

BALANCE OF PAYMENTS ¹

of the Republic of Azerbaijan for January – March, 2012

As in previous years, in January – March, 2012 external economic operations had a positive balance on the oil-gas sector and a negative balance on the non-oil sector.

In general, income of the oil-gas sector is primarily formed through export of oil and natural gas and foreign capital attracted to the sector. Payments by this sector reflect repatriation of profit and investments and import of equipment and services. In January – March, 2012, total positive surplus on the oil-gas sector equalled to USD 6.5 billion.

Key indicators of the Balance of Payments

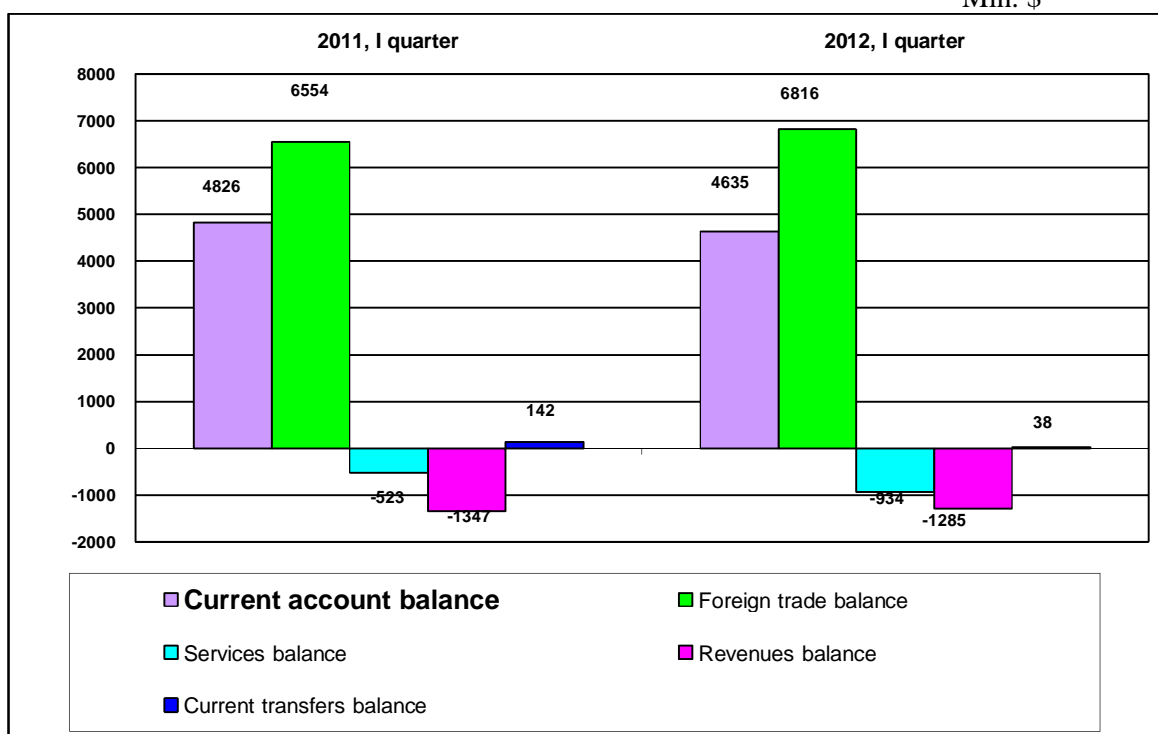
	Mln. \$	
	Q 1, 2011	Q 1, 2012
<i>I. Current operations account balance</i>	<i>4826.0</i>	<i>4635.3</i>
Foreign trade balance	6554.2	6816.5
Services balance	-522.7	-934.1
Income balance	-1347.1	-1285.1
- Investment income repatriation	-1447.5	-1373.8
Current transfers balance	141.6	38.0
<i>II. Capital and financial account balance</i>	<i>-1732.3</i>	<i>-2217.1</i>
Direct investments	77.1	208.8
- attracted to Azerbaijan	819.9	1161.0
- invested abroad	-34.9	-206.7
- Investment repatriation	-707.9	-745.5
Loans and other investments	-1809.4	-2427.9
Oil bonus	-	2.0
<i>III. Total surplus of the Balance of Payments (change in reserve assets of the country)</i>	<i>3093.7</i>	<i>2418.2</i>

Current operations account

In January – March, 2012 current account surplus amounted to USD 4.6 billion, including USD 6.6 billion of current account surplus on the oil-gas sector. Surplus of the oil-gas sector fully covered USD 2.0 billion deficit on the non-oil sector.

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

Mln. \$



External trade balance

External trade turnover constituted USD 11.1 billion and *external trade surplus made up USD 6.8 billion*.

In January – March, 2012 Azerbaijan traded with up to 122 countries across the world. 7.3 percent of external trade falls to the share of CIS countries and 92.7 percent – other countries. Our country had more vigorous trade ties with the USA, Italy, the UK, Turkey, France, Germany, Japan, Russia, India and Israel. (The share of these countries in overall trade was 69.7 percent).

Key external trade counterparts in January – March, 2012

(Mln. \$)

	<i>Commodity turnover</i>	<i>Export</i>	<i>Import</i>	<i>Trade balance</i>
<i>USA</i>	1343	1203	140	+1063
<i>Italy</i>	1295	1250	45	+1205
<i>UK</i>	1252	1151	101	+1050
<i>Turkey</i>	857	572	285	+287
<i>France</i>	586	557	29	+528
<i>Germany</i>	561	365	196	+169
<i>Japan</i>	534	488	46	+442
<i>Russian Federation</i>	504	215	289	-74
<i>India</i>	440	418	22	+396
<i>Israel</i>	380	361	19	+342
<i>Others</i>	3371	2390	981	+1409
Total	11123	8970	2153	+6817
<i>Including:</i>				
<i>CIS</i>	810	292	518	-226
<i>Other countries</i>	10313	8678	1635	+7043

Commodity export. During the reporting period commodity export amounted to USD 9.0 billion. The share of oil-gas products in the export made up 96 percent.

Oil products exported to foreign countries amounted to USD 8.3 billion, of which USD 416.9 mln. was oil products and USD 7.8 billion – crude oil.

Out of total volume of exported crude oil, USD 7.4 fell to the share of the oil produced by the Azerbaijan International Operating Company (AIOC). Remaining USD 423.5 mln of total exported crude oil was delivered abroad by other entities, of which USD 37.9 mln. falls to the share of Shahdeniz condensate and USD 385.6 mln. to the SOCAR.

Non-oil-gas export of the country in January – March, 2012 was USD 351.5 mln, the year over year increase being 1.4 percent.

Export structure

	Q -1, 2011		Q -2, 2012	
	Amount, mln.\$	Share, percent	Amount, mln.\$	Share, percent
Export - total	8546.1	100.0	8970.0	100.0
including:				
1. Fuel – raw materials	8330.5	97.5	8770.1	97.8
- oil-gas products	8199.6	95.9	8618.5	96.1
- other raw materials	130.9	1.6	151.6	1.7
2. Vehicles and equipment	45.6	0.5	28.3	0.3
3. Consumer goods	167.6	2.0	167.7	1.9
4. Other goods	2.4	-	3.9	-

Commodity import. During the reporting period commodity import constituted USD 2.2 billion. Total value of consumer goods was USD 899.7 mln., of which USD 301.1 mln. is the share of food products.

Import structure

	Q -1, 2011		Q -2, 2012	
	Amount, mln.\$	Share, percent	Amount, mln.\$	Share, percent
Import-total	1991.9	100.0	2153.5	100.0
including:				
1. Consumer goods	791.3	39.8	899.7	41.8
- food products	317.9	16.0	301.1	14.0
- others	473.4	23.8	598.6	27.8
2. Investment oriented goods	142.4	7.1	163.5	7.6
- int'l oil-gas concorciums	131.4	6.6	144.6	6.7
- others	11.0	0.5	18.9	0.9
3. Other goods	1058.2	53.1	1090.3	50.6

The share of vehicles, equipment and goods imported through investments comprised 7.6 percent and equalled to USD 163.5 mln. 88.4 percent of this amount was the share of goods imported by the oil-gas sector. Besides, USD 1090.3 mln 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, 2012 was mutually provided services, the volume of which reached USD 2496.1 mln. Out of this amount USD 1715.1 mln was rendered by non-residents for Azerbaijani residents, and USD 781 mln. – services provided by Azerbaijani residents for residents of foreign countries.

The share of transportation services in total services turnover was 14.9 percent. The total volume of transportation services made up USD 373.1 mln., 61.9 percent 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 142.2 mln.

During the reporting period the value of touristic services provided for non-residents was appraised to be USD 466.0 mln, 42.4 percent of which relates to business visits of non-residents to Azerbaijan.

In its turn, year over year increase in the value of touristic services provided by foreign countries for Azerbaijani residents was 2.2 times and made USD 581.5 mln. 63 percent 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 18.3 percent.

Income balance

During the reporting period total turnover of income receipts and payments reached USD 1723.0 mln. Out of this 87.3 percent (USD 1504.0 mln) was the payments from Azerbaijan. The key portion of this amount (USD 1242.0 mln) fell to the share of income repatriation of foreign investorts in oil-gas concorciums (mainly in terms of crude oil), salaries paid to non-residents (USD 36.5 mln) and interest payments for external debts (USD 70.5 mln).

Balance of current transfers

Total volume of current transfers is assessed to be USD 819.3 mln, 52.3 percent of which was receipts by Azerbaijan.

93.6 percent of total receipts on current transfers is comprised of remittances of individuals from foreign countries, 1.8 percent – value of humanitarian import goods, and 4.6 percent – other receipts.

In total, surplus of current transfer operations made up USD 38.0 mln.

Capital and financial flow

In January – March, 2012 total volume of attracted capital from abroad constituted USD 2.5 billion. This indicator is mainly comprised of foreign direct investments and external loans.

Structure of attracted foreign capital

	Q -1, 2011		Q -2, 2012	
	Amount, mln.\$	Share, percent	Amount, mln.\$	Share, percent
Direct investments	819.9	48.1	1161.0	47.3
- oil-gas sector	696.2	40.8	967.5	39.4
- other sectors	123.7	7.3	193.5	7.9
Loans and other investments	884.9	51.9	1293.0	52.6
- government guaranteed loans	447.3	26.2	267.5	10.9
- loans w/o government guarantee	298.3	17.5	268.1	10.9
- oil-gas sector	1.1	0.1	-	-
- banks	141.7	8.3	225.8	9.2
- others	155.5	9.1	42.3	1.7
- other investments	139.3	8.2	757.4	30.8
Oil bonus	-	-	2.0	0.1
TOTAL	1704.8	100.0	2456.0	100.0

Direct investments

Total amount of foreign direct investments was USD 1.2 bln. The share of the oil-gas sector in the structure of these investments was 83.3 percent. Attracted investments were channelled to the domestic economy to finance huge oil-gas projects, primarily the BP Exploration (Shahdeniz) Ltd. project and works provided by the Azerbaijan International Operating Company in Azeri-Chiragh-Guneshli.

According to assessments, total amount of foreign direct investments to the non-oil sector equalled to USD 193.5 mln which comprises 16.7 percent of total foreign direct investments.

Loans and other investments

During the reporting period the share of loans and other investments in attracted foreign capital made up 52.6 percent (1293.0 mln). The amount was primarily formed through direct government and government guaranteed loans, the loans attracted by the oil-gas sector and foreign borrowings of banks. Government and government guaranteed loans (loans allocated by int'l financial institutions and other organisations) made up 49.9 percent (267.5 mln) of total loans, while loans without government guarantee comprised 50.1percent (268.1 mln), out of which USD 225.8 mln was attracted by banks, USD 42.3 mln by other entities and companies.

USD 511.4 mln of previously attracted loans have been repaid. Out of repaid loans, 46.5percent (237.8 mln) falls to the share of the banking sector, 10.5 percent (53.9 mln) –government and government guaranteed loans, 37.4 percent (191.0 mln) –the oil-gas sector and 5.6 percent (28.7 mln) - other entities and companies.

Reserve assets

During the reporting period reserve assets of the country increased by USD 2418 mln.