

**The Trade potentials of the ECO Member States at a Glance  
(Republic of Azerbaijan)**

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### **The Geographical –Economic Specifications:**

Republic of Azerbaijan with an area of 86600 square km is the largest country in the Caucasia and the gate to Europe and South East and South West Asia on the shores of the Caspian Sea. The country's capital is Baku.

Iran in the south, Armenia and Turkey in the west, Georgia in North West as well as Russia in the North constitute the neighbors of the Republic of Azerbaijan; also this country enjoys water borders with Turkmenistan and Kazakhstan on the coasts of the Caspian Sea.

The population of the Republic of Azerbaijan in 2013 stood at 9.960 million. The Gross Domestic Product (GDP) of the country in the same year was equivalent to US\$ 102.7 b (based on the purchasing power) while the GDP per capita is US\$ 10800.

As it is seen the four ECO member states (Iran, Turkey, Turkmenistan and Kazakhstan) are neighbors of the Republic of Azerbaijan on the land and on the sea. The Republic of Azerbaijan enjoys the historical and ancient heritage. The Democratic Republic of Azerbaijan which was founded in 1918 was annexed to the United Soviet Socialist Republics (USSR) in 1920 and regained its independence in 1991.

The Republic of Azerbaijan is situated in the south of the Caucasia mountain range, north of the Aras River and on the coasts of the Caspian Sea. The three mountain ranges of Greater Caucasia in the north, Lesser Caucasia in the west and Talysh Mountains in the south have surrounded the country. These mountains constitute 40% of the country's area while the Bazarduzu Peak is the highest mountain of the Republic with a height of 4466 meters.

The medial parts including the Central Aran Plain, Moghan and Mille as well as the Coasts of the Caspian Sea are flat as the height of the lowest parts of the country is 28 meters lower than the sea level. The Republic of Azerbaijan is a landlocked country and situated on the parameters of

the Caspian Sea which is a closed body of water and its shore line is 800 kilometers long. The biodiversity and the vegetation multiplicity of the Republic of Azerbaijan are due to its vast climate diversity so that more than 4500 plant species are observed in the mountains of the country.

On climate aspects, the Republic of Azerbaijan is of multiple climates. In general, the north and south of the country are of relatively dry and mountain weather while the south east part is of humid and milder climate. Western, northern and southern parts including Qarabağ and the north east part of the Nakhchivan Autonomous Republic, the hillsides of the Caucasus Mountains and Lankaran-Astara region as well as Talysh mountains are very humid. The central parts including the vast plains are very potential for agriculture which are irrigated by the Aras and Kura rivers.

The Republic of Azerbaijan in the recent years has made tremendous efforts to boost its tourism. Also, 2011 was named as “the Year of Azerbaijan Tourism”. The Republic in 2010 hosted more than 2.5 million tourists. In the recent years, the share of tourism in Azerbaijan is divided among Ukraine, Kazakhstan, Iran, Georgia, Jordan, Bahrain, Germany, Australia, Bulgaria and Finland. In 2012, Azerbaijan received the majority of inbound tourists into the Caucasus region as in 2013 the number of arrivals to the country was over 2 million and the revenues gained from the arrivals was US\$ 2365 m.

The cultural, architectural, national and Islamic heritages constitute the most important factors for the stability of the Azerbaijan Republic. This country with its architectural heritage, customs and traditions, cultural diversity, diverse clothing, handicrafts, traditional cuisine as well as geographical and natural landscapes is of tourism attractions and every year thousands of foreign tourists are being attracted to the country which highly improves the economic growth of the country.

The 2015 European Games, also known as “Baku 2015 European Games” (Azerbaijani: Bakı 2015 Avropa Oyunları), an international multi-sport event for athletes representing the National Olympic Committees (NOCs) of Europe took place in Baku, Azerbaijan, from 12 to 28 June 2015, and featured almost 6,000 athletes from 50 countries competing in 20 sports.

Baku was awarded the right to host the first European Games at the 41<sup>st</sup> EOC General Assembly in Rome, on 8 December 2012. The European Games will take place every four years thereafter, with the next competition due to be held in 2019.

The Republic of Azerbaijan at present in comparison with other newly independent republics around it is among the superior exporters of natural gas and has sufficient resources as the investment in this area after the independence of the country has experienced more expansion. In 2013 the country held 7 billion barrels of crude oil and 991.1 billion cubic meters of natural gas reserves.

In order to achieve a more developed economy, some reforms have been conducted by Azerbaijan Republic. Devising the new law on investment, modification of the banking system, facilitation of imports by private institutions and government bodies is among these measures.

Nevertheless, in the initial years of independence, staggering inflation caused by the Qarabağ war and the free price policy as well as privatization of the economy imposed heavy pressures on the Azerbaijani nation and the purchasing power declined rapidly. But in 1996 increase in revenues gained by the petroleum related international contracts, the increasing pace of foreign investment, credits by the International Monetary Fund (IMF) and World Bank as well as aid from European countries improved the troubled economy of the country.

In 2008 the Azerbaijan Republic as reported by the World Bank, was the best country in terms of the implementation of the economic reforms program among 10 countries that had provided the World Bank with their detailed economic information.

The World Bank also regards Albania, Kazakhstan, Kyrgyzstan, Belarus, Tajikistan, Russia, Ukraine, Armenia and Georgia as countries who have managed to achieve major changes by modifying the laws and regulations that follow Azerbaijan in terms of ranking.

Although previously the development of semi-mechanized agriculture has been accentuated in the Azerbaijan Republic, but it seems that after the collapse of the Soviet Union, the republics main focus is on development of petroleum related economic activities. Hence, by aid of experts from the World Bank and the IMF, by implementing the privatization programs and transfer of arable lands has been trying to revitalize the agricultural sector.

Despite the existence of suitable backgrounds for agriculture, at current situation, the Republic has been obliged to import more than US\$ 0.5 b of foodstuffs in 2013.

The Azerbaijan Republic enjoys a diverse economy with agriculture, services, mines, tourism and limited industrial product sectors. In order to simplify the taxation structure, attraction of foreign investment and helping the growth of the privatization, the governments control over the economy has been compromised.

The growth of the oil prices boosts the Azerbaijani economy since it is a crude oil and petroleum materials exporting country. Since 2002 till now the ascending trend of the oil and by-products prices has made the Azerbaijan Republic face with an exceptional economic occasion which will impact all the aspects whether political, social and security. The hike in the oil related revenues has helped improve the people's living standards.

**Table (1)-Republic of Azerbaijan, Basic Information**

Gross Domestic Product (US\$ b)	Income per capita	Inflation rate (%)	The volume of foreign investment (US\$ m)	Major agricultural products	Major industrial products	Major mineral products
102.7	10800	2.4	2632	Cereals, sugar, cotton, vegetables, fruits	Petrochemicals, textile	Oil,gas

As it is seen in Table(1), the volume of foreign investment in Azerbaijan in 2013 equals US\$ 2632 m in various sectors which shows a 31% growth compared to 2012. Major investors in Azerbaijan include U.K, U.S.A, Japan, Norway, Turkey, Czech Republic and France respectively.

Currently the most suitable sectors for investment in the Republic of Azerbaijan which are of relative potential comparative advantage include:

- Oil and Gas center
- IT (Information Technology)
- Petrochemicals
- Energy production
- Infrastructure
- Construction
- Water and agriculture
- Tourism (Health Tourism in Particular)

Since 2008, with the ratification of laws and regulations like compromise of the non-tariff limitations, creation of infrastructures including sea ports, facilitation and decreasing the number of stages of the business startups, online tax payment, alleviating the usual red tapes in government offices, development of up-to-date information utilization, shortening the required time to transfer assets from Azerbaijan Republic as well as the Assets Registration Act including the land and real estate, has made great achievements in absorbing due foreign investment.

As observed within table (2), Kazakhstan, Turkey and Iran in the ECO region are major partners of the Republic of Azerbaijan.

According to the available sources of the country, Azerbaijan is one of the major exporters of oil and gas in the world and its major imports are machinery and equipment, cement, chemical metals and consumer goods.

**Table (2) - Major commodities and partners of Azerbaijan's Foreign Trade**

<b>Major exports of the world</b>	Oil and gas, foodstuffs, iron and steel products
<b>Major imports from the world</b>	Machinery and equipment, foodstuffs, chemical metals
<b>Azerbaijan's exports partners</b>	Russia,Italy,India,Thailand,Romania,Indonesia,Turkey
<b>Azerbaijan's import partners</b>	Russia,Turkey,U.K,Germany,China,U.A.E<Ukraine<Italy,Japan,Kazakhstan,Iran
<b>Major exports of Iran to Azerbaijan</b>	Cement, consumer goods, plastic materials, foodstuffs
<b>Major imports of Iran from Azerbaijan</b>	Iron and steel, natural gas, electricity,fabrics,press cakes

Source: <http://www.trademap.org> / <http://eng.tpo.ir> / <http://www.trademap.org>

The figures of the tables 3, 4 and 5 show that the volume of trade of Azerbaijan with the world has always experienced fluctuations as specifically since 2011 the decreasing trend is seen. Of course in 2013 with roughly 3% of growth compared to 2012, the amount of the country's trade with the globe has grown to US\$ 35 b.

Meanwhile between 2011 and 2013, the trade between Azerbaijan and the ECO region grew by 15%. It is remarkable that the imports of the country from Iran grew by more than 75% in 2013 compared to 2010.

The total volume of Azerbaijan's imports in 2014 was US\$ 9179 m of which the highest amount of imports were conducted from Russia (US\$ 1321 m), Turkey (US\$ 1286 m), U.K (US\$ 978 m), Germany (US\$ 701 m), China (US\$ 697 m), U.A.E (US\$ 563 m), Ukraine (US\$ 419 m), Italy (US\$ 272 m), Japan (US\$ 240 m), Kazakhstan (US\$ 222m ) and Iran (US\$ 147 m).

**Table (3) - Azerbaijan's Trade with the world (US\$ m)**

Year	2008	2009	2010	2011	2012	2013	2014
<b>Exports</b>	47757	14688	21278	26480	23827	23905	21740
<b>Imports</b>	7162	6120	6597	9641	9820	10764	9179
<b>Total</b>	54919	20808	27875	36121	33647	336669	30919

Source: <http://www.trademap.org>

**Table (4) - Azerbaijan's Trade with the ECO member states in 2008-2014 (US\$ m)**

Year	2008	2009	2010	2011	2012	2013	2014
Exports to ECO	47757	14688	21278	26480	23827	23905	21740
Imports from ECO	7162	6120	6597	9641	9820	10764	9179
Total	54919	20808	27875	36121	33647	336669	30919

Source: <http://www.trademap.org>

**Table (4) - trade transactions of Azerbaijan Republic with the ECO member states 2008 till 2014 (US\$ m)**

Year	2008	2009	2010	2011	2012	2013	2014
Imports from Iran	98	78	118	160	176	208	147
Exports to Iran	355	91	124	144	87	74	133
Total trade between Iran and	453	169	242	304	263	282	280

Source: <http://www.trademap.org>

#### **The Republic of Azerbaijan as a member of the Economic Cooperation Organization (ECO):**

The Economic Cooperation Organization (ECO) is a regional intergovernmental organization. The background of the formation of the ECO dates back to 1962 when Iran, Pakistan and Turkey formed the Regional Cooperation Organization for Development (RCD) which was active till 1979 then in 1985 on the basis of collaboration among the three countries, the "Economic Cooperation Organization" (ECO) was founded and in 1992 with accession of Uzbekistan, Azerbaijan, Kazakhstan, Kyrgyzstan, Turkmenistan, Tajikistan and Afghanistan, the number of member states reached 10.

Despite the young age of the ECO, this organization has had successful accomplishments on the regional and global levels meanwhile facing several problems to achieve its objectives. Different agreements have been signed within this organization which have face difficulties in

implementation and have not been put into action. The Republic of Azerbaijan, within the framework of the ECO regional cooperation has signed below agreements which are yet to be implemented:

- Agreement on Visa Simplification
- The ECO Transit Trade Framework Agreement (TTFA)
- The Agreement on Promotion and Protection of Investment (APPI)

### **Studying the potentials to increase the trade between the Azerbaijan Republic and the ECO member states:**

Once the figures in this report are reviewed, it will be known that the total trade of Azerbaijan in 2013 has exceeded to US\$ 34669 m out of which only US\$ 3005 m was transacted with the ECO region which is less than 9% of the total figure.

Obviously the trade potential of Azerbaijan Republic (in our studies, the potentials of the country to import from the ECO member states) is higher than the figure of 2013. In this Study, the trade potential of the country from the ECO in terms of major imports has been focused on and therefore for each item the value of the total imports of Azerbaijan from ECO member states and other countries have been extracted and in return the export value of other ECO member states in the mentioned goods categories have been mentioned.

Consecutively, comparing the imports of Azerbaijan from non-ECO countries and the exports of ECO member states to the world in each of the categories, it can be concluded that by prioritizing the ECO member states in place of the non ECO countries as exporter partners of Azerbaijan it will be possible to help elevate the level of intra regional trade.

During the studies of the trade requirements of the ECO region, considering 20 top imported items of Azerbaijan in 2013 (in terms of the import value) the total figure of imports of the country in 2013 for 20 items was almost US\$ 8427 m of which only US\$ 1640 m (20%) was imported from the ECO region. On the other hand, the other ECO member states exported US\$ 11578 m worth of these items to the world whereas once Azerbaijan would utilize this potential of the ECO region, 100% of the trade of this country in its 20 top imports would have been done with ECO member states.



**Table (6) - list of the 20 top imported items of the Azerbaijan Republic in 2013 (US \$ thousands)**

Code	Notes	Azerbaijan Import Value	ECO member states exporting to Azerbaijan	Figure of imports from top 10 non ECO exporting countries to Azerbaijan	Capabilities of other ECO member states
84	Machinery, nuclear reactors, boilers, etc	20250035	Pakistan ( 179 391), Tajikistan ( 7923) <b>Total: 314, 187</b>	U.S.A (151,485), the UK (221,154), China (178,185), Germany (263,115), Italy (111,265), Russia (112,803), the Netherlands (45,557), Australia (37,935), Korea (45,664), Japan (115,033) <b>Total: 1282196</b>	Turkey (273,177), Iran (4504), Kazakhstan (2536), Kyrgyzstan (208), Turkmenistan (372), Uzbekistan (257) <b>Total: 281654</b>
71	Pearls, precious stones, metals, coins, etc	902321	Kazakhstan(1118784), Kyrgyzstan (742 709 ), Pakistan (437 267), Uzbekistan (265 403), Turkmenistan ( 263043 ), Afghanistan (10,935), Tajikistan ( 6173 ) Iran ( 2182) <b>Total: 496,846,2</b>	The United Kingdom (797,806), Switzerland (55,174), Off the South Yqay (44760), France (1648), Italy (612), China (133), Georgia (185), U.S.A (576), Germany (434), Australia (322) <b>Total: 901 650</b>	Turkey (392)
87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	888916	Kyrgyzstan (85,312), Pakistan (74,182), Turkmenistan (4275), Tajikistan (1544), Afghanistan (1276) <b>Total: 589, 166</b>	Germany (194,384), Korea (128,061), Japan (122,800), Czech (16580), Italy (19,284), the UK (25,829), Russia (110,826), China (48,212), U.S.A (44633), Belarus (27124) Total: 737 733	Turkey (70451), Uzbekistan (6694), Iran (3554), Kazakhstan (18) <b>Total: 80,717</b>
73	Articles of iron or steel	771457	Afghanistan (296), Tajikistan (266), Pakistan (180,416 ), Kyrgyzstan (6055) <b>Total: 033, 187</b>	China (69,185), Japan (39,924), U.S.A (28,416), Germany (26,742), Ukraine (128145), Russia (114,868), the UK (73,212), the Netherlands (8510), Italy (12702), Czech (20442) <b>Total: 522 146</b>	Turkey (172,254), Iran (2318), Kazakhstan (4880), Turkmenistan (201), Uzbekistan (1) <b>Total: 179,654</b>
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	74146	Turkey(21097),Kyrgyzstan(889), Iran(1571),Kazakhstan(1135), Uzbekistan(9), Turkmenistan(110), <b>Total:214684</b>	China (126154),England(53089), Germany(53165), Russia(36527),France(14674), U.S.A(22556), Netherlands(22310), Finland(205550,Czech Republic(197820,Ukraine(15431) <b>Total:394234</b>	Pakistan(114547), Afghanistan(6859), Tajikistan(1693) <b>Total:123099</b>
88	Aircraft, spacecraft, and parts thereof	440153	Afghanistan(89), Turkey(23) <b>Total:112</b>	U.A.E(2945),Russia(2131), England(719), France(271747),Brazil(150265), U.S.A(6800), Italy(4471), Germany(325),	Uzbekistan(6579), Pakistan (2514), Turkmenistan(1482), Tajikistan (936), Kazakhstan(192984), Iran(23702),

				Netherlands(193), Luxembourg(160) <b>Total:439756</b>	Kyrgyzstan(8776), <b>Total:236673</b>
10	Cereals	434615	Kazakhstan (235920), Turkey (6183), Pakistan (461), Turkmenistan (8763), Uzbekistan (590) <b>Total: 251917</b>	Russian (173161), India (2871), Ukraine (2534), Georgia (1960), Thailand (738), China (732), Egypt (609), Italy (266), Vietnam (215), USA (80), <b>total: 182614</b>	Kyrgyzstan (309), Tajikistan (898), Afghanistan (281), Iran (798), <b>total: 2.,286</b>
72	Iron and steel	381297	Kazakhstan-22414), Turkey (28979), Iran (6,381), Afghanistan (56) <b>Total: 26251</b>	Luxembourg (4400), Korea (3665), Slovakia (2784), Germany (1833), Russia (135073), Ukraine (124645), Georgia (19595), United Kingdom (13369), Romania (4619), China (7,976) <b>Total: 318608</b>	Pakistan (41742), Kyrgyzstan (35417), Uzbekistan (5823), Tajikistan (725), Turkmenistan (8) <b>Total: 83, 831</b>
24	Tobacco and manufactured tobacco substitutes	338829	Iran(14)	Russia (166225), Ukraine (91493), Germany (54016), Switzerland (18933), Lithuania (3278), UAE (1968), the Netherlands (560), Spain (351), Lebanon (330), Romania (231) <b>Total: 337385</b>	Turkey (904792), Kazakhstan (93307), Pakistan (26397), Uzbekistan (20970), Kyrgyzstan (18975), Tajikistan (1596), Afghanistan (3) <b>Total: 1,066,040,</b>
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	313377	Turkey (48314), Iran (842), Kazakhstan (858), Pakistan (9), Turkmenistan (194) <b>Total: 50217</b>	Germany (60149), France (45463), United Kingdom (31214), USA (20497), China (14530), Switzerland (7249), India (5152), Russia (13797), Slovakia (10730), UAE (8655) <b>Total: 218167</b>	Kyrgyzstan (14042), Uzbekistan (8947) Afghanistan (1915), Tajikistan (410) <b>Total: 11, 237</b>
44	Wood and articles of wood; wood charcoal	285408	Turkey(23457)	Russia (191548), Belarus (27503), Ukraine (13095), Bulgaria (7182), China (3400), Poland (2345), UAE (2124), Germany (1846), Romania (1186), Vietnam (1235) <b>Total: 251211</b>	Pakistan (52681), Kazakhstan (861), Iran (2768), Uzbekistan (2011), Afghanistan (871), Kyrgyzstan (861), Tajikistan (40) <b>Total: 59, 233</b>
39	Plastics and articles thereof	278361	Turkey (92673), Iran (24860), Turkmenistan (7100), Kazakhstan (3160), Pakistan (5) <b>Total: 128084</b>	Korea (23544), Saudi Arabia (29092), USA (16389), Germany (15976), United Kingdom (9113), China (7739), Russia (7247), UAE (7009), the Netherlands (5626), Ukraine (5444), <b>Total: 126971</b>	Uzbekistan (55611), Kyrgyzstan (26640), Tajikistan (2263), Afghanistan (1969) <b>Total: 85, 868</b>
30	Pharmaceutical products	250049	Turkey (15433), Kyrgyzstan (567), Kazakhstan (70), Pakistan (211), Iran (600),	Switzerland (30011), Germany (20952), Russia (20235), Ukraine (11928), Georgia (21810),	Afghanistan (1121), Turkmenistan (38), Tajikistan (28)

			Uzbekistan (11) <b>Total: 32325</b>	Hungary (12900), United Kingdom (9321), Italy (8682), Poland (8290), India (7043) <b>Total: 234606</b>	<b>Total: 1, 187</b>
17	Sugars and sugar confectionery	228972	Turkey (2510), Kazakhstan (505), Iran (241) <b>Total: 3090</b>	Brazil (200924), Ukraine (12203), Russia (9011), Poland (1885), Finland (429), Belarus (258), Luxembourg (246), Italy (191), Iraq (135), Germany (94) <b>Total: 225241</b>	Pakistan (633568), Uzbekistan (1340), Kyrgyzstan (616), Afghanistan (32), Tajikistan(33) <b>Total: 635, 558</b>
25	Salt; sulphur; earths and stone; plastering materials, lime and cement	204236	Iran (80842), Turkey (20693), Kazakhstan (13958), Turkmenistan (426) <b>Total: 115919</b>	Georgia (39728), Russia (32151), Ukraine (4725), China (4354), Spain (1670), Italy (1150), USA (1114), United Kingdom (663), the Netherlands (441), UAE (371) <b>Total: 86367</b>	Pakistan (722822), Uzbekistan (35985), Kyrgyzstan (21898), Afghanistan (17385), Tajikistan (90) <b>Total: 797380</b>
94	Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, not elsewhere specified or included; illuminated signs, illuminated nameplates and the like; prefabricated buildings	150333	Turkey (69963), Kazakhstan (1447), Iran (83), Turkmenistan (12) <b>Total: 71505</b>	Italy (18302), United Kingdom (11968), Germany (8278), Ukraine (6296), China (4872), Russia (3424), the Netherlands (3341), UAE (3034), South Africa (2834), Spain (2099) <b>Total: 64170</b>	Pakistan (101573), Kyrgyzstan (5695), Uzbekistan (2476), Tajikistan (297), Afghanistan (116) <b>Total: 155, 110,</b>
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	143230	Kazakhstan (13191), Turkey (13691), Iran (14256), Turkmenistan (30,411) <b>Total: 71394</b>	Belgium (24363), Russia (13517), Korea (8032), the Netherlands (5608), Germany (4506), Ukraine (3834), UAE (3078), USA (2569), England (1481), Italy (718) <b>Total: 139099</b>	Uzbekistan (1283460), Pakistan (526781), Kyrgyzstan (166668), Afghanistan (55748), Tajikistan (121) <b>Total: 2, 778032</b>
38	Miscellaneous chemical products	113851	Turkey (17486), Iran (387), Kazakhstan (17), Uzbekistan (72) Total: 17962	U.A.E (22446), Germany (16609), United Kingdom (11644), Russia (10839), the Netherlands (7321), France (6595), China (5435), Switzerland (1795), Ireland (1034), Ukraine (1018) Total: 86105	Pakistan (19626), Kyrgyzstan (3248), Afghanistan (113), Turkmenistan (27), Tajikistan (62) Total: 116, 23
28	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of	106290	Turkey (21372), Iran (859), Uzbekistan (124), Kazakhstan (38) <b>Total: 24837</b>	Brazil (15500), China (14342), Russia (11525), Ukraine (10017), India (5324), Venezuela (5025), USA (3217), United Kingdom (2852), the Netherlands (1016), Butter (671) <b>Total: 69532</b>	Pakistan (33243), Turkmenistan (21159), Kyrgyzstan (581), Tajikistan (204), Afghanistan (36) <b>Total: 55,223</b>

	isotopes				
34	Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial waxes, prepared waxes, polishing or scouring preparations, candles and similar articles, modelling pastes, 'dental waxes' and dental preparations with a basis of plaster	100489	Turkey (56555), Iran (412), Uzbekistan (5), Kazakhstan (25), Pakistan (5) <b>Total: 66002</b>	Russia (5900), United Kingdom (5779), Ukraine (5421), American (5195), France (4468), China (4533), Italy (2304), the Netherlands (2109), Germany (1738), Spain (35) <b>Total: 38447</b>	Kyrgyzstan (229), Afghanistan (75), Tajikistan (69), Turkmenistan (2) <b>Total: 375</b>
	Total	8426665	1639971	Total Azerbaijan imports of top 10 non ECO Countries 6656328 <b>Total Azerbaijan imports of non ECO Countries 6786694</b>	11578760

Source: [http:// www.trademap.org](http://www.trademap.org)

Interestingly the 20 major imported goods of Azerbaijan constitute about 85 percent of the total imports of the country in 2013.

In comparison to the information contained in the table (6), it is observed that the top 20 commodities imported by Azerbaijan are mainly from China, the United Kingdom, Ukraine, Germany, Italy, Russia, Iran, Turkey and Kazakhstan.

The presence of Russia and Ukraine among the major countries exporting to the Republic of Azerbaijan, due to the existence of free trade agreements of the community of independent States, with the Republic of Azerbaijan being a common wealth member state. Iran and Turkey are also among the major countries exporting due to preferential trade agreements existing between the Economic Cooperation Organization member states (ECO), where the Republic of Turkey which is a member besides Azerbaijan. Therefore, the importance of membership in preferential trade agreements, and trade with other countries, in the field of exports of these three countries with Azerbaijan is evident.

In order to promote regional trade within ECO and to expand imports of Azerbaijan from the member states, with respect to the cultural, common points and proximity of these countries, the emphasis is on the implementation of bilateral and multilateral trade agreements between

Azerbaijan and these countries and these are issues which shall be examined as the precondition for the boosting commercial relationships.

Consecutively we point out some strength points of Azerbaijan for promotion of trade and commercial collaborations with ECO member states:

**The strengths of Azerbaijan in order to attract foreign capital:**

- Rapid economic growth
- Unique geographical location
- Competitive production costs
- Expert and cheap work force
- Taking advantage of cheap and abundant energy sources
- The signing of the bilateral and multilateral agreements with the aim of promoting trade and investment

**The obstacles, problems and constraints of ECO-exports and investments in Azerbaijan:**

- Frequent changes of Import and export rules in Azerbaijan
- Obtaining import tax without clear legal basis
- Obtaining additional Levis from transit trucks
- The monopoly of imports of goods from other countries in the hands of certain people in Azerbaijan
- Poor quality of the country's infrastructure-and problems of goods transit
- High rate of government corruption
- Administrative procedures being lengthy and slow
- The lack of development of country groups (except oil)

**Suggestions for the promotion of cooperation between Azerbaijan and other eco countries:**

- The reduction of the rate of customs tariffs in Azerbaijan
- The creation of a joint venture between the country and other ECO member states
- Decrease the effects in the sector of transport and transit problems at the country's customs

- Facilitating the issuance of visas for businessmen and merchants of ECO area
- Increase the transparency of the business among the countries and facilitate the exchange of business information among business enterprises
- Increased awareness of business opportunities in the area of joint exhibition by participation in ECO
- Provide suitable substrates to convert opportunities into business transactions
- Joint cooperation in increasing the efficiency of the methods and processes to facilitate trade
- Standardization and simplification of customs procedures and documentation
- Modernization and improve the quality of the roads, railways and communications networks (telecommunication, post, ...) and to increase their capacity
- Promoting the effective institutional mechanisms simultaneously and more efficient management techniques for the operation, management and monitoring of the performance of inland shipping systems
- Simplify the steps for testing and certification
- Standardization, technical specification and logical synchronization of road and rail vehicles, as well as carrying capacity and loading
- Preparing the necessary platform for funds such as bank relations, especially of eco bank guarantee acceptance by Azeri banks
- Taking necessary measures for transfer of land and proper facilities to investors and avoiding double taxes levied

## **Conclusions:**

Today that the regional cooperation and integration as a small experience of economic liberalization has been among the agenda of many Governments, the Economic Cooperation Organization (ECO) due to its economic potentials and rich resources, is considered as the most important cooperation organization in the region.

In the meantime, the foreign trade sector of ECO plays the key role and can be a decisive factor in determining the direction and position of the region's overall economic development.

In order to promote regional trade within ECO, in the meantime, research reviews the major items imported by Azerbaijan as one of the members of the ECO, it was concluded, if at least 20 superior goods imported in Azerbaijan this research have been referred, this country instead of importing these items from outside the ECO, according to the existing potential in the area of ECO, attempting to import them from other eco-region, Azerbaijan trade volume with ECO would grow about US\$ 7 billion. This increase in the volume of trade within the region of Azerbaijan, can lead to the growth of the ratio of the volume of trade within the ECO region. In this regard, it is recommended that Azerbaijan Chamber of Commerce, through the authorities, assistance in preparing the ground, will help to the realization of these goals.

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