### OIL PRICES /Currency

**Base price of oil in 2016’s state budget to be $50**

"No sharp devaluation is expected in Azerbaijan"

Oxu.az reports quoting APA that the statement came from the chairman of Central Bank of Azerbaijan Elman Rustamov.

“No sharp devaluation is expected in Azerbaijan. However, in case of any events in the foreign markets, especially oil price decline, manat will be adapted to that.

Most of large financial institutions predict oil price to be at $50-55. Current prices of oil are in this zone for a long time. Our calculations are also about $50-55.”

 He also noted that base price of oil in 2016’s state budget will be $50. News.Az

**Devaluation of National Currency of Azerbaijan in 2015 Called into Question**

The future of the Azerbaijani national currency is a hot topic in the current agenda. Although the Central Bank of Azerbaijan (CBA) announced on April 2 that no abrupt changes in monetary policy are expected, as oil prices are likely to remain at $ 50-55 per barrel until the end of the year: "It is unlikely that the national currency of Azerbaijan manat until the autumn of this year will change the course since this process is linked to oil prices in the world market." However, the Central Bank warns of another devaluation of the currency:"The Central Bank does not rule out the possibility of further devaluation of the manat, which may occur in the event of sharp fluctuations in the global energy market."

As for the situation in the financial market due to the devaluation of the national currency, the Central Bank announced that the process of dollarization in the country is now active and will slow down in April-May 2015: "The transition to a floating exchange rate of the manat is not possible at the moment, because, if the intervention is stopped, there may be abrupt jumps of the manat. In a day the rate of the national currency may vary by 20% or more, which would have a negative impact on economic relations in the country. With the devaluation, the dollarization costs amounted to 1 billion USD," concluded the Central Bank.

Experts of the Center for Economic and Social Development (CESD) noted that due to the reduction of its foreign exchange reserves the Central Bank still considers the possibility of another devaluation of the manat as one of the possible options: "Due to the drop in oil prices in the world market, the costs of intervention by the Central Bank increased from August 2014 in Azerbaijan. Because of the costs for the intervention, only in January the foreign exchange reserves fell by 8.0% to $ 11.766 billion on February 1, 2015. In February, the Central Bank provided further intervention by $ 1.676 billion and the US currency reserves of the Central Bank fell by another 13.2%. The intervention of the Central Bank continued in March and the Central Bank lost another $ 1.0 billion in March. Because of the drop in oil prices the currency reserves of the Central Bank declined by about $ 6.0 billion. Low prices of oil will push to reduce the rate of the national currency in the coming months.

Yet, the question is if devaluation of the manat will be reiterated in light of the loss of foreign exchange reserves of the country.

According to experts of CESD, it is necessary to consider different scenarios. The optimistic scenario is associated with the rise in oil prices in the world market. If the price of oil in the world market rises, strengthening the national currency will be observed in the second half of 2015. Of course, the strengthening of the national currency in this case does not mean that the manat will strengthen with the previous fall rate. If oil prices in the second half of 2015 grow to $ 90-100 per barrel, we can expect the ratio of 1 dollar = 0.95 manat. Nevertheless, CESD recognizes that this scenario is less realistic. The second scenario is based on the prices of $ 55-60 per barrel, which corresponds to the current situation. In this case, the Central Bank will try to change the exchange rate within the band of 5.0% by the fall of 2015. This means that the change in the range of $ 0.10 to $ 0.1 equals 1.04-1.10 AZN. This is an intermediate scenario. The worst-case scenario is that the price of oil in the world market will fall below $ 40 per barrel. The Central Bank announced that it will be the cut line, as the national balance of payments will be a deficit one. If the world market price of oil falls below $ 40 per barrel, even more currency will be a shortfall. In this case, devaluation of the manat will be inevitable. And the manat will again depreciate about 30.0% by the end of 2015.

The situation shows that the future of the national currency directly depends on oil prices in the world market. Meanwhile, news from the exchanges is still pessimistic.

**Gubad Ibadoglu: Get Ready for Second Wave of Devaluation of Manat**

"The Azerbaijani government is required to predict the revenues and expenses of the State Oil Fund (SOFAR)," Doctor of Economics, leader of the Movement for Democracy and Prosperity Gubad Ibadoglu told Turan.

According to him, there are many risks, for admission to the Fund this year will be 1.6 billion manat less, and transfers from it to the state budget will remain at the same level - 10.4 billion (53.6% of the budget revenues). In other words, there will be tension in the performance of the revenue side of the two positions.

The revenue part of SOFAR for 2015 was approved by the Milli Majlis at the level of 10.2 billion AZN, 9.74 billion of which must be received at the expense of profit oil. That is, if by 21 February the execution of the revenue part of the Treasury needed $ 13 billion, after the devaluation $ 9.7 billion is needed. In other words, SOFAR income after depreciation in the currency-year decreased by $ 3.3 billion (13 minus 9.7).

In this situation, the leadership of the country has two options to solve the problem of SOFAR's return. One is hypothetical - the average price of the local sort of oil should not be less than $ 75 per barrel. The first quarter is over with minus 20 USD from the wanted figure, and a trend toward a significant increase in prices for oil is not expected. In this case, the government should wait for price increases to $ 83, to compensate for the loss.

The second option is another devaluation of the national currency at the rate of $ 100 to 150 manat. This is a more optimal approach, so that the public will have to prepare for a second wave of lowering the standard of living - but now it will be not 35%, as it was on February 21, but 50%. For example, even with the rate of oil production with an average price of $ 60, SOFAR's revenue will be 6.3 billion manat, and to achieve the level of 9.7 billion it will require an additional 3.4 billion. Since the government has no additional sources of funding, it will again have to put forward the head of the Central Bank and make him announce a new wave of devaluation in the second half of the year, or maybe even earlier.

### ENERGY

### Rovnag Abdullayev: Container port "Petkim" will be the largest in Turkey

### "All the works are carried out in accordance with the program."

### Container port "Petkim" will be commissioned in September this year and will be the largest port in Turkey.

### Oxu.Az reports that SOCAR President Rovnag Abdullayev said this in an interview with AzerTag.

### According to him, the situation with the implementation of Azerbaijan's energy projects in Turkey is at a high level, and all work is carried out in accordance with the program.

### "Construction work at the "STAR" refinery and container port located in its territory are carried out in accordance with the schedule and at a high level. Port, which will be commissioned in September this year, will be the largest port in Turkey. And after the launching of the "STAR" refinery in April 2018, SOCAR will become one of the two largest companies in Turkey," Abdullayev said.

### News.Az

### Capital of CJSC Southern Gas Corridor Increased by $ 425 Million

### The authorized capital of JSC Southern Gas Corridor has increased to $ 725 million from $ 300 million.

### The issue of 100 shares of the state company was approved on March 5. The information was released by the SSC only this week. According to this information, the registered capital of the company at the time of registration of the securities amounted to 760 million 815 thousand in manat equivalent.

### Note that JSC Southern Gas Corridor was established on 25 February 2014. Initially, its capital was paid in the amount of $ 100 million. In February of this year, the capital was increased to $ 300 million. According to the approved state budget for this year, the company will receive 1,341,200,000 manat from the state to increase the share capital.

### SOCAR share in the capital of the JSC is 49% and the government (Ministry of Economy and Industry) has 51%. The company was established by presidential decree in order to effectively manage projects of Phase 2 of the development of the gas condensate field Shah Deniz, the extension of the South Caucasus gas pipeline, as well as the construction of the gas pipelines TANAP and TAP.

### Laying the foundation of the project TANAP was held in March this year. The pipeline TANAP is 1,800 km and the primary capacity is 16 billion cubic meters.

### According to SOCAR (pipeline operator), by 2023 the pipeline capacity will be expanded to 23 billion cubic meters, and by 2026 - up to 31 billion cubic meters. Of these deliveries 6 billion cubic meters of gas will be for Turkey, and the rest - for Europe. The first volumes of Azerbaijani gas will arrive in Turkey through TANAP in the IV quarter of 2018.

**Head of SOCAR: In 2017 Oil to Cost 80-90 USD and Iran’s Oil Not to Affect Oil Prices**

The price of oil in 2017 will rise to 80-90 US dollars. This opinion was expressed by the President of SOCAR Rovnag Abdullayev in the talk with reporters today.

At the same time, he called 'normal' the forecasts of Azerbaijan's state budget for 2016 based on a price of $ 50 / barrel.

"In 2016 we must proceed with caution. If you look at past trends, you’ll see that oil rose in price for several years and then became cheaper for a few years. At least, this has happened for the last 20 years," Abdullayev said.

At the same time, he expressed the view that progress in the negotiations on Iran's nuclear program will not affect the price of oil. "Iran has not suspended the production of oil and its oil was bought at cheap prices. Now, Iran will release its oil to the open market and I believe that it will not have any serious impact on the market," Abdullayev said, adding that it was his" personal opinion."

### Transneft increases oil transportation via Baku-Novorossiysk pipeline

### Russia’s Transneft Company seeks funds for repair of Baku-Novorossiysk pipeline and Sheskharis oil terminal in Novorossiysk, APA-Economics reports quoting Kommersant newspaper.

### he company asked Russian Federal Tariff Service to increase the tariff for transportation of Azerbaijani oil via pipeline by 30%.

### The company said that oil transportation in this direction has become more profitable after decline of ruble.

### “After devaluation, the price of oil transportation via Russian pipeline for Azerbaijan makes $10.2 a ton. The price of oil transportation via Baku-Tbilisi-Ceyhan makes $44.4 a ton”.

### However, increase of tariff will not influence the volume of transportation.

### Russian Federal Tariff Service will review the increase of tariffs on April 7.

### News.Az

### Azerbaijan to invest in Petkim more than $ 10 bn

### SOCAR has issued a statement.

### During the 2008-2018 years more than $ 10 bn will be invested in the Petkim Peninsula, and these investments are important for both countries.

### According to Oxu.Az, the Minister of Economy and Industry Shahin Mustafayev said this at the event dedicated to the 50th anniversary of the petrochemical holding "Petkim" in the Turkish city of Izmir.

### According to SOCAR, the President of the State Oil Company Rovnag Abdullayev expressed his satisfaction with the activities of the holding in recent years, its industrial achievements, and presented awards to a group of leading workers.

### "The head of the union of the oil industry "Petrol İş" Mustafa Öztaşkın and governor of Izmir Mustafa Toprak noted that SOCAR has breathed new life into Petkim, and the construction of the STAR refinery and container port, which will be launched in the near future, will make an important contribution to the economy of not only the city of Izmir, but the whole of Turkey," SOCAR stated.

### The event was attended by Minister of Economy and Industry Shahin Mustafayev, Minister of Energy Natig Aliyev, SOCAR president Rovnag Abdullayev, executive director of the State Oil Fund of Azerbaijan Shahmar Movsumov, the governor of Izmir Mustafa Toprak and others.

### News.Az

### Construction of TANAP project to start till end of March

### The TANAP consortium will start construction works till the end of March, said the SOCAR President Rovnag Abdullayev, APA-Economics reports.

### According to him, three companies have already won the tender and works on three lots have been started: “The tender in 1,380 km up to Eskişehir city of Turkey has ended. According to this tender, Turkish Fernas Insaat A.S. has won to conduct works in the part up to Kars province. The pipes are already being carried to the sites. In April, Azerbaijan’s Akkord Company will start works in the second site. TEKFEN Insaat ve Tesisat A.S. will start construction works in the third site”.

### Abdullayev noted that the works in the fourth lot will be completed by the end of this year: “We started this work a year later because of first gas to be transported by TANAP will be purchased by Turkey. The line to Europe will receive first gas in late 2019 or early 2020. As we had sufficient time, we started tender a year later. This also allowed us to get better prices. Because if the work and demand is more, the prices increase. Over 100,000 people and a lot of heavy equipments will be involved in the Turkish part of the pipeline”.

### Abdullayev said that financial issue has already been solved: “58% of funds for TANAP will be paid by SOCAR. Other partners have also joined the project and will involve their funds in the project from April 1. Our experts are working to involve new financial sources. Negotiations have been conducted with BP and BOTAS. We implemented cash financing to complete the project in time. We’ll start to implement financing partly when we start the work”.

### SOCAR President noted that this project stretches up to European border in the length of 1,852 km: “TANAP is the biggest international project of the SOCAR. THE project has $10 bln funds and ten thousands of workers”. News.Az

**Americans to build new refinery in Azerbaijan**

The embassy has disseminated an information.

The control of construction of oil and gas-chemical complex in Azerbaijan was instructed to the US company.

Oxu.Az reports with reference to the US Embassy in Azerbaijan that according to the results of the tender, the company SOCAR has provided management contract for its oil and gas processing project and petrochemical complex for the American company Fluor Limited. The implementation of the project, the amount of which was not disclosed, will be launched in 2015.

As a project manager, the company Fluor Limited will assist in determining the contractors who will carry out engineering work in the construction of a gas processing and petrochemical plants and their supply.

Taco de Haan, the President of Fluor Limited on Energy and chemical issues in Europe, Africa and the Middle East, said he is proud that his company was chosen by SOCAR for the management of world-wide project:

"Fluor has demonstrated its ability to implement projects in production, and we have successfully coped with the task in terms of safety, quality and efficiency."

Implementation of the project will be implemented by the office of Fluor Limited in the UK Farnborough.

This office provides services in the energy, chemical fields, mining and infrastructure. News.Az

**ALTERNATIV ENERGY**

### Prospects for Alternative Energy

### The State Agency for Alternative and Renewable Energy at the Ministry of Energy of Azerbaijan has prepared a strategic plan for the development of renewable energy, according to which by 2020 the country will build solar power plants with a total capacity of 2,065 thousand MW and wind turbine parks with a total capacity of 1,512.5 MW.

### As the deputy head of the agency Jamil Melikov said in an interview with CISSOLAR, the basis for the implementation of projects in the field of renewable energy has been created, including the laws "On Energy", "On Power", "On the use of energy resources" and "On power stations."

### "In this case, the national legislation is at the stage of formation. This year it is expected to adopt new legislation. First of all, we plan to adopt a law "On the green tariff", which is expected to be approximately $ 17 per 1 kW / h for solar power plants."

### According to him, wind power electricity in Azerbaijan is sold to the grid at the rate of about $ 4.3 per 1 kW / h, and that from bio and hydro power plants - at $ 3.9 per 1 kW / h. In addition, the stations are able to sell electricity to customers under direct contracts - at $ 5.7 per 1 kW / h.

### "The development of renewable energy in Azerbaijan will reduce the use of gas in the domestic market and increase its export volumes. Also, due to the distribution of generation capacity across the country and their setting next to the end-users of energy, we will significantly reduce the cost of upgrading networks and electricity losses during transportation," concluded the official.

**TRADE**

**Some imported goods in Azerbaijan exempted from VAT**

The Cabinet has approved the changes.

The goods and equipment imported to Azerbaijan by the "Azerbaijani complex for the production of steel" CJSC are exempted from VAT before the first January 2019.

According to Oxu.Az, the appropriate change in the "List of imported goods in Azerbaijan, which are exempted from VAT" approved by the Cabinet of Ministers by the decision date 10 March, 2015.

According to the report published on the website of the Cabinet, the goods and equipment imported into the country as part of the complex for the production of steel, which will cover all stages of the production from iron ore to steel production are exempted from VAT.

Azerbaijani complex for the production of steel was created by order of the President of Azerbaijan Ilham Aliyev on 23 April, 2013.

Azerbaijan steel production complex - a closed joint stock company performs design, construction and management of complex steel production in the city of Ganja and Dashkesan region, which covers all stages - from the mining of iron ore to steel production, the use of new technologies in this field, modernization of material-technical base and its efficient use, as well as other work related to the development of the industry. News.Az

**Azerbaijan sharply reduces exports to CIS countries**

The State Customs Committee has disseminated an information.

During the first two months of 2015 (January and February), the CIS countries (Russia, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Uzbekistan, Tajikistan, Turkmenistan, Ukraine) have been exported goods worth $ 62 349 380 000, which is 45% less than last year, Oxu.Az reports referring to the State Customs Committee.

According to the Committee, the exports to CIS countries for the first two months of 2015 constitute 2.67% of the total exports. In the same period of 2014, the figure was 54.69%. Judging by the figures, the exports to CIS countries has sharply declined. On the import side, in the corresponding period in 2015 the imports to these countries amounted to $ 338 365 200, which is 17% more than last year. The share of total imports amounted to 19.82%. News.Az

**AGRICULTURE**

**Azerbaijan and Russia to create "green" corridor**

"We went to Egypt, Jordan, Turkey."

Federal Customs Service of Russia offered to Egypt, Jordan and Turkey to create "green" corridor for the supply of perishable products, fruits and vegetables from these countries to the Russian Federation.

Oxu.Az reports with reference to RIA Novosti that the statement came from the head of Federal Service Andrey Belyaninov, speaking at the Government Hour in the Federation Council.

"We went to Egypt, Jordan, Turkey, proposed the creation of "green" corridor for perishable products, fruits and vegetables, communicated well with colleagues from Azerbaijan," Belianinov said, speaking to senators.News.Az

**Action Plan of "Year of Agriculture" Approved with Quarterly Lag**

On April 3 President Ilham Aliyev with a quarterly delay approved a plan of action to implement his own January order that declared 2015 the "Year of Agriculture".

The government will undertake financing activities under the action plan and solve other issues arising from the order. Only nine months are given for the implementation of the almost yearly program and the important winter period was missed.

The order was made on January 12, but the "Year of Agriculture" was announced at the end of 2014. This decision was dictated by the need to accelerate the development of agriculture and its modernization, to ensure systematic and comprehensive approach to solving the existing problems in the agricultural sector, as well as a profitable attraction of ​​administrative and financial resources of the state to this area.

Who is to blame for the delayed approval of the action plan is not reported, but it is known that the Cabinet and the Ministry of Agriculture were given one month for its preparation.

As reported by Turan, in 2014 the volume of agricultural products in Azerbaijan totaled 5,225,800,000 AZN in actual prices. In the comparable figures the volume decreased by 2.6%, while production in plant cultivation reduced by 8.3%, despite support of the state. The specialists connect this tendency not only with unfavorable weather conditions, but also with low profitability of farms. As a result of that last year gross product of plant cultivation was behind the cattle breeding.

Meat manufacture in live weight increased by 1.7%, milk (1,855,600 tons) – 3.3%, eggs (1,562,700,000 pieces) – 11.5%. Azerbaijan has even started exporting meat (table).

Manufacture of grain and leguminous cultures decrease by 12.7%, 444,000 tons less wheat was harvested than in 2013.

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There was decline of almost all products of plant growing. The decline in vegetable growing constituted 3.9%, while fruit growing – 0.5%. The potato production dropped from 992,800 tons in 2013 to 758,500 tons. The harvest of watermelons and melons increased (441,000 tons, or +2.6%). This partially explains why our farmers could not take advantage of the Russian market in the middle of the year and occupy their niche in it. But in any case it would have faced customs barriers on our side, notes Turan.

It is clear that situation in this very perspective sector should be changed. The main problem here is labor productivity. It is clear that our country is behind the European Union in this index about 40 times. 4.7% population of the EU is involved in the agrarian sector, while in Azerbaijan – 40% of able-bodied population. The reason is clear development of agriculture in our country has almost always been extensive and it is not easy to change. However, the problem is a low culture of farmers. Farmers are sandwiches between two millstones – executive authorities and big capital, which has come to the agrarian processing sector and started creating agrarian holdings.

Being aware of this situation, President announced 2015 Year of Agriculture. The government has adopted the third program of regional development till 2018. There are hopes that the program could stir up the sector.

As we can see, only upgrade of infrastructure of the village and most likely with involvement of foreign investments and technologies will help to change the situation. During so many years of development only the processing sectors have foreign capital and technologies, but even they have limitations. Hardly anybody could explain why the idea to create big farmer cooperatives has failed. Agroleasing has absolutely discredited itself last year, they have let entire problem drop. President himself complains about embezzlement of subsidies to the agrarian sector and unfair distribution of funds of the National Fund for Entrepreneurship Support. Municipalities or rural communities could become support of the state. Part of the initiatives in this sector must come from the bottom up.

The government, possibly, stakes at creation of big agrarian holdings and considers farms unsustainable. But then this should be announced. There is still no declared policy in this sector yet.

The number of problems accumulated in this sector is critical. The most urgent problem is salinity. But who can explain why the problem has not been solved till now with such a volume of irrigation works. Last year was interesting, because having lost part of its import, Russia has offered to create joint venture between Russian and Azerbaijani companies to ensure free import of Azerbaijani agrarian products to Russia. This was a chance for our farmers to break into a big market to occupy a niche there. But thing has happened, except growth of export of apples to Russia.

At the end of last year Azerbaijani President Ilham Aliyev signed a decree on the measures to improve management of the agrarian sector and accelerate the institutional reforms envisaging creation of agrarian parks in the country. The Ministry of Agriculture has offered to involve Netherlands into creation of the agrarian parks and has even conducted talks. But one cannot see Dutch farmers on the horizon. This has happened before: the idea is good, but there are no results. For decades the government has been discussing the necessity of the Agrobank, but where is it? The idea to insure agricultural credits for the farmer to get access to the funds has not been developed. The term movable property is introduced only now to expand the legislative basis for the credits.

In other words, the government must be actively involved in the work to restore agrarian sector not letting go any serious problem. Possibly, all problems of this sector have started from a simple substitution: the term development of villages was substituted by the abstract term development of the agrarian sector, Turan notes.-

**INVESTMENT**

**Germans manifest interest in some areas of Azerbaijan**

The Ministry has disseminated an information.

Germans are actively interested in tourism opportunities, hotels and recreation centers, samples of cultural heritage of Azerbaijan, especially Goygol region, in which at the time the German colonies were formed, and Gedabey region in which Siemens brothers were conducting their activities, and German history associated with these areas.

According to Oxu.Az, the Minister of Culture and Tourism Abulfaz Garayev told this to Jürgen Gevers, the general manager of the "Aviareps Tourism GmbH" company, which is the official representative of the Ministry of Tourism of Germany, during their meeting.

"During the meeting Jürgen Gevers gave information to Minister Abulfaz Garayev on the work done during the year of the representative of the Ministry of Tourism in Germany and projects implemented to promote tourism opportunities of Azerbaijan in this country", the Ministry says.

It should be noted that the "Aviareps Tourism GmbH" company have been operating since April 2014 to promote tourism potential of Azerbaijan in the tourism market in Germany. The company acts as the representative of Tourism of Azerbaijan in Germany.

News.Az

**WB: We’ll create transport corridor between Caspian Sea and Black Sea**

 “The World Bank is hardly working on investing capital to improve transport links between Azerbaijan and Georgia. This is one of our priorities”, WB official representative for South Caucasus countries Ahmad Eyveyda told APA’s Georgian correspondent.

“This will create a link between the Caspian Sea and the Black Sea. Therefore, we’ll rehabilitate motor roads which will start from Baku to the Black Sea, including Ganja and Tbilisi. This project has already been started to be implemented. We have invested over $1 bln in this project. This investment includes sea transport and railway line, highways”, Eyveyda said.

According to him, the World Bank will also rehabilitate the motor roads in Azerbaijan’s regions: “This project includes southern region of the Caspian Sea. After rehabilitation, these roads will be connected with the highways”.

Eyveyda also noted that a seaport which will serve logistics sphere meeting modern standards in Baku-based seaport, which will be moved to Alat port.News.Az

**Oil sector attracts nearly 84% of direct investments**

The total amount of foreign capital in the form of direct investments in Azerbaijan's economy amounted to $8 billion in 2014, the Central Bank of Azerbaijan reported.

The share of oil and gas sector stood at 83.6 percent, the bank said.

The investments were directed to finance major oil and gas work in Azerbaijan, mainly carried out within the framework of projects by BP Exploration Ltd at Shah Deniz and the Azerbaijan International Operating Company at the Azeri-Chirag-Guneshli block of fields.

The volume of direct investments attracted to the non-oil sector amounted to $1.318.5 billion, which is 16.4 percent of the total amount of direct investments to the country over the last year, the CBA estimates.

Azerbaijan’s FDI ups

Azerbaijan’s foreign direct investment increased by 49.5 percent and amounted to $2,209 billion last year.

Overall, last year was marked with net financial assets of Azerbaijan at $11.7 billion.

According to the balance of payments, this amount has been formed through the implementation of overseas direct investments ($2,209 billion), portfolio investments ($429.5 million) and other investments ($9,054 billion).

Azerbaijan invested $1,481 million of direct investments in oil and gas sector, and $727.8 million in other sectors.

Other investments include trade credits and advances $4,086 billion, loans and credits $189.2 million, deposits and cash $4,779 million.

Azerbaijan's obligations were formed in the amount of $8,273 billion over the past year, $8,049 billion of which fell to direct investments in the economy of the country, or $4,413 billion, taking into account the repatriation of the attracted investments, and $1,751 billion - on portfolio investments.

Direct investments in the oil and gas sector of Azerbaijan amounted to $3,133 million, $1,281 billion - in other sectors.

Other investments include trade credits and advances $138.2 million, loans and credits $1,544 billion, deposits and cash $410 million.

Earlier, the Azerbaijani State Statistics Committee’s reported, around 893.8 million manats had been invested in the Azerbaijani oil sector in January-February, which is 15.3 percent more than in the same period last year.

The total volume of capital investments in the Azerbaijani industrial sector amounted to 988.3 million manats in first two months, which is 11.5 percent more than in the same period in 2014, the report said.

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**Azerbaijan to create national innovative center**

Azerbaijan may create a national innovative center. The offer came from the Scientific Innovation Center of the Azerbaijan National Academy of Sciences.

The Center introduced the project to ANAS and the Communications and High-Tech Ministry, said Azer Namazov, CEO of the Center.

This project is of particular importance and high significance at the national level.

"It presents such aspects as innovation, high technology, new knowledge, their encouragement and practical application in the economy,” Namazov said.

It will take a lot of efforts to find solutions for both legal and organizational issues, as well as introducing changes in the legislation of the country, he added.

The national innovation center will include a coordination council, which, along with the involvement of other government agencies and the business sector, will implement innovative projects at the national level. This will build an effective bridge between the public sector and business.

Azerbaijan is one of the leading countries implementing high technology in the region. Investment in the development of the ICT sector in Azerbaijan is expected to rise to $4 billion by 2020.

Today, the country constructs high tech parks in the capital and in regions. A business incubator park is functioning in Baku.

Over the past five years, the information technology sector of Azerbaijan has doubled.

Development of the sector is expected to bring revenues in near future. Revenues of the ICT sector in 2019 are expected to increase by 33.5 percent and exceed 2.12 billion manats.

**Economic crisis may affect tourism in Azerbaijan**

The global economic crisis may affect tourism in Azerbaijan, said Aydin Ismiyev, head of the tourism department at the Culture and Tourism Ministry.

Speaking at a press conference on the Azerbaijan International Exhibition Tourism and Travel scheduled for April 2-4 in Baku, Ismiyev said Azerbaijan is mostly visited by tourists from Russia, Turkey, Iran and Georgia.

The economic crisis has changed people's financial situation over the past two or three years, and many people can no longer afford to visit any country those days. "Of course, from this point of view, the crisis may have some impact on tourism," Ismiyev said.

He stressed that the global economic crisis did not lead to higher prices for accommodation in Azerbaijan, and that the cost of accommodation is suitable for tourists visiting the country.

From this point of view, the number of tourists visiting Azerbaijan may increase, he said, adding possibility of price rise for overseas tours for Azerbaijanis.

"Agencies are booking hotels abroad in euros and dollars. And then, given the exchange rates, those prices may certainly bear negative consequences on final prices," he explained.

Prices for tours, established two years ago, lost their relevance today, the department head said.

Ismiyev also noted that the number of countries informed about tourism opportunities in Azerbaijan has increased.

“Azerbaijan is known worldwide as a tourist country and took its place in the global tourism market,” he added.

He went on to add that Azerbaijan plans to use insurance in the tourism sector, as well as insurance of traveling companies.

The new draft low "On Tourism" has already been prepared by the Ministry and sent to the Cabinet of Ministers.

This bill provides for the application of insurance in the tourism sector. Certain financial difficulties in the payment of damages to customers occur in case of bankruptcy of travel agencies in Russia and Turkey. However, there will be no such problems in the application of insurance, he said.

Ismiyev stressed that not all travel agencies and hotels are at an appropriate level in Azerbaijan.

"Currently 284 travel agencies and 535 hotels are operating in the country. However, their service is unsatisfactory,” he said.

In order to investigate the level of preparation for the first European Games, hotels throughout the country were monitored and the monitoring is still ongoing. Moreover, The Culture and Tourism Ministry together with the Ministry of Emergency Situations held monitoring sessions in order to study the issue of security of hotels.

The department chief said that during the first European Games in Baku hotels will not face any accommodation problem.

Ismiyev also reminded that the number of four-star hotels increased in Baku over the past three or four years. The daily tariff of four stars hotels range in between 70-80 manats.

**Tenders**

**Azerbaijan announces tender for satellite and ground equipment for the second national communications satellite**

Azerbaijan announces tender for satellite and ground equipment for Azerspace-2, the second national communications satellite.

According to Azercosmos OJSC, the contract signed as a result of the tender should be implemented before the end of 2017. The second Azerbaijani communications satellite should be sent to the space launching site no later than the end of 2017.

The tender participation fee is $20,000. Tender proposals accompanied with the bank guarantee in amount of 1% of requested cost should be delivered by 6:00pm, April 22, 2015 to Azercosmos OJSC (72, Uzeir Hajibeyov street, Baku). The tender procedure will be held at the same place at 11:00am on April 23.

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