

BALANCE OF PAYMENTS¹

of the Republic of Azerbaijan for January - September of 2011

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

Income of the oil-and-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 –September, 2011, total positive surplus on the oil-and-gas sector amounted to USD 20.4 bln.

Key indicators of the Balance of Payments

	Mln. \$	
	9 months, 2010	9 months, 2011
I. Current operations account balance	11977.1	14424.0
Foreign trade balance	15417.7	19604.2
Services balance	-1152.0	-2008.7
Income balance	-2685.6	-3703.4
- Investment income repatriation	-2216.1	-3533.6
Current transfers balance	397.0	531.9
II. Capital and financial account balance	-3673.0	-3990.6
Direct investments	325.8	638.4
- attracted to Azerbaijan	2271.9	3108.3
- invested abroad	-170.4	-346.3
- Investment repatriation	-1775.7	-2123.6
Loans and other investments	-3998.8	-4649.0
Oil bonus		20.0
III. Total surplus of the Balance of Payments <i>(change in reserve assets of the country)</i>	8304.1	10433.4

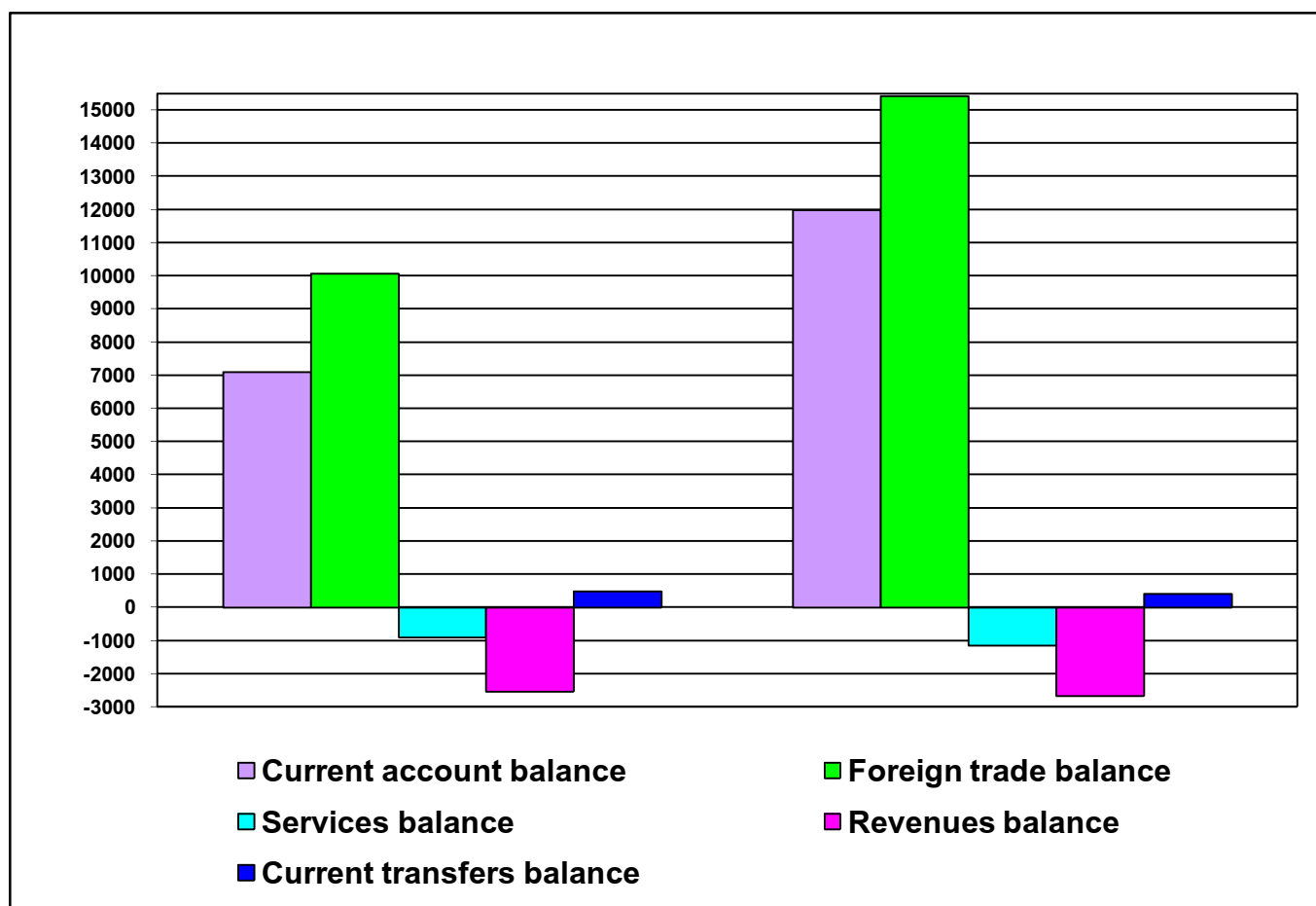
Current operations account

In January – September 2011, current account surplus amounted to USD 14.4 bln, including USD 20.2 bln of current account surplus on the oil-and-gas sector.

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

Surplus of the oil-and-gas sector fully covered USD 5.8 bln deficit on the non-oil sector.

Mln. \$



External trade balance

External trade turnover constituted USD 34.1 bln and external trade surplus USD 19.6 bln.

In January – September, 2011 Azerbaijan traded with up to 148 countries across the world. 13% of the external trade falls to the share of CIS countries and 87% - other foreign countries. Our country had more vigorous trade ties with Italy, France, USA, the United Kingdom, Russia, Turkey, Ukraine, Japan, Germany and Indonesia. (The share of these countries in total trade makes 74.3%).

Key external trade counterparts in January - September 2011 (Mln. \$)

	<i>Commodity turnover</i>	<i>Export</i>	<i>Import</i>	<i>Trade balance</i>
<i>Italy</i>	7232	7063	169	+6894
<i>France</i>	3463	2995	468	+2527
<i>USA</i>	3147	2778	369	+2409
<i>UK</i>	2893	2605	288	+2317
<i>Russian Federation</i>	2188	960	1228	-268
<i>Turkey</i>	2107	1250	857	+393
<i>Ukraine</i>	1267	899	368	+531

<i>Japan</i>	<i>1240</i>	<i>1081</i>	<i>159</i>	<i>+922</i>
<i>Germany</i>	<i>947</i>	<i>158</i>	<i>789</i>	<i>-631</i>
<i>Indonesia</i>	<i>815</i>	<i>804</i>	<i>11</i>	<i>+793</i>
<i>Others</i>	<i>8761</i>	<i>6239</i>	<i>2522</i>	<i>+3717</i>
Total	34060	26832	7228	+19604
<i>Including:</i>				
CIS countries	4425	2577	1848	+729
Other countries	29635	24255	5380	+18875

Commodity export. The commodity export amounted USD 26.8 bln during the reporting period. The share of oil-gas products in the export made up 95.8%.

Oil products exported to foreign countries amounted to USD 24.7 bln, of which USD 1.3 bln. was oil products and USD 23.4 billion - crude oil.

Out of total volume of the crude oil, USD 22.3 bln fell to the share of the oil produced by the Azerbaijan International Operating Company (AIOC). Remaining USD 1.1 bln of total exported crude oil was delivered abroad by other entities, of which USD 71.6 mln. falls to the share of Shahdeniz condensate and USD 1055.4 mln. to SOCAR.

Non-oil-gas export of the country in January - September 2011 was USD 1118.7 mln against the relevant period of the following year, having increased by 14.8%.

Export structure

	9 months, 2010		9 months, 2011	
	Amount, mln.\$	Share, %	Amount, mln.\$	Share, %
Export - total	20080.2	100.0	26831.9	100.0
including:				
1. Fuel – raw materials	19301.1	96.1	26139.7	97.4
- oil-gas products	19105.6	95.1	25713.2	95.8
- other raw materials	195.5	1.0	426.5	1.6
2. Machinery and equipment	287.2	1.4	132.1	0.5
3. Consumer goods	479.3	2.4	530.9	2.0
4. Other goods	12.6	0.1	29.2	0.1

Commodity import. During the reporting period the commodity import made USD 7.2 bln. Total value of consumer goods was USD 2752.2 mln. of which USD 909.1 mln. is the share of food products.

Import structure

	9 months, 2010		9 months, 2011	
	Amount, mln.\$	Share, %	Amount, mln.\$	Share, %
Import – total	4662.5	100.0	7227.7	100.0
including:				
1. Consumer goods	2105.2	45.2	2752.2	38.1
- food products	727.2	15.6	909.1	12.6
- others	1378.0	29.6	1843.1	25.5
2. Investment-oriented goods	477.3	10.3	608.8	8.4
- int'l oil-gas consortiums	371.4	8.0	536.2	7.4
- others	105.9	2.3	72.6	1.0
3. Other goods	2080.0	44.5	3866.7	53.5

The share of vehicles, equipment and goods imported through investments comprised 8.4% and equaled to USD 608.8 mln. 88.1 % of this amount was the share of the goods imported by the oil-and-gas sector. Besides, USD 3866.7 mln worth vehicles, equipment, chemical, ferrous and non-ferrous metal products were imported to the country for production purposes.

Services balance

In January – September ,2011 mutually provided services were one of the major items in economic relations of Azerbaijan with other countries, the volume of which reached USD 5799.6 mln. Out of this amount USD 3904.2 mln was rendered by non-residents for Azerbaijani residents. and USD 1895.4 mln. – the services provided by Azerbaijani residents for residents of foreign countries.

The share of transportation services in total mutual services turnover was 21.2 %. The total volume of transportation services made up USD 1231.2 mln, 53.2% 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 576.7 mln.

During the reporting period the value of touristic services provided for non-residents was appraised to be USD 832.8 mln., 32.6 % 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 2.2 times increased against the similar period of the previous year and made up USD 1151.3 mln; 62.9% of this amount falls to the share of private expenditures of Azerbaijani citizens (funds for shuttle import excluding).

In general, the share of mutual services in total commodities and services import-export turnover constituted 14.5%.

Income balance

During the reporting period total turnover of income receipts and payments reached USD 5028.2 mln. Out of this 86.8 % (USD 4365.8 mln) was the payments from Azerbaijan. The key portion of this amount (USD 3558.6 mln) fell to the share of income repatriation of foreign investorts in oil-gas concertiums (mainly in terms of crude oil), salaries paid to non-residents (USD 102.6 mln) and interest payments for external debts (USD 157.4 mln).

Balance of current transfers

Total volume of current transfers is assessed to be USD 2257.5 million, 61.8% of which was receipts by Azerbaijan.

95% of total receipts on current transfers are comprised of remittances of individuals from foreign countries, 1.5% - value of humanitarian import goods, and 3.5% - other receipts.

In total, the positive surplus of current transfer operations made USD531.9 mln.

Capital and financial flow

In January - September, 2011 total volume of the capital attracted from abroad amounted to USD 5.8 bln. This indicator was mainly comprised of foreign direct investments and external loans.

Structure of attracted foreign capital

	9 months, 2010		9 months, 2011	
	Mln.\$	Share, %	Mln.\$	Share, %
Direct investments	2271.9	39.9	3108.3	53.5
- oil-and-gas sector	1754.7	30.8	2422.3	41.7
- other sectors	517.2	9.1	686.0	11.8
Loans and other investments	3416.2	60.1	2683.2	46.2
- government guaranteed loans	499.1	8.8	744.4	12.8
- loans w/o government guarantee	1887.6	33.2	1501.1	25.8
- oil-and-gas sector	358.4	6.3	405.2	7.0
- banks	1336.2	23.5	623.9	10.7
- others	193.0	3.4	472.0	8.1
- other investments	1029.5	18.1	437.7	7.6
Oil bonus	-	-	20.0	0.3
T O T A L	5688.1	100.0	5811.5	100.0

Direct investments

Total amount of foreign direct investments was USD 3.1 bln. The share of the oil-and-gas sector in the structure of these investments was 77.9 %. Attracted investments were channeled to domestic economy to finance huge oil-gas projects, primarily BP Exploration (Shahdeniz) Ltd. project and works provided by the AIOC in Azeri-Chirag-Guneshli.

According to assessments, total amount of FDIs to the non-oil sector equaled to USD 686.0 mln which comprises 22.1% of total foreign direct investments.

Loans and other investments

The share of loans and other investment in attracted foreign capital made up 46.2 % (USD 2683.2 mln) during the reporting period. 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 organizations) made up 33.1% (USD 744.4 mln) of total loans, while loans without government guarantee comprised 66.8% (USD 1501.1 mln), out of which USD 623.9 mln was attracted by banks, USD 405.2 mln - by the oil-gas sector, USD 472.0 mln by other entities and companies.

USD 1512.6 mln of previously attracted loans has been repaid. Out of the repaid loans, 48% (USD 726.0 mln) falls to the share of the banking sector, 12% (USD 180.7 mln) - government and government guaranteed loans, 19.5% (USD 295.5 mln) - the oil-gas sector and 20.5% (USD 310.4 mln) - other entities and companies.

Reserve assets

During the reporting period, the reserve assets of the country gained USD 10433 mln.