



azpromo

Export and Investment Promotion Agency
of the Republic of Azerbaijan

INVESTMENT OPPORTUNITIES IN AZERBAIJAN

2024

STATE OF ECONOMY 2023



72.4 BLN USD
GDP



7,126 USD
GDP per capita



10.1 MLN
Population



63%
Non-oil GDP

CURRENCY RESERVES
68.5 BLN USD



94.6%
ratio to GDP

FOREIGN DEBT
6.5 BLN USD



8.9%
ratio to GDP

Azerbaijan's budget rule targeting the non-oil deficit is a fiscal policy framework designed to ensure sustainable public finances by focusing on the non-oil sector's fiscal balance.

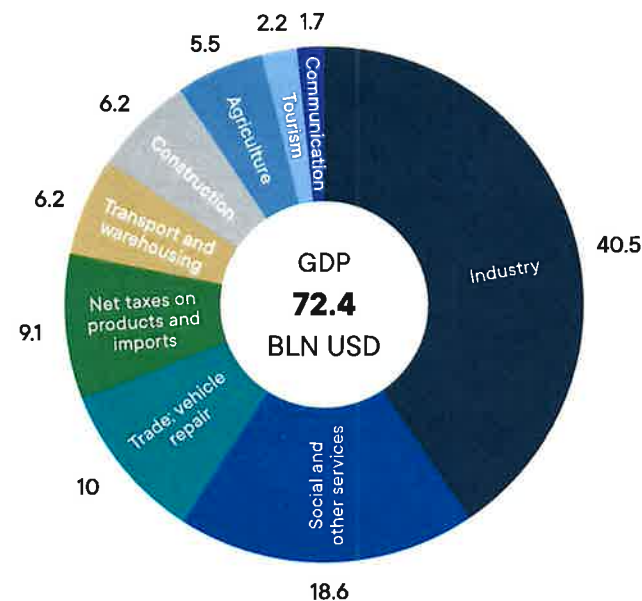
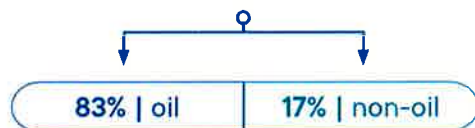
DURING 1995-2023:



114.4 BLN USD
Total FDI



19.4 BLN USD
Non-oil FDI



PROVEN TRADING PARTNER 2023

33.9 BLN USD TOTAL VALUE OF COMMODITY EXPORTS

TOP 5 EXPORT MARKETS (%)



17.3 BLN USD TOTAL VALUE OF COMMODITY IMPORTS

TOP 5 IMPORT MARKETS (%)



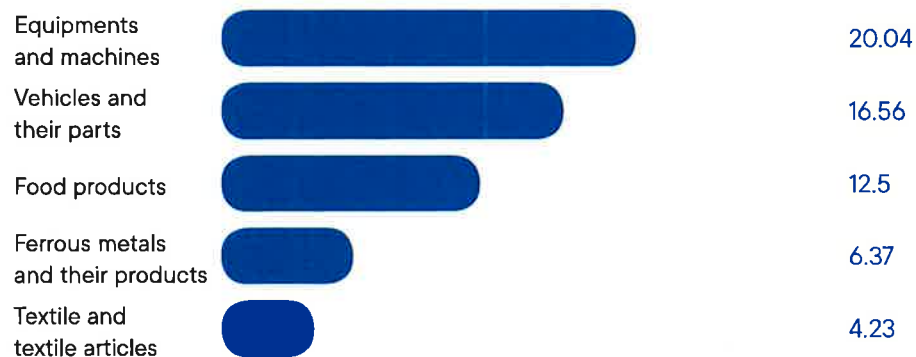
VALUE OF NON-OIL EXPORTS - 3.3 BLN USD

TOP 5 NON-OIL EXPORT PRODUCTS (%)



SERVICE EXPORTS - 6.3 BLN USD

TOP 5 IMPORT PRODUCTS (%)

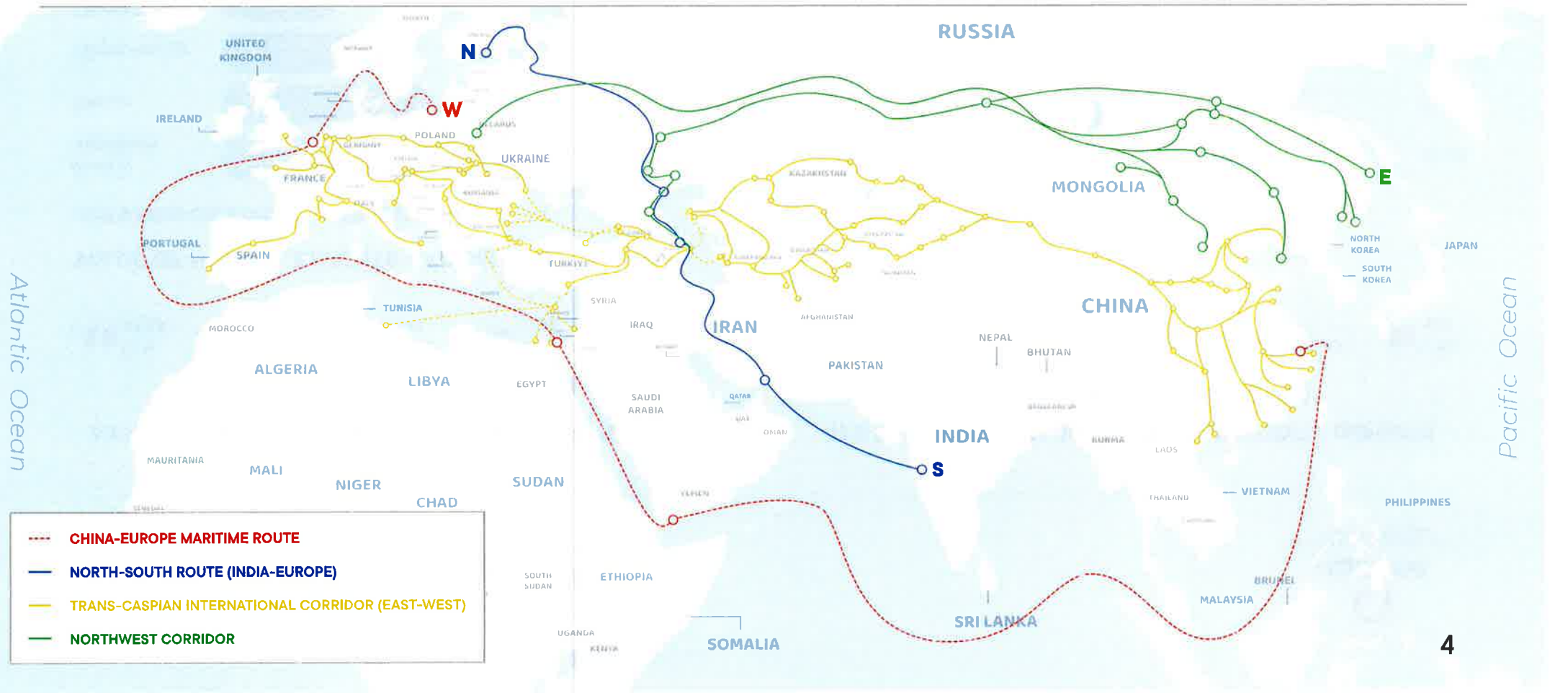


SERVICE IMPORTS - 8.6 BLN USD

EFFECTIVE TIME SAVING ROUTES



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- - - CHINA-EUROPE MARITIME ROUTE
- NORTH-SOUTH ROUTE (INDIA-EUROPE)
- TRANS-CASPIAN INTERNATIONAL CORRIDOR (EAST-WEST)
- NORTHWEST CORRIDOR

WELL DEVELOPED INFRASTRUCTURE



More than **20 thousand** km of **roads** and **highways** constructed and rehabilitated



8 new international **airports**, including in the liberated territories of Azerbaijan



The **Baku-Tbilisi-Kars** railroad, also known as “**The Iron Silkway**”, is an **826 km** railway line connecting **Baku** in Azerbaijan, **Tbilisi** in Georgia, and **Kars** in Türkiye



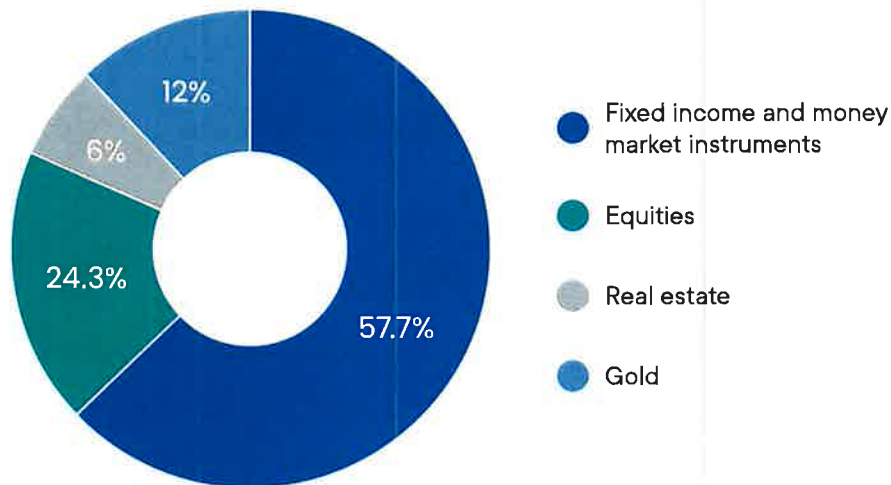
Modern **Baku International Sea Trade Port** with a total capacity of **15 million tons** of general cargo per year



AFEZ is a multi-modal site in a prime strategic location offering a wide range of **incentives** and **benefits**

STATE OIL FUND AND SOVEREIGN RATINGS

58 BLN USD - AS OF JULY 1, 2024 SOFAZ'S PORTFOLIO BREAKDOWN BY ASSET CLASS



SOVEREIGN RATINGS BY MAJOR RATING AGENCIES

STANDARD & POOR'S

BB+, Outlook Stable

MOODY'S

Ba1, Outlook Stable

FitchRatings

BBB-, Outlook Positive

- > Azerbaijan keeps its Standard & Poor's credit rating at BB+ with stable outlook since 08.12.2023.
- > Since 08.02.2024 Azerbaijan remains at Moody's Ba1 rating with stable outlook.
- > According to the 26.07.2024 results of Fitch's credit rating Azerbaijan stands at BBB- with stable outlook.

BUSINESS ORIENTED REFORMS



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ONGOING REFORM AREAS

REDUCED RED TAPE

STARTING A BUSINESS



GETTING CREDIT



DEALING WITH
CONSTRUCTION
PERMITS



REGISTERING PROPERTY



PROTECTING MINORITY
INVESTORS



PAYING TAXES



TRADING ACROSS
BORDERS



ENFORCING CONTRACTS



RESOLVING
INSOLVENCY



LAW ON INVESTMENT
ACTIVITY



AZERBAIJAN'S NEW
COMPETITION CODE



PUBLIC PROCUREMENT
LAW



NO STATE INSPECTIONS OF BUSINESSES

STREAMLINED LICENSING SYSTEM

E-GOV SERVICES FOR BUSINESS

STREAMLINED PUBLIC SERVICES

ONE-STOP-SHOP SYSTEMS

LOW TAX BURDEN

EXPORT PROMOTION

TRADE HOUSES

- | | |
|--|---|
|  CHINA |  UAE |
|  POLAND |  BELARUS |
|  KAZAKHSTAN |  QATAR |

TRADE REPRESENTATIVES

- | | |
|---|---|
|  CHINA |  UAE* |
|  POLAND* |  RUSSIA |
|  ISRAEL |  TÜRKİYE |

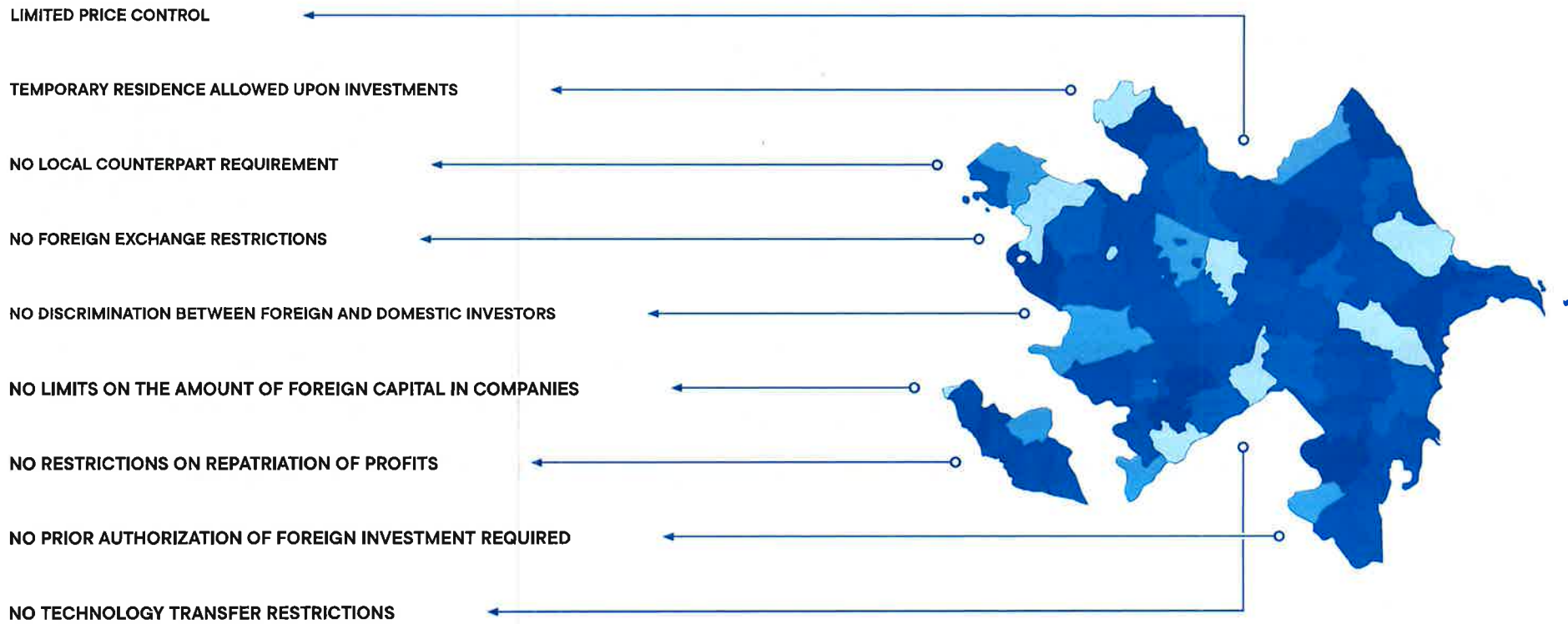


NO EXPORT DUTIES

* UAE trade representatives also covers Saudi Arabia, Kuwait and Bahrain.

* Poland trade representatives also covers Germany, Austria, Switzerland, Liechtenstein, Czech Republic, Slovakia, Hungary, Croatia and Slovenia.

INVESTMENT CLIMATE



BILATERAL INVESTMENT AND DOUBLE TAXATION TREATIES



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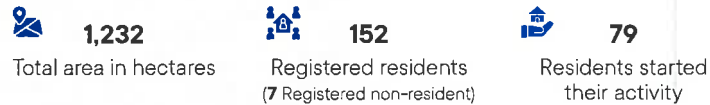


INDUSTRIAL ZONES AND AGRICULTURAL PARKS



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GENERAL INFORMATION ABOUT INDUSTRIAL ZONES



MADE

4 BLN USD
investment **10,522**
new jobs

PLANNED

600 MLN USD **7,384**
investment new jobs

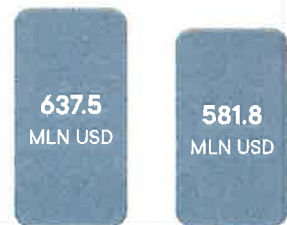
TOTAL REVENUE OF INDUSTRIAL ZONES

TOTAL PRODUCTION



2022 2023

EXPORT



2022 2023

- INDUSTRIAL PARKS
- INDUSTRIAL DISTRICTS
- ALAT FREE ECONOMIC ZONE
- LIBERATED TERRITORIES



INFRASTRUCTURE

Residents of industrial zones are provided with infrastructure developed at the expense of state funds:

- | | | | | | | |
|--------------------|--------------------|---------------|--------------|-------------------|---------------|-------------------|
| | | | | | | |
| Electricity supply | Natural gas supply | Sewage system | Water supply | Internal highways | Railway lines | Fiber-optic cable |

INVESTMENT INCENTIVES

<p>7 YEARS</p> <p>HOLDERS OF INVESTMENT PROMOTION DOCUMENT</p>	<p>50% decrease from corporate and income taxes</p>	<p>0% land and property taxes</p>	<p>0% VAT on hardware, technological equipment and structures imported by IPD holders</p>	<p>0% customs duties on hardware, technological equipment and structures imported by IPD holders</p>
<p>10 YEARS</p> <p>(FROM THE DATE OF RECEIVING RESIDENT STATUS)</p> <p>RESIDENTS OF INDUSTRIAL AND TECHNOLOGY PARKS</p>	<p>0% corporate and income taxes</p>	<p>0% land and property taxes</p>	<p>0% VAT on hardware and technological equipment imported by residents</p>	<p>0% customs duties on hardware and technological equipment imported by residents</p>
<p>10 YEARS</p> <p>(STARTING FROM JANUARY 1, 2023)</p> <p>RESIDENTS OF INDUSTRIAL PARKS LOCATED IN THE LIBERATED TERRITORIES</p>	<p>0% corporate and income taxes</p>	<p>0% land and property taxes</p>	<p>0% VAT on hardware, technological equipment, raw materials and structures imported by residents</p>	<p>0% customs duties on hardware, technological equipment, raw materials and structures imported by residents</p>

INVESTMENT OPPORTUNITIES IN THE LIBERATED TERRITORIES

10 YEARS

(STARTING FROM JANUARY 1, 2023)

LEGAL ENTITIES IN THE LIBERATED TERRITORIES

Exemption from corporate, income, property, land and the simplified taxes

VAT and customs duties exemption: for the import of machinery, technological equipment, and devices, as well as for raw materials and supplies

Exemption for dividend incomes of stakeholders and stockholders

20% discount on utility services

Subsidization of the mandatory state social insurance fee

Provision of loans with state guarantee and subsidization of loan interest

Offering infrastructure in industrial parks based on the “Plug&Play” principle:

Sewage lines and chemical waste

Natural gas supply line

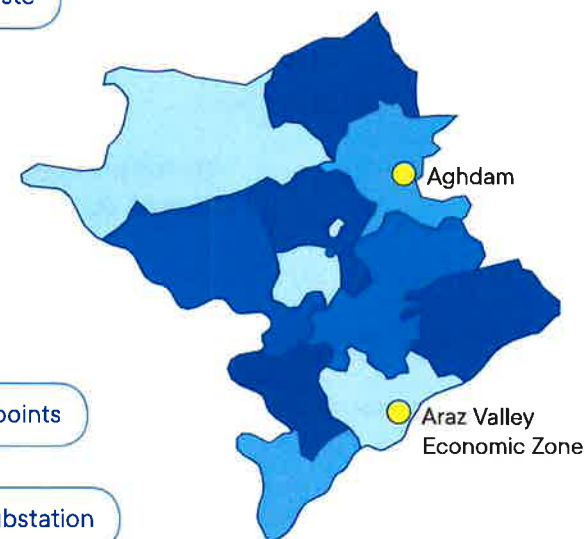
Road and railways

Fiber optic cable line

Transformers and distribution points

Power transmission line and substation

Rain, potable, technical and fire water supply networks



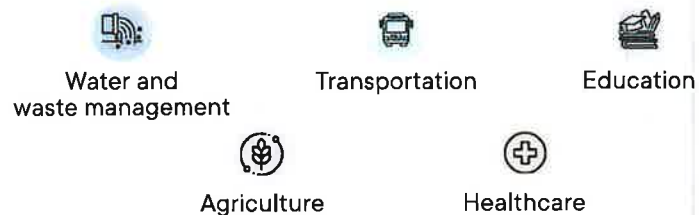
Industrial parks in the territories liberated from occupation

PUBLIC PRIVATE PARTNERSHIP

LEGISLATION:

- On December 27, 2022, the Law on Public-Private Partnership was enacted. The law provides a framework for collaboration between the public and private sectors to facilitate the implementation of projects.
- The secondary legislation (rules) that further details of the PPP law was accepted on March 19, 2024. This secondary legislation clarifies the procedures and requirements for implementing PPP projects.

SEVERAL SECTORS HAVE BEEN IDENTIFIED AS APPROPRIATE FOR PPP PROJECT IMPLEMENTATION, INCLUDING BUT NOT LIMITED TO:



ADVANTAGES FOR THE INVESTOR:

- Long-term, repayable investment
- Implementation of the project with the participation of the State
- Possibility of obtaining additional guarantees

POTENTIAL PROJECTS IDENTIFIED FOR SUBMISSION FOR APPROVAL OF CABINET OF MINISTERS IN 2024, BUT NOT LIMITED TO:

- Science and technology park;
- Water projects;
- Waste management in the regions (landfill and transfer stations);
- Mutli-profile City Hospital in regions;
- Tall-roads;
- Laboratories in the regions;
- Creation of tourism zones in Kalbajar.

- Sharing risks with the state
- Expansion of private sector participation in economics and management

SECTOR OPPORTUNITIES



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AGRICULTURE

Azerbaijan's largest employer, employing approximately 36% of the population, but accounting for only 4.8% of GDP. Sown areas are above 1.9 million hectares, which is approximately 22% of the total territory of Azerbaijan.



CHEMICAL INDUSTRY

Chemical industry is one of the main sectors of the Azerbaijani economy. The country's availability of the raw materials of oil and gas, salt, iodine-bromide mine water, and the waste of ferrous metals, combined with access to large neighbor consumers, gives Azerbaijan a comparative advantage in this sector.



TRANSPORT AND LOGISTICS

Today, as trade flows increase between Europe and Asia, Azerbaijan is emerging as a transport and logistics hub at the crossroad of Eurasia, adjoining seaports on the Caspian Sea, as well as serving as an interconnection point for various transportation corridors.



LIGHT INDUSTRY

Light industry is well developed in Azerbaijan and apart from many other directions, include weaving, sewing, and knitting, as well as fur-leather, skin-leather, textile and shoe production. Traditional and rich in patterns, carpet-making is also on the rise.

SECTOR OPPORTUNITIES



FOOD PROCESSING

Accounts for around 32% (\$2.9 billion) of Azerbaijan's total processing industry, and covers a selection of more segmented industries. Azerbaijan possesses great potential in the development of halal food industry, as Islam is a dominant religion in the country.



RENEWABLES

Currently, foreign investors are engaged in the construction of 3 solar and wind power plants with a capacity of 710 megawatts in Azerbaijan. The total power generation capacity of Azerbaijan is 7954 MW and the capacity of the power plants on renewable energy sources, including large hydropower plants is 1312 MW, which is 16.5 % of the total capacity.



INFORMATION AND COMMUNICATION TECHNOLOGIES

Education and e-government programs have been launched. ASAN service, as part of the State Agency for Public Services and Social Innovations under the President of the Republic of Azerbaijan provides public services, which makes it more easily accessible to the citizens using modern technologies.



TOURISM

Untouched nature, mineral springs, a unique ancient architecture, diverse culture, rich in flavors cuisine, people known for hospitality, as well as other factors contribute to the formation of a highly attractive tourism destination and also for various purposes: business, sport, medical, hunting, beach and gastronomic.



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THANK YOU!

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