

**EMBASSY OF INDIA  
BAKU (Azerbaijan)**

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**BRIEF ON BILATERAL TRADE AND COMMERCE**

Over the years, India's bilateral trade with Azerbaijan has increased substantially from around US\$ 50 million in 2005 to around US\$ 463 million in 2017. Substantial trade of Indian goods and products is carried through UAE and other third countries which do not get reflected in the trade statistics of India or Azerbaijan. The important items of direct and indirect imports from India are Rice, electric heating resistors, air and gas compressors/ventilation units, Drugs/Human vaccine, Meat of large horned livestock, Machines and equipment to process materials by temperature's changes, Bromides and oxides bromide and black tea. The primary import of India from Azerbaijan was crude oil. Bilateral trade increased substantially from around US\$ 50 million in 2005 to US\$ 214 in 2007. This jump in bilateral trade coincided with the opening of the Baku-Tbilisi-Ceyhan (BTC) oil pipeline to the Mediterranean port, from where; Indian oil companies have been buying substantive quantities of crude oil. In 2015, India's trade with Azerbaijan was US\$ 305 million which increased by over 60% in 2016 to US\$497. In 2017 India's exports were US \$97 million (62% more as compared to 2016) and imports were US\$365 million (16 % less as compared to 2016). During the early years of Azerbaijan's independence, a sizable quantity of pharmaceuticals and drugs were imported from India. Since last few years, these imports have dipped due to unofficial restrictions or ban imposed by the government of Azerbaijan and the influence of manufactures/distributors of other, mainly developed countries' products on local doctors and the way they prescribe the medicines. However, since February, 2016 the concerned authorities in Azerbaijan started accepting dossiers for registration of Indian Pharma products and the final registration of products started in 2017.

2. An Indian delegation led by Mr. D.K.Sarraf, managing Director of ONGC Videsh Limited (OVL), New Delhi visited Baku from 21-22 October, 2012. In March 2013, ONGC Videsh Ltd acquired shares worth US\$ 1 billion in development project of the Azeri-Chirag-Gunashli (2.72%) oil field and the Baku-Tbilisi-Ceyhan pipe line (2.36%) from US Company Hess. The ONGC opened their office in Baku in March 2013. In November 2014, GAIL (India) Limited signed a Memorandum of Understanding (MoU) with the State Oil Company of Azerbaijan Republic (SOCAR) to jointly pursue LNG opportunities through capacity booking, LNG procurement and promotion of LNG projects globally. In May 2016, OVL signed a MoU with SOCAR Trading SA, the marketing arm of the State Oil Company of Azerbaijan Republic (SOCAR) to explore possibilities of joint marketing of OVL's crude oil portfolio by leveraging SOCAR Trading's experience in oil trading. Mr. Balbir Singh, Regional President (CIS) of OVL participated in the signing ceremony (14 September 2017) of the amended and restated agreement between the government of Azerbaijan and the consortium operating the ACG oil field in the Caspian.

3. Pursuant to an agreement signed in 2007, India-Azerbaijan Intergovernmental Commission (IGC) on Trade, Economic, Scientific and Technological Cooperation has held four sessions: in New Delhi ( 26 Nov 2009), Baku (16 Apr 2012) , New Delhi (24-25 Feb 2014), Baku (25-26 October 2016) and New Delhi (11-12 October, 2018). The bilateral discussions in the Inter-Governmental Commission covers bilateral cooperation in a wide range of fields, including trade and investment, transportation energy, chemicals and fertilizer, agriculture, financial sector, science & technology, ICT, health care and pharmaceuticals, education, culture, youth and sports, transfer of sentenced persons and tourism. The fifth meeting of the Inter-Governmental Commission was co-Chaired by Mr. Suresh Prabhu, Minister of Commerce and Industry from Indian side and Mr. Mukhtar Babayev, Minister of Ecology and Natural Resources from Azerbaijan side.

4. A six member Indian delegation led by Shri Ravi Capoor, Joint Secretary MOC visited Baku to participate in the 5<sup>th</sup> Coordination Council Meeting of International North South Transport Corridor (INSTC) on June 24-25, 2013. One representative each of the State Customs Committee of Azerbaijan and Azerbaijan State Railways participated in the 7<sup>th</sup> Expert Committee meeting of INSTC and the 6<sup>th</sup> Coordination Council meeting of INSTC held in New Delhi from 19 to 21 August, 2015. Two representatives from Azerbaijan Railways participated in the INSTC conference held in Mumbai on 22 September, 2016. One representative of State Customs Committee of Azerbaijan participated in the meeting of Customs authorities of Iran, Russia, Azerbaijan and India held in Mumbai on 22 September, 2016. Two representatives from Azerbaijan Railways participated in a conference organized by FFAI on opportunities for transportation of goods through the INSTC and its further promotion on 25th September, 2018 in Delhi.
5. A delegation led by Chairman of Azercosmos visited India on 27-28 February 2018 and met with the Chairman of ISRO and CMD of ANTRIX and discussed possible areas of cooperation between the two sides. A two-member delegation from ISRO/ANTRIX visited Azerbaijan from 21 to 24 June, 2018 and met with Chairman of Azercosmos. The two sides held detailed discussions on cooperation in the areas of remote sensing applications, training requirements and signing of MoU between Azercosmos and Antrix.
6. Sun Pharma held groundbreaking ceremony for building a plant in joint venture with Gilan for production of solid consistency drugs in Sumgayit on 13 July, 2017. A 4-member delegation from WAPCOS limited led by Mr. R.K. Gupta, Chairman and Managing Director visited Azerbaijan from 18-21 November, 2017. The Travel Agents Association of India (TAAI) and Azerbaijan Tourism Association (MTA) signed (2 Feb 2018) a Memorandum of Understanding (MoU) for cooperation during the international tourism fair SATTE 2018 held in Delhi. Kalinga Motor Sports Club (KMSC) of India with the support of Government of India organized a major rally of motor cars from India to Iran, Azerbaijan and then to Russia during May 2018 to popularize the International North South Transport Corridor (INSTC) route.
7. Under the 'Aid to Eurasia', MEA provided financial support of USD 16,000 for visit of Indian experts from Kudumbashree, a Kerala based NGO, to Azerbaijan for supporting a project by the Azerbaijan Rural Investment Project (AzRIP) of the Ministry of Agriculture for economic empowerment of women in Azerbaijan.
8. During last decade, Indian software development companies have been given some contracts by Azerbaijani banks and insurance companies and some engineering consultancy companies bagged projects in the cement and power sectors. Indian companies have unsuccessfully bid for major infrastructure projects in power sector, though BHEL had successfully undertaken a power plant rehabilitation project earlier in the last decade.
9. Azerbaijan's GDP increased by 0.1% in 2017 compared to last year (2016) and was reported at AZN 70.14 billion (US \$41.25 billion). During the 2017, the Forex reserves of the Central Bank of Azerbaijan increased by US \$1.360 billion and was reported at US\$5.335 billion (Dec 2017).
10. Azerbaijan's foreign trade turnover in 2017 increased by 28% compared to the previous year and was reported at US \$22.59 billion. The amount of exports increased by 51% to US \$13.81 billion and the value of import increased by 3% to US\$8.78 in 2017.

11. India's foreign trade with Azerbaijan in 2017 was reported at US\$ 463 million. Import from India was US \$97 million (62% increase over 2016 and export to India was US\$365 million (16% decrease over 2016). The important items of direct and indirect imports from India are rice, machine parts & other plant equipment, drugs, clothes and textiles, meat, food stuff and tea. Azerbaijan's principal exports to India are crude oil, Iodine, Oil coke and Cattle skins. The bilateral trade figures of imports and exports year wise between India and Azerbaijan are as given in table below:

12. Azerbaijan's proven natural gas reserves were estimated at 1.1 trillion cubic metres [40.6 trillion cubic feet], while proven oil reserves were estimated at 7 billion barrels [1 billion tons] (Source: *BP Statistical Review of World Energy 2016*). Azerbaijan produced 38.69 million tons of oil and 29 billion cubic meters of gas in 2017. Country's unemployment and poverty rates were 6% (2016) and 5%(2014) respectively.

### BILATERAL TRADE WITH INDIA

[in Million U.S. Dollars]

YEAR	IMPORT FROM INDIA	EXPORT TO INDIA	TOTAL BILATERAL TRADE
2010	35.80	299.64	335.44
2011	44.67	366.85	411.52
2012	69.70	1890.65	1960.35
2013	49.65	1098.41	1148.06
2014	36.95	778.25	815.2
2015	34.80	270.24	305.04
2016	59.85	437.18	497.03
2017	97.03	365.52	462.55

(Source: State Statistical Committee of the Republic of Azerbaijan)

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**October, 2018**