

Azerbaijan: Paradigm of the Geo-economic Empowerment (Green agenda)

Dr. Vusal Gasimli,

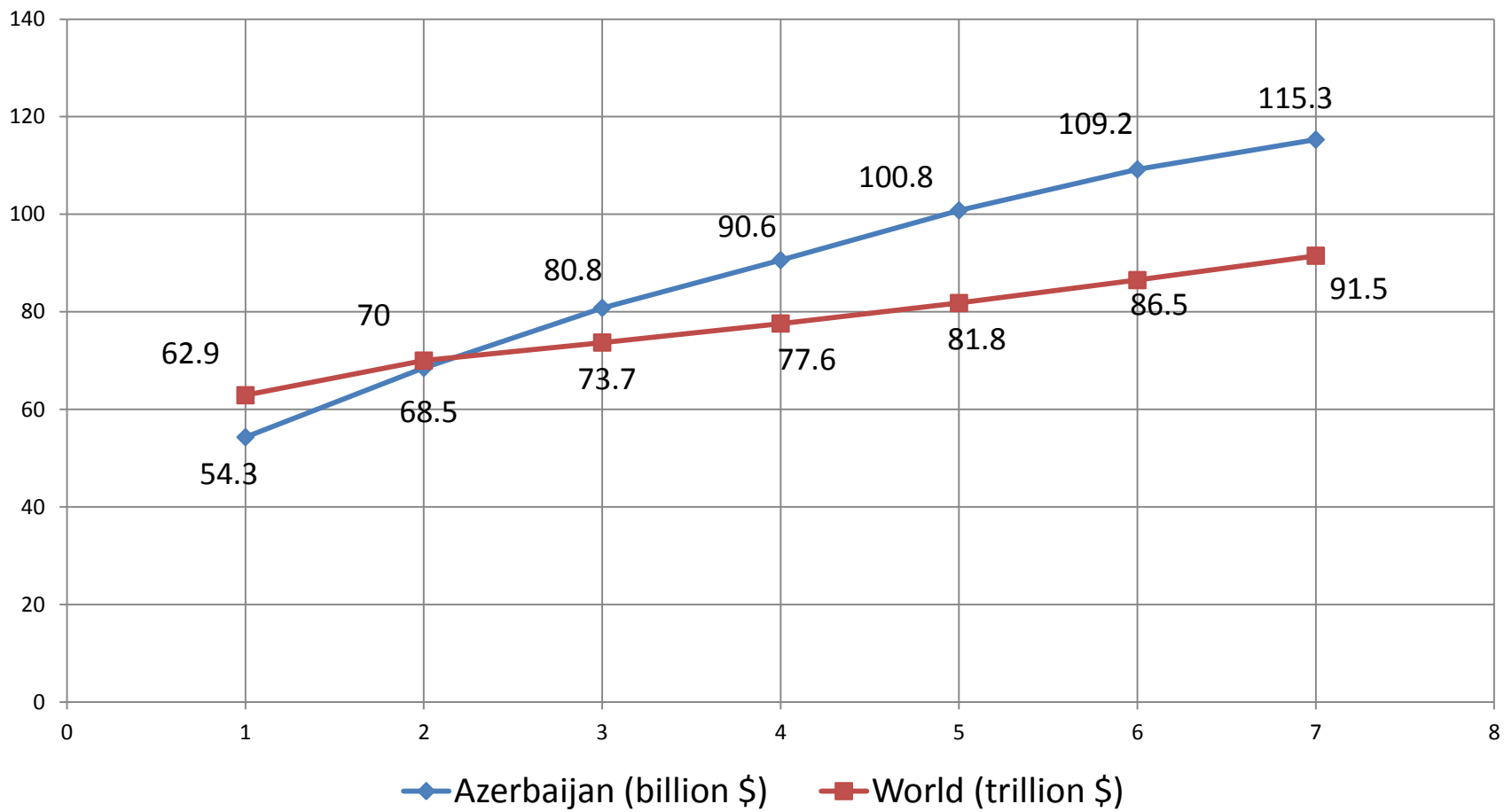
*Center for Strategic Studies
under the President of the Republic of Azerbaijan,
Hellenic-Azerbaijani Green Energy Forum,
Athens, November 29, 2011*

Content

- The Next Convergence
- Oil and gas: deepening toward upstream, midstream and downstream;
- Transport hub
- Hedging bet
- The Green Agenda

“The Next Convergence”

(Output forecast by current prices between 2010-2016)



Source: International Monetary Fund, September 2011 World Economic Outlook

European-oriented sustainability

- As oil is exhaustible resource Azerbaijan strives to deepen value chain toward midstream, downstream and upstream directions in overseas. In this duly way in the post-oil period Azerbaijan will continue its dominance over energy market.
- The construction of new Baku-driven pipeline in Turkey after Izmir agreement can transport 16 billion cubic metres of gas per year: 6 billion cubic metres to Turkey and 10 billion cubic metres to Europe. Furthermore in case of privatization of DEPA (Greece) by SOCAR Azerbaijan ensures secure and reliable route for delivering gas to European markets.

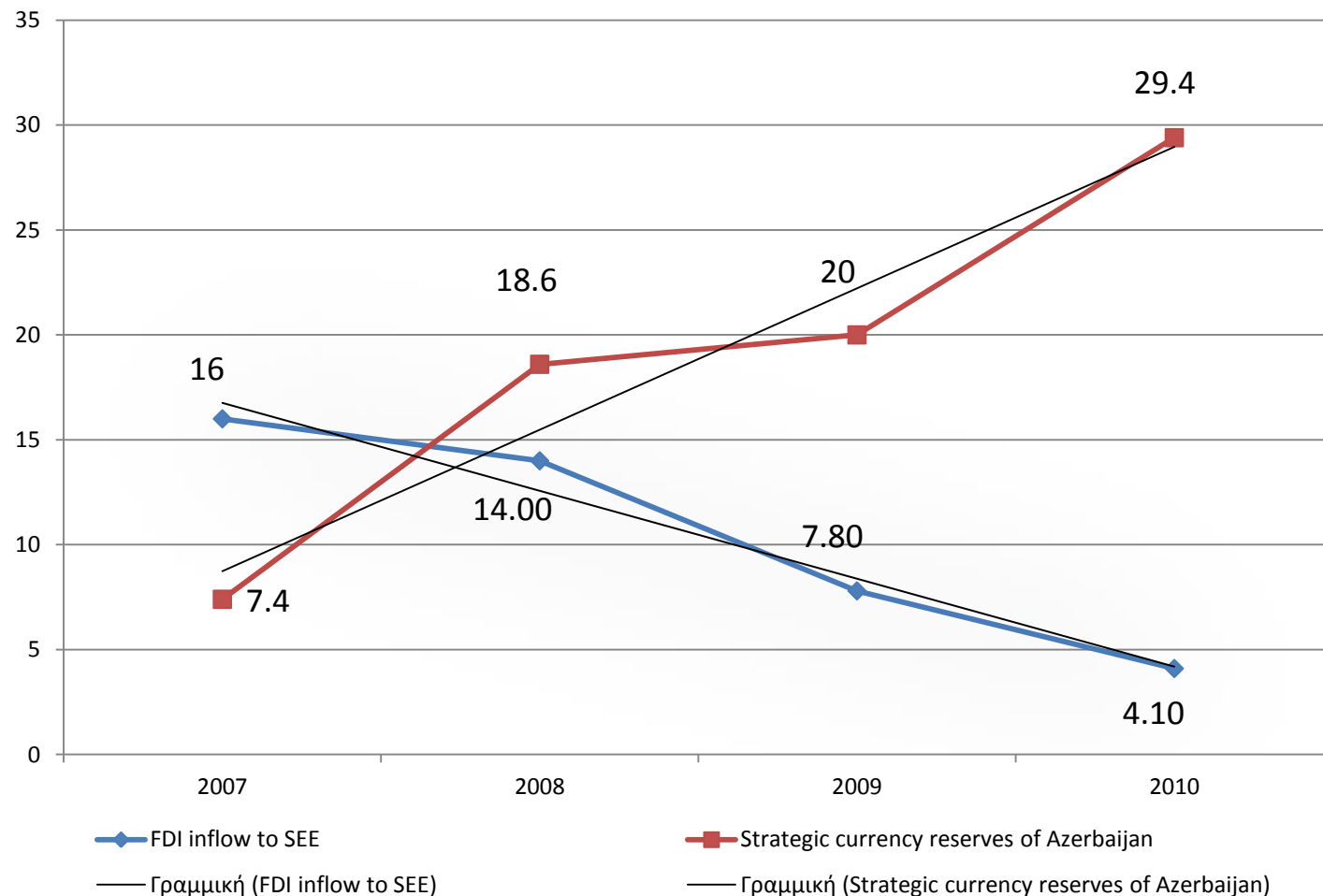
Transport and logistics

- Due to its geostrategic location it connects the transportation network systems of Europe, Asia, the Middle East and the Mediterranean region, and at the same time enables growing transit traffic through the East-West and the North-South transport corridors.
- In 1998 Azerbaijan signed “Multilateral Agreement on International Transport for Development of the Europe-the Caucasus-Asia Corridor” TRACECA that links China – India – Central Asia – Caucasus – Europe route by reviving traditional Silk Road.
- At the first stage, Azerbaijani government together with international partners invested 754 million USD in modernization of the transit roads and 125 million USD in reconstruction of railway infrastructure, which passes through the territory of the country via the North-South corridor.

Azerbaijan might hedge its bet against euro crises

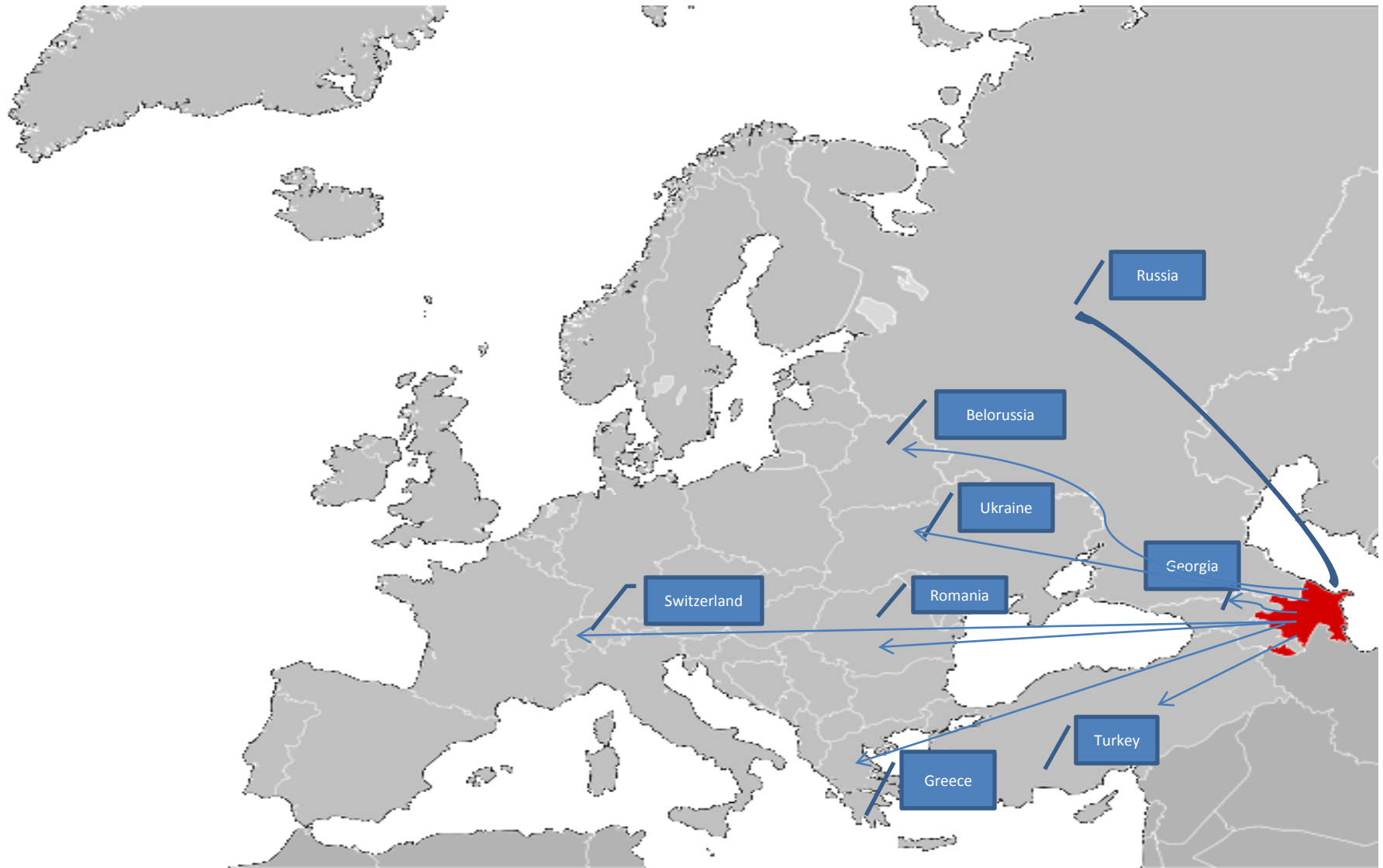
- Reshape the architecture of financial resources;
- Invest to meet the gap in the payment balance (asset acquisition);
- The European Financial Stability Facility (EFSF): Azerbaijan might endure this tough time together with other European partners.

Sluggishing of FDI inflows to SEE and rising strategic reserves of Azerbaijan, 2007–2010 (billion USD)



Source: World Investment Report 2011 and State Statistical Committee of Azerbaijan

Investment outflow from Azerbaijan toward Europe



Transcontinental collaboration

- **Africa, Latin America & Caribbean (ALAC) Fund** has a total of 1 billion US dollar capital of which SOFAZ contributed 100 million US dollar. Not only do SOFAZ's investments through ALAC fund provide growth capital to local companies in this region, they also encourage the development of a sound corporate governance framework, risk management systems and investment analysis. So the economic power of Azerbaijan is not only locomotive of its situated region, but it is influential force in the world scale. The ALAC Fund is a co-investment fund that invests alongside IFC in equity investments in Sub-Saharan Africa, Latin America, and the Caribbean, providing growth capital for private enterprises in these regions. The fund which was set up in March 2010 follows World Bank President Robert Zoellick call in 2008 for sovereign wealth funds to invest in equity in sub-Saharan Africa.
- During its 20 years of independence ensuring high level of national food security Azerbaijan managed to become donor nation from having humanitarian response in the first stage of sovereignty. The UN Food & Agriculture Organization (FAO) offered Azerbaijan to become a donor in 2011. Fernanda Guerrieri, deputy director-general of FAO, pointed out that Azerbaijan should change its recipient country status for the status of the donor country Azerbaijan has been requested by FAO to support alongside African countries, Tajikistan, Kyrgyzstan, Afghanistan etc. in the field of agriculture.
- Azerbaijan's election as a non-permanent member of the UN Security Council for 2012-2013 is a much deserved appreciation for a country which strives to be smart power and has unique character as a bridge between East and West, and North and South.

The Green Agenda in line with geo-economic empowerment

- The State Program on Use of Alternative and Renewable Energy Sources in Azerbaijan Republic;
- The year of 2010 was announced the “Year of Ecology” in Azerbaijan;
- The first ever Center for Restoration and Rehabilitation of Wild Nature in the South Caucasus was established in Azerbaijan;
- International Dialogue for Environmental Action is an international campaign launched by Leyla Aliyeva on July 12, 2011 in Baku;
- The Heydar Aliyev Foundation and UNDP signed a MoU entitled “Mobilizing the Azerbaijani youth” to prepare for the upcoming Rio +20 conference in 2012.

Thank you!

SAM, Azerbaijan, Baku AZ 1005, M. Ibrahimov str. 8

T: +99412 596 82 39, F: +99412 437 34 58, E: vusal.gasimli@sam.gov.az info@sam.gov.az