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ECONOMIC NEWS BULLETIN

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TRANSPORT

Opening ceremony of Baku-Tbilisi-Kars railway gets underway

President Ilham Aliyev and first lady Mehriban Aliyeva attend the ceremony

A solemn opening ceremony of the Baku-



Tbilisi-Kars railway has got underway at Baku

International Sea Trade Port.

President of the Republic of Azerbaijan Ilham Aliyev, first lady Mehriban Aliyeva, President of the Republic of Turkey Recep Tayyip Erdogan and his wife Emine Erdogan, Prime Minister of the Republic of Kazakhstan Bakytzhan Sagintayev, Georgian Prime Minister Giorgi Kvirikashvili, Prime Minister of Uzbekistan Abdulla Aripov, as well as delegations of Tajikistan and Turkmenistan are attending the event.

President Ilham Aliyev made a speech at the ceremony.

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Baku-Tbilisi-Kars railway is a regional rail link project to directly connect Azerbaijan, Georgia and Turkey.

The agreement on the construction of the railway was signed in Tbilisi in 2007.

The BTK rail line will extend from the bank of the Caspian Sea in Azerbaijan to the capital city of Georgia and then cut south to the east of Turkey before feeding into the broader Turkish rail system and Europe beyond. This rail line is designed to become a key part of the southern route of the emerging New Silk Road network of trade and transport corridors that are coming together between China and Europe.

The line is intended to transport one million passengers and 6.5 million tons of freight at the initial stage. The capacity will then reach 3 million passengers and 17 million tons of cargo.

Buta Airways starts flights to Europe

An agreement on opening of direct flights



between Baku and Sofia has been reached in negotiations of Presidents of Azerbaijan Ilham Aliyev and Bulgaria

Rumen Radev.

From January 16, 2018 the flights will be operated by low-cost Airline Buta Airways. The capital of Bulgaria will become the first

city in the European Union where Azerbaijan's low-cost airline Buta Airways will perform direct flights.

The minimum fare on route Baku-Sofia, as well as in other routes of airline, will be 29 euros (one way). The flights will be operated once a week on Tuesdays.

"Opening of new regular flight to Sofia is an important event in civil aviation of Azerbaijan. The flight on route Baku-Sofia will open the new popular destinations for rest for citizens of our country. The performance of flights by Buta Airways will make Europe and Baku even more accessible for tourists. The national low-cost airline will continue work to expand and optimize its route network," said Jahangir Askerov, the President of CJCS "Azerbaijan Airlines".

In the near future the ticket sales will start on the official website as soon as the technical works on implementation of new flights in the booking system are complete.

Being a low-cost airline, the minimum fare Buta Airways will offer additional services such as carriage of baggage, hand luggage, hot meals onboard, check-in at the airport, and seat selection in the airplane on a paid basis.

Note that from October 29 Buta Airways also starts flights on route Baku-Istanbul and Baku-St. Petersburg.

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 Airline's fleet consists of modern Embraer aircrafts. The Airline is based in Baku, at the Heydar Aliyev International Airport.

Seventh International Caspian Air Cargo Summit 2017 kicks off in Baku

The Seventh International Caspian Air Cargo Summit 2017 has opened in Baku.

This international forum brings together key managers and executives of well-known worldwide companies who discuss options for the development of the cargo industry and identify the most promising areas in the market. More than 200 delegates are attending the two day discussions about



current trends and forecasts in rapidly changing business environment.

Recently the footprint of Silk Way in main markets has been increased with more than 10 Boeing 747 all freighters does operate a true global network to more than 40 destinations week by week.

During years 2016 and 2017 the strong partnership with Cargolux, SW Italy and Sky Gates Russia Airlines has enabled Silk Way to make a quantum leap in their own development.

Baku port signs MoU with Romanian Constanta port

Baku International Sea Trade Port has signed a Memorandum of Understanding with Constanta Port (National Maritime Ports Administration) on the sidelines of the



Silk Way summit in Romania. The MoU was signed by director general of Baku Port Taleh Ziyadov and general manager of Constanta Port Dan Nicolae Tivilichi.

According to the document, the two ports intend to ensure and promote an increase in quality and quantity of all types of transportation by using their facilities. The MoU points out the possibility of transporting cargo via Constanta by rail road from China to the Central and Western Europe and to Eastern Europe and Baltic states by Danube.

Baku hosts meeting of Regional Expert Safety Team International Civil Aviation Organization

The 10th meeting of the European Regional Expert Safety Team of the International Civil Aviation Organization (ICAO) has started in Baku. The meeting is co-organized by the



Azerbaijan State Civil Aviation Administration, Azerbaijan Airlines (AZAL), the Interstate Council on Aviation and Airspace Use and the Interstate Aviation Committee (IAC).

The event brings together nearly 65 experts from 15 countries and five international and

regional organizations (ICAO, IAC, EASA, IATA, EUROCONTROL), as well as representatives of major aviation manufacturers - Boeing and Airbus, the Azerbaijan State Civil Aviation Administration said.

The first days of the conference featured workshops on taxonomy and flight security.

Based on the outcomes of the first days, the group's works were approved and further steps were planned to implement initiatives in the area of flight security at the regional level.

Representatives of the Azerbaijan State Civil Aviation Administration and other organizations made speeches during the meeting.

The ICAO EUR Regional Expert Safety Team (IE- REST) was established in 2013 by the initiative of ICAO's European and North Atlantic Office (EUR/NAT). The main purpose of the group is to support the development and implementation of safety enhancement initiatives (SEIs) and activities in the part of the ICAO EUR Region not covered by the regulatory framework of the EU/ EASA regulatory framework.

Such measures are jointly implemented by the regional and international organizations, regulatory agencies, airlines and aircraft manufacturers.

OIL & GAZ

President Ilham Aliyev: The Southern Gas Corridor is one of the world's largest infrastructure projects

"The Southern Gas Corridor is one of the world's largest infrastructure projects," Azerbaijani President Ilham Aliyev has told the 9th Summit of the



Developing Eight Organization for Economic Cooperation (D-8) in Istanbul. The head of state emphasized that Azerbaijan is the initiator and active participant of a number of international projects.

"Today jointly with our partners we implement the Southern Gas Corridor project. It is one of the world's largest infrastructure projects. Azerbaijan and Turkey signed an agreement

on TANAP gas pipeline, which is the main part of the Southern Gas Corridor, in Istanbul in 2012 and this pipeline will be launched next year," said President Ilham Aliyev.

Edison signs binding agreement with gas natural Fenosa for acquisition of Shah Deniz II gas contract



Edison and Gas Natural Fenosa have signed today a binding agreement for the acquisition by Edison of Gas Natural Vendita Italia and of the Shah Deniz II gas contract. Edison, through this transaction, increases by 50% its customer base reaching a critical mass that will produce significant synergies among all of its business units.

Edison will acquire 100% of Gas Natural Vendita Italia (GNVI), the company owned by Gas Natural Fenosa, that commercializes natural gas and electricity across Italy. The purchase price is 192.8 Million Euros corresponding to an Enterprise Value of 263 Million Euros after debt repayment and provisions.

As part of the agreement and subject to the closing of Gas Natural Vendita Italia's acquisition, Edison will also acquire a 11 TWh long term gas supply contract from the Shah Deniz II field. This contract perfectly fits with Edison's gas portfolio leveraging its offering of gas at a competitive price to its customers and guaranteeing the security of supply of the Italian energy system in the long term. The gas import from Shah Deniz II is expected to start at the end of 2020 following the completion of the Trans Adriatic Pipeline (TAP). In particular, the total consideration payable is 30 Million Euros for the gas supply contract, of which a down payment of 10 Million Euros and an earn-out of 20 Million Euros, payable starting from 2021 subject to the first delivery of gas to Italy through the TAP pipeline.

Baku hosts International Petroleum Summit

International Petroleum Summit has kicked off in Baku. The event is organized by Argus International Price Agency with the support of SOCAR.



The two-day summit will discuss topics on "Caspian Oil Products Market", Perspective directions of oil export in the Caspian region ", "Dynamics of oil and oil products markets development in the Caspian region", "Transport and Logistics Infrastructure of the Caspian Region", "Development tendencies of railway transportation in Azerbaijan", "Intercontinental rail corridors - new opportunities in the Caspian region", "Transportation of liquid cargo in the Caspian region by rail" and other issues.

ENERGY

ABOEMDA Deputy Chairman: AZN 1 billion will be invested in alternative and renewable energy sources in Azerbaijan

By 2020, the share of alternative and renewable energy sources in total energy balance is expected to reach 20 percent. Azerbaijan's energy potential in



this area is estimated at 420 megawatts and about AZN 1 billion will be invested in this area, said Deputy chairman of the State Agency for Renewable & Alternative Energy of Azerbaijan (ABOEMDA) Jamil Malikov at the International event on "New opportunities for alternative and renewable energy development in Azerbaijan - "Hard Talk".

Jamil Malikov stated that Azerbaijan pays special attention to the alternative and renewable energy sector. In 2014, the State Program was adopted in this area.

German government allocates €130m for development of wind and solar power stations in Azerbaijan

German KfW Bank has allocated €130 mln for the development of wind and solar power

stations in Azerbaijan, Deputy Chairman of the State Agency on Alternative and Renewable Energy Sources of Azerbaijan Jamil Malikov told journalists.



"The preparation of feasibility study documents has already been completed. The German government allocated €130 mln for this purpose. But the execution of this allocation requires special conditions and tariffs, including the Azerbaijani government's intention and need," Malikov added.

TOURISM

Azerbaijani President approves funding for holding shopping festival in Baku

Azerbaijani President Ilham Aliyev has signed an order to provide funding for organizing a shopping festival in Baku.

Under the presidential order, AZN1 million is allocated from the Presidential Contingency Fund to the Ministry of Culture and Tourism for holding the shopping festival.

Aimed at developing tourism in Azerbaijan, the festival will take place from October 15 to November 15.



Azerbaijan among top 5 list of health improvement vacation countries of "National Geographic Traveler" awards

The TourStat Analytic Agency published the results of the Internet voting of National Geographic Traveler Awards 2017.



Azerbaijan is selected as one of 5 countries in category of "Wellness Holiday". Israel is the leader in this category. The first top 5 includes Germany, Slovenia and Switzerland.

According to the Agency, "Chenot Palace hotel in Gabala (district of Azerbaijan) is in Top 5 in the nomination "Best Resort Hotel," the Agency said.

Some countries are leading in the following categories Greece - beach holiday, Cyprus –

family vacation, Italy – excursion tour, Austria – ski tour, Argentina - adventure tour, Japan – exotic tourism, Georgia - gastronomy and agro tourism, and China - "discovery of the year". Altai Krai is ahead of other regions of Russia on wellness holiday. Kamchatka is the leader for adventure recreation, Khakassia for eco-tour, and Leningrad oblast for excursion tour.

Baku hosts Caspian Energy Tourism Forum

Key issues and problems of the tourism sector have today been discussed in Baku at the special session of the Caspian Energy Tourism Forum, organized by the Caspian European Club and Caspian American Club and attended by Deputy Minister of Culture and Tourism of Azerbaijan Nazim Samadov.

Addressing the business forum, Nazim Samadov told the attendees about the measures currently implemented to boost a further development of the tourism sector of the country, spoke about plans and prospects.

The meeting attendees specified the areas for expanding cooperation with the private sector and discussed issues of interest to the member companies of the Caspian European Club and Caspian American Club.

About 200 businessmen from Azerbaijan, Kazakhstan, Russia, Turkey, Iran, EU as well as representatives of international organizations and heads of diplomatic missions accredited in Azerbaijan took part in the Caspian Energy Tourism Forum.

The 7th CEO Lunch Baku took place in the second half of the day. Telman Aliyev noted that Caspian European Club and Caspian American Club hold CEO Lunch with the participation of top-managers of CEIBC companies every third Wednesday of the month in Baku.

Also, in the second half of the same day the representative of Barattson School of Business & Finance, Orkhan Isayev held the workshop entitled "Changes in the Tax Code" for the member companies of the Club.

Certificates were given to companies which joined and extended their membership in the

Caspian European Club and Caspian American Club.

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AZAL becomes board member of Azerbaijan Tourism Association

For the first time in Azerbaijan, the private and public sectors have entered into a partnership for the development of the tourism sector. Azerbaijan's



national air carrier has joined today the members of the board of the Azerbaijan Tourism Association (AZTA).

Vice-president of CJSC Azerbaijan Airlines, Executive Director of AZAL passenger airline, Eldar Hajiyev, and Chairman of AZTA, Nahid Baghirov signed the agreement.

This is the first experience of an airline becoming a member of the Association - until now members of the Azerbaijan Tourism Association included travel companies and hotels.

AZAL became a member of AZTA in parallel to the board of the Association, where it will coordinate the activities of air transport.

AZAL's activity in the Azerbaijan Tourism Association means formation of tripartite coordination of the activities of the main participants of the tourism industry in the country: tour companies, hotels and aviation, without participation of which a decent quality cannot be ensured.

Joining of AZAL to the board of the Azerbaijan Tourism Association and becoming the member of the Association is an achievement of one of the goals that the Head of State set before tourism sector participants to ensure development of tourism sector and bring it in line with international standards.

Henceforth, all three main branches of the tourism industry will conduct coordinated activities that will ensure not only the flow of

tourists to Azerbaijan, but also will ensure the development of all directions of tourism, which will be an additional impetus for employment of the population.

EXHIBITIONS

More than 60 companies to attend Japan Food Expo-2017 exhibition in Baku

"Two hundred delegates from more than 60 companies will participate in an exhibition of Japanese products to be held in Baku," said chairman of the Organizing Committee of Japan Expo Kazuyasu Ishida.

He noted that to be held on October 27- 28, the exhibition will mark the 25th anniversary of the establishment of diplomatic relations between Azerbaijan and Japan.



23rd International Construction Exhibition opened in Baku

The Caspian region's major event in the construction field – WorldBuild Baku 2017, the 23rd International Construction Exhibition opened in Baku. This was a long-awaited event for many experts from various countries, as the WorldBuild Baku exhibition is the most important professional event in the field of architecture and construction, design and maintenance in the region.

The WorldBuild Baku is supported by Ministry of Economy of Azerbaijan, State Committee for Town Planning and Architecture of Azerbaijan, State Housing Development Agency under the President of Azerbaijan, The Union of Architects of Azerbaijan, Azerbaijan Export and Investment Promotion Foundation (AZPROMO) and National Confederation of The Entrepreneurs (Employers) Organizations of Azerbaijan (AEC). The exhibitions are organized by Iteca Caspian and its partner ITE Group.

This year's exhibition brought together over 200 companies from more than 23 countries



will participate in an exhibition of Japanese products to be held in Baku," said chairman of the Organizing Committee of Japan Expo Kazuyasu Ishida.

WorldBuild Baku 2017, the 23rd International Construction Exhibition opened in

worldwide. Germany, the UAE and Iran all have national display booths at the exhibition. This year's debutant is Poland. This year's local participants will demonstrate their products under the 'Made in Azerbaijan' brand, alongside the first time exhibitors of WorldBuild Baku 2017. The Corella brand of paint presented by NB Group is the Registration Sponsor of the WorldBuild Baku 2017 exhibition.

WorldBuild Baku offers an extensive business program which includes B2B meetings between the exhibitors and local distributors. WorldBuild Baku is one of the most effective channels for attracting innovative products and services to the country's construction market; WorldBuild Baku 2017 covers a full range of building materials, including facade, construction and finishing, windows and doors, paints and varnish, construction machinery and much more.

Over the four days of the exhibition, tens of thousands of professionals will be able to learn about innovations in the building industry, interact with leading manufacturers and distributors and introduce the latest technologies to Azerbaijan's rapidly growing construction industry.

ICT

Baku to host international conference on “Digital Trade Hub of Azerbaijan”

The first international conference on “Digital Trade Hub of Azerbaijan: Development Perspectives” will be held in Baku on



October 19. The conference is arranged by the Center for Analysis of Economic Reforms and Communication established by the President of the Republic of Azerbaijan. The conference will be attended by the representatives of the European Union and the World Bank, UNDP, Russia, Estonia, England, Poland, Switzerland, China and other countries.

The conference will review the concept of the Digital Trade Hub of Azerbaijan as an innovative governmental start-up based on the Public and private partnership. The conference

will also present the application and mutual recognition of the electronic signatures, simplifying export procedures, issuing electronic signatures to the non-residents, remote establishing and managing the company as well as new solutions in e-commerce. The Digital Trade Hub of Azerbaijan is an innovative electronic trade platform, where electronic transactions will be legal, and e-commerce practitioners' registration procedure at the portal will be verified by the State via legal entities register. The introduction will be followed by two panel discussions: "Digital Trade Hub as a driver of international trade and economic development of Azerbaijan and innovation solutions of cross-border trade" and "Digital Trade Hub as a means of maximizing synergies in partnership between Public and private sectors".

The first panel discussion will be moderated by Mrs. Jana Krimpe, the founder of B.EST Solutions company, the "Asan İmza" Mobile ID service operator and the Digital Trade Hub partner. The second panel discussion will be moderated by Mr. Zaur Gardashov, the head of "Azexport.az" portal.

"Asan İmza" has been integrated with Azexport.az portal, developed by the Center for Analysis of Economic Reforms and Communication based on the Public and private partnership and is an innovative product "Made in Azerbaijan". 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, Amazon, and others.

In accordance with the Decree of 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. Also the Presidential Decree dated September 12, 2017 ratified Regulations "On "www.azexport.az" web portal", in accordance with which the users registered on the portal via "Asan İmza" and taxpayers of the Republic of Azerbaijan, will be able to

make and sign the contracts with their foreign business partners electronically. Other procedures will be also performed by means of enhanced signature "Asan İmza" or "e-İmza". The conference will also present the m-Residence project enabling foreign nationals to use "Asan İmza", and therefore, have access to all e-services in Azerbaijan. So they will be able to operate their business from anywhere in the world. Due to the recently launched single AsanDoc.az portal, allowing one signing any electronic document with digital signature "Asan İmza", provides convenient and legal communication with Public institutions and banks of Azerbaijan. Also it simplified the workflow between the private companies.

The Conference "Digital Trade Hub of Azerbaijan: Development Perspectives" is another step in developing the concept. It is confirmed by the Memorandum on Collaboration in cross-border exchange of electronic legal documents and mutual recognition of electronic signatures to be signed the Center for Analysis of Economic Reforms and Communication, Russia's "Gazinformservis", "UTS GIS" and Poland's "Asseco Data System".