### OIL PRICES

**SOCAR says oil price will rise up to $75 within next 1-2 years**

Oil price depends on political factors more than economic factors.

Oil price is at a level that it’s impossible to go down more, said the President of State Oil Company of Azerbaijan rovnag Abdullayev.

According to him, the decline of production cost of the oil to below $60 caused suspension of half of works in this sphere: “More decline of oil causes problems in the market. Today, SOCAR’s oil production is below production cost. And this does not affect us so”.

According to his expectations, oil price will rise up to $75 within next 1-2 years.News.Az

### ENERGY

### Rovnag Abdullayev: “30% of the Southern Gas Corridor has already been completed”

### 30% of the Southern Gas Corridor has already been completed.

### The statement came from President of the State Oil Company of Azerbaijan (SOCAR), APA-Economics reports quoting German press.

### According to him, contracts in the worth of $10 bln have already been signed with 162 suppliers from 23 countries; over 9,500 persons are working on the project: “Drilling of 7 underwater wells in Shahdeniz field has been completed and it’s ready to transport first gas to Europe. Construction of copmlressor station and pipelines in Georgia rapidly continues”.

### Azerbaijani President Ilham Aliyev signed an order on establishment of Closed Joint-Stock Company for profitable development of Shah Deniz-II gas and expansion of TAP and TANAP. Authorized capital of the CJSC makes $100 mln.

### SOCAR has 49% stake in this authorized capital and the state holds 51%. SOFAZ will provide funding of state’s participation in the CJSC. Funds are given to the CJSC as long-term investments to be repaid. News.Az

**Statoil to leave TAP gas pipeline project**

Norway's Statoil is to sell its 20-percent stake in the Trans Adriatic Gas Pipeline (TAP) project that will carry gas from Azerbaijan to Europe, the president of Azeri state energy firm SOCAR said, Reuters reports.

"Statoil has decided to leave the TAP project completely, and there is a company which is ready to buy its stake," Rovnag Abdullayev told Azeri ANS TV late on Friday.

"Several companies have expressed an interest in buying Statoil's stake, and it would be better if several companies would buy it," he added.

Statoil did not comment on the news.

"We generally do not comment on speculations on adjustments to our portfolio," Statoil's spokesman told Reuters.

The TAP pipeline is a part of project that is designed to transport 16 billion cubic metres (bcm) of gas from Azerbaijan's Shah Deniz II field in the Caspian Sea, one of the world's largest gas fields, by the end of the decade.

The 870 kilometre (545 mile) pipeline will connect with the Trans Anatolian Pipeline (TANAP) near the Turkish-Greek border at Kipoi, cross Greece and Albania and the Adriatic Sea, before reaching southern Italy.

Statoil has already sold its shares in Azerbaijan's Shah Deniz gas field as well as the South Caucasus Pipeline (SCP) to SOCAR, BP and Malaysia's Petronas.

Italian gas infrastructure company Snam said last month that it could take a stake of up to 20 percent in the TAP project that is designed to reduce Europe's reliance on Russian gas.

CEO Carlo Malacarne said that as gas buyers are signing binding, long-term ship-or-pay contracts for the Azeri gas, the transmission revenue is guaranteed and this opened the way for regulated infrastructure players like Snam to enter the project.

Officials decline to comment on the price, but insiders say a 20 percent TAP stake could be valued at around 400 million euros ($433.72 million).

TAP's shareholders are BP (20 percent), SOCAR (20 percent), Statoil (20 percent), Belgium's Fluxys (19 percent), Spain's Enagas (16 percent) and Swiss company Axpo (5 percent). ($1 = 0.9223 euros) (Reporting by Nailia Bagirova; Additional reporting by Nerijus Adomaitis; Writing by Margarita Antidze; Editing by Alexander Winning and Louise Heavens).News.Az

**U.S. company to supply turbo compressors for TANAP**

Well-known U.S. company "General Electric Oil and Gas" company (GE Oil & Gas) will supply modern turbo compressors for the first phase of the Trans-Anatolian Natural Gas Pipeline (TANAP) project.

APA-Economics reports quoting Turkey’s gedik.com website that high pressure compressors produced by GE Oil & Gas are more suitable for TANAP, as they differ for the lowest emission level.

According to a few million dollar contract on aeroderivative gas turbines which is considered "heart" of pipelines, they will be produced and tested in Florence, Italy and handed over to the partners in 2017.

The first phase of the TANAP project will be implemented in the first half of 2018.

GE Oil & Gas produces more than 50% of energy generated on the basis of gas in Turkey’s 4 cities. News.Az

**Azerbaijan’s oil production fell by 1.7% year-on-year**

In June 2015 oil production in Azerbaijan declined by 2.5% compared to May 2015.

Crude oil production by all producers in Azerbaijan still makes up 156.447 million barrels in 2015 against 313.632 million barrels in 2014, 321.4 million barrels in 2013, 320.667 million barrels in 2012, 338.467 million barrels in 2011, 379.224 million barrels in 2010, 375.807 million barrels in 2009 and 332.07 million barrels in 2008, abc.az reports.

The State Statistics Committee reports that in Jan-Jun the country produced 20.971 million tons of oil that was less than production in Jan-Jun 2014 by 1.7%. In January oil production totaled 3.668 million tons, in February 3.284 million tons, in March 3.716 million tons (this year’s still highest index), in April 3.547 million tons, in May 3.422 million tons and in June 3.335 million tons.

Oil stocks as of 1 July 2015 totaled 384,100 tons against 260,100 tons by 1 June.

Over Jan-Jun production of commercial oil totaled 20.942 million tons (-1.2% year-on-year) In January commercial oil production reached 3.658 million tons, in February 3.285 million tons, in March 3.601 million tons, in April 3.65 million tons, in May 3.416 million tons and in June 3.329 million tons.

In 2014 the country produced 42.041 million tons of oil. Oil stocks as of 1 January 2015 totaled 187,600 tons. They reached their peak (270,800 tons) by 1 August. The best production was recorded in August (3.75 million tons). In 2014 production of commercial oil totaled 41.892 million tons (including 3.51 million tons in December).

In 2013 the country produced 43.08 million tons (+0.2%). Production totaled 3.815 million tons in May (the highest level in 2013). Oil production for the 4th quarter of 2013 reached 10.545 million tons. Oil production for the 4 quarter of 2013 reached 10.545 million tons.

In 2012, the country produced 42.984 million tons of oil, including 3.9 million in January – last year’s highest production per month. In 2011, the country was produced 45.37 million tons of oil, including 4.104 million tons in March (the best index for 2011). In 2010 oil production amounted to 50.8 million tons of oil, including 4.5 million tons in August (the best index for 2010).News.Az

**AGRICULTURE**

**Exports of Russian agricultural machinery in Azerbaijan hits record**

New advantageous models are mainly exported.

According to the Association "Rosagromash", the export of Russian agricultural machinery in the first half of 2015 reached a record in the modern history of agricultural equipment deliveries abroad and amounted to RUB 3.8 bln(double growth compared with the same period last year).

According to the Director of the Association "Rosagromash" Eugene Korchevoy, the export growth is associated with an increased demand for new and advantageous Russian models, which successfully compete on price and quality with foreign counterparts, Oxu.Az reports.

"We see a growing demand for Russian products in almost all markets - Europe, Asia and the Caucasus. And this is the merit of our domestic manufacturers that produce machinery which can compete in its technical characteristics with foreign machinery, and even surpass them by economical indicators," E.Korchevoy says.

So, according to him, the supply of Russian agricultural machinery to Germany, France, Bulgaria, Turkey, Canada and Azerbaijan in the six months of 2015, compared to the same period of 2014, increased by three times.

It has increased two times to Kazakhstan, Mongolia and Tajikistan, 30% to the Kyrgyz Republic and Hungary.

A decrease was observed only in one country - Belarus.Exports of agricultural machinery from Russia decreased by 33% for the 6 months of this year (compared to the same period of 2014).News.Az

**INDUSTRY**

**Azerbaijan to export weapons to U.S and Russia –**

Recently, the Ministry received an offer from Iraq too.

Ministry of Defence Industry of Azerbaijan is negotiating the export of large-caliber ammunition in some countries, rocket-propelled grenades RPQ-7V2, sniper rifles - to the number of Arab countries and optical sights - to the U.S and Russia.

Oxu.Az reports referring to Trend that the statement came from the Minister of Defense Industry Yaver Jamalov in an interview with "Azeri Defense".

According to him, the ministry has recently received an offer from Iraq.

"We will supply to Iraq 500 RPQ, 500 mortars and ammunition. We hope that as a result of ongoing negotiations, this year we will achieve important results in exporting," Jamalov said.

Azerbaijan will export automatic weapons EM-14, he said.

According to the minister, mass production of automatic rifle EM-14, invented by local experts, will be launched.

"We created the first prototype of automatic rifle chambered for 5,56h45 mm NATO. At the moment we are testing it, and, most likely, next year will launch mass production. So far the EM-14 is designed for export. If necessary, it will be delivered to local structures," the Minister said.

Minister of Defense Industry also said that currently there are negotiations on the delivery of ammunition of various calibers in a number of countries.

Jamalov said that in 2013, the ministry implemented export in the amount of $ 123 mln, in 2014 - for $ 100 mln.News.Az

**MACROECONOMICS**

**State budget revenues and spending made public**

In the first half of 2015 the state budget revenues of Azerbaijan made AZN 7,807,200,000 and spending made AZN 8,577,900,000.

Deficit made AZN 700,700,000.

According to Oxu.Az, the statement is contained in the report of the country's Ministry of Finance on execution of state budget for six months of 2015.

In line with the received information, in six months of this year the state budget revenues made AZN 7,807,200,000 against predicted AZN 7,717,000,000 (1.2% growth).

Transfers from the State Oil Fund made AZN 3,561,600,000.News.Az

**INVESTMENT**

**SOCAR, Swiss-based Vitol Group eye cooperation**

Azerbaijan’s state oil company SOCAR and Swiss-based Vitol Group, one of the largest trading companies in the world discussed cooperation in trading and investment spheres.

This issue was discussed during the meeting of SOCAR President Rovnag Abdullayev with head of Vitol Group Ian Taylor, SOCAR reported.

The sides touched upon the current state and prospects for cooperation in the international market of energy resources.

“They emphasized the likelihood of joint activities in the future and practicability of expanding the relations,” said the message.

SOCAR is the sole producer of oil products in Azerbaijan. It has two oil refineries and filling stations in Azerbaijan, Georgia, Ukraine, Romania and Switzerland.

It is the co-owner of the largest Turkish petrochemical complex, Petkim, and other assets in Turkey.

SOCAR includes production associations Azneft (the enterprises producing oil and gas onshore and offshore), Azerkimya (the chemical industry enterprises) and Azerigaz.

The company also has a number of processing enterprises, service enterprises, and institutions involved in geophysical and drilling operations.

The Vitol Group is a Swiss-based, Dutch-owned multinational energy and commodity trading company. Founded in 1966, it is the second largest oil trader in the world after Glencore plc.

**Azerbaijan, Turkey to invest in renewable energy sector**

Azerbaijan and Turkey will jointly invest in the renewable energy sector, Turkey's Public Disclosure Platform said on July 22.

The relevant Memorandum of Understanding was recently signed between the Turkish Turcas Enerji Holding and Azalternativenerji under Azerbaijan's State Agency on Alternative and Renewable Energy Sources.

According to the document, the sides will jointly invest in the construction of solar, wind, and geothermal power plants in Turkey and Azerbaijan, along with implementing other projects.

The contract is valid for a period of three years from the date of signing.

According to preliminary studies, Azerbaijan plans to construct up to 100 facilities for producing alternative energy in five years.

In 2014, investments in the development of Azerbaijan's alternative energy sector reached 63.6 million manats ($60.6 million), some 34.9 million manats ($33.25 million) of which fell to the development of solar power, while 28.7 million manats went to wind energy. Since 2000, a total of about 800 million manats ($762.26 million) has been invested in the development of Azerbaijan’s renewable energy sector.

Azerbaijan's State Agency on Alternative and Renewable Energy Sources was established by presidential decree on February 1, 2013.

The total potential of alternative and renewable energy sources in Azerbaijan exceeds 12,000 megawatts – 5,000 megawatts from solar, 4,500 megawatts from wind, 1,500 megawatts for biomass, and 800 megawatts for geothermal energy. The remaining 350 megawatts is the potential for small hydroelectric power plants.

Currently, the share of alternative energy sources in Azerbaijan is less than 1 percent, and is accounted for by small hydroelectric power plants.

This share is slated to increase to 20 percent of the total volume of energy consumption in Azerbaijan by 2020, which requires 7 billion manat ($8.9 billion) of investment.

The increase of alternative energy capacity will reduce the use of hydrocarbons in the oil-producing country, making it possible to redirect them to overseas markets and increase Azerbaijan’s export potential and revenues.

The official exchange rate on July 22 was 1.0495 AZN/USD.