



ECONOMIC ZONES  
DEVELOPMENT AGENCY

# ECONOMIC ZONES DEVELOPMENT AGENCY

Industrial Zones and  
Agricultural Parks



## Economic Zones Development Agency

**Economic Zones Development Agency was established on January 22, 2021 by the Decree of the President.**

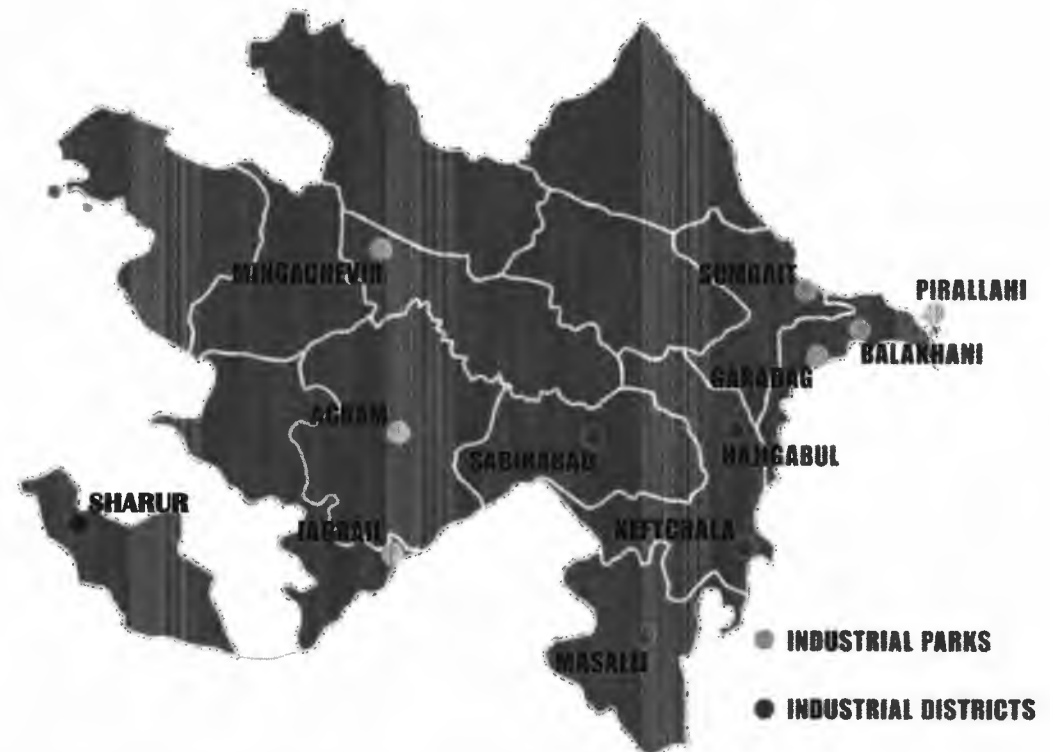
**The agency is a public legal entity that manages industrial parks, industrial districts and coordinates the activity of agricultural parks**

### **Industrial parks:**

- Sumgait Chemical Industrial Park – 2011
- Balakhani Industrial Park – 2011\*
- Mingachevir Industrial Park – 2015
- Garadagh Industrial Park – 2015
- Pirallahi Industrial Park – 2016
- Aghdam Industrial Park – 2021
- Araz Valley Economic Zone – 2021

### **Industrial districts:**

- Masalli Industrial District
- Neftchala Industrial District
- Hajigabul Industrial District
- Sabirabad Industrial District
- Sharur Industrial District\*





### **Agricultural parks – Yevlakh Pilot Agripark**

**\*Activities of Balakhani Industrial Park and Sharur Industrial District are not coordinated by the Agency**

# General information about industrial zones

 **1.212**  
Total area in hectares

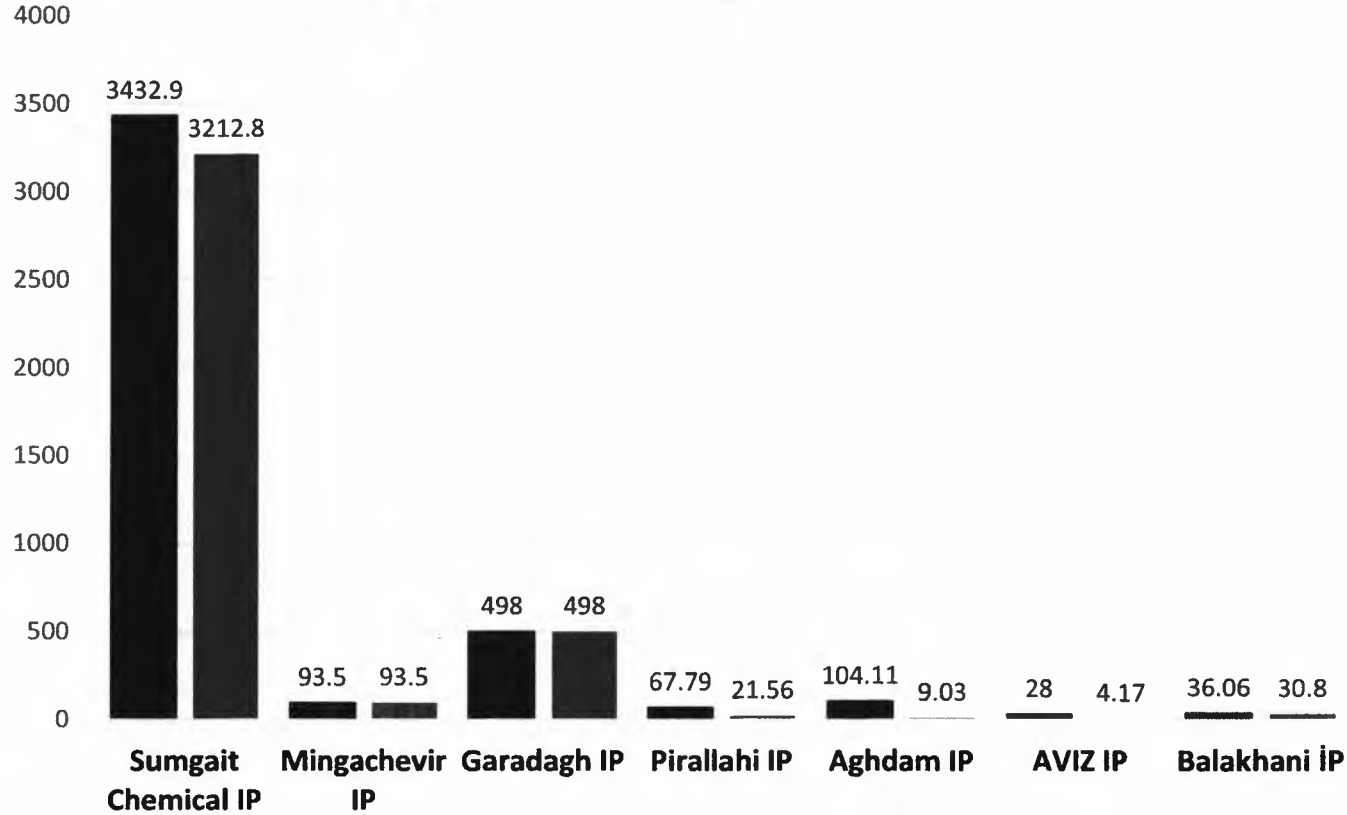
 **140**  
Registered residents  
**7** (Registered non-resident)

 **75**  
Residents started their activity

 **18,274**  
New work places

## Investment (million USD)

■ Total Investment ■ Actual Investment



## Organizational and infrastructure support

### Organizational support

- One-stop shop
- Obtaining technical specifications, permits and licenses
- Consulting and trainings
- Organization of meetings with local authorities and business representatives

### Infrastructure



Electricity



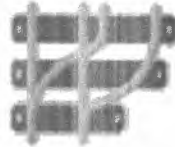
Natural gas



Potable and  
process water



Internal roads



Railway



Fiber optic

## Tax incentives in industrial parks

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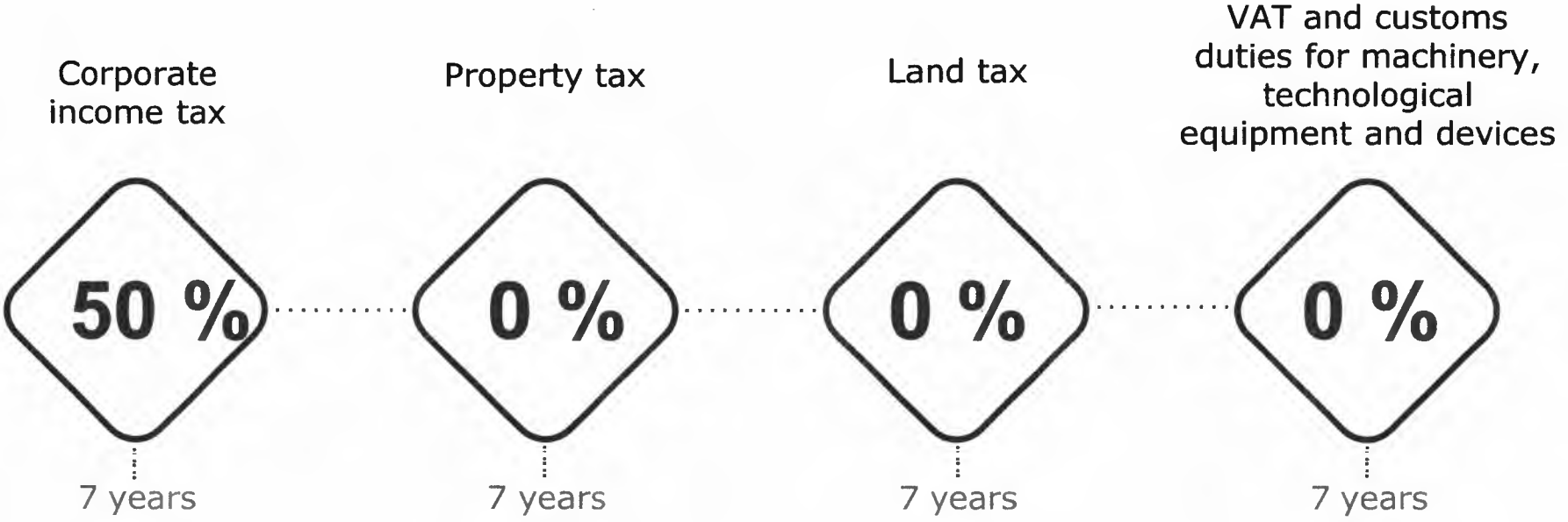
**Residents are fully exempted from following taxes**



# Tax incentives in industrial districts

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**With the Investment Promotion Document holders pay only 50% of Corporate income tax, which is 10%. Additionally, they are fully exempted from following taxes.**



# Additional benefits and opportunities in liberated areas

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**According to the President's order No. 3037 dated December 10, 2021**

**“Measures related to the acceleration of economic development in the territories liberated from occupation” a proposal for additional concessions in the following directions:**

**1**

Provision of special preferential bank loans

**2**

Subsidizing social insurance payments\*

**3**

20%-discounted utility services

**4**

Custom duties and/or VAT incentives on import of raw materials

\* - Article 14-1

## Financial support mechanisms

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### **Conditions of the concessional loan offered by the Entrepreneurship Development Fund:**

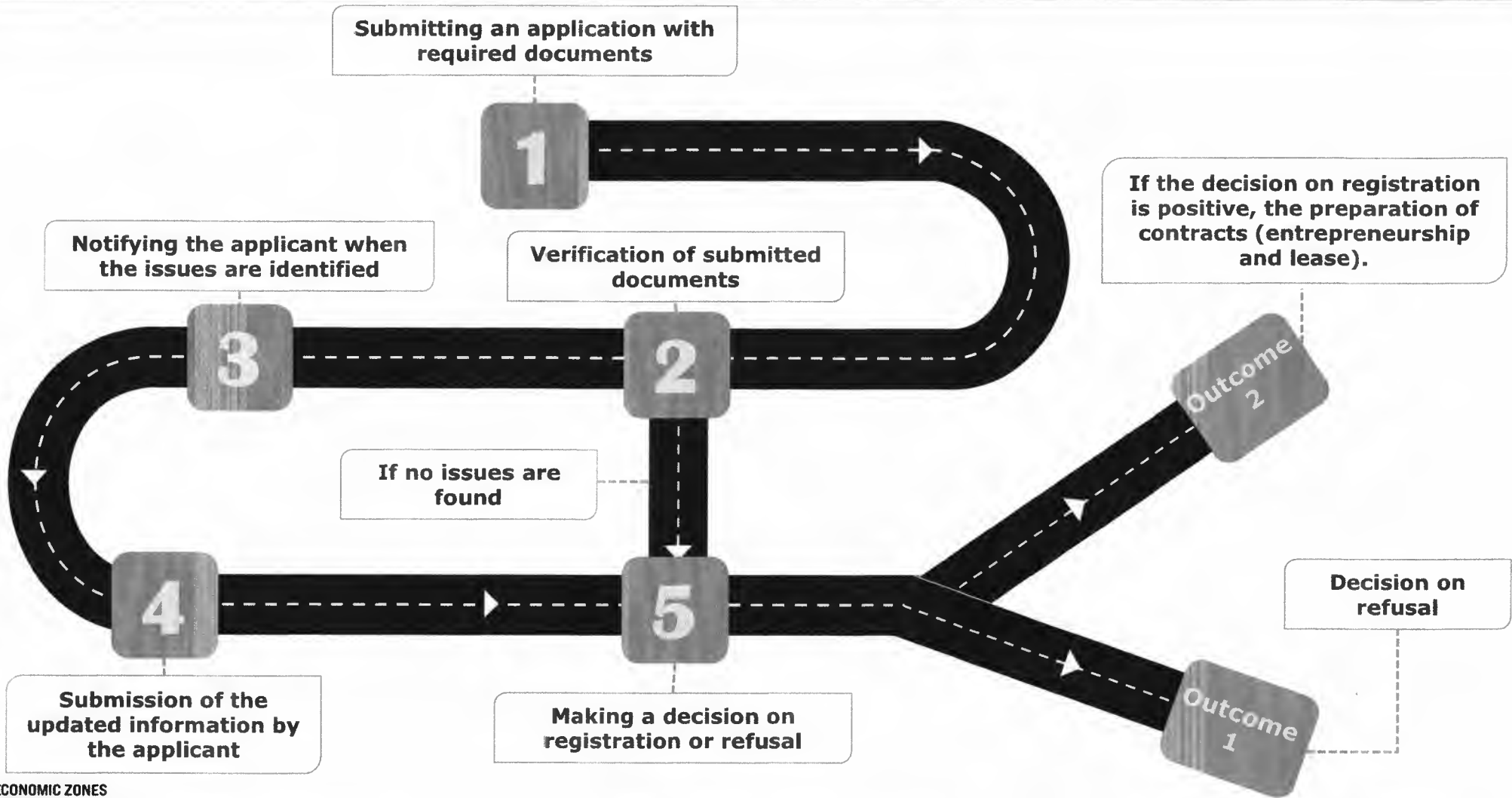
- Loan amount – from USD 2.9 thousand to USD 5.9 mln.
- Loan term – up to 10 years
- Annual interest rate – from 5 %
- Loan grace period – up to half of the loan term

### **Support mechanisms offered by Azerbaijan Investment Company JSC:**

- Preference to participate in projects worth a minimum of USD 294 thousand and a maximum of 20% of AIC's assets
- Financing of the project up to 30%
- Duration of participation: 5-7 years



# Registration procedure



# Sumgait Chemical Industrial Park



- Residents
- Free area

**Location:** Sumgait city

**Total area:** 583,5 ha

**Workplaces:** 9080

**Residents:** 40

**Started production:** 24

**Investment amount:** USD 3.43 bln.

**Actual investment amount:** USD 3.2 bln.

**Sales:** USD 6.08 bln.

**Export:** USD 2.12 bln.

# Mingachevir Industrial Park

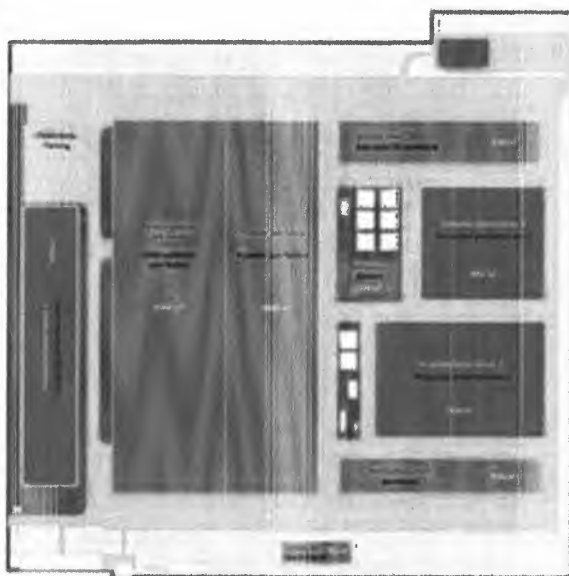
- Residents
- Free area



**Location:** Mingachevir city

**Total area:** 26 ha

**Workplaces:** 526



**Residents:** 1

**Started production:** 1

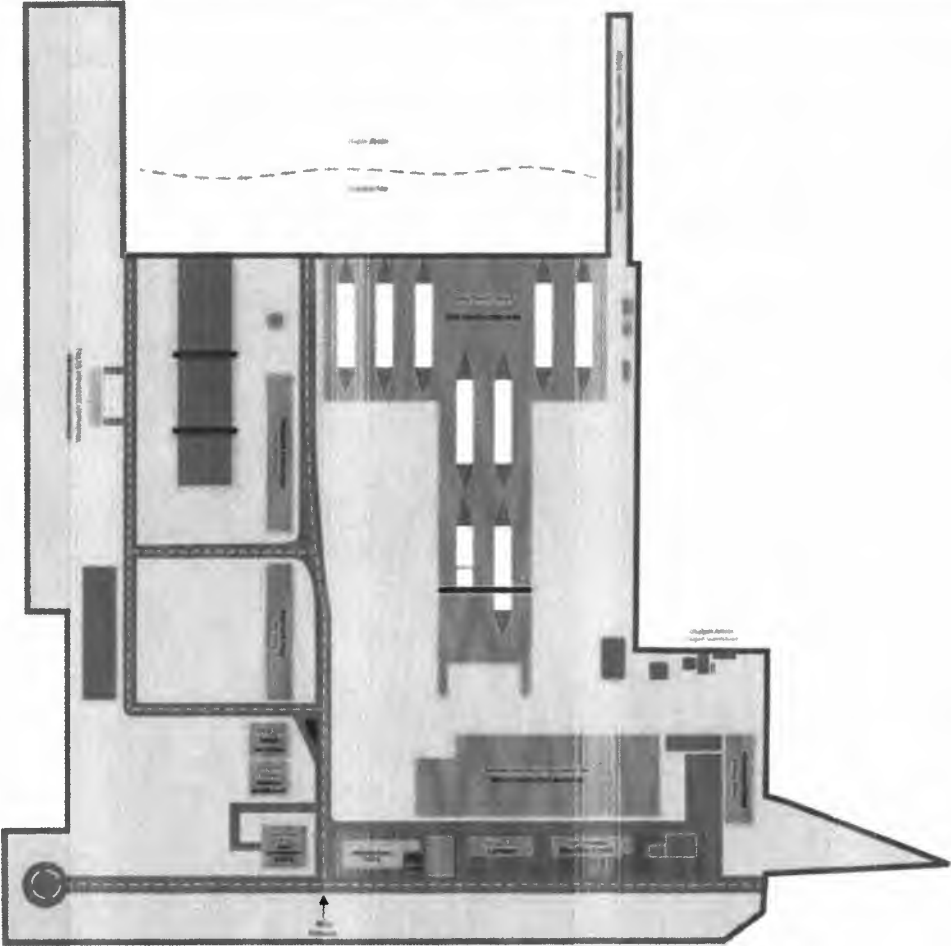
**Investment amount:** USD 93.5 mln.

**Actual investment amount:** USD 93.5 mln.

**Sales:** USD 160 mln.

**Export:** USD 137.6 mln.

# Garadagh Industrial Park



**Location:** Baku city

**Total area:** 72 ha

**Workplaces:** 2000

**Residents:** 1

**Started production:** 1

**Investment amount:** USD 498 mln.

**Actual investment amount:** USD 498 mln.

**Sales:** USD 523 mln.

**Export:** USD 1.76 mln.

# Pirallahi Industrial Park

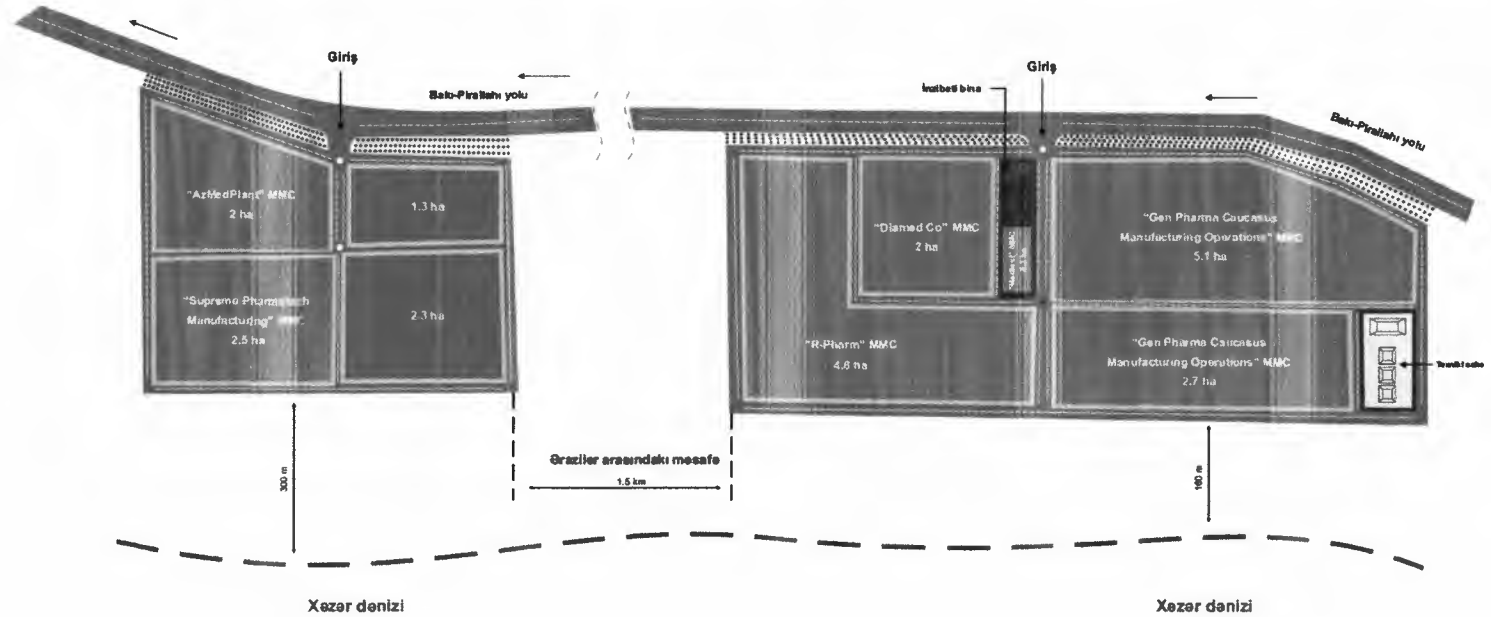
Location: Baku

Total area: 30 ha

Workplaces: 560

Residents: 7

Started production: 2



Investment amount: USD 67.79 mln.

Actual investment amount: USD 21.56 mln.

Sales: USD 27.06 mln.

# Agdam Industrial Park (conceptual plan)

Location: Agdam city

Total area: 190 ha

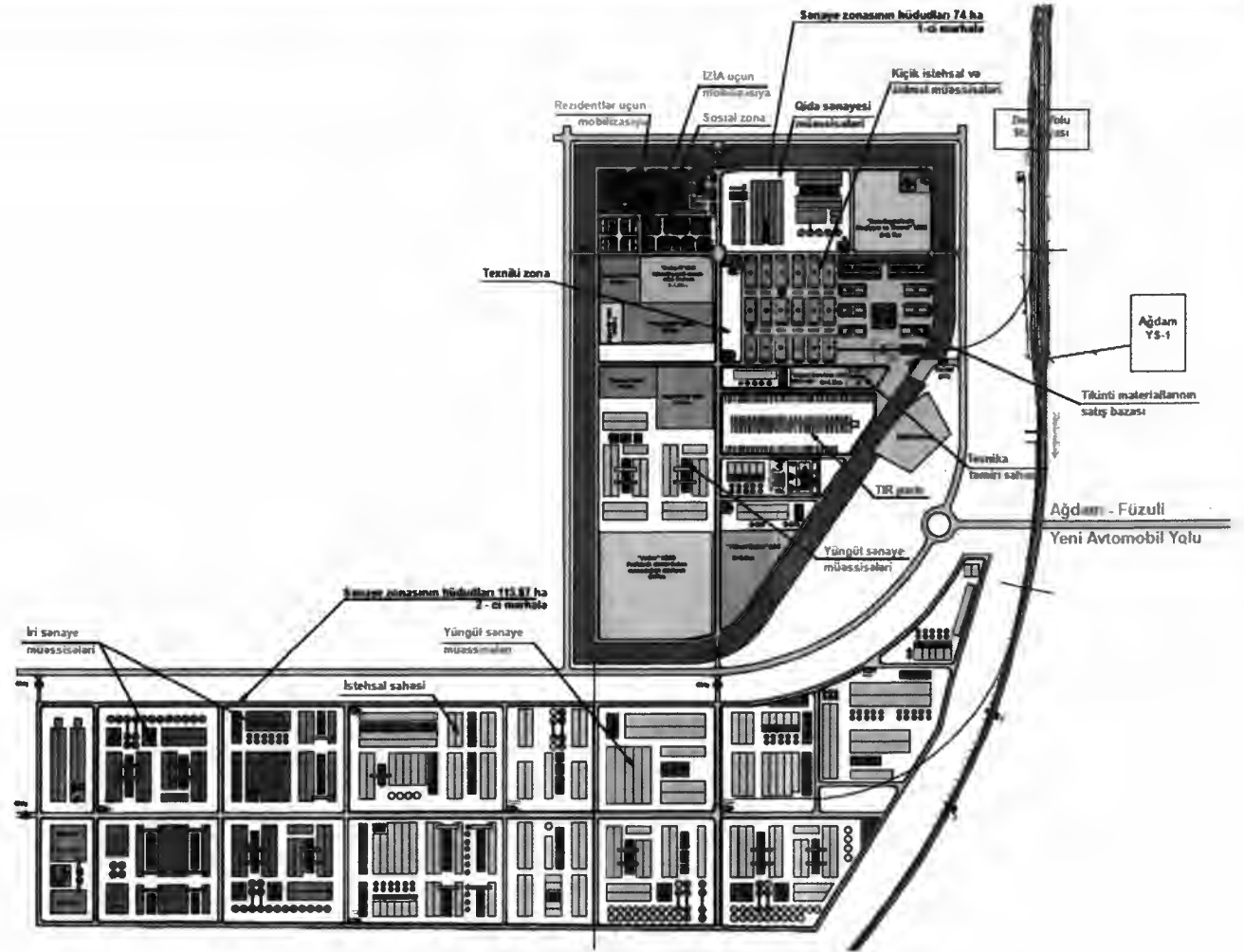
Workplaces: 1640

Residents: 19

Non-residents: 6

Investment amount: USD 104.11 mln.

Actual investment amount: USD 9.03 mln.



# "Araz Valley Economic Zone" Industrial Park (conceptual plan)

Location: Jabrayil district

Workplaces: 523

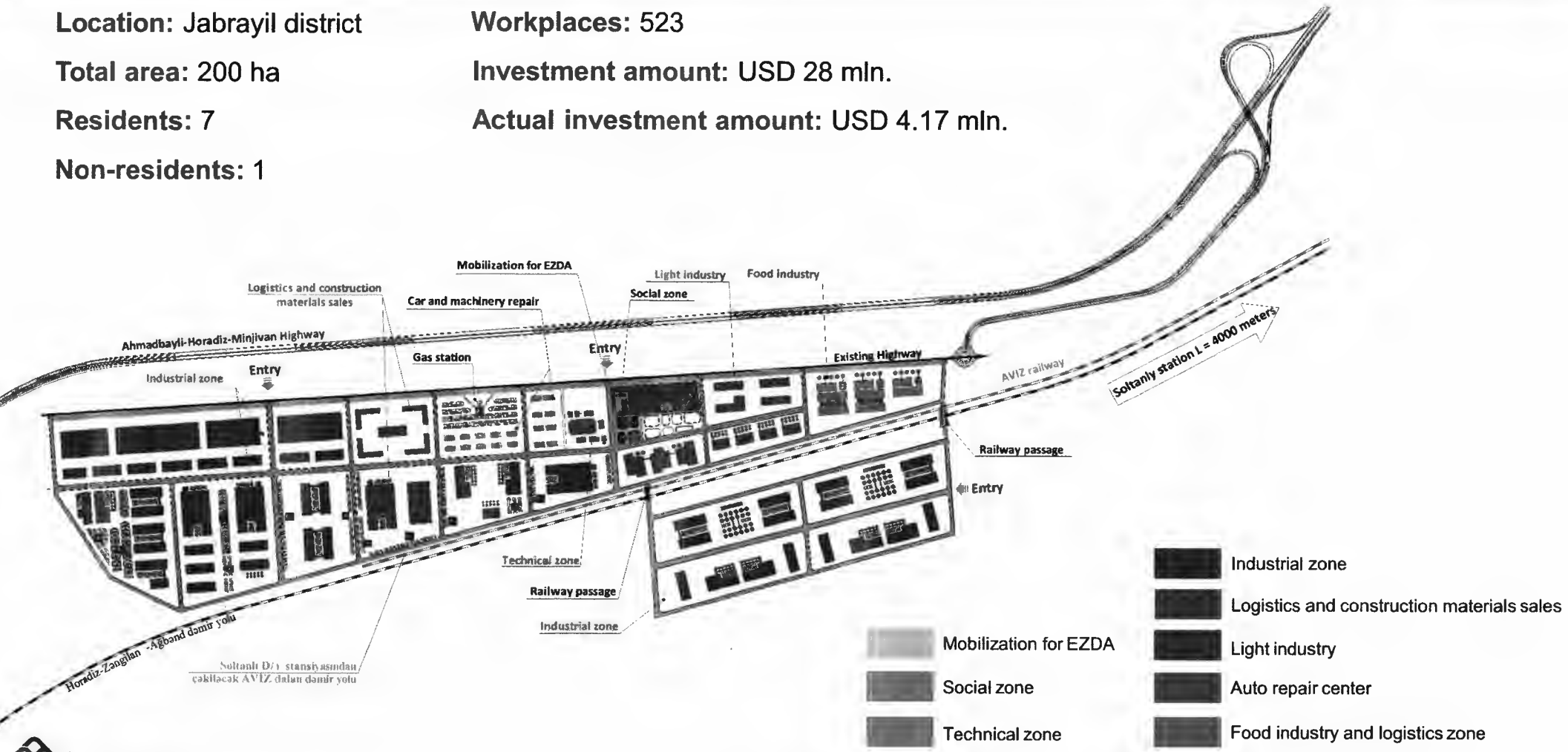
Total area: 200 ha

Investment amount: USD 28 mln.

Residents: 7

Actual investment amount: USD 4.17 mln.

Non-residents: 1



## Balakhani Industrial Park

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**Location:** Baku city

**Total area:** 10.15 ha

**Workplaces:** 1125

**Residents:** 25

**Started production:** 18

**Investment amount:** USD 36.06 mln.

**Actual investment amount:** USD 30.82 mln.

**Sales:** USD 142,6 mln.

**Export:** USD 13.5 mln.



## “Araz Valley Economic Zone” Industrial Park (logistic distances)

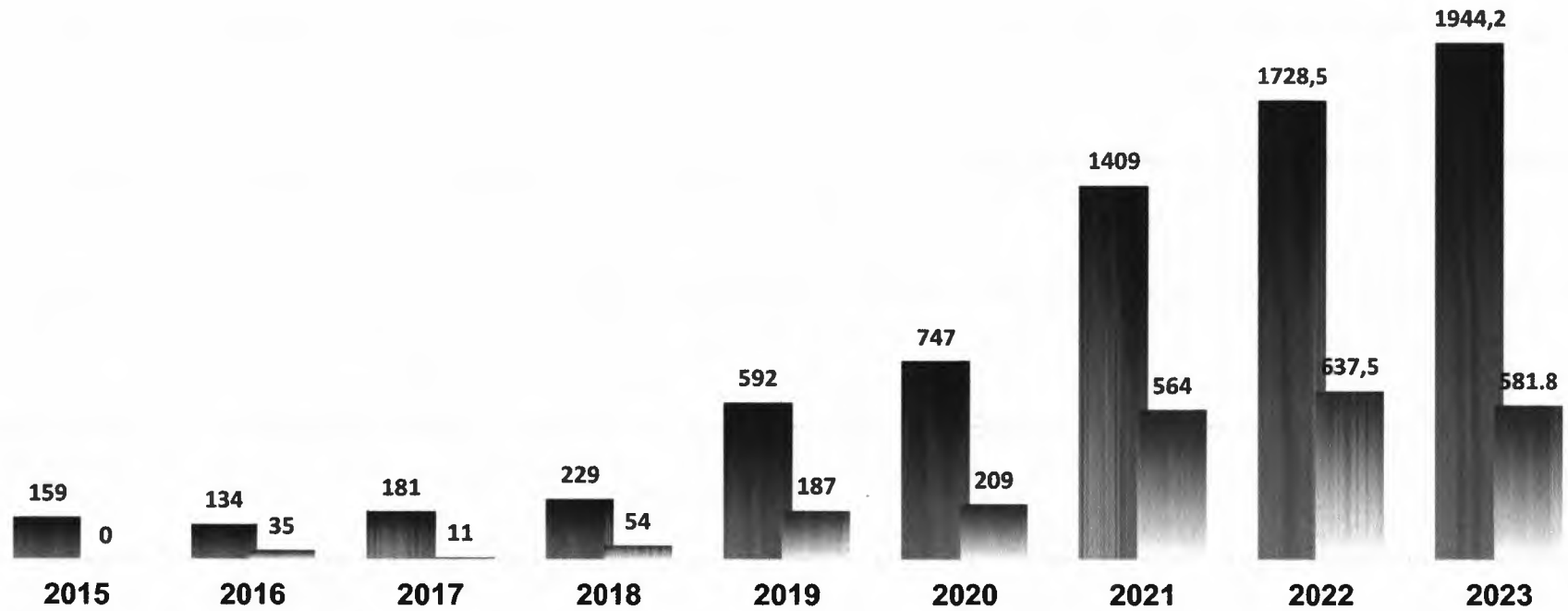


- Located on “One Belt, One Road” China-Europe corridor
- Easy access and close distance to Iran and Türkiye

## Economic indicators of industrial zones

### Total revenue of industrial zones (mln. USD)

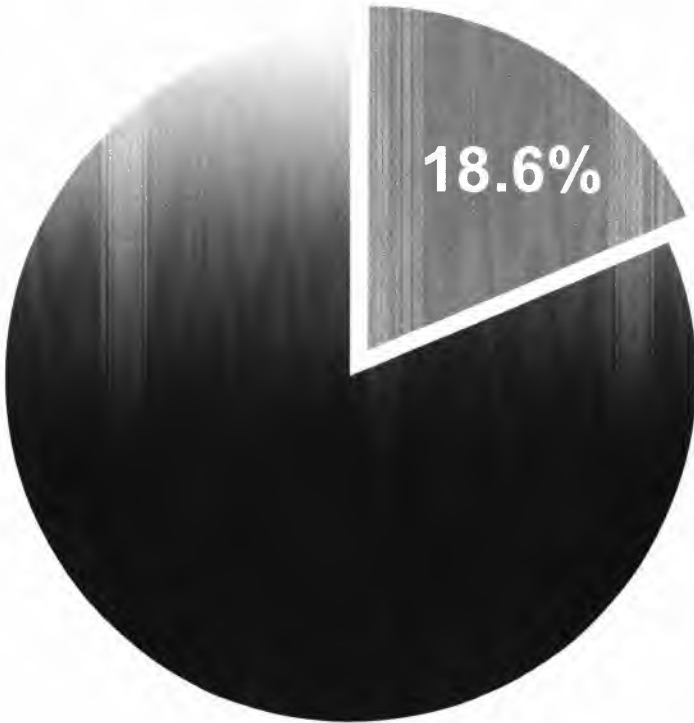
■ Total sales ■ Export



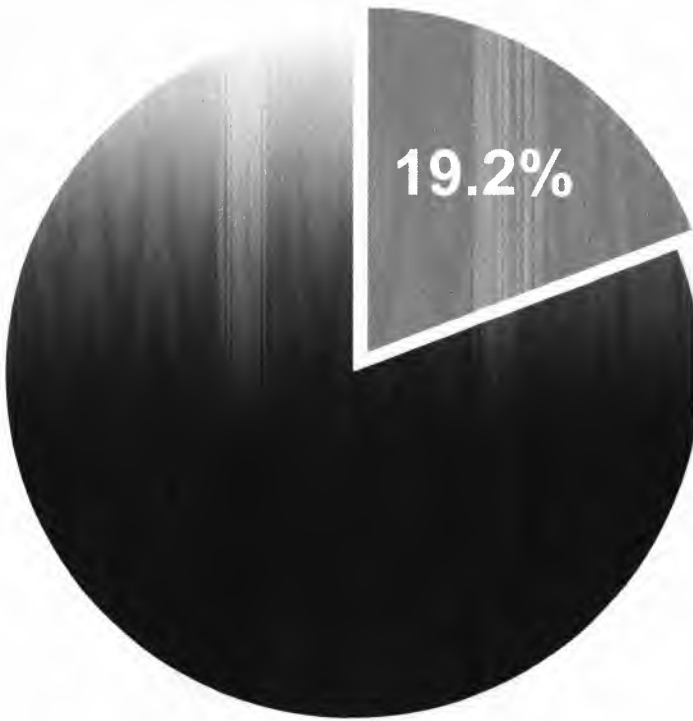
# The share of industrial zones in non-oil industrial production of the country

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**in non-oil industrial production**



**in non-oil industrial export**



# Export map

Export: USD 2,3 bln.

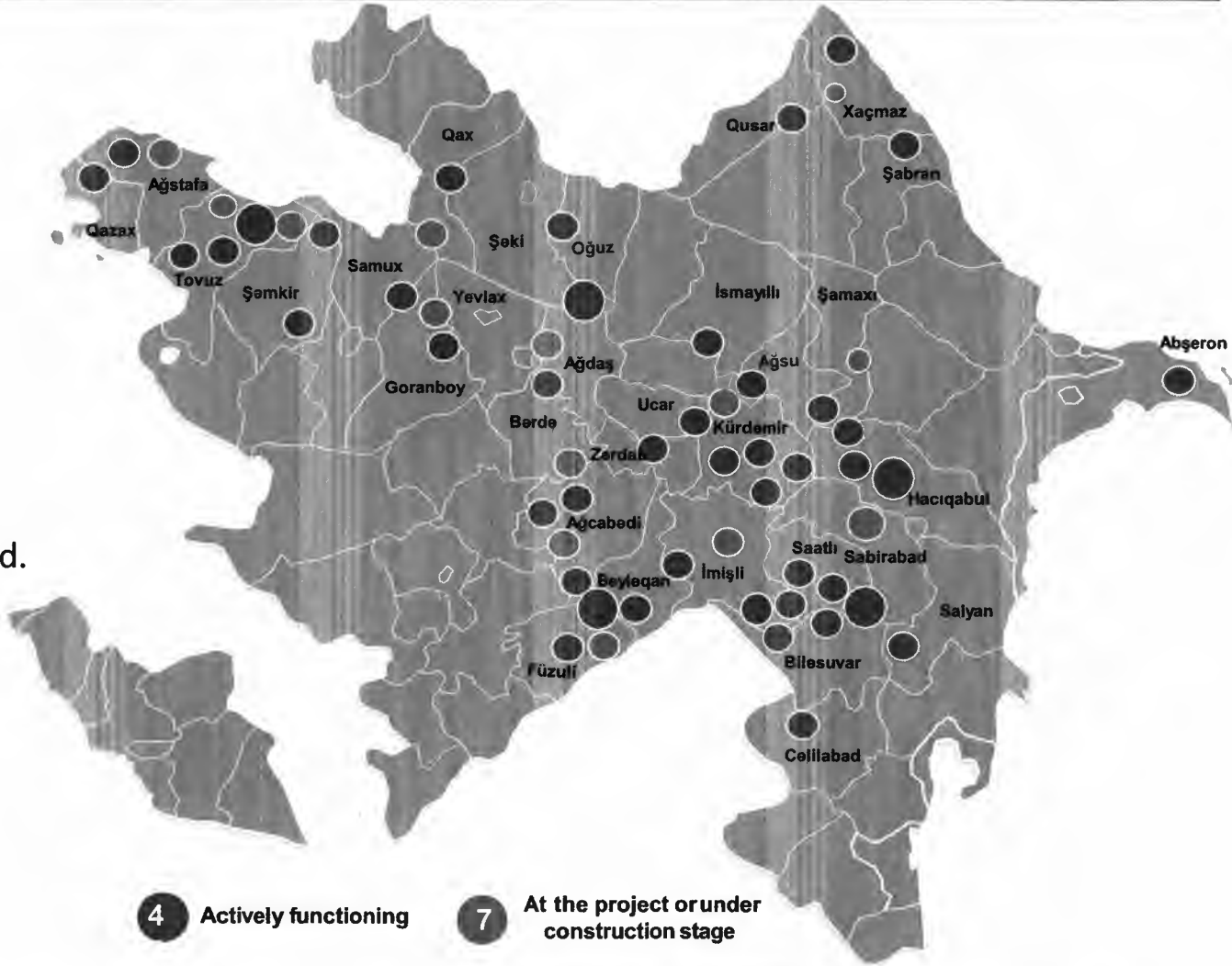


# Agricultural parks

The Agency coordinates the activity of **51** agricultural parks.

Total area of agroparks is **239.3K hectares**.

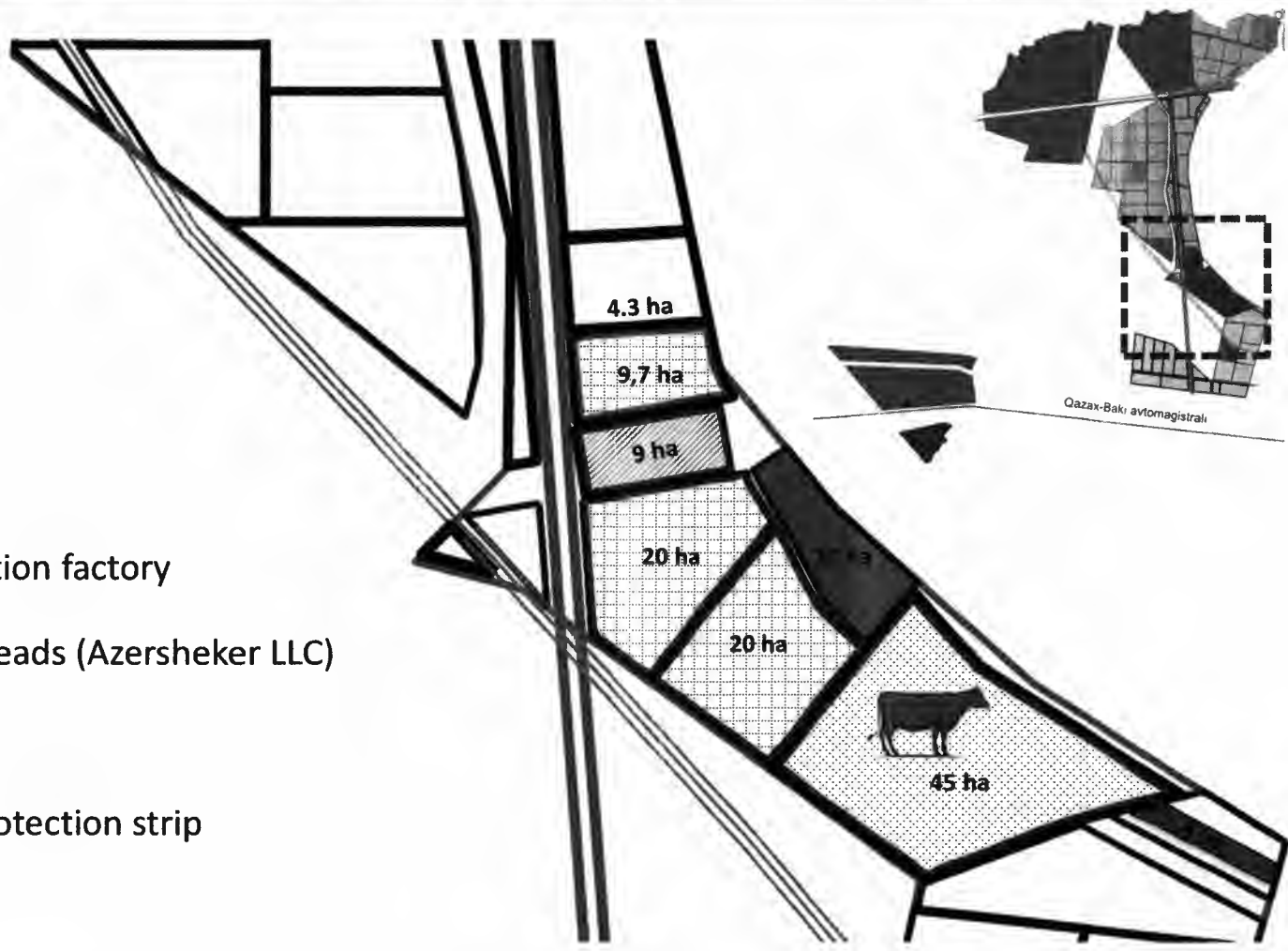
Total investment is to be **2.4 bln USD**, whereas **1.5 bln USD** of that is already invested.



# Yevlakh Agricultural Park

Concept plan of 141 hektares

- 49,7 ha** ‹ Food industry
- 9 ha** ‹ Social zone
- 2 ha** ‹ Breeding broiler egg production factory
- 45 ha** ‹ Livestock complex of 3000 heads (Azersheker LLC)
- 23 ha** ‹ Prospective area
- 16 ha** ‹ Communication lines and protection strip



**THANK YOU!**



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***About the industrial policy  
of the Republic of Azerbaijan***

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**BAKU  
2024**



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## **Introduction**

One of the key objectives of the nation's economic policy is the growth of the industry in order to improve the economy's structure and level of competitiveness. In addition to its economic significance, industrialization has a number of social, scientific, and cultural implications, including population employment, income inequality, urbanization, the need for a skilled labor force, and research and development.

The main development directions of the nation's industrial policy are the production of innovative products that are focused on exports and can replace import, raising the employment level of the populace, building production infrastructure, assisting small and medium-sized businesses, drawing in direct investments, and promoting research and development activities (R&D) and green development.

Significant progress has been made in the development of industry as well as in all other areas of the economy, and an increase in the volume of industrial products produced has been noted as a result of the ongoing economic reforms and economic diversification policy implemented in recent years.

Important factors such as new and flexible economic approaches, diversification of the economy, creation of a favorable business environment, further increase of investment attractiveness, radical changes in the tax and customs system, and increase of transparency ensure stable and inclusive socio-economic development of Azerbaijan.

## **Industrial Parks**

An industrial park is an area equipped with the necessary infrastructure and management institutions for conducting entrepreneurial activities, used for the production of competitive products and provision of services through the application of modern technologies, aiding in the efficient operation and development of entrepreneurs.

In Azerbaijan, the Economic Zones Development Agency was established based on the Decree of the President of the Republic of Azerbaijan dated January 22, 2021, to improve the management of industrial parks, industrial districts, and agro parks. The main purpose of creating the Agency is to organize the activities of industrial parks, industrial districts, and agro parks, to prepare and implement measures related to their management and development, including the implementation of state support measures in this direction.

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The objectives of creating an industrial park are as follows:

- Creating favorable conditions for the development of competitive industrial production and service provision based on innovative and high technologies, and supporting entrepreneurship in this field;
- Ensuring the sustainable development of the economy, including the non-oil sector;
- Increasing the attractiveness of the country for local and foreign investments;
- Increasing the employment of the working population in the production sector.

The following incentives are applied in industrial parks:

- Residents of industrial parks are exempt from various taxes and customs duties for 10 years from the date of registration: property tax, land tax, income or profit tax, VAT, and customs duties on imported equipment, technological devices, and machinery for production purposes;
- Provision of infrastructure for industrial parks;
- Setting a low threshold for land lease rates;
- Simplification of administrative procedures;
- Organization of services for the effective conduct of entrepreneurial activities.

Following the relevant instructions of the head of state, 7 industrial parks (Sumgayit Chemical, Balakhani, Mingachevir, Garadagh, Pirallahi, Agdam, and “Araz Valley Economic Zone”) and 5 industrial districts (Neftchala, Masalli, Hajigabul, Sabirabad, and Sharur) have been established, offering modern infrastructure and necessary support to entrepreneurs, and enterprises compliant with modern technology and standards have started operating. Out of 100 enterprises that have obtained resident status in industrial parks, 46 have already commenced operations. In total, residents have invested 6.57 billion manats so far and created more than 10,000 jobs. Efforts are underway to invest more than 688 million manats and create over 4,600 jobs in the next period.

## **Industrial Districts**

An industrial district is an area equipped with the necessary infrastructure for conducting entrepreneurial activities, used for the production of goods and services by small and medium entrepreneurs. Industrial districts play a significant role in reducing infrastructure costs in the production process, strengthening cooperation, and developing small and medium entrepreneurship.

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The “Model Charter of Industrial Districts” was approved by decision No. 186 of the Cabinet of Ministers of the Republic of Azerbaijan dated May 13, 2015, to regulate the establishment, management, and entrepreneurial activities in industrial districts. According to the “Model Charter of Industrial districts” the following incentives are applied to support small and medium entrepreneurship:

- Setting a low threshold for the lease rates of land and buildings based on relevant laws;
- Provision of concessional loans;
- Simplification of administrative procedures;
- Organization of services for the effective conduct of entrepreneurial activities.

Out of 40 enterprises that have obtained resident status in industrial districts, 28 have already started operations. In total, residents have invested 96 million manats so far and created more than 580 jobs.

### **Alat Free Economic Zone**

By the decree signed by the President of the Republic of Azerbaijan, Mr. Ilham Aliyev, on May 22, 2020, Alat Free Economic Zone - a trade and logistics center located in Alat district on the coast of the Caspian Sea - has been established. The newly created free economic zone covers lands located in the Garadagh district, 65 kilometers south of the capital Baku, which is part of Alat.

In the free economic zone created in Alat, strategically located near Baku International Sea Trade Port and on global transport corridors, a range of fiscal and non-fiscal privileges are applied for investors. Based on these privileges, investors are exempt from value-added tax, withholding tax, profit tax, and any other corporate tax. Import and export operations here are not subject to customs duties and taxes. Additionally, there are voluntary social insurance payments for highly skilled foreign workers, mandatory for local workers, no restrictions on foreign legal and physical persons owning property in Alat Free Economic Zone, no requirement for local partners and shareholders for foreign investors, and no restrictions on currency transactions or repatriation of profits. Other stimulating factors include the guarantee that investors' property can never be nationalized and the authorized body of the Alat Free Economic Zone guarantees the protection of investors' property from various restrictions and the full protection of their intellectual property rights.

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Thus, the commencement of operations in Alat Free Economic Zone will bring significant economic dividends to Azerbaijan and strengthen the country's position in the region, further enhancing its strategic importance as a key player in the East-West, North-South, and Trans-Caspian (Middle Corridor) international transport corridors.

The first phase of Alat Free Economic Zone has already been completed.

### **Investment Promotion Mechanism**

The investment promotion mechanism was established by the relevant decrees of the President of the Republic of Azerbaijan. An investment promotion document provides the basis for obtaining the benefits specified in the Tax Code of the Republic of Azerbaijan and the "Customs Tariff Law" for a period of 7 years from the date of obtaining the document. Entrepreneurs who receive an investment promotion document are entitled to the following concessions:

- 50% exemption from income or profit tax;
- Exemption from land and property taxes;
- Exemption from customs duties and VAT on imported machinery, technological equipment, and devices under a relevant certification document for the project.

Over the past period, investment promotion documents have been presented to 585 projects. The implementation of these projects is expected to result in more than 5.6 billion manats of investment in local production and the creation of over 38.7 thousand jobs. 13% of the promoted projects are in Baku and its suburbs, while 87% are in the regions.

### **Public-Private Partnership (PPP) Mechanism**

In Azerbaijan, there exists a Public-Private Partnership (PPP) mechanism, which is a model of cooperation and partnership between the state and private sector created to ensure the country's independent development and the expansion of its infrastructure. This mechanism operates based on principles such as the rule of law, protection of free competition, enhanced transparency and efficiency, equal rights for bidders, and the maintenance of a balance of interests and risks between the parties.

The public-private partnership project includes incentive measures provided for in the Law of the Republic of Azerbaijan on "Investment Activities", as well as tax and other state payment exemptions, additional financial support, guarantees, exemptions, and compensations.

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Within the framework of the public-private partnership, the private partner may receive the following state support and guarantees, agreed upon with the Cabinet of Ministers of the Republic of Azerbaijan, as specified in the terms of the competition:

- Organization of the provision of goods, materials, raw materials, and equipment for the implementation of the public-private partnership project;
- Guarantee of a minimum level of revenue for the public-private partnership project;
- Guarantee for the purchase of a certain volume of products produced, services provided, or work performed within the framework of the public-private partnership project;
- Provision of subsidies and (or) loans, capital investments;
- Guarantee regarding the level of regulated prices;
- Temporary exclusive rights to provide services, perform works, or sell products in the territory of the Republic of Azerbaijan or part of it;
- Compensation for the private partner's expenses and lost benefits in cases provided for in the public-private partnership contract.

According to the law, the maximum duration of a public-private partnership project is determined to be 49 (forty-nine) years.