

**Minutes of the 2<sup>nd</sup> Business Forum TEAS France-Azerbaijan**  
*Towards a diversified, decentralised economy*  
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Organised by the French office of The European Azerbaijan Society (TEAS), in partnership with Business France, the French agency aimed at developing French business overseas, the overwhelming interest in the second edition of this forum demonstrated the ongoing enthusiasm of French and Azerbaijani businesses for developing and deepening bilateral relations.

More than 200 delegates crammed into the prestigious Hôtel de l'Industrie, Siège de la Société d'Encouragement pour l'Industrie Nationale (SEIN), which has played a central role in the development of French industry since 1852. The event brought together various personalities from both countries during three roundtables focusing on the economic environment and potential for development, diversification of the economy, and the opportunities for co-operation in the environmental and energy sectors. Keynotes and speeches were followed by B2B sessions and networking opportunities.

**Introductory session: Azerbaijan – a strategic economic partner for France and Europe**

Following some words of welcome by Marie-Laetitia Gourdin, Director, TEAS France, and Henry Baïssas, Chief Operations Officer, Business France, the day began with a description of the strategic nature of the economic partnership that exists between France and Azerbaijan.

H.E. Elchin Amirbayov, Azerbaijani Ambassador to France, and H.E. Pascal Meunier, French Ambassador to Azerbaijan, outlined the strength of the relations that have developed following multiple governmental meetings at the highest state level. This has been demonstrated by the solidity of commercial exchanges, although there is a lack of equilibrium as hydrocarbon imports to France amounted to €1.361bn in 2014, whereas Azerbaijani purchases of equipment and high technology accounted for €208m. The speeches particularly focused on how some of the most important French companies are working with their Azerbaijani counterparts to further develop the economy, which is the most dynamic in the South Caucasus.

In his introduction, Ambassador Amirbayov outlined the priorities of the Azerbaijani government, which aim to diversify the economy in sustainable manner and reduce dependence on hydrocarbons, the principal wealth of the country. It placed particular emphasis on the resurgence of agriculture from a country previously considered as the garden of the Soviet Union. Emphasis is also being placed on tourism, due to the exceptional nature, history and culture of the country. He stressed that the Azerbaijani government was focusing on the public sphere in order to modernise and develop essential infrastructure and to expand the private sector. Independent for 24 years, Azerbaijan has also gained

experience in organising events of global significance. From 12–28 June, Baku will host the inaugural European Games.

From his perspective, Ambassador Meunier spoke of the resilience of the Azerbaijani economy, despite the reduction in hydrocarbon revenues this year and the impact of the devaluation of the national currency (AZN) by 25 per cent. These factors have led the government to revitalise the rhythm of their investments. He commented on the strength of Franco–Azerbaijani bilateral economic co-operation, particularly in urban and intercity train links (Alstom and Thalès), aircraft construction (Airbus) and in the space sector (the launch of Azerbaijan’s first communications satellite and its incorporation in the Spot constellation). Altogether, trade turnover between France and Azerbaijan equates to around €5bn. It is also excellent to note the informal twinning between Ismaylli and Sheki – two historic Azerbaijani towns – and those in France. This is a durable and significant initiative of Business France. Ambassador Meunier concluded by commenting on French–Azerbaijani collaboration in the educational sphere, exemplified by the opening of a French school and Franco–Azerbaijani University in Baku.

The following speakers – Jane Amilhat, Deputy Head of Russia–CIS Unit, DG Trade, European Commission; Lionel Zetter, Director, TEAS; Orkhan Mammadov, Head of Interstate Economic Co-operation Department, Azerbaijani Ministry of Economy and Industry; and Philippe Gautier, Acting CEO, MEDEF International, spoke of the opportunities provided by the Azerbaijani economy, its stability, favourable business environment and, in each instance, its development. MEDEF International sees Azerbaijan as great partner of the South Caucasus region for French companies. The European Commission is present in Azerbaijan, and aligns its efforts towards the development of business relations as an oriental partner and through the work of the European Bank for Reconstruction and Development (EBRD), focusing on the development of the private sector.

### **Doing business in Azerbaijan – the climate for overseas investment, status of the market, and reforms and opportunities (Session 1)**

Within this context, the first round table was moderated by Eric Fajole, Director, Turkey–Azerbaijan–Georgia, Business France; and the panel comprised James Hogan, Managing Partner, Dentons; Nuran Kerimov, Managing Partner, Deloitte & Touche; and Vahid Bagirov, AzInsurance, who continued by outlining and detailing the conditions for market access and the great investment opportunities available in Baku due to the development of the ‘one-stop-shop’ and the development of various bilateral agreements (France and Azerbaijan currently co-operate on fiscal matters, the protection of investments and judicial assistance), assurances, and covered all areas that have some element of risk. Nathalie Komatitsch, VP Azerbaijan, TOTAL Exploration and Production, spoke of her company’s involvement with the country over more than 20 years, and its wish to intensify its role in the gas industry in Absheron, in partnership with SOCAR and ENGIE. The importance of trade routes was central to the comments by the representative of CGM–CGA, who outlined the potential trading infrastructural role of the country with regard to its combination of airports, seaports and relationship with local trading partners, although the weakness of local customs clearance agencies was cited. The moderator reminded those in attendance that, in order to cover any risks, COFACE would underwrite insurance in the short-, medium- and long-term.

## **Economic diversification as a priority – Azerbaijan, the major market of the South Caucasus (Session 2)**

The second roundtable was moderated by Mrs Catherine Mantel of the ENGIE Group (formerly GDF-Suez), and was dedicated to diversification from hydrocarbons-based economies – a central theme of the day. This was illustrated with presentations from three companies – Thalès Group, which is undertaking an important programme of knowledge transfer in conjunction with Azerbaijani transportation organisations; Gilan Holding of Azerbaijan, the foremost local private investor in the agricultural sector and fervent promoter of private enterprise; and CIFAL Group, which focuses on energy efficiency. The importance of agriculture in establishing social equilibrium and sustainable development was confirmed by the Economic Advisor of the Azerbaijan Embassy, who recognised that the sector was occupying an important position in the view of the Azerbaijani government during the 2012–20 period, and had particularly moved into focus this year. Agriculture would remain fragile and relatively inefficient without public support, which is precisely the reason why it was not yet possible to reach an agreement with the World Trade Organisation (WTO) and the UE. A high level of support for development of this sector is now being developed in collaboration with French companies. For example, 600 Charolais cows were recently exported to Azerbaijan, and there will be regular knowledge exchange, across the agricultural sector, from France to Azerbaijan, in one way or another.

*At the standing buffet lunch all participants had the opportunity to visit the exhibition of the first ten winners of the TEAS photography competition Azerbaijan: Sport in Focus, dedicated to the universality of sport and the inaugural European Games (held 12–28 June 2015 in Baku).*

## **Energy and environmental co-operation with Azerbaijan – from fossil fuels to alternative energy resources (Session 3)**

Thea Khitarishvili, Senior Programme Manager, Caspian and Black Sea Desk, International Energy Agency, moderated the third roundtable, naturally concentrating on energy, the motor of the Azerbaijani economy.

However, she outlined the importance of, and need to, combine energy efficiency with the need to initiate a progressive transition towards renewable and non-polluting energy. Already this gas- and oil-producing country has invested in this sector, but much remains to be done. The energy transition requires an acceleration and intensification of relevant measures. It also relates to the efforts being deployed to establish energy connections between the South Caucasus and Turkey that permit the optimisation of production methods.

The following presentations, from the Brussels representative of the State Oil Company of the Azerbaijani Republic (SOCAR) and a research fellow from the Institut des Relations Internationales et Stratégiques (IRIS), focused on the challenges related to development of the Southern Energy Corridor (comprising the SCP, TANAP and TAP pipelines) and their impact on the countries traversed by these pipelines, such as Albania, which will serve to benefit from gas transfer revenues and diversity of gas supply.

The AREA (Azerbaijani State Agency on Alternative and Renewable Energy Sources) explained the government strategy towards attracting investment from the private sector. It focused on the ambitions of Azerbaijan to develop wind, wave and solar energy through major coastal or offshore projects.

Re-echoing the comments from their colleagues on the preceding roundtable, both the representatives of Suez-Environnement and Thalès outlined their experiences, which resulted in a contract with AZERSU, the national water agency, and outlined the concept of a ‘smart city’, which Thalès installed and manages in Mexico City and could be recreated in Baku. The ENGIE representative spoke of the original and interesting Astainable project, constructed in Astana at the initiative of the Vivapolis Group of Companies to rehabilitate and develop zones to achieve maximum energy efficiency and sustainable development, thereby reducing pollution. The project was financed by the French FASEP (Study Fund and Private Sector Assistance) and officially presented during the following days in the Kazakh capital. A comparable initiative is certainly envisaged for implementation in Baku and work is underway to improve and systematise it in the Azerbaijani capital.

## **Conclusion**

As stated during the conclusion by Senator André Reichardt of the Bas-Rhin and President of the France–Caucasus Friendship Group in the French Senate, this day indicated a high level of interest in economic partnership between France and Azerbaijan, focused on diversifying the Azerbaijani economy. At the initiative of TEAS, these important subjects and others of equal importance were covered. Olivier Mousson, President, Société d’Encouragement pour l’Industrie Nationale (SEIN), which hosted the day, concluded the day by recalling that Napoleon had created the institution in 1801 to promote national industry, and it was thus most appropriate to dedicate the day towards promoting Franco–Azerbaijani partnership.