

## Azerbaijan: Market Profile

### Major Economic Indicators

	2015	2016	2017**
Population(000)	9,417	9,492#	9,568
GDP (US\$ bn)	50.818	37.556	38.583
Real growth (%)	1.1	-3.8	-1.0
GDP per capita (US\$)	5,396	3,956#	4,032
Inflation - CPI index	4.0%	12.4%#	10.0%
Unemployment rate	6.0%	6.0%#	6.0%
Exports (US\$ bn)	15.586	10.900#	N.A.
YoY growth (%)	-44.8	-30.1#	N.A.
Imports (US\$ bn)	9.774	9.200#	N.A.
YoY growth (%)	4.7	-5.9#	N.A.
Average exchange rate (Manat per US\$)	1.029	1.597	1.736##

Note: # estimate, ## Jan- Jul 2017, \*\* forecast

Source: IMF, WTO, Central Bank of the Republic of Azerbaijan

- Azerbaijan is one of the most convenient routes from Northeast Europe to Central Asia and the Middle East. Situated on the shores of the Caspian Sea in Southwestern Asia, it shares borders with Russia, Georgia, Armenia, Turkey and Iran. With one of the best transport infrastructures in the South Caucasus, including six international airports and the biggest port on the Caspian Sea (Baku International Sea Trade Port), Azerbaijan is a logistics hub for the Caspian region.
- After regaining independence in 1991, the country underwent a lengthy period of transition from a Soviet-style command economy towards a modern, market-driven economy, concentrated on the production and export of its hydrocarbon resources. Meanwhile, the Azerbaijani government is aware the country needs to diversify its economic profile and energy mix by developing renewable energy.
- Hydropower is currently the most developed renewable energy source, alongside biomass and thermal energy. However, the wind, which blows more than 250 days per year, and the sun, which offers 2,400-3,200 hours of sunshine per year, are the country's preferred options given the lower cost, environmental soundness and unlimited availability.



- Known as one of the earliest sites for farming, agriculture remains an important sector of the economy in Azerbaijan. However, industries such as textiles (spinning and weaving of cotton and silk), leather processing, oil machinery, electronic equipment, automotive and ship building, agricultural machinery and several chemical products such as synthetic rubber, fertilizers and medicines are among the most developed sectors and major recipients of foreign investment in Azerbaijan. Meanwhile, the country’s strengthening presence on the international scene (host of the World Economic Forum and Annual Meeting of the Islamic Development Bank) contributes to the dynamic development of its tourism sector.
- The Azerbaijani government is keen to attract foreign investment in ICT, agriculture, renewable energy, food processing and packaging, logistics, tourism and recycling sectors as a step to attain the stated goal of economic diversification. While the Azerbaijani Parliament passed tax laws amendments to allow tax exemption and customs relief for certain investments, no special incentives have so far been developed to stimulate foreign investment. More information can be found at the [Azerbaijan Investment Company \(AIC\)](#).
- The inflows of foreign direct investment (FDI) to Azerbaijan amounted to US\$4.0 billion in 2015, with China contributing US\$1.4 million. As of the end of 2015, China’s total stock of FDI to Azerbaijan exceeded US\$63 million, up from US\$11 million in 2006. Investment from Hong Kong, however, is far from significant.

### Hong Kong’s Trade with Azerbaijan

(US\$ million)	2015		2016		Jan-Jun 2017	
	Value	Growth	Value	Growth	Value	Growth
Total Exports	34.692	-64.4	19.988	-42.4	6.799	-18.9
Domestic exports	0.014	+36.6	*	-96.5	0.145	..
Re-exports	34.678	-64.4	19.988	-42.4	6.654	-20.6
Imports	2.756	+6.2	1.660	-39.8	0.804	+21.9
Total Trade	37.448	-62.5	21.648	-42.2	7.603	-15.9

\*insignificant

.. over 1,000% increase

Source: Hong Kong Trade Statistics, Census & Statistics Department

### More Information

More information on the Belt and Road countries’ economic and investment environment, tax and other subjects that are important in considering investment and doing business are available in [The Belt and Road Initiative: Country Business Guides](#).

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