

BALANCE OF PAYMENTS

of the Republic of Azerbaijan for January-December 2012¹

As in previous years, in January- December, 2012 external economic operations had a positive balance on the oil-gas sector and a negative balance on non-oil sector.

Total income of the oil-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-gas sector in January- December 2012 was USD 23.2 bln.

Key indicators of the Balance of Payments

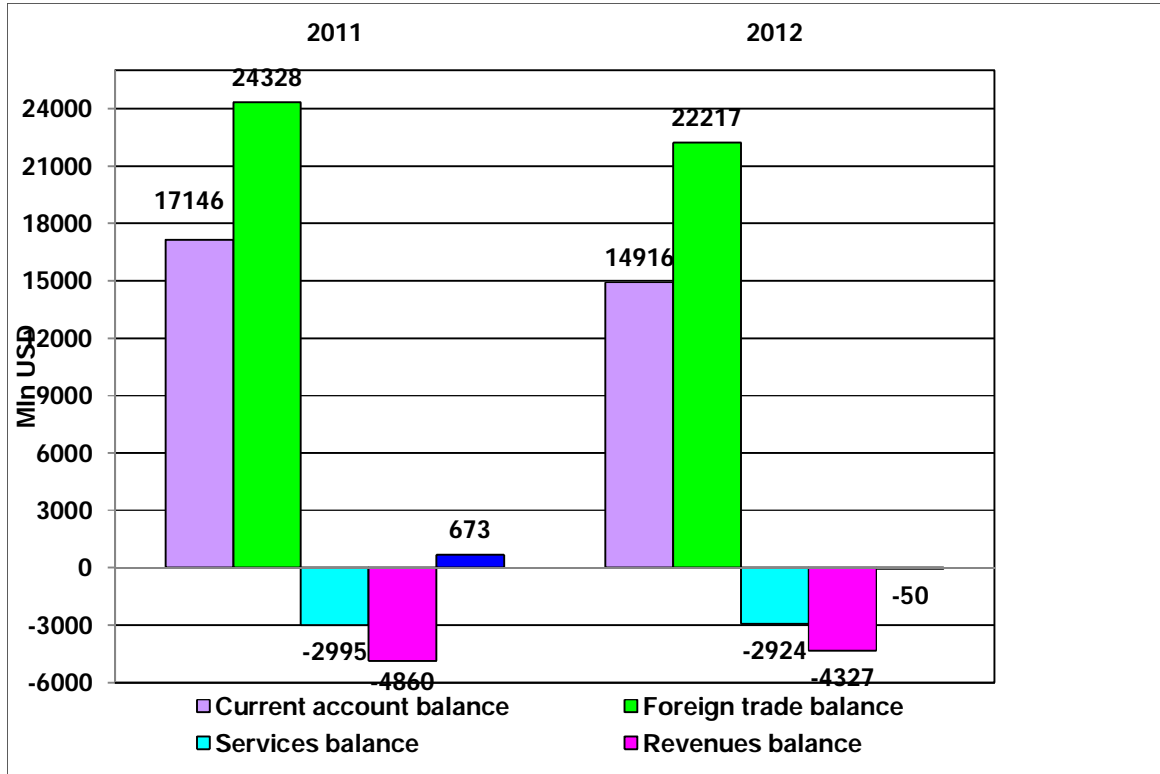
	2011	2012
		Mln. \$
<i>I. Current operations account balance</i>	<i>17146.1</i>	<i>14916.3</i>
Foreign trade balance	24328.4	22216.6
Services balance	-2995.8	-2923.8
Income balance	-4859.8	-4326.5
Investment income repatriation	-5148.8	-4518.9
Current transfers balance	673.3	-50.0
<i>II Capital and financial account balance</i>	<i>-4789.9</i>	<i>-9960.7</i>
Direct investments	912.6	810.4
- Attracted to Azerbaijan	4443.9	5289.4
- Invested abroad	-554.0	-1194.2
- Repatriation of investments	-2977.3	-3284.8
Loans and other investments	-5722.5	-10773.1
Oil bonus	20.0	2.0
<i>III. Total surplus of balance of payments (change in reserve assets of the country)</i>	<i>12356.2</i>	<i>4955.6</i>

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 – December, 2012 current account surplus amounted to USD 14.9 billion, including USD 23.4 billion of current account surplus on the oil-and-gas sector. Surplus of the oil-and-gas sector fully covered USD 8.5 billion deficit on the non-oil sector.

Mln. \$



External trade balance

External trade turnover constituted USD 43.1 billion and *external trade surplus made USD 22.2 billion.*

In January – December, 2012 Azerbaijan traded with up to 157 countries across the world. 9.7 % of external trade falls to the share of CIS countries and 90.3 % – other countries. Our country had more vigorous trade ties with Italy, USA, the UK, Turkey, Russia, France, India, Germany, Indonesia and Israel. (The share of these countries in overall trade was 67.4 %).

Key external trade counterparts in January – December, 2012
(Mln. \$)

	Commodity turnover	Export	Import	Trade balance
<i>Italy</i>	5807	5548	259	+5289
<i>USA</i>	4188	3480	708	+2772
<i>U.K.</i>	3881	3392	489	+2903
<i>Turkey</i>	3291	1771	1520	+251
<i>Russian Federation</i>	2528	1056	1472	-416
<i>France</i>	1962	1778	184	+1594
<i>India</i>	1960	1892	68	+1824
<i>Germany</i>	1874	981	893	+88
<i>Indonesia</i>	1795	1757	38	+1719
<i>Israel</i>	1725	1667	58	+1609
<i>Others</i>	14040	9312	4728	+4584
Total	43051	32634	10417	+22217
<i>Including:</i>				
CIS countries	4193	1615	2578	-963
Other countries	38858	31019	7839	+23180

Commodity export. During the reporting period commodity export amounted to USD 32.6 billion. The share of oil-and-gas products in the export made up 94.1%.

Oil products exported to foreign countries amounted to USD 29.4 billion, of which USD 1.7 billion was oil refinery products and USD 27.7 billion – crude oil.

Out of total volume of exported crude oil, USD 26.1 billion fell to the share of the oil produced by the Azerbaijan International Operating Company (AIOC). Remaining USD 1.7 billion of total exported crude oil was delivered abroad by other entities, of which USD 134.9 mln. falls to the share of Shahdeniz condensate and USD 1.6 billion to the SOCAR.

Non-oil-and-gas export of the country in January – December, 2012 was USD 1933.5 mln, the year over year increase being 19.1 %.

Export structure

	2011		2012	
	Amount, mln.\$	Share, %	Amount, mln.\$	Share, %
Export – total	34494.9	100.0	32634.0	100.0
including:				
1. Fuel – raw materials	33435.6	96.9	31260.5	95.8
- oil-and-gas products	32871.0	95.3	30700.5	94.1
- other raw materials	564.6	1.6	560.0	1.7
2. Vehicles and equipment	177.7	0.5	380.0	1.2
3. Consumer goods	841.1	2.5	968.2	2.9
4. Other goods	40.5	0.1	25.3	0.1

Commodity import. During the reporting period, commodity import constituted USD 10.4 billion. Total value of consumer goods export was USD 4375.9 mln., of which USD 1303.6 mln. is the share of food products.

Import structure

	2011-ci il		2012-ci il	
	Amount, mln.\$	Share, %	Amount, mln.\$	Share, %
Import – total	10166.5	100.0	10417.5	100.0
including:				
1. Consumer goods.	3884.1	38.2	4375.9	42.0
- food products	1267.7	12.5	1303.6	12.5
- others	2616.4	25.7	3072.3	29.5
2. Investment oriented goods	1008.4	9.9	961.8	9.2

- international oil-gas consortium	877.5	8.6	789.4	7.6
- others	130.9	1.3	172.4	1.6
3. Other goods	5274.0	51.9	5079.8	48.8

The share of vehicles, equipment and goods imported through foreign investments comprised 9.2 % and equaled USD 961.8 mln. 82.1 % of this amount was the share of goods imported through investments within international oil-and-gas contracts. Besides, USD 5079.8 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, 2012 was mutually provided services, the volume of which equaled to USD 11.5 bln. Out of this amount USD 7.2 bln was rendered by non-residents for Azerbaijani residents, and USD 4.3 bln – services provided by Azerbaijani residents for residents of foreign countries.

The share of transportation services in total services turnover was 14.9%. The total volume of transportation services made up USD 1708.7 mln., 56.7% 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 nonresidents made up USD 740.3 mln.

During the reporting period the value of touristic services provided for non-residents was assessed to be USD 2.4 bln, 39.5% of which relates to business visits of non-residents to Azerbaijan.

In its turn, year over year increase in the value of touristic services provided by foreign countries for Azerbaijani residents was 1.5 times and made USD 2.5 bln. 63.1% 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 21.1%.

Income balance

During the reporting period total turnover of income receipts and payments reached USD 6.5 bln. Out of this 83.2% (USD 5.4 bln) was the payments from Azerbaijan. The key portion of this amount (USD 4.2 bln) fell to the share of income repatriation of foreign investors in oil-gas consortiums (mainly in terms of crude oil), salaries paid to nonresidents (USD 180.4 mln) and interest payments for external debts (USD 331.7 mln).

Balance of current transfers

Total volume of current transfers is assessed to be USD 4.0 bln, 49.4% of which was receipts by Azerbaijan.

94.8% of total receipts on current transfers are comprised of remittances of individuals from foreign countries, 1.7% – value of humanitarian import goods, and 3.5% – other receipts.

In total, surplus of current transfer operations made up USD 50.0 mln negative.

Capital and financial flow

In January – December, 2012 total volume of attracted capital from abroad constituted USD 10.6 billion. This indicator is mainly comprised of foreign direct investments and external loans.

Structure of attracted foreign capital

	2011		2012	
	Mln. \$	Share, %	Mln. \$	Share, %
Direct investments	4443.9	54.8	5289.4	49.9
- oil-and-gas sector	3465.6	42.7	4290.0	40.5
- other sectors	978.3	12.1	999.4	9.4
Loans and other investments	3651.0	45.0	5303.5	50.1
- government guaranteed loans	1255.1	15.5	1245.5	11.8
- loans without government guarantee	2053.1	25.3	2267.1	21.4
- oil-and-gas sector	706.0	8.7	486.0	4.6
- banks	828.9	10.2	1556.7	14.7
- others	518.2	6.4	224.4	2.1
- other investments	342.8	4.2	1790.9	16.9
Oil bonus	20.0	0.2	2.0	-
TOTAL	8114.9	100.0	10594.9	100.0

Direct investments

Total amount of foreign direct investments was USD 5.3 bln. The share of the oil-and-gas sector in the structure of these investments was 81.1%. Attracted investments were channelled to the domestic economy to finance huge oil-and-gas projects, primarily the BP Exploration (Shahdeniz) Ltd. project and works provided by the Azerbaijan International Operating Company in Azeri-Chiragh-Guneshli.

According to estimations, total amount of foreign direct investments to the non-oil sector equaled to USD 999.4 mln which comprises 18.9 %-of total foreign direct investments.

Loans and other investments

During the reporting period the share of loans and other investments in attracted foreign capital made up 50.1% (5303.5 mln). The amount was primarily formed through direct government and government guaranteed loans, the loans attracted by banks. Government and government guaranteed loans (loans allocated by international financial institutions and other organizations) made up 35.5% (1245.5 mln) of total loans, while loans without government guarantee comprised 64.5% (2267.1 mln),out of which USD 1556.7 mln was attracted by banks, USD 710.4 mln by other entities and companies.

USD 2710.3 mln of previously attracted loans have been repaid. Out of repaid loans, 48.4% (USD 1312.5 mln) falls to the share of the banking sector, 12.2% (USD 330.5 mln) –government and government guaranteed loans, 28.5% (USD 772.3 mln) – the oil-and-gas sector and 10.9% (USD 295.0 mln) - other entities and companies.

Reserve assets

Over the reporting period reserve assets of the country rose by USD 4956.0 mln.