

BALANCE OF PAYMENTS¹

of the Republic of Azerbaijan for January – March, 2016

In January - March, 2016 external economic operations had positive balance on the oil-and-gas sector and negative balance on the non-oil sector.

Total proceeds of the oil-and-gas sector chiefly stem from oil-and-gas export and foreign capital attracted to the sector. Payments on this sector reflect repatriation of profit and investments, and import of equipment and services. Total positive surplus on the oil-and-gas sector in January – March, 2016 amounted to USD1.2B.

Key indicators of the balance of payments for January – March, 2016 Mln. \$

<i>Current operations</i>	<i>-432.1</i>
Foreign trade balance	621.7
Services balance	-699.4
Primary income balance	-357.7
- Investment income repatriation	-260.3
Secondary income balance	3.3
<i>Capital account</i>	<i>-40.0</i>
<i>Financial account</i>	<i>-1929.0</i>
<i>Net financial assets</i>	<i>3059.0</i>
<i>including:</i>	
- direct investments abroad	770.6
- portfolio investments	-19.8
- other investments	2308.2
<i>Net financial liabilities</i>	<i>1130.0</i>
<i>including:</i>	
- direct investments attracted to Azerbaijan	1632.2
- attracted investment repatriation	-768.1
- portfolio investments	582.8
- other investments	-316.9
<i>Net errors and omissions</i>	<i>1130.3</i>
<i>Total surplus of the BOP</i>	
<i>(change in reserve assets of the country; '+' increase, '-' decrease)</i>	<i>-1270.8</i>

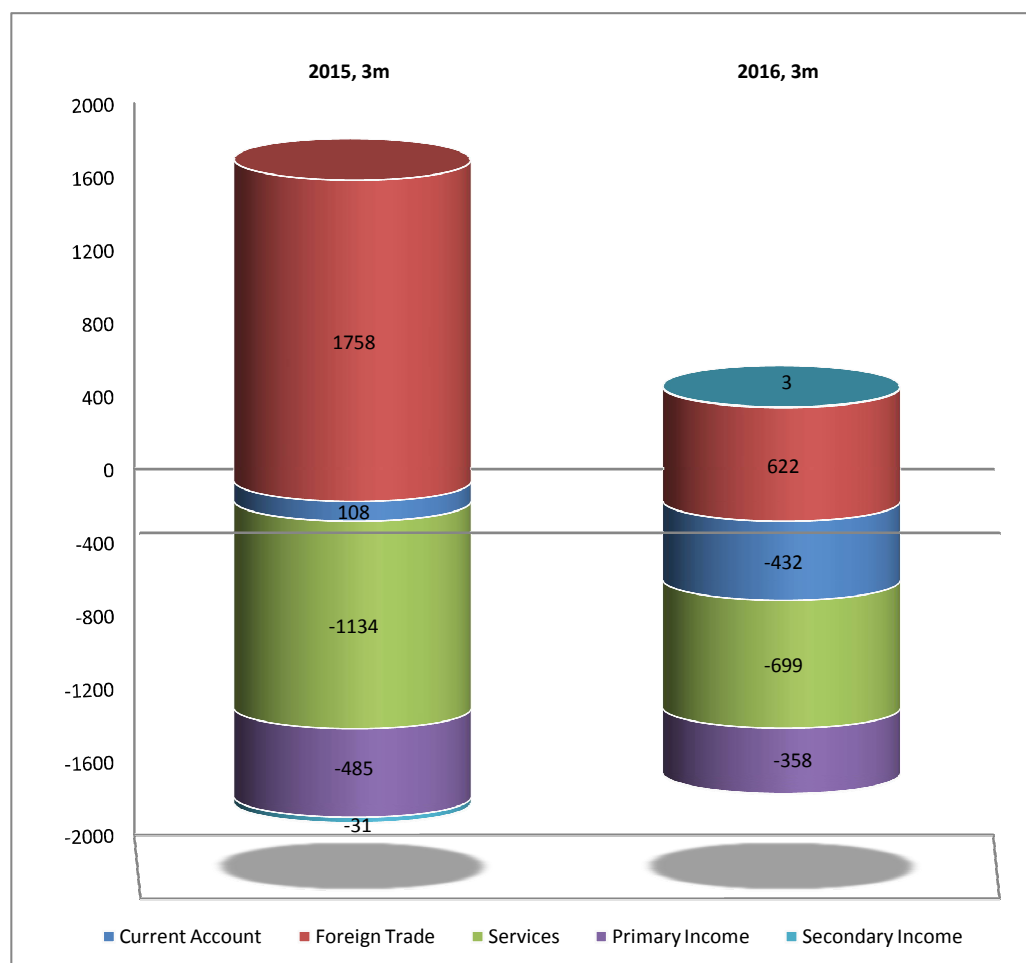
Note: The BOP was calculated at the 29\$ (y.o.y. 51\$) average actual oil price.

¹ Go to http://cbar.az/assets/1186/final_metod.pdf for Methodological Guidelines on Compiling the Balance of Payments.

Current operations account

In January – March, 2016 current accounts deficit amounted to USD 432.1M, including USD 522.5 M of current accounts surplus on the oil-and-gas sector. Surplus of the oil-and-gas sector covered 55% of the USD 954.6 M worth of deficit on the non-oil sector.

Mln.\$



External trade balance

External trade balance made USD 4.5 B, while *positive external trade surplus amounted to USD 622M.*

In January – March, 2016 Azerbaijan traded with up to 144 countries across the world. CIS countries account for 11%, while other countries for 89% of foreign trade. Our country had more vigorous trade ties with Turkey, Italy, Russia, the UK, the USA, Germany, France, Japan, Singapore and the Czech Republic. (The share of these countries in overall trade was 65.6%).

Commodity export. Over the reported period commodity export amounted to USD 2.6 B. Oil-and-gas products account for 91% of export.

USD 1.9 B worth oil products were exported to foreign countries, of which USD 1.8 B falls to the share of oil products, while USD 1.8 B to export of crude oil.

Non-oil and gas export amounted to USD 228.7 M in January – March, 2016.

Commodity import. Over the reported period, commodity import constituted USD 1.9 B. Total value of imported consumer goods was USD 761.7 M.

The share of vehicles, equipment and goods imported through investments comprised 38.2%.

Services balance

One of the major items in economic relations of Azerbaijan with other countries in January – March, 2016 was mutually provided services, the volume of which was USD 2.7 B. Out of which USD 1.7 B was rendered by non-residents for Azerbaijani residents, and USD 1.0 B – by Azerbaijani residents for residents of foreign countries.

The share of transportation in total services turnover was 16.5%. Total size of transportation services made up USD 448 M, 57.2% of which relates to the utilization of transportation systems of Azerbaijan by non-residents.

Total volume of transportation services provided by Azerbaijani residents to non-residents made up USD 256 M., while the value of travelling services provided by non-residents to Azerbaijani residents made up 192 M.

Primary income balance

Over the reported period total turnover of income receipts and payments reached USD 776 M, 73% (USD 567 M) of which were payments from Azerbaijan. Its key portion (USD 313 M) fell to the share of income repatriation of foreign investors in oil-and-gas consortiums (mainly in terms of crude oil).

Secondary income balance

Total value of secondary income operations with foreign countries is estimated to equal USD 374 M. 50.4% of which was receipts by Azerbaijan

95% of total receipts on secondary income are comprised of remittances of individuals from foreign countries, 3.5% – value of humanitarian import goods, and 1.5% – other receipts.

In total, surplus of secondary income operations made up positive USD 3.3 M.

Financial account²

In January – March 2016 net acquisition of financial assets increased USD 3.1 B, primarily comprised of FDI's (USD 770.6 M), portfolio investments (USD -19.8 M) and other investments (USD 2308.2 M). Net financial liabilities made up USD 1.1 B, primarily comprised of FDI's (USD 864.1 M.), portfolio investments (USD 582.8 M.), and other investments (USD -316.9 M).

Net financial assets and liabilities in January – March, 2016^{Mln.\$}

	Assets	Liabilities
Direct investments	770.6	864.1
- oil and gas sector	559.0	629.4
- other sectors	211.6	234.7
Portfolio investments	-19.8	582.8
Other investments	2308.2	-316.9
- trade credits and advances	816.7	39.4
- credits and loans	-6.7	-215.4
-deposits and cash currency	1498.2	-140.9
T O T A L	3059.0	1130.0

2 Under the IMF's Balance of Payments Manual (6th Edition), the capital and financial account in the BOP structure is classified under the Assets/Liabilities principle, due to which table indicators are designed under a new structure.

Direct investments

Total amount of FDIs was USD 1.6 B, with the 85.5% share of the oil-and-gas sector. Total amount of FDIs to the non-oil sector is estimated to equal USD 236.6 M.

Credits and other investments

Over the reported period net financial assets on credits and loans increased by USD 6.7 M, while net financial liabilities increased by USD 215.4 M.

Net financial assets on deposits and cash increased USD 1.5 B, while net financial liabilities decreased USD 140.9 M.

Reserve assets

Over the reported period country's reserve assets decreased USD 1271M.