

BALANCE OF PAYMENTS

of the Republic of Azerbaijan for January- September 2013¹

As in previous years, in January- September, 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-and-gas sector in January- September 2013 was USD 17.1 bln.

Key indicators of the balance of payments for January – September, 2013

Mln. \$

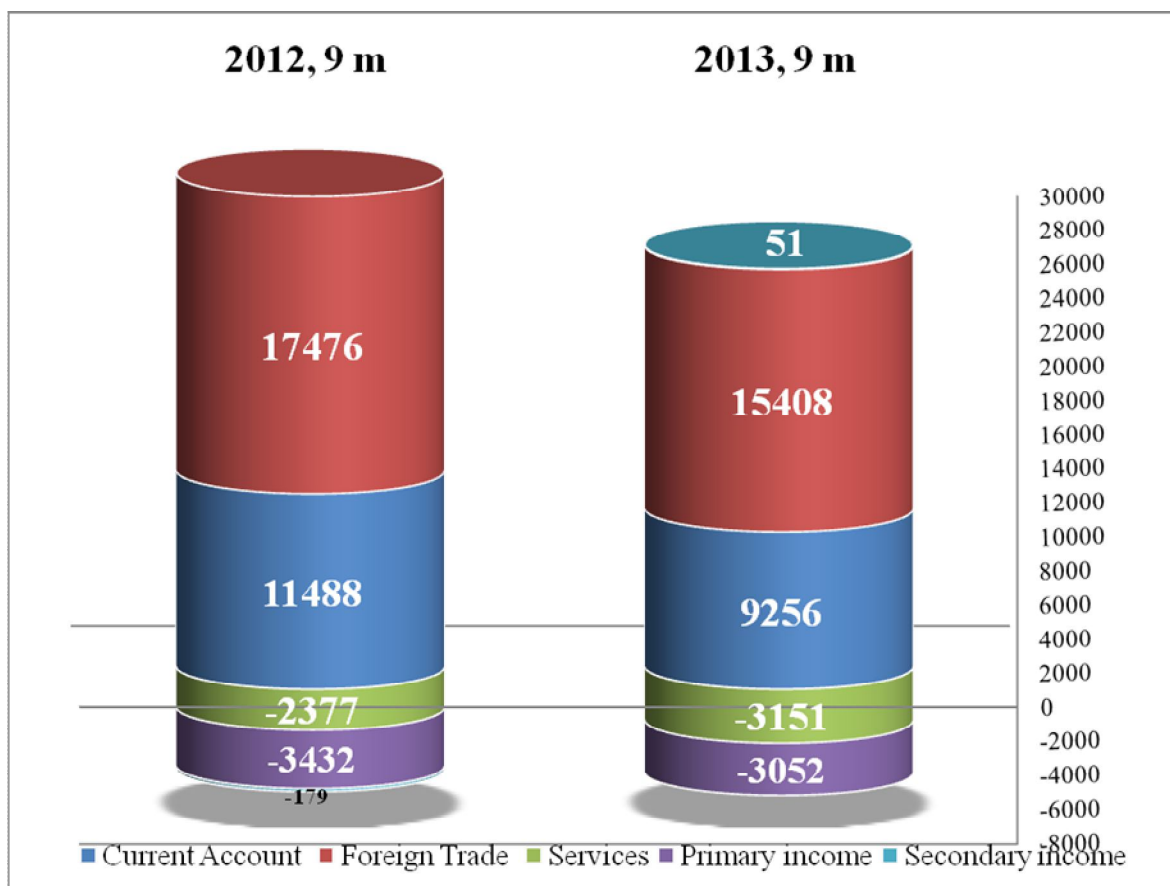
<i>Current operations and account balance</i>	9249.9
Foreign trade balance	15408.1
Services balance	-3151.0
Primary income balance	-3052.0
- Investment income repatriation	-3097.7
Secondary income balance	51.4
Capital account	-6.6
<i>Financial account</i>	-5054.6
<i>Net financial assets</i>	8759.1
<i>including:</i>	
- direct investments abroad	775.0
- portfolio investments	244.7
- other investments	7739.4
<i>Net financial liabilities</i>	3704.5
<i>including:</i>	
- direct investments attracted to Azerbaijan	4631.8
- attracted investment repatriation	-2663.2
- oil bonus	0.4
- portfolio investments	1034.2
- other investments	701.3
<i>Net errors and omissions</i>	-904.2
<i>Total surplus of the BOP</i>	
<i>(change in reserve assets of the country)</i>	3291.1

¹ Go to http://cbar.az/assets/1186/final_metod.pdf for *Methodological Guidelines on Compiling the Balance of Payments*.

Current operations account

In January – September, 2013 current accounts surplus amounted to USD 9.3 bln, including USD 16.6 bln of current accounts surplus on the oil-and-gas sector. Surplus of the oil-and-gas sector fully covered USD 7.4 bln deficit on the non-oil sector.

Mln. \$



External trade balance

External trade balance made USD 32.2 bln, while *positive external trade surplus amounted to USD 15.4 bln.*

In January – September, 2013 Azerbaijan traded with up to 143 countries across the world. 9.5 % of external trade falls to the share of CIS countries and 90.5 % – other countries. Our country had more vigorous trade ties with Italy, the United Kingdom, Turkey, Indonesia, the USA, Russia, Germany, Thailand, France and Japan (The share of these countries in overall trade was 68.9%).

Key external trade partners in January – September 2013

(Mln. \$)

	<i>Commodity turnover</i>	<i>Export</i>	<i>Import</i>	<i>Trade balance</i>
<i>Italy</i>	4573	4407	166	+4241
<i>UK</i>	3153	2317	836	+1481
<i>Turkey</i>	2529	1290	1239	+51
<i>Indonesia</i>	2304	2286	18	+2268

<i>USA</i>	2261	1993	268	+1725
<i>Russian Federation</i>	2136	869	1267	-398
<i>Germany</i>	1491	961	530	+431
<i>Thailand</i>	1470	1453	17	+1436
<i>France</i>	1158	809	349	+460
<i>Japan</i>	1110	876	234	+642
<i>Others</i>	10028	6550	3478	+3072
Total	32213	23811	8402	+15409
<i>Including:</i>				
CIS	3050	1059	1991	-932
Others	29163	22752	6411	+16341

Commodity export. During the reporting period commodity export amounted to USD 23.8 bln. The share of oil-and-gas products in the export made up 94.7%.

Oil products exported to foreign countries accounted for USD 21.5 bln, of which USD 1.2 bln was oil products and USD 20.3 bln – crude oil.

Out of total volume of exported crude oil, USD 19.1 bln fell to the share of the oil produced by the Azerbaijan International Operating Company (AIOC). Remaining USD 1.2 bln was delivered abroad by other entities, of which USD 120.8 mln. falls to the share of Shahdeniz condensate and USD 1015.5 mln to the SOCAR.

Non-oil-and-gas export of the country in January – September, 2013 was USD 1265.5 mln, the y.o.y. increase being 13.1%.

Export structure

	9 months, 2012		9 months, 2013	
	Amount mln.\$	Share, %	Amount, mln.\$	Share, %
Export - total	24561.6	100.0	23810.6	100.0
including:				
1. Fuel – raw materials	23882.5	97.2	22923.0	96.3
- oil-and-gas products	23442.5	95.4	22545.1	94.7
- other raw materials	440.0	1.8	377.9	1.6
2. Machinery and equipment	60.6	0.3	214.7	0.9
3. Consumer goods	596.2	2.4	651.3	2.7
4. Other goods	22.3	0.1	21.6	0.1

Commodity import. During the reporting period, commodity import constituted USD 8.4 bln. Total value of consumer goods was USD 3292.1 mln., of which USD 1025.5 mln. is the share of food products.

Import structure

	9 months, 2012		9 months, 2013	
	Amount mln.\$	Share, %	Amount mln.\$	Share, %
Import – total	7085.6	100.0	8402.5	100.0
including:				
1. Consumer goods	3067.6	43.3	3292.1	39.2
- food products	873.0	12.3	1025.5	12.2
- others	2194.6	31.0	2266.6	27.0
2. Investment oriented goods	696.1	9.8	741.7	8.8

- int'l oil-and-gas concorciums	591.9	8.3	575.6	6.8
- others	104.2	1.5	166.1	2.0
3. Other goods	3321.9	46.9	4368.7	52.0

The share of vehicles, equipment and goods imported through investments comprised 8.8% and equaled USD 741.7 mln. 77.6% of this amount was the share of goods imported by the oil-and-gas sector. Besides, USD 4368.7mln 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 – September, 2013 was mutually provided services, the volume of which was USD 9.3 bln. Out of this amount USD 6.2 bln was rendered by non-residents for Azerbaijani residents, and USD 3.1 bln – services provided by Azerbaijani residents for residents of foreign countries.

The share of transportation services in total services turnover was 14%. The total volume of transportation services made up USD 1298.8 mln., 54.8% 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 587.4 mln

During the reporting period the value of travelling services provided for non-residents was appraised to be USD 1.8 bln, 37.6% 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 17% and made USD 2.1 bln. 62.3% 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 22.3%.

Primary income balance

During the reporting period total turnover of income receipts and payments reached USD 4.5 bln. Out of this 84% (USD 3.8 bln) were payments from Azerbaijan. The key portion of this amount (USD 3.0 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 161.6 mln) and interest payments for external debts (USD 281.0 mln).

Secondary income balance

Total value of secondary income operations with foreign countries is estimated to equal USD 2.3 bln, 51.1% of which was receipts by Azerbaijan.

96.1% of total receipts on secondary income is comprised of remittances of individuals from foreign countries, 1.8% – value of humanitarian import goods, and 2.1% – other receipts.

In total, surplus of secondary income operations made up positive USD 51.4 mln.

Financial account²

In January – September, 2013 net acquisition of financial assets equaled USD 8.8 bln. This indicator is primarily comprised of FDIs (USD 775.0 mln), portfolio investments (USD 244.7 mln) and other investments (USD 7739.4 mln).

Net financial assets and liabilities on January – September, 2013

	Assets	Liabilities
		Mln. \$
Direct investments	775.0	1968.6
- oil-and-gas sector	408.8	1303.0
- other sectors	366.2	665.6
Portfolio investments	244.7	1034.2
Other investments	7739.4	701.3
- Trade credits and advances	4380.4	106.3
- Credits and loans	91.4	-87.8
-Deposits and cash	3267.6	682.8
Oil bonus		0.4
T O T A L	8759.1	3704.5

2 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 4.6 bln. The share of the oil-and-gas sector in the structure of these investments was 83.1%. 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 780.8 mln, which comprises 16.9% of total FDIs.

Credits and other investments

During the reporting period net financial assets on credits and loans increased USD 91.4 mln, while net financial liabilities decreased USD 87.8 mln. Whereas net financial liabilities rose against direct government and government guaranteed loans (USD 179.1 mln.) and banks (USD 301.6 mln), they went down against other entities and companies (USD 568.4 mln.).

Net financial assets on deposits and cash increased USD 3.3 bln, while net financial liabilities grew USD 682.8 mln.

Reserve assets

During the reporting period country's reserve assets rose USD 3291 mln.