

First of all I would like to express my the deepest thanks to Ubuntu Radio for invitation to take part on today's broadcasting, for possibility to talk to you about the past, current situation and future of the relations between Azerbaijan and South Africa. It is a great pleasure and joy to be here in your studio indeed.

Azerbaijan is located in the south-eastern part of the Transcaucasian region, western Asia. It borders to the north - with Russia, in the north-west - with Georgia, in the south - with Iran, in the west - with Armenia, in the extreme south-west - with Turkey, in the east Azerbaijan has sea border with Kazakhstan and Turkmenistan.

Its area is 86 600 sq. m. km. The population of Azerbaijan is around 11 million. 53,2 percent of population lives in urban areas, while 46,8 percent in rural areas.

Azerbaijan is a democratic, legal and secular state.

My country is rich in natural resources such as mé<sup>l</sup>tallic, non-metallic minerals and oil and gas deposits.

Azerbaijan is an industrial country and the history and structure of its industry is tightly connected with oil-production, petro-chemistry and refining, as for agriculture - by cotton, grapes, fruits and vegetables growing and livestock-breeding.

Over the past 10 years, our economy has grown by 300%. Poverty and unemployment have been sharply diminished and now standing at 5%.

From very first day of our independence, Azerbaijan has started the programme on diversification of economy, to decrease our dependence from oil and gas production.

Implementation of globally important projects in various sectors of the economy not only made our country more capable, but also facilitated regional and international cooperation.

The diversification of our economy is almost complete. Now almost 70% of our GDP comes from outside of the oil industry. In 2015, the non-oil industry grew by 8.4%.

Azerbaijan successfully continues its dynamic economic development. Despite the recent sharp fall in the oil prices, the country's economy is maintaining its growth rate.

Our main target today is to diversify our exports.

Azerbaijan is ranked number 37 in the World Economic Forum's Global Competitive Index (Number 1 in the Commonwealth of Independent States) and we are determined to strengthen this progress.

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**Q: Ambassador to start off our talks can you please give us a brief background on when diplomatic relations between Azerbaijan and SA began?**

Diplomatic relations between our two states were established in April 29, 1992.

In this regard I would like to congratulate all of us with 25th Anniversary of our friendship and cooperation.

Although we are celebrating 25<sup>th</sup> anniversary of our relations, in fact our friendship has much deeper roots. During the USSR period of history of Azerbaijan many South African citizens were studying in Azerbaijan.

Today they are in the leading positions in government and business sector of SA. Sympathy and support of the people of Azerbaijan was always on the side of anti-apartheid movement.

**Q: How has the common shared history enhanced the state of bilateral relations between the two countries?**

Both SA and Azerbaijan established their democracies in the past century.

As a result of struggle for independence, the people of Azerbaijan adopted declaration on restoration of the State independence on August 31, 1991, as well as in 1994 as result of ANC total victory at first universal elections apartheid regime in South Africa came to an end.

So it is not by chance that two young democracies, which share common aims and tasks, established relations of friendship and cooperation.

**Can you highlight any milestones since the beginning of formal bilateral relations**

## **between the two?**

The main milestones since establishment of our of our bilateral relations include:

In 1999 - an official visit of the Minister of foreign affairs of RSA Mr.A.Nzo to Azerbaijan,

In January 2012 the Embassy of the Republic of Azerbaijan in the Republic of South Africa was opened.

In February 2014, an official visit of the Minister Foreign Affairs Mr. Mammadyarov to South Africa.

And most recent, in November 2016, an official visit of the Minister of the Department of international relations and cooperation of South Africa to Azerbaijan.

I would like to underline that official visit of Mrs. Mashabane was very successful. She was received and had talks with the President Mr. Ilham Aliyev, Prime Minister and Minister Foreign Affairs. The sides confirm its commitments to develop existing friendly relations in all spheres of cooperation. The both sides agreed to strengthen cooperation in political and economic spheres. Particularly, Her Excellency Mrs. Mashabane underlined that for further development of our relations it is vital to open the Embassy of SA in Azerbaijan.

**Is there a Bi-National Commission (BNC) and/or Joint Bilateral Commission (JBC) between Azerbaijan and South Africa (if yes); What are the priorities for both countries in this mechanism?**

There is not Joint Bilateral Commission between our two countries.

To set up Joint Bilateral Commission is one of the major tasks that we have to work on.

**Q; What are the latest trade figures between the two partners?**

The total trade turnover between our countries for the past 5 years is around 600 mln. R. Certainly we are not satisfied with it. This trade turnover doesn't meet abilities and potential of our countries.

It is matter of fact that Azerbaijan is certainly a non-traditional trade partner for many SA companies and equally, few Azerbaijan companies engage in commercial activity in SA. It is pity, but business communities of our countries generally know a little about each other's abilities in trade and industry.

**Looking on trade and investment ties between Azerbaijan and South Africa; What is your opinion on the trade relations between the two counties going forward?**

Both SA and Azerbaijan have achieved enormous growth for the past 2 decades, re-structuring of economic and social development. The vibrant economic sectors and a rich and divers cultural society make our countries engaging with an entrepreneurial spirit.

I believe, that the trade relations between our two countries have a huge potential and a bright future.

So that main task should be promotion and intensification of inter-institutional and people to people interactions in all fields of our cooperation, to encourage business circles of our countries in mutually beneficial collaborations. In this regards it is very important to organize exchange of business delegations, to hold exhibitions of South African goods in Azerbaijan and vice versa.

Using this opportunity I would like to announce that on 23-25 November 2017 Azerbaijan International Real Estate and Investment Exhibition and Conference will be held in Azerbaijan and I would call SA business circles to take part on this event. I think it is good opportunity for SA investors to establish mutually beneficial contacts with their counterparts in Azerbaijan and to discover a new investment opportunities.

**Any activities the mission is currently undertaking to encourage South African businesses to invest in Azerbaijan and vice versa: Take us through some of the work or projects you have embarked on if any?**

Since the opening of our Embassy in Pretoria the main focus has been political. It is very important, but not enough. The further development of our relations depends on extension of economic and humanitarian contacts.

The Embassy has already started activity in those directions. In 2016 a group of South African businessmen supported by the Embassy established the Azerbaijan - South African Chamber of Commerce.

Having developed educational complex Azerbaijan proposed its to assistance to SA in training and preparation of specialists in such of areas as energy, petro-chemistry, tourism, oil and gas industry, mining, irrigation and rational water consumption and cetera.

What are some of the main industries in Azerbaijan, and what are some of the major investment areas between the two countries?

Azerbaijan welcomes any investment, but mostly interested in investment to non-oil sector of economy There are a plenty opportunities to invest to transportation and logistics, infrastructure, high- tech, information and communication technology, agriculture, food proceeding and vine-producing, mine industry, production of renewable energy, tourism and hospitality industry, and cetera.

The major request is investments should be economically efficient, imply establishment of enterprises with introduction of new technologies, oriented on production of high quality, competitive, export-oriented and import-substituting goods and products.

All needed conditions for doing business have been created in Azerbaijan. There are a number of industrial and high-tech parks with friendly business environment, complete with a resound infrastructure and a resourceful support system. The residents of industrial and technological parks have tax and customs privileges and are exempted from income, land, and property taxes for a term of seven years.

**What is the status of Foreign Direct Investment (FDI) in Azerbaijan?**

Foreign investment in Azerbaijan is regulated by international treaties and domestic legislation. This legislation permits FDI in any activity not prohibited by law. Azerbaijani legislation protects foreign investors against nationalization and requisition. This law stipulates that Azerbaijan will treat foreign investors in a manner not less favorable than the treatment accorded to national investors and allows the repatriation of profits, revenues and other investment-related funds. Foreign investors can participate in the privatization programs of state and municipal properties.

**For South African business that wish to invest in Azerbaijan, how long does it take to establish business in that country?**

Since 2008 the registration and the creation of business entities with foreign ownership have been carrying out on-line on base of the so-called "one-stop-shop" principle that greatly simplifies the registration process and reduces waiting times. It takes 7 procedures and 11 days to establish a foreign-owned company (LLC) in Azerbaijan. This is faster than in Eastern Europe and Central Asia and much faster than global average. A foreign-owned company does not need to get an investment approval to establish itself in Azerbaijan.

The Ministry of Taxes issues the business registration within 3 business days and the VAT number within 5 days of application. Opening a bank account (in local or foreign currency) process can be done online and usually takes only 2–3 days. There is no minimal capital requirement for LLCs.

According to "one-stop-shop" principle for work and residency permits, within seven days of application, foreigners applying for residence and work permits should receive these documents. Businessmen may work in Azerbaijan for up to 90 days per year without having a work permit.  
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**What are some of the major advantages for South African companies that plan on investing in Azerbaijan ?**

There is a very favorable business and investment environment in Azerbaijan

1. Political and economic stability
2. FDI friendly laws
3. Low taxes And incentives
4. Highly qualified and motivated labor pool
5. Abundant resources
6. Regional hub
7. Fast developing infrastructure
8. State support
9. Ease of doing business
10. Cosmopolitan and secular culture

**Can you mention some of the South African businesses that are currently operating in Azerbaijan?**

There are a number of SA companies that are currently operating in Azerbaijan. Among them the most successful company is Paramount Technologies.

**What are some of the current targeted investment sectors by SA companies in Azerbaijan?**

SA companies collaborate with Azerbaijan in aerospace, high-tech and energy field.

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**Any trade agreements / memoranda of understanding between the two?**

At the moment the agreements on elimination of double taxation, promotion of and mutual protection of investments is under consideration by SA side. I hope, this work will be finalized soon and the Agreement will be ready for signing. The adoption of the Agreement will facilitate our economy cooperation.

**What does Azerbaijan make of South Africa's contribution to the African continent?**

South Africa is the most influential country in Sub-Saharan Africa. Country ~~continues~~ ~~to play~~ an important economic role on the continent, remains a driving political force in the African Union and a major supporter of peace missions across the region.

South Africa has received recognition as an important emerging power and gained access to key international platforms including the United Nations Security Council

(2007-2008 and 2011-2012), the G20 and the BRICS (Brazil, Russia, India, China and South Africa) forum.

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**What is South Africa's assessment of the business and investment environment in Azerbaijan?**

*It would better if you ask this question your diplomats, when they will start their mission in Azerbaijan. Being Azerbaijani diplomat it is hard to me to say about South Africa's assessment of the business and investment environment in Azerbaijan.*

Let me say about opportunities, about perspectives of our trade and economic cooperation.

The matter of fact that Azerbaijan due to advanced geographical location is a gateway to the Central Asia, South Russia and Caucasus and Caspian region at large.

The globally important transport project "New Silk Road" makes Azerbaijan main transport hub and regional trade center. Today we are restoring the historical Silk Road with the application of modern technologies. Construction of the biggest sea trade port in Caspian basin and Baku-Tbilisi-Kars railway – running from Azerbaijan through Georgia and Turkey into South European region are scheduled for completion this year. Meanwhile, all the construction works on the Azerbaijani segment of the north-south transport corridor, which connects North European states with Persian Gulf region were finalized last year. Thus, Azerbaijan is turning into a crucial transportation hub.

I am sure that Azerbaijan could become a strategic regional export center of SA goods and services, springboard for economic invasion on Central Asian market.

Azerbaijan also considers Republic of South Africa as gateway to the Sub-Saharan Africa. Azerbaijani business can invest across the continent and use South Africa's steady economy and financial regulation as a safe place for related business deals.

But at the same time South Africa also offers opportunities for internal foreign direct investment. South Africa's political and macro-economic

stability, reputable financial sector and highly developed legal system are some of the assets that allowed to carry out successful business.

Utilizing each country as the gateway to neighboring countries can provide further justification and revenue.

### *Tourism and Culture*

#### **Do you think Azerbaijan is a popular tourism destination for commuters from South Africa and vice versa?**

At the moment Azerbaijan is not popular tourist destination for South Africans and vice versa. But I am sure that cooperation of our countries in this field has a significant potential. Development of people to people contacts and our economic , cooperation will give impetus for development of tourism between our countries.

#### **Q: What are current tourism figures between the two countries?**

In 2015 only 149 Azerbaijanis visited SA and around same number of SA visited Azerbaijan.

#### **Q: Based on your opinion, how can the two countries make themselves attractive tourist destination for both South Africans and Azerbaijan ?**

Absence of direct air flight connections between our countries is a main obstacle for developing mass tourism. Azerbaijan has proposed to sign Agreement on air transportation and this document is under consideration of SA side. I hope that SA will complete soon all needed procedures for signing this Agreement.

Another major issue that curbs development of tourism from Azerbaijan to SA is an absence of SA Consulate in Azerbaijan. Azerbaijanis who wish to travel to SA should apply for visa to SA Embassy in Turkey and it makes almost impossible increasing tourist flow from Azerbaijan.

Our countries should to remove all this obstacles to develop our tourist exchange.

#### **Q: Do you think there are common elements in the culture of Azerbaijan community and South Africans?**

As a South African culture the culture of Azerbaijan absorbed the elements of various cultures and civilizations. This fact makes our cultures very unique and a same time very similar.

**Q: Please highlight some of the key tourist attractions in Azerbaijan?**

Azerbaijan is very unique place from nature point of view, because there are 9 out of 11 of the world's climate zones. In Azerbaijan, you can see all kinds of terrain: the mountains and low-lands, plains and valleys. Flora and fauna of Azerbaijan are rich and diverse.

Azerbaijan was a one of the main transport and trade hub of the ancient Silk Road and acted as the golden gate between China and India and European countries. This fact had a crucial impact on the history and culture and national traditions of Azerbaijan. The people of Azerbaijan very hospitable and very tolerant to any religions and customs.

The rich historical, cultural and natural heritage of the country attracts visitors from all over the world. More than 2 mln. tourists annually visit Azerbaijan. Diverse nature, a unique ancient and modern architecture, unique culture, and cuisine, mineral springs and the world's only oil field treatment - naphthalene, and more contribute to Azerbaijan has become the winner of the competition "The Best Tourist Directions-2015" held by the National Geographic Society.

The initiation of the electronic visa and the introduction of tax-free systems, as well as the recent hosting of large-scale events, such as the Eurovision song contest, European Games, Formula 1 Grand Prix racing and World shopping festival, significantly contribute to the development of tourism in the country. This year the Islamic Solidarity Games 2017 will be held in Azerbaijan and those events will also significantly increase the number of tourists visiting Azerbaijan.

The Azerbaijani capital Baku has numerous historical and architectural monuments dating to various historical epochs.

The Walled City of Baku or Icheri Sheheris the ancient historical core of Baku, the Palace of the Shirvanshahs , symbol of Baku Maiden Tower, a Zoroastrians fire temple Ateshgah and Gobustan Caves with 6,000 rock engravings dating on Ice Age are classified as a World Heritage Site by UNESCO.

**Q: Are there any cultural exchange programmes between the two partners?**

Cultural exchange programme is also very important area of our cooperation. Azerbaijani Symphonic orchestra performed a concert in Johannesburg in 2015, as well as Johannesburg philharmonic orchestra took part on international festival in Azerbaijan.

In 2014 a kick-boxing team had friendly competition with SA sportsmen in Pretoria. And soon after a group of SA kick-boxers was invited to Azerbaijan for training.

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**Any tourism agreements between the two countries, and their benefits to both countries?**

There is not Agreement on cooperation in this area and our Embassy is going to focus on this matter in a closest future.

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**Q: Is there a visa requirement for South Africans traveling to Azerbaijan?**

Yes, there is a visa requirement for SA, but SA citizens who wish to travel to Azerbaijan can obtain visa trough on-line e-viza system within three days.

**Q: Have you had the chance to travel in South Africa? What is your favorite place in South Africa and have you tried local cuisine?**

I arrived in SAR 3 months ago, so I am just at the initial stage of discovering of SA.

For this relatively short period I have able to visit Cape Town, Richard bay and Kruger National Park.

The most strong impression from Table Mountain, Cape Peninsula and Cape of Good Hope. Being at the edge of the earth brought me to a strong emotional state.

I just starting my eating experience in SA, but braai and bobotie have already become my favorite meals.

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Taking this opportunity I would like to call to Government of SA, to DIRCO, particularly to his excellency Mrs. Mashabane, to the Parliament, to all whom it may concern to establish as soon as possible diplomatic mission of SA in Azerbaijan. It is very vital for successful development of our relations, to realize a huge potential of our cooperation. Development of Friendship and cooperation is two track process and the mutual affords are needed. The opening of South Africa Mission in Azerbaijan is extremely important for promotion and facilitation of interests SA companies in such promising region as South Caucasus and Central Asia.