

BALANCE OF PAYMENTS
of the Republic of Azerbaijan for January-March 2013¹

As in previous years, in January- March, 2013 external economic operations had a positive balance on the oil-gas sector and a negative balance on the non-oil sector.

Total income of the oil-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-gas sector in January- March 2013 was USD 5.8 bln.

Key indicators of the balance of payments for January – March, 2013

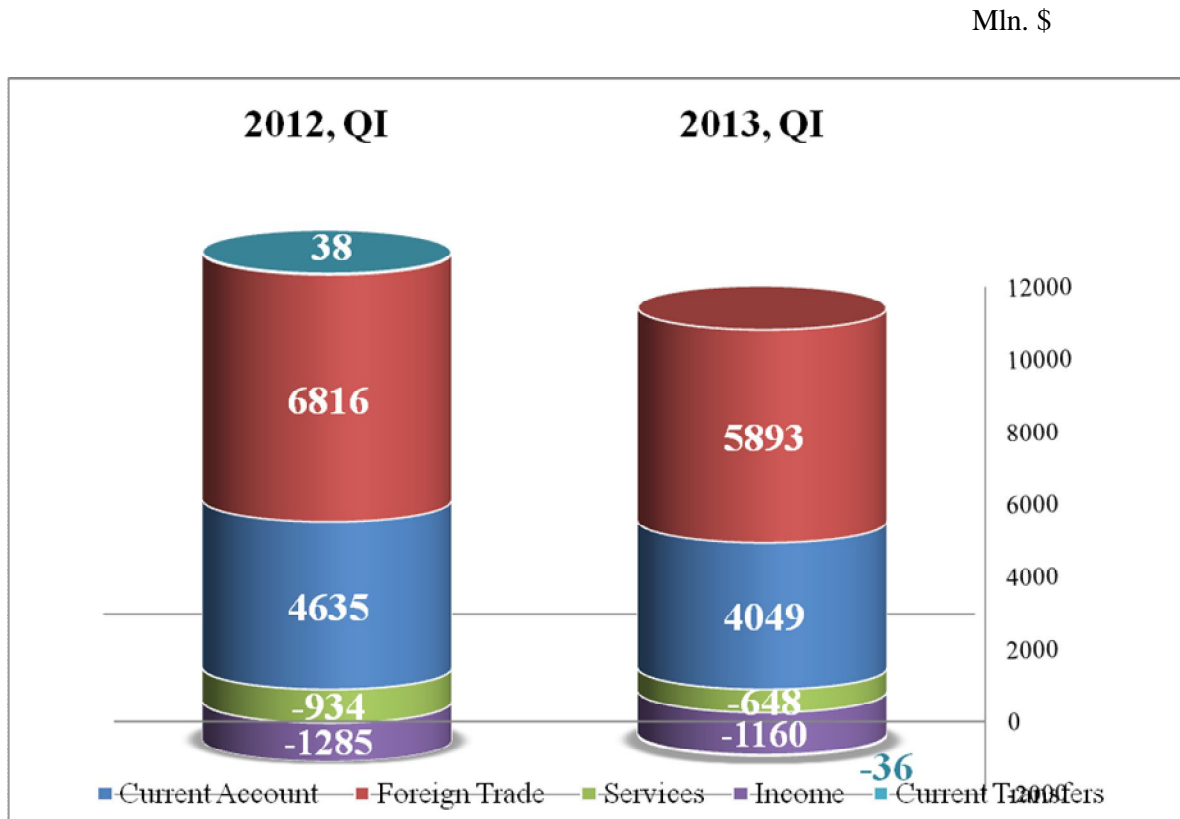
Mln. \$

<i>Current operations and account balance</i>	4045.9
Foreign trade balance	5893.1
Services balance	-647.6
Income balance	-1160.3
- Investment income repatriation	-1166.1
Current transfers balance	-36.5
Capital account	-2.8
<i>Financial account</i>	-2630.5
<i>Net financial assets</i>	3975.0
<i>including:</i>	
- direct investments abroad	184.8
- portfolio investments	53.7
- other investments	3736.5
<i>Net financial liabilities</i>	1344.5
<i>including:</i>	
- direct investments attracted to Azerbaijan	1419.7
- investment repatriation	-840.9
- oil bonus	0.3
- portfolio investments	1011.1
- other investments	-245.7
<i>Net errors and omissions</i>	259.0
<i>Total surplus of the BOP</i>	1674.4
<i>(change in reserve assets of the country)</i>	1674.4

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, 2013 current accounts surplus amounted to USD 4.0 billion, including USD 5.8 billion of current account surplus on the oil-and-gas sector. Surplus of the oil-and-gas sector fully covered USD 1.8 billion deficit on the non-oil sector.



External trade balance

External trade balance made USD 10.7 billion and *positive external trade surplus amounted to USD 5.9 billion.*

In January – March, 2013 Azerbaijan traded with up to 125 countries across the world. 9.4 % of external trade falls to the share of CIS countries and 90.6 % – other countries. Our country had more vigorous trade ties with Italy, the UK, USA, Turkey, Russia, Thailand, Indonesia, Germany, Japan and Taiwan. (The share of these countries in overall trade was 67.7 %).

Key external trade partners in January – March 2013

(Mln. \$)

	<i>Commodity turnover</i>	<i>Export</i>	<i>Import</i>	<i>Trade balance</i>
<i>Italy</i>	1512	1474	38	+1436
<i>UK</i>	983	803	180	+623
<i>Turkey</i>	761	414	347	+67
<i>USA</i>	737	662	75	+587
<i>Russian Federation</i>	716	347	369	-22
<i>Thailand</i>	602	596	6	+590
<i>Indonesia</i>	582	579	3	+576
<i>Germany</i>	546	398	148	+250
<i>Japan</i>	437	314	123	+191
<i>Taiwan</i>	360	353	7	+346
<i>Others</i>	3459	2354	1105	+1249
Total	10695	8294	2401	+5893
<i>including:</i>				
CIS countries	1009	410	599	-189
Others	9686	7884	1802	+6082

Commodity export. During the reporting period commodity export amounted to USD 8.3 billion. The share of oil-and-gas products in the export made up 94.5%.

Oil products exported to foreign countries amounted to USD 7.4 billion, of which USD 0.4 billion was oil products and USD 7.0 billion – crude oil.

Out of total volume of exported crude oil, USD 6.6 billion fell to the share of the oil produced by the Azerbaijan International Operating Company (AIOC). Remaining USD 0.4 billion of total exported crude oil was delivered abroad by other entities, of which USD 42.7 mln. falls to the share of Shahdeniz condensate and USD 332.5 million to the SOCAR.

Non-oil-and-gas export of the country in January – March, 2013 was USD 452.1 mln, the y.o.y. increase being 28.6 %.

Export structure

	Q I, 2012		Q I, 2013	
	amount, mln.\$	share, %-lə	amount, mln.\$	share, %-lə
Export - total	8970.0	100.0	8293.9	100.0
<i>including:</i>				
1.Fuel – raw materials	8770.1	97.8	7971.4	96.1
- oil-and-gas products	8618.5	96.1	7841.8	94.5
- other raw materials	151.6	1.7	129.6	1.6
2.Machinery and equipment	28.3	0.3	127.1	1.5
3.Consumer goods	167.7	1.9	185.6	2.3
4.Other goods	3.9	-	9.8	0.1

Commodity import. During the reporting period, commodity import constituted USD 2.4 billion. Total value of consumer goods was USD 1087.6 mln., of which USD 292.8 mln. is the share of food products.

Import structure

	Q I, 2012		Q I, 2013	
	amount mln.\$	share, %-lə	amount mln.\$	share, %-lə
Import-total	2153.5	100.0	2400.9	100.0
including:				
1.Consumer goods	899.7	41.8	1087.6	45.3
- food products	301.1	14.0	292.8	12.2
- other	598.6	27.8	794.8	33.1
2.Investment oriented goods	163.5	7.6	251.6	10.5
- int'l oil-and-gas concorciums	144.6	6.7	201.1	8.4
- others	18.9	0.9	50.5	2.1
3. Other goods	1090.3	50.6	1061.7	44.2

The share of vehicles, equipment and goods imported through investments comprised 10.5 % and equaled USD 251.6 mln. 79.9 % of this amount was the share of goods imported by the oil-and-gas sector. Besides, USD 1061.7 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, 2013 was mutually provided services, the volume of which reached USD 3.1 bln. Out of this amount USD 1.9 bln was rendered by non-residents for Azerbaijani residents, and USD 1.2 bln – services provided by Azerbaijani residents for residents of foreign countries.

The share of transportation services in total services turnover was 12.4%. The total volume of transportation services made up USD 384.0 mln., 52.1% 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 183.9 mln.

During the reporting period the value of travelling services provided for non-residents was appraised to be USD 0.8 bln, 39.1% of which relates to business visits of non-residents to Azerbaijan.

In its turn, y.o.y. increase in the value of travel provided by foreign countries for Azerbaijani residents was 12.6% and made USD 0.7 bln. 62.1% 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 29%.

Income balance

During the reporting period total turnover of income receipts and payments reached USD 1.5 bln. Out of this 88% (USD 1.3 bln) were the payments from Azerbaijan. The key portion of this amount (USD 1.1 bln) fell to the share of income repatriation of foreign investors in oil-gas consortiums (mainly in terms of crude oil), salaries paid to non-residents (USD 48.1 mln) and interest payments for external debts (USD 99.8 mln).

Balance of current transfers

Total volume of current transfers is assessed to be USD 0.7 bln, 47.5% of which was receipts by Azerbaijan.

95.3% of total receipts on current transfers are comprised of remittances of individuals from foreign countries, 1.5% – value of humanitarian import goods, and 3.2% – other receipts.

In total, surplus of current transfer operations made up negative USD 36.5 mln.

Financial account²

In January – March, 2013 net acquisition of financial assets equaled USD 4.0 billion. This indicator is primarily comprised of FDIs (USD 184.8 mln.), portfolio investments (USD 53.7 mln.) and other investments (USD 3736.5 mln. \$).

Net financial assets and liabilities on January – March, 2013

	Assets	Liabilities
		Mln. \$
Direct investments	184.8	578.8
- oil-and-gas sector	66.7	350.9
- other sectors	118.1	227.9
Portfolio investments	53.7	1011.1
Other investments	3736.5	-245.7
- Trade credits	1590.2	53.2
-Credits and loans	14.6	-470.4
-Deposits and cash	2131.7	171.5
Oil bonus		0.3
T O T A L	3975.0	1344.5

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 1.4 bln. The share of the oil-and-gas sector in the structure of these investments was 83.2%. 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 Azerbaijan International Operating Company in Azeri-Chiragh-Guneshli.

According to estimations, total amount of FDIs to the non-oil sector equaled to USD 238.1 mln which comprises 16.8% of total FDIs.

Credits and other investments

During the reporting period net financial assets on credits and loans increased USD 14.6 mln, while net financial liabilities decreased USD 470.4 mln. Whereas net financial liabilities stemmed from direct government and government guaranteed loans (USD 177.2 mln.), they declined against banks (USD 262.1 mln.) and other enterprises and companies (USD 383.5 mln).

Net financial assets on deposits and cash increased USD 2.1 billion, while net financial liabilities grew USD 171.5 mln. The share of banks in this growth respectively was 52.9% and 85.4 %.

Reserve assets

During the reporting period country's reserve assets rose USD 1674 mln.