

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 0.1, unaffiliated 0.1 (2020 est.)</p>

Calling Code: 994

Voltage: 220

Key Websites

Main Government Page: en.president.az

Commerce Ministry: economy.gov.az

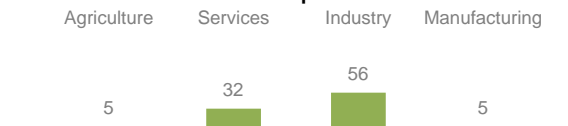
Export Promotion Agency: azpromo.az

Investment Promotion Agency: 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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