

BALANCE OF PAYMENTS¹

of the Republic of Azerbaijan for January – December, 2011

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

In general, 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 – December, 2011, total positive surplus on the oil-gas sector equalled to USD 25.7 billion.

Key indicators of the Balance of Payments

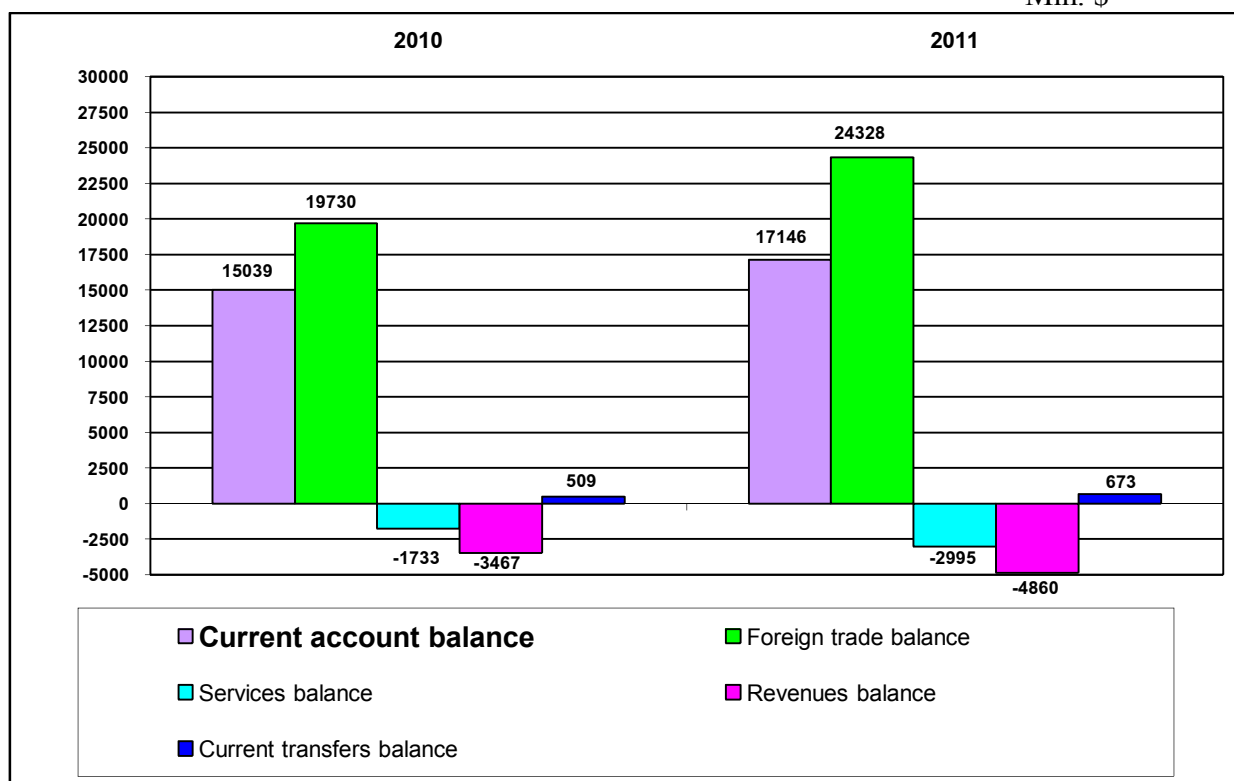
	Mln. \$	
	2010	2011
<i>I. Current operations account balance</i>	<i>15039.6</i>	<i>17146.1</i>
Foreign trade balance	19730.4	24328.4
Services balance	-1732.9	-2995.8
Income balance	-3467.0	-4859.8
-Investment income repatriation	-3591.8	-5148.8
Current transfers balance	509.1	673.3
<i>II. Capital and financial account balance</i>	<i>-4578.4</i>	<i>-4789.9</i>
Direct investments	329.1	912.6
- attracted to Azerbaijan	3347.3	4443.9
- invested abroad	-235.7	-554.0
- Investment repatriation	-2782.5	-2977.3
Loans and other investments	-4909.5	-5722.5
Oil bonus	2.0	20.0
<i>III. Total surplus of the Balance of Payments (change in reserve assets of the country)</i>	<i>10461.2</i>	<i>12356.2</i>

Current operations account

In January – December, 2011 current account surplus amounted to USD 17.1 billion, including USD 25.5 billion of current account surplus on the oil-gas sector. Surplus of the oil-gas sector fully covered USD 8.4 billion deficit on the non-oil sector.

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

Mln. \$



External trade balance

External trade turnover constituted USD 44.7 billion and *external trade surplus made up USD 24.3 billion*.

In January – December, 2011 Azerbaijan traded with up to 153 countries across the world. 12.5 percent of external trade falls to the share of CIS countries and 87.5 percent – other countries. Our country had more vigorous trade ties with Italy, France, the USA, the United Kingdom, Russia, Turkey, Germany, Ukraine, Japan and Indonesia. (The share of these countries in overall trade was 73.3 percent).

Key external trade counterparts in January – December, 2011

(Mln. \$)

	<i>Commodity turnover</i>	<i>Export</i>	<i>Import</i>	<i>Trade balance</i>
<i>Italy</i>	9595	9341	254	+9087
<i>France</i>	4638	4039	599	+3440
<i>USA</i>	4086	3511	575	+2936
<i>UK</i>	3350	2853	497	+2356
<i>Russian Federation</i>	2884	1252	1632	-380
<i>Turkey</i>	2841	1624	1217	+407
<i>Germany</i>	1569	527	1042	-515
<i>Ukraine</i>	1443	931	512	+419
<i>Japan</i>	1404	1185	219	+966
<i>Indonesia</i>	926	913	13	+900
<i>Others</i>	11925	8319	3606	+4713
Total	44661	34495	10166	+24329
<i>Including:</i>				
CIS countries	5576	3075	2501	+574
Other countries	39085	31420	7665	+23755

Commodity export. In the reporting period commodity export amounted to USD 34.5 billion. The share of oil-gas products in the export made up 95.3 percent.

Oil products exported to foreign countries amounted to USD 31.6 billion, of which USD 1.8 billion was oil products and USD 29.8 billion – crude oil.

Out of total volume of exported crude oil, USD 28.2 fell to the share of the oil produced by the Azerbaijan International Operating Company (AIOC). Remaining USD 1.6 billion of total exported crude oil was delivered abroad by other entities, of which USD 114.4 mln. falls to the share of Shahdeniz condensate and USD 1500.4 mln. to SOCAR.

Non-oil-gas export of the country in January – December, 2011 was USD 1623.9 mln having increased by 18.7 percent against the previous year.

Export structure

	2010		2011	
	Amount, mln.\$	Share, %	Amount, mln.\$	Share, %
Export - total	26476.0	100.0	34494.9	100.0
including:				
1. Fuel – raw materials	25398.6	95.9	33435.6	96.9
- oil-gas products	25107.5	94.8	32871.0	95.3
- other raw materials	291.1	1.1	564.6	1.6
2. Vehicles and equipment	336.1	1.3	177.7	0.5
3. Consumer goods	725.6	2.7	841.1	2.5
4. Other goods	15.7	0.1	40.5	0.1

Commodity import. During the reporting period commodity import constituted USD 10.2 billion. Total value of consumer goods was USD 3884.1 mln. of which USD 1267.7 mln. is the share of food products.

Import structure

	2010		2011	
	Amount, mln.\$	Share, %	Amount, mln.\$	Share, %
Import-total	6745.6	100.0	10166.5	100.0
including:				
1. Consumer goods	2954.3	43.8	3884.1	38.2
- food products	1050.4	15.6	1267.7	12.5
- others	1903.9	28.2	2616.4	25.7
2. Investment oriented goods	689.0	10.2	1008.4	9.9
- int'l oil-gas concorciums	559.0	8.3	877.5	8.6
- others	130.0	1.9	130.9	1.3
3. Other goods	3102.3	46.0	5274.0	51.9

Share of vehicles, equipment and goods imported through investments comprised 9.9 percent and equalled to USD 1008.4 mln. 87 percent of this amount was the share of goods imported by oil-gas sector. Besides, USD 5274.0 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 – December, 2011 was mutually provided services, the volume of which reached USD 8435.0 mln. Out of this amount USD 5715.4 mln was rendered by non-residents for Azerbaijani residents, and USD 2719.6 mln. – services provided by Azerbaijani residents for residents of foreign countries.

Share of transportation services in total services turnover was 20.5 percent. The total volume of transportation services made up USD 1727.8 mln., 55.5 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 768.5 mln.

During the reporting period the value of touristic services provided for non-residents was appraised to be USD 1287.3 mln, 36.1 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 increased 2.2 times against the previous year and made USD 1689.0 mln. 62.3 percent 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 15.9 percent.

Income balance

During the reporting period total turnover of income receipts and payments reached USD 6897.3 mln. Out of this 85.2 percent (USD 5878.6 mln) was the payments from Azerbaijan. Key portion of this amount (USD 4640.3 mln) fell to the share of income repatriation of foreign investors in oil-gas consortiums (mainly in terms of crude oil), salaries paid to non-residents (USD 141.3 mln) and interest payments for external debts (USD 248.6 mln).

Balance of current transfers

Total volume of current transfers is assessed to be USD 3091.3 mln, 60.9 percent of which was receipts by Azerbaijan.

94.1 percent of total receipts on current transfers is comprised of remittances of individuals from foreign countries, 1.7 percent – value of humanitarian import goods, and 4.2 percent – other receipts.

In total, surplus of current transfer operations made up USD 673.3 mln.

Capital and financial flow

In January – December, 2011 total volume of attracted capital from abroad increased to USD 8.1 billion. This indicator is mainly comprised of foreign direct investments and external loans.

Structure of attracted foreign capital

	2010		2011	
	Mln. \$	Share, %	Mln. \$	Share, %
Direct investments	3347.3	40.3	4443.9	54.8
- oil-gas sector	2573.4	31.0	3465.6	42.7
- other sectors	773.9	9.3	978.3	12.1
Loans and other investments	4966.2	59.7	3651.0	45.0
- government guaranteed loans	735.5	8.8	1255.1	15.5
- loans w/o government guarantee	2635.3	31.7	2053.0	25.3
- oil-gas sector	667.6	8.0	706.0	8.7
- banks	1686.6	20.3	828.9	10.2
- others	281.1	3.4	518.1	6.4
- other investments	1595.4	19.2	342.9	4.2
Oil bonus	2.0	-	20.0	0.2
T O T A L	8315.5	100.0	8114.9	100.0

Direct investments

Total amount of foreign direct investments was USD 4.4 bln. The share of oil-gas sector in the structure of these investments was 78 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-Chiragh-Guneshli.

According to assessments, total amount of foreign direct investments to non-oil sector equalled to USD 978.3 mln which comprises 22 percent of total foreign direct investments.

Loans and other investments

The share of loans and other investments in attracted foreign capital made up 45 per cent (USD 3651.0 mln). The growth primarily was due to increase in the oil-gas sector and foreign borrowings of banks. Government and government guaranteed loans (loans allocated by int'l financial institutions and other organisations) made up 37.9 percent (USD 1255.1 mln) of total loans, while loans without government guarantee comprised 62 percent (USD 2053.0 mln), out of which USD 828.9 mln was attracted by banks, USD 706.0 mln – by the oil-gas sector, USD 518.1 mln by other entities and companies

USD 2236.1 mln of previously attracted loans have been repaid. Out of repaid loans, 43.4 percent (USD 969.5 mln) falls to the share of the banking sector, 13.7 percent (USD 306.9 mln) – to the share of government and government guaranteed loans, 25.8 percent (USD 577.4 mln) – to oil-gas sector and 17.1 percent (USD 382.3 mln) to other entities and companies.

Reserve assets

During the reporting period reserve assets of the country increased by USD12356 mln.