



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

7TH CASPIAN ENERGY FORUM HELD IN BAKU

Opening the forum, the first deputy chairman and the chief executive officer of Caspian European Club Telman Aliyev said that the Forum is being held by support of the Azerbaijani Government and the Caspian European Club. He spoke of the activity of structure.

More than 1500 delegates from 70 countries have taken part in work of the forum. Among them are the heads of government institutions, ministries, state committees, state agencies, public services and also heads of the state and multinational companies, international financial institutions, leading analytical centers, investment companies and rating agencies of the countries of the Caspian and Black Sea and Baltic regions and also representatives of the diplomatic and



international missions accredited in Azerbaijan.

Addressing the forum, the Minister of Energy of Azerbaijan Parviz Shahbazov, called as remarkable holding this forum on September 20, on the 24th anniversary of signing of the Contract of the Century. He called participation of representatives of various structures and the companies of the Caspian and Black Sea and Baltic regions in the Caspian Energy Forum as a good opportunity for establishment of new relations and development of cooperation.

The minister has provided large information on the transnational projects which are carried out by Azerbaijan, especially he stressed the upcoming realization of the Southern Gas Corridor, underlined the role of Azerbaijan in ensuring energy security of the region and Europe. "We carry out the Southern Gas Corridor project which will change the power map of the region and Eurasia in general. This project plays an important role from the point of view of ensuring energy security, diversification of sources and routes. It will provide the most Balkan countries with natural gas. The

main source of this chain of pipelines is the Shahdeniz field. In the long term it is possible use of resources in the other fields of the Caspian sector of Azerbaijan” - Shahbazov said.

The Minister of Ecology and Natural Resources Mukhtar Babayev emphasized the importance of forum, which is conducted in the country of strong environment protection. He spoke of the projects directed to protection of ecology of the Caspian Sea.

A video message by the vice-president of European Commission for the Energy Union Maros Sefcovic to participants of the Caspian Energy Forum Baku-2018 was demonstrated. He, in particular, said: “Transit of energy resources is very important for us. From this point of view, gas has special importance. For this reason, Azerbaijan and all Caspian region are important partners of the European Union. Azerbaijan is the main supplier of the Southern Gas Corridor. With implementation of this project the power balance of Europe will be diversified. Together in 2020 we will achieve transportation of the Azerbaijani natural gas to Europe. It will be a historical event”. The vice-president of European Commission for the power union considers that not only participants of the project, but in general the whole Europe will benefit from implementation of the Southern Gas Corridor project. The Southern Gas Corridor will make huge contribution to a decarbonization and power efficiency on the continent, Maros Sefcovic considers.

The Deputy Chairman of the State Agency for Renewable & Alternative Energy of Azerbaijan (ABOEMDA) Jamil Malikov, who has made a speech at the forum spoke of the projects realized in the country on alternative and renewables. He has reported that the main objective of the agency is creation till 2020 of wind, solar and 420 megawatts bio-power stations.

The representatives of various government and private institutions who have made speech at the forum have informed about activity of the represented structures, about

importance of expansion of cooperation and implementation of new projects.

Organizers of the Forum have handed to the Forum participants special certificates, and to the companies which have made a special contribution to development of Azerbaijan’s national economy - the Caspian Energy Award 2018.

MONGOLIAN PRESIDENT VISITS SOFAZ

Executive Director of the State Oil Fund of the Republic of Azerbaijan (SOFAZ) Shahmar Movsumov has met with a delegation led by President of



Mongolia Khaltmaagiin Battulga.

Shahmar Movsumov made a presentation on the Fund’s history, mission and goals, national oil strategy, management and budget system, management of its assets and investment policy, projects financed by SOFAZ, along with measures for maintaining transparency and accountability, macroeconomic stability and fiscal sustainability.

Visiting Azerbaijan upon the invitation of President of Azerbaijan Ilham Aliyev, the President of Mongolia talked about current bilateral relations between Azerbaijan and Mongolia. After acquaintance with the presentation, President Khaltmaagiin Battulga emphasized SOFAZ’s effective experience in transparent management of oil and gas revenues.

They also discussed current and future investment opportunities and prospects for cooperation.

The President of Mongolia highlighted the business mission of Azerbaijan to Mongolia this year in October, initiated by the President of the Republic of Azerbaijan and invited the delegation of SOFAZ to take part in this mission for exploring investment opportunities in Mongolia.

Movsumov noted that the bilateral relations between the two countries are strong and the visit of the President of Mongolia to Azerbaijan will further strengthen the current relations.

The delegation was also acquainted with the administrative building and museum of SOFAZ.

ENERGY

EIGHT COMPANIES SIGN AGREEMENTS ON COOPERATION AT CASPIAN ENERGY FORUM BAKU– 2018



The 7th International Caspian Energy Forum Baku-2018 has been held in Baku with the support of the Government of the Republic of Azerbaijan and the Caspian European Club.

“Memorandum on cooperation was signed at Caspian Energy Forum Baku-2018 between the Caspian European Club and State Agency for Small and Medium Business Development of the Republic of Azerbaijan. 8 companies concluded agreements of intent to cooperate, 5 companies found partners who will represent their interests in the EU countries, 3 companies found distributors for supply of their products to Azerbaijan and 2 companies reached an agreement on joint production,” Telman Aliyev said.

He also added that on that day alone, after the official announcement about an intention to hold Caspian Energy Forum in Berlin on November 30, 2018 and in Istanbul on March 15, 2019, 43 companies registered as delegates for Caspian Energy Forum Berlin, 47 companies for Caspian Energy Forum Istanbul.

AZERBAIJAN TO CHAIR ENERGY CHARTER CONFERENCE IN 2020

Azerbaijan will be chairing Energy Charter Conference in 2020. Azerbaijan launched its bid to chair Energy Charter



Conference since

the Southern Gas Corridor will be fully commissioned in 2020, which makes Baku the most appropriate venue for holding the event.

BAKU TO HOST 12TH ANNUAL MEETING OF INTERNATIONAL FORUM OF SOVEREIGN WEALTH FUNDS

The 12th annual meeting of the International Forum of Sovereign Wealth Funds (IFSWF) will be held in Baku in



2020 as the organization decided at its 10th annual gathering, which is being held in Morocco.

An Azerbaijani delegation at the event is led by SOFAZ Executive Director Shahmar Movsumov.

The event hosted by the Ithmar Capital, the Moroccan strategic investment fund, brings together more than 70 leaders from IFSWF’s 31 members representing financial and development institutions and international investment community.

During the meeting, IFSWF board member election has been held and Shahmar Movsumov has been elected to the board. At the meeting entitled “Governance, Investment and Innovation in a Changing World”, a series of panel sessions and workshops have been conducted to discuss issues on sustainable and long-term investment, global financial stability, as well as investment in technology and the challenges of globalization.

The International Forum of Sovereign Wealth Funds (IFSWF) was established by the International Working Group of Sovereign Wealth Funds (IWG), meeting in Kuwait City on April 5-6, 2009 and had its first inaugural meeting in Baku on October 8-9, 2009. IFSWF is a voluntary group of Sovereign Wealth Funds (SWFs), which meets, exchanges views on issues of common interest and facilitates an understanding of the Santiago Principles and of SWF activities.

NATO PARLIAMENTARY ASSEMBLY DELEGATION VISITS SANGACHAL TERMINAL

A delegation of the NATO Parliamentary



Assembly has visited Sangachal Terminal in Azerbaijan.

Located 55 km. south of Baku, the

Sangachal terminal is a vital link in Azerbaijan's oil and gas industry. It is an oil and gas terminal that receives, processes, stores and exports crude oil and gas produced from all currently operated BP assets in the Caspian basin and has room for expansion. The terminal includes oil and gas processing facilities, the first pump station for the Baku Tbilisi Ceyhan (BTC) oil pipeline and South Caucasus gas pipeline (SCP) compressor and other facilities.

Sangachal terminal covers an area of about 550 hectares, which makes it one of the world's largest oil and gas terminals and consists of two main parts: the Early Oil Project (EOP) and Sangachal Terminal Expansion Programme (STEP).

The daily capacity of the Terminal's processing systems is currently 1.2 million barrels of crude oil and about 30 million standard cubic metres of Shah Deniz gas, while overall processing and export capacity for gas, including ACG associated gas is around 50 million standard cubic metres per day.

In the first half, the Sangachal terminal exported more than 141 million barrels of oil and condensate, including third party volumes. Of this, more than 124 million barrels were exported through Baku-Tbilisi-Ceyhan (BTC), more than 16 million barrels through the Western Route Export Pipeline (WREP), and about 1 million barrels via a separate condensate export line.

Gas is exported via the South Caucasus Pipeline (SCP) and via SOCAR gas pipelines connecting the Terminal's gas processing facilities with Azerigas's national grid system.

On average, about 27 million standard cubic metres (more than 963 standard

cubic feet) of Shah Deniz gas was exported from the Terminal daily during the first half of 2018.

ENERGY MINISTER: \$95BN. INVESTED IN AZERBAIJAN'S OIL AND GAS SECTOR

About \$95 billion have been invested in Azerbaijan's oil and gas sector in order to apply advanced technologies and practices, said Minister of Energy Parviz Shahbazov as he addressed the Azerbaijan Competitiveness Forum (ACF-2018) in Baku.



He said that Azerbaijan, which marked the production of the 2 billionth ton of oil last year, is recognized as an oil and gas country and initiated global energy projects.

TRANSPORT

AZAL SIGNS AGREEMENT TO HOLD CANSO-2020 GLOBAL SUMMIT IN BAKU

A delegation of the senior management of CANSO (Civil Air Navigation Services Organization), headed by Director General Jeff Poole, arrived in Baku on a working visit



on September 27.

The guests got acquainted with Azerbaijan's civil aviation facilities, including the Azeraeronavigation Air Traffic Control Center, Airspace Supervision & Efficiency Center (ASEC) and the new airport complex of the Heydar Aliyev International Airport.

At the meeting with AZAL President Jahangir Asgarov, the issues of holding the Global ATM Summit in Baku were discussed. Also, the parties discussed the prospects for cooperation between the Azeraeronavigation Air Traffic Control Center (AZANS) and CANSO, including the issues of joining of AZANS to the CANSO Europe Executive Committee, as well as

Azerbaijani specialists' participation in the working groups of the organization. Creation of CANSO joint training center and opening of air traffic control center using artificial intelligence by 2020 Summit was also discussed at the meeting. A development strategy, which is currently elaborated only until 2020, will be adopted at 2020 Summit in Baku.

Jeff Poole noted the great achievements of Azerbaijan's civil aviation, which is becoming more attractive to the global aviation community. Airlines increasingly prefer to fly over the territory of Azerbaijan, which provides a high level of flight safety thanks to the most modern system of air navigation equipment. It is forecasted that flights over Azerbaijan will increase in the following years.

Following the meeting, Jahangir Asgarov and Jeff Poole signed the agreement on holding the CANSO Air Navigation Summit in Baku from June 8 to June 12, 2020.

The candidacy of Baku to host CANSO AGM-2020 was unanimously chosen at a meeting of the Executive Committee (consists of the leaders of the FAA (USA), air navigation systems of Canada, Germany, the Czech Republic, Argentina, civil aviation administrations of Singapore, Tanzania, the United Kingdom and Saudi Arabia) in Bangkok. Over 70 countries voted for the candidacy of Baku during the CANSO general meeting.

The annual Global ATM Summit is one of the most prestigious events in the field of civil aviation. Over 250 participants from more than 100 countries take part at the summit. Due to its scale this event is often compared with the Olympic Games in the field of aviation.

Such a large-scale and important summit in the history of Azerbaijan's civil aviation will be held for the first time in Baku. CANSO's decision to entrust the holding of the international summit of great importance in Baku is a clear indicator of Azerbaijani President Ilham Aliyev's constant attention and care to the civil aviation, as well as the successes achieved in this sphere.

The structural subdivision of CJSC Azerbaijan Airlines - Azeraeronavigation

(AZANS) is one of the key air traffic control departments linking Europe and Asia. Annually over 90,000 transit flights are carried out over the territory of the Republic of Azerbaijan. Favorable geographical location of Azerbaijan also allowed to open the Airspace Supervision & Efficiency Center (ASEC), the only one in the former Soviet Union, in the territory of the country.

BUTA AIRWAYS REPLENISHES ITS FLEET WITH NEW EMBRAER E-190

Azerbaijan's low-cost airline Buta Airways received a new Embraer E-190, which was delivered to the airline's fleet directly from the manufacturer in



Brazil.

It is the seventh in the low-cost airline's fleet and will allow add more flights to the most popular destinations in the airline's flight schedule.

The new aircraft of Buta Airways is named after the Nakhchivan Autonomous Republic's Gunnut village, which was recently liberated from Armenian occupation.

By tradition, the new aircraft was welcomed at the Heydar Aliyev International Airport with a water salute. Special guest of the welcoming ceremony was a resident of the liberated Gunnut village.

To watch the video of Gunnut aircraft welcoming ceremony on the following link: <https://youtu.be/2BbBLLSVMY8>

It should be noted that in the near future it is expected to replenish the fleet of Buta Airways with another new aircraft of this type. Replenishment of the fleet with the new aircraft will expand the airline's route network.

Buta Airways is the first low-cost airline in Azerbaijan, a structural unit of the CJSC Azerbaijan Airlines (AZAL). It was founded in December 2016. The first flight was carried out on September 1, 2017. The Airline's fleet consists of modern Embraer E-190 aircrafts.

FINANCE

KNOWLEDGE SHARING SEMINAR HELD AT AZERBAIJAN'S MINISTRY OF TAXES

Knowledge Sharing Seminar on results of the 14-day training course organized by the Korean International Cooperation Agency



(KOICA) and the National Tax Agency for employees of the Ministry of Taxes of Azerbaijan has been held at the Training Center of the Ministry.

The training course on "Capacity Building for Tax Administration Practices - Comparative Study of the Korean Tax System" was held in Seongnam, Korea, from August 19 to September 1. The training was attended by employees of the Ministry of Taxes, Tax Policy and Strategic Research, Law, Tax Analysis and Control, Tax Monitoring in International Cooperation and Financial Institutions, Call Center at the Ministry of Taxes, Internal Security, Regional Taxation Offices, Information Technology Center and Training Center consisting of 17 people.

Malik Akbarov, Head of the Tax Methodology Department at the Training Center under the Ministry of Taxes, in his speech pointed that the training course organized within the framework of the Tax Administration Capacity Building Program in Korea included the structure and innovations of the National Tax Service (KNTS), the New Generation Tax Administrations System, including more than 10 topics, moreover, functions and future development, income tax and VAT, taxation of foreign companies, electronic tax invoices, administration of income tax and tax returns. According to Malik Akbarov, Korea has a good experience in tax administration and anti-corruption, nationalization of commercial banks, the creation of a techno-economic Economic Planning Council, the introduction of five-year development plans, and serious concessions to foreign investment are among the key factors that ensure rapid development of Korean government.

Head of the Economy and Management Department of the Training Center at the Ministry of Taxes Imran Garayev, spoke about the mechanisms of stimulating small and medium-sized businesses in Korea and tax incentives applied to this area. He noted that Korea's tax policy pays special attention to the development of small and medium-sized businesses. The result is that the share of taxes collected from small and medium-sized businesses in the state budget is expressed in high rates.

The Seminar offered great opportunity for the Ministry of Taxes officials by bringing together professionals from a variety of different departments of the Ministry to exchange and share their experiences and learn from each other. After the presentation, the seminar continued with Q&A. It was emphasized that studying Korean experience in tax policy and welfare, as well as the application of modern technological innovations can give great benefits to Azerbaijani tax officers.

BUSINESS

AZERBAIJAN TO OPEN TRADING HOUSES IN WARSAW AND AKTAU THIS YEAR

Azerbaijan plans to open trading houses in the Polish capital of Warsaw and the Kazakh city of Aktau in November and December, said acting



President of AZPROMO Yusif Abdullayev. He added that Azerbaijan will organize export missions to Mongolia, Russia, Turkey, Kazakhstan, Bulgaria, China, Germany, Saudi Arabia and the United Arab Emirates until the end of 2018.

MINISTER: THERE ARE 25 CZECH COMPANIES IN AZERBAIJAN

"25 Czech companies are functioning in Azerbaijan," Minister of Economy Shahin Mustafayev has told an Azerbaijani-Czech business forum in Baku.



"Azerbaijan is the Czech Republic's strategic partner. Trade between

Azerbaijan and the Czech Republic doubled over the past six months of 2018. The Czech Republic has invested \$ 30 million in Azerbaijan, while Azerbaijan's investments made even greater," the minister added.

BUDAPEST TO HOST EVENT CALLED "MADE IN AZERBAIJAN"

Co-organized by Azerbaijan's Embassy, a two-day business and cultural event entitled "Made in Azerbaijan" will be held in Budapest, Hungary,



in October.

According to the Export and Investment Promotion Foundation in Azerbaijan (AZPROMO), the event envisages organization of business meetings with producers of Hungarian companies, wholesale and retail networks, exhibition of products, as well as concert program with the participation of art representatives, in order to support the export of Azerbaijani products to Europe, including the Hungarian market.

SMALL AND MEDIUM BUSINESS HOUSES TO BE CREATED IN AZERBAIJAN

"Small and medium business houses will be created in Azerbaijan," said Chairman of the Board of the Agency for Small and Medium Entrepreneurship

Development Orkhan Mammadov at the 7th Caspian Energy Forum Baku-2018.

He noted that the business houses will provide support to entrepreneurs. "The houses will offer services through an electronic platform. The business houses will be recognized as an innovative brand," Mammadov added.



ICT

AZERBAIJAN'S AZERSPACE - 2 SATELLITE SENT INTO ORBIT

Azerbaijan's Azerspace-2/Intelsat 38 satellite has been sent into orbit.



The satellite was launched from the Guiana Space Centre

near Kourou in French Guiana.

The satellite will offer enhanced capacity, coverage and service offerings to support growing demand in the region for Direct-to-Home (DTH), government and network services in Europe, Central and South Asia, the Middle East and Sub-Saharan Africa.

Built by California-based SSL, a Maxar Technologies Company, Azerspace-2/Intelsat 38 offers 35 active transponders in Ku-band. Its designed lifetime is more than 15 years.

AZERBAIJAN'S ASAN İMZA AND DIGITAL TRADE HUB PRESENTED AT EID FORUM IN ESTONIA

The International eID Forum has been held in Tallinn, Estonia.



Organized in partnership with the Estonian State Information

Systems Agency

and with official support of the European Regional Development Fund, the event aimed to facilitate an open dialogue between private enterprises and the public sector, discussing the latest technologies for electronic identification, and used solutions, their integration and interoperability in cross-border areas, as well as the promotion of innovative digital identity services.

The partner and participant of the Forum is the "B.EST Solutions" company - the mobile ID operator Asan İmza and the partner of the Digital Trade Hub of Azerbaijan. The moderators of the panel of one of the eight sessions, which was dedicated to the problems of the population access to the digital identity for people from remote regions and for people with limited

computer or financial literacy were head of the company and the head of the consortium of the Mobile-ID project in Azerbaijan Jana Krimpe, and the Chief Architect of the UN Program ID2020 Adam Cooper. This panel addressed issues of standards and convenience of digital identity. The panel focused on how national identification systems coexisted with a user-centric approach of digital identity, the transition of theoretical technical standards to widespread use, taking into account the world innovative practices in dealing with these issues.

Speakers at the event included the Government CIO of Estonia Siim Sikkut, the Head of Unit "e-Government and Trust" at DG CONNECT unit of the European Commission Andrea Servida, Advisor to the Prime Minister's Office, Israel Ofer Ishai, Vice President of DSA, USA Neil Ivey, Luxembourg's Government Chief Information Officer and Director of the Government IT center, Luxembourg Gilles Feith and a number of others.

Azerbaijan occupies one of the leading positions in the world on the usage of mobile digital ID and its integration into various public and private electronic services, including the integration of Asan İmza with Azexport.az portal, which was developed by the Center for Economic Reforms Analysis and Communication under the President of the Republic of Azerbaijan on the public-private partnership principle. In accordance with the Decree of the Azerbaijani President additional measures are taken nowadays to expand foreign trade operations and strengthen the Azexport.az portal as the Digital Trade Hub of Azerbaijan.

All diplomatic missions and consulates of the country are empowered to issue mobile Residency- electronic certificates of mobile ID (Asan İmza) to foreign citizens all over the world willing to conduct business in Azerbaijan or investing in the country's economy.

Azerbaijan is the first country executing mobile Residency project and the second country after Estonia implementing the e-Residency project in the world.

EXHIBITIONS

AZERBAIJANI PRODUCTS TO BE ON DISPLAY AT WORLD FOOD MOSCOW 2018

Azerbaijani products will be showcased at the World Food Moscow 2018 International Food Fair, which will run from September 17-20 at the Expocentre in the Russian capital.



According to the Ministry of Economy, Azerbaijan will present "Made in Azerbaijan" national stand at the fair, which will feature 35 companies offering a variety of products from food to fruit and vegetable, wine and other alcoholic drinks, nuts and dried fruits, tea, canned products, confectionery.

The WorldFood Moscow embraces the entire food market and has 11 sectorized areas: meat and poultry, fish and seafood, frozen products and semi-processed foods, fruits and vegetables, confections and baked goods, groceries and snacks, preservation, fat-and-oil products, dairy products, tea and coffee, and drinks. The WorldFood Moscow exhibition has been acknowledged as the best platform for introducing new products to the Russian market.

BAKU TO HOST 1ST INTERNATIONAL ADVERTISING AND PRINTING EXHIBITION

AdPrint - 1st Azerbaijan International Advertising and Printing Exhibition will be held in Baku from September 20 to 22.

Organized by Caspian Event Organisers (CEO), the event will be held in conjunction with the Gift&Promo Fair exhibition at Boulevard Hotel Baku.

AdPrint is the only event in the region to cover the entire range of advertising services, bringing together both local and international companies. Different companies from Azerbaijan, Russia, Japan and other countries will take part in the exhibition where they will present scanners, Flexi Capture software, IT

technologies, office equipment, typographic and printing services, all kinds of equipment and peripherals for digital, textile, large format and 3D printing, etc.

The exhibition will feature stand installation, textile equipment, souvenirs, POS and advertising materials, as well as promotional products, professional printing equipment (offset, digital, pre-press, post-press, etc.), consumables and many more. During the AdPrint exhibition, local companies will represent world-famous brands from China, Germany, Italy and Turkey.

A workshop will be organized within the framework of the exhibition's business program, which will allow the participants to establish business contacts and to assert themselves in direct negotiations without intermediaries.

The exhibition will provide an excellent opportunity for visitors to explore the latest trends and to learn more about the achievements in this very unique field. AdPrint is an ideal platform for presenting products and services of advertising companies that offer the most original ideas and are involved in the production and sale of the latest technological equipment for advertising and printed products.

The AdPrint exhibition will serve as the most effective tool for attracting new partners and conducting market research; it will be a unique venue where innovative products and services in the field of advertising and print production will be showcased. All detailed information for the exhibition are available on the official website www.adprint.az.