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Azerbaijani Oil Income in February 2017

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Baku, March 2, 2017

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The State Oil Company of Azerbaijan Republic (SOCAR) reports that the company exported 79,841 thousand tons of crude oil from the Russian port of Novorossiysk, 349,272 thousand tons of crude oil from the Georgian port of Supsa and 1,323 million tonnes of crude oil from the Turkish port of Ceyhan in February 2017.

According to the SOCAR's report 159,777 thousand tons of crude oil were exported from the Russian port of Novorossiysk, 525,382 thousand tons of crude oil from the Georgian port of Supsa and 2,721 million tons of crude oil from the Turkish port of Ceyhan during January-February 2017.

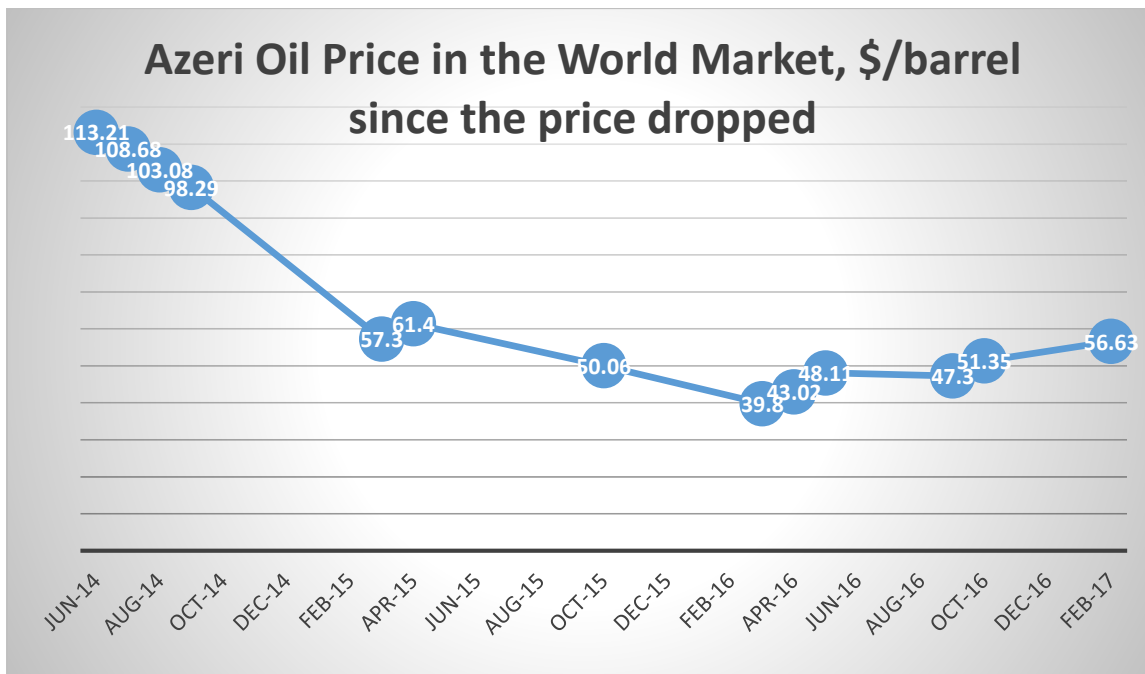
In February 2017 the trend when the cost of a barrel of the main export grade of Azeri BTC FOB Ceyhan oil exceeded the price of standard grade Brent has strengthened compared to January of the year.

The State Oil Company of Azerbaijan (SOCAR) reports that last month the cost of a barrel of oil BTC FOB Ceyhan exceeded cost of a barrel of Brent by \$1.52 versus \$0.47 in January 2017 and \$1.85 in July 2016 (the best index for past year). For comparison: in December 2015 it declined to \$0.33 (historical minimum). In December 2014 the price difference reached historical maximum - \$5.90

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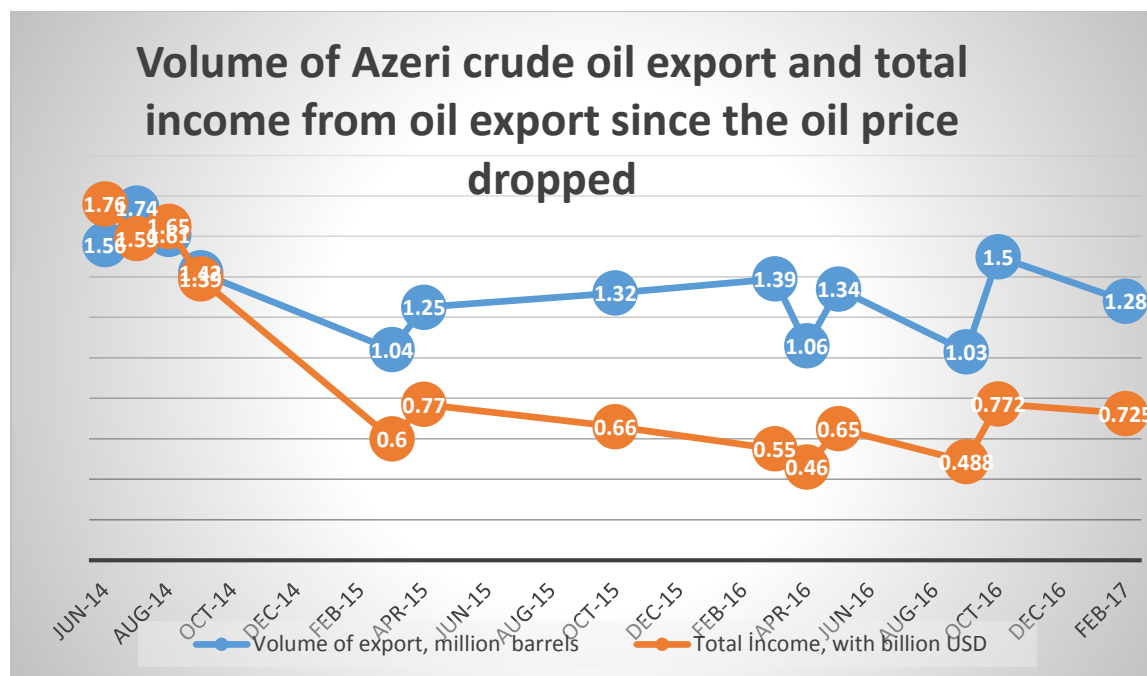
"The cost of a barrel of BTC FOB Ceyhan in February 2017 was \$56.63. At that, the cost of a barrel of Russian oil mixture Urals (REBCO) was \$54.01 and Brent grade was \$55.11," SOCAR said.

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



Source: State Oil Company of Azerbaijan Republic and CESD calculations, February 2017

Azeri oil price slightly increased in February 2017 compared with the previous month since the price was \$ 55.14 US per barrel in January 2017. Meanwhile, the oil price has been decreased more than 2.2 times since August 2014.



Source: State Oil Company of Azerbaijan Republic and CESD calculations, February 2017

The graph shows that oil in February is still far behind of 2014's summer's monthly income. If the country received only \$ 725 million US in February 2017, 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.

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.