

# AZERBAIJAN

**Mister President, Your Excellencies, Distinguished Guests,  
Ladies and Gentlemen!**

It is a great pleasure to be here among so many distinguished guests and old friends, and to commemorate such momentous events and achievements with you. And let me thank Sir Suma Chakrabarti and his team for hosting us here in London.

The EBRD is one the important institutional investor in Azerbaijan both in private sector and in the public sector. The Bank increased its efforts in diversifying the non-oil economy and non-oil export by contributing to the growth of mid-size private sector producers in the manufacturing and services field.

Increase in EBRD's bank portfolio and Annual Bank Investment, increase in its net profit that is mentioned in EBRD's Financial Statement for 2015 provide us with a huge sense of accomplishment and these are indicators of efficient implementation of Bank's strategy in 2015. Moreover, we support the Bank's Strategy Implementation Plan for 2016-2018.

Azerbaijan regained its independence only 25 years ago and in such a short historical period achieved great economic results and completed the transition from a centrally planned system to a market economy through number of important economic reforms.

As a result of targeted economic policy, in 2005-2015 GDP increased by 2.4 times, non-oil sector by 2.3 times, strategic reserves by 16.3 times. The economy of Azerbaijan comprises more than 70% of the economy of the Southern Caucasus.

70% of GDP was generated in the non-oil sector in 2015 whereas it was only 40% in 2007.

Taking into account an impact of recent challenges in global economy the Government of Azerbaijan implements number of policies in order to maintain

macroeconomic stability, ensures transparency in the financial sector, at the same time strengthens financial discipline.

Serious reforms have been taken to improve the business environment and investment climate. These reforms cover licensing, investment, export, institutional entities, financial markets, inspections etc.

Licensing system and procedures were diminished and facilitated, ensuring high transparency and effectiveness of the operations.

Investment promotion certificate was introduced since March 2016. The certificate holders are exempt from paying certain taxes and customs duties for 7 years. Procedures for obtaining a certificate are limited up to 5 days.

For the improvement the efficiency and transparency Financial Markets Supervisory Body was established. At the same time, Council of Appeals established under the President of the Republic of Azerbaijan, and other authorities.

The government is also taking necessary steps for increasing the transit potential of the country. Through the newly established Coordinating Council on Transit "single window" is applied for transit through Azerbaijan. In a short period, the number of procedures for transit was decreased, costs for certain type of transit were diminished up to 40%, and as a result, the transit volume increased by 2.4 times in the first quarter of 2016.

Meantime, we started to establish the Free Trade Zone in the Baku International Sea Trade Port which is the most technologically advanced port in the Caspian region.

To increase efficiency, transparency and data availability in the public sector, the Government established the State Agency for Public Service and Social Innovations (ASAN) that turned into a successful model for public service delivery.

Besides its own economy, Azerbaijan, simultaneously took a crucial steps to develop regional economy. The country thanks to its favorable geographic location

and its huge infrastructure investments became a regional trade hub on the historical Silk Way. The biggest regional projects such as Baku-Tbilisi-Jeyhan oil Pipeline, Baku-Tbilisi-Erzurum gas pipeline, Baku-Tbilisi-Kars railway, South Gas Pipeline are very good examples for Azerbaijan's contribution to develop economy of the region. However, we must note that, occupation of Azerbaijani territories by the Armenian armed forces is one of the main obstacles to mutual cooperation of the regional countries and their economic development. Today 20% of our territories is occupied by Armenia, more than 1 million Azerbaijanis live in the status of refugees and internally displaced persons, which causes enormous damage to the Republic of Azerbaijan.

Recently, Armenia intensified its military activity in the conflict area, which has been accompanied with numerous acts of violation of international humanitarian law by conducting systematic, deliberate and targeted attacks on civilian population.

These developments have demonstrated again that the fact of occupation and non-implementation of UN Security Council Resolutions, impose the biggest threat to the security and economic prosperity of the region and hinders the realization of various local and regional scale projects.

### **Distinguished Guests!**

I seize this opportunity to commend EBRD for its commitment and readiness to support Azerbaijan in economic reforms process to ensure sustainable and inclusive economic growth of the country for the years ahead.

Thanks a lot for your attention!