



NEWSLETTER

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Low Oil Price No Threat to Budget

Azerbaijani government will not revise its 2009 budget based on the average price of oil at \$70 per barrel and will stick to its spending plans, a senior parliament member told journalists. The 2009 budget, approved by parliament last month and endorsed by President Ilham Aliyev this week, sees revenues at of 12.18 billion manats (\$15.11 billion USD), and spending at 12.36 billion manats. "The Azeri economy is developing in a flexible way and there is no threat to the fulfillment of the budget because of the temporary reduction in oil prices," Ziyad Samedzade, the head of the parliament's economic policy commission. "Apart from that, we have enough currency reserves, which can be used if necessary to avoid problems in the economy."

Azerbaijan Increases Aid to Post-War Georgia

The Azerbaijani government recently announced further steps aimed at strengthening its strategic ally and neighbor Georgia and improving the post-war conditions there. The Azerbaijani state oil company SOCAR has agreed to supply natural gas to Georgia for a period of five years. A memorandum signed in Baku will serve as the basis for a forthcoming bilateral contract. The memorandum signed with the Georgian Ministry of Energy also envisages the transfer of several gas-distribution networks in Georgia to Azerbaijan, which will mean a large Azerbaijani investment in the economy of Georgia. Moreover, SOCAR has promised to fund the studies of 60 ethnic Azerbaijani students in Georgia, who have entered universities and colleges in that country.

Nations Aim to Hammer out Azerbaijani Gas Deal

The governments of Italy, Greece, Turkey and Azerbaijan will meet in the coming weeks to work

on an agreement on exporting Azerbaijani gas to Europe via a planned pipeline across the Adriatic, according to official and industry sources. Azerbaijani President Ilham Aliyev discussed this plan with Silvio Berlusconi, Italy's prime minister, in Rome at the bilateral summit. The plan assigned 8 billion cubic meters of gas a year to Italy and 1.5 billion each for Turkey and Greece.

Azerbaijan, Turkmenistan Help Boost Energy Security

Azerbaijan and Turkmenistan say they will step up efforts to ensure energy supplies reach world markets. The presidents also signed a deal to create a sea-rail link designed to boost trade between the region and Europe.

NATO Considers Azerbaijan as Transit Route to Afghanistan

NATO is planning a new route for supply to Afghanistan after several attacks on its logistic cargo in Pakistan, media reports. As thousands of additional combat troops head to Afghanistan, the amount of supplies that need to be transported into the country is going to increase. "So what we are looking at is a route through the Caucuses, which would be Eastern Europe, across the Black Sea, through Georgia, Azerbaijan," US Adm. Mike Mullen, chairman of the Joint Chiefs of Staff says. "From the port of Baku, either to the port of Turkmenbashi or a port a little to the north in Kazakhstan called Aqtau, through either of those countries into Uzbekistan, southeast through Uzbekistan, and across the border at a place called Termiz." Azerbaijan offered full access and passage rights for U.S. and NATO forces from the outset of their operations in Afghanistan in 2001.

Embassy's Newsletter is compiled from various sources