



Diplomatic Mission of the Republic of Azerbaijan in Bosnia and Herzegovina

Dzemala Bijedica 305, 71210, Ilidza, Sarajevo

TEL: (+387 33) 695 802/803/804

FAX: (+387 33) 695 801

E-MAIL: sarajevo@mission.mfa.gov.az

WEBSITE: sarajevo.mfa.gov.az

ECONOMIC NEWS BULLETIN

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OIL & GAZ

Shahdeniz produced 8.4 billion standard cm of gas in 1H 2019

In the first half, the field produced around 8.4 billion standard cubic metres (bscm) of gas and about 2 million tonnes (14.4 million barrels) of condensate



in total from the Shah Deniz Alpha and Shah Deniz Bravo platforms.

The existing Shah Deniz facilities' production capacity is currently over 56 million standard cubic metres of gas per day or more than 20 bcma.

Production from Shah Deniz Bravo has been ramping up since the first gas delivery at the end of last July.

During the first half of the year, the Shah Deniz field continued to provide deliveries of gas to markets in Azerbaijan (to SOCAR), Georgia (to GOGC and SOCAR), Turkey (to BOTAS) and to BTC Company in multiple locations.

In the first half of 2019, Shah Deniz spent around \$376 million in operating expenditure and \$555 million in capital

expenditure, the majority of which was associated with the Shah Deniz 2 project. Shah Deniz participating interests are: BP (operator – 28.8 per cent), TPAO (19.0 per cent), AzSD (10.0 per cent), SGC Upstream (6.7 per cent), PETRONAS (15.5 per cent), LUKOIL (10.0 per cent) and NICO (10.0 per cent).

BP-Azerbaijan: SCP's daily average throughput was about 28m c m per day in the first half of 2019

The daily average throughput of SCP was about 28 million cubic metres of gas per day during the first half of 2019, BP Azerbaijan said.



"In the first half of 2019, SCP spent about \$20 million in operating expenditure and more than \$24 million in capital expenditure in total," the company said.

The SCP has been operational since late 2006, transporting Shah Deniz gas to Azerbaijan, Georgia and Turkey. The expanded section of the pipeline commenced commercial deliveries to Turkey in June 2018.

The SCP has a dual operatorship with BP as the technical operator being responsible for construction and operation of the pipeline facilities and SOCAR Midstream Operations, as commercial operator, responsible for the commercial operations of the pipeline.

The SCP Co. shareholders are: BP (28.8 per cent), TPAO (19.0 per cent), AzSCP (10.0 per cent), SGC Midstream (6.7 per cent), PETRONAS (15.5 per cent), LUKOIL (10.0 per cent) and NICO (10.0 per cent).

BP: Azeri-Chirag-Gunashli produces more than 98 million barrels in first six months of 2019

Total ACG production for the first six months of 2019 was on average 542,400 barrels per day (b/d) (more than 98 million barrels or 13 million tonnes in total) from the Chirag (42,000 b/d), Central Azeri (131,000 b/d), West Azeri (120,000 b/d), East Azeri (94,000 b/d), Deepwater Gunashli (more than 96,000 b/d) and West Chirag (60,000 b/d) platforms, according to BP Azerbaijan.

At the end of the first half, 124 oil wells were producing, while 44 wells were used for water and 7 for gas injection. The company spent more than \$272 million in operating expenditure and over \$657 million in capital expenditure on ACG activities in the first half of 2019.

In April 2019, the ACG partnership took a decision to commence the next stage of development of the ACG field with a \$6 billion project which includes a new offshore platform and facilities designed to process up to 100,000 barrels of oil per day. The project is expected to achieve first production in 2023 and produce incremental up to 300 million barrels of oil over its lifetime.

The project has already started construction activities (started in July) and will continue to ramp up these activities through the second half of the year.

BP Exploration (Caspian Sea) Limited is the operator on behalf of the Contractor

Parties to the ACG Production Sharing Agreement.

ACG participating interests are: BP (30.37 per cent), SOCAR (25.0 per cent), Chevron (9.57 per cent), INPEX (9.31 per cent), Equinor (7.27 per cent), ExxonMobil (6.79 per cent), TPAO (5.73 per cent), ITOCHU (3.65 per cent), ONGC Videsh Limited (OVL) (2.31 per cent).

Sangachal terminal exported about 134 million barrels of oil during first half of 2019

During the first half, the Sangachal terminal exported about 134 million barrels of oil, which included around 121 million barrels through Baku-



Tbilisi-Ceyhan (BTC) and more than 13 million barrels through the Western Route Export Pipeline (WREP), BP has said.

According to BP, on average, about 46 million standard cubic metres (about 1,610 million standard cubic feet) of Shah Deniz gas was exported from the terminal daily in the first half of 2019.

“During the first half of 2019, oil and gas from ACG and Shah Deniz continued to flow via subsea pipelines to the Sangachal terminal. The daily capacity of the terminal’s processing systems is currently 1.2 million barrels of crude oil and about 80 million standard cubic metres of Shah Deniz gas, while overall processing and export capacity for gas, including ACG associated gas is around 100 million standard cubic metres per day,” the company said.

“Gas is exported via the South Caucasus Pipeline (SCP), the South Caucasus Pipeline expansion system and via SOCAR gas pipelines connecting the terminal’s gas processing facilities with Azerigas’s national grid system,” the company added.

Over 18m tons of oil and about 12 bn cm of natural gas produced in Baku

Over 18 million tons of crude oil and nearly 12 billion cubic meters of natural gas were produced in Baku in the first six months of this year, according to



the State Statistics Committee.

The total cost of production in the extractive industry increased 0.2 percent to make up 16.1 billion AZN compared with the same period of the last year, the official figures suggest.

TRANSPORT

Iranian, Azerbaijani railway authorities enjoy fruitful cooperation



"Iranian and Azerbaijani railways authorities enjoy fruitful cooperation," said President of the

Railways of the Islamic Republic of Iran Saeid Rasouli.

Rasouli highlighted Azerbaijan Railways' involvement in the implementation of infrastructure projects in Astara, Iran, particularly the construction of a railway station and freight terminal in the city.

"Azerbaijan takes an active part in building the International North-South Transport Corridor. This cooperation will contribute to the economic development of border regions of Iran and Azerbaijan. Thousands of new jobs were created in both sides that improved the social welfare of the people." Rasouli said cooperation between the railway authorities of Iran and Azerbaijan will play a crucial role in linking the railway systems of Asia and Europe. "This cooperation will see Asian countries get access to Europe, while European countries will get access to the Gulf Coast and the Southeast Asia. All this will give huge impetus to the development of economy of the two continents," he added.

Since the beginning of the year, over 3 million air passengers have been served in Azerbaijan

Azerbaijani international airports'



passenger traffic hit 3.06 million people in the first seven months of 2019. Of these, 2.6 million accounted for

the Heydar Aliyev International Airport, which is 9% more than the same figure last year.

The second busiest airport is Nakhchivan - 367 thousand passengers from January to July, and the third - the airport of Ganja, which served 85 thousand people over the same period.

During this period, the base air carriers - AZAL and Buta Airways carried 1.1 mln. and 306 thousand passengers, respectively. In total, this is about 8% more than in the previous year.

The number of passengers on international flights of Baku airport amounted to 2.27 million, 33 percent of which accounted for AZAL, while 13.4 percent for Buta Airways. The share of foreign airlines during this period hit 53.6 percent.

Currently, 33 passenger airlines carry out direct flights to Heydar Aliyev International Airport. The top five popular foreign airlines in addition to AZAL and Buta Airways in July 2019 are Turkish Airlines, FlyDubai and AirArabia.

It should be noted that from the airports of Ganja and Nakhchivan direct flights are carried out to Moscow and Istanbul. Also, the national airline AZAL operates regular direct flights from Lankaran and Gabala to Moscow and vice versa.

Heydar Aliyev International Airport (IATA: GYD) is the largest airport in Azerbaijan and the region in terms of passenger and freight traffic, takeoff and landing operations, the airport terminal area and capacity of the cargo complex.

Heydar Aliyev was also named the best airport among airports of Russia and CIS countries for the level of the provided services for the three years in a row and awarded the maximum rating of "5 Stars" according to Skytrax World Airport Awards.

In 2019, Heydar Aliyev International Airport was named the best airport with a passenger traffic of up to 10 million according to the Sky Travel Awards.

ICT

Azerbaijan to join ITU Telecom World 2019 in Budapest

The Innovation Agency of Azerbaijan with four startups including Selcis, Kuleko, Wexplain, Vriently will join the International Fair and Forum "ITU Telecom World 2019" in Budapest, Hungary on September 9-12.

The Azerbaijan national pavilion will be established at the fair and each of Azerbaijani startups will be featured from this venue.

Azerbaijani startups will also participate at the ITU Telecom World Global SME Awards for Small and Medium Enterprises. ITU Telecom World 2019 is a leading international platform for influential figures from government, industry and tech SMEs to connect, exhibit and explore common challenges, share ideas and build partnerships.

Innovation Agency of Azerbaijan to implement venture financing

A draft legislation on the establishment of venture capital funds in Azerbaijan is being developed and the Innovation Agency has submitted its proposals in

this regard, chairman of the Innovation Agency under the Ministry of Transport, Communications and High Technologies Tural Karimli has told a press conference on the "AZCLOUD Hackathon 2019" Contest.

Karimli mentioned that it is necessary to establish investment models in addition to relevant legislation in order to organize venture capital funds in the country. "It is most likely that the Innovation Agency will be the first to highlight examples of such investment models," he added.

Azerbaijan to join seventh China science expo

The Innovation Agency of Azerbaijan will participate in the Seventh China Science & Technology City International High-Tech Expo to be held in the city of Mianyang, Sichuan province on September 5-8.

The theme of this year's exposition is "scientific and technological innovation, deepening reform and openness and cooperation".

On display will be the latest technological achievements and exchanges will be promoted in fields including electronic information, equipment manufacturing, energy conservation and environmental protection, and artificial intelligence.

The exposition, initiated in 2013, is an annual event organized by the Ministry of Science and Technology and the Sichuan provincial government.

