

BALANCE OF PAYMENTS¹
of the Republic of Azerbaijan for January – June, 2012

As in previous years, in January – June, 2012 external economic operations had a positive balance on the oil-gas sector and a 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 – June, 2012, total positive surplus on the oil-gas sector equalled to USD 12.0 billion.

Key indicators of the Balance of Payments

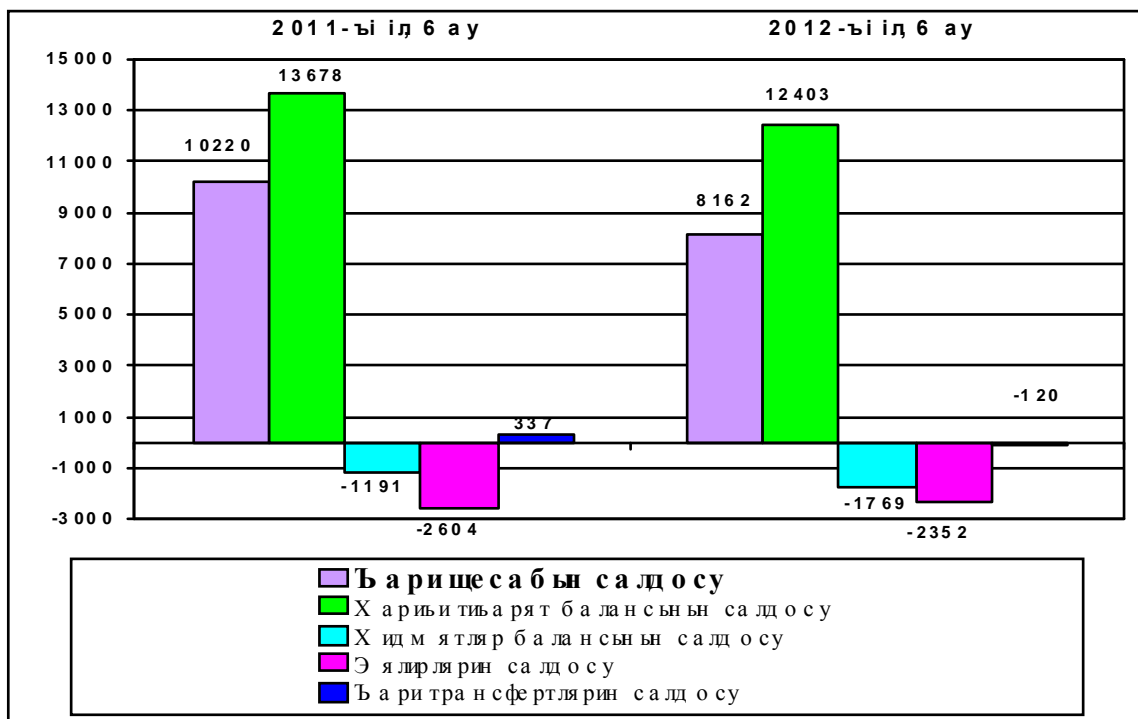
Mln. \$

	H 1, 2011	H 1, 2012
<i>I. Current operations account balance</i>	<i>10220.3</i>	<i>8162.1</i>
Foreign trade balance	13677.8	12403.5
Services balance	-1190.7	-1769.5
Income balance	-2604.4	-2352.0
- Investment income repatriation	-2776.0	-2443.7
Current transfers balance	337.6	-119.9
<i>II. Capital and financial account balance</i>	<i>-2670.4</i>	<i>-4238.0</i>
Direct investments	498.4	244.5
- attracted to Azerbaijan	2000.5	2496.1
- invested abroad	-103.7	-689.6
- Investment repatriation	-1398.4	-1562.0
Loans and other investments	-3168.8	-4484.5
Oil bonus	-	2.0
<i>III. Total surplus of the Balance of Payments (change in reserve assets of the country)</i>	<i>7549.9</i>	<i>3924.1</i>

Current operations account

In January – June, 2012 current account surplus amounted to USD 8.2 billion, including USD 12.5 billion of current account surplus on the oil-gas sector. Surplus of the oil-gas sector fully covered USD 4.3 billion deficit on the non-oil sector.

Mln. \$



External trade balance

External trade turnover constituted USD 22.0 billion and *external trade surplus made up USD 12.4 billion.*

In January – June, 2012 Azerbaijan traded with up to 138 countries across the world. 9.5 percent of external trade falls to the share of CIS countries and 90.5 percent – other countries. Our country had more vigorous trade ties with the Italy, the UK, USA, Turkey, Israel, France, Indonesia, Russia, Germany, and India. (The share of these countries in overall trade was 67.4 percent).

Key external trade counterparts in January – June, 2012

	Commodity turnover	Export	Import	Trade balance
<i>Italy</i>	3004	2886	118	+2768
<i>UK</i>	1956	1701	255	+1446
<i>USA</i>	1809	1573	236	+1337
<i>Turkey</i>	1565	903	662	+241
<i>Israel</i>	1355	1324	31	+1293
<i>France</i>	1172	1097	75	+1022
<i>Indonesia</i>	1150	1128	22	+1106
<i>Russian Federation</i>	1102	452	650	-198
<i>Germany</i>	952	532	420	+112
<i>India</i>	786	738	48	+690
<i>Others</i>	7196	4891	2305	+2586
Total	22047	17225	4822	+12403
<i>Including:</i>				
CIS	2086	829	1257	-428

<i>Other countries</i>	<i>19961</i>	<i>16396</i>	<i>3565</i>	<i>+12831</i>
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Commodity export. During the reporting period commodity export amounted to USD 17.2 billion. The share of oil-gas products in the export made up 94 percent. Oil products exported to foreign countries amounted to USD 15.6 billion, of which USD 805.3 mln. was oil products and USD 14.8 billion – crude oil. Out of total volume of exported crude oil, USD 13.9 fell to the share of the oil produced by the Azerbaijan International Operating Company (AIOC). Remaining USD 908.1 mln of total exported crude oil was delivered abroad by other entities, of which USD 69.0 mln. falls to the share of Shahdeniz condensate and USD 839.1 mln. to the SOCAR.

Non-oil-gas export of the country in January – June, 2012 was USD 1020.1 mln, the year over year increase being 29.8 percent.

Export structure

	H -1, 2011		H -1, 2012	
	Amount, mln.\$	Share, percent	Amount, mln.\$	Share, percent
Export-total	18251.6	100.0	17225.2	100.0
including:				
1. Fuel – raw materials	17766.4	97.3	16527.2	95.9
- oil-gas products	17465.6	95.7	16205.1	94.1
- other raw materials	300.8	1.6	322.1	1.8
2. Vehicles and equipment	86.8	0.5	271.5	1.6
3. Consumer goods	371.9	2.0	406.2	2.4
4. Other goods	26.5	0.2	20.3	0.1

Commodity import. During the reporting period commodity import constituted USD 4.8 billion. Total value of consumer goods was USD 2028.8 mln., of which USD 607.1 mln. is the share of food products.

Import structure

	H -1, 2011		H -1, 2012	
	Amount, mln.\$	Share, percent	Amount, mln.\$	Share, percent
Import-total	4573.7	100.0	4821.7	100.0
including:				
1. Consumer goods	1746.8	38.2	2028.8	42.1
- food products	622.0	13.6	607.1	12.6
- others	1124.8	24.6	1421.7	29.5
2. Investment oriented goods	368.4	8.1	444.1	9.2
- int'l oil-gas concorciums	325.3	7.1	408.3	8.5
- others	43.1	1.0	35.8	0.7
3. Other goods	2458.5	53.7	2348.8	48.7

The share of vehicles, equipment and goods imported through investments comprised 9.2 percent and equalled to USD 444.1 mln. 91.9 percent of this amount was the share of goods imported by the oil-gas sector. Besides, USD 2348.8 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 – June, 2012 was mutually provided services, the volume of which reached USD 5.3 bln. Out of this amount USD 3.5 bln was rendered by non-residents for Azerbaijani residents, and USD 1.8 bln – services provided by Azerbaijani residents for residents of foreign countries.

The share of transportation services in total services turnover was 16.2 percent. The total volume of transportation services made up USD 857.8 mln., 62.4 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 nonresidents made up USD 322.7 mln.

During the reporting period the value of touristic services provided for non-residents was appraised to be USD 1.0 bln, 40 percent 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 1.7 times and made USD 1.2 bln. 63.2 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 19.3 percent.

Income balance

During the reporting period total turnover of income receipts and payments reached USD 3.5 bln. Out of this 83.8 percent (USD 2.9 bln) was the payments from Azerbaijan. The key portion of this amount (USD 2.3 bln) fell to the share of income repatriation of foreign investorts in oil-gas concorciums (mainly in terms of crude oil), salaries paid to non-residents (USD 90.9 mln) and interest payments for external debts (USD 160.4 mln).

Balance of current transfers

Total volume of current transfers is assessed to be USD 1.8 bln, 46.7 percent of which was receipts by Azerbaijan.

93.2 percent of total receipts on current transfers is comprised of remittances of individuals from foreign countries, 2 percent – value of humanitarian import goods, and 4.8 percent – other receipts.

In total, surplus of current transfer operations made up USD 119.9 mln.

Capital and financial flow

In January – June, 2012 total volume of attracted capital from abroad constituted USD 4.4 billion. This indicator is mainly comprised of foreign direct investments and

external loans.

Structure of attracted foreign capital

	H -1, 2011		H -1, 2012	
	Amount, mln.\$	Share, percent	Amount, mln.\$	Share, percent
Direct investments	2000.5	50.0	2496.1	56.6
- oil-gas sector	1583.4	39.6	2044.8	46.4
- other sectors	417.1	10.4	451.3	10.2
Loans and other investments	2001.4	50.0	1913.4	43.4
- government guaranteed loans	607.3	15.2	451.5	10.2
- loans w/o government guarantee	1165.3	29.1	593.3	13.5
- oil-gas sector	402.6	10.1	0.2	-
- banks	476.4	11.9	502.5	11.4
- others	286.3	7.1	90.6	2.1
- other investments	228.8	5.7	868.6	19.7
Oil bonus	-	-	2.0	-
TOTAL	4001.9	100.0	4411.5	100.0

Direct investments

Total amount of foreign direct investments was USD 2.5 bln. The share of the oil-gas sector in the structure of these investments was 81.9 percent. Attracted investments were channelled to the domestic economy to finance huge oil-gas projects, primarily the BP Exploration (Shahdeniz) Ltd. project and works provided by the Azerbaijan International Operating Company in Azeri-Chiragh-Guneshli.

According to assessments, total amount of foreign direct investments to the non-oil sector equalled to USD 451.3 mln which comprises 18.1 percent 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 43.4 percent (1913.4 mln). The amount was primarily formed through direct government and government guaranteed loans, the loans attracted by 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 43.2 percent (451.5 mln) of total loans, while loans without government guarantee comprised 56.8 percent (593.3 mln), out of which USD 502.5 mln was attracted by banks, USD 90.8 mln by other entities and companies.

USD 1133.5 mln of previously attracted loans have been repaid. Out of repaid loans, 41.6 percent (471.3 mln) falls to the share of the banking sector, 13.3 percent (150.7 mln) –government and government guaranteed loans, 35.2 percent (399.1 mln) –the oil-gas sector and 9.9 percent (112.4 mln) - other entities and companies.

Reserve assets

During the reporting period reserve assets of the country increased by USD 3924 mln.

