



AZERBAIJAN YOUR PORTAL TO ASIA

The Republic of Azerbaijan is the leading FDI destination in the region. In the last decade the total FDI stock in Azerbaijan exceeded 25 bln USD. Azerbaijan has achieved gradual improvement in the overall legal framework for the investment activities in the country for last several years with a number of practical regulations liberalizing conduct of business and reducing red tape obstacles. It carried out a revolutionary legal reform several years ago with adoption of new Tax code, Civil and Civil Procedure Codes, Land Code, Labour Code, Customs Code, Foreign Exchange Law as well as Law on International Arbitration made the system a way more transparent and friendly for local and foreign businesses. The Government managed to open up economy for the international business

and introduce investments friendly laws and regulations. Generally, the Azerbaijani legislation establishes a very permissive national regime for FDI (which means that FDI are welcome in any sectors where investor is allowed to invest). Such regime also basically exists for the privatization of the state owned property. There are no special permissions or specific registration requirements for foreign investment. The licensing was substantially simplified with foreign investors' interest in mind.

As of now a foreign investor in Azerbaijan enjoys a non-discrimination regime. The major economic policies are FDI element inclusive. The Government has lifted limitations for foreign participation in the banking sector. Privatization process is open for foreign investors as well. Few

sector based restrictions for FDI are limited to national security related.

Abundant Resources

Azerbaijan is rich in mineral and climatic resources. The Caspian Sea oil & gas reserves are one of the major deposits globally. Azerbaijani proper has also substantial explored deposits of precious metals (including gold and silver), ferrous and non-ferrous metals, various construction raw materials deposits etc.

One of the major resources the country has is its natural diversity. Despite relatively small size the Azerbaijani territory due to complex terrain and geography has a number of distinct climatic zones: from humid subtropical climate to semi-arctic. This creates unique opportunities in agriculture and tourism.

Top Reformer

Doing Business 2009 report, a joint product of the World Bank and IFC, named Azerbaijan the top reformer in improving business regulations among 185 assessed countries. Azerbaijan improved its ranking by 64 places, from 96 to 33, a biggest ever jump recorded during six year history of the report. In particular the country made substantial improvement in business registration, protecting investor rights, and property registration and tax administration.

Source: World Bank Country Brief 2009

Favorable Location

Azerbaijan is located on the very south-eastern border of the European continent and serves as the natural bridge between Europe and Central Asia as well as it is the most convenient route from the north-east of Europe to the Middle East. The country is the logistics hub for the Caspian region. Excellent infrastructure of Baku (including largest regional sea and air terminal) is the best choice for any

business entering the markets of the Caspian Sea region.

Competitive Costs of Production

Azerbaijan has long lasting industrial and trade traditions. The industrial revolution has taken place here in the late XIX century due to expanding and advanced oil production and processing sector. Further industrial development led to growing R&D base. A large R&D centre, Academia of Sciences with circa 7,000 researches exists in Azerbaijan in parallel with a number of universities and colleges.

The country is rich in engineering skills yet the wages are still very competitive. Azerbaijani government's policies in respect of utilities tariffs are manufacturer friendly.

FDI Friendly Laws

Azerbaijani legislation is evolving in accordance with the strategic goals of the Government which implements the "welcoming policy" for foreign businesses Investing with us is winning the future ■

Worldwide Best

The impressive GDP growth of the past five years - with an average annual growth rate of 21% - was led mainly by oil and gas production. In 2006, the country had the highest growth rate worldwide – 34.5%. For 2007 the growth rate was double-digit and made up 25%.

Source: World Bank Country Brief 2009

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