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# **Azerbaijani Oil Income in September 2016**

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# Azerbaijani Oil Income in September 2016

The State Oil Company of Azerbaijan Republic (SOCAR) reports that oil export fell by 9.4% in September 2016 compared with the previous month. The SOCAR reports that it exported 1.386 million tons of oil against 1.53 million tons in August and 1.924 million tons in July (this year's best indicator).

September's oil export via Baku-Novorossiysk oil pipeline reached 169,279 tons (versus 169,702 tons in August and 79,992 tons in June), Baku-Supsa - 274,705 tons (81,177 tons and 274,676 tons), and Baku-Tbilisi-Ceyhan (BTC) n.a. Heydar Aliyev oil pipeline – 942,882 tons (1.274 million tons and 1.57 million tons).

According to the SOCAR, Azerbaijan exported totally 15.07 million tons of oil via the standard routes, including supplies through Kulevi port – 15.089 million tons in the indicated period.

Over the indicated period export of oil via Baku-Novorossiysk pipeline made up 898,048 tons, Baku-Supsa – 1.85 million tons, and BTC – 12.3 million tons. Also in February it was recorded the export of Azerbaijan's crude oil through the Black Sea port of SOCAR in Georgian Kulevi – 14,946 tons, but for March-Sept transshipment of crude oil through it was not carried out.

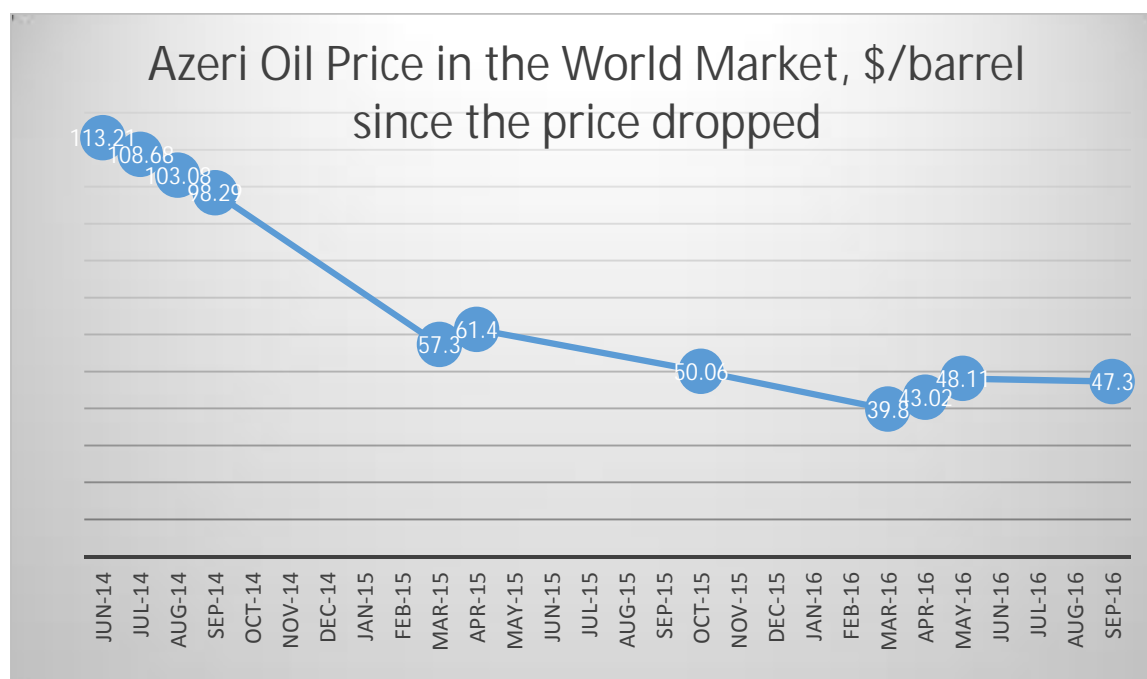
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In 2015 the oil export in the line of the MEOD reached 21.996 million tons, including 1.27 million tons to Novorossiysk, 2.79 million tons to Supsa, and 17.9 million to Ceyhan.

For comparison, the Department carried out the best oil export in 2011 – 27.609 million tons, and in June of 2011 it registered the peak of monthly export – 2.57 million tons. In 2011 oil transportation via Baku–Novorossiysk totaled 1.988 million tons, via Baku–Supsa – 2.65 million tons, and BTC – 22.969 million tons.

SOCAR notes that the MEOD exports both its own oil and oil falling on the share of the government within PSA contracts.

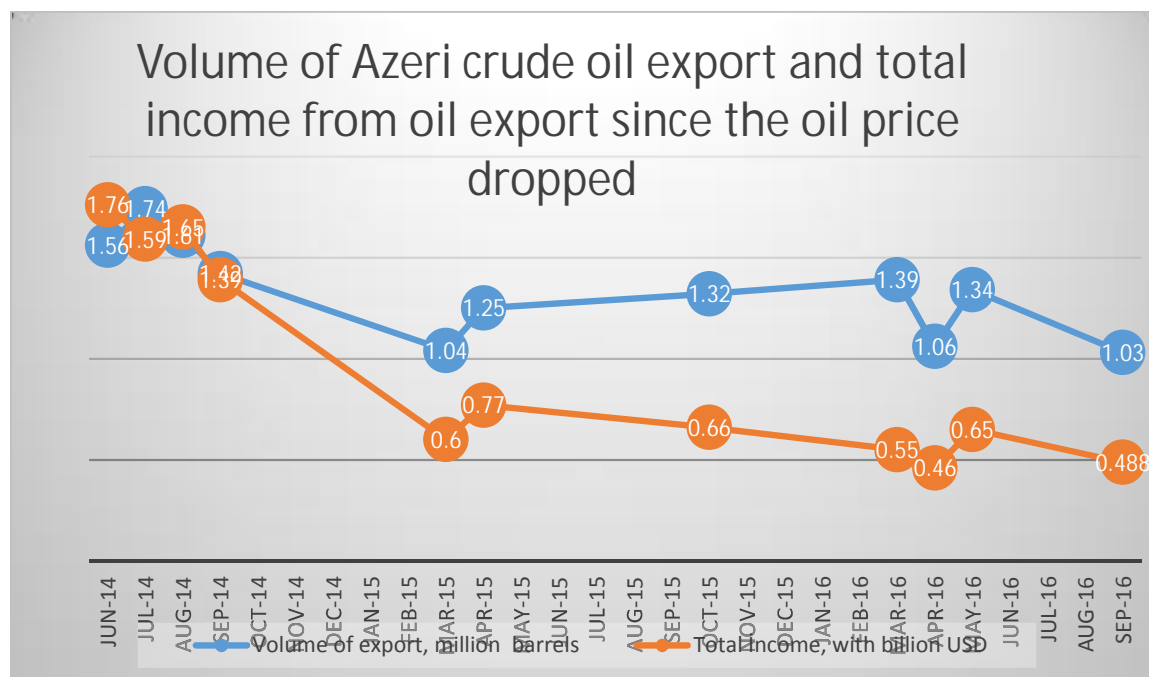
In September 2016, price for Brent crude oil in the world market was \$46,67 per barrel, Urals oil - \$44,42 and BTC FOB Ceyhan crude oil - \$ 47,30.



**Source:** State Oil Company of Azerbaijan Republic and CESD calculations, September 2016

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Azeri oil price slightly decreased in September 2016 compared with the previous month since the price was \$ 47,40 US per barrel in August 2016. Meanwhile, the oil price has been decreased more than 2.5 times since August 2014.



**Source:** State Oil Company of Azerbaijan Republic and CESD calculations, September 2016

The graph shows that oil income decreased by 25.0 % in September 2016 compared May 2016 due to both decreasing of oil output in and price. Total monthly income is still far behind of 2014's summer's monthly income. If the country received only \$ 488 million US in September 2016, but monthly income was \$ 1.76 billion US in June 2014. It confirms that dropped oil price in the world market has dramatically decreased Azerbaijan's revenues.

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Note that, gross income implies the currency entering to the country from sale of oil included with AIOC oil revenues. Profit after deducting costs from revenues defined the amount of oil in value. This is sharing in accordance with the production sharing funds between the Government of Azerbaijan and AIOC.

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