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**Azerbaijan Economy in the first nine months of 2011;
Comparative Analysis**

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Shirin Mirzeyev 76 "a"/33,
Baku, Az1002,
AZERBAIJAN

Phone; (99412) 5970691
(99412) 4975684
Fax (99412) 4975684
Email; cesd.az@gmail.com
info@cesd.az
URL; www.cesd.az

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Introduction

According to State Statistic Committee of Azerbaijan Republic Growth Domestic Product (GDP) increased 4.1% compare with the same period of previous year since calculations done by Center for Economic and Social Development (CESD) indicated only 0,9 % GDP growth in the same period. Government sources announced that GDP growth in non-oil sector was 5.2% in the first half. Agricultural production growth in Azerbaijan was 7,6 % and population's income increased by 11%, in the same period. Since CESD surveys prove that non-oil sector developed by 2,2 %, agriculture 3,0 % and income only 6,0. The main discrepancy is over unemployment rate in Azerbaijan. State Statistic Committee of Azerbaijan Republic announced that unemployment rate in Azerbaijan is 5,5 % which is below than European Union average rate. CESD interviews, however, show that unemployment rate in the country is not less than 25,0 %.

Main Economic Figures for First Half of 2011 in Azerbaijan

Main Economic Figures	Government Report	CESD Report
GDP Growth	4,1 %	0,9 %
Non-oil GDP Growth	5,2 %	2,2 %
Agriculture	7.6 %	3,0 %
Inflation Rate	8,8 %	15,5 %
Industrial Production Increase	3,1 %	1,4 %
Unemployment Rate	5.5%,	25,0 %
Currency Reserve	\$40 billion	N/A
Monthly Salary	\$ 480	\$ 440
Revenues of citizens Increase	% 11,0	% 6,0
Monthly Salary Growth %	10.7	5,0 %
Poverty Line	9,1 %	14,5 %
Budget revenues	AZN 8.979 billion	N/A
Budget Expenditure	AZN 8.735 billion	N/A
Exports	\$19.945bn	N/A
Imports	\$6.87bn	# \$8,5 billion

Source; State Statistic Committee of Azerbaijan Republic and CESD, October 2011

Note; CESD used different methods to calculate macro-economic figures including GDP growth while an aggregation method and a weighting variable are chosen. Reasons how choices of the data source, the aggregation method and the weighting variable create are based on CESD estimation. CESD also used oil production forecast and non-oil import and export, the volume of household and public consumption, capital formation and private and public investment data, as well as the impact of changing inflation on output to forecast GDP. The Center organized focus group discussions including meetings with representatives of different state agencies where estimations of macroeconomic data are included among the subject issues.

CESD calculations show that economic growth declined in the nine month of year and there is slight growth in non-oil sector. There is also dissimilarity in foreign trade due to informal economy.

Sectoral Analysis

This is part of analysis is based on only figures of State Statistic Committee of Azerbaijan

In the first nine months of this year Azerbaijan produced agricultural production worth AZN 3,876,700.

According to State Statistic Committee, agriculture production increased 7.6% over 2010, plant growing has gone up by 10.6% and cattle breeding by 3.7%.

Summer and winter grain crops, as well as leguminous plants of 2011 were sown at an area of 967,300 hectares, including wheat planted at an area of 654,200 hectares.

By results of 1 October of this year, 99.3% of sown area produced 2,431,000 tonnes of grain and leguminous plants.

Wheat made up 1,640,000 tonnes or 67.5% of gathered crops. Compared to the same period of the last year, it is a growth of 331,100 tonnes and productivity has grown by 5.2 quintals.

The overall volume of grain and leguminous crops in 2011 is expected at 2,450,000 which is a grown by 450,000 tonnes or 22.5% over 2010.

Cotton growing made up 33,348 tonnes as of 17 October, which is a growth of 11,800 tonnes or 54.9% over the same period of 2010.

In 9 months, the cattle heads in the country increased by 47,100 to 2,664,000. Meat and milk production made up 333,613 tonnes and 1,230,353 tonnes, respectively.

Investments into main capital grow by 21.9%

In January-October of this year, investments from all sources of financing in Azerbaijan made up AZN 7.576bn (\$9.638bn at current exchange rate). According to sources in the State Statistical Committee, compared to January-September 2010, investments in main capital stock have grown by 21.9%.

Of this volume, domestic investments made up 76.6% or AZN 5.8% and foreign investments 23.4% or AZN 1.772 (\$2.254bn).

In 2010, investments in main capital from all financing sources made up AZN 9.715bn (\$12.2034bn by the current exchange rate).

Of the total volume of investments, domestic investments made up 75.2% or AZN 7.305bn and foreign investments amounted to 24.8% or AZN 2.408bn.

Oil and oil products top 92% of Azerbaijan's export

Oil and oil products made up 92.33% of Azerbaijan's overall export by results of January-September, sources in the State Customs Committee said. In the reporting period crude oil made

up 86.73% of export and oil products amounted to 5.6%. Compared to January-September 2010, oil export increased by 53.91% and export of oil products dropped by 13.41%.

In January-September, the State Oil Company of Azerbaijan exported chemical production at \$77.368m, according to sources in the State Customs Committee.

Compared to the same period of the last year, export of chemical production in price equivalent has grown by 128.65%. In January-September of the last year exports of chemical production amounted to \$33.83m.

Sources in the State Customs Committee also said that in January-September 2011, export of chemical production in the overall volume of Azerbaijan's export made up 0.39.

Azerbaijan's oil and gas production down

Azerbaijan's oil and gas production decreased in the first nine months of 2011, according to official estimates. 35.5 million tons of oil and 19.4 billion cubic meters of gas were produced in the country, 8 percent and 3 percent down respectively from January-September 2010 when 38.6 million tons and 20 billion cubic meters were extracted, the State Statistics Committee said.

Azerbaijan's budget implemented with a surplus of \$310 million for three quarters of 2011

According to State Statistic Committee, for the past 9 months the State Budget was implemented with revenues of AZN 8.979 bn (105.6% of the forecast) and expenditures of AZN 8.735 bn (87.7%).

Compared to the 2010 same term, revenues grew by 19.6% (AZN 1.47 bn) and expenditures by 27.8% (AZN 1.898 bn).

The Ministry of Finance has provided for the budget AZN 4.06 bn of revenues (+12.4% of the forecast), the State Customs Committee AZN 843 million (+0.2%), while the transfer from the State Oil Fund amounted to AZN 4.02 bn.

As a result, by 1 October the State Budget was implemented with technical surplus of AZN 244 million (\$310.078 million in accord with exchange rate).

The official exchange rate is 0.7854 manat to \$1 on October, 26, 2011

For more information, please contact to Leyla Aliyeva at leyla.aliyeva@cesd.az