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## **The Azerbaijani economy in the first four months of 2022: Independent View**

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## **The Azerbaijani economy in the first four months of 2022: Independent View**

## **The Azerbaijan economy in the first four months (January-April) of 2022: Brief Overview**

CESD – the Center for Economic and Social Development – concluded its macro-economic survey results for the first four months of 2022. According to the State Statistic Committee of Azerbaijan, Gross Domestic Product (GDP) increased by 7.2 % in January-April 2022 compared with the same period of previous year: The CESD’s figure for the same period was 6.5 %.

The GDP totaled **39,554** billion manat (\$23,267 billion USD) in the first four months of 2022.

The State Statistics Committee announced non-oil GDP increased by 11.4 % in the same period compared with the first four months of 2021. According CESD’s calculations, non-oil GDP increased by 10.5 % in the indicated period.

In April 2022, daily oil production (including condensate) in Azerbaijan amounted to 693.1 thousand barrels, including 579.1 thousand barrels' crude oil and 114 thousand barrels' condensate.

It should be noted that the agreement reached at the 26th Ministerial Meeting of Opec plus envisages an increase in daily crude oil production in Azerbaijan by another 7,000 barrels to 682,000 barrels in March 2022 and a commitment to cut the output by 36,000 barrels.

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## Main economic figures for the first four months of 2022 in Azerbaijan

Main Economic Figures	Government Report	CESD Report
GDP Growth	7.2 %	6.5 %
Non-oil GDP Growth	11.4 %	10.5 %
Inflation Rate	12.4 % %	18.3 %
Industrial Production	3.9 %	3.4 %
Agriculture Production	3.6 %	2.9 %
SOFAZ Assets (January 1st, 2022)	\$ 45,025 billion USD	N/A
Monthly Salary	\$475.9 USD	\$504.6 USD
Exports (1st Quarter 2022)- The State Customs Committee's figure	\$ 9,267 billion USD	N/A
Imports (1st Quarter 2022)- The State Customs Committee's figure	\$ 2,927 billion USD	N/A
Excess/ Deficit (1st Quarter 2022)- The State Customs Committee's figure	\$ 6,340 billion USD	N/A
Budget Revenue	10,687, billion manat (\$ 6,286 billion USD, with the official average rate)	N/A
Budget Expenditure	8,168 billion manat (\$ 4,804 billion USD with the official average rate)	N/A
Excess/ Deficit	2,518 billion manat (\$ 1,481 billion USD with the official average rate)	N/A
Revenues of citizens increase	19,5 %	18.2 %
GDP Per Capita for the first quarter of 2022 (without PPP)	3938 manat (\$ 2316 USD)	\$ 2171 USD

**Source:** State Statistic Committee of Azerbaijan Republic and CESD, May, 2022

*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 January-April 2022 gross domestic product in amount of 39554,8 million manats or 7,2 percent more compared to the corresponding period of previous year was produced in the country.

Value added produced in oil-gas sector of the economy increased by 0,2 percent, while in non-oil and gas sector it increased by 11,4 percent.

54,8 percent of GDP was produced in industry, 7,7 percent trade; vehicle repair areas, 6,0 percent transport and warehouse, 4,0 percent construction, 2,4 percent agriculture, forestry and fishing, 1,4 percent information and communication, 1,3 percent tourists' accommodation and public catering, 14,5 percent other fields, 7,9 percent net taxes on product and import.

GDP per capita had been equal to 3938,4 manats.

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### **Oil industrial production increased by 0,3 %**

The State Statistics Committee of Azerbaijan reported that in January-April 2022 industrial products at 27,4 billion manats or more for 2,7 percent compared to relevant period of 2021 were produced by industrial enterprises and individual entrepreneurs operating in this field. The product output in oil and gas sector increased by 0,3 percent, non-oil and gas sector by 15,1 percent.

74,5 percent of industrial products were produced in mining sector, 21,1 percent in manufacturing sector, 3,9 percent in production, distribution and supply of electricity, gas and steam, 0,5 percent in the sector of water supply, waste management and remediation activities.

Marketable oil production in mining sector decreased by 3,9 percent, while marketable gas production increased by 16,5 percent.

Production of other vehicles in manufacturing sector increased by 4,4 times, automobile, trailers and semi-trailers by 2,5 times, pharmaceutical products by 2,0 times, construction materials 72,3 percent, electrical equipment by 60,8 percent, production of furniture by 58,4 percent, production of clothes by 55,4 percent, chemical industrial products by 52,2 percent, finished metal products by 34,3 percent, production of machine and equipment by 30,8 percent, polygraphic products by 30,3 percent, metallurgical industrial products by 27,9 percent, paper and cardboard by 26,1 percent, rubber and plastic products by 20,0 percent, food products by 8,5 percent, wood manufacturing and production of wood products by 5,8 percent, while production of oil products

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decreased by 7,2 percent, textile industry products by 11,2 percent, tobacco products by 11,8 percent, computer, electronic and optical products by 12,3 percent, production of beverage by 14,3 percent, leather and leather products and shoes by 24,2 percent, installation and maintenance activities of machine and equipment by 26,1 percent.

Production volume in the sector of electricity, gas and steam production, distribution and supply increased by 2,7 percent, while in the sector of water supply, waste management and remediation activities it increased by 10,1 percent.

### **Oil and Gas Production in the 1st four months of 2022**

According to the operative data, Azerbaijan produced 11.1 million tons of oil (including condensate) in January-April 2022. The production of oil (including condensate) decreased by 409 thousand tons compared to the same period a year before.

"Azeri-Chirag-Gunashli" accounted for 7 million tons of oil produced in the republic while "Shah Deniz" for 1.5 million tons (condensate). SOCAR's oil output amounted to 2,6 million tons (including condensate).

Over the four months of the current year, the volume of exported oil, including condensate, amounted to 9 million tons. Out of this, consortium accounts for nearly 8.5 million tons, SOCAR

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for 448 thousand tons. The transportation of oil (including the condensate) for exporting is approximately 501 thousand tons, namely 5.3 per cent lower than the relevant period of 2021.

During the 4 months of this year, gas output amounted to 15.7 bcm. 4.6 bcm of gas production extracted from ACG, while 8.5 bcm from Shah Deniz. SOCAR produced 2.6 bcm gas during this period. Gas was transported with an increase of approximately 2 bcm, namely 14.4 per cent compared to the relevant period last year.

During this period, gas sales amounted to 7.6 bcm, which was 17.4% more compared to the same period previous year. In January-April of this year, 2.9 billion cubic meters of gas was sold to Turkey, 3.5 billion cubic meters to Europe and 1.2 billion cubic meters to Georgia. During this period, the BTC pipeline system was supplied with 36 million cubic meters of gas. It should be noted that, during this period nearly 2 bcm gas was exported to Turkey through TANAP.

Since its commissioning till 1 May 2022, nearly 589 million tons oil (including condensate) were extracted from Azeri-Chirag-Gunashli and Shah Deniz. 553 million tons of crude oil were extracted from ACG, while 36 million tons condensate from Shah Deniz. Since their commissioning till 1 May 2022, 589 million tons oil (including condensate) were exported from these fields.

Since their commissioning till 1 May 2022, nearly 195 billion tons oil (including condensate) were extracted from Azeri-Chirag-Gunashli and 166 bcm from Shah Deniz. During this period, more than 114 bcm gas were exported from Shah Deniz.

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Azerbaijan refined 1.8 million tons of oil in January- April 2022. Oil refinery has been 210 thousand tons less in comparison with the relevant period of the previous year.

### **Cargo Transportation**

In 2022 January-March cargo transportation in Azerbaijan side of the Europe-Caucasus-Asia Transport Corridor was 10858,3 thousand ton and cargo turnover 2557,7 million ton-km, 6,7 percent and 6,3 percent more compared to the corresponding period of the previous year. 6115,1 thousand ton or 56,3 percent of cargo was transported by automobile transport, 3507,0 thousand ton or 32,3 percent by railway transport, 1236,2 thousand ton or 11,4 percent by sea transport. 23,8 percent or 2585,3 thousand ton of cargo transportation by corridor was transit cargo.

### **Inflation Rate Increased**

According to the State Statistics Committee of Azerbaijan Consumer price index in January-April 2022 compared to January-April 2021 became 112,4%, including food products, beverages and tobacco products 117,4%, non-food products 106,4% and paid services provided to population

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110,2% In April of the current year, the consumer price index was 101,0% compared with the previous month and 113,0% compared with the April of the previous year. In April 2022, consumer price index for food products, beverages and tobacco products became 101,7% compared with the previous month, 118,4% compared with April of the previous year.

In April of the current year compared to the previous month, more increasing was observed in prices of food products such as waffle, biscuit, flour, macaroni products, rice, chicken meat, sausage products, frozen fish, sweetened condensed milk, cheese, yoghurt, table margarine, sunflower and corn oil, quince, pomegranate, tangerine, apple, pear, onion, potato, pepper, sugar and sugar powder, candies, tea, coffee and cocoa, coke, fruit juice, mineral waters, vodka while the decreasing was mainly noticed in the prices of egg, nut, hazelnut, cucumber, cabbage and beet. No significant changes were observed in prices of other food products. In April 2022, consumer price index for non-food products reached 100,6% compared to the previous month, 107,1% compared to April of the previous year. In April of the current year, compared with the previous month, more increasing was observed in prices of non-food products such as clothes and shoes, construction materials, refrigerators, air conditioners, spare parts for cars, soaps, shampoos and writing papers.

No significant changes were noticed in prices of other non-food products. In April 2022, consumer price index for paid services provided to population was 100,4% compared to the

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previous month, 110,2% compared to April of the previous year. In April of the current year compared to previous month, more increasing in prices of paid services provided to population was observed in the prices of repair of clothes, shoes, furniture and cars, dental, public catering, hairdressing and cosmetology services while the decreasing was mainly noticed in the prices of international passenger transportation services by air transport. No significant changes were observed in prices of other paid services.

Meanwhile, CESD price calculations found a 18.3 % annual inflation rate for the same period of 2022.

The official average exchange rate for May 2022 was 1.70 manat to \$1 according to the Central Bank of Azerbaijan.

For more information, please contact us at [info@cesd.az](mailto:info@cesd.az)

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