide

for tax benefits to legal and physical entities engaged in investment activities. Following the amendments, the entrepreneurs will get the relevant document, granting them with tax and customs privileges.

After receiving this document, physical and legal entities will be exempt from paying taxes in the amount of 50 percent of their revenues and incomes, respectively, for seven years.

Moreover, local entrepreneurs will also be exempt from paying property and land taxes for a period of seven years after receiving the document.

From January 1, 2016, wheat importers and sellers, as well as flour and bread manufacturers and sellers are exempt from paying taxes for a year under a relevant presidential decree.

President Aliyev further approved amendments to the law “On public purchases”. Following these amendments, while implementing public purchases preference will be given to the high-quality goods produced by local manufacturers, even if the value of the tender offer exceeds by 20 percent.

Encouraging local manufacturers will be mandatory after amendments enter into force.

Moreover, the head of the state approved amendments to the law “On

customs tariff”. Following the changes, legal and physical entities are exempt from customs duties and value-added tax (VAT) on import of technical equipment for seven years.

After receiving an appropriate document, entrepreneurs will be able to take advantage of these customs privileges.

Any managing organization or industrial or technology parks’ operator should have a document confirming the import of technological equipment in order to build an infrastructure or construct any production facilities, as well as to conduct research, test and development works.

Furthermore, Azerbaijan joined “United Nations Convention on Contracts for the International Sale of Goods”. President Aliyev signed an appropriate law on February 16.

Being a treaty that is a uniform international sales law, it has been ratified by 84 states that account for a significant proportion of world trade, making it one of the most successful international uniform laws.

The President of Azerbaijan believes that 2016 will be successful for the country.

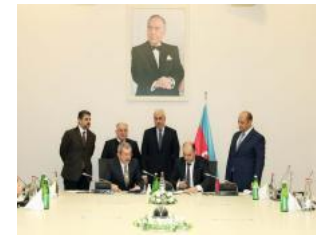
“At this stage the priority issues are business development, the deepening of radical reforms,” Ilham Aliyev

noted as part of his visit to Azerbaijan’s Tovuz region, adding that he is confident that the new reforms will soon play an important role in the development of the local economy.

Industry

Azerbaijan set main directions in industrial development

Azerbaijan has defined the main directions in the industry’s development, Niyazi Safarov, Deputy Minister of Economy of Republic of Azerbaijan, said.



He made the remarks at a conference titled “State Support for Development of the Industry.”

“This development is based on a rational use of natural resources, creation of technological chains until the output of final goods, modernization and innovation, increasing competitive industrial production volumes, as well as expanding non-oil export,” he said.

Safarov also said comprehensive measures are being taken in the country. He added that these measures are aimed at the growth in economic activity, promotion of non-oil export and increasing investments made in the economy through domestic and foreign sources.

Agriculture

Azerbaijani agriculture products to gain new markets



The EU is a large market and Europe would be glad to see the products of Azerbaijan on its market, EU Ambassador to Azerbaijan Malena Mard said.

The EU works with Azerbaijan in the field of food safety, she said, adding that this issue is very important in Europe.

“Azerbaijan and the EU continue to work on a new agreement on strategic cooperation” Mard noted. The agricultural sector is important in Azerbaijan not only to increase export potential, but also to restore and protect the country’s food security.

Enjoying advantageous geographic location Azerbaijan has all possibilities to increase food security and production in the country. The EU will continue to support the agrarian sector of Azerbaijan, Mard said at a seminar on e-agriculture in Baku.

“Azerbaijan and EU were partners on many projects,” she said. “We attach great importance to food safety and are

ready to share our experience in this field with Azerbaijan.”

Electronic agriculture is an emerging field focused on the enhancement of agricultural and rural development through improved information and communication processes. E-agriculture involves the conceptualization, design, development, evaluation and application of innovative ways to use information and communication technologies in the rural domain, with a primary focus on agriculture. Noting that one of the important components of e-agriculture is the management of subsidies, Mard said that the EU has vast experience in this matter.

The cost of technical assistance of the EU aimed at the project to create e-agriculture will amount to 1.4 million euros, head of the office at the Azerbaijan Agriculture Ministry Ilham Bayramov said at the event. The project aims to ensure a fair and transparent distribution of agricultural subsidies. Assistance should ensure reliable data for use in policy-making and assessing the impact of policy and contribute to improving the quality of life in rural areas.

“The work within the first phase of the technical assistance has already started,” Bayramov said. “The EU has provided the Azerbaijani side with the technical requirements for the development of an information system for agricultural subsidies, IT-

infrastructure of e-agriculture, orthophoto (an aerial photograph geometrically corrected, used to measure true distances) system.”

Bayramov said that the tender has been held to select contractors to undertake the work. “A consortium of six companies from Hungary, the Netherlands, Lithuania, Italy and Azerbaijan has been announced a winner,” he added.

The project presupposes development of the register of farms and the database of used agricultural land, verification of software components and quality control of supply for the information system of subsidies and policy, funded by the Azerbaijani government. Strengthening of the technical capacity of institutions involved in the data collection and information exchange, as well as developing methodologies and guidelines for operation of the electronic system of agriculture, is also envisaged in the project.

Test works on the identification system of lands, registry of farms and other modules of the system within the project have already been conducted in pilot region of Khachmaz.

The work to transit a system of electronic accounting of all transactions of Aqroleasing Company is also complete. In addition, an automated information system of the

technical inspectorate will be put into operation.

Adopting the system of e-agriculture in Azerbaijan is believed to solve many problems in the agricultural sector. The e-agriculture system will allow conducting online registration of the farmers, lands, as well as will provide other benefits, ensuring the absolute transparency of the system.

Transport

Azerbaijan to receive first Stadler rail cars for BTK in summer

The first 10 sleeping type passenger cars from



Switzerland’s Stadler Rail Group will be delivered to Azerbaijan in summer 2016

for their use on the Baku-Tbilisi-Kars (BTK) railway, Nadir Azmammadov, head of press service of Azerbaijan Railways, said.

The production of these passenger cars began in September 2015, he said. “In total, 30 cars will be built for use on the BTK railway, according to a contract with Stadler. Their production is going on successfully and the first shipment of 10 cars will be delivered to Baku in July-August 2016,” added Azmammadov.

He also said that two Stadler electric trains, meant for the Baku-Sumgait route, are ready and will also be delivered to Baku in the near future. Azerbaijan ordered 30 sleeping type passenger cars for use on the BTK. The cars are produced in four categories: standard, comfort, business and restaurant.

The Baku-Tbilisi-Kars railway is being constructed on the basis of the Georgian-Azerbaijani-Turkish intergovernmental agreement. Its commissioning is planned for the second half of this year. The peak capacity of the BTK is to be 17 million tons of cargo per year. At the initial stage, the capacity will be one million passengers and 6.5 million tons of cargo.

Tourism

Azerbaijan reduces visa issuing term for tourists

Now visiting Azerbaijan is not a problem for those desiring to receive permission for entry into the country in a short term.

The amendments to be applied to the



migration law beginning from

February 1 at President Ilham

Aliyev's order, reduce the issuing term

of electronic visas for foreigners desiring to travel to the country dropped from 10 to 5 days.

As many as 45,000 foreigners received visas for visiting the country upon switching to electronic application in March 2013.

The electronic visa system is designed to provide a simplified and rapid issuing a an entry permission for foreign tourists wishing to visit the country, as well as to reduce travel packages at prices of individual and group tourist visits, and to increase the flow of tourists to Azerbaijan.

Foreigners and stateless persons may obtain an electronic tourist visa through travel agencies accredited at the Azerbaijan Culture and Tourism Ministry. List of companies are published on the websites of the Culture and Tourism Ministry, Foreign Ministry and the embassies of Azerbaijan in foreign countries.

Foreign nationals wishing to visit Azerbaijan as a tourist can apply for visa through email by contacting the travel agency by phone, e-mail or by using the opportunities created on the web page of the company, providing the required documents and paying a state fee in the amount of \$20.

The documents required for getting an electronic visa include a filled and signed e-Visa application form, Passport style colored photo

(dimensions 3x4), a colored copy of Passport's main page, and a copy of round-trip flight ticket or reservation.

Today the capital Baku, located at the meeting-point of Europe and Asia, remains the focus of many tourists visiting the country.

Currently, the government conducts several measures to attract tourists to its regions, rich with history and unique nature.

President of Azerbaijan Airlines Company Jahangir Asgarov told The Business Year magazine that Azerbaijan is interested in attracting foreign carriers to fly into the country's regions, adding that negotiations with a number of airlines, including low-cost are underway.

“Increase of flights from abroad in the regions of Azerbaijan will contribute to the development of tourism in the country. Azerbaijan has many beautiful places that I'm sure the guests will like. In addition, technical support of regional airports is cheaper, and ticket prices in the regions may be lower than for similar flights in Baku,” he said.

Currently, Azerbaijan has five airports in the regions including Nakhchivan, Ganja, Gabala, Lankaran and Zagatala, which have the international status and meet all modern requirements in the field of civil aviation work.

Turkish and Russian air companies carry out flights to the country's regions.

Asgarov noted that the main problem the air companies face now is financial crisis.

“The difficult economic situation in many countries has led to a decrease in the purchasing power of the population, as people began to save money on trips abroad. Many private companies are also trying to minimize their costs,” he noted.

From February 1, AZAL, one of the leaders of the aviation community of the CIS countries, announced new airfare for budget round-trip flights on departure from the national airports to the most popular destinations in Turkey, Georgia, Russia, UAE and Iran.

“The launch of low-cost flights to popular destinations was an important step for AZAL. We plan to continue working in this direction in order to provide the most favorable and flexible terms in our pricing policy. In parallel, we will continue negotiations with our foreign counterparts for the implementation of flights to new destinations and the signing of code-share agreements,” AZAL's president said.