

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

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

*As in previous years, in January – June 2011 external economic operations had a positive balance on the oil-gas sector and a 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 – June 2011, total positive surplus on the oil-gas sector equalled to USD 13.9 billion.*

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

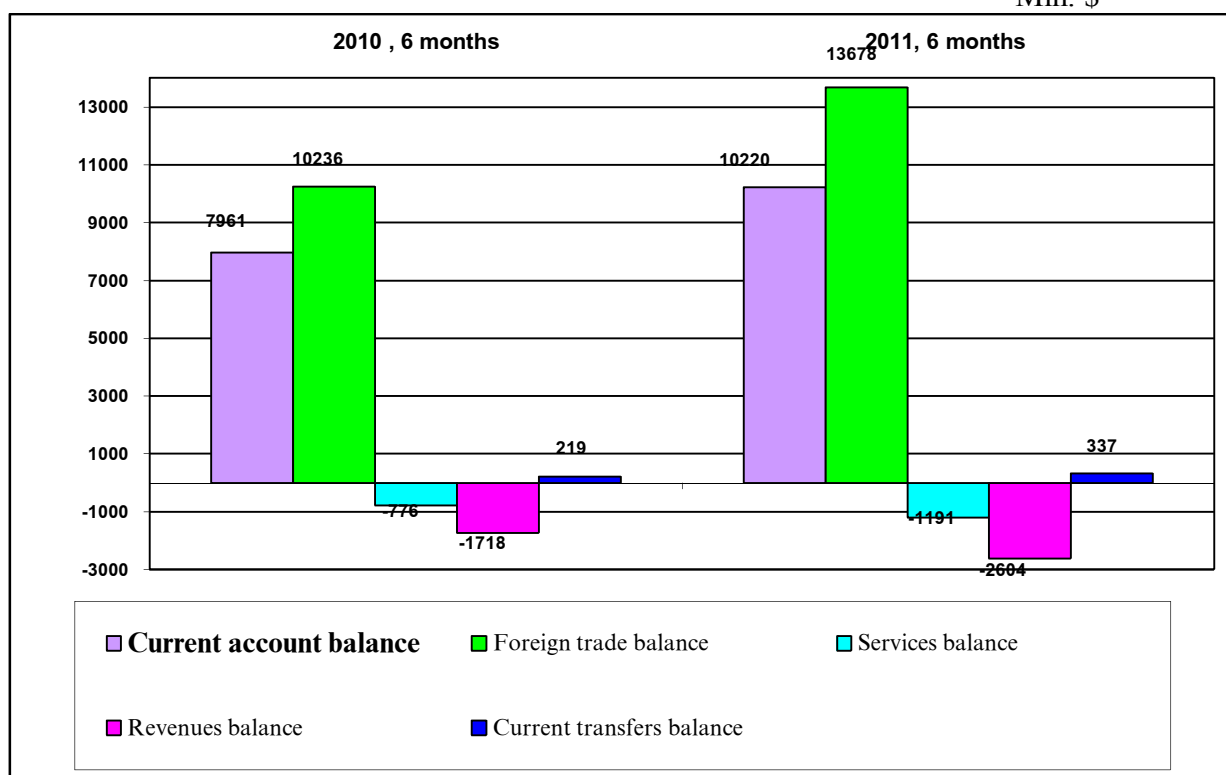
	Mln. \$	
	2010, 6 months	2011, 6 months
<b><i>I. Current operations account balance</i></b>	<b>7961.2</b>	<b>10220.3</b>
Foreign trade balance	10236.4	13677.8
Services balance	-775.8	-1190.7
Income balance	-1717.9	-2604.4
- Investment income repatriation	-1410.8	-2504.6
Current transfers balance	218.5	337.6
<b><i>II. Capital and financial account balance</i></b>	<b>-2954.8</b>	<b>-2670.4</b>
Direct investments	156.5	498.4
- attracted to Azerbaijan	1460.1	2000.5
- invested abroad	-110.6	-90.1
- Investment repatriation	-1193.0	-1412.0
Loans and other investments	-3111.3	-3168.8
<b><i>III. Total surplus of the Balance of Payments (change in reserve assets of the country)</i></b>	<b>5006.4</b>	<b>7549.9</b>

### Current operations account

In January – June 2011, current account surplus amounted to USD 10.2 billion, including USD 13.7 billion of current account surplus on the oil-gas sector. Surplus of the oil-gas sector fully covered USD 3.5 billion deficit on the non-oil sector.

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

Mln. \$



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

External trade turnover constituted USD 22.8 billion and *external trade surplus made up USD 13.7 billion*.

In January – June 2011 Azerbaijan traded with 138 countries throughout the world. 13.2 percent of external trade falls to the share of CIS countries and 86.8 percent – other countries. Our country had more vigorous trade ties with Italy, the USA, France, the UK, Russia, Turkey, Japan, Ukraine, Malaysia and Indonesia. (Share of these countries in overall trade was 75.4 percent).

### ***Key external trade counterparts in January – June 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>	4857	4763	94	+4669
<i>USA</i>	2305	2002	303	+1699
<i>France</i>	2238	1972	266	+1706
<i>United Kingdom</i>	2103	1926	177	+1749
<i>Russia</i>	1483	699	784	-85
<i>Turkey</i>	1465	877	588	+289
<i>Japan</i>	900	794	106	+688
<i>Ukraine</i>	828	575	253	+322
<i>Malaysiya</i>	568	554	14	+540
<i>İndonesiya</i>	468	458	10	+448
<i>Others</i>	5610	3631	1979	+1652
<b><i>Total</i></b>	<b>22825</b>	<b>18251</b>	<b>4574</b>	<b>+13677</b>
<i>including:</i>				
<b><i>CIS countries</i></b>	<b>3018</b>	<b>1785</b>	<b>1233</b>	<b>+552</b>
<b><i>Other countries</i></b>	<b>19807</b>	<b>16466</b>	<b>3341</b>	<b>+13125</b>

**Commodity export.** In the reporting period commodity export amounted to USD 18.3 billion. The share of oil-gas products in the export made up 95.5 percent.

Oil products exported to foreign countries amounted to USD 16.7 billion, of which USD 848.1 mln. was oil products and USD 15.9 billion – crude oil.

Out of total volume of exported crude oil, USD 14.9 mln fell to the share of the oil produced by the Azerbaijan International Operating Company (AIOC). Remaining USD 914.3 mln of total exported crude oil was delivered abroad by other entities, of which USD 51.4 mln. falls to the share of Shahdeniz condensate and USD 862.9 mln. to SOCAR.

**Non-oil-gas** export of the country in January – June 2011 was USD 786.4 mln having increased by 11.9 percent against the previous year.

#### *Export structure*

	2010, 6 months		2011, 6 months	
	Amount, mln.\$	Share, in %	Amount, mln.\$	Share, in %
<b>Export – total</b>	<b>13192.0</b>	<b>100.0</b>	<b>18251.6</b>	<b>100.0</b>
including:				
1. Fuel – raw materials	12627.4	95.7	17766.4	97.3
- oil-gas products	12489.4	94.7	17465.6	95.7
- other raw materials	138.0	1.0	300.8	1.6
2. Vehicles and equipment	223.7	1.7	86.8	0.5
3. Consumer goods	332.7	2.5	371.9	2.0
4. Other goods	8.2	0.1	26.5	0.2

**Commodity import.** During the reporting period commodity import constituted USD 4.6 billion. Total value of consumer goods was USD 1746.8 mln. of which USD 622.0 mln. is the share of food products.

#### *Import structure*

	2010, 6 months		2011, 6 months	
	Amount, mln.\$	Share, in %	Amount, mln.\$	Share, in %
<b>Import-total</b>	<b>2955.7</b>	<b>100.0</b>	<b>4573.7</b>	<b>100.0</b>
including:				
1. Consumer goods	1306.8	44.2	1746.8	38.2
- food products	485.7	16.4	622.0	13.6
- others	821.1	27.8	1124.8	24.6
2. Investment oriented goods	296.8	10.0	368.4	8.1
- int'l oil-gas concorciums	216.0	7.3	325.3	7.1
- others	80.8	2.7	43.1	1.0
3. Other goods	1352.1	45.8	2458.5	53.7

Share of vehicles, equipment and goods imported through investments comprised 8.1 percent and equalled to USD 368.4 mln. 88.3 percent of this amount was the share of

goods imported by oil-gas sector. Besides, USD 2458.5 mln worth 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 2011 was mutually provided services, the volume of which reached USD 3544.9 mln. Out of this amount USD 2367.8 mln was rendered by non-residents for Azerbaijani residents, and USD 1177.1 mln. – services provided by Azerbaijani residents for residents of foreign countries.

Share of transportation services in total services turnover was 20.9 percent. The total volume of transportation services made up USD 739.5 mln., 52.5percent 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 351.2 mln.

During the reporting period the value of toruistic services provided for non-residents was appraised to be USD 516.8 mln, 31.3 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 jumped by 2.1 times against the similar period of the previous year and made up USD 709.2 mln; 64.3 percent of this amount falls to the share of private expenditures of Azerbaijani citizens (funds for shuttle import excluding).

In sum, the share of mutual services in total commodities and services import-export turnover constituted 13.4 percent.

### ***Income balance***

During the reporting period total turnover of income receipts and payments reached USD 3382.7 mln. Out of this 88.5 percent (USD 2993.5 mln) was the payments from Azerbaijan. Key portion of this amount (USD 2504.6 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 71.0 mln) and interest payments for external debts (USD 91.0 mln).

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

Total volume of current transfers is assessed to be USD 1443.1 mln. 61.7 percent of which was receipts by Azerbaijan.

94.4 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 3.8 percent – other receipts.

In total, surplus of current transfer operations made up USD 337.6 mln.

## **Capital and financial flow**

In January – June 2011 total volume of attracted capital from abroad amounted to USD 4.0 billion. This indicator is mainly comprised of foreign direct investments and external loans.

### *The structure of attracted foreign capital*

	2010, 6 months		2011, 6 months	
	Amount, mln.\$	Share, in %	Amount, mln.\$	Share, in %
<b>Direct investment</b>	<b>1460.1</b>	<b>38.7</b>	<b>2000.5</b>	<b>50.0</b>
- oil-gas sector	1175.1	31.2	1583.4	39.6
- other sectors	285.0	7.5	417.1	10.4
<b>Loans and other investments</b>	<b>2309.4</b>	<b>61.3</b>	<b>2001.4</b>	<b>50.0</b>
- government guaranteed loans	321.5	8.5	607.3	15.2
- loans w/o government guarantee	1233.8	32.7	1165.3	29.1
- oil-gas sector	179.1	4.7	402.6	10.0
- banks	955.8	25.4	476.4	11.9
- others	98.9	2.6	286.3	7.2
- other investments	754.1	20.1	228.8	5.7
<b>Oil bonus</b>				
<b>TOTAL</b>	<b>3769.5</b>	<b>100.0</b>	<b>4001.9</b>	<b>100.0</b>

#### *Direct investments*

Total amount of foreign direct investments was USD 2.0 bln. The share of the oil-gas sector in the structure of these investments was 79.1 percent. Attracted investments were channelled to domestic economy to finance huge oil-gas projects, primarily BP Exploration (Shahdeniz) Ltd. project and works provided by 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 417.1 mln which comprises 20.9percent of total foreign direct investments.

#### *Loans and other investments*

The share of loans and other investment in attracted foreign capital made up 50 percent (USD 2001.4 mln). The amount primarily formed through direct government and government guaranteed loans, the loans attracted by the oil-gas sector and banks.

Government and government guaranteed loans (loans allocated by international financial institutions and other organisations) made up 34.3 percent (USD1165.3 mln) of total loans, while loans without government guarantee comprised 65.7 percent (USD 2635.3 mln), out of which USD 476.4 mln was attracted by banks, USD 402.6 mln – by the oil-gas sector, USD 286.3 mln by other entities and companies.

During the reporting period, USD 1182.1 mln of previously attracted loans have been repaid. Out of repaid loans, 50 percent (USD 590.8 mln) falls to the share of the banking sector, 10.5 percent (USD 124.1 mln) – to the share of government and government guaranteed loans, 24.4 percent (USD 288.0 mln) – to the oil-gas sector and 15.1 percent (USD 179.2 mln) to other entities and companies.

### **Reserve assets**

During the reporting period reserve assets of Azerbaijan increased by USD 755.0 mln.