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ECONOMIC NEWS BULLETIN

IN THIS ISSUE:
OIL & GAZ
TRANSPORT
TOURISM
EXHIBITIONS

OIL & GAZ

Azerbaijan and co-venturers sign amended and restated Azeri-Chirag-Deepwater Gunashli PSA



The Government of Azerbaijan and the State Oil Company of the Republic of Azerbaijan (SOCAR), together with BP, Chevron, INPEX, Statoil, ExxonMobil, TP, ITOCHU and ONGC Videsh today signed the amended and restated agreement on the joint development and production sharing (PSA) for the Azeri, Chirag fields and the Deep Water Portion of the Gunashli Field (ACG) in the Azerbaijan Sector of the Caspian Sea. The contract is now subject to ratification by the Parliament (Milli Majlis) of the Republic of Azerbaijan.

The contract was signed in Baku today in the presence of President of the Republic of Azerbaijan Ilham Aliyev and a group of visiting senior government and state officials, by Rovnag Abdullayev, President of SOCAR,

on behalf of the Azerbaijan Government, and by the representatives of the co-venturer companies.

BP will remain the operator in accordance with the amended and restated ACG PSA.

As part of the contract, the international co-venturers will pay a bonus of \$3.6bn to the State Oil Fund of the Republic of Azerbaijan, and SOCAR will increase its equity share in the ACG PSA from 11.65 per cent to 25 per cent. During the next 32 years, there is the potential for more than \$40bn capital to be invested in the ACG oil field.

Following completion of the contract, the new ACG participating interests will be as follows: BP, 30.37 per cent; AzACG (SOCAR), 25.00 per cent; Chevron, 9.57 per cent; INPEX, 9.31 per cent; Statoil, 7.27 per cent; ExxonMobil, 6.79 per cent; TP, 5.73 per cent; ITOCHU, 3.65 per cent; and ONGC Videsh Limited (OVL), 2.31 per cent.

Subsequent to this contract, SOCAR and its co-venturers have also agreed to progress engineering development work to evaluate an additional production platform in the ACG contract area.

Rovnag Abdullayev, SOCAR President, said: "Today is a significant day for Azerbaijan. It

brings back the days, when we signed “The Contract of the Century”. Despite the challenging political and economic conditions of that time, thanks to the intense effort by our national leader Heydar Aliyev the first ACG contract was signed, laying the foundation of the future economic development of Azerbaijan. Since the signing of the first PSA in 1994, ACG has benefited from \$33bn of investment, producing around 440 million tonnes of oil, and delivering directly more than \$125bn of net profit to our country.”

“Finalizing the negotiation process between SOCAR and the partner companies today, we have signed the new contract on the ACG project on agreed terms. The new contract is effective until the end of 2049. The terms of the new contract will take effect following their ratification by the Parliament (Milli Majlis) of the Republic of Azerbaijan, which will enable us to maximize the economic benefits for our country from ACG over the next 32 years. The terms of the new contract reflect the growing financial and technological potential of Azerbaijan and SOCAR. They also demonstrate the confidence of our foreign partners in the Azerbaijani economy, taking our effective partnership to a new level.”

Bob Dudley, Group Chief Executive of BP, said: “Over the past 23 years the Contract of the Century has truly transformed Azerbaijan, energy supplies to Europe and all of us who have worked so hard to make it a success. Today’s contract is perhaps an even more important milestone in the history of Azerbaijan as it ensures that over the next 32 years we will continue to work together to unlock the long-term development potential of ACG through new investments, new technologies and new joint efforts to maximise recovery. In light of that, I think it is fair to call this the Contract of the New Century.”

Azeri Light oil price increases on world markets



The price of oil changed in the world markets. The price of a barrel of Azeri Light crude oil increased \$0.92 to stand at \$58.55 on the world

markets.

On NYMEX (New York Mercantile Exchange) cost of the US light crude oil decreased \$0.14 to stand at \$49.75. Price of the Brent crude oil at the London ICE (Intercontinental Exchange Futures) fell \$0.17 to trade at \$55.30.

TRANSPORT

The official opening ceremony of Baku-Tbilisi-Kars railway is expected to take place at the end of October



The official opening ceremony of Baku-Tbilisi-Kars railway is expected to take place at the end of October, said Chairman of Azerbaijan Railways Closed Joint Stock Company Javid Gurbanov. He emphasized that, if there is no technical problem, the official opening ceremony of the planned Baku-Tbilisi-Kars railway line will be held in late October.

Baku Sea Port, Indonesian Port Corporation discuss cooperation



Baku Sea Port and Indonesian Port Corporation had exchange of views on personnel training issues, the Baku Sea Port Open Stock Company’s press service said. CEO of Indonesia Port Corporation Elvyn G. Masassya and his delegation have visited the New Baku Sea Port in Alat settlement near the capital city of Azerbaijan. Taleh Ziyadov, director of the Baku Sea Port Open Stock Company highlighted the guests on the capacity and prospects of the Baku Sea Port. The sides also discussed possibilities for personnel trainings and creation of digital port system.

In May current year, at the Indonesian city of Bali the sides had signed memorandum on cooperation between the Indonesian Port Corporation and Baku Sea Port.

TOURISM

Azerbaijan re-elected as member of UNWTO Executive Council



Azerbaijan has been re-elected as a member of the UNWTO Executive Council for 2018-2021. Among other elected members are Romania, Russia, Greece and Lithuania.

Addressing the 22nd Session of the UNWTO General Assembly, Azerbaijani Minister of Culture and Tourism Abulfas Garayev highlighted Azerbaijan's achievements and cooperation between the country and the organization. He emphasized that Azerbaijan will do its utmost to achieve goals of the UNWTO both inside the country and internationally.

Azerbaijan represented at 9th Umrah and Hajj International Tourism Fair



Azerbaijani delegation has participated in the 9th Umrah and Hajj International Tourism Fair in Jakarta, Indonesia.

An event rooted in Islamic values is surely incomplete without the presence of an umrah, hajj, and halal tourism fair. For this purpose, Umrah and Hajj International Tourism Fair presents the aforementioned fair as one of its main attractions.

Aside from enjoying art and cultural performances hailing from a variety of countries, Fair visitors can also browse an extensive selection of umrah travel, ONH Plus hajj, and halal tourism packages to the participating countries.

Tourism has indeed become a significant trend in the muslim traveler community, which makes it very important to introduce and expose the various halal travel destinations to the public.

In order to enliven the event, while also maintaining the quality of travel service

agents, Umrah and Hajj International Tourism Fair has joined in partnership with the international organizations.

EXHIBITIONS

Azerbaijani companies ink deals on food exports to Russia



On the second day of WorldFood International Exhibition in Moscow, Azerbaijani companies signed 11 more agreements on export of various food products to Russia.

“Khanel, a hazelnut production company, signed two agreements on export of 40 and 80 tons of products to the Russian market, correspondingly”, the message said.

Russian companies participating in WorldFood Moscow and its visitors also showed interest in Azerbaijani fruit-vegetable and confectionery products.

Azerbaijan's Shirin LLC signed major agreements at the exhibition.

“An agreement signed with Russia's “Mir Sladostey” provides for export of 200 tons of confectionery products to the Russian market”, the message said.

“Shirin LLC also reached an agreement to supply 30 tons of confectionery products to Russia's Vladivostok, Tyumen, Krasnoyarsk, Nizhny Novgorod, Irkutsk and Tambov provinces each, as well as to the Ural region.”

An agreement was also signed between Azerbaijan's Emin Qida Senaye LLC and a Russian distributor on supply of sugar vanilla and baking powder to Russia.

The visitors of the exhibition are given huge information about Azerbaijan – the partner country of the event, highlighting the fact that Azerbaijan is the exclusive partner in all the news related to the exhibition.

The national stand with products of 32 companies, mainly producers and exporters of food products are showcased at the exhibition. The visitors have chance to get acquainted closer with Azerbaijani cuisine, national songs and dances presented by the national stand for the first time.