



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

Azerbaijan ranks second in terms of IDI among developing countries

Azerbaijan ranked second among 78 countries with developing economies according to the Inclusive



Development Index (IDI) of the World Economic Forum (WEF), reads the Inclusive Growth and Development Report 2017 posted Jan. 17 on the WEF website. Azerbaijan's IDI was 4.73 points in 2017, according to the WEF.

Lithuania topped this year's list of developing countries with the same score of 4.73 points, but the country was ahead of Azerbaijan in terms of

economic growth and development over the past five years. Hungary took the third place in the list with 4.57 points.

Azerbaijan is ahead of many CIS countries in the list. For example, Russia took the 13th place, Kazakhstan – the 17th place, Armenia – the 50th place, Tajikistan – the 53rd place and Kyrgyzstan – the 57th place, according to the IDI.

Georgia took the 31st place, while Ukraine ranked 47th in the IDI list. Norway (6.02 points), Luxembourg (5.86 points) and Switzerland (5.75 points) topped the list of developed countries in terms of IDI.

The IDI presented in this report was calculated by giving equal weight to three pillars – growth, inclusion and intergenerational equity – as well as the 12 indicators therein. This index measures a total of 109 countries for inclusive development.

The IDI conveys a more integrated sense of the relative state of economic development – and recent performance – than conventional rankings based on GDP per capita alone.

Some countries score significantly better on the IDI than on the basis of GDP per capita, suggesting they have done a relatively good job of making their growth processes more inclusive. By contrast, other countries have significantly lower IDI rankings than

GDP per capita rankings, indicating that their growth has not translated as well into social inclusion.

President Ilham Aliyev met with Swiss President in Davos

President of the Swiss Confederation Doris Leuthard extended



congratulations on the occasion of the 25th anniversary of establishment of Azerbaijan`s state independence. The President said relations between the two countries developed in various fields. President Doris Leuthard said cooperation between Azerbaijan and Switzerland have covered new fields, adding successful relations were established in the financial sector. The President said both countries fruitfully cooperated in the field of energy.

President Ilham Aliyev recalled with pleasure the visit of President Doris Leuthard to the country. The head of state said successful partnership existed between Azerbaijan and Switzerland.

President Ilham Aliyev spoke about the reforms carried out in Azerbaijan in various fields, as well as the works done in the country in eliminating the impacts of sharp decline of oil prices in the world and the development of economy and diversification of economy and export.

The head of state said the country has great transit opportunities. President Ilham Aliyev noted Azerbaijan turned to an important transport transit centre.

During the meeting, existence of good cooperation between the two countries in the field of railway was emphasized.

They exchanged views on prospects of cooperation in the TAP and TANAP projects, as well as in the fields of investment, finance, credit, agriculture, pharmaceuticals.

Industry

Territory of Sumgait Chemical Industrial Park to be enlarged

The territory of Sumgait Chemical Industrial Park (SCIP), the first large industrial park of Azerbaijan, will be enlarged under a presidential order.

President Ilham Aliyev entrusted the



Cabinet of Ministers to take measures within three months on providing allocation of

170.75 hectares territory in 37th km of Baku-Guba highway for utilization of the Sumgait Park.

The Cabinet will implement measures jointly with the Economy Ministry, State Committee for Property Issues,

SOCAR, Azerenergy and Sumgait Executive Power.

The Park, which was established to promote industrial production, employment, sustainable development of non-oil sector, and business support in Azerbaijan currently covers an area of 295.5 hectares.

SOCAR Polymer project with an estimated worth of \$750 million is one of the largest residents of the Park. Other residents of the park are Azerbaijan Fibro cement, Azertechonline, and AzerFloat. All residents are exempted from property, land, corporate income taxes, as well as VAT for imported equipment.

Main objective of the establishment such parks in the country are the creation of favorable conditions in the country for further development of industrial production, provision of support to entrepreneurs, and increasing employment of population in the sphere.

Agriculture

Azerbaijan expands hazelnut orchards

Relying on its amazingly rich and variable nature, Azerbaijan plans to expand the exports of nuts and hazelnuts. The diverse nature offers a good opportunity for the country to develop agriculture not only for the

domestic production, but also enter the world markets.

Azerbaijan has all the necessary weather and climatic conditions for the cultivation and production of hazelnuts. Nuts and hazelnuts are highly valued for increasing the country's supply capabilities. Hazelnut production is an export-oriented and high-yield sector, which is able to provide earnings in the country and high profit to businessmen.



In Azerbaijan, among agricultural produce, the biggest revenue is fetched by hazelnut production and the exports of persimmons, therefore, the country pays very serious attention to these two areas.

Last year hazelnut orchards were established on an area of 13,000 hectares of a total 30,000 hectares of hazelnut orchards. The future goal of the country is to establish hazelnut orchards on a further 40,000 hectares, expanding the geography of hazelnut production, which is currently involves 13 regions of the country.

Being a plurannual plant, hazelnut gives first harvest after some five years. In this regard, farmers need a state support to tend these plants during the growing period.

One of the regions of the country, seriously involving in the production of hazelnuts is Shabran, which is currently engaged in growing of new method of hazelnut orchards.

The gardens, located in Aygunlu village of the region, are using the experience from Spain and Turkey. The garden set in 12 hectares will be watering by drip irrigation. Deputy Director of Guba Scientific-Research Institute of fruit and tea Vahid Aliyev said that the new method will enable to boost the productivity by 3 to 4 times as compared to traditional gardens. The specialist noted that gardening also differs from the traditional method. He said that in three years first crop will be harvested from these orchards. Overall, it is planned to plant hazelnuts in 1,000 hectares in the region and the area of the gardens will reach 500 hectares this March.

Hazelnuts are produced in Baku, Absheron, Ganja-Gazakh, Sheki-Zagatala, Upper Karabakh, Lankaran, and other regions of the country. Meanwhile, one of the regions of Azerbaijan -- Gabala is increasing export of hazelnuts to Europe. Cultivation of hazelnuts is significantly important for the region. Built in 2005, the plant in Gabala also processes hazelnuts from neighboring regions such as Oguz, Zagatala and Gakh.

The plant produces products from nuts, including peanut puree, chocolate

cream, sweet and salty hazelnut as well as chocolate with hazelnuts. The work on the creation of hazelnut garden on an area of 1,000 hectares has already begun. Hazelnut plantation area will be expanded to 2,000 hectares in the upcoming years.

The country produces such types of hazelnuts as Atababa, Ashrafli, Ghalib, Ganja, Sachagly, Topgara and Yagly, while the most popular types of these nuts are Atababa and Khachmaz.

In 2012, Azerbaijan entered top ten countries with the largest production of hazelnuts, according to the Food and Agriculture Organization. However, the country could not reach large revenues from the export of hazelnuts. Despite the fact that the main market for the national product is Russia, specialists claim that it is more profitable for the country to export to Europe, as there hazelnuts are sold more expensive.

Overall in 2014, Azerbaijan exported hazelnuts in 16 countries, including 13 European states. Azerbaijan gave away to Georgia, which has established a steady supply to European countries and took a certain amount of their markets (5-6 percent).

Figures of 2015 suggest that Iran was the new market for the Azerbaijani hazelnut producers in the previous year. Whilst, the volume of deliveries yet

yielded the Russian supplies which amounted to 7,000 tons.

Transport

Azerbaijan, Switzerland mull transport cooperation

Switzerland is interested in the transshipment of its cargos via the North-South and South-West corridors, which run through the territory of Azerbaijan.



The issue was discussed during the Zurich meeting between Chairman of Azerbaijan Railways CJSC Javid Gurbanov and President of InterRail Holding AG, one of the leading companies in the railway transportation services in Europe and Eurasia, Hans Reinhard.

Gurbanov informed that Azerbaijan actively participates in the implementation of international transport corridors and the country is taking important steps aimed at increasing its transit potential.

“The main goal is to attract transit cargos by using our favorable geographical location for freight traffic via the routes running from Central and Eastern Asia to Europe, and vice versa, through the country’s territory,” he said.

Reinhard, in turn, noted that the company is very interested in commissioning of the North-South transport corridor, underlining importance of strategic cooperation with Azerbaijan Railways in this field. The North-South corridor, from India to Helsinki, with a length of 5,000 kilometers is designed to carry more than 20 million tons per year. It is a multimodal route for transportation of passengers and cargo from Russia's St. Petersburg to the Mumbai port. It is designed to carry transit cargo from India, Iran and other Persian Gulf countries to the territory of Russia (the Caspian Sea) and further - to Northern and Western Europe.

The South-West corridor passes from India via the Persian Gulf to Iran, onto Azerbaijan, through Georgia to Black Sea then to Europe.

This route is initially planned to transport 10,000 tons of cargo with the possibility of increasing it by significantly in the future. The south-west corridor makes it possible to reduce rail, road and sea cargo transportation from India to Europe by two or three times.

Azerbaijan is Switzerland’s main business partner in the South Caucasus region. The two countries have accelerated their bilateral relations over the past decade by signing several agreements strengthening their

cooperation, especially in the economic sphere. Development of ties in the sphere of transport is expected to foster trade and promote political convergence of the countries.

Tourism

‘There are more than 500 hotels in Azerbaijan’

“The number of tourists visiting our country in 2016 increased by 11 per



cent. I am sure that this figure will increase further this year,” said President Ilham Aliyev at the meeting of the Cabinet of Ministers dedicated to the results of socioeconomic development of 2016 and objectives for the future.

The head of state said: “Last year, 35 hotels were built in our country, 25 are under construction. In general, there are more than 500 hotels in Azerbaijan. But demand is growing and domestic tourism is developing. I am very glad that our citizens prefer to rest in Azerbaijan. We have wonderful natural conditions, great facilities, excellent hotels and recreation areas. Today, tourists from all over the world come to Azerbaijan. And this brings the country's economy large profits. In the future, we will receive billions of dollars from tourism, which will provide great support for our economic situation.”

Passenger traffic of Heydar Aliyev International Airport reached record high in 2016

Heydar Aliyev International Airport served 3.26 million passengers in 2016, which is a record in Azerbaijan's civil aviation history. 83.5 percent of passenger traffic accounted for international transportation. In 2016, 28 passenger airlines, including national carrier Azerbaijan Airlines (AZAL) carried out flights to the capital of Azerbaijan. 51.3 percent of the passengers traveling abroad accounted for AZAL. The top five popular foreign airlines included Turkish Airlines, Aeroflot, S7 Airlines, FlyDubai and Qatar Airways.



Istanbul, Moscow, Dubai and Kiev topped the list of the most popular international destinations - last year passenger traffic to these cities hit 1.37 million passengers. In 2016 Iraqi Airways, Fly Baghdad, ATA Airlines, Air Cairo, Komaviatrans and Russian low-cost airline Pobeda began operating flights to Baku. The new airport terminal of Heydar Aliyev Airport (Terminal 1) was put into operation in April 2014. Its total area is 65,000 square meters. Heydar Aliyev International Airport was awarded the category of "4 stars" by the Skytrax, which is influential British consulting company specializing in the study of the quality of services provided by various airlines and airports worldwide.