

## Introduction

Azerbaijan is a landlocked country in Southwestern Asia located at the crossroads of Eastern Europe and Western Asia. It is bounded by the Caspian Sea, Russia, Georgia, Armenia, and Iran. The government system is a republic; the chief of state is the president, and the head of government is the prime minister. Azerbaijan is a mixed economic system; there has been some progress instituting market-based reforms, but the structural economic system involves heavy government planning.



**Location:** Western Asia

**Capital City:** Baku (+4 GMT)

**Chief of State:** President Ilham Aliyev

**Head of Govt.:** Prime Minister Ali Asadov

**Currency:** Azerbaijani manat (AZN)

**Major Languages:** <p>Azerbaijani (Azeri) (official) 92.5%, Russian 1.4%, Armenian 1.4%, other 4.7% (2009 est.)</p>

**Primary Religions:** <p>Muslim 97.3% (predominantly Shia), Christian 2.6%, other &lt;0.1, unaffiliated &lt;0.1 (2020 est.)</p>

**Calling Code:** 994

**Voltage:** 220

## Key Websites

Main Government Page: [en.president.az](http://en.president.az)

Commerce Ministry: [economy.gov.az](http://economy.gov.az)

Export Promotion Agency: [azpromo.az](http://azpromo.az)

Investment Promotion Agency: [azpromo.az](http://azpromo.az)

## Key Economic Facts

|  |                            |
|--|----------------------------|
| Income Level (by per capita GNI):                                    | Upper Middle Income        |
| Level of Development:  | In Transition              |
| GDP, PPP (current international \$):                                 | \$180.75 billion (2022)    |
| GDP growth (annual %):   | 4.62% (2022)               |
| GDP per capita, PPP (current international \$):                      | \$17,764.45 (2022)         |
| External debt stocks, total (DOD, current US\$):                     | \$14,644,711,893.30 (2021) |
| Manufacturing, value added (% of GDP):                               | 5.01% (2022)               |
| Current account balance (BoP, current US\$):                         | \$23.48 billion (2022)     |
| Inflation, consumer prices (annual %):                               | 13.85% (2022)              |
| Labor force, total:  | 5,160,258 (2022)           |
| Unemployment, total (% of total labor force) (modeled ILO estimate): | 5.46% (2022)               |
| Imports of goods and services (current US\$):                        | \$21.27 billion (2022)     |
| Exports of goods and services (current US\$):                        | \$47.27 billion (2022)     |

## GDP Composition %



*\*Although Manufacturing is included in the Industry figures, it is also separately reported because it plays a critical role in economy.*

## Rankings

| Index                           | Rank      |
|---------------------------------|-----------|
| Corruption Perceptions Index    | 126 / 178 |
| EY Globalization Index          | 51 / 60   |
| Global Competitiveness Index    | 57 / 141  |
| Global Enabling Trade Index     | 71 / 136  |
| Index of Economic Freedom       | 75 / 176  |
| Inward FDI Potential Index      | 64 / 139  |
| KOF Index of Globalization      | 90 / 185  |
| Networked Readiness Index (NRI) | 53 / 139  |
| Open Budget Index               | 44 / 114  |

## Risk Assessment (Provided by Coface)

**Country rating: B** - Political and economic uncertainties and an occasionally difficult business environment can affect corporate payment behavior. Corporate default probability is appreciable.

**Business Climate rating: C** - The business environment is difficult. Corporate financial information is often unavailable and when available often unreliable. Debt collection is unpredictable. The institutional framework has many troublesome weaknesses. Intercompany transactions run major risks in the difficult environments rated C.

### Strengths

- Well-endowed sovereign wealth fund thanks to hydrocarbon production and the state's position as a net external creditor
- Significant gas potential in the Caspian Sea
- Natural gas exports to Italy, Greece, Bulgaria, and Turkey, via Turkey and Georgia
- De facto pegging of the manat to the US dollar

### Weaknesses

- Landlocked and dependent on Turkey and Russia
- Low economic diversification, high dependence on hydrocarbons (50% of GDP, 90% of exports, and ~66% of tax revenues), declining oil resources
- Fragile, opaque, and dollarized banking system, underdeveloped private sector credit
- Poor governance (corruption, low competition, repression, politicization of the judiciary, weak links with international institutions)
- Armed conflict with Armenia over Nagorno-Karabakh
- Low population growth and aging population

## U.S. Embassy

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