

Infrastructure sector in Azerbaijan

Azerbaijan continues to develop its infrastructure with ongoing opportunities in the roads, rail, water treatment and ports equipment sectors.

Market overview

Azerbaijan has experienced rapid economic growth and significant poverty reduction since the onset of the ongoing oil boom.

It has a relatively developed infrastructure which includes about 22.000km of railroads, and 6 international airports. It also has the largest Caspian port. The transport sector in Azerbaijan, comprising railway, aviation, roads and maritime shipping, amounts to about 7% of domestic output.

In 2011, Azerbaijan's mobile subscriber base had passed the 9m milestone (99% penetration). There are 4 mobile operators in the market. There are also significant signs suggesting a strong growth in Azerbaijan's internet usage; with user penetration expanding from 12% at the start of 2007, to 36% by the beginning of 2011.

Water treatment and sewage systems in Azerbaijan dates back to Soviet times; however the government is working on reconstructing the system with financial support from ADB, KfW and other financial institutions. Moreover the Azerbaijani government plans to spend roughly AZN 2bn (about £1.63bn) over the next year to improve the water supply and sewage treatment system.

Key opportunities

Railways

The Government of Azerbaijan has earmarked funding, and plans further improvement of road conditions, public transport and road infrastructure generally. There is a four-year State programme to upgrade the railways. Financing includes AZN 2.5bn from EBRD & Asia Development Bank (ADB), plus a World Bank loan of \$450m to overhaul rail infrastructure, which includes electrification, signals & rolling stock.

Tenders will be announced on the internet.

Roads

ADB had provided a loan of US\$55.4m to rehabilitate 39 km of a road bypassing Ganja. The road is part of the country's main east-west highway linking Baku to the Georgian border.

EBRD launched a series of investments to support the modernisation of Azerbaijan's road infrastructure to promote regional trade links, and drive forward the diversification of the

economy. This latest EBRD loan for the roads system provides US\$250m for the reconstruction of key regional roads feeding into the main corridor highways.

Water treatment

The Azerbaijani government is looking for foreign companies which could assist them in the following issues:

- Consultancy and technical companies dealing with the development of the water infrastructure.
- Companies involved in the technical aspects of the purification and secondary treatment of sewage water.
- Organisations or companies specialising in the laboratory inspection of potable or other sorts of water.
- Institutions or organisations experienced in staff training in this sector etc.

Baku International Trade Port

Construction has already begun, but the Baku International Sea Trade Port authorities now need loading equipment and service vessels.

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Getting into the market

All companies operating in Azerbaijan are required to be registered.

Without formal registration, a company may not do business in Azerbaijan (e.g. maintain a bank account, clear goods through customs, etc.). As a part of the ongoing business law reforms, a “One Window” principle was introduced from 1 January 2008. Registration procedures involving several governmental bodies (e.g. Ministry of Justice, tax authorities, Social Insurance Fund and Statistics Committee) have been eliminated, with the result that businesses need only register with the Tax Ministry.

UKTI Baku recommends that any UK companies seeking to do business in Azerbaijan seek advice from a range of sources, including obtaining legal advice. UKTI Baku can provide a list of international law firms operating in Baku. In addition, it is important to be conduct proper due diligence before entering into any sort of partnership or joint venture with Azerbaijani companies.

[More about doing business in Azerbaijan.](#)

Contacts

Market intelligence is critical when doing business overseas, and UKTI can provide bespoke market research and support during overseas visits through our chargeable Overseas Market Introduction Service (OMIS).

To commission research or for general advice about the market, get in touch with our specialists in country - or contact your local international trade team.

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[Contact your local international trade team](#)

UKTI Events

UKTI runs a range of events for exporters, including seminars in the UK, trade missions to overseas markets and support for attendance at overseas trade shows.

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Major Events

Road, Infrastructure and Public Transport Exhibition

13-15 June 2012

<http://www.roadtraffic.iteca.az/2012/?l=en>

Useful links

[More about OMIS and other UKTI services for exporters](#)

[UK in Azerbaijan](#)