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ECONOMIC NEWS BULLETIN

IN THIS ISSUE:

OIL & GAZ TRANSPORT ICT

OIL & GAZ

SOCAR, Petronas mull partnership ties

SOCAR President Rovnag Abdullayev has met with a delegation led by President of Malaysian



Petronas Tan Sri Wan Zulkiflee Bin Wan Ariffin, who is on a visit to Azerbaijan in

connection with Formula1 SOCAR Azerbaijan Grand Prix.

Rovnag Abdullayev congratulated the delegation on Mercedes-AMG Petronas Motorsport's success in F1 SOCAR Azerbaijan Grand Prix.

Petronas president noted that the Formula1 Azerbaijan Grand Prix is excellently organized every year and thanked for that.

The sides discussed the current partnership between the companies, including development of Shah Deniz project.

Tan Sri Wan Zulkiflee Bin Wan Ariffin described such meetings as beneficial and shared his views on holding another

meetings in Baku and Malaysia in the years to come.

Malaysian Petronas company holds 15.5 percent stake in Shah Deniz, 15.5 percent in SGC and 12.4 percent in Azerbaijan Gas Supply Company.

Assets of SOFAZ exceed \$40 billion

Celebrating its 20th anniversary this year, the assets of the State Oil Fund of the Republic of Azerbaijan (SOFAZ), established as a



result of the foresighted decision of national leader Heydar Aliyev, have increased to over \$40 billion for the first time in its history. The growth of SOFAZ's assets demonstrates the successful implementation of a policy aimed at achieving a sustainable long-term economic growth, through significant socio-economic reforms pursued by President Ilham Aliyev.

Budget revenues of SOFAZ for the period of January-March, 2019, reached 5 960.7 million manats, while budget expenditures 2 640.7 million manats.

Revenue of 4 605.0 mln. manats was received from implementation of oil and gas agreements, including 3 833.5 mln. manats from the sale of profit oil and gas, 766.4 mln. manats as bonus payments and 5.1 mln. manats as transit payments.

The revenues from managing SOFAZ's assets for January-March, 2019, amounted to 1 355.7 mln. manats.

As per 2019 budget of the Fund, 2 615.0 mln. manats were transferred to the state budget. The expenditures in the amount of 19.7 mln. manats were directed to financing the improvement of social-economic condition of refugees and internally displaced persons. SOFAZ's administrative and operational expenses for the reporting period were 6.0 mln. manats.

SOFAZ's extra-budgetary expenditures related to the revaluation of foreign exchange totaled 332.0 mln. manats.

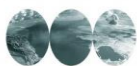
The assets of SOFAZ as of March 31, 2019, have increased by 4.56% compared to the beginning of 2019 (USD 38 515.2 mln.) and stood at USD 40 273.3 mln. The increase was mainly due to SOFAZ budget revenues and asset management activity.

Baku to host SPE's 6th annual Caspian Technical Conference

The Society of Petroleum Engineers (SPE) will hold the 6th edition of its renowned



Digital Transformation: Enabling the Future



Caspian Technical Conference (CTC) in Baku, Azerbaijan on 16-18 October.

Hosted by

SOCAR, the Caspian region's leading oil and gas company, the event will take place at the iconic Fairmont Baku, Flame Towers. Titled "Digital Transformation: Enabling the Future", the event will take a look at the changing oil and gas industry throughout the Caspian region and worldwide, drawing on regional and international oil and gas professionals' expertise and best practice. Bringing together industry professionals including IOCs, NOCs, government representatives, regulators, innovators and students, CTC will offer many opportunities

for discussion and debate around a rich and diverse technical program. It will provide delegates with a chance to build new professional relationships, discover new technologies and insights into the industry, engage in debate, and share experiences.

The conference program will feature three high-profile keynote panel sessions focusing on 'Past, Present and Future', 'Sustainability, Growth and Profit' and 'New Generation Talent and Human Factors', and several research-based technical sessions covering the following categories: Drilling and Completions, Reservoir Description and Dynamics, Facilities, Engineering and Projects, Health, Safety, Environment and Social Responsibility, Production and Operations, Management and Information.

The event is supported by a range of leading oil and gas players in the Caspian region, including TOTAL, Tengizchevroil, Schlumberger, Halliburton and Baker Hughes, a GE company. SPE will also be continuing down the road of a collaborative approach with other oil and gas associations and is being supported by the American Association of Petroleum Geologists (AAPG), ANGC, EAGE Azerbaijan, the Society of Exploration Geophysicists (SEG), and the Azerbaijan National Geophysics Committee (AMGK). To find out more about SPE's 6th annual Caspian Technical Conference, visit: <http://go.spe.org/ctc2019>.

The Society of Petroleum Engineers (SPE) is a not-for-profit professional association whose members are engaged in energy resources development and production. SPE serves more than 156,000 members in 154 countries worldwide. SPE is a key resource for technical knowledge related to the oil and gas exploration and production industry and provides services through its publications, events, training courses, and online resources at www.spe.org.

TAP project 86.5% completed

The Trans Adriatic Pipeline (TAP) project, which envisages transportation of Azerbaijani gas to Europe, is 86.5 percent complete as of late March, the TAP AG company reports.



“TAP is currently moving further into the project construction phase. Every day hundreds of meters of TAP’s Right of Way (ROW) are cleared, strung, welded, lowered into the trenches and backfilled, in line with the project construction steps and schedule,” said a message from the consortium.

TAP project, worth 4.5 billion euros, is one of the priority energy projects for the European Union (EU). The project envisages transportation of gas from Azerbaijan's Shah Deniz Stage 2 to the EU countries.

Connecting with the Trans Anatolian Pipeline (TANAP) at the Greek-Turkish border, TAP will cross Northern Greece, Albania and the Adriatic Sea before coming ashore in Southern Italy to connect to the Italian natural gas network.

TAP’s shareholding is comprised of BP (20%), SOCAR (20%), Snam S.p.A. (20%), Fluxys (19%), Enagás (16%) and Axpo (5%).

4th SOCAR Forum kicks off in Baku

Dedicated to the 96th anniversary of national leader of Azerbaijan Heydar Aliyev, the 4th



SOCAR International Caspian and Central Asia Downstream Forum:

Trading, Logistics, Refining, Petrochemicals has got underway in Baku. Addressing the event, Minister of Energy of Azerbaijan Parviz Shahbazov, Minister of Ecology and Natural Resources Mukhtar Babayev, First Vice-President of SOCAR Khoshbakht Yusifzade, Vice President for Communications, External Affairs, Strategy

& Region at BP Azerbaijan-Georgia-Turkey Bakhtiyar Aslanbayli, Rector of Baku State University Elchin Babayev and Director of Communications at UkrGazVydobuvannya Volodimir Gaidash shared their views about the Forum.

Convened annually since 2016, this year’s Forum brings together nearly 300 participants from over 20 countries and top managers from the leading national and overseas companies and fuel-energy, petrochemical and logistics facilities in the Caspian region and Central Asia as well as relevant forefront experts, analysts, representatives from the diplomatic corps, and a wide range of other specialists. The Forum offers participants the opportunity to gain insights into the prospects of oil & gas industry development in Azerbaijan, oil & gas markets in the Caspian region and Central Asia, hydrocarbon logistics and transit potential, major export routes, crude and products trade flows, modernization of the refineries and petrochemical plants, innovative technologies in the oil & gas industry, and explore various other observations and expert opinion.

Equinor invests in new platform in Azerbaijan

Equinor and eight partners in the offshore Azeri Chirag Gunashli (ACG) oilfield in the



Caspian Sea have made a \$6 billion investment decision to build an additional platform in the

license area, according to the World Oil magazine.

The investment decision follows an agreement with the Government of Azerbaijan to extend the life of the ACG field until 2049.

The new platform, called ACE (Azeri-Central-East), will be integrated with existing infrastructure. It is designed to process up to 100,000 bopd and expected to produce up to 300 MMbbl over its lifetime. Equinor holds a 7.27% share in the oilfield and first oil is expected in 2023.

"Equinor has been creating significant value in Azerbaijan over many years, and we are excited to reach this milestone. Together with operator BP we are eager to contribute to safe operations that will provide cash flow to Equinor for many years," says Torgrim Reitan, executive V.P. for Development & Production International (DPI) in Equinor.

The main objectives of the platform are to add drilling capacity to both accelerate production and increase recovery and reduce risk. In addition, the platform provides flexibility for hosting future developments in ACG. In a departure from previous projects, the drilling facilities will be fabricated entirely in Azerbaijan alongside the topsides to leverage the track record and skillset built in the Caspian.

In addition to the ACG ACE decision Equinor is pursuing other opportunities in Azerbaijan. Equinor and partner SOCAR are planning to drill an appraisal well later this year in the Karabagh license, a discovery from 2000. Following the drilling in Karabagh, the plan is to drill the Aypara exploration well in the Ashrafi, Dan Ulduzu, Aypara licence.

"Equinor had an average daily equity production of 854,000 bpd outside Norway in the fourth quarter of 2018. We want to grow internationally, take on more operatorships and seek growth options. Azerbaijan is an important country for Equinor and over the last few years we have been able to develop new growth opportunities in the region. The decision to add one platform to the ACG field is contributing to Equinor's international strategy," says Reitan.

ACG currently has eight offshore platforms – six production platforms and two process, gas compression, water injection and utilities platforms. The platforms export oil and gas to the Sangachal Terminal, one of the world's largest oil and gas terminals, onshore near Baku. In 2018, total production from ACG averaged 584,000 bpd, of which Equinor has an equity production of approximately 43,000 bpd. Equinor has been in Azerbaijan since 1992.

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

Heydar Aliyev rig drills deepest well in Caspian Sea

6th generation semi-submersible drilling rig



Heydar Aliyev under Caspian Drilling Company's (CDC) management set Caspian Sea record

while drilling ABD-001 well on Absheron field where JOCAP (Joined Operating Company Absheron Petroleum a JV SOCAR Absheron 50% - TOTAL E&P Absheron 50%) is operator.

On April 15 at 13:00 the well has reached 7411m TMD (total measured depth), it is a deepest well ever drilled on Caspian Sea. The rig was built and commissioned at Caspian Shipyard in 2017 under CDC management and named in honor of Azerbaijani national leader Heydar Aliyev. This is the first well in progress ever drilled by semi-submersible rig Heydar Aliyev.

TRANSPORT

Heydar Aliyev International Airport named best according to Sky Travel Awards

The award ceremony of the prestigious Sky Travel Awards 2019 has been held in Moscow on the sidelines of the 4th International SKYSERVICE 2019 Forum.



Travel Awards 2019 has been held in Moscow on the sidelines of the 4th International SKYSERVICE

Heydar Aliyev International Airport is recognized as the best airport with a passenger traffic of less than 10 million, according to travel bloggers.

Bloggers rated 10 airports, 6 business lounges and 30 hotels near airports by the level of service and comfort during several months.

This year, expert bloggers were Iliya Voskresenskiy (@elivosk), Anton Sokolov (@tonych_inc) and Anastasia Fedotova (@nastyaafed).

Each of the bloggers visited 10 cities: Moscow, St. Petersburg, Sochi, Yekaterinburg (Russia), Baku (Azerbaijan), Nur-Sultan (formerly Astana, Kazakhstan), Tbilisi (Georgia), Sofia (Bulgaria), Bucharest (Romania) and Vienna (Austria). Bloggers assessed not only the level of comfort and service, but also aspects that no other award evaluates: the smile of the staff, the comfort of the chairs, the availability of food and much more.

This is the second award the Heydar Aliyev International Airport received during this year. In March, the airport of the capital city Baku was named the best among all the airports of the CIS countries according to the British consulting company Skytrax.

Baku hosts IAC Air Navigation Commission's meeting

The 19th meeting of the Air Navigation Coordination Commission of the Interstate Aviation Committee (IAC) has got underway in Baku.

The main topic of the meeting, which is held with the support of Azerbaijan Airlines, is "Innovative technologies in air navigation and meteorological support of flights".

Director of "Azeraeronavigation" Air Traffic Control Department of AZAL Farhan Guliyev, Executive Director of the Interstate Council on Aviation and Use of Airspace Eldar Baghirzade, and Deputy Chairman of the IAC Konstantin Kleshev made opening speeches at the meeting.

Participants in the event included heads and experts of air navigation and meteorological services, research institutes, research and production centers and associations, as well as educational institutions of the States Parties to the Civil Aviation Agreement. The participants hailed the high-level organization of the

meeting, as well as informative and interesting presentations.

The use of modern technology as one of the key factors for improving flight safety level was underlined at the meeting.

As part of their visit, the event participants also familiarized themselves with the work of the "Azeraeronavigation" Air Traffic Control Department (AZANS), Airspace Supervision and Efficiency Centre (ASEC) and the National Aviation Academy.

Azerbaijan joins 34th Conference of Directors General of Organization for Cooperation between railways in Seoul

An Azerbaijani delegation led by Chairman of Azerbaijan Railways Javid Gurbanov is taking part in the 34th Conference of Directors



Generals of the Organization for Co-operation between Railways (OSJD) in Seoul, South Korea.

Held under the theme "Towards the Future of Peace and Prosperity", the leading Eurasian Railway conference brings together 300 participants, including government officials, businesses, institutions, and railroad experts from 27 countries in Eastern Europe and Central Asia.

Participants will be exploring ways to enhance cooperation in international rail operation and customs clearance procedures among member states.

The Organization for Co-operation between Railways is an international body established in June 1956 for railway operation between Europe and Asia.

ICT

6th meeting of High Level Working Group on Information Society Development held in Baku

Baku has hosted the 6th meeting of the High Level Working Group on Information Society Development. The event was co-organized by



the Ministry of Transport, Communications and High Technologies of the Republic of Azerbaijan and Regional Commonwealth in the field of Communications (RCC).

Chairman of the Working Group on the High Level World Summit on Information Society of the Council of International Telecommunication Union Vladimir Minkin, Chairman of the RCU Commission on IT Technologies Rustam Dadamahammadov as well as representatives of RCC Executive Committee, CIS Executive Committee and communications administrations of the Russian Federation addressed the meeting.

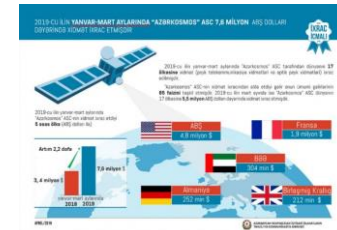
The strategic directions and priorities of the Working Group for 2019-2025, digital development in RCC member countries, and cooperation among the member states to achieve Sustainable Development goals were discussed.

The participants also exchanged views on the roles and responsibilities of communications operators in the implementation of digital economy programs.

The meeting also featured discussions on preparations for drafting of the CIS 2030 Economic Development Strategy, implementation of the "Draft Concept of Cooperation of the CIS Member States in Digital Development" and its priority action plan, "Expansion of cooperation of RCC members in Internet management", "Improvement of the RCC working bodies performances".

Azercosmos provided satellite and telecom services to 17 countries in Q1 of 2019

Azercosmos` satellite and telecommunication services were exported



to 17 countries in the first quarter of 2019, according to the April 2019 issue of "Export Overview" of the Center for

Analysis of Economic Reforms and Communications.

"Azercosmos` revenues from commercial operation of the satellite and telecom services amounted to \$5,5 million in January-March, 2019. The company`s revenues from export of services in Q1 accounted for 85% of its total revenues," said the report.

Main consumers of Azercosmos` services are the US, France, the UAE, Germany and the United Kingdom.

Azerbaijan, Kazakhstan discuss cooperation in sphere of communications and high technologies

Azerbaijan and Kazakhstan have



discussed cooperation in the field of communications and high technologies as

Azerbaijan`s Minister of Transport, Communications and High Technologies Ramin Guluzade met with Kazakh Minister of Digital Development, Defense and Aerospace Industry Askar Zhumagaliyev.

The sides exchanged their views on the current state and prospects of cooperation between the two countries in the sphere of communications and high technologies.

They also discussed the project Trans-Eurasian Information Super Highway (TASIM), as well as creating synergies between startup projects of Azerbaijan and Kazakhstan that are competitive in global markets, implementation of joint projects, organization of study visits.