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ECONOMIC NEWS BULLETIN

IN THIS ISSUE:

OIL & GAZ TRANSPORT FINANCE

BUSINESS ICT EXHIBITIONS

OIL & GAZ "Southern Gas Corridor" signs syndicated loan agreement under Multilateral Investment Guarantee Agency guarantee

"Southern Gas Corridor" CJSC ("SGC CJSC") signs a syndicated loan agreement in the amount of US\$750 million under the guarantee of the

Multilateral Investment Guarantee Agency (MIGA) to finance the Trans-Anatolian Pipeline ("TANAP") project.

On 29 June of the current year, the loan and guarantee agreements were signed in relation to the syndicated loan facility to "Southern Gas Corridor" CJSC ("SGC CJSC") in the total amount of US\$750 mln (US\$500 million and EUR 215 million) backed with the guarantees of the Republic of Azerbaijan (sovereign guarantee) and Multilateral Investment Guarantee Agency

("MIGA") for the purpose of financing Trans-Anatolian Pipeline ("TANAP") project, which is part of the Southern Gas Corridor ("SGC") project.

The sovereign guarantee agreement in relation to the mentioned loan agreement was signed by Finance Minister Samir Sharifov on behalf of the Republic of Azerbaijan, and the loan agreement was signed by General Director of SGC CJSC Afgan Isayev.

MIGA is an international financial-credit institution established in 1988, as a part of the World Bank Group, to encourage direct investments in member countries. The organization provides the insurance for the investments against non-commercial risks. The Republic of Azerbaijan became a member of the World Bank, including MIGA, in 1992.

Afgan Isayev, the General Director of SGC CJSC, briefed on the works carried out within the framework of Southern Gas Corridor projects:

"The SGC project has been financially supported by the leading international



financial institutions, and Phase-0 under TANAP project, which relates to the works required for the first commercial gas deliveries to Turkey, has already been completed. First commercial gas deliveries to Turkey has commenced today, on 30 June 2018. The works planned for the delivery of natural gas to Europe through Turkey in the near future are being carried out according to the schedule.

Overall progress in works in relation to the 2nd Stage of the development of Shah Deniz gas-condensate field ("SD2") and South Caucasus Pipeline Expansion project ("SCPX") is 100.0% (for the 1st commercial gas deliveries), TANAP project – 94.8% and Trans Adriatic Pipeline ("TAP") project – 74.6%.

The construction works are successfully progressing. The total cost of SD2 project is currently estimated to be US\$22.7 billion (US\$17.8 billion spent as of the end of May 2018), SCPX project - US\$4.5 billion (US\$4.2 billion spent as of the end of May 2018), TANAP project - US\$8.0 billion (US\$5.5 billion spent as of the end of May 2018), and TAP project - EUR 4.5 billion (EUR 3.0 billion spent as of the end of May 2018). SGC CJSC's share of total project cost till 2020 inclusive is estimated at US\$11.4 billion, of which US\$9.1 billion (approximately 80%) had already been invested as of the end of May 2018."

The purpose of SGC value chain is the implementation of SD2 project and subsequent delivery of the gas to be produced under the project via SCPX, TANAP and TAP to Turkey and Southern Europe.

SGC CJSC was incorporated pursuant to Presidential Decree No. 287 "On relevant measures related to the second stage of the operation of Shah Deniz gas-condensate field and establishment of the Southern Gas Corridor with regard to other projects" dated 25 February 2014. 51% of SGC CJSC's share capital is held by the Ministry of Economy of the Republic of Azerbaijan and 49% by SOCAR.

US will continue supporting Azerbaijan's global energy projects, energy secretary



"The United States will continue supporting Azerbaijan's global energy projects," said the US Secretary of

Energy Rick Perry as he met with his Azerbaijani counterpart Parviz Shahbazov on the sidelines of the 27th World Gas Conference (WGC 2018) in Washington.

They exchanged views on the United States's role in energy cooperation and the implementation of global energy projects between the two countries. The crucial importance of the energy security in the Azerbaijan-US strategic relationship was pointed out at the meeting.

Azerbaijan's Energy Minister Parviz Shahbazov hailed the US position on integration of Azerbaijan's energy sector into global energy system through large-scale projects.

They also pointed to friendship and brotherhood based on common interests between Baku and the city of Houston, which is considered the world's emerging energy hub in the State of Texas.

Minister Parviz Shahbazov also met with US Assistant Secretary of State for Energy Resources Frank Fannon, Deputy Assistant Secretary of Commerce for Manufacturing Ian Steff, and other high-ranking officials.

Azerbaijan invites OPEC and Non-OPEC Joint Ministerial Monitoring Committee to hold January meeting in Baku

Azerbaijan's Minister of Energy Parviz Shahbazov has met with Secretary



General of the Organization of the Petroleum Exporting Countries (OPEC) Sanusi Barkindo prior to the 4th

OPEC and Non-OPEC Ministerial Meeting in Vienna.

Minister Shahbazov invited the Joint Ministerial Monitoring Committee to hold

their January meeting in the Azerbaijani capital of Baku, returning to the 'cradle of the oil industry'.

Reyhan Jamalova's invention arouses great interest at 25th International Caspian Oil & Gas Exhibition

As earlier reported, within the 25th Anniversary International Caspian Oil &



Gas Exhibition and Conference, the State Agency on Alternative and Renewable Energy Sources (ABOEM) of the

Republic of Azerbaijan has presented its solar panels, hybrid systems, 6V/90As accumulators, LED light bulbs, ABOEM magnetic energy generators and other products.

At the Exhibition, Azerbaijan's young inventor Reyhan Jamalova has exhibited her invention "Rainergy", which not only collects rainwater but harvests energy from it for later use and makes it possible to generate electricity from rainwater. Jamalova's first tests carried out on magnetic generator later was improved to use it in household facilities.

The equipment consists of four main parts: a rainwater collector, a water tank, an electric generator and a battery. The collector fills the reservoir with rainwater, after which water flows at high speed through the generator and generates energy. The generated energy accumulates in the accumulator, reduces the pressure on the power line and provides the communities in need with additional sources of electricity.

The invention aroused deep interest among the participants of the 25th Anniversary International Caspian Oil & Gas Exhibition from Uzbekistan, Belarus, Turkey and other countries.

Within the Exhibition, the experts held a special seminar and consultations on alternative and renewable energy sources and relevant researches carried out in Azerbaijan.

The energy based project of Azerbaijani student was also presented at the Global Summit of Entrepreneurship in India and was also assessed by the State Committee for Standardization, Metrology and Patents and the Center for Patents and Trademarks, who signed an agreement with the young inventor.

TRANSPORT

CANSO-2020 Global ATM Summit to be held in Baku for first time

The capital of Azerbaijan has been chosen as a host city of the Global ATM Summit of



CANSO (Civil Air Navigation Services Organization) in 2020.

The candidacy of Baku 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 main focus of the event by 2020 will be approval of the revised "CANSO: Fit for the Future of ATM" program, which defines the strategic direction of the global organization of global air traffic in the future.

In recent years, the summit was held in Dublin (2014), Durban (2015), Vancouver (2016) and Copenhagen (2017). This year the summit was held in Bangkok, and in 2019 it will be held in Geneva.

CANSO covers a total of more than 85 percent of world air traffic and brings together the world's air navigation service providers, regulators and executive bodies of aviation authorities from all over the world, as well as leading manufacturers of aviation industry in order to shape the future for secure and seamless airspace.

Today CANSO has over 164 members from all over the world. Azerbaijan is a member of the organization since 2005.

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.

FINANCE

Baku to host international insurance conference

Baku will host an international conference entitled "Insurance in Azerbaijan – new prospects".



The conference will bring together key entities interested in

developing the local market in Azerbaijan and strengthening business partnership. The participants will discuss the latest tendencies of the rapidly developing insurance market in the Caucasus region.

The second day of the conference will feature a special workshop on preparation of the new development locomotives.

Azerbaijan invested \$51m in Georgia's economy in Q1 of 2018

Azerbaijan invested \$51 million in Georgia's economy in the first quarter of this year, becoming its second largest investor, according to the Georgian media.



With \$82.7 million investment, the UK is Georgia's largest investor, while China is third with \$41.6 million.

The total volume of the investment made in Georgia's economy in the first quarter of this year hit \$279.3million, down 32.9 per cent from 2017.

BUSINESS

EU investments in Azerbaijan to reach \$30 billion by 2021

"Economic relations between Azerbaijan and the European Union are good



opportunity to improve the business environment. We

need to build a scheme that within the scope of the

Eastern Neighborhood and Dialogue Expansion the volume of investments could reach \$30 billion by 2021", said Lawrence Meredith, Director of the Department of Eastern Neighborhood of the European Commission's Directorate-General for Neighborhood Policy and the EU Enlargement Negotiations (DG NEAR), at the EU-Azerbaijan business forum in Baku. Lawrence Meredith emphasized that the relations between Azerbaijan and the European Union in strategic partnership, saying that European Union countries have challenges for Azerbaijan. One of them relates to the use of modern technologies and innovations, while the other is the importance of investments, he added.

Azerbaijan to send export mission to Switzerland late June

An export mission will be dispatched to Bern, Switzerland, on June 25-29, acting



President of Azerbaijan Investment and Export Promotion Foundation (AZPROMO) Yusif Abdullayev has said.

According to him, the mission will mainly feature hazelnut

exporters. Last year, Azerbaijan's hazelnut exports reached 21,000 tons.

Azerbaijan also plans to send export missions to China, Kazakhstan, Russia, France, Mongolia, Turkey, Germany, Saudi Arabia and the United Arab Emirates this year.

ICT

Asan Imza and Digital Trade Hub of Azerbaijan presented at largest e-Governance Conference in Estonia

The annual Conference "Governance for Digital Citizens" devoted to the issues of



providing e-services to the citizens in the digital world has been held in Tallinn, Estonia.

The conference brought to Estonia several internationally renowned experts in the digital field and introduced the latest trends from e-Estonia to representatives from nearly 80 countries, including Azerbaijan. The two-day conference featured more than 30 experts and leaders in the area of digital developments. Keynote speakers included Beth Simone Noveck, Andrew Keen, Guenaelle Gault and Niels Godfredsen. The conference was opened by President of Estonia Kersti Kaljulaid. Among the speakers also was Zunaid Ahmed Palak, State Minister for ICT Bangladesh; Allen Chastanet, Prime Minister of Saint Lucia, Sven Mikser, Minister of Foreign Affairs of Estonia, Urve Palo, Minister of Entrepreneurship and Information Technology of Estonia, Vassilis Kopanas, Senior Expert at DG CONNECT,

European Commission, Fariz Jafarov, Director of E-Gov Development Center under Asan Service; Daniel Marco, Director Smart Catalonia; Oleksandr Ryzhenko - Head of State Agency for e-Governance Ukraine; Ahti Bleive, Deputy Director, Estonian Agricultural Registers and Information Board; Jon Shamah, Chair of EEMA and many other high-level officials and representatives of educational institutions from all around the world.

The key goal of the conference was to help governments develop their use of e-services in a meaningful and future oriented way. In doing this, focusing on a citizen and user centric perspective is crucially important if governments want their e-services to be widely used.

The presentations by an Azerbaijani delegation within the panel discussions were of particular interest. The panel discussion was arranged along with the Estonian Centre of the EU Eastern Partnership, in which Azerbaijani innovations were presented by Jana Krimpe, founder and CEO of B.EST Solutions, the Asan Imza Mobile ID operator and a member of Azerbaijan Innovation Export Consortium (AZINNEX), and Fariz Jafarov, Director of the State Agency for Public Service and Social Innovations under the President of the Republic of Azerbaijan (ASAN). All innovative achievement of Azerbaijan including the ASAN concept, e-Gov infrastructure, the Digital Trade Hub and Asan Imza integrated e-services were presented during the panel discussion.

The cooperation between Estonia and Azerbaijan during the implementation of the X-Road based cross-border services as well as collaborations of e-Residence programmes of Estonia and Azerbaijan was also emphasized. Azerbaijan was the first country to implement the prototype of Estonian X-Road platform, which has been used in Finland, Ukraine, Mauritius, Namibia and many other countries. The implementation of X-Road is being discussed in Canada and Japan. The experts of the Conference also discussed the possibility to create the X-Road based

cross-border e-services platform between the Ukraine, Azerbaijan, Estonia and Finland. Azerbaijan is also the first country to implement e- and m-Residence providing digital mobile and electronic ID to foreigners to do business in Digital Azerbaijan.

Azerbaijan also participated in a panel discussion to present the model of cross-border e-services between the Eastern Partnership and the European Union. The possible pilot projects such as practical steps to the cross-border e-data exchange between the EU and Eastern Partnership were also discussed. During the conference a Memorandum of Understanding was signed between the E-Gov Development Center under Asan Service and the Estonian e-Governance Academy. The Memorandum is aimed to strengthen cooperation between the parties in the development of e-government and the digitization of public services.

“This year both Estonia and Azerbaijan celebrated the 100th anniversary of their independence. I celebrated the birthday of Azerbaijan at this conference, presenting Azerbaijani innovations and reforms to the world. I am sure that for the next 100 years our countries will fruitfully cooperate in innovation and digital economy development. I am sure that Asan Service, as a model of providing services to the population of Azerbaijan, is only the first step. The next step will be the “Predictable Government” model, where services for citizens will become proactive, using the latest innovations. ASAN is not just a new brand providing services, but a new platform in building trust between citizens and the state. Trust is the fundamental element for building a digital economy. The main thing is to continue the reform, announced by the President of Azerbaijan on the development of the Digital Trade Hub of Azerbaijan. This will be a new type of transport corridor - a digital foundation for global cross-border electronic services,” Jana Krimpe said.

EXHIBITIONS

17th Caspian International Transport, Transit and Logistics Exhibition opens in Baku

TransCaspian/Translogistica 2018 has today opened at Baku Expo Center. The



exhibition is one of the leading transport events in the Caspian region, which demonstrates

both innovations and achievements of the industry businesses; its content sets the direction for the future development of the transport sector to a large extent. The exhibition gathers together state transport structures and commercial companies that operate in railway sector, marine industry, aviation, commercial transport and transportation & logistics services.

The exhibition is supported by the Ministry of Transport, Communications and High Technologies of the Republic of Azerbaijan, IGC TRACECA, Azerbaijan Export and Investment Promotion Foundation (AZPROMO) and the National Confederation of Entrepreneurs (Employers) Organizations of Azerbaijan Republic (AEC) render official support to the exhibition. The organisers of TransCaspian/Translogistica are Iteca Caspian and ITE Group. Companies from many countries, including Azerbaijan, Austria, Greece, Lithuania, Russia, Republic of Belarus, Turkmenistan, Turkey and Ukraine present a wide range of products and services in the transport sector (cargo transportation; production of locomotives, passenger cars and freight wagons; rolling stock maintenance; component parts for railway transport; shipbuilding and ship repair; port services; component and spare parts for commercial vehicles; and much more). Along with the commercial companies, among the exhibitors are the state transport structures such as Azerbaijan Railways JSC, Baku International Trade Sea Port, Azerbaijan Caspian Shipping Company, State Maritime Agency under the Ministry of Transport, Communications and High Technologies of the Republic of Azerbaijan