



## Azerbaijan Economy in 2010

### *Comparative report by the CESD*

Center for Economic and Social Development (CESD),

[www.cesd.az](http://www.cesd.az)

According to government sources, last year Azerbaijan economy was noticeable for its decreasing trends of crisis. However, the amounts of international debts have increased, after 2008-2009 of deflation, there was significant increase in inflation rate. 2010 was not favorable for agricultural sector as well. The production of agricultural goods decreased significantly last year compared the previous year. Analysis of State Statistics Committee indicates the GDP of Azerbaijan rose 5% in the eleven months of 2010 and was more than 42 billion manat (\$51 billion). We should remind that this number was 9% in 2009. 3,8 % GDP growth is forecasted for 2011 meanwhile Center for Economic and Social Development (CESD) forecasts 2,5 % (more about CESD forecasts, please visit; <http://www.cesd.az/prognose.htm>)

However, the balance of payment was positively affected by increasing prices of exported goods, the recovering of ability of banks to bring credits from abroad, and foreign financial flows. In the 9 months of last year the surplus of current financial operations rose 69% compared to the same period of 2009 and reached to 12 billion USD. This allowed increasing the currency reserve of Azerbaijan by 9.7 billion USD. This number is equal to three year import of goods and services. In 2010 15.5 billion manats (\$ 19,3 billion) were invested in the economy.

### Main Economic Figures

Activities	Government Report	CESD Report
GDP Growth	5,0 %	3,0 %
Inflation Rate	5,7 %	9,6 %
Monetary reserves	\$ 29 billion	-
State and private debt	\$ 9,5 billion	-
Foreign currency reserves share in GDP	60,0 %	63,0 %
The current account surplus	\$ 15 billion	-
FDI	\$19,3 billion	-
Poverty Line	9,1 %	14,5 %

**Source;** State Statistics Committee of Azerbaijan Republic and Center for Economic and Social Development (CESD), 2011

According to the Ministry of Economic Development, Azerbaijan produced 51 million metric tons of oil and 27 billion cubic meters of gas last year. On average, Azerbaijan's economy grew by 17 percent each year between 2003 and 2010. During the report period, the real economy grew by 4 times, exports - 15 times, state budget - 15 times, investment costs - 96 times and strategic currency reserves - 31 times. In 2003-2010, the economic growth in Azerbaijan amounted to 17 percent.

According to the Central Bank, Azerbaijan was able to maintain its stability and development dynamics during the global economic crisis. Thus, over the past three years, the real economic growth on average hit over 8 percent and macroeconomic and financial stability was maintained. In 2008-2010, the country's strategic currency reserves increased by \$ 23 billion. Over the past three years the average annual growth in the bank assets exceeded 25 percent, and deposits - 20 percent.

In 2010, the populations' deposits in banks increased by 23 percent and the growth rate of bank assets, loans and total capital exceeded 8 percent. About 2,435 mortgage loans, including 473 on concessional terms, were granted to people in 2010. Thus, 6,200 families took the advantage of this opportunity. The current account surplus is expected to exceed \$15 billion as of late 2010, resulting in a strategic currency reserves exceed \$ 29 billion.

The reserves cover the country's total debt for more than three times, including private sector debt and public debt, amounting to \$9.5 billion, which has become one of the most important indicators of the macroeconomic stability of the country in the context of the crisis. Azerbaijan engaged in the trade with 145 countries in the 11 eleven months of 2010. The country's foreign trade turnover increased by 34.8 percent and amounted to \$25.1 billion, and surplus -- \$13.7 billion

The official exchange rate is 0.7974 manat to \$1 January 21, 2011

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