

BALANCE OF PAYMENTS of the Republic of Azerbaijan for January – September 2012¹

As in previous years, in January – September, 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 – September, 2012, total positive surplus on the oil-and-gas sector equaled USD 17.7 billion.

Key indicators of the Balance of Payments

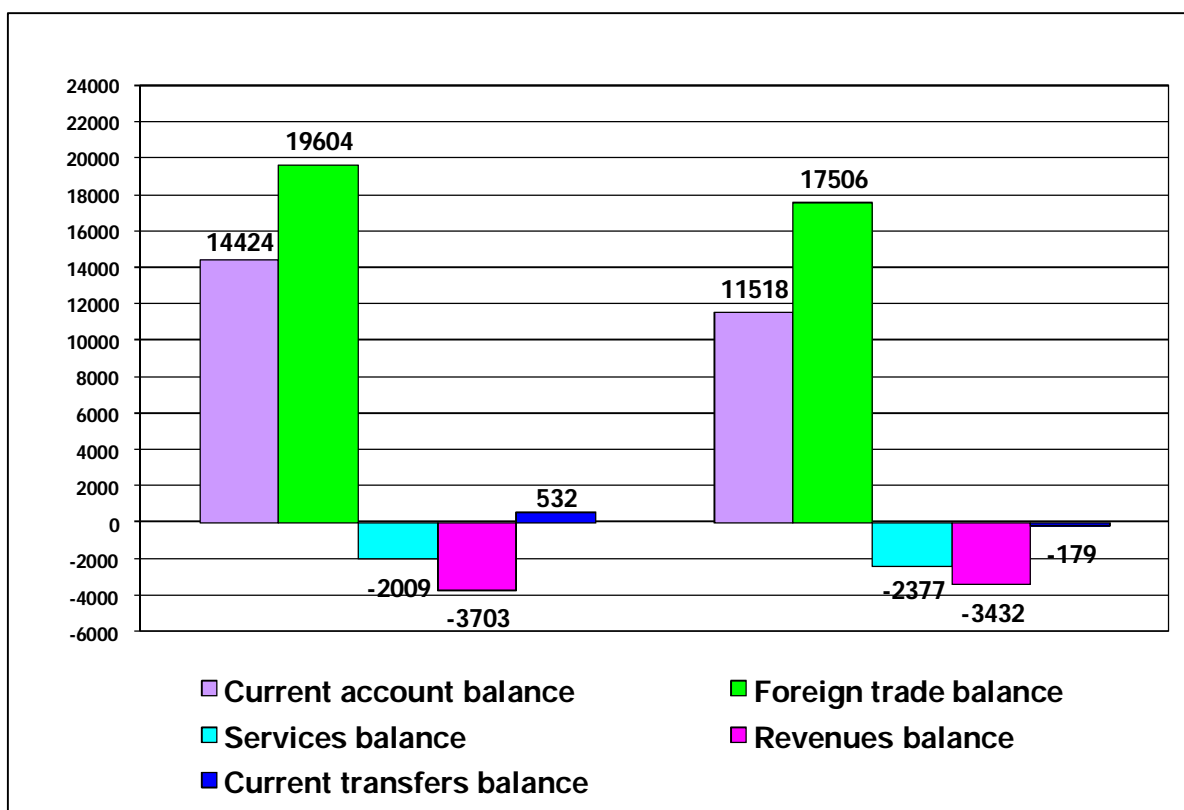
	Mln. \$	
	2011, 9 months	2012, 9 months
<i>I. Current operations account balance</i>	<i>14424.0</i>	<i>11518.2</i>
Foreign trade balance	19604.2	17506.0
Services balance	-2008.7	-2377.4
Income balance	-3703.4	-3431.5
- Investment income repatriation	-3984.6	-3655.0
Current transfers balance	531.9	-178.9
<i>II. Capital and financial account balance</i>	<i>-3990.6</i>	<i>-7039.9</i>
Direct investments	638.3	870.5
- attracted to Azerbaijan	3108.3	3972.7
- invested abroad	-360.7	-926.1
- investment repatriation	-2109.3	-2176.1
Loans and other investments	-4648.9	-7912.4
Oil bonus	20.0	2.0
<i>III. Total surplus of the Balance of Payments (change in reserve assets of the country)</i>	<i>10433.4</i>	<i>4478.3</i>

Current operations account

In January – September, 2012 current account surplus amounted to USD 11.5 billion, including USD 17.9 billion of current account surplus on the oil-and-gas sector. Surplus of the oil-and-gas sector fully covered USD 6.3 billion deficit on the non-oil sector.

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

Mln. \$



External trade balance

External trade turnover constituted USD 32.1 billion and *external trade surplus made USD 17.5 billion*.

In January – September, 2012 Azerbaijan traded with up to 151 countries across the world. 9.1 % of external trade falls to the share of CIS countries and 90.9 % – other countries. Our country had more vigorous trade ties with Italy, the UK, USA, Turkey, Russia, Israel, France, Indonesia, Germany, and India. (The share of these countries in overall trade was 66.7 %).

Key external trade counterparts in January – September, 2012

(Mln. \$)

	<i>Commodity turnover</i>	<i>Export</i>	<i>Import</i>	<i>Trade balance</i>
<i>Italy</i>	4147	3971	176	+3795
<i>USA</i>	3116	2651	465	+2186
<i>UK</i>	3073	2707	366	+2341
<i>Turkey</i>	2291	1315	976	+339
<i>Russian Federation</i>	1670	678	992	-314
<i>Israel</i>	1567	1526	41	+1485
<i>Germany</i>	1524	847	677	+170
<i>Indonesia</i>	1363	1331	32	+1299
<i>India</i>	1350	1291	59	+1232
<i>France</i>	1293	1168	125	+1043
<i>Others</i>	10706	7318	3388	+3930
Total	32100	24803	7297	+17506
<i>Including:</i>				

<i>CIS countries</i>	<i>2920</i>	<i>1123</i>	<i>1796</i>	<i>-673</i>
<i>Other countries</i>	<i>29180</i>	<i>23680</i>	<i>5501</i>	<i>+18179</i>

Commodity export. During the reporting period commodity export amounted to USD 24.8 billion. The share of oil-and-gas products in the export made up 94.5 %. Oil products exported to foreign countries amounted to USD 22.5 billion, of which USD 1.2 billion was oil products and USD 21.3 billion – crude oil. Out of total volume of exported crude oil, USD 20.1 billion fell to the share of the oil produced by the Azerbaijan International Operating Company (AIOC). Remaining USD 1.2 billion of total exported crude oil was delivered abroad by other entities, of which USD 89.8 mln. falls to the share of Shahdeniz condensate and USD 1.1 billion to the SOCAR.

Non-oil-and-gas export of the country in January – September, 2012 was USD 1360.6 mln, the year over year increase being 21.6 %.

Export structure

	2011, 9 months		2012, 9 months	
	Amount mln.\$	Share, %	Amount, mln.\$	Share, %
Export - total	26831.9	100.0	24803.1	100.0
including:				
1. Fuel – raw materials	26139.7	97.4	23882.5	96.3
- oil-and-gas products	25713.2	95.8	23442.5	94.5
- other raw materials	426.5	1.6	440.0	1.8
2. Vehicles and equipment	132.1	0.5	302.1	1.2
3. Consumer goods	530.9	2.0	596.2	2.4
4. Other goods	29.2	0.1	22.3	0.1

Commodity import. During the reporting period, commodity import constituted USD 7.3 billion. Total value of consumer goods was USD 3067.6 mln., of which USD 873.0 mln. is the share of food products.

Import structure

	2011, 9 months		2012, 9 months	
	Amount mln.\$	Share, %	Amount mln.\$	Share, %
Import-including	7227.7	100.0	7297.0	100.0
including:				
1. Consumer goods	2752.2	38.1	3067.6	42.0
- food products	909.1	12.6	873.0	12.0
- others	1843.1	25.5	2194.6	30.0
2. Investment oriented goods	608.8	8.4	696.1	9.5
- int'l oil-gas consortiums	536.2	7.4	591.9	8.1
- others	72.6	1.0	104.2	1.4
3. Other goods	3866.7	53.5	3533.3	48.5

The share of vehicles, equipment and goods imported through investments comprised 9.5 % and equaled USD 696.1 mln. 85 % of this amount was the share of goods imported by

the oil-and-gas sector. Besides, USD 3533.3 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 – September, 2012 was mutually provided services, the volume of which reached USD 8.1 bln. Out of this amount USD 5.2 bln was rendered by non-residents for Azerbaijani residents, and USD 2.9 bln – services provided by Azerbaijani residents for residents of foreign countries.

The share of transportation services in total services turnover was 15.9%. The total volume of transportation services made up USD 1293.6 mln., 59.3% 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 526.4 mln.

During the reporting period the value of touristic services provided for non-residents was appraised to be USD 1.5 bln, 39.2% 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 1.6 times and made USD 1.8 bln. 63.2% 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 20.2%.

Income balance

During the reporting period total turnover of income receipts and payments reached USD 5.1 bln. Out of this 83.3% (USD 4.3 bln) was the payments from Azerbaijan. The key portion of this amount (USD 3.3 bln) fell to the share of income repatriation of foreign investorts in oil-gas consortiums (mainly in terms of crude oil), salaries paid to non-residents (USD 133.0 mln) and interest payments for external debts (USD 231.4 mln).

Balance of current transfers

Total volume of current transfers is assessed to be USD 2.8 bln, 46.8% of which was receipts by Azerbaijan.

94.4% of total receipts on current transfers are comprised of remittances of individuals from foreign countries, 1.9% – value of humanitarian import goods, and 3.7% – other receipts.

In total, surplus of current transfer operations made up USD 178.9 mln.

Capital and financial flow

In January – September, 2012 total volume of attracted capital from abroad constituted USD 7.6 billion. This indicator is mainly comprised of foreign direct investments and external loans.

Structure of attracted foreign capital

	2011, 9 months		2012, 9 months	
	Mln. \$	Share, %	Mln. \$	Share, %
Direct investments	3108.3	53.5	3972.6	52.4
- oil-and-gas sector	2422.3	41.7	3128.1	41.3
- other sectors	686.0	11.8	844.5	11.1
Loans and other investments	2683.2	46.2	3612.9	47.6
- government guaranteed loans	744.4	12.8	805.1	10.6
- loans w/o government guarantee	1501.1	25.8	1363.6	18.0
- oil-and-gas sector	405.2	7.0	111.8	1.5
- banks	623.9	10.7	1102.4	14.5
- others	472.0	8.1	149.4	2.0
- other investments	437.7	7.6	1444.2	19.0
Oil bonus	20.0	0.3	2.0	-
TOTAL	5811.5	100.0	7587.5	100.0

Direct investments

Total amount of foreign direct investments was USD 4.0 bln. The share of the oil-and-gas sector in the structure of these investments was 78.7%. 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 844.5 mln which comprises 21.3%-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 47.6% (3612.9 mln). The amount was primarily formed through direct government and government guaranteed loans, the loans attracted by the oil-and-gas sector and foreign borrowings of banks. Government and government guaranteed loans (loans allocated by int'l financial institutions and other organizations) made up 37.1% (805.1 mln) of total loans, while loans without government guarantee comprised 62.9% (1363.6 mln), out of which USD 1102.4 mln was attracted by banks, USD 261.2 mln by other entities and companies.

USD 1638.5 mln of previously attracted loans have been repaid. Out of repaid loans, 46.3% (758.4 mln) falls to the share of the banking sector, 13.6% (223.4 mln) – government and government guaranteed loans, 28.5% (466.3 mln) – the oil-and-gas sector and 11.6% (190.4 mln) - other entities and companies.

Reserve assets

Over the reporting period reserve assets of the country rose by USD 4478 mln.