

AZERBAIJAN: NOT EASY WAY TO MARKET ECONOMY

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The crisis state of the Azerbaijani economy on the eve of and during the first years of independence

1990 – 100 %

	1991	1992	1993	1994
Change in real GDP	99,3	76,8	59,1	47,4
Industrial production	91,1	63,4	50,9	38,3
Agricultural production	100,3	76,5	64,7	56,4
The real average wages	78,9	66,3	43,6	17,3
Household consumption	87	49	37	25

Political challenges of economic reforms

The key challenge for reforms was the internal political instability in Azerbaijan which was caused, first of all, by the Karabakh conflict. In 1992 four of President were replaced (two of them had been acting president, but the fact remains). Nevertheless, several concepts for reforms oriented towards the creation of a market economy, in varying degrees, were prepared during that period.

The major components of the reform policies

- ✓ price liberalisation,
- ✓ foreign trade liberalisation,
- ✓ the introduction of the national currency,
- ✓ the creation of an effective banking system,
- ✓ providing macroeconomic stability,
- ✓ state property privatisation,
- ✓ implementation of land reform,
- ✓ promoting the development of the private sector,
- ✓ co-operation with international financial institutions,
- ✓ attracting foreign investments,
- ✓ the implementation of institutional reforms
- ✓ the management of oil income.

Gross Domestic Product

The volume of real GDP reached USD 43024.4 million in 2009. GDP per capita constituted USD 4874.1 in 2009. The rate of GDP growth in 2009 amounted to 9.3 percent.

1998	1999	2000	2001	2002	2003
110.0	107.4	111.1	109.9	110.6	111.2
2004	2005	2006	2007	2008	2009
110.2	126.4	134.5	125.0	110.8	109.3

The structure of GDP for 2009

Agrarian sector, hunting and forestry farm	6.4	Transport, storage facilities and communication	8.5
Fishing and fish farming	0.3	Financial activities (excluding intermediary services)	0.4
Mining industry	44.8	Real estate operations, leasing and consumer services	2.1
Processing industry	4.1	State management and defence, social welfare	2.0
Production and distribution of electricity, gas and water	1.1	Education	3.6
Construction	7.4	Healthcare and rendering of social services	1.7
Wholesale and retail trade and repair of motorcars, etc.	7.0	Rendering of other utility, social and individual services	2.0
Provision of hotel and restaurant services	1.0	Taxes on production and import	7.6

Consumer price index.

1991	1992	1993	1994	1995	1996	1997	1998	1999
201.8	1174.2	1080.9	1879.8	511,8	119,9	103,7	99,2	91,5
2000	2001	2002	2003	2004	2005	2006	2007	2008
101,8	101,5	102,8	102,2	106,7	109,6	108,3	116,7	120,8

Consumer price index for 2009 was equal to 1.5 percent.

USD:AZN Exchange Rate

Manat / 1 USD

1993	1994	1995	1996	1997	1998	1999	2000
92.8	1216.0	4417.5	4295.5	3987.0	3869.0	4118.0	4474.0
2001	2002	2003	2004	2005	2006	2007	2008
4656.5	4861.0	4911.0	4913.5	4730.0	0.8934	0.8581	0.8216

30.12.2009: \$1 = 0.8037 AZN.

25.10.2010: \$1 = 0.8009 AZN.

Budgetary revenues, 2009.

Million USD

Year	Foreign-trade turnover	Import	Export	Balance
1997	1575.7	794.4	781.3	-13.1
1998	1682.6	1076.5	606.1	-470.4
1999	1965.6	1035.9	929.7	-106.2
2000	2917.3	1172.1	1745.2	573.1
2001	3745.3	1431.1	2314.2	883.1
2002	3832.9	1665.5	2167.4	501.9
2003	5216.6	2626.2	2590.4	-35.8
2004	7131.4	3515.9	3615.5	99.6
2005	8558.4	4211.2	4347.2	136.0
2006	11638.9	5266.7	6372.2	1105.5
2007	11771.7	5713.5	6058.2	344.7
2008	54922.8	7166.6	47756.2	40589.6
2009	20 826.9	6 127.0	14 699.9	8 572.90

Budgetary expenditures, 2009.

	2009
Expenditures - total, million AZN	10567.9
Including:	
To the economy	4 373.9
Socio-cultural measures	2 763.0
Of these:	
- Education	1 147.9
- Culture and media	133.6
- Healthcare	402.4
- Sports	24.7
- Social Protection Fund	1 038.9
- Social Security Fund	15.5
Science	83.3
Law enforcement agencies	648.9
The bodies of state authority	289.7
Other	2 409.1

Foreign trade.

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Foreign debt.

The country's foreign debt amounted to USD 2916.8 million by 1 April 2009 which amounts to 5.3 percent of GDP. Foreign debt constitutes USD 333.2 per capita. Credits attracted for economic reforms constitute 11.2 percent of foreign debt. 88.2 percent of foreign debt comes to investment projects.

Income of the population.

The income of the population constituted AZN 22,396.1 million in 2009 with the incomes per capita at AZN 2,537.2. During the same year, the average monthly salary was AZN 298.

Thank you for your attention