



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

Opening ceremony of TANAP-Europe connection held on 30th November, 2019, in Ipsala settlement, Turkey,

An opening ceremony of the Europe link of the TANAP gas pipeline has been held in Ipsala settlement, Edirne province,



Turkey.

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

Prior to the ceremony, a video clip highlighting the implementation of the TANAP project, which is one of the most important segments of the Southern Gas Corridor and a key factor in ensuring the energy security of Europe, was screened.

President of the Republic of Azerbaijan Ilham Aliyev made a speech at the event.

Azerbaijani President Ilham Aliyev said the TANAP project will pave the way for boosting ties between the two nations.

"Today is a historic one. I hope the TANAP is going to last long, and Turkey, Azerbaijan

and other neighboring countries will benefit from TANAP" he said.

"TANAP is an international cooperation project that essentially unites seven countries on the Southern Gas Corridor," Aliyev added.

"This project brings cooperation, stability, and long-term agreement," he said, adding the TANAP was more than just an energy project.

Notably, Aliyev hailed the strong bond Turkey and Azerbaijan shared, and said: "The strength of Turkey is the strength of ours."

Emphasizing that both countries shared a trade volume of \$3.4 billion in the first nine months of this year, he said the mega projects achieved by both countries would boost ties and added: "After all, economic power transforms into political power."

President of the Republic of Turkey Recep Tayyip Erdogan then addressed the ceremony.

Underlining the importance of project in ensuring the energy security of Europe, President Recep Tayyip Erdogan thanked President Ilham Aliyev for his leadership

and supporting the implementation of TANAP which links Asia with Europe.

Turkish President Recep Tayyip Erdogan stressed that the project dubbed as the Silk Road of energy is a symbol of deep-rooted friendship between Turkey and Azerbaijan. "A dream of supplying 16 billion cubic meters of Azeri natural gas to Turkey and Europe has come true," Erdogan added.

Erdogan added that TANAP is the most important part of the 3,500-kilometer energy corridor which extends from Azerbaijan to Europe.

Erdogan stressed that Turkey sought to contribute to the regional prosperity with the conclusion of the project, and added: "While guaranteeing our country's energy needs with TANAP, we also aimed at contributing to the safety of Europe's energy supply."

Bulgaria, Greece, North Macedonia, Albania, Serbia and Bosnia Herzegovina would also benefit from the mega project, said the Turkish leader adding that the TANAP was a project of "regional peace."

"This project has made it this far thanks to Turkey and Azerbaijan's relations based on mutual trust," Erdogan said.

A total of 16 billion cubic meters of gas would be delivered through the project and the delivering capacity of the TANAP is projected to climb to 24-31 billion cubic meters over time, Erdogan added.

SOCAR President Rovnag Abdullayev and Turkish Minister of Energy and Natural Resources Fatih Donmez hailed the importance of the project.

Speaking at the event, Turkey's Energy and Natural Resources Minister Fatih Donmez said TANAP's 1,850-kilometer journey in Anatolia ended, and now the gas journey to Europe started.

"TANAP is an energy project that reaches beyond the mountains, seas and straits with records to the inner parts of Europe," Donmez said.

In the first stage, 16 billion cubic meters and later 31 billion cubic meters of natural gas will be transported through the pipeline. The wealth coming from the depths of the Caspian will touch the lives of

millions in all corners of Anatolia and Europe," he said.

"We always put forward the unifying mediator role of energy for the benefit of the region and all parties. Our energy diplomacy focuses on promoting regional stability and prosperity," said Donmez.

A ceremony to connect TANAP with TAP pipeline with the participation of Azerbaijani President Ilham Aliyev, Turkish President Recep Tayyip Erdogan and Georgian Prime Minister Giorgi Gakharia then was held.

Bosnia and Herzegovina's Presidency member Šefik Džaferović, also attended the ceremony in the Turkish city of Ipsala on the occasion of formally marking the completion of the Trans-Anatolian Natural Gas Pipeline (TANAP) to the Trans-Adriatic Pipeline (TAP).

The TANAP project was officially launched in June 2018. It stretches from the Turkish-Georgian border to the Turkish-Greek border.

The pipeline will begin carrying gas to the European section of the Southern Gas Corridor, an ambitious initiative of the European Commission for a natural gas supply route from the Caspian and Middle Eastern regions to Europe. It will pass through the Trans Adriatic Pipeline - the European leg of the corridor.

With an investment of around \$7 billion, TANAP will deliver 6 billion cubic meters of Azeri gas to Turkey and 10 billion to Europe per year.

The pipeline passes through 20 provinces and 67 districts of Turkey.

President Ilham Aliyev congratulated oil workers on 70th anniversary of Oil Rocks

President of the Republic of Azerbaijan



Ilham Aliyev has congratulated Azerbaijani oil workers on the occasion of the 70th anniversary of Oil Rocks.

"On 7 November 1949, the first oil gusher was achieved in Baku, on Oil Rocks, and

offshore oil production began for the first time in the world, which was an important event in the development of the oil industry. It is thanks to the selfless work of Azerbaijani oil workers that the idea of the possibility of offshore oil production was realized, ushering an era of offshore development of fields. At the same time, this promoted specialists of the oil industry of Azerbaijan to the most advanced positions. The exploration of the unique Oil Rocks deposit gave a powerful impetus to similar work in many other seas. Currently, offshore production accounts for the bulk of global hydrocarbon production, as the process of conquering sea depths continues. We are proud that our legendary Oil Rocks are the source of these processes,” the head of state said in his message.

“The experience gained on Oil Rocks, which are of exceptional importance for the history of the oil industry of our country, has created favorable conditions for accelerating prospecting and exploration activities in deeper parts of the Caspian. The work carried out in the 1970s under the wise guidance of national leader of the Azerbaijani people Heydar Aliyev in the field of modernization of the oil industry quickly paved the way for the exploration and operation of new fields. The great leader regarded Oil Rocks as the national embodiment of the engineering ideas of scientists and specialists of our republic, their scientific and technical culture, and emphasized that the foundations of the successful oil strategy of our independent state were laid specifically on Oil Rocks. Energy projects of regional and global scale are being successfully implemented today on the initiative and under the leadership of Azerbaijan.”

“Over this period, Oil Rocks have covered a long road and turned into a production “city” with modern infrastructure on stilts. Today, Oil Rocks are undergoing a new stage of development. I am sure that the ample reserves of Oil Rocks will continue to serve the strengthening of the country's economic potential for many years and further improve the living standards of our

people. I wish you all success on this path,” President Ilham Aliyev added.

BP: Total production from Azeri-Chirag-Gunashi oil field exceeded 3,6 billion barrels

A total of 3,6 billion tons of oil has been produced since the commissioning of operation of Azeri-Chirag-Gunashli (ACG) fields, according to BP.



Total ACG production for the first nine months of 2019 was on average about 541,000 barrels per day (b/d) (about 148 million barrels or 20

million tonnes in total) from the Chirag (41,000 b/d), Central Azeri (133,000 b/d), West Azeri (121,000 b/d), East Azeri (92,000 b/d), Deepwater Gunashli (95,000 b/d) and West Chirag (59,000 b/d) platforms.

In the first three quarters of 2019, the company spent more than \$418 million in operating expenditure and about \$1,034 million in capital expenditure on ACG activities.

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).

Shahdeniz produced more than 112 billion standard cm of gas so far

More than 112 billion standard cubic metres (bscm) of natural gas and 27 million tons of condensate have been produced from the Shahdeniz



field in the Azerbaijani sector of the Caspian Sea so far, according to BP.

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).

TRANSPORT

Azerbaijani delegation attends Transport Week-2019 in Russia

A delegation led by Minister of Transport, Communications and High Technologies of the Republic of Azerbaijan Ramin Guluzade has paid a visit to Moscow



to attend the Transport Week-2019.

The annual traditional Transport Week covers all-Russian and international events on transport issues.

During the opening ceremony of the Transport Week-2019 exhibition held at the Gostiny Dvor Complex, Ramin Guluzade familiarized himself with the pavilions of the companies represented at the exhibition. The minister was informed in detail about the products presented.

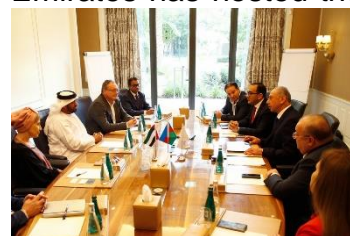
Transport Coordination Meeting of CIS countries was also held as part of the Transport Week-2019. At the international event, Minister Ramin Guluzade represented Azerbaijan as an observer.

Ramin Guluzade also participated in a solemn ceremony organized for the event participants on the occasion of the 210th anniversary of the Transport Department of Russia.

During the visit, Minister Ramin Guluzade also held a bilateral meeting with Minister of Transport of the Russian Federation Yevgeny Dietrich. The meeting discussed current cooperation between the two countries, development prospects and measures that need to be taken to solve them, as well as the challenges ahead. The sides also exchanged views on cooperation in the field of road, aviation and sea transport.

Azerbaijan Airlines reaches key agreements at Dubai Air Show 2019

Dubai, the largest city in the United Arab Emirates has hosted the annual Dubai Air Show 2019 – one of the most prestigious and significant air shows in the world. More than 60



countries, represented by companies from different spheres of aviation attended the event.

Azerbaijan Airlines' delegation headed by AZAL Vice-President Eldar Hajiyev took part in the exhibition.

The Azerbaijani delegation met with the Boeing management for the delivery of long-haul Boeing 787 Dreamliner aircraft.

Two aircraft of this type are already operated by Azerbaijan's national air carrier.

As part of exhibition Eldar Hajiyev met with Christian Scherer, Chief Commercial Director of Airbus Group. The main topic of the talks was acquaintance with the technical and commercial characteristics of new generation aircraft, such as Airbus A320Neo and Airbus A220 aircraft. Those aircraft from the leading European airline company are well-proven and upgraded version of the previous model. Airbus has already received numerous orders from airlines around the world.

The Azerbaijani delegation held talks with a number of major financial companies at the air show to finance the fleet renewal programs. Two forms of aircraft exploitation were considered – both financial and operational leasing.

Azerbaijan Airlines signed a Letter of Intent with FlightSafety International to procure a full flight simulator for the Embraer E190-E1 aircraft. The simulator will be installed at the Azerbaijan National Aviation Academy in Baku, and will be used primarily in the training of pilots who fly for Buta Airways.

In Dubai, the AZAL delegation held talks with Vice President of GE Aviation Jason J Tonich. GE Aviation is a leading supplier of aircraft engines for passenger aircraft of various modifications, including new aircraft, which will enter the fleet of Azerbaijan Airlines.

One of the important events at the air show was signing of an agreement by the Director of "Azeraeronavigation" Air Traffic Control (AZANS) Farhan Guliyev and Chief Executive Officer of HungaroControl Cornel Szepessy to collaborate on the implementation of the Eurasia-Europe digital backbone for the exchange of aeronautical data with centers in Budapest and Baku. The signed agreement will make it possible to create a stable digital backbone channel for the transmission of aviation data between the EU and Eurasia, as well as storage of aeronautical data on servers in Baku and its further distribution to aviation users in Eurasia.

The strategic aim of this cooperation is to enable a safe and secured exchange of critical air traffic management data that can contribute greater seamless transport and interoperability between Europe and Eurasia. As early as during the Digital Transformation Day conference held in October 2019 in Baku, AZANS and HungaroControl recognized that such systems will remain as the foundation of the technological revolution in the field of air navigation.

An extended meeting was held with Al Heya Holding President Abdullah Al Mansoori, owner and CEO of the Austrian construction corporation Waagner-Biro Johann Sischka. Issues related to the development of infrastructure of the Heydar Aliyev International Airport and allocation of investments by the UAE's largest company were discussed at the meeting.

During the meeting with the President of Austrian Frequentis Company Norbert Haslachner the project of introduction of digital communication system of the latest generation in the ATC "Azeronavigation" was discussed. Frequentis technologies are used by leading air navigation providers around the world, including NASA.

New flight safety management system implemented at Heydar Aliyev International Airport

A delegation led by Director Safety and Flight Operations for Europe at the International Air Transport Association (IATA) Giancarlo Buono has visited Baku.

The purpose of the visit was to complete the joint project of AZANS and IATA on introduction of three-level safety management system in the airspace of Azerbaijan in accordance with ICAO's requirements. A corresponding agreement was signed between Azerbaijan Airlines and the International Air Transport Association this summer.

Over the past few months, IATA has carried out extensive work on introducing high



standards in the safety and risk management system of AZANS ATC, including staff training.

The delegation met with the President of AZAL Jahangir Asgarov as part of the visit. "AZAL, being a full member of IATA, closely cooperates with this international organization in all spheres of aviation and, first of all, in the field of passenger transportation security. The use of modern technologies is a guarantee of success in this key issue," Jahangir Asgarov said.

"Our joint work on introduction of flight safety management system makes Azerbaijani airspace safe for all airlines. We thank AZANS for close cooperation," Giancarlo Buono noted.

The head of the IATA delegation also supported the initiative of Azerbaijan Airlines to integrate the ATC system with the unmanned aerial vehicle control systems (ATM/UTM Integration) and stressed the importance of this issue for flight safety, especially in the vicinity of airports.

Jahangir Asgarov noted that many countries are concerned about this situation. In particular, the UK passed a new bill "On the organization of airspace and unmanned aerial vehicles", which will help to counteract the illegal use of drones in airspace. The Ministry of Transport of Japan also ordered to take urgent measures to prevent such situations and is considering purchasing a sensor system to detect drones near airports.

"The appearance of drones in the immediate vicinity of airports is a very pressing problem all over the world. In this regard, we have made a decision to establish a center under the "Azeraeronavigation" Air Traffic Control for controlling the civilian unmanned aerial vehicles at the Heydar Aliyev International Airport," AZAL President said.

During the meeting, the parties noted that in 2020 Baku will become the venue of one of the most significant international conferences of IATA dedicated to the safety and efficiency of airline operations - Safety and Flight Ops Conference. It is expected that the capital of Azerbaijan will

be visited by Fang Liu, Secretary General of the ICAO and Alexandre de Juniac, IATA's Director General.

"Holding such an important event in Baku, where the problems of global civil aviation will be discussed, demonstrates Azerbaijan's great success in this industry," Jahangir Asgarov added.

ICT

Conference on "Digital Transformation and Innovation" held

The conference on Digital Transformation and Innovation in Azerbaijan was held with organizational support of the American Chamber



of Commerce (AmCham). The event was attended by representatives of the Ministry of Transport, Communications and High Technologies of the Republic of Azerbaijan, and more than 150 representatives from various business sectors and diplomatic corps.

Natavan Mammadova, Executive Director of AmCham and Kamila Shahbazova, Chairperson of AmCham Digital Technology and Innovations Committee welcomed the conference participants and spoke about the purpose of the conference and the importance of reforms for economy of the country.

Then Rashad Azizov, the representative of the Ministry of Transport, Communications and High Technologies of the Republic of Azerbaijan shared detailed information about reforms made in the country in the relevant field, spoke about the importance of establishing closer dialogue between the state and business, as well as the business support for the state at all stages of reforms. Rashad Azizov noted that issues regarding reforms on digital transition were regularly kept focus by the Government of Azerbaijan.

During the panel discussion on Digital Transformation Rufat Hajjalibeyov - member of the AmCham Board of Directors, Fariz Jafarov - Director of E-Government Development Center,

Mehman Abbas - Deputy Chairman of the Small and Medium-sized Enterprises Development Agency, and Elchin Aliyev - President of SINAM Company delivered speeches on the main directions of development, improving efficiency, expectations and innovations of AmCham. During the second panel of the conference on Innovation and Startups, speeches were delivered by Mammad Karim – the representative of INNOLAND, Shabnam Mammadova, representative of ASAN Service, and Garib Mehdi, representative of WeTravel.

The last panel of the event addressed the subject of fintech and was remembered by the speeches of Farid Osmanov, Central Bank representative, Vusal Khalilov, representative of PASHA Bank, Taleh Tahirli, representative of International Bank of Azerbaijan, Elchin Gadimli, representative of Rabita Bank and Farid Samadov, representative of Kapital Bank.

The conference ended with a proactive Q&A session, during which a number of important issues were discussed.

Italian companies to join Bakutel-2019 exhibition

A number of Italian IT companies will also join the Bakutel-2019 exhibition to be held in Baku on December 3-6.



The companies to attend the exhibition upon the invitation of Italy-Azerbaijan Chamber of Commerce (ITAZERCOM) and Italian Embassy in Azerbaijan will promote the Italian innovations in the field of ICT, Aerospace and Cyber Security Innovation in Azerbaijan.

The international exhibition aims to expand and strengthen cooperation, develop business relationships between foreign manufacturers and local customers, establish direct contacts with entities and large local companies, as well as promote Azerbaijan's potential in this area.