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ECONOMIC NEWS BULLETIN

IN THIS ISSUE:

OIL & GAZ
TRANSPORT
ENERGY
TOURISM

EXHIBITIONS
ICT
BUSINESS
FINANCE

OIL & GAZ

President: Azerbaijan's gas reserves will be enough to transport natural gas to Europe for decades to come

"Azerbaijan's gas reserves will be enough to transport natural gas to Europe for decades to come," said the Azerbaijani President Ilham Aliyev as he addressed a plenary session of the Eastern Partnership Summit as part of his working visit to Brussels.

"Among the issues which we closely cooperate on with European institutions is energy policy. Azerbaijan is implementing the large-scale energy project, Southern Gas Corridor. The project costs more than 40 billion US dollars, and will allow us to produce additional volumes of natural gas and transport it from Azerbaijan to European markets."

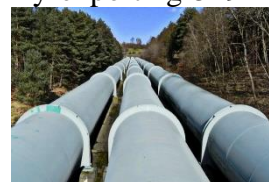
"The 3,500 km gas pipeline will be new a route and will bring gas from new sources to European markets. This is a policy of energy security and policy of energy diversification because gas from Azerbaijani gas fields will be the only new source of natural gas to Europe and will definitely change to a large degree the

energy map of the European continent," President Ilham Aliyev said.

"Proven gas reserves of Azerbaijan are equal to 2.6 trillion cubic meters of gas and that will be enough to transport natural gas to Europe for decades to come. Azerbaijan took the lead in implementing the southern gas corridor project and we are very grateful to European Commission for continued support of this project. And this support, and also the financing from the European financial institutions is vital for successful implementation of this project," the Azerbaijani President added.

Azerbaijan became second largest gas supplier of Turkey

By exporting 519 million cubic meters of gas to Turkey in September, Azerbaijan has become the country's second largest gas supplier.



According to Turkey's Energy Market Regulatory Authority (EMRA) report, 3.232 billion cubic meters of gas was transported via pipelines, 448 million cubic meters via LNG terminals.

Turkey imported 337.48 million cubic meters of natural gas from Azerbaijan in August of 2017.

With 2.1 billion cubic meters of gas exported, Russia remains Turkey's largest gas supplier. Iran is the third largest with 518 million cubic meters.

Azerbaijan exported 4.74 billion cubic meters of gas to Turkey in January-September of this year.

President Ilham Aliyev approves new ACG deal



President of Azerbaijan Ilham Aliyev has approved the Law on Adoption, Approval and Authorization of Implementing the Agreement on Joint Development and

Production Sharing for the Azeri and Chirag Fields and the Deep Water Section of the Gunashli Field in the Azerbaijani Sector of the Caspian Sea, signed by SOCAR's AzACG, BP Exploration (Caspian Sea) Limited, Chevron Khazar Ltd., Exxon Azerbaijan Limited, INPEX Southwest Caspian Sea Ltd., ITOCHU Oil Exploration (Azerbaijan) Inc., ONGC Videsh Limited, Statoil Absheron, and TPAO.

A ceremony of signing a new contract for extension of Production Sharing Agreement (PSA) on development of Azeri-Chirag-Guneshli block of oil and gas fields, was held in Baku September 14.

On October 31, the new agreement was ratified by Azerbaijani Parliament. The agreement will be valid until Dec. 31, 2049.

Iran is interested in SOCAR's participation in joint projects



“Iran is interested in SOCAR's participation in joint cooperation projects as an international company with extensive experience in global projects,” said Iranian

Deputy Oil Minister for International Affairs Amir Hossein Zamaninia as he met with SOCAR President Rovnag Abdullayev in Baku.

SOCAR President Abdullayev mentioned that Azerbaijan and Iran had recently extended relations in various spheres of economy. According to him, Azerbaijan and Iran succeeded in intensifying dialogue in the development of cooperation between the oil and gas companies of the two countries, and reciprocal visits played an important role in this process. Touching upon SOCAR's relations with Iranian companies, Abdullayev spoke about existing partnership relations and noted their expansion opportunities.

Deputy Oil Minister of Iran Zamaninia spoke about the great potential for deepening relations between the two countries in the economic sphere, including the energy sector and expressed confidence that cooperation in the oil and gas industry would contribute to the development of neighboring countries. According to him, planned cooperation projects will boost oil and gas production in Iran in the near future.

The sides discussed the expansion of cooperation between Azerbaijan and Iran in the oil and gas sector, including the Persian Gulf and the Caspian Sea. The sides emphasized that there were vast opportunities for expanding cooperation.

Iran's NICO currently participates in the Shah Deniz (10%) and South Caucasus Pipeline (10%) projects. At the same time, a trilateral cooperation protocol was signed between the Department of Nanotechnologies of SOCAR, Research Institute of Petroleum Industry of the National Iranian Oil Company and the Iranian Offshore Oil Company in 2015.

TRANSPORT

President Ilham Aliyev: Construction of Azerbaijani section of North-South transport corridor entered final stage

“The construction of the Azerbaijani section of North-South transport corridor has entered the final stage,” said Azerbaijani President Ilham Aliyev as he addressed the Trilateral



Summit of the heads of state of Azerbaijan, Iran and Russia in Tehran.

“The trilateral cooperation in the transport sector is giving good results. This year

Azerbaijan built its railway to the border with Iran. At the same time, we have built and commissioned an 82-km railway bridge over the Astara River. In addition, the Azerbaijani side has taken a 1.4km road on the territory of Iran and a land plot of 35 hectares for the construction of terminals on a long-term lease.”

The head of state noted that tariffs for railway transportation have been agreed among the three countries this year. "Thus, the railway from the Azerbaijani-Russian border to the border with Iran is fully operational. This road is an important part of the North-South transport corridor. At the same time, Azerbaijan is ready to participate in financing the construction of the Astara-Resht railway in Iran. Negotiations with the Iranian side have been successfully concluded on a \$500 million loan agreement for the construction of the Astara-Resht railway.”

"A modern Baku-Iranian border highway will be commissioned next year. The construction of the last section of the Baku-Russian border highway will also be completed at the highest level next year. Therefore, the process of creating the Azerbaijani section of the North-South transport corridor has entered the final stage. The North-South transport corridor is of pivotal importance to many countries,” said President Ilham Aliyev.

First Baku-Tbilisi-Kars freight train reaches Kars

The first freight train running along the Baku-Tbilisi-Kars (BTK) railway has reached Kars.



According to Sabah newspaper, Director General of Turkish Railways (TCDD), Veysi Kurt attended the ceremony, which was held in this regard. Addressing the event, Veysi Kurt stressed that from Kars the train has already left in the direction of Mersin, this road will take about 40 hours.

Azerbaijan, Afghanistan, Turkmenistan, Georgia, Turkey to create transport corridor

Azerbaijan, Afghanistan, Turkmenistan, Georgia and Turkey have signed an agreement

on the creation of the Lapis Lazuli transport corridor connecting the five countries. The document was signed on the sidelines of the 7th Regional Economic Cooperation Conference



on Afghanistan (RECCA VII) in Ashgabat.

The railways and motorways will reportedly connect the city of Torgundi in the Afghan province of Herat with Ashgabat, then with the port of Turkmenbashi on the shore of the Caspian Sea. Further, the corridor will pass through the Caspian Sea to Baku, then through Tbilisi to Ankara with branches to Poti and Batumi, and further from Ankara to Istanbul.

The budget of the project is estimated at \$2 billion. Consultations on the creation of the transport corridor began in 2012.

The main goals of the project are to boost economic integration of the region and the volume of trade.

ENERGY

Azerbaijan's Deputy Minister of Energy joins Energy Charter Conference in Ashgabat

An Azerbaijani delegation led by Deputy Minister of Energy Natig Abbasov is attending the 28th session of the Energy Charter Conference in Ashgabat.



Turkmenistan was elected as a chairing country of the Energy Charter Conference for 2017.

The Energy Charter is a declaration of political intention at strengthening energy cooperation between East and West.

The Energy Charter Treaty was signed in December 1994 and entered into force in April 1998.

The main objective of the treaty is to strengthen the legal norms in energy issues by creating a single field of rules that all participating governments must comply with, thus minimizing the risks associated with investment and trade in the field power engineering.

TOURISM

Italian tourism portal highlights Baku sights

Italy's popular tourism portal "Lagenziaviaggi.it" has published an article highlighting the Baku sights by journalist-traveller Massimo Tallarrigo.



Headlined "Azerbaijan – the Land of Fires. Everything develops here", the article provides an insight into "wonderful places, rich historical and up-to-date architectural monuments". The article stresses the rapid development of Azerbaijan, especially capital Baku.

The portal explains the meaning of "Baku" word. The article particularly highlights fascinating night illuminations of Baku, including Icheri Sheher (Inner City), Maiden Tower, Palace of Shirvan Shahs and Ateshgah (Fire-Temple). The article draws readers' attention to Museum of Miniature Books, where the world's smallest book, the Bible, is kept.

The portal hails modern constructions in Baku, including the grandiose Heydar Aliyev Center by world-renowned architect Zaha Hadid.

The article provides information on Gobustan National Historical-Artistic Reserve, which was included in the UNESCO World Heritage List.

Ibrahim Shehic: Azerbaijan should try to promote Baku through shopping festival

"It is a very good idea to hold Shopping Festival and Azerbaijan should try to promote Baku in this way," said goalkeeper of the



Azerbaijani football club Qarabag Ibrahim Shehic. "As we can see the world countries try to bring tourists, and the easiest and best way is through shopping festivals and through good prices." "The prices during the Baku Shopping Festival are suitable when I compare the prices with other shopping centers in Europe. I think it is important to make more discounts during the festival to be more attractive for tourists," Shehic added.

EXHIBITIONS

Baku hosts International Real Estate and Investment Fair

"RecExpo II" - Azerbaijan International Real Estate and Investment Exhibition, co-organized by the State Committee on Property Issues, "Elan Expo" and "Atılım Fuarçılık" companies, has opened at Baku Expo Center.



A large number of property, construction and investment companies from Azerbaijan and foreign countries are attending the exhibition. The exhibition is also of pivotal importance in terms of demonstrating the current investment climate in the real estate market to foreign investors, as well as involving the investors in the privatization process carried out in the country.

ICT

Azerbaijani innovations presented at ISSE 2017 International Conference in Belgium

The Azerbaijani innovations have been presented at the EMMA's 19th International ISSE and the Future of Digital Security and Trust Conference supported by the



European Commission in Brussels, Belgium.

The key topics of the Europe's leading independent, interdisciplinary conference on information security are trust services, eID, cloud and mobile security, critical Infrastructures, management of privacy and data protection, biometric applications, regulations and legal issues.

The keynote speaker at the ISSE 2017 is Jana Krimpe, the founder of "B.EST Solutions" - Azerbaijan "Asan İmza" mID operator. Mrs. Krimpe presented "Mobile ID (Asan Imza) – secure key to the Digital Trade Hub in Azerbaijan & cross-border trusted e-services" to introduce "Asan İmza" as well as demonstrate the outcomes Digital Trade Hub as an innovative public start-up. "Asan İmza" Mobile ID provides the ubiquitous and secure access to the public and private electronic services and is equal to handwritten signature

on the legislative level. The participants have been also informed on Azerbaijan's latest innovative achievements, including "Asan İmza" integration with Azexport.az, developed by the Center for Analysis of Economic Reforms and Communications of Azerbaijan Republic based on the principle of partnership between the public and private sectors and branded as "Made in Azerbaijan".

Jon Shamah, the Chair of EEMA participated in the First International Conference on "Digital Trade Hub of Azerbaijan: Development Perspectives" which was held on October 19, 2017 in Baku. Mr. Shamah highly appreciated the role of "Asan İmza", in the Digital Trade Hub project and presented the benefits of collaboration between the Center for Analysis of Economic Reforms and Communication of the Republic of Azerbaijan and such Europe's initiatives as eIDAS and Future Trust for development of cross-border e-services between Azerbaijan and Europe within the Digital Trade Hub.

"Asan İmza" has been integrated with Azexport.az portal, presented by the Center for Analysis of Economic Reforms and Communications of Azerbaijan and follows the "Made in Azerbaijan" concept proclaimed in the country. Today the portal supports exporting goods manufactured in Azerbaijan and collaborates with such global trade platforms as Alibaba.com, eBay.com, Wholesale and All.biz.

In accordance with the Decree of the President of the Republic of Azerbaijan İlham Aliyev, additional measures are taken to expand the international trade and strengthen the Azexport.az portal as a Digital Trade Hub of Azerbaijan. According to this Decree "Asan İmza" will be issued to the foreign citizens in all diplomatic representatives of Azerbaijan all around the world. Due to that, "Asan İmza" is also a new revolutionary cross-border project for Islamic countries.

BUSINESS

Azerbaijan's export mission visits St. Petersburg



A regular export mission of Azerbaijan is in St. Petersburg, the northern capital of

Russia, according to the Ministry of Economy. The mission has been organized to promote the "Made in Azerbaijan" brand by Azerbaijan Export and Investment Promotion Foundation (AZPROMO). It includes representatives of 18 companies manufacturing fruit juices, mineral waters, fruit and vegetable products, ice cream and canning. Azerbaijani entrepreneurs also took part in the 17th St. Petersburg Food Forum, which was held as part of the Peterfood exhibition.

FINANCE

Three more branches of Ziraat Bank to be established in Azerbaijan

"Three more branches of Ziraat Bank will be established in Azerbaijan," Ziraat Bank's CEO Huseyn Aydin said.

He noted that the two departments of the bank currently operate in the country as well as three more branches are expected to open. These departments will be opened in the areas where the industrial parks are located.



Investments in Azerbaijani economy projected at AZN15.9bn in 2018

The total volume of investments in Azerbaijan's economy is projected at 15,9 billion manats in 2018, said Deputy Minister of Economy Sevinj Hasanova.

She emphasized that the government will continue taking systematic measures to improve business environment in the country.

"Azerbaijan's tourism sector is predicted to increase by 6.6 per cent in 2018 and more than 6 per cent the next 3 years."

Hasanova said the ICT sector is expected to increase by 5.1 per cent next year and 6 per cent in the following years.

