

SPEECH
of Elman Rustamov, Governor of the Central Bank
at the meeting of the Cabinet of Ministers chaired by President Ilham Aliyev
dedicated to the results of socio-economical development of 2010
and the tasks ahead in 2011

Elman Rustamov, Governor of the Central Bank, when enumerating economic indicators of the last 10 years noted that, the real economic growth was 4 times as much, volume of export increased by over 15 times, the state budget rose by 15 times as much, investment expenditures grew by 96 times and strategic foreign exchange reserves – by 36 times. In 2003-2010 economic growth rate in Azerbaijan was 17 percent which made our country a leader in the world.

Elman Rustamov, who mentioned that the growth under way in Azerbaijan displays itself in all areas, said: - This growth is not characterized solely through numbers. The country has stepped on a qualitatively new – up-to-date development phase with modern image formed. High growth manifests itself in formation of energy, transport and healthcare system that is of international importance, modern social, education, communication and healthcare infrastructure, life style of the people, access to up-to-date information technologies. I may with full assurance say that the Azerbaijan we have today is not the one we had 10 years ago. We may feel it less since we are residing here, but our compatriots living abroad highlight it with amazement.

It should be mentioned that, the decade we left behind was not that simple. It is characterized not only as a boom period. The last three years of this period coincided with the global financial crisis. The global crisis originated in advanced countries and spread to the entire world in the era of globalization. The results were severe, the world economy recessed, huge financial institutions failed. While currently economic growth recovered, some countries were deeply affected by the crisis. The Azerbaijani economy, however, preserved its sustainability and growth dynamics. In particular, within the last three years the real economic growth in the country was over 8 percent with macroeconomic and financial stability being preserved. In 2008 - 2010 our strategic foreign exchange reserves increased by USD 23 bln. The banking sector sustained and kept growing. Within the last three years annual average growth rate of bank assets was 25 percent, growth rate of deposits exceeded 20 percent.

We may assess the year of 2010 as the year of full elimination of effects of the global crisis for Azerbaijan. The country kept economically growing. As I have already mentioned, economic growth in the country equaled to 5 percent. Growth in non-oil sector is prevailing over others. Given the existing global background and significant growth of the size of the economy, we should highly appreciate achievement of this growth.

The foreign position of the country kept strengthening. As of the yearend of 2010, the surplus of current operations account will outstrip USD 15 bln. Consequently, our foreign exchange reserves are over USD 29 bln. We consider that we may potentially outstrip USD 30 bln level at the end of January. The foreign exchange reserves are over 60 percent against the GDP. In

China, which has the largest foreign exchange reserves in the world, this indicator falls behind that of Azerbaijan. It exceeds three times as much our aggregate USD 9.5 bln debt including private sector and public debt in the context of the crisis, this is one of the key indicators demonstrating macroeconomic sustainability of the country. Both within the last three years and in 2010 the Central Bank directed its activities at preserving macroeconomic stability, stability of exchange rate of manat and financial stability in the banking sector, and covering demand of the economy for money and strived to achieve the targets. In 2010 the inflation kept its single-digit level. With devaluations in most countries, stability of manat was preserved. Mr. President, the World Bank, the International Monetary Fund recommended a number of countries to devalue their national currencies. The analysis conducted in line with the latest results of the crisis show that the countries who followed this recommendation recessed more, however, the growth rate in those who did not observe it, including Azerbaijan was several points higher. You assigned us to preserve macroeconomic stability, as well as stability of exchange rate of the manat in the country as a strategic task at the launch of the crisis. Today the international organizations already admit that it was the sole right decision in the given circumstances.

Azerbaijani banking sector is preserving its financial sustainability. In the previous year deposits of the population increased by 23 percent, overall assets, loans and total capital were over 8 percent. Mortgage lending is being expanded in the country. 2435 persons were provided with mortgage lending, of whom 473 persons were granted with mortgage lending through preferential terms. Today the number of families benefited from this opportunity is over 6200.

The Governor of the Central Bank spoke about measures to be taken in 2011 and tasks ahead: - The key challenge we are facing is to preserve the growth rate achieved within the last ten years. The country has confidently entered the row of “medium income countries”. However, there is an upper scale in the group of “medium-income countries” – to shift the national product per capita to USD 17.000 0 18.000. As of today in our case this level is USD 10.000. To achieve that target means double increase of the country in the coming 10 years. We find this as a real objective. For this purpose, the country economy should annually increase by about 7 – 8 percent. Moreover, the results we have achieved so far indicate that it is quite a real task.

The last report of the Commission on Growth and Development under the UN states that, 13 countries have achieved such a development since 1950. Azerbaijan has full capacity to become the fourteenth and diversify the economy and continue this course. Mr. President, the country has all conditions for this: in the first place, the work done within the last 10 years, generated potential and accumulated expertise, primarily, longterm political stability in the country, political development and a modern and strong leader. We are very optimistic. We are sure that, strategic objectives ahead will be realized as well under your leadership.

www.azertag.com

14.01.2011