

**BALANCE OF PAYMENTS**  
**of the Republic of Azerbaijan for January-June 2013<sup>1</sup>**

*As in previous years, in January- June, 2013 external economic operations had a positive balance on the oil-and-gas sector and a 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-gas sector in January- June 2013 was USD 11.3 bln.*

**Key indicators of the balance of payments for January – June, 2013**

Mln. \$

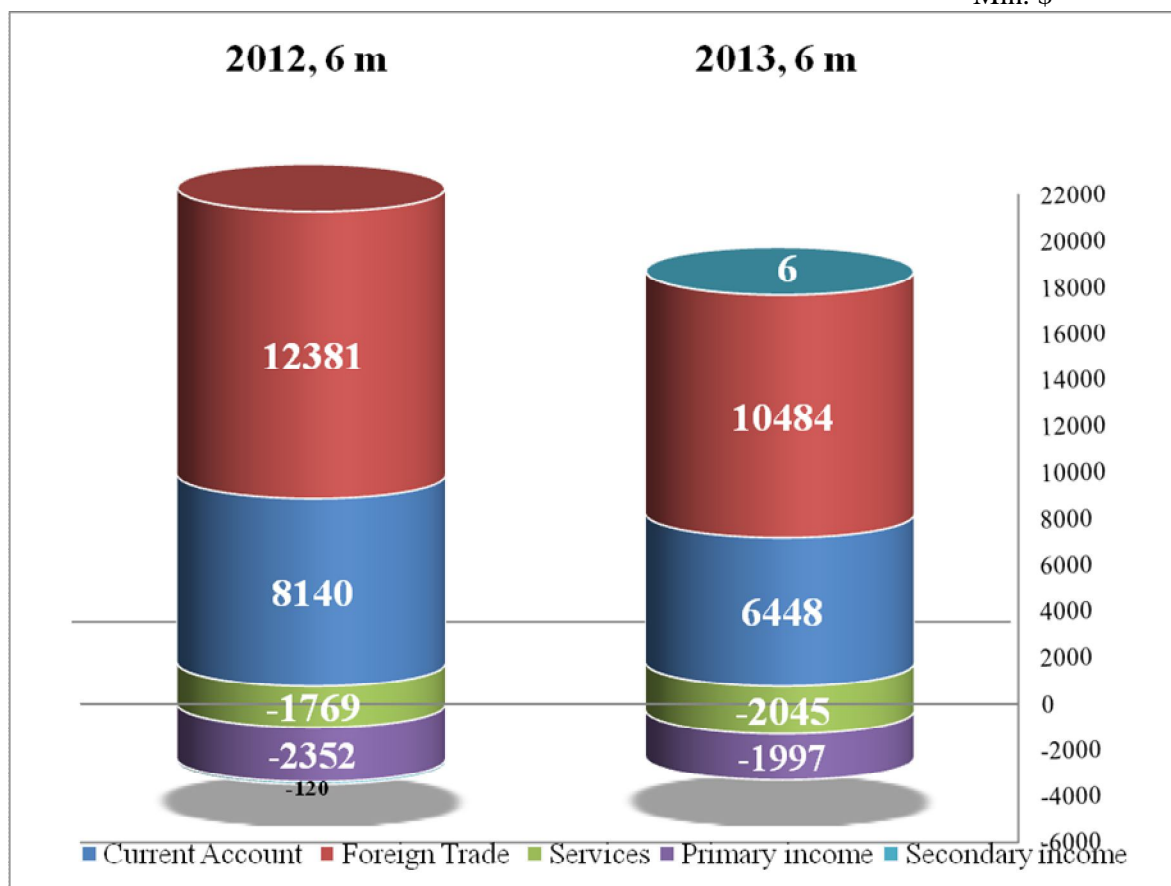
<b><i>Current operations and account balance</i></b>	<b>6443.6</b>
Foreign trade balance	10483.7
Services balance	-2044.6
Primary income balance	-1997.4
- Investment income repatriation	-2033.7
Secondary income balance	6.0
Capital account	-4.1
<b><i>Financial account</i></b>	<b>-3278.9</b>
<i>Net financial assets</i>	5582.2
<i>including:</i>	
- direct investments abroad	445.0
- portfolio investments	113.2
- other investments	5024.0
<i>Net financial liabilities</i>	2303.3
<i>including:</i>	
- direct investments attracted to Azerbaijan	2966.1
- attracted investment repatriation	-1711.5
- oil bonus	0.4
- portfolio investments	1030.2
- other investments	18.1
<b><i>Net errors and omissions</i></b>	<b>-845.3</b>
<b><i>Total surplus of the BOP</i></b>	<b>-845.3</b>
<b><i>(change in reserve assets of the country)</i></b>	<b>2319.4</b>

**Current operations account**

In January – June, 2013 current accounts surplus amounted to USD 6.4 bln, including USD 11.1 bln of current accounts surplus on the oil-and-gas sector. Surplus of the oil-and-gas sector fully covered USD 4.7 bln deficit on the non-oil 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*.

Mln. \$



### ***External trade balance***

External trade balance made USD 21.2 bln and *positive external trade surplus amounted to USD 10.5 bln*.

In January – June, 2013 Azerbaijan traded with up to 137 countries across the world. 9.8 % of external trade falls to the share of CIS countries and 90.2 % – other countries. Our country had more vigorous trade ties with Italy, the UK, Turkey, Russia, Indonesia, USA, Germany, Thailand, France and Japan. (The share of these countries in overall trade was 69.4 %).

### ***Key external trade partners in January – June 2013***

(Mln. \$)

	<i>Commodity turnover</i>	<i>Export</i>	<i>Import</i>	<i>Trade balance</i>
<i>Italy</i>	2970	2864	106	+2758
<i>UK</i>	2024	1561	463	+1098
<i>Turkey</i>	1647	844	803	+41
<i>Russian Federation</i>	1488	677	811	-134
<i>Indonesia</i>	1328	1317	11	+1306
<i>USA</i>	1274	1094	180	+914
<i>Germany</i>	1181	862	319	+543
<i>Thailand</i>	1129	1117	12	+1105
<i>France</i>	905	590	315	+275
<i>Japan</i>	786	608	178	+430
<i>Others</i>	6504	4326	2178	+2148

<b>Total</b>	<b>21236</b>	<b>15860</b>	<b>5376</b>	<b>+10484</b>
<i>Including:</i>				
<b>CIS countries</b>	<b>2080</b>	<b>804</b>	<b>1276</b>	<b>-472</b>
<b>Others</b>	<b>19156</b>	<b>15056</b>	<b>4100</b>	<b>+10956</b>

**Commodity export.** During the reporting period commodity export amounted to USD 15.9 bln. The share of oil-and-gas products in the export made up 94.3%.

Oil products exported to foreign countries amounted to USD 14.2 bln, of which USD 0.9 bln was oil products and USD 13.3 bln – crude oil.

Out of total volume of exported crude oil, USD 12.6 bln fell to the share of the oil produced by the Azerbaijan International Operating Company (AIOC). Remaining USD 0.7 bln of total exported crude oil was delivered abroad by other entities, of which USD 81.9 mln. falls to the share of Shahdeniz condensate and USD 625.6 mln to the SOCAR.

**Non-oil-and-gas** export of the country in January – June, 2013 was USD 902.8 mln, the y.o.y. increase being 13.4 %.

#### **Export structure**

	6 months, 2012		6 months, 2013	
	Amount, mln.\$	Share, %	Amount, mln.\$	Share, %
<b>Export - total</b>	<b>17000.9</b>	<b>100.0</b>	<b>15860.1</b>	<b>100.0</b>
including:				
1. Fuel – raw materials	16527.2	97.2	15223.6	96.0
- oil-and-gas products	16205.1	95.3	14957.3	94.3
- other raw materials	322.1	1.9	266.3	1.7
2. Machinery and equipment	47.2	0.3	171.8	1.1
3. Consumer goods	406.2	2.4	450.0	2.8
4. Other goods	20.3	0.1	14.7	0.1

**Commodity import.** During the reporting period, commodity import constituted USD 5.4 bln. Total value of consumer goods was USD 2387.2 mln., of which USD 619.6 mln. is the share of food products.

#### **Import structure**

	6 months, 2012		6 months, 2013	
	Amount, mln.\$	Share, %	Amount, mln.\$	Share, %
<b>Import-total</b>	<b>4619.4</b>	<b>100.0</b>	<b>5376.3</b>	<b>100.0</b>
including:				
1. Consumer goods	2028.8	43.9	2387.2	44.4
- food products	607.1	13.1	619.6	11.5
- others	1421.7	30.8	1767.6	32.9
2. Investment oriented goods	444.1	9.6	519.4	9.7
- int'l oil-and-gas concorciums	408.3	8.8	378.4	7.1
- others	35.8	0.8	141.0	2.6
3. Other goods	2146.5	46.5	2469.7	45.9

The share of vehicles, equipment and goods imported through investments comprised 9.7% and equaled USD 519.4 mln. 72.9% of this amount was the share of goods imported by the oil-and-gas sector. Besides, USD 2469.7 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 – June, 2013 was mutually provided services, the volume of which reached USD 6.1 bln. Out of this amount USD 4.1 bln was rendered by non-residents for Azerbaijani residents, and USD 2.0 bln – services provided by Azerbaijani residents for residents of foreign countries.

The share of transportation services in total services turnover was 13.8%. The total volume of transportation services made up USD 842.2 mln., 57.4% 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 358.5 mln.

During the reporting period the value of travelling services provided for non-residents was appraised to be USD 1.2 bln, 38.5% of which relates to business visits of non-residents to Azerbaijan.

In its turn, y.o.y. increase in the value of travelling provided by foreign countries for Azerbaijani residents was 14.7% and made USD 1.4 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 22.4%.

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

During the reporting period total turnover of income receipts and payments reached USD 2.9 bln. Out of this 84.8% (USD 2.4 bln) were payments from Azerbaijan. The key portion of this amount (USD 1.9 bln) 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 107.9 mln) and interest payments for external debts (USD 197.8 mln).

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

Total value of secondary income operations with foreign countries is estimated to equal USD 1.4 bln, 50.2% of which was receipts by Azerbaijan.

95.8% of total receipts on secondary income is comprised of remittances of individuals from foreign countries, 1.7% – value of humanitarian import goods, and 2.5% – other receipts

In total, surplus of secondary income operations made up positive USD 6.0 mln.

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

In January – June, 2013 net acquisition of financial assets equaled USD 5.6 bln. This indicator is primarily comprised of FDIs (USD 445.0 mln.), portfolio investments (USD 113.2 mln.) and other investments (USD 5024.0 mln. \$).

### *Net financial assets and liabilities on January – June, 2013*

	Mln. \$	
	Assets	Liabilities
<b>Direct investments</b>	<b>445.0</b>	<b>1254.6</b>
- oil-and-gas sector	192.2	870.1
- other sectors	252.8	384.5
<b>Portfolio investments</b>	<b>113.2</b>	<b>1030.2</b>
<b>Other investments</b>	<b>5024.0</b>	<b>18.1</b>
- Trade credits and advances	2893.1	90.8
- Credits and loans	100.6	-523.7
-Deposits and cash	2030.3	451.0
<b>Oil bonus</b>		<b>0.4</b>
<b>T O T A L</b>	<b>5582.2</b>	<b>2303.3</b>

*<sup>2</sup> 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 3.0 bln. The share of the oil-and-gas sector in the structure of these investments was 84%. 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.

According to estimations, total amount of FDIs to the non-oil sector equaled to USD 474.9 mln, which comprises 16% of total FDIs.

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

During the reporting period net financial assets on credits and loans increased USD 100.6 mln, while net financial liabilities decreased USD 523.7 mln. Whereas net financial liabilities declined owing to direct government and government guaranteed loans (USD 55.8 mln.), and other enterprises and companies (USD 545.2 mln), they went up against banks (USD 77.3 mln.).

Net financial assets on deposits and cash increased USD 2.0 bln, while net financial liabilities grew USD 451.0 mln.

### **Reserve assets**

During the reporting period country's reserve assets rose USD 2319 mln.