

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

## of the Republic of Azerbaijan for January – March of 2011

*As in previous years, in January – March, 2011 external economic operations had positive balance on the oil-gas sector and negative balance on the non-oil sector.*

*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 2011, total surplus on the oil-gas sector equalled to USD 6.3 billion.*

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

Mln. \$

	<b>Q 1, 2010</b>	<b>Q 1, 2011</b>
<b>I. Current operations account balance</b>	<b>3902.1</b>	<b>4826.0</b>
Foreign trade balance	5040.6	6554.2
Services balance	-416.7	-522.6
Income balance	-795.4	-1347.1
- Investment income repatriation	-685.3	-1311.7
Current transfers balance	73.6	141.5
<b>II. Capital and financial account balance</b>	<b>-1329.2</b>	<b>-1732.3</b>
Direct investments	46.9	77.1
- attracted to Azerbaijan	704.7	819.9
- invested abroad	-47.2	-24.9
- Investment repatriation	-610.6	-717.9
Loans and other investments	-1376.1	-1809.4
<b>III. Total surplus of the Balance of Payments</b> <i>(change in reserve assets of the country)</i>	<b>2572.9</b>	<b>3093.7</b>

### **Current operations account**

In January – March 2010, current account surplus amounted to USD 4.8 billion, including USD 6.3 billion of current account surplus on the oil-gas sector. Surplus of the oil-gas sector fully covered USD 1.5 billion deficit on the non-oil sector

*1 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 10.5 billion and external trade surplus made up USD 6.6 billion*

In January – March 2011 Azerbaijan traded with over 115 countries throughout the world. 14,6 percent of external trade falls to the share of CIS countries and 85,4 percent – other countries. Our country had more vigorous trade ties with Italy, USA, France, Israel, Russian Federation, United Kingdom, France, Turkey, Russia, Japan, Belarus, Ukraine, and Malaysia. (Share of these countries in overall trade was 77.3 percent).

***Key external trade counterparts in January – March 2011***

*(Mln. \$)*

	<b><i>Commodity turnover</i></b>	<b><i>Export</i></b>	<b><i>Import</i></b>	<b><i>Trade balance</i></b>
<i>Italy</i>	1868	1825	43	+1782
<i>USA</i>	1249	1126	123	+1003
<i>United Kingdom</i>	1231	1162	<b>69</b>	+1093
<i>France</i>	903	817	86	+731
<i>Turkey</i>	702	462	240	+222
<i>Russia</i>	654	298	356	-58
<i>Japan</i>	512	471	41	+430
<i>Belarus</i>	377	362	<b>15</b>	+347
<i>Ukraine</i>	328	197	131	+66
<i>Malaysia</i>	326	322	<b>4</b>	+318
<i>Others</i>	2388	1504	884	+620
<b><i>Total</i></b>	<b>10538</b>	<b>8546</b>	<b>1992</b>	<b>+6554</b>
<i>Including:</i>				
<b><i>CIS countries</i></b>	<b>1533</b>	<b>919</b>	<b>614</b>	<b>+305</b>
<b><i>Others</i></b>	<b>9005</b>	<b>7627</b>	<b>1378</b>	<b>+6249</b>

**Commodity export.** During the reporting period commodity export amounted to USD 8.5 billion. The share of oil-gas products in the export made up 95.9 percent.

Oil products exported to foreign countries amounted to USD 7.8 billion, of which USD 365.0 mln. was oil products and USD 7.5 billion – crude oil.

Out of total volume of crude oil, USD 7.1 billion fell to the share of the oil produced by the Azerbaijan International Operating Company (AIOC). Remaining USD 372.4 mln of total exported crude oil was delivered abroad by other entities, of which USD 12.6 mln. falls to the share of Shahdeniz condensate and USD 359.8 mln. to SOCAR.

**Non-oil-gas** export of the country in January – March 2011 was USD 346.6 mln against the relevant period of the following year having increased by 0.5 percent.

*Export structure*

	Q 1,		Q 2, 2011	
	Amount, mln.\$	Share, in %	Amount, mln.\$	Share, in %
<b>Export - total</b>	<b>6258.4</b>	<b>100.0</b>	<b>8546.1</b>	<b>100.0</b>
including:				
1. Fuel – raw materials	5979.8	95.5	8330.5	97.5
- oil-gas products	5913.6	<b>94.5</b>	8199.6	95.9
- other raw materials	66.2	1.0	130.9	1.6
2. Vehicles and equipment	129.3	<b>2.1</b>	45.6	0.5
3. Consumer goods	148.0	<b>2.4</b>	167.6	<b>2.0</b>
4. Other goods	1.3	-	2.4	-

**Commodity import.** During the reporting period commodity import constituted USD 2.0 billion. Total value of consumer goods was USD 791.3 mln. of which USD 317.9 mln. is the share of food products.

*Import structure*

	Q 1,		Q 2, 2011	
	Amount, mln.\$	Share, in %	Amount, mln.\$	Share, in %
<b>Import-total</b>	1217.8	<b>100.0</b>	<b>1991.9</b>	<b>100.0</b>
Including:				
1. Consumer goods	617.1	50.7	791.3	39.8
- food products	226.1	18.6	317.9	16.0
- others	391.0	32.1	473.4	23.8
2. Investment oriented goods	117.4	9.6	142.4	7.1
- int'l oil-gas consortiums	76.9	6.3	131.4	6.6
- others	40.5	3.3	11.0	0.5
3. Other goods	483.3	39.7	1058.2	53.1

The share of vehicles, equipment and goods imported through investments comprised of 7.1 percent and equalled to USD 142.4 mln. 92.3 percent of this amount was the share of the goods imported by the oil-gas sector. Besides, USD 1058.2 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 2011 was mutually provided services, the volume of which reached USD 1575.8 mln. Out of this amount USD 1049.2 mln was rendered by non-residents for Azerbaijani residents. and USD 526.6 mln. – services provided by Azerbaijani residents for residents of foreign countries.

The share of transportation services in total mutual services turnover was 21 percent. The total volume of transportation services made up USD 331.7 mln, 47.7 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 173.6 mln.

During the reporting period the value of touristic services provided for non-residents was appraised to be USD 191.2 mln., 27.8 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 1.6 times increased against the similar period of the previous year and made up USD 257.0 mln; 69.3 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 13 percent.

### *Income balance*

During the reporting period total turnover of income receipts and payments reached USD 1699.7 mln. Out of this 89.6 percent (USD 1523.4 mln) was the payments from Azerbaijan. Key portion of this amount (USD 1311.7 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 29.3 mln) and interest payments for external debts (USD 34.6 mln).

### *Balance of current transfers*

Total volume of current transfers is assessed to be USD 629.5 million, 61.2 percent of which was receipts by Azerbaijan.

95.3 percent of total receipts on current transfers is comprised of remittances of individuals from foreign countries, 1.9 percent – value of humanitarian import goods, and 2.8 percent – other receipts.

In total, positive surplus of current transfer operations made up USD 141.5 mln.

## Capital and financial flow

In January – March, 2011 total volume of attracted capital from abroad amounted to USD 1.7 billion. This indicator was mainly comprised of foreign direct investments and external loans.

	Q 1, 2010		Q 2, 2011	
	In mln. USD	Share, in %	In mln. USD	Share, in %
<b>Direct investments</b>	704.7	37.8	819.9	48.1
- oil-gas sector	596.4	32.0	696.2	40.8
- other sectors	108.3	5.8	123.7	7.3
<b>Loans and other investment</b>	1161.6	62.2	884.9	51.9
- government guaranteed loans	154.7	8.3	447.3	26.2
- loans w/o government guarantee	732.9	39.3	298.3	17.5
- oil-gas sector	123.0	6.6	1.1	0.1
- banks	527.4	28.3	141.7	8.3
- others	82.5	4.4	155.5	9.1
- other investments	274.0	14.6	139.3	8.2
<b>TOTAL</b>	<b>1866.3</b>	<b>100.0</b>	<b>1704.8</b>	<b>100.0</b>

### *Direct investments*

Total amount of foreign direct investments was USD 819.9 mln. The share of the oil-gas sector in the structure of these investments was 84.9 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-Chirag-Guneshli.

According to assessments, total amount of foreign direct investments to non-oil sector equalled to USD 123.7 mln which comprises 15.1 percent of total foreign direct investments.

### *Loans and other investment*

The share of loans and other investment in attracted foreign capital made up 51.9 percent (USD 884.9 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 60 percent (USD 447.3 mln) of total loans, while loans without government guarantee comprised 40 percent (USD 1887.6 mln), out of which USD 141.7 mln was attracted by banks, USD 1.1 mln – by the oil-gas sector, USD 155.5 mln by other entities and companies.

During the reporting period, USD 199.9 mln of previously attracted loans have been repaid. Out of repaid loans, 58.2 percent (USD 298.3 mln) falls to the share of the banking sector, 18.2 percent (USD 36.4 mln) – to the share of government and government guaranteed loans, 2.3 percent (USD 4.6 mln) – to the oil-gas sector and 21.3 percent (USD 42.5 mln) to other entities and companies.

## Reserve assets

During the reporting period reserve assets of Azerbaijan increased by USD 3093.7 mln.