

## 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 Novruz Mammadov

**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 96.9% (predominantly Shia), Christian 3%, other &lt;.1, unaffiliated &lt;.1 (2010 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)

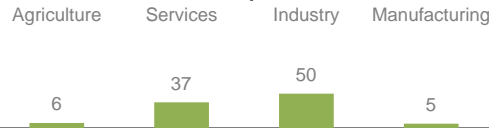
Export Promotion Agency: [azpromo.az](http://azpromo.az)

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 \$):	\$171.59 billion (2017)
GDP growth (annual %):	0.10% (2017)
GDP per capita, PPP (current international \$):	\$17,398.16 (2017)
External debt stocks, total (DOD, current US\$):	\$15,253,903,003.10 (2017)
Manufacturing, value added (% of GDP):	4.72% (2017)
Current account balance (BoP, current US\$):	\$1.68 billion (2017)
Inflation, consumer prices (annual %):	12.90% (2017)
Labor force, total:	5,002,124 (2017)
Unemployment, total (% of total labor force) (modeled ILO estimate):	5.03% (2017)
Imports of goods and services (current US\$):	\$17.10 billion (2017)
Exports of goods and services (current US\$):	\$19.84 billion (2017)

## 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	122 / 178
EY Globalization Index	51 / 60
Global Competitiveness Index	69 / 139
Global Enabling Trade Index	71 / 136
Index of Economic Freedom	59 / 179
Inward FDI Potential Index	64 / 139
KOF Index of Globalization	90 / 185
Networked Readiness Index (NRI)	53 / 139
Open Budget Index	77 / 115

## 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 oil production
- Significant gas potential in the Caspian Sea
- Increased prospect of gas exports to Turkey, then Europe
- Link in the connection between China and Europe; development of rail corridors with Iran, Turkey and Georgia
- Favorable business environment (25th in Doing Business 2019)

### Weaknesses

- Heavily dependent on hydrocarbons; limited non-oil sector
- Declining oil production (25% reduction over the last six years)
- Weak banking system
- Risk that the armed conflict with Armenia could worsen
- Governance problems (corruption, repression, offshore money laundering)

## U.S. Embassy

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