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The Azerbaijani economy in the first half of 2019: Brief Overview

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Baku, August 8, 2019

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The Azerbaijan economy in the first half (January-June) of 2019: Brief Overview

CESD – the Center for Economic and Social Development – concluded its macro-economic survey results for the first half of 2019. According to the State Statistic Committee of Azerbaijan, Gross Domestic Product (GDP) increased by 2.4 % in January-June 2019 compared with the same period of previous year: The CESD’s figure for the same period was 2.0 %.

The GDP totaled 37,825 billion manat (\$22,250 billion USD) in the first half of 2019.

The State Statistics Committee announced non-oil GDP increased by 3.2 % in the same period compared with the first half of 2018. According CESD’s calculations, non-oil GDP increased by 2.8 % in the first half of 2019.

In June 2019 Azerbaijan produced 768,000 barrels, down 8,000 barrels from May, 2019 Energy Ministry of Azerbaijan reports that 695,000 barrels were crude oil, 73,000 barrels – condensate. 471,000 barrels of crude oil, 72,000 barrels of condensate, 19,200 barrels of oil products were exported daily.

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Main economic figures for the first half of 2019 in Azerbaijan

Main Economic Figures	Government Report	CESD Report
GDP Growth	2.4 %	2.0%
Non-oil GDP Growth	3.2 %	2.8 %
Inflation Rate	2.7%	7.3 %
Industrial Production	1.8 %	1.4 %
Agriculture Production	13.0 %	11.7 %
SOFAZ Assets (July 1st, 2019)	\$ 42 463 billion USD	N/A
Monthly Salary	\$305.0 USD	\$355.0 USD
Exports (Jan-May 2019)- The State Customs Committee's figure	\$ 8,240 billion USD	N/A
Imports (Jan-May 2019)- The State Customs Committee's figure	\$ 5,834 billion USD	N/A
Excess/ Deficit (Jan-May 2019)- The State Customs Committee's figure	\$ 2406 billion USD	N/A
Budget Revenue	10, 405 billion manat (\$ 6,120 billion USD, with the official average rate)	N/A
Budget Expenditure	10,951 billion manat (\$ 6,442 billion USD with the official average rate)	N/A
Excess/ Deficit	545,58 million manat (\$ 322.0 million USD with the official average rate)	N/A
Revenues of citizens increase	6.6. %	6.1 %
GDP Per Capita for the first half of 2019 (without PPP)	3828 manat (\$ 2251 USD)	\$2114 USD

Source: State Statistic Committee of Azerbaijan Republic and CESD, August 2019

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 where estimations of macroeconomic data are included among the subject issues.

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GDP Growth in Azerbaijan

According to the State Statistics Committee of Azerbaijan, in the first half of 2019 gross domestic product increased by 2.4 percent and amounted to 37,825 billion manat (\$22,250 billion USD) compared to the corresponding period of the previous year in the country, GDP per capita had been equal to 3828 manats.

44.6 percent of GDP was produced in industry, 9.9 percent trade; vehicle repair areas, 6.2 percent transport and warehouse, 5.9 percent construction, 5.6 percent agriculture, forestry and fishing, 2.6 percent tourists' accommodation and public catering, 1.7 percent information and communication, 14.5 percent other fields, 9.0 percent net taxes on product and import.

The committee reports that during this period value added produced in information and communication areas increased by 15.8%, agriculture, forestry and fishing areas – 13.1%, accommodation of tourists and public catering – 3.3%, industry – 2.9%, trade; repair of vehicles – 2.8%, transport and warehouse – 2.5%, in other service fields – 1.8%, while in construction it decreased by 11.2%.

Value added produced in oil-gas sector of the economy increased by 1.3%, while in non-oil and gas sector it increased by 3.2%

Oil industrial production decreased by 3.0 %

According to the State Statistics Committee of Azerbaijan, in January-June 2019 industrial products at 23.6 milliard manats or more for 1.8 percent compared to the corresponding period of the 2018 were produced by industrial enterprises and individual entrepreneurs operating in this field. Product output in non-oil sector of industry increased by 15.7 percent.

69.5 percent of industrial products were produced in mining sector, 25.6 percent in manufacturing sector, 4.2 percent in production, distribution and supply of electricity, gas and steam, 0.7 percent in the sector of water supply, waste management and remediation activities.

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Oil production in mining sector decreased by 3.0 percent, while marketable gas production increased by 35.0 percent.

Production of wood manufacturing and production of wood products in manufacturing sector increased by 2.2 percent, automobile, trailers and semi-trailers by 83.6 percent, beverage by 65.2 percent, textile industry products by 51.2 percent, finished metal products by 47.1 percent, rubber and plastic products by 30.8 percent, chemical industrial products by 30.4 percent, paper and cardboard by 28.6 percent, furniture by 27.7 percent, installation and maintenance activities of machine and equipment by 20.6 percent, food products by 20.0 percent, tobacco products by 14.2 percent, polygraphic products by 10.6 percent, machine and equipment by 10.0 percent, computer, electronic and optical products by 10.0%, construction materials by 8.9 percent, pharmaceutical products by 5.7 percent, production of clothes by 3.3 percent, leather and leather products and shoes by 2.0 percent, other vehicles by 1.8 percent, while production of oil products decreased by 1.5 percent, electrical equipment by 8.0 percent, metallurgical industrial products by 18.2 percent.

Production volume in the sector of electricity, gas and steam production, distribution and supply increased by 2.8 percent and in the sector of water supply, waste management and remediation activities it increased by 7.4 percent.

Daily oil output decreased by 8,000 barrels in June

In June 2019 Azerbaijan produced 768,000 barrels, down 8,000 barrels from May.

Energy Ministry of Azerbaijan reports that 695,000 barrels were crude oil, 73,000 barrels – condensate. 471,000 barrels of crude oil, 72,000 barrels of condensate, 19,200 barrels of oil products were exported daily.

Import increased

According to the State Statistics Committee of Azerbaijan, legal and natural entities of the Republic of Azerbaijan realized trade operations with their partners in 174 countries of the world, goods were exported to 102 countries and imported from 163 countries on January-May 2019

Taking into account value of statistically estimated exported crude oil and natural gas registered in the customs agencies but customs formalities of which not completed the foreign trade turnover

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of the country on January-May 2019 made 14074.2 million USD, including export value – 8240.0 million USD, import value – 5834.2 million USD and consequently positive trade balance reached to 2405.8 million USD. In comparison with January-May 2018 foreign trade turnover increased in actual price by 16.5 percent, including import – 51.3 percent, export – 0.1 percent. In real terms trade turnover increased by 6.8 percent, including import - by 20.4 percent and export – 0.4 percent.

According to the State Customs Committee data, 29.7 percent of export value was formed based on goods exported to Italy, 11.4 percent - Turkey, 7.0 percent - China, 5.6 percent – India, 5.5 percent - Germany, 5.2 percent - Israel, 5.0 percent – Spain, 3.9 percent - Czech Republic, 3.4 percent – Georgia, 3.2 percent – Russia, 3.0 percent – France, 2.5 percent - Portugal and the rest 14.6 percent - other countries.

14.2 percent of total value of goods imported to our country was per the share of Switzerland, 14.0 percent - Russia, 9.7 percent - Turkey, 8.3 percent - China, 6.6 percent - USA, 4.8 percent Germany, 4.6 percent – Iran, 3.6 percent – Canada, 3.5 percent – Australia, 3.1 percent - Ukraine, 2.7 percent - Italy, 2.1 percent - France, 2.0 percent Kazakhstan, 20.8 percent - other countries.

On January-May 2019 non-oil products in amount of 786.6 million US dollars have been exported and that is more in actual prices for 17.8 percent and real terms for 12.6 percent relatively to January- May 2018. The share of goods sent to Russia (33.2%), Turkey (23.0%), Georgia (9.8%), Switzerland (6.7%), Italy (3.6%), Ukraine (2.2%), Greece (2.0%), Iran (1.9%), China (1.8%), Netherlands (1.4%) and Germany (1.4%) was prevailed in export value on non-oil products.

On January-May 2019 compared to the same period of 2018 export of main types of products like fresh vegetable increased by 19.7 percent, fresh fruit – 36.8 percent, potato – 18.2 percent, sugar – 3.9 percent, tobacco – 1.7 times, fruit and vegetable juice – 31.4 percent, fruit and vegetable cans – 11.0 percent, margarine, other mixtures fit for food – 28.8 percent, cotton fibre – 2.9 times, cotton yarn – 1.6 times, semi-finished ferrous metals – 5.7 times, bentonite clay – 20.3 percent, while export of tea decreased by 1.3 percent, vegetable oils – 25.1 percent, natural grape wine and cellar – 25.2 percent, polyethylene – 4.9 percent, unprocessed aluminum – 16.3 percent, ferrous metal pipes – 77.4 percent.

On January-May 2019 compared to January-May 2018 import of wheat increased by 14.6%, fresh fruit – 4.6 percent, raw sugar and sugar – 6.2 times, potato – 13.3%, tea – 2.9%, poultry meat and its additional products – 18.0%, beef – 0.7%, fresh vegetable – 39.3%, motor cars – 2.2 times, ferrous metal rods – 20.7%, computing machinery, blocks and installations – 42.0%, furniture – 8.9%, rubber tyres – 3.6%, polyethylene – 20.0%, domestic air conditioners – 1.9 times, trucks – 1.7 times, washing machines – 1.1%, ferrous metal corners – 15.9%, busses – 1.9 times while import of vegetable oils decreased by 23.3%, cigarette – 39.0%, butter, other milk fats and pastas – 11.6%, ferrous metal pipes – 6.9%, steel rolling – 2.7 percent, mineral fertilizers – 5.6 percent, cement and cement clinker – 29.5%, domestic refrigerator – 9.1%.

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More than half of tourists are coming from Russia and Georgia

According to the State Border Service data, on January-June 2019 Azerbaijan received from 185 countries of the world 1410.7 thousand or 6.5 percent more foreigners and stateless persons compared with the January-June 2018. 29.4 percent of the arrivals were from Russian Federation, 24.3 percent – Georgia, 10.5 percent - Turkey, 7.5 percent - Iran, 2.6 percent - the United Arab Emirates, 2.4 percent – Saudi Arabia, per 1.9 percent – Ukraine and India, 1.5 percent – Turkmenistan, per 1.4 percent – Great Britain, Kazakhstan and Iraq, 1.3 percent – Pakistan, 12.4 percent were citizens of other countries and 0.1 percent were stateless people. 68.0 percent of the arrivals were men and 32.0 percent were women.

There has been a significant increase in the number of visitors in January-June among Egypt (83.1 percent), Turkmenistan (81.0 percent), India (80.3 percent), China (77.1 percent), Saudi Arabia (76.7 percent), Hungary (52.4 percent), Great Britain (35.7 percent), Canada (30.8 percent), South Korea (29.5 percent), Germany (27.2 percent), Japan (24.6 percent), Pakistan (24.4 percent), Georgia (22.8 percent) and Poland (20.2 percent) citizens.

On January-June 2019, the number of arrivals from EU members increased by 24.3 percent and amounted to 66.5 thousand and from the CIS countries it increased by 5.0 percent and amounted to 502.5 thousand persons.

59.0 percent of foreigners and stateless persons who came to our country used railway and automobile, 40.2 percent - air and 0.8 percent - water transport.

The number of citizens of the Republic of Azerbaijan going abroad in January-June 2019 increased by 25.8 percent compared to the correspondent period of the previous year and amounted 2540.9 thousand persons. 39.1 percent of the country citizens traveled to Iran, 27.1 percent - Georgia, 18.1 percent - Russian Federation, 10.2 percent - Turkey, 5.5 percent to other countries. 65.7 percent of the travelers were men and 34.3 percent were women.

During this period, the number of citizens of the Republic of Azerbaijan traveling to Iran increased by 71.4 percent, Georgia – by 11.3 percent, Russian Federation – by 7.3 percent, Turkey – 1.4 percent.

In January-June 2019, 83.4 percent of the citizens of the Republic of Azerbaijan visited foreign countries using railway and automobile, 15.8 percent - air and 0.8% - water transport.

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Is the inflation rate really 2.5 %?

According to the State Statistics Committee of Azerbaijan, prices of consumer goods and services in January-June of 2019 compared to the same period of 2018 increased by 2.5%, including food products, beverage and tobacco products 2.7%, non-food products 1.3%, paid services provided to population 3.2%.

In June of 2019 compared to May prices of consumer goods and services decreased by 0.5%, including food products, beverage and tobacco products 1.1%, prices of non-food products and paid services provided to population remained the same.

During the month decreasing in prices of beef and sheep meat, fresh fish, nonpasteurized skimmed milk, egg, banana, cherry, plum, apricot, peach, cabbage, tomato, cucumber, pepper, egg-plant, blue bean, beet, carrot, onion, garlic, potato, energy drinks and increasing in prices of round rice, wheat flour, buckwheat, macaroni products, chicken meat, sausage products, sterilized skimmed milk, sweetened condensed milk, yoghurt, sour cream, cheese, cottage cheese, butter and vegetable oils, lemon, strawberry, chestnut, greens, sugar and sugar powder, coffee, tea and cacao, ice-cream, water, cola and lemonade were observed. No significant changes were observed in prices of other food products.

Meanwhile, CESD price calculations found a 7.3 % annual inflation rate for the same period of 2018.

The official average exchange rate for July 2019 was 1.70 manat to \$1 according to the Central Bank of Azerbaijan.

For more information, please contact us at info@cesd.az

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