

ECONOMIC BULLETIN

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Azerbaijan's economy continues to develop successfully

President of Azerbaijan Mr. Ilham Aliyev presided over a Cabinet meeting on the outcomes of the socio-economic development in the first quarter of 2010 on April 15. "The Azerbaijan's economy continued to develop successfully this year. All our socio-economic indicators are at a high level. The year 2009 entered history books as the crisis year but our economy grew by almost 10 percent this year," the Azerbaijani leader said at the meeting.

Noting high economic growth in the Republic the President said: "Azerbaijan achieved accomplishments since our economy grew 2.8-fold in 2004-2009. The additional economic progress achieved this year once more shows that political, economic and social reforms implemented by us bring its results." "Our economy grew by 5.4-fold and industrial production by 5.6 percent. Given population income increase – rise in the amount of deposits in banks by 30 percent is the best indicator of this – we will see that keeping inflation low does not have a negative impact on the people`s welfare".

Speaking of the State Investment program, the head of state said that there are neither financial nor technical problems in developing investment projects. As the country's technical opportunities grow the investment projects are successfully realized. The investment programs will be certainly implemented and of course at high level, President Aliyev emphasized.

The President especially noted the successful development of IT in the country: "Recently the World Economic Forum, an authoritative world organization, has awarded Azerbaijan the first place in the CIS space for development of the information-communication technology."

Global crisis facilitates process of WTO accession

The Azerbaijani government plans to send new proposals on goods and services to the World Trade Organization (WTO) Secretariat as part of its negotiations to join the WTO, Chief Negotiator and Deputy Foreign Minister Mr. Mahmud Mammad-Quliyev said. "This will allow the next meeting with WTO members to take place in the first half of 2010," he said. "If we would have failed to send our proposals to the WTO in April, then the talks would have been scheduled for the second half of 2010."

According to Mr. Mahmud Mammad-Quliyev the global crisis has intensified the accession processes, as it provides more opportunities for trade. In this regard, Azerbaijan continues its preparatory work. The February meeting of an Azerbaijani governmental commission reviewed the bilateral and multilateral negotiations.

Azerbaijan is in the process of holding negotiations with the United States, Japan, Brazil, Ecuador, Sri Lanka, European Union, Norway, India, South Korea and Chinese Taipei. Switzerland joined the list in 2009. Currently, negotiations were completed and protocols were signed with Turkey, the Sultanate of Oman, the United Arab Emirates and Georgia. The country is at the stage of signing protocols with Moldova, who is still considering the document. Kyrgyzstan has already agreed, and this procedure could take place at the next meeting of the intergovernmental commission.

World Bank: Azerbaijan achieves significant results in reducing poverty

On 8th of April World Bank (WB) has presented its report that analyzes the improvement of living conditions in Azerbaijan. The document reflects the bank's activity on assessing the level of poverty in the country. "We intended to analyze the economic growth of Azerbaijan and to identify how this was reflected in the improvement of the country's living standards," WB Baku office head Gregory Jedzejczak said. He said the report has been submitted to the government.

"The main goal that we pursued was the proper planning of the future of the country's economy," he said. "The result showed that there is a need to direct the proceeds from the oil sector to diversification of the economy and start investing in human capital development." According to him, human capital development in the country implies an increase in the proportion of highly qualified people, which requires investment in education.

WB chief economist Lire Ersado said that in 2001-2008 the country experienced a significant decline in poverty - roughly, from 50 to 13%. "In 2006, Azerbaijan launched a program of targeted social assistance, which showed very good results, even compared to developed countries," Ersado added. According to him, about 2.5 million people in the country moved from poverty into the category of the population with average incomes, which is a very serious and a good result.

Tourism to become a major source for economic development in Azerbaijan by 2014

The state program on the development of tourism in the country in 2010-2014, which was recently endorsed by the President Ilham Aliyev, will contribute in resolving the problems existing in tourism and ensure larger development of tourism in the country. The key objective of the state program is to develop a modern tourism meeting high ecological, social and economic requirements, and changing it into a one of the major source of development for the country.

The state program indicates that to meet these targets it is planned to implement goal-directed actions in the tourist infrastructure in line with international standards, which stimulate investment and business climate for attracting domestic and foreign investment in this sphere, to create an efficient mechanism to manage and regulate tourism by applying in advanced international experience, to upgrade the quality of services in line with international standards and to boost competitiveness of the Azerbaijani tourism at the market of international tourism services.

The state program stipulates implementing goal-directed actions for improving a mechanism of state regulator and legal base in the sphere of tourism, establishing relevant infrastructure in the tourist and recreation zones, expanding possible use of tourism potential of the country, stimulating tourism activities in all regions of the country, attracting local and foreign investments in the sphere of tourism, developing different directions of tourism, and creating new tourist routes.

It is also planned to design and apply advanced methods and standards to improve quality of tourist services, to expand network of hotels and other enterprises on tourism services, to improve retraining and training of experts in the field of tourism, to implement goal-directed education projects in foreign countries, to apply advanced information and communication technologies, to publish and disseminate materials about national historical, cultural and moral heritage of Azerbaijan, to propagandize national traditions worldwide, to expand international cooperation in the development of tourism.

All actions, included in the state program will be financed by the public budget funds, assigned for the Azerbaijani Ministry of Culture and Tourism, and other sources in accordance with the relevant legislation.

Azerbaijan-Georgia-Romania Interconnector Project

On April 13 Azerbaijan, Georgia and Romania signed a memorandum on cooperation in gas sphere in Bucharest. The document was signed by Minister of Industry and Energy

Natik Aliyev, Minister of Economy, Commerce and Business Environment of Romania Adrieau Videanu and Georgian Energy Minister Alexander Khetaguri.

Azerbaijan-Georgia-Romania Interconnector Project (AGRI) will play an important role in energy security not only in Azerbaijan, Romania and Georgia, but also across Europe, especially in South-Eastern Europe, the Minister Adrieau Videanu said at the press conference after signing ceremony.

In accordance with the memorandum, the parties expressed their intention to consider developing the said energy transit corridor , and a decision was made to study the opportunities of trading gas and using underground storage facilities of Romania, as well as research opportunities for increased cooperation between the relevant agencies operating in the energy sector. Also a proposal of the Romanian side was approved to create a company in Bucharest to develop a feasibility study and determine the technical, technological, financial and legal aspects of the project Azerbaijan-Georgia-Romania Interconnector.

The project envisages transporting Azerbaijani gas via pipelines to the Black Sea coast of Georgia, where the gas will be liquefied at a special terminal, after which the gas will be delivered to the terminal in the Romanian port of Constanta by tankers. Later the liquefied gas will be brought into the state of natural gas and using the gas infrastructure available throughout the country will be sent to cover the needs of Romania and other European countries.

Russia - major importer of Azerbaijani gas

In the first quarter of 2010, the State Oil Company of Azerbaijan (SOCAR) exported 423.9 million cu/m of gas. SOCAR said Russia has become the main importer of Azerbaijani gas – 172.105 mln. cu/m. Georgia ranks the second with 169.5 mln. cu/m and Iran ranks third with 82.288 mln. cu/m. Gas to the latter is supplied on swap conditions for gas supply of Nakhchivan Autonomous Republic of Azerbaijan.

Export to Russia is carried out in accordance with the contract with Gazprom. With SOCAR's minimum commitments of 500 mln. cu/m, this year the Russian company will be delivered 1 bn cu/m and 2 bn cu/m in 2011.