

# BALANCE OF PAYMENTS<sup>1</sup>

## of the Republic of Azerbaijan for January – September, 2010

*As in previous years, in January – September 2010 external economic operations had positive balance on the oil-gas sector and 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 – September 2010, total surplus on the oil-gas sector equalled to USD 15.3 billion.*

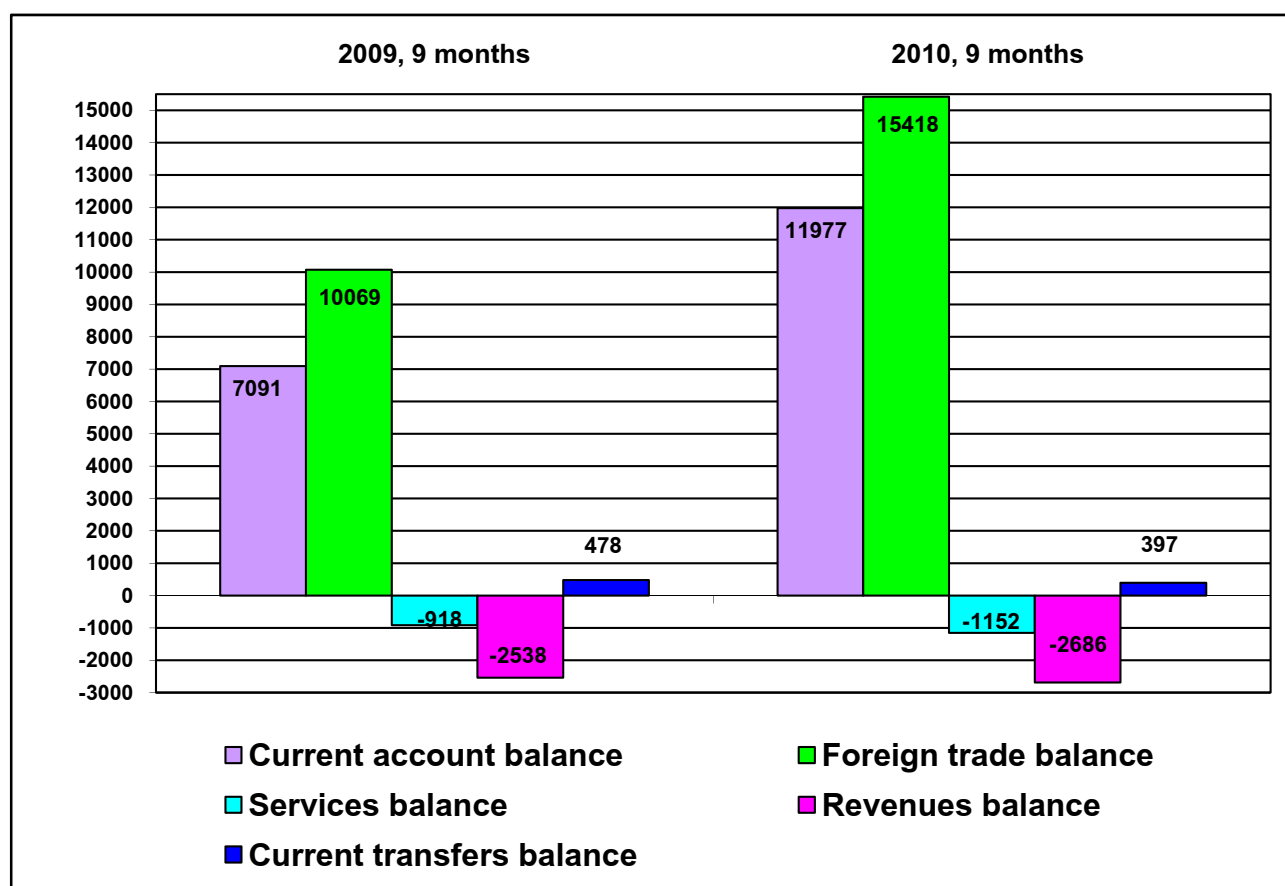
### *Key indicators of the Balance of Payments*

	Mln. \$	
	9 months, 2009	9 months, 2010
<b><i>I. Current operations account balance</i></b>	<b><i>7090.9</i></b>	<b><i>11977.1</i></b>
Foreign trade balance	10068.5	15417.7
Services balance	-917.7	-1152.0
Income balance	-2538.0	-2685.6
- Investment income repatriation	-2340.0	-2216.1
Current transfers balance	478.1	397.0
<b><i>II. Capital and financial account balance</i></b>	<b><i>-6156.7</i></b>	<b><i>-3673.0</i></b>
Direct investments	96.1	325.8
- attracted to Azerbaijan	2104.9	2271.9
- invested abroad	-225.9	-170.4
- Investment repatriation	-1782.9	-1775.7
Loans and other investments	-6252.8	-3998.8
<b><i>III. Total surplus of the Balance of Payments (change in reserve assets of the country)</i></b>	<b><i>934.2</i></b>	<b><i>8304.1</i></b>

### **Current operations account**

In January – September 2010, current account surplus amounted to USD 12.0 billion, including USD 15.4 billion of current account surplus on the oil-gas sector. Surplus of the oil-gas sector fully covered USD 3.4 billion deficit on the non-oil sector.

<sup>1</sup> Go to [http://cbar.az/assets/1430/BOP\\_Methodological\\_Guidelines\\_updt.pdf](http://cbar.az/assets/1430/BOP_Methodological_Guidelines_updt.pdf) for Methodological Guidelines on Compiling the Balance of Payments.



### *External trade balance*

External trade turnover constituted USD 24.7 billion and *external trade surplus made up USD 15.4 billion*.

In January – September 2010 Azerbaijan traded with over 140 countries throughout the world. 12 percent of external trade falls to the share of CIS countries and 88 percent – other countries. Our country had more vigorous trade ties with Italy, the USA, France, Israel, Russia, the United Kingdom, Ukraine, Indonesia and Malaysia. (Share of these countries in overall trade was 70.6 percent).

### *Key external trade counterparts in January – September 2010*

(Mln. \$)

	<i>Commodity turnover</i>	<i>Export</i>	<i>Import</i>	<i>Trade balance</i>
<i>Italy</i>	5776	5701	75	+5626
<i>USA</i>	2154	1988	166	+1822
<i>France</i>	1776	1696	80	+1616
<i>Israel</i>	1572	1516	56	+1460
<i>Russian Federation</i>	1337	589	748	-159
<i>Turkey</i>	1233	753	480	+273
<i>United Kingdom</i>	1111	887	224	+663
<i>Ukraine</i>	994	682	312	+370
<i>Indonesia</i>	852	850	2	+848
<i>Malaysiya</i>	667	637	30	+607

<i>Others</i>	7271	4781	2490	+2291
<b>Total</b>	<b>24743</b>	<b>20080</b>	<b>4663</b>	<b>+15417</b>
<i>Including:</i>				
<b>CIS countries</b>	<b>2962</b>	<b>1613</b>	<b>1349</b>	<b>+264</b>
<b>Other countries</b>	<b>21781</b>	<b>18467</b>	<b>3314</b>	<b>+15153</b>

**Commodity export.** During the reporting period commodity export amounted to USD 20.1 billion. Share of oil-gas products in the export made up 95.2 percent.

Oil products exported to foreign countries amounted to USD18.4 billion, of which USD 1164.6 mln. was oil products and USD 17.3 billion – crude oil.

Out of total volume of crude oil, USD 16.3 fell to the share of the oil produced by the Azerbaijan International Operating Company (AIOC). Remaining USD 943.6 mln of total exported crude oil was delivered abroad by other entities, of which USD 87.6 mln. falls to the share of Shahdeniz condensate and USD 855.9 mln. to SOCAR.

**Non-oil-gas** export of the country in January – September 2010 was USD 974.5 mln.

#### *Export structure*

	9 months, 2009		9 months, 2010	
	Amount, mln.\$	Share, in %	Amount, mln.\$	Share, in %
<b>Export - total</b>	<b>14790.1</b>	<b>100.0</b>	<b>20080.2</b>	<b>100.0</b>
including:				
1. Fuel – raw materials	14180.0	95.9	19301.1	96.1
- oil-gas products	14018.0	94.8	19105.6	95.1
- other raw materials	162.0	1.1	195.5	1.0
2. Vehicles and equipment	214.8	1.5	287.2	1.4
3. Consumer goods	370.8	2.4	479.3	2.4
4. Other goods	24.5	0.2	12.6	0.1

**Commodity import.** During the reporting period commodity import constituted USD 4.7 billion. Total value of consumer goods was USD 2105.2 mln. of which USD 727.2 mln. is the share of food products.

#### *Import structure*

	9 months, 2009		9 months, 2010	
	Amount, mln.\$	Share, in %	Amount, mln.\$	Share, in %
<b>Import-total</b>	<b>4721.6</b>	<b>100.0</b>	<b>4662.5</b>	<b>100.0</b>
including:				
1. Consumer goods	2020.1	42.8	2105.2	45.2
- food products	609.9	12.9	727.2	15.6
- others	1410.2	29.9	1378.0	29.6
2. Investment oriented goods	564.3	12.0	477.3	10.3
- int'l oil-gas concorciums	327.5	7.0	371.4	8.0
- others	236.8	5.0	105.9	2.3
3. Other goods	2137.2	45.2	2080.0	44.5

Share of vehicles, equipment and goods imported through investments comprised of 10.3 percent and equalled to USD 477.3 mln. 77.8 percent of this amount was the share of goods imported by oil-gas sector. Besides, USD 2080.0 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 – September 2010 was mutually provided services, the volume of which reached USD 4151.4 mln. Out of this amount USD 2651.7 mln was rendered by non-residents for Azerbaijani residents. and USD 1499.7 mln. – services provided by Azerbaijani residents for residents of foreign countries. Thus, the services balance was negative USD 1152.0 mln.

Share of transportation services in total services turnover was 25.7 percent. The total volume of transportation services made up USD 1065.4 mln., 55.5 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 471.7 mln.

During the reporting period the value of touristic services provided for non-residents was appraised to be USD 435.8 mln., 35.6 percent of which was related to business visits of non-residents to Azerbaijan.

In its turn, the value of touristic services provided by foreign countries for Azerbaijani residents doubled against the similar period of the previous year and made up USD 496.7 mln; 76.6 percent of this amount falls to the share of private expenditures of Azerbaijani citizens (funds for shuttle import excluding).

The share of mutual services in total commodities and services import-export turnover constituted 14.4 percent.

### ***Income balance***

During the reporting period total turnover of income receipts and payments reached USD 3287.4 mln. Out of this 90.8 percent (USD 2986.5 mln) was the payments from Azerbaijan. Key portion of this amount (USD 2246.1 mln) 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 87.7 mln) and interest payments for external debts (USD 139.2 mln).

### ***Balance of current transfers***

Total volume of current transfers is assessed to be USD 1.6 billion, 62.1 percent of which was receipts by Azerbaijan.

94.2 percent of total receipts on current transfers is comprised of remittances of individuals from foreign countries, 2.2 percent – value of humanitarian import goods, and 3.6 percent – other receipts.

In total, surplus of current transfer operations made up USD 397.05 mln.

## **Capital and financial flow**

In January – September total volume of attracted capital from abroad increased by 1.4 times against the relevant period of the previous year and amounted to USD 5.7 billion. This indicator is mainly comprised of foreign direct investments and external loans.

### *The Structure of Attracted Foreign Capital*

	9 months, 2009		9 months, 2010	
	Amount, mln.\$	Share, in %	Amount, mln.\$	Share, in %
<b>Direct investments</b>	<b>2104.9</b>	<b>51.2</b>	<b>2274.4</b>	<b>40.0</b>
- oil-gas sector	1583.0	38.5	1754.7	30.9
- other sectors	521.9	12.7	519.7	9.1
<b>Loans and other investments</b>	<b>2005.0</b>	<b>48.8</b>	<b>3413.7</b>	<b>60.0</b>
- government guaranteed loans	431.7	10.5	499.1	8.8
- loans without government guarantee	580.1	14.1	1887.6	33.2
- oil-gas sector	35.0	0.8	358.4	6.3
- banks	396.8	9.7	1336.2	23.5
- others	148.3	3.6	193.0	3.4
- other investments	993.2	24.2	1027.0	18.0
<b>T O T A L</b>	<b>4109.9</b>	<b>100.0</b>	<b>5688.1</b>	<b>100.0</b>

### *Direct investments*

Total amount of foreign direct investments was USD 2274.4 mln. Share of oil-gas sector in the structure of these investments was 77.1 percent. Attracted investments were channelled to domestic economy to finance huge oil-gas projects, primarily BP Exploration (Shahdeniz) Ltd. project and works provided by Azerbaijan International Operating Company in Azeri-Chiragh-Guneshli.

According to assessments, total amount of foreign direct investments to non-oil sector equalled to USD 519.7 mln which comprises 22.8 percent of total foreign direct investments.

### *Loans and other investments*

The share of loans and other investment in attracted foreign capital increased by 1.7 times in comparison with relevant period of the previous year and made up 60 percent (USD 3413.7 mln). The growth primarily was due to increase in oil-gas sector and foreign borrowings of banks. Government and government guaranteed loans (loans allocated by international financial institutions and other organisations) made up 20.9 percent (USD 499.1 mln) of total loans, while loans without government guarantee comprised 79.1 percent (USD 1887.6 mln), out of which USD 1336.2 mln was attracted

by banks, USD 358.4mln – by oil-gas sector, USD 193.0 mln by other entities and companies.

During the reporting period, USD 1408.7 mln of previously attracted loans have been repaid. Out of repaid loans, 56.5 percent (USD 796.3 mln) falls to the share of the banking sector, 11.4 percent (USD 160.2 mln) – to the share of government and government guaranteed loans, 16.1 percent (USD 226.3 mln) – to oil-gas sector and 16 percent (USD 225.9 mln) to other entities and companies.

### **Reserve assets**

During the reporting period reserve assets of Azerbaijan increased by USD 8304.1 mln.