

Azerbaijan Accelerates Economic Diversification and Trade Facilitation Through Comprehensive Customs Reforms

Azerbaijan is entering a new phase of economic transformation as the government intensifies efforts to diversify national income sources, enhance export potential, and modernize customs operations. These strategic priorities were highlighted by Shahmar Movsumov, Presidential Aide and Head of the Department for Economic Affairs and Innovative Development Policy of the Presidential Administration, during the “**Customs–Business Forum 2025: Dialogue and Trust**” held in Baku.

Movsumov emphasized that although diversification remains one of the country’s core long-term economic challenges, measurable progress in recent years demonstrates that Azerbaijan is moving decisively toward a more resilient, innovation-driven economic model.

Steady Growth in the Non-Oil Sector

According to Movsumov, Azerbaijan’s non-oil economy continues to strengthen as a direct result of targeted reforms, investment incentives, and enhanced private-sector participation. He noted that:

- **Between 2021 and 2024, the non-oil sector grew at an average annual rate of 6.7%.**
- This growth trajectory increased the **sector’s share of the economy to 68%**, marking a significant shift away from oil dependency.
- **Non-oil exports nearly doubled over the past six years**, signaling improved competitiveness and rising global demand for Azerbaijani products.

Movsumov added that the country’s pro-business policies and public–private partnership models have stimulated private-sector engagement at unprecedented levels. Today, **private enterprises account for 81.4% of the national economy**, demonstrating successful steps toward a more dynamic market environment driven by entrepreneurship and innovation.

Expanding International Trade Relations

As part of its broader strategy to strengthen economic integration, Azerbaijan has signed **free trade agreements with ten countries**. These agreements aim to create wider export channels, encourage investment flows, and open new markets to Azerbaijani producers.

Movsumov stressed that the elimination of tariff barriers, combined with ongoing digital transformation in customs procedures, plays a key role in shaping Azerbaijan's global trade footprint. The government's efforts to simplify cross-border procedures have resulted in:

- Faster processing of export shipments
- Lower operational costs for businesses
- Improved efficiency in logistics chains
- Greater competitiveness of non-oil and processing industries

These reforms do not merely support exporters—they also enhance Azerbaijan's appeal as a transit hub for international cargo traffic.

Azerbaijan's Emerging Role as a Regional Transport and Trade Gateway

With its strategic location at the crossroads of major global trade routes, Azerbaijan is uniquely positioned to serve as both an exporter and a critical logistics connector. Movsumov emphasized that simplified customs procedures and enhanced transport infrastructure have attracted increasing volumes of transit cargo.

Azerbaijan is strengthening its role in major regional corridors, particularly:

- **The East–West (Europe–Asia) transport corridor**, which plays a key role in global trade flows
- **The North–South corridor**, connecting Northern Europe with South Asia through Azerbaijan's transport network

By improving customs transparency and investing in infrastructure, the government aims to transform the country into a **reliable, cost-efficient, and competitive transit-logistics hub**. These initiatives enhance Azerbaijan's international standing and help diversify revenue streams beyond the energy sector.

The “Trusted Partner” Concept: A New Era in Customs–Business Cooperation

One of the most notable developments highlighted by Movsumov is the introduction of the “**Trusted Partner**” concept, signed by President Ilham Aliyev. This modern framework aligns Azerbaijan's foreign trade practices with global supply chain standards and strengthens cooperation between customs authorities and the business community.

The concept is designed to:

- Improve trade governance
- Facilitate faster and more predictable customs procedures
- Protect the interests of local business entities
- Expand export opportunities
- Enhance the transparency and efficiency of customs operations

Movsumov explained that this model introduces **flexible mechanisms for exporters**, supports the international promotion of the “**Made in Azerbaijan**” brand, and positions national carriers as reliable partners for multinational companies.

Benefits for Compliant Economic Operators

The “Trusted Partner” initiative applies to economic operators who demonstrate full compliance with regulatory and customs requirements. Businesses that meet these standards gain access to a wide range of state-supported incentives, including:

- **Installment-based payment options** for customs fees

- Tailored support programs designed to strengthen export readiness
- Professional development and training services
- Access to awareness-raising initiatives designed to improve compliance and operational efficiency

By rewarding responsible business practices, the program encourages companies to adopt internal self-assessment mechanisms, improve risk management, and build long-term trust with customs authorities.

Strengthening Azerbaijan’s Competitiveness in Global Supply Chains

Movsumov concluded that the implementation of the “Trusted Partner” concept will significantly enhance the competitive edge of Azerbaijani businesses. It is expected to:

- Expand the nation’s export capabilities
- Reduce logistical and administrative barriers
- Increase transparency in customs procedures
- Boost investor confidence
- Strengthen Azerbaijan’s image as a reliable and efficient trading partner

As global supply chains continue to evolve and adapt to modern demands, Azerbaijan’s commitment to digitalization, regulatory modernization, and private-sector collaboration positions the country to capture new economic opportunities.

Conclusion

Azerbaijan’s ongoing reforms in customs modernization, export promotion, and economic diversification signal a transformative shift toward sustainable, non-oil-driven growth. Through strategic trade agreements, innovative public–private initiatives, and forward-looking customs

policies, the country is strengthening its position as a **regional logistics hub** and a **trusted participant in global commerce**.

The government's long-term vision—backed by technological modernization and international alignment—promises to elevate Azerbaijan's economic resilience, competitiveness, and global economic integration in the years ahead.