

# AZERBAIJAN

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## Discover Azerbaijan: East meets West

**B**ound by the Caspian Sea to the east and the Greater Caucasus mountain range to the north, Azerbaijan shares borders with Türkiye, Georgia, Russia, Iran and Armenia, as well as maritime borders with Kazakhstan and Turkmenistan.

Historically endowed with substantial oil and gas resources, Azerbaijan presently stands as one of the key contributors to Europe's energy security. The country plans to annually export 20 billion cubic meters of gas to the European Union by 2027.

### Business and investment push

Despite the prominent role played by its energy sector, Azerbaijan has been undertaking substantial measures to diversify its economy for sustainability and create an attractive environment for business and investment.

Azerbaijan's strategic location within the region's transport corridors, both north-south and east-west, along with well-developed infrastructure and growing industrial capacity, continue to attract foreign direct investment to nonoil sectors.

From 1995 to 2022, over \$163 billion in foreign investment flowed into the Azerbaijani economy, with the total for the nonoil sector amounting to \$63 billion. The industrial zones, serving as centers of investment-oriented infrastructure in Azerbaijan, have witnessed inflows in excess of \$3.8 billion.



Clockwise from top left: The Flame Towers are a prominent landmark in Baku, along with the Heydar Aliyev Center designed by Iraqi-British architect Zaha Hadid; the beautiful Sym waterfall in the Astarra district; Gargachay canyon in Shusha, an area considered to be the cradle of the nation's culture.

The internationally recognized liberated territories of Azerbaijan have been declared a "Green Energy Zone," offering significant opportunities for cooperation, particularly in renewable energy.

These areas offer a potential 7,200 megawatts of solar energy and 2,000 MW of wind energy, in addition to hydropower.

In the meantime, exemptions from corporate income tax, property tax, and certain types of value-added tax represent just a small part of the extensive list of concessions offered in both the industrial zones and the liberated territories.

### Ready to host climate talks

COP29, the United Nations' next climate conference, is scheduled to be held from Nov. 11 to 24 in Baku, the capital.

While natural resources continue to play a crucial role in Azerbaijan's economic cycle, the country remains committed to environmental stewardship. This commitment is evident in Azerbaijan's selection as the host for COP29, showcasing its proactive role in advancing global discussions on climate change and sustainability.

Hosting COP29 underlines Azerbaijan's dedication to fostering international cooperation and addressing pressing

environmental challenges on a global scale.

### Facilitating trade

The evolution of the customs and tax environment directly contributes to trade development.

Azerbaijan has signed free and preferential trade agreements with 11 countries, as well as

agreements on preventing double taxation with 56 countries.

In 2023, Azerbaijan's exports totaled almost \$34 billion, with nonoil products amounting to \$3.3 billion sent to more than 110 countries.

New mechanisms including logistics support are under development to assist exporters targeting nontraditional markets, including those in East Asia.

Under the government's socioeconomic development strategy for 2022 to 2026, the two-year sales target for nonoil products and services from 2024 is \$5 billion.

### Economic ties with Japan

Azerbaijan's economic relations with Japan are in a phase of noteworthy development, particularly evident in the expansion of trade turnover.

In 2023, Azerbaijan's trade turnover with Japan experienced a 49% increase, reaching \$452 million.

Japan has demonstrated substantial commitment to Azerbaijan. From 1995 to 2023, direct Japanese investments amounted to \$8.6 billion, with \$115.8 million specifically directed toward the nonoil sector. As of Jan. 1, the operational landscape in Azerbaijan includes 30 active Japanese companies. ♦



## AZPROMO: Actively strengthening ties with Japan



Yusif Abdullayev, Executive Director of AZPROMO

**A**ZPROMO is the Export and Investment Promotion Agency of the Republic of Azerbaijan. Operating under Azerbaijan's Ministry of Economy, AZPROMO serves as a one-stop shop for foreign investors and is actively strengthening ties with Japan.

The agency assists companies and investors in establishing a presence in Azerbaijan, finding suitable local partners, identifying raw material sources, presenting investment projects and providing ongoing aftercare support.

As a member of the World Association of Investment Promotion Agencies, AZPROMO holds the status of regional director for Central Asia.

Additionally, the agency focuses on promoting nonoil exports under the "Made in Azerbaijan" brand by supporting local exporters through export promotion mechanisms.

These include organizing export missions, participating in international exhibitions and fairs through a single-country stand, conducting market research and helping to obtain international certifications.

As both a trade promotion organization and an investment promotion agency, AZPROMO stands out as the main institution in Azerbaijan organizing international events, such as bilateral and multilateral business and investment forums.

### Foodex Japan 2024

In 2024, with AZPROMO's support, Azerbaijani products have already been showcased in four global trade fairs, and plans are in place to secure the participation of Azerbaijani entrepreneurs in seven more fairs and exhibitions, including the significant

Foodex Japan show scheduled at Tokyo Big Sight from March 5 to 8.

This aligns with Azerbaijan's export diversification policy, which aims to expand shipments to East Asia, particularly Japan. The plan includes showcasing Azerbaijan's processed agricultural products, including canned and dried fruits and vegetables, along with famous Azerbaijani wines and more.

AZPROMO Executive Director Yusif Abdullayev said Foodex Japan is a key stepping stone to increasing Azerbaijani exports to Japan.

"Participating in Foodex Japan 2024 is a crucial step for Azerbaijani entrepreneurs to tap into the Japanese market, which holds substantial potential for our nonoil products," Abdullayev said.

"We believe this exhibition will contribute significantly to the 20% increase we have already seen in Azerbaijan's nonoil exports to Japan last year and will further strengthen our economic ties with this important market." ♦

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