



Economic News Bulletin
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Macroeconomics

Swiss Minister: Azerbaijan is bridge between Europe and Central Asia, not only geographically, but also economically and culturally

Foreign ministers of the Republic of Azerbaijan and the Swiss Confederation have had an exchange of congratulatory letters on the occasion of the 25th anniversary of the establishment of diplomatic relations between the two countries.

In the letter addressed by Foreign Minister Elmar Mammadyarov to his Swiss counterpart it is mentioned that there is a huge potential for the cooperation and partnership has vastly grown to encompass many areas between the two countries.

He emphasized the importance of dynamic political dialogue and inter-parliamentary ties. Touching upon the successful activity of more than 70



Swiss companies in Azerbaijan and SOCAR's operation in Switzerland, Elmar Mammadyarov stressed that the engagement of the Swiss companies in the transportation and railway projects in Azerbaijan not only benefit the bilateral relations, but also open vast regional prospects for the Swiss businesses in a large geographical area from Far East to North Europe. He also stressed the development of cooperation in the education, culture, agriculture and tourism sectors.

In his letter the Head of the Federal Department of Foreign Affairs Didier Burkhalter underlined the excellent relations between Azerbaijan and Switzerland and the manifold areas of cooperation which we have developed over the past 25 years. Adding that: "Azerbaijan is a bridge between Europe and Central Asia, not only geographically, but also economically and culturally". Didier Burkhalter stressed that the current partnership reflects the strong ties between the two countries and expressed his confidence in further development of these relations. In the spirit of friendship he wished the people of Azerbaijan all the best.

FIMSA, World Bank and SECO cooperate to modernize Azerbaijan's financial sector

Financial Markets Supervision Authority of the Republic of Azerbaijan (FIMSA), Swiss Secretariat for



Economic Affairs (SECO) and World Bank launched the second phase of the Financial Sector Modernization Project (FSMP2). The objective of the Project is to support stabilization and development of Azerbaijan's financial sector by enhancing legal and regulatory framework, strengthening FIMSA supervisory capacity and improving financial safety net to protect the interests of depositors and financial services consumers.

“Azerbaijan is implementing broad reforms to transform its financial sector by improving its regulation and institutions. Continued cooperation with the World Bank and SECO will allow us to benefit from the best international practice and the expertise,” said Rufat Aslanli, Chairman of the Board of Directors of FIMSA.

The Project will partner with a broad range of stakeholders from public and private sectors to develop recommendations, share international experience and provide technical assistance to support key reforms in the sector.

“I believe that this World Bank project financed by Switzerland comes very timely to assist the authorities of Azerbaijan to ensure future sustainable development of the financial sector and increase its role in economic growth and jobs creation,” said Naveed Naqvi, World Bank Country Manager for Azerbaijan.

FSMP2 will cover a number of priority areas for Azerbaijan's financial sector, including legal and regulatory reforms and building capacity of the market supervisor, FIMSA, stabilization of the banking sector, strengthening deposit insurance framework, enhancing financial consumer protection, and facilitating restructuring of non-performing loans to boost financial sector capacity and resume lending in support of economic growth.

“The Government of Switzerland remains committed to support Azerbaijan in the implementation of the ambitious economic, financial and social reforms,” said Simone Haerberli, Deputy Regional Director of the Swiss Cooperation Office for the South Caucasus, “continued financial sector modernization and development, including key financial infrastructure, is essential for economic growth and stronger social and financial protection for the people of Azerbaijan”.

FMSP2 will be implemented by the World Bank over 2017-2020 with \$3 million grant of the Swiss Government.

Export promotion portal proves effectiveness

Export promotion portal www.azexport.az, which made Azerbaijani production available to potential buyers from anywhere in the world, enjoys high popularity.

The portal received export orders worth some \$4.63 million in January 2017. The Center for Analysis of Economic Reforms and Communications reported that bulk of the orders came from Russia, Turkey, Iraq, Bulgaria, Libya, Moldova and other countries.

“An order for some 4,000 tons of red lentil and 10 tons of hazelnut came from Bulgaria. Total worth of the order is estimated at \$4.08 million. An order worth \$180,000 for supplies of 300 tons of macaroni came from Iraq and Libya. Besides, orders for supplies of poultry came from Turkey, Iraq, Libya, Ghana and Nigeria,” the Center reported.

Customers have already received necessary information about prices, as well as specimens of products.

Integrating with the most popular electronic trading networks

azexport.az, provides information about local Azerbaijani products, being a beneficial platform for sales in foreign and domestic markets.

The portal offers fast and secure payment to VISA, Master Card and American Express cards owners. The portal is currently available in the Azerbaijani, Russian and English.

Industry

SGC to make Azerbaijan Europe's energy security partner

The Southern Gas Corridor project will make Azerbaijan the energy security partner of Europe, Sijbren de Jong, analyst at The Hague Center for Strategic Studies and expert in energy security said. This project is very significant, as it will bring additional supplies to a part of Europe where there is limited competition, he said, adding that it will strengthen economic ties between Europe and Azerbaijan.

Azerbaijan will have to work closely with Turkey to ensure that as many different sources of gas can tap into the Southern Gas Corridor, according to the expert. On Feb. 23, Baku hosted the Southern Gas Corridor Advisory Council Third Ministerial Meeting.

The Southern Gas Corridor is one of the priority energy projects for the EU.

It envisages the transportation of gas from the Caspian region to the European countries through Georgia and Turkey.

At the initial stage, the gas to be produced as part of the Stage 2 of development of Azerbaijan's Shah Deniz field is considered as the main source for the Southern Gas Corridor projects. Other sources can also connect to this project at a later stage. As part of the Stage 2 of the Shah Deniz development, the gas will be exported to Turkey and European markets by expanding the South Caucasus Pipeline and the construction of Trans Anatolian Natural Gas Pipeline and Trans Adriatic Pipeline.

Agriculture

EU interested in food imports from Azerbaijan

The European Union countries are interested in the import of food products from Azerbaijan, said Malena Mard. At the meeting with Deputy Prime Minister Ali Ahmadov, the EU Baku mission head said that that the structure she represents will support programs important for the development of regions in the future.

She highlighted the successful cooperation between Azerbaijan and

the EU, further voicing satisfaction over the country's active participation in the global processes taking place in Europe, in particular, the energy security.

Ahmadov, in turn, noted that social policy is a priority for the country and reminded of the additional measures taken to improve food security in the name of welfare of the population. He informed about the care and attention to the food sector, including the agricultural sector, as well as resolutions and ordinances adopted for the development of this sector, provision of soft loans to farmers and other reforms.

The Deputy Prime Minister announced about the start of Food Safety program, aiming to ensure the health of the population and provide a reliable food products. Expressing gratitude for the EU support to projects implemented in Azerbaijan, Ahmadov said that the government will take all necessary steps to continue the mutually beneficial cooperation.

During the meeting, there was an extensive exchange of views on a number of issues of mutual interest. Over the past years, Azerbaijan had a very close cooperation with EU's various institutions and member countries. The energy-rich country signed and adopted documents on strategic partnership with nine member countries of the EU.



Meanwhile, the first round of the long-awaited talks between the European Union and Azerbaijan on new strategic partnership agreement maybe held this spring. The new agreement should replace the 1996 partnership and cooperation agreement and should better take account of the shared objectives and challenges the EU and Azerbaijan face today. The deal will follow the principles endorsed in the 2015 review of the European neighborhood policy and offer a renewed basis for political dialogue and mutually beneficial cooperation between the EU and Azerbaijan.

Second agropark to appear in Shamkir

The National Fund for Entrepreneurship Support (NFES) of Azerbaijan has started to receive investment projects in priority economic spheres in Shamkir region. The NFES, on the results of the business forum held in Shamkir region, decided to accept the proposals of entrepreneurs for financing investment projects on creation of an agropark, warehouses for storage of potatoes and onions, a mill, a complex for production of dried fruits, a greenhouse, and wine- and potato-growing farms.

An agropark founded in 2014 is already operating in Shamkir region. It



includes a greenhouse complex, farms to grow seedlings, saplings and maintain intensive horticulture, plants for processing fruits and vegetables, factory for production of packaging, logistics and agricultural service center, refrigerated warehouse, sales centers, car park, center of research and innovation, hotel and various infrastructure enterprises.

Entrepreneurs can already apply to the Fund through authorized credit organizations. At the request of entrepreneurs, small projects can be fully financed at the cost of concessional loans.

The National Fund for Entrepreneurship Support was established in 1992. Loans are allocated to entrepreneurs through authorized banks and non-bank lenders. The NFES issued concessional loans of 190 million manats (\$106.5 million) for entrepreneurs during 2016. Meanwhile, 150 million manats (\$84 million) is planned to be issued in 2017 through the Fund.

Allocation of soft loans is directed at countering the effect of the global economic crisis to the Azerbaijani economy and minimization of the country's dependence on the oil sector by improving other industries throughout Azerbaijan.

Currently, Azerbaijan ranks 63 out of 189 countries in the World Bank's ease

of doing business index, and work to improve this index even more is being implemented.

Transport

Azerbaijan presents first national navigation system

Azerbaijan's first national navigation system AzNav was presented by the Center for Information Technology and Information

Management of the State Committee on Property Issues. Committee's Deputy Chairman Rustam Shahbazov, speaking at the presentation, said the SCPI has established Address Register Information System (ARIS) with the introduction of information and communication technologies, geographical information systems.

GPS navigation system "Aznave" was developed on the basis of ARIS data, according to Shahbazov.

"Aznave" is extremely helpful in cases of medical aid, fire, accident, police, emergency services and other activities. Also, the navigation system will simplify search for addresses and prevent loss of time. This system operates both online and offline. All mobile devices, phones and tablets of Android, "iOS" (Apple), Windows CE operating systems support the

system. Shahbazov noted that besides Azerbaijani language, "Aznave" also supports several languages. "The system supports Russian, English, Arabic, German, Spanish, French, Italian, Turkish and Georgian languages, as well as an interface in the mentioned languages," he said.

The navigation database includes 353 towns and settlements, 5,321 villages, 759,227 buildings and structures, 77,972 facilities, 117 bridges and 558 pedestrian crossings, 521 radar and monitoring road camera.

Aznave operates autonomously and does not require connection to the Internet for search and navigation, which is advantageous when using the system abroad.

Navigation Aznave base also includes maps of European countries, South and North America and Africa.

Tourism

Azerbaijan's winter tourism blooming

Among many skiing destinations, Azerbaijan just recently appeared on the map, but has already managed to become famous and loved by many.



Heavy and fluffy snow in Azerbaijan this year increased the flow of tourists into the country. Therefore, Shahdag and Tufandag, the most attractive sides for the local and foreign tourists in Azerbaijan during the winter season became the main directions for skiing vacation.

Appearance of ski tourism in the southern country was something improbable and impossible for many, whilst this did not prevent development of successful winter tourism complexes in Azerbaijan. Azerbaijan, an incredibly beautiful area of unique nature contrasts: 9 out of 11 climate zones are observed in the country. Northern region is adjacent to the ridge of the Caucasus Mountains, and winters here are cold and snowy.

The country decided to use this advantage in January 2013 and in 30 km from the town of Gusar, the first hotels and the ski slopes of the complex Shahdag was opened. It stands 2,500 meters above sea level and serves as an outstanding getaway with its rich nature, fresh air, and wonderful climate. The temperatures at Shahdag ranges from winter lows of -20°C to pleasant summer evenings of 20°C .

A year later, second winter resort "Tufandag" opened in Gabala region. The complex provides visitors with skiing slopes and cable roads with a total length of 17 km with red, black and blue stripes. Ski pass for the day

costs 20 manats (about \$12), and a training lesson of ski riding is 35 manats (about \$20). Similar prices are applied for services in Shahdag, which offers 12 lifts and 14 trails of varying difficulty - five "green" and "blue" and four "red".

The uniqueness of the ski resorts in Azerbaijan is that they receive visitors both in winter and summer. In hot weather mainly extreme sports are popular, while with the onset of winter skiers and snowboarders flock here.

The complexes repeatedly entered different rankings for tourists. So, since 2013, Shahdag has been visited by over 310,000 tourists and the highest peak was reached last year.

The majority of visitors were from the UAE, followed by Russia. For example, in 2015 only 26 tourists visited Shahdag Hotel, while a year later the number of travelers from this country increased to 3,081 people, according to Moscow-Baku publication. From Russia the hotel welcomed 240 tourists in 2015 and 2016 their number reached 1,636.

"The current winter season in the Shahdag "breaks records"," Marketing Manager of the Shahdag tourist center Gulnar Mustafayev told Moscow-Baku. "From December 15 till today the complex was visited by more than 35,000 visitors. We think

that by the end of the winter season these figures will be much higher."

Over the past three years, Tufandag welcomed about 300,000 people. Although most of them were local citizens, the resort has the potential to draw on its slopes more foreign tourists.

Announcement of Trade Fairs and Conventions

Iteca Caspian plans to hold 16 exhibitions and conference in 2017

The season of international exhibitions which are annually organized by Iteca Caspian in Azerbaijan will start in April this year. In 2017 Iteca Caspian has a plan to hold 16 exhibitions and 1 conference.

Exhibitions will be held in Baku Expo Centre with the support of government industry agencies. President of the Republic of Azerbaijan Ilham Aliyev's attendance at a number of the annual exhibitions demonstrates the importance of the events to the country's economy. The international status of this event is reinforced by its membership in the Global Association of the Exhibition Industry (UFI), where exhibitions annually undergo a complete audit against the declared statistical data and compliance with the required level of organisation, after which the



exhibition is assigned a quality mark. Major trade fairs are supported by international organisations.

The role of exhibitions in the marketing plan of the company emphasizes the fact that even in conditions when the world economy is reeling, the major market players still can find the opportunity to sponsor the exhibitions.

General Director of Iteca Caspian Farid Mammadov says that "the exhibition is not simply a commercial activity. People prefer to do business with people they know personally. In short, the exhibition connects people by providing a chance to open up new horizons, to find partners and to enter new markets. Our main task now is to provide additional opportunities within the exhibition for exhibitors and to find a more on point approach to specialised audiences". Complete details about exhibitions can be found on the company's official website www.iteca.az. All the above websites have renewed their interface. Currently, there is an active e-registration for visitor which requires you to complete special registration forms for exhibitions.