



## **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](mailto:sarajevo@mission.mfa.gov.az)*

*WEBSITE: [sarajevo.mfa.gov.az](http://sarajevo.mfa.gov.az)*

## ***ECONOMIC NEWS BULLETIN***

### ***IN THIS ISSUE:***

***WORLD ECONOMIC FORUM  
EXHIBITIONS  
OIL & GAS  
TRANSPORT***

***FINANCE  
TOURISM  
BUSINESS  
ICT***

### ***WORLD ECONOMIC FORUM***

**President Ilham Aliyev attended "Strategic Outlook: Eurasia" interactive session as part of World Economic Forum**

An interactive session on "Strategic Outlook: Eurasia" has been held in Davos as part of the World Economic Forum.

President of the Republic of Azerbaijan Ilham Aliyev attended the session.

The head of state made a speech at the event and responded to participants' questions.

President of Azerbaijan Ilham Aliyev has stressed the significance of energy projects as he spoke at an interactive session on "Strategic Outlook: Eurasia" as part of the World Economic Forum in Davos. "They are important for us, they are important for the region and the projects, which we initiated, actually change the energy map of the region." "The first pipeline we built to



Georgia, to the port of Supsa connected the Caspian and Black seas. Then, the second pipeline for crude oil from Baku-Tbilisi-Ceyhan connected the Caspian and Mediterranean. Then, on the same route we built a gas pipeline. Therefore, we have already diversified export routes for our hydro-carbons, at the same time, providing substantially energy security of our partners, including those in Europe. Some countries of the European Union get the biggest part of their oil supply from Azerbaijan, and after we successfully complete the Southern Gas Corridor project, in two-three years' time they will also get access to our natural gas," the head of state said.

He also stressed the significance of transportation projects. "Baku-Tbilisi-Kars changed the transportation map of the region. It is now the shortest route from China to Europe, which will take you about two weeks instead of 30-35 days before that. So this is a new map of transportation, the new map of energy diversification, and Azerbaijan being a landlocked country

already managed, I think, to transform into a regional transportation hub. However, we still have to work," President Ilham Aliyev said.

## EXHIBITIONS

### Baku's bid to host Expo 2025 presented in Davos

A presentation on Baku's bid to host Expo 2025 has been held in Davos.



Addressing the event, head of the Azerbaijan Delegation to the

Bureau International des Expositions (BIE) Elchin Amirbayov noted that like the World Economic Forum the World Expo is an important platform for bringing together the world to share ideas. "Human capital development allows people to improve their technological and personal qualities," Amirbayov said.

Saying that Azerbaijan is a bridge between Asia and Europe, he highlighted the international events that the country has recently hosted, including the cultural and sporting ones.

The event then featured the screening of a promotional video on the Azerbaijani culture, history, as well as the country-hosted prestigious events.

Azerbaijan made a proposal to organize World Expo, the theme of which is 'Developing human capital, building a better future', from May 10 to November 10, 2025.

## OIL & GAZ

### 'Extension of ACG contract brings us important dividends', President Ilham Aliyev

'The extension of the Azeri-Chirag-Gunashli contract also brings us other important dividends', President of Azerbaijan Ilham Aliyev stated at the



meeting of the Cabinet of Ministers on January 10 dedicated to the results of

socio-economic development of 2017 and objectives for the future.

The Head of State said that in 2017 historic events took place in the field of energy. 'One of them was the extension until 2050 of the contract for the Azeri-Chirag-Gunashli field. This will allow us the opportunity to maintain our levels of production for many years – at least until 2050. This will make it possible for foreign investors to continue to invest heavily in the oil sector in Azerbaijan. We are talking about tens of billions of dollars. Of course, this investment will have a positive impact on all sectors of our economy. I mean the creation of new jobs and new local enterprises. Of course, maintaining oil production at a stable level will allow us the opportunity to plan our economic development and gradually reduce dependence on oil. In the last two years, we have largely achieved this.

The extension of the Azeri-Chirag-Gunashli contract also brings us other important dividends. First of all, SOCAR's share increases from 11 to 25 per cent. 75 per cent of the profit oil will remain with the Azerbaijani side. I can say that this is an excellent result for a young and independent country achieved with foreign investors in the oil sector. The State Oil Company of Azerbaijan (SOCAR), together with other partners, will participate in the project as the operator. For extending the contract, even though foreign investors will invest tens of billions of dollars, an additional bonus of 3.6 billion dollars will be paid in equal instalments over the course of eight years. The first tranche will be provided this year. This, briefly, is the significance of the "Azeri-Chirag-Gunashli" project', the President of Azerbaijan emphasized.

## **SOCAR to receive AZN100M for gasification**

President of Azerbaijan President Ilham Aliyev has tasked the State Oil Company (SOCAR) to bring the level of gasification up to 95% in 2018.



At the conference devoted to the 4th year of the State Program on Socio-Economic Development of Regions for 2014-2018 President Ilham Aliyev stated that currently the level of gasification is 93% and this is a good indicator.

"But there are still villages where gas lines have not been laid. Our country plans to allocate AZN 100 million to SOCAR for this purpose. Particularly, SOCAR should carry out work on gasification for the short term and bring its level up to 95%. Then, steps will be taken next year to lay the gas lines to the remote villages," the head of state underlined.

## **SOFAZ receives first bonus payment from Azeri-Chirag-Gunashli Agreement**

The State Oil Fund of the Republic of Azerbaijan (SOFAZ) received the first bonus payment in the amount of USD 450 million from the new Agreement signed among the State Oil Company of the Republic of Azerbaijan



(SOCAR) and foreign extractive industry companies on the "Joint development and production sharing for the Azeri and Chirag fields and the deep water portion of the Gunashli field in the Azerbaijan sector of the Caspian Sea" on January 29, 2018.

According to the contract, the foreign investors will pay overall a bonus of USD 3.6 billion to SOFAZ over the next 8 years. The participants of Azeri-Chirag-Gunashli project are Azerbaijan (ACG) Limited, BP Exploration (Caspian Sea) Ltd., Chevron Khazar Ltd., Exxon Azerbaijan Ltd., Inpex Southwest Caspian Sea Ltd., Itochu Oil Exploration (Azerbaijan) Inc., ONGC

Videsh Ltd., Statoil Apsheron AS. and TPAO.

## **SOCAR commissions 39th filling station in Romania**

Azerbaijan's state oil firm SOCAR has opened its second filling station in Brasov, Romania, increasing the number of its gas stations in the country to 39.



SOCAR has a network of gas stations in 18 Romanian districts, including Botosani, Suceava, Neamt, Iasi, Bihor, Buzau, Bacau, Vrancea, Timis, Ilfov, Cluj, Valcea, Arad, Arges, Bistrita-Nasaud, Sibiu, Bucharest and Brasov.

## **TRANSPORT**

### **Buta Airways launches Baku-Sofia direct flight**

Azerbaijan's low-cost air carrier Buta Airways launched direct flight Baku-Sofia-Baku.



Baku-Sofia flights of Buta Airways will serve as a basis for the development of tourism, business and relations between Azerbaijan and Bulgaria, Director of Buta Airways Jamil Manizade said at a press conference dedicated to the first such flight in Sofia. Jamil Manizade expressed gratitude to the colleagues at the Sofia airport, Bulgaria's Civil Aviation Administration, representatives of the ground handling company who helped to implement this project as soon as possible. "Civil aviation and today's event made the capitals of Azerbaijan and Bulgaria closer. We are very pleased that Buta Airways served as the bridge between the two countries that united, and in the future will serve as an excellent basis for the development of tourism, business and relations between the two states," he said. Azerbaijan's Ambassador to Bulgaria Nargiz Gurbanova noted that Buta Airways is the first low-cost non-EU company to fly to Bulgaria.

"I am convinced that this line will make Azerbaijan and Bulgaria even closer and will strengthen the position of our countries as effective connecting centers for travel," she said.

Addressing the press conference, Bulgarian Minister of Transport, Information Technologies and Communications Ivaylo Moskovski noted that Azerbaijan and Bulgaria will be able to implement a number of important tourism projects through the launch of a direct flight. "In the end, we achieved the goal that was set in 2015. This result was achieved due to the efforts and will of both sides - the Bulgarian government, Prime Minister Boyko Borisov with the active participation of the President of Bulgaria, as well as the President of Azerbaijan Ilham Aliyev," Moskovski stressed.

He noted that due to the direct airline, countries can count on developing contacts between business circles.

An agreement on opening of direct flights between Baku and Sophia was reached during negotiations of Presidents of Azerbaijan Ilham Aliyev and Bulgaria Rumen Radev.

The minimum fare on route Baku-Sophia, as well as in other routes of airline, will be 29 euros (one way). The flights will be carried out once a week on Tuesdays.

The sale of tickets is open on the official website [www.butairways.az](http://www.butairways.az). Being a low-cost airline, the minimum fare Buta Airways will offer additional services such as carriage of baggage, hand luggage, hot meals onboard, check-in at the airport, and seat selection in the airplane on a paid basis.

Buta Airways is the first low-cost airline in Azerbaijan, a structural unit of Azerbaijan Airlines (AZAL). It was founded in December 2016. The Airline's fleet consists of modern Embraer aircrafts. The Airline is based in Baku, at the Heydar Aliyev International Airport.

## European Commission allocates 1 million euro for future development of Baku International Sea Trade port

"The European Commission has allocated



1 million euro as part of technical assistance for the future development of the Baku International Sea

Trade Port," Director-General for Mobility and Transport of the European Commission Henrik Hololei has told reporters.

Henrik Hololei noted that the Baku Port occupies an important place in trade turnover between Europe and Asia, adding that this port and some international corridors crossing through Azerbaijan has turned Azerbaijan into a transit country and a logistics hub.

"Azerbaijan is implementing important projects in this area. The commissioning of the Baku-Tbilisi-Kars railway is a part of these projects."

"The transportation on this alternative route is much quicker and more cost-effective. From this point of view, the role of the Baku Port is particularly noteworthy," Hololei added.

## Henrik Hololei: Azerbaijan will be part of EU Trans-European Networks

"Azerbaijan is part of the European family.



Ensuring deeper connectivity with the EU is therefore extremely important for us.

Only then can we unleash the full potential of all businesses and bring our people ever closer together. We are committed to doing this through a deep aviation agreement, ensuring close maritime cooperation and that Azerbaijan is part of the EU Trans-European Networks," said Director-General for Mobility and Transport of the European Commission Henrik Hololei as he attended the first CEO Breakfast Baku as an honorary guest.

Chief Executive Officer of the Caspian European Club Mustafa Abbasbeyli thanked the honorary guest and said that henceforth CEO Breakfast Baku events will be held on a monthly basis. "During CEO Breakfast events top managers of the member companies of the Caspian European Club and heads of government agencies in charge of the economic bloc of not only Azerbaijan, but also other countries, will enjoy informal communication," he continued.

These events enable to discuss problems facing entrepreneurs, issues concerning business doing in different regions of the country, as well as proposals on how to expand cooperation in different sectors of economy in an informal environment, Mustafa Abbasbeyli added.

First Deputy Chairman of the Caspian European Club Telman Aliyev recalled that the Caspian European Club was established in June 2002 with the support of the largest oil and gas companies operating in the Caspian-Black Sea region. President of the Republic of Azerbaijan Ilham Aliyev is the Chairman of the Caspian European Club and Caspian American Club.

Since the very establishing the Caspian European Club has promoted attraction of revenues from the oil industry for the development of the non-oil sector. The Caspian European Club, which brings together more than 5,000 member companies and organizations, works in 70 countries around the world and is active in supporting the dialogue between the government agencies and the private sector.

The members of the Board of the Caspian European Club, top managers, managers of the large transport companies and members of the Caspian European Club attended the event.

## FINANCE

### Baku to host financial forum in February

"The Caspian European Club will organize a financial forum in Baku in February," Mustafa Abbasbayli, Chief Executive



Officer of the Caspian European Club, has told reporters.

"The forum is scheduled for February 28. State financial institutions, including the ministries of Finance, Economy and Taxes, Financial Markets Supervision Chamber and the State Oil Fund are expected to attend the forum," he said.

### About 250 companies to attend Digital Banking and Security Conference in Baku

About 250 companies will take part in the Digital Banking and Security Conference to be organized by the FA International Trade Events in Baku on April 17-18.

The conference will be held under the Strategic Road Map for the Development of Financial Services in Azerbaijan, which was endorsed by the President to accelerate the digital transformation in the financial industry.

The two-day event will address key issues of banking transformation and innovation, involving experts to review and provide updated information and solutions to the problems facing the industry.

### S&P predicts steady growth for Azerbaijan

Standard & Poor's Global Ratings agency has forecast Azerbaijan's GDP growth to average 3.3% over the next four years, the S&P said in a report,



according to Financial Tribune newspaper. On Jan. 26, the S&P revised its outlook on the long-term foreign and local currency sovereign credit ratings on Azerbaijan to stable from negative. At the same time, the agency affirmed the ratings at 'BB+/B'.

S&P expects Azerbaijan's economy to grow 2.7% in 2018 and 3.5% in 2019, 2020 and 2021. "We expect economic dynamics

to gradually shift over the next few years," the report said. "In particular, we forecast average growth of 3.3% through 2021. Completion is approaching for the large Shah Deniz II gas field project which will see Azerbaijani gas delivered first to Turkey and then to Europe. Elevated investment ahead of the SDII launch and a pickup in gas exports after that should benefit economic performance.

"We have now revised our estimates of State Oil Fund of the Republic of Azerbaijan's liquid assets, excluding from our calculations exposures that might be hard to liquidate in a downside scenario, such as the fund's domestic investments and foreign equity exposures. We estimate last year's general government deficit amounted to 1.5% of GDP," the report said. Azerbaijan's nominal GDP will continue to grow and by 2021 will increase from 70 billion manats (\$41 billion) to 99 billion manats (\$52 billion), the report noted. According to S&P analysts, GDP per capita will be \$4,600 in Azerbaijan in 2018, \$4,800 in 2019, \$5,000 in 2020 and \$5,100 in 2021.

The agency also expects inflation rate to fall in Azerbaijan to 5% by 2021. The S&P forecasts 8% inflation in 2018 and 5% in the next three years.

## TOURISM

### Azerbaijan wraps up its chairmanship of WTO Executive Council



The Chairmanship of the Executive Council of the World Tourism Organization (WTO EC) has passed from Azerbaijan to Argentina at a solemn ceremony attended by representatives of its member states.

Addressing the event, Azerbaijani Ambassador to the Kingdom of Spain Anar Maharramov pointed out that development of tourism sector is one of the key priorities of Azerbaijan's state policy. He said Azerbaijan's chairmanship of the WTO Executive Council in 2017 has been very successful.

Ambassador Maharramov presented a special plaque symbolizing this remarkable event to Argentine Minister of Tourism Gustavo Santosa, expressing his confidence that during its chairmanship Argentina will also make its contributions to the development of tourism.

## BUSINESS

### Azerbaijan-Austria business forum to be held in Vienna

An Azerbaijani-Austrian business forum will be held in Vienna on March 2. The event will be co-organized by Azerbaijan's Ministry of Economy and Azerbaijan Export and Investment Promotion Foundation.

The Azerbaijani delegation will be headed by Minister of Transport, Communications and High Technologies Ramin Guluzade.

The bilateral meetings will be arranged for expansion of business ties between the businessmen of both countries.

### Azerbaijan to open Trade House in Kyiv in March

Azerbaijan will open its Trade House in Kyiv in mid-March this year, said Azerbaijan's Ambassador to Ukraine Azer Khudiyev in an

interview with Ukrinform.

Azer Khudiyev emphasized that Azerbaijan and Ukraine intend to increase trade turnover up to \$1 billion in 2018.

"In mid-March we are planning to open Azerbaijan's Trade House in Kyiv. We have already found premises in the center of Kyiv, and now the matter is in the stage of documentation. Respective repairs are being conducted simultaneously," Khudiyev said.

According to him, the head of the Trade House has already been elected, and he is currently engaged in the formation of his apparatus. "The Trade House will showcase and sell products of domestic production, as well as coordinate imports,

exports and re-exports. We also plan to analyze the market, identify priority areas of cooperation, and provide legal support for Azerbaijani business companies," the ambassador said. "I am sure that this will be a good platform not only for Azerbaijani business, but also for the development of Ukrainian business. Ukraine has many interesting products and projects, which Central Asian and Iranian markets need to import and export. But this is not possible for a number of reasons. I think that these opportunities can be realized through Azerbaijan and the newly opened Baku International Sea Trade Port", the Azerbaijani ambassador added.

### ICT

#### Azerbaijan joins CABSAT satellite and broadcast exhibition in UAE

Representatives of Azercosmos OJSC are participating in the Content Congress at CABSAT in Dubai, UAE.



CABSAT is the definitive event for broadcast, satellite and entertainment content sectors across the Middle East, Africa and South Asia (MEASA) and plays a critical role in delivering industry-shaping dialogue, uniting over 250 creative visionaries, technological disruptors and industry influencers for two days of active debate and discussion.

The MEASA market offers significant opportunities for innovators looking to exploit new growth channels outside of traditional platforms. The Content Congress engages a unique cross-section of senior industry stakeholders and up-and-coming influencers to share forward looking insights into how to adapt traditional broadcast models, the benefits of disruptive thinking and the future of broadcasting not only for the region, but worldwide.

#### Bakcell introduces 4G service in Baku subway first time in Azerbaijan

Bakcell - the First Mobile Operator and



Leading Mobile Operator of Azerbaijan, has introduced its super-fast 4G (LTE) mobile

internet service at all the metro stations of Baku.

The launch of 4G in metro has been long awaited by passengers who don't want to stop watching movies, uploading selfies and files or performing other data-intensive tasks while using the metro services. Thus, Bakcell LTE network is now available at 21 stations of Baku subway (except the currently refurbished Sahil station). State of the art "LTE Advanced" Technology, applied by Bakcell provides the users with speed reaching as high as 225 Mbps. Note, that currently, the service is available on metro platforms and may not be available in tunnels.

"We are very proud to introduce our high-quality 4G LTE services to Bakcell customers who use the metro. Our customers are now able to continue enjoying our ultra-fast mobile internet network even on the platforms while waiting on the train. This is a great achievement and we are confident that our efforts will be appreciated by users, who want to be mobile at all times and have access to high-speed broadband internet everywhere and every time," says Bakcell CEO Nikolai Beckers.

Bakcell's 4G services enable the customers to enjoy the state-of-art LTE network of Bakcell, while downloading and uploading large files almost instantly, streaming music without buffering, and even playing online games, thanks to the low latency.

Bakcell will continue surprising its customers with even more innovations, latest technologies and modern, convenient and reliable services.