Azerbaijan Economy in 2014
Decline of oil price in the world market was the main character of Azerbaijan economy in 2014. As an oil exporter country, Azerbaijan might face the effects of a sharp fall in oil revenue after oil price decline in the world market. Azerbaijan is heavily dependent on oil and natural gas export revenues. In fact, 2014 was somehow successful for Azerbaijan economy since the country was able to reserve growth in the almost all economic data.

Azerbaijan oil output has declined since 2010. The decline tendency in the oil sector was observed in 2014, too. But the oil sector is still dominant in the country’s economy since the energy sector contributes 66.0% of the budget revenues as well as 38.0% of Azerbaijan’s total GDP. Thanks to affected growth in non-oil sector, the country was able to keep growth track last year since State Statistics Committee announced GDP growth was 3.0% in this period. Oil production, however, has still had a profound effect on Azerbaijan’s domestic sector. One way to characterize its impact is by looking at the rents produced by oil - that is, the returns in excess of production costs - in the Azerbaijan economy.

The committee also reports that non-oil sector increased by 7.0% in 2014 meanwhile decline has been continuing in the country’s oil sector. State Budget of Azerbaijan for 2014 had deficit which was amount of AZN 300 million ($ 385 million US). Because of cutting some budget expenditures actual deficit was 5 times less that forecasted deficit.

Azerbaijan produced 41.9 million tons oil in 2014. The oil output declined by 3.7% in 2014 compared with 2013 since oil production was 43.5 million tons previous year. This show that decline tendency in oil output continued in 2014. There is also decline in the industrial sector. Total industrial output was 31.9 billion manat ($ 40.8 billion US) in 2014. The industry declined by 5.4% in 2014 compared with previous year since total industrial output was 33.7 billion manat ($ 43.2 billion US) in 2013.
Main Economic Figures for 2014 in Azerbaijan

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Source; State Statistic Committee of Azerbaijan Republic and CESD, January, 2015

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.

Azerbaijan Economy in 2014
GDP Growth in 2014

According to the State Statistic Committee, Gross Domestic Product (GDP) increased by 3.0% compared to last year and it was reached to 59.43 billion manat ($76.19 billion US) in 2014. The committee reported that industry contributed 46.3% of GDP since construction sector has 11.8%, services have 8.9% and etc. Agriculture is still has marginal share in GDP which is about 5.3%.

GDP per capita without PPP was 6393.4 manat (8196.7 US dollars) in 2014.

Meanwhile, the state committee reported that non-oil GDP increased by 7.0% and 3.7% declined was observed in oil sector. State Statistics Committee of Azerbaijan Republic reports that total industrial output was 31.9 billion manat ($40.8 billion US) in 2014. In fact, the committee has not reported what extent the industry in the country declined in 2014 compared with previous year. CESD, calculations, however, show that the industry declined by 5.4% in 2014. The committee reports that volume of production in processing sector was formed 24.0% of total products of industry, growth were mainly observed in the production of food products, beverage, tobacco products, weaving, clothing, chemistry, construction materials, metallurgy, ready metal products, electric equipment, automobile and trailers, other transport means and etc. 5.7% of produced industry products were share of production, distribution and supply of electricity, gas and steam, 0.7% water supply, treatment and processing of waste. Volume of production in non-oil sector of industry increased by 6.9% compared to the level of previous year. 92.4% of total industry production was share of goods (commodities), 7.6% industrial services, 79.5% of products were produced in private sector.

Oil Industry Declined by 3.7% in 2014

Azerbaijan produced 41.9 million tons oil in 2014. The oil output declined by 3.7% in 2014 compared with 2013 since oil production was 43.5 million tons previous year. This show that decline tendency in oil output continued in 2014. The largest monthly decline both in output and export was observed in November, 2014. Azerbaijan revealed a minimum level of oil exports in November, 2014: the country's
Center for Economic and Social Development (CESD), Azerbaijan

Oil exports amounted to 1,265 million tons, a 36 percent decrease compared to the previous month. In general, starting in August 2014, decline in Azerbaijan’s oil exports is recorded. Thus, in November 2014, oil exports dropped down to 80 percent approximately compared to August, 2014.

Azerbaijan declares 22% fall in its oil and gas resources

Azerbaijan has announced that in December prices for its oil and gas resources fell by 22.4%. According to the State Statistics Committee, last month wholesale industrial prices in the country declined by 19.6%, including in the extractive industry by 22.3% and in manufacturing by 2.1%. At that, in December wholesale prices for petroleum products grew by 3.6%, and it was the largest increase in the manufacturing industry.

Surplus in current account of Azerbaijan’s balance of payments estimated in $11 billion US for 2014

The surplus of the current account of Azerbaijan’s balance of payments at the level of $11 billion US. "Over the last 10 years the volume of foreign trade turnover of goods and services, reaching $54 bn, has increased by 7 times. Despite the deterioration of all external market trends, our national economy has a strong position. The volume of exports will exceed imports by 2.6 times. Imports has observed a fall of about 20% for the first time in recent years - and probably this is associated with an increase in the level of country’s self-sufficiency that influenced positively on external trade balance,”- Central Bank of Azerbaijan reports.
Center for Economic and Social Development (CESD), Azerbaijan

Azerbaijan’s budget 2014 implemented with deficit

The Azerbaijani government stated that the country’s State Budget for 2014 was implemented with a deficit. State Budget revenues amounted to 18.4 billion manat ($23.58 billion US) and expenditures 18.7 billion manat ($23.97 billion US). The State Budget revenues from the non-oil sector increased by 19.5%, and as a result of the successful social and economic development of the regions, tax receipts increased by 9.8%. Nevertheless, the country registered the State Budget actual deficit (AZN 300 million in 2014) for the first time in almost 10 years.

Foreign Trade Declined by 7.6 %

Azerbaijan’s trade turnover was $ 36.7 billion US in the first eleven months of 2014. Volume of export was $ 28.6 billion US, volume of import was 8.1 billion dollars and surplus was $ 20.5 billion US in the indicated period. Export of non-oil products formed $ 1.6 billion US. Export of non-oil products on per capita was equal to $ 166.8 US.

According to the CESD calculations, foreign trade in the first eleven of 2014 declined by 7.6 % compared to previous year. The foreign trade turnover was $ 39.7 billion US in the first eleven months of 2013. Share of oil and oil products on total export was 95.7 % in the first eleven months of 2014.
The State Committee reported inflation was 1.4% meanwhile the figure is 2.7% in independent calculations.

According to the State Committee price and service tariffs of consumer goods increased by 1.4% in 2014 compared to 2013. The CESD survey verifies that inflation was 2.7% in indicated periods. Price increasing observed mainly in food products particularly meats.

The official exchange rate is 0.7854 manat to $1 on January, 16, 2015

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URL: www.cesd.az

Email: info@cesd.az

Azerbaijan Economy in 2014