

## BALANCE OF PAYMENTS<sup>1</sup> of the Republic of Azerbaijan for January – March, 2015

*As in previous years, in January - March, 2015 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 stemmed 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, 2015 amounted to USD2.1 bln.*

### *Key indicators of the balance of payments for January – March, 2015*

Mln. \$

|   |                |
|---|----------------|
| <b><i>Current operations and account balance</i></b>    | <b>57.6</b>    |
| Foreign trade balance                                   | 1758.0         |
| Services balance  | -1133.4        |
| Primary income balance                                  | -485.1         |
| - Investment income repatriation                        | -419.0         |
| Secondary income balance                                | -81.7          |
| Capital account   | -0.2           |
| <b><i>Financial account</i></b>                         | <b>-4363.9</b> |
| <i>Net financial assets</i>                             | 6317.2         |
| <i>including:</i>                                       |                |
| - direct investments abroad                             | 1013.8         |
| - portfolio investments                                 | 84.0           |
| - other investments                                     | 5219.4         |
| <i>Net financial liabilities</i>                        | 1953.3         |
| <i>including:</i>                                       |                |
| - direct investments attracted to Azerbaijan            | 1845.8         |
| - attracted investment repatriation                     | -828.6         |
| - portfolio investments                                 | 749.2          |
| - other investments                                     | 186.9          |
| <b><i>Net errors and omissions</i></b>                  | <b>-284.3</b>  |
| <b><i>Total surplus of the BOP</i></b>                  |                |
| <b><i>(change in reserve assets of the country)</i></b> | <b>-4590.6</b> |

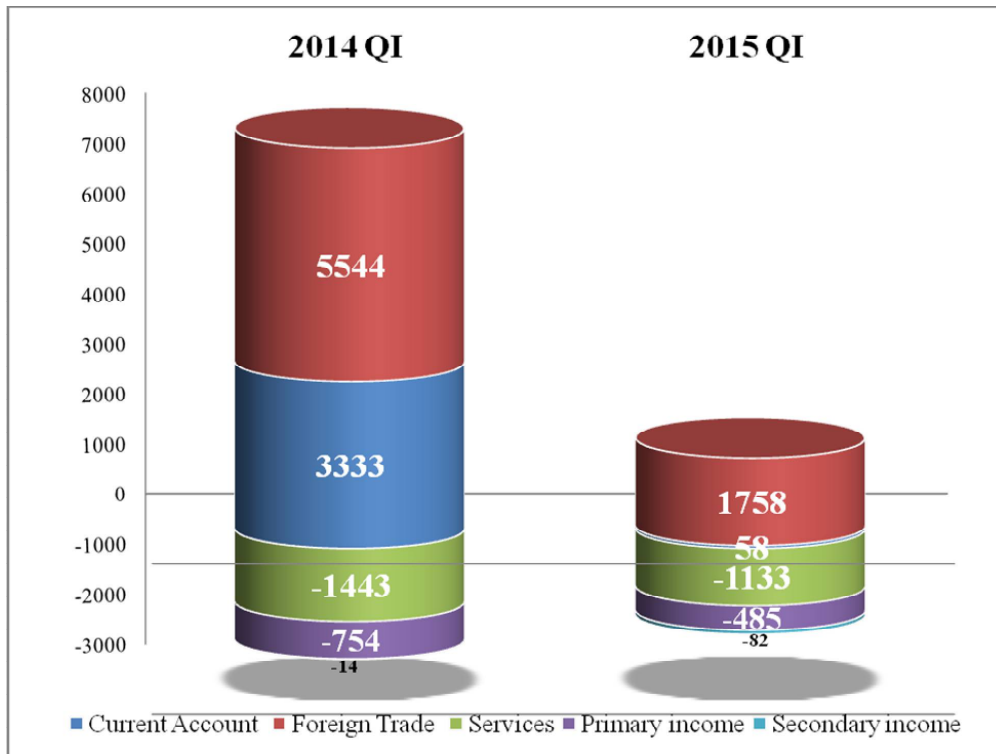
### **Current operations account**

In January – March, 2015 current accounts surplus amounted to USD 57.9 mln, including USD 2146.3 mln of current accounts surplus on the oil-and-gas sector.

<sup>1</sup> Go to [http://cbar.az/assets/1186/final\\_metod.pdf](http://cbar.az/assets/1186/final_metod.pdf) for Methodological Guidelines on Compiling the Balance of Payments.

Surplus of the oil-and-gas sector fully covered USD 2088.4 mln deficit on the non-oil sector.

Mln. \$



### **External trade balance**

External trade balance made USD 6.7 bln, while *positive external trade surplus amounted to USD 1.8 bln.*

In January – March, 2015 Azerbaijan traded with up to 126 countries across the world. 8.4% of external trade falls to the share of CIS countries and 91.6% – other countries. Our country had more vigorous trade ties with Italy, Turkey, the USA, Germany, the UK, Russia, France, Austria, Israel and Indonesia. (The share of these countries in overall trade was 70.7%).

### **Key external trade partners in January – March, 2015**

(Mln. \$)

|                           | <b>Commodity turnover</b> | <b>Export</b> | <b>Import</b> | <b>Trade balance</b> |
|---------------------------|---------------------------|---------------|---------------|----------------------|
| <i>Italy</i>              | 880                       | 774           | 106           | +668                 |
| <i>Turkey</i>             | 713                       | 366           | 347           | +19                  |
| <i>USA</i>                | 666                       | 205           | 461           | -256                 |
| <i>Germany</i>            | 619                       | 460           | 159           | +301                 |
| <i>UK</i>                 | 609                       | 533           | 76            | +457                 |
| <i>Russian Federation</i> | 424                       | 73            | 351           | -278                 |

|                        |             |             |             |              |
|------------------------|-------------|-------------|-------------|--------------|
| <i>France</i>          | 302         | 242         | 60          | +182         |
| <i>Austria</i>         | 198         | 164         | 34          | +130         |
| <i>Israel</i>          | 182         | 178         | 4           | +174         |
| <i>Indonesia</i>       | 171         | 161         | 10          | +151         |
| <i>Others</i>          | 1977        | 1093        | 884         | +209         |
| <b>Total</b>           | <b>6741</b> | <b>4249</b> | <b>2492</b> | <b>+1757</b> |
| <i>including:</i>      |             |             |             |              |
| <b>CIS</b>             | <b>568</b>  | <b>93</b>   | <b>475</b>  | <b>-382</b>  |
| <b>Other countries</b> | <b>6173</b> | <b>4156</b> | <b>2017</b> | <b>+2139</b> |

**Commodity export.** Over the reporting period commodity export amounted to USD 4.2 bln. Oil-and-gas products account for 89.3% of export.

USD 3.4 bln worth oil products were exported to foreign countries, of which USD 272.9 mln falls to the share of oil processing products, while USD 3.2 bln to export of crude oil.

Out of total exported crude oil, USD 3.0 bln fell to the share of the oil produced by the Azerbaijan International Operating Company (AIOC). Remaining USD 155.9 mln was delivered abroad by other entities, of which USD 33.7 mln falls to the share of Shahdeniz condensate and USD 122.2 mln to the SOCAR.

**Non-oil-and-gas** export of the country in January – March, 2015 YoY increased 24.1% to USD 453 mln.

#### **Export structure**

|                            | QI, 2014          |              | QI, 2015          |              |
|----------------------------|-------------------|--------------|-------------------|--------------|
|                            | Amount,<br>mln.\$ | Share,<br>%  | Amount,<br>mln.\$ | Share,<br>%  |
| <b>Export - total</b>      | <b>7503.6</b>     | <b>100.0</b> | <b>4249.5</b>     | <b>100.0</b> |
| <i>including:</i>          |                   |              |                   |              |
| 1. Fuel – raw materials    | 7228.1            | 96.3         | 3904.7            | 91.9         |
| - oil-and-gas products     | 7138.7            | 95.1         | 3796.5            | 89.3         |
| - other raw materials      | 89.4              | 1.2          | 108.2             | 2.6          |
| 2. Machinery and equipment | 90.2              | 1.2          | 199.4             | 4.7          |
| 3. Consumer goods          | 176.6             | 2.4          | 139.3             | 3.3          |
| 4. Other goods             | 8.7               | 0.1          | 6.1               | 0.1          |

**Commodity import.** Over the reporting period, commodity import constituted USD 2.5 bln. Total value of consumer goods was USD 921.7 mln, of which USD 308.1 mln is the share of food products.

#### **Import structure**

|                                 | QI, 2014          |              | QI, 2015          |              |
|---------------------------------|-------------------|--------------|-------------------|--------------|
|                                 | Amount,<br>mln.\$ | Share,<br>%  | Amount,<br>mln.\$ | Share,<br>%  |
| <b>Import - total</b>           | <b>1959.9</b>     | <b>100.0</b> | <b>2491.5</b>     | <b>100.0</b> |
| <i>including:</i>               |                   |              |                   |              |
| 1. Consumer goods               | 959.2             | 48.9         | 921.7             | 37.0         |
| - food products                 | 301.1             | 15.4         | 308.1             | 12.5         |
| - others                        | 658.1             | 33.5         | 613.6             | 24.5         |
| 2. Investment oriented goods    | 166.2             | 8.5          | 302.6             | 12.1         |
| - int'l oil-and-gas consortiums | 161.0             | 8.2          | 300.1             | 12.0         |
| - others                        | 5.2               | 0.3          | 2.5               | 0.1          |
| 3. Other goods                  | 834.5             | 42.6         | 1267.2            | 50.9         |

The share of vehicles, equipment and goods imported through investments comprised 12.1% and equaled USD 302.6 mln. 99.2% of this amount was the share of goods imported by the oil-and-gas sector Besides, USD 1267.2 mln worth of vehicles, equipment, chemical, ferrous and non-ferrous metal products were imported to the country for production purposes.

### ***Services balance***

One of the major items in economic relations of Azerbaijan with other countries in January – March, 2015 was mutually provided services, the volume of which was USD 3.3 bln. Out of this amount USD 2.2 bln was rendered by non-residents for Azerbaijani residents, and USD 1.1 bln – services provided by Azerbaijani residents for residents of foreign countries.

The share of transportation services in total services turnover was 14.8%. Total size of transportation services made up USD 492.1 mln, 51.9% of which fell to the share of services provided by non-residents to Azerbaijani residents.

Total volume of transportation services provided by Azerbaijani residents to non-residents made up USD 236.7 mln.

Over the reporting period the value of travelling services provided for non-residents was appraised to be USD 713.4 mln. 24% of which relates to business visits of non-residents to Azerbaijan.

In its turn, the value of travelling services provided by foreign countries for Azerbaijani residents was USD 626 mln. 72% of this amount falls to the share of private expenditures of Azerbaijani citizens (funds for shuttle import excluding).

In total, the share of mutual services in total commodities and services import-export turnover constituted 33.1%.

### ***Primary income balance***

Over the reporting period total turnover of income receipts and payments reached USD 980 mln. Out of this 74.7% (USD 732.5 mln) were payments from Azerbaijan. The key portion of which (USD 325.7 mln) fell to the share of income repatriation of foreign investors in oil-and-gas consortiums (mainly in terms of crude oil), salaries paid to non-residents (USD 86.8 mln) and interest payments for external debts (USD 136.7 mln).

### ***Secondary income balance***

Total value of secondary income operations with foreign countries is estimated to equal USD 571.3 mln. 42.8% of which was receipts by Azerbaijan.

95.7% of total receipts on secondary income are comprised of remittances of individuals from foreign countries, 2.9% – value of humanitarian import goods, and 1.4% – other receipts

In total, surplus of secondary income operations made up positive USD 81.7 mln.

## Financial account<sup>2</sup>

In January – March, 2015 net acquisition of financial assets increased USD 6.3 bln, primarily comprised of FDIs (USD 1013.8 mln), portfolio investments (USD 84.0 mln) and other investments (USD5219.4 mln). Net financial liabilities increased USD 2.0 bln, primarily comprised of FDIs (USD 1017.2 mln.), portfolio investments (USD749.2 mln.) and other investments (USD186.9 mln).

### *Net financial assets and liabilities on January – March, 2015*

|                              | Aktivlər      | Öhdəliklər    |
|------------------------------|---------------|---------------|
|                              |               | Mln. \$       |
| <b>Direct investments</b>    | <b>1013.8</b> | <b>1017.2</b> |
| - oil-and-gas sector         | 843.5         | 774.5         |
| - other sectors              | 170.3         | 242.7         |
| <b>Portfolio investments</b> | <b>84.0</b>   | <b>749.2</b>  |
| <b>Other investments</b>     | <b>5219.4</b> | <b>186.9</b>  |
| - Trade credits and advances | 1576.3        | 72.9          |
| - Credits and loans          | -12.0         | 75.6          |
| - Deposits and cash          | 3655.1        | 38.4          |
| <b>TOTAL</b>                 | <b>6317.2</b> | <b>1953.3</b> |

*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 1.8 bln. The oil-and-gas sector accounts for 86.1% of these investments. Attracted investments were channeled to the domestic economy to finance huge oil-and-gas projects, primarily the BP Exploration (Shahdeniz) Ltd. project and works provided by the AIOC in Azeri- Chiragh-Guneshli.

Total amount of FDIs to the non-oil sector is estimated to equal USD 256.1 mln.

#### ***Credits and other investments***

During the reporting period net financial assets on credits and loans decreased by USD 12.0 mln, while net financial liabilities increased by USD 75.6 mln. Net financial liabilities rose against direct government and government guaranteed loans (USD 22.6 mln.), other entities and companies (USD151.7 mln.) and decreased at the expense of banks (USD 98.7 mln).

Net financial assets on deposits and cash increased USD 3.6 bln, while net financial liabilities grew USD38.4 mln.

## Reserve assets

Over the reporting period country's reserve assets decreased USD 4590 mln.