

Azerbaijan's Economy in Light of Low Oil Prices

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Center for Economic & Social Development (CESD)

- Established in 2005
- “Better Research, Better Reforms, Better Policy”
- Ranked by UPen as the top think-tank in the Central Asia & Caucasus since 2011
- Included to Harvard University Directory
- Several policy recommendations adopted by the government

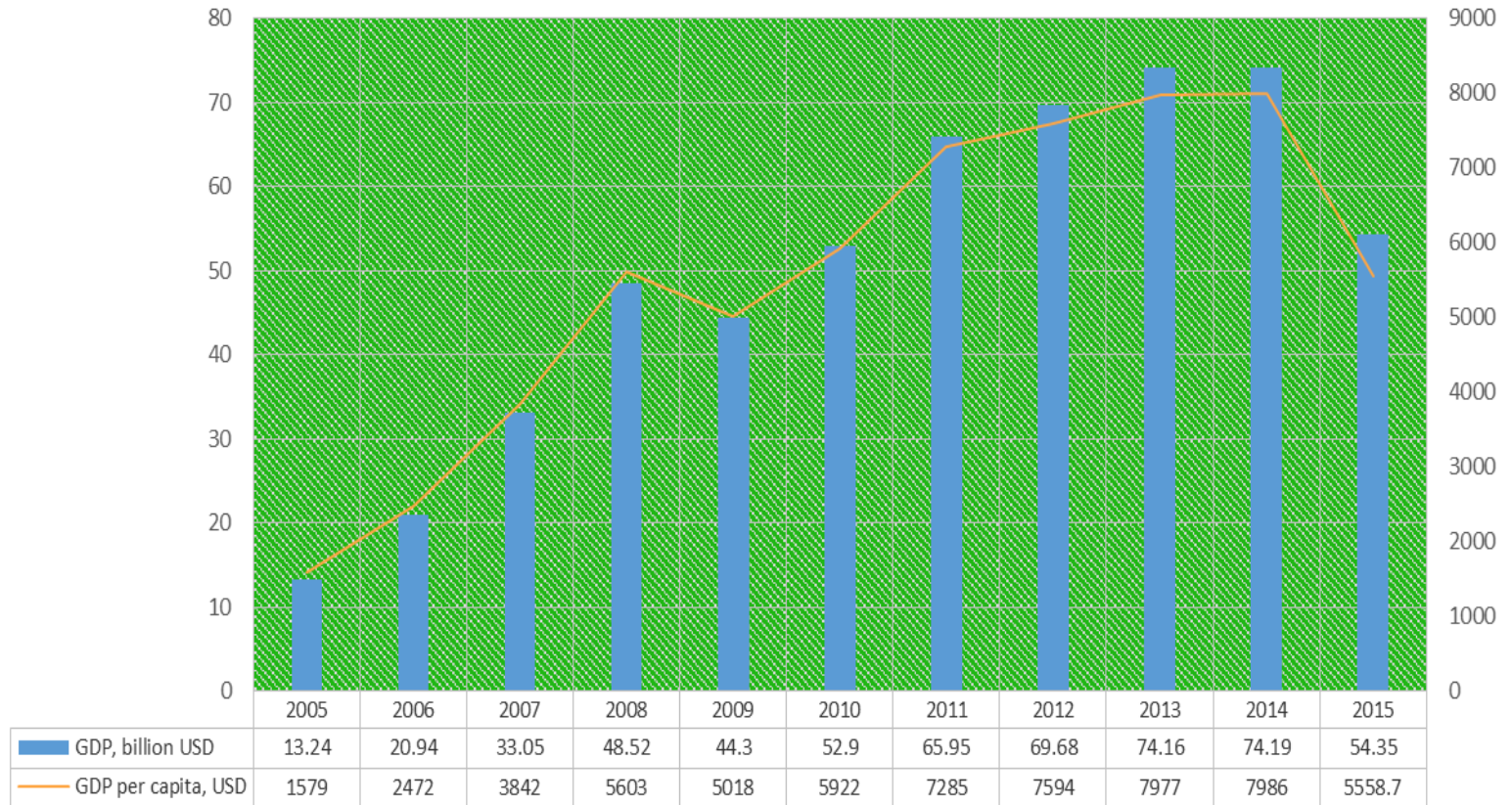


Macroeconomic Situation

- Economy increased by 1.1% in real terms; decreased by 27.3 % in dollar terms
- GDP:
 - in 2014, 59,01 bn AZN (75,2 bn USD).
 - in 2015, 54,4 bn AZN (54,35 bn USD)
- Devaluation of national currency by 50% mainly due to the sharp decline of oil prices



GDP and the dynamics of GDP per capita

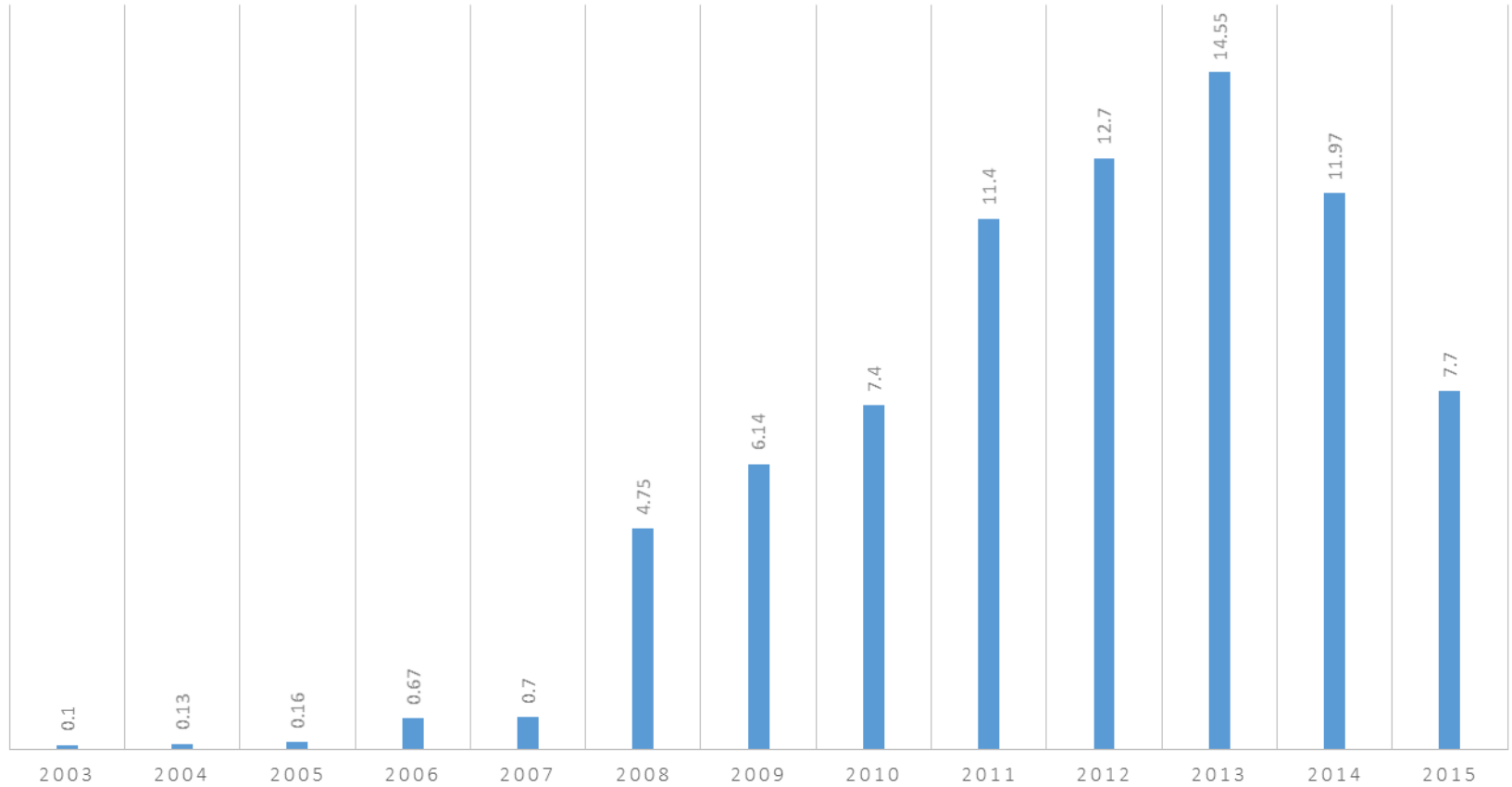


Income of population

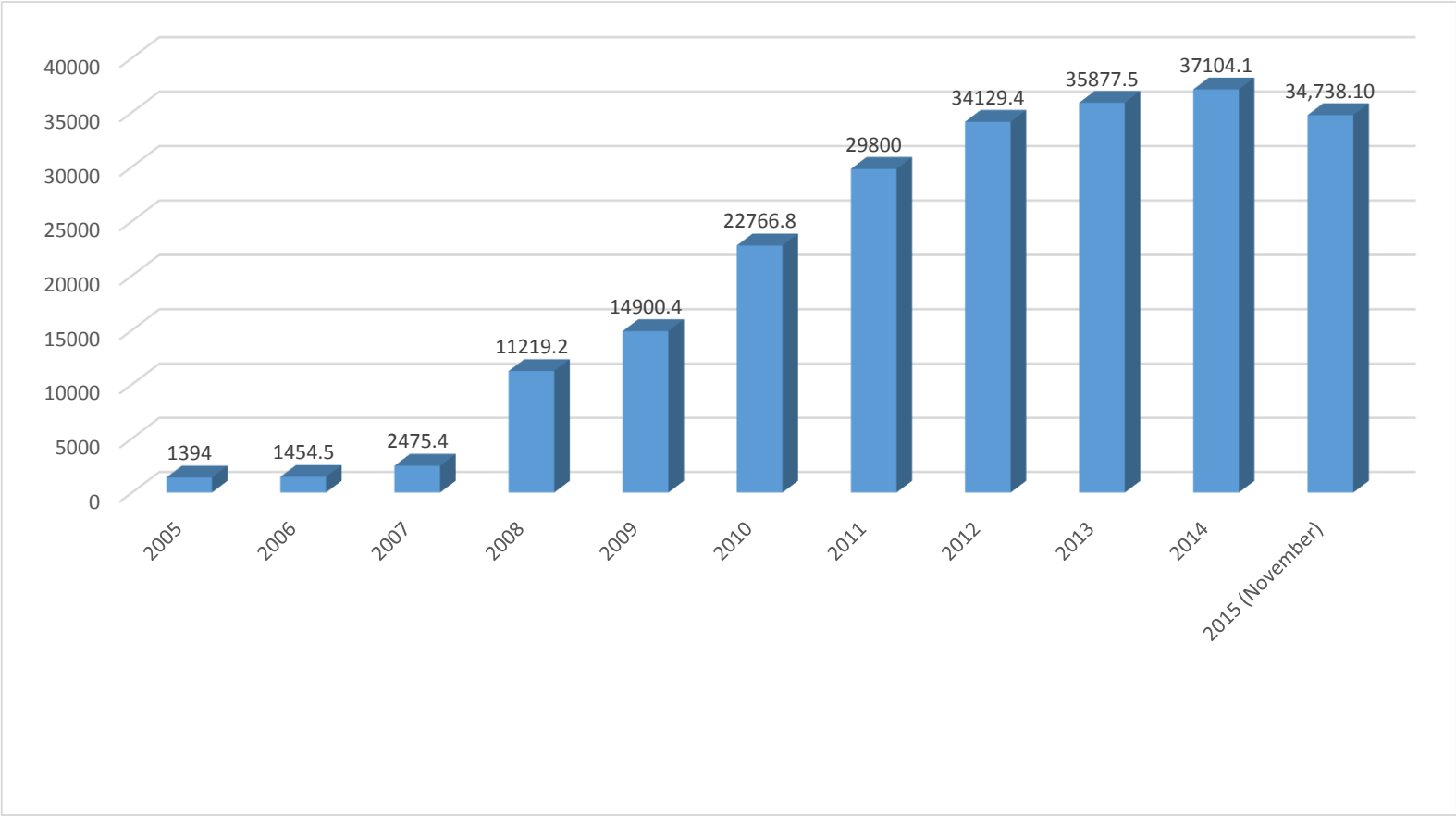
- Income of population:
 - in 2015, 41,7 bn AZN (40.7 bn USD).
 - in 2014, 39,4 bn AZN (50.5 bn USD).
- Salary increase 4,6% in the national currency, but by 20.0 % in dollar terms



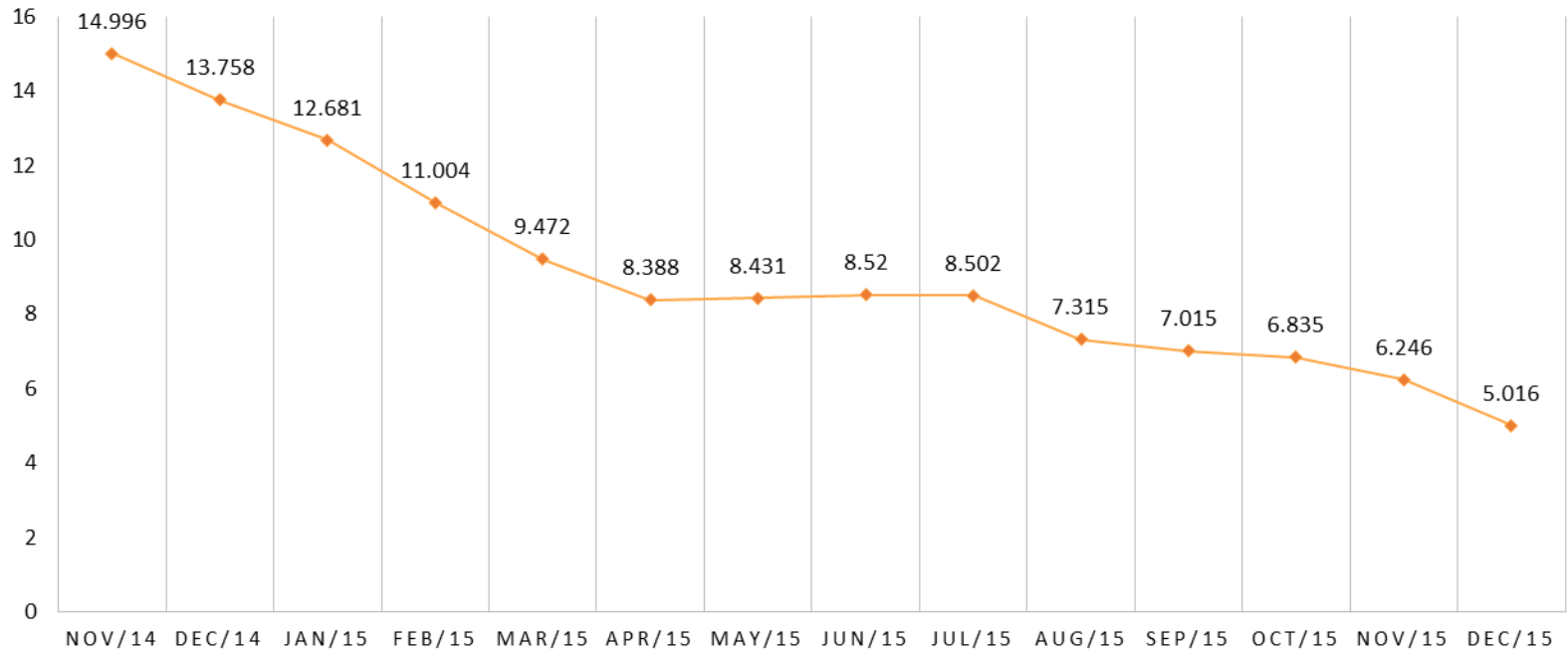
Transfers from the SOFAZ to state budget



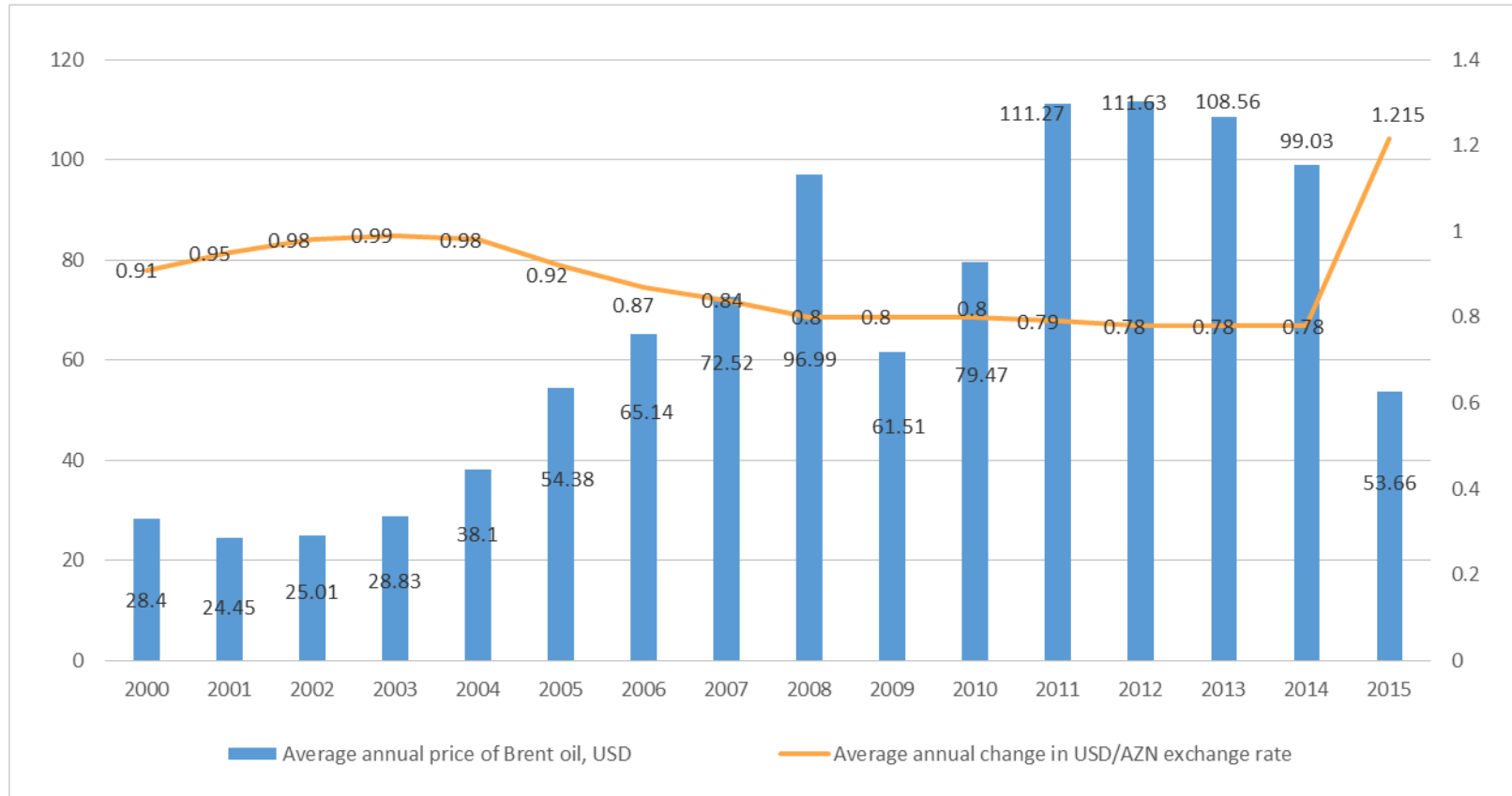
Assets of the Oil Fund, billion USD



Official exchange reserves of the Central Bank, billion USD



The exchange rate of national currency and Brent oil price



Economic Crisis & Reforms

- First devaluation: Reasons
- Second devaluation: Floating exchange
- Resource dependency
- Beginning of the economic reforms
- External barriers to business
- Economic liberalisation



Reforms & What has been done?

- Political will to reform the economy despite the challenges
- “Forget the oil”!
- Structural reforms
 - Financial Market Control Chamber
 - Abolishing the State Procurement Agency
- Introducing electronic services



Reforms & What has been done?

- Decreasing the number of licenses for some services
- ASAN service
- Ceasing tax monitoring for business for two years.
- Low government debt



Reforms & What should be done?

- Reforms for abolishing monopoly in Customs by lifting monopolistic trader system
- Injection of “hot money”
- Manat exchange rate freely determined by market



Reforms & What should be done?

- Dollarization & Anti-dollarization
- Fully abolishing Black market
- Less dollar – Less business activities
- Proportionality between money supply and gross domestic product



Thank you!

- Center for Economic and Social Development (CESD)

