

THE COUNTRY'S SOCIOECONOMIC DEVELOPMENT IN 2010

Along with the sustainable development of the country's economy, the improvement of the population's welfare, the complete implementation of social commitments by the state, the increasing number of businesses, the improvement of the infrastructure, the minimization of unemployment as a result of the creation of new jobs and other factors allow us to say that our country continued its stable development in 2010 despite the continuing crisis in the world.

The achievements gained by Azerbaijan amid the global crisis have been recognized by authoritative international organizations and are graphically proved by the fact that Azerbaijan ranks 67th among 169 countries in the UN Human Development Report and has moved out of the group of "countries with the average level of human development" into the group of "countries with a high level of human development". Over the past seven years, GDP has trebled, while in the non-oil sector, it has doubled. Per capita GDP increased by 2.7 times, industrial production by 2.8 times, including by 1.4 times in non-oil industries. Investment in the main capital increased by 2.9 times and in non-oil fields - by 8.3 times. Agricultural production increased by 26.7 per cent, cargo transportation by 1.8 times, the volume of communication services by 5.6 times, the turnover of retail products by 2.3 times, foreign trade turnover by 5.4 per cent, foreign investment by 1.8 times, foreign investment in non-oil fields by 6.3 times, while the population's bank deposits rose by 12 times, state budget revenues by 7.6 times, credit investments in the economy by 13.7 times, the volume of paid services to the population by 4.5 times, the population's incomes by 4.5 times, per capita income by four times, the average monthly salary by 4.2 times, real wages by 2.2 times, the amount of minimum wages by 7.1 times, average pensions by 4.7 times and the number of small businesses by 1.7 times. The level of unemployment fell by 1.4 times and poverty by 4.4 times.

The fact that the population's incomes (4.3 times) have been ahead of inflation (1.9 times) over the last seven years secured an increase by a factor of 2.3 in the population's incomes.

The volume of the gross domestic product produced in the country in 2010 increased by 1.8 billion manats or 5 per cent compared to the previous year and reached 41.6 billion manats. Per capital GDP totalled 4,653.3 manats or 5,797.8 US dollars and increased by 3.7 per cent compared to 2009.

According to preliminary estimates, residents of the country produced products and services worth 59.8 billion manats in current prices, which was 7.9 billion manats more than in 2009. The value of products and services totalled 18.2 billion manats.

The non-oil sector saw an increase of 7.9 per cent in added value, while its share in GDP accounted for 44.4 per cent.

The amount of added value created in manufacturing fields that have a share of 65.5 per cent in the structure of GDP increased by 3.8 per cent against the same period of the previous year. In this period, industry created added value worth 21.9 billion manats, or 52.6 per cent of GDP, 2.2 billion in agriculture, forestry and fishing (5.4 per cent) and 3.1 billion manats in construction (7.5 per cent). 27.4 per cent of GDP production fell to services, including 6.6 per cent – to trade and repair of means of transport, 6 per cent – to transport and warehouses, 1 per cent – to hotels and domestic services, 1.9 per cent – to information and communications, 11.9 per cent – to social and other services.

Compared to 2009, the volume of products and services manufactured by economic facilities in the country's industry increased by 2.6 per cent and totalled 27.4 per cent. A growth was observed in the mining and processing industries, including their main sectors such as food industry, petrochemical industry, metallurgy, printing, production of automobiles, electricity generation, machine tools and equipment and other products.

In the private sector, the volume of production accounted for 81.4 per cent of industrial production, while 93.1 per cent of general production was created by industrial products and 6.9 per cent by industrial services. In the non-oil sector of the industry, production increased by 6.6 per cent and reached 5 billion manats.

The mining sector, which produced 75.8 per cent of industrial production, extracted 50.8 million tons of oil and 26.2 billion cubic metres of gas.

Products manufactured in the processing sector accounted for 19.1 per cent of industrial production, while food production increased by 2.4 per cent, drinks by 11.8 per cent, cloths by 10.3 per cent, wood processing for purposes other than furniture and manufacture of wooden products by 7.5 per cent, paper and cardboard production by 25.5 per cent, printing activity and the recording of written information on carriers by 10 per cent, oil products by 8.8 per cent, chemical industry products by 16.2 per cent, metallurgy production by 44.6 per cent, manufacture of electronic and optical products by 15.9 per cent, production of electrical equipment by 82.8 per cent, production of machine tools and equipment by 93.4 per cent and automobiles, trailers and semi-trailers by 48.4 per cent.

In the sector of electricity generation and gas and steam production, distribution and equipment, which manufactures 4.5 per cent of industrial production, electricity generation fell, and 17.6 billion kW/h of electricity were generated in 2010.

Products worth 159.6 million manats were manufactured in the sector of water supplies and waste disposal and processing.

Industrial production increased by 6.6 per cent in the non-oil sector and 1.7 per cent in the oil sector.

Agriculture: In 2010, 2 million tons of grain crops and beans, including maize, 953,700 tons of potato, 1.2 tons of vegetables, 729,300 tons of fruits and berries, 433,500 tons of vegetables, 37,300 tons of cotton, 129,500 tons of grapes, 3,200 tons of tobacco, 256,500 tones of sugar beet, 544,900 tons of green tea leaves and 15,700 tons sunflowers for seeds were produced. Compared with 2009, the production of grain crops and beans fell by 987,400 tons or 33 per cent and potato by 29,300 ton (3 per cent), while the production of vegetables increased by 2,500 tons (0.2 per cent), fruits and berries by 11,100 tons (1.5 per cent), cotton by 5,400 (17 per cent), grapes by 330 tons (0.3 per cent), vegetable products by 22,700 tons (5.5 per cent), tobacco by 634 tons (24.3 per cent), green tea leaves by 98,100 tons (22 per cent) and sugar beet by 64,600 tons (33.6 per cent).

In the sphere of cattle-breeding, the number of heads of cattle and cattle products is steadily increasing. By 1 January, the number of heads of livestock reached 2,637,400 and sheep and goats – 8,463,100, while the number of productive cows and buffalo among the livestock accounted for 48.3 per cent.

In 2010, 440,000 tons of live meat, 1,529,200 tons of milk, 1,178,600 eggs and 15,600 tons of wool were produced. Meat production fell by 7.1 per cent, milk production by 6.7 per cent, wool production by 2.4 per cent and egg production by 2.5 per cent.

The agricultural gross product fell by 2.2 per cent, including plant-growing products – by 8.9 per cent, while the production of cattle-breeding products increased 6.1 per cent.

Capital construction: 9.7 billion manats from all financial sources were spent on construction work carried out in the construction complex, including 6.4 billion manats on construction-assembly work. Some 4.7 billion manats or 48.6 per cent of funds were spent on the construction of manufacturing facilities, while domestic funds accounted for 75.2 per cent or 7.3 billion manats.

Some 1.8 million square metres of residential housing, general education schools for 17,273 pupils, 886-bed hospitals, inpatient polyclinics that can receive 685 patients in a shift, pre-school institutions for 1,270 children, 1,055-seat clubs, the Oguz-Qabala-Baku water pipeline, the Dalga Plaza business centre and the Park Bulvar shopping, recreation and exhibition centre in Baku, a granite-marble factory, a car plant in the Nakhchivan Autonomous Republic, the Ordubad hydroelectric power station, the Gamiqaya industrial complex of stone products, a concrete factory, a regional information centre for people with limited physical abilities, the Nakhchivan-Sadarak road, the Ramada Plaza Hotel in Ganja, the Qubek Hotel in Balakan, a fitness health centre in Qabala, the Gilan piano factory, a coach station, the Caucasus Resort and Caucasus Riverside hotels, the refrigerator warehouse for fruits and vegetables, a salt factory in Absheron District, a cannery in Bilasuvar, a regional mother and child centre, a medical diagnostic centre in Jalilabad District, the Goytapa water reservoir, a wine processing workshop, a refrigerator warehouse complex in Salyan, an ice cream factory, milk and tobacco processing factories in Zaqatala, a mineral water workshop in Agstafa, Olympic sports complexes in Goychay, Balakan, Agdash and Horadiz, the Kur Olympic educational-sports centre in Mingachevir, a chess club, the Mushfiqabad sports centre, a medical centre and a mugham house in Fizuli District, 100,000-ton elevator in Sanqachal, etc. were put into operation during the year.

In 2010, the amount of **investment** in the Azerbaijani economy from domestic and foreign sources totalled 13.9 billion manats (17.4 billion dollars) or 32.4 per cent more than in the previous year. Domestic investment prevailed, accounting for

52.5 per cent of all investments, increasing by 15.8 per cent, while foreign investments had a share of 47.5 per cent, increasing by 50.8 per cent.

According to preliminary information, 41.3 per cent of investments worth 8.2 billion US dollars made in the country's economy in 2010 were in the form of financial credits, 43.8 per cent in the form of direct investments and 14.9 per cent in the form of portfolio and other investments. The amount of direct investment totalled 3.6 billion dollars and increased by 19 per cent against 2009. Three billion dollars or 81.8 per cent of this amount were directed into the oil and gas sector. In 2010, residents of the country received foreign loans worth 3.4 billion dollars or 2.4 times more than in the previous year.

Some 41.8 billion of the 80 billion dollars invested in the Azerbaijani economy over the past seven years were foreign investments. Along with attracting investments, Azerbaijan has also turned into a country that exports investments, and during the past seven years, Azerbaijan has invested 4.8 billion dollars or 680 million dollars annually in other countries.

Transport: During the year, physical persons using means of transport and automobiles carried 196.3 million tons of cargo and 1.4 billion passengers. Compared with 2009, cargo transportation increased by 3.1 per cent and passenger transportation by 4.5 per cent. Some 11.3 per cent of cargo was transported by railway, 50.9 per cent by road and 31.8 per cent by pipelines, while 86.5 per cent of passengers were transported by road and 13.1 per cent by metro.

Information and communications: Communication enterprises provided the population, departments and organizations with communication services worth 1.2 billion manats, and compared with 2009, their amount increased by 29.7 per cent. Some 782.6 million manats or 67.4 per cent of communication services fell to the share of mobile communications.

Trade and paid services: In 2010, consumer products and services worth 18.4 billion were sold to the population. In comparative prices, the value of products sold by the trade network increased by 9 per cent and reached 13.7 billion manats, while the volume of paid services increased by 10.8 per cent and reached 4.7 billion manats. 64.3 per cent of products bought on the consumer market were food products and 35.7 per cent were non-food products. The sale of food products increased by 7.5 per cent and non-food products – by 13.8 per cent. 17.9 per cent of money spent on food products was spent on vegetables, 14.8 per

cent on meat and poultry, 14.5 per cent on fruits and berries, 9.5 per cent on bread, 8.3 per cent on butter, milk and dairy products and 7.4 per cent on sugar and confectionery products. 23.1 per cent of money spent on the purchase of non-food products was spent on clothing and knitted garments, 22 per cent on oil products, 7.1 per cent on footwear, 6.7 per cent on cars, 5.4 per cent on construction materials and 5.1 per cent on electrical equipment.

In 2010, every resident of the country bought consumer goods worth 1,531.1 manats from the trade network, which is 191.1 per cent more than in the previous year.

Along with the rapid growth in the goods turnover inside the country, **foreign trade** relations are also expanding. In 2010, legal and physical persons of the country carried out trade transactions worth 27.9 billion dollars with foreign states. Exports accounted for 76.4 per cent or 21.3 billion dollars of the goods turnover, while imports accounted for 23.6 per cent (6.6 billion dollars), which created a positive balance of 14.7 billion dollars. 85.6 per cent of the goods turnover (23.9 billion dollars) was carried with non-CIS countries, while 14.4 per cent (4 billion dollars) was carried out with CIS countries.

68.9 per cent of products imported into our country (4.6 billion dollars) came from non-CIS countries and 31.1 per cent (2 billion dollars) from CIS countries.

90.7 per cent of goods exported from the country (19.3 billion dollars) went to non-CIS countries, while 9.3 per cent (2 billion dollars) went to CIS countries.

Some 58 per cent of the goods turnover was carried out with European, 32 per cent with Asian, 8.6 per cent with American, 1.2 per cent with African and 0.2 per cent with Oceania countries. There were more extensive trade relations with Italy, France, Russia, Israel, USA, Ukraine, Turkey, China, Croatia, Indonesia, Malaysia, Singapore, Germany and Georgia.

In 2010, our country received humanitarian and technical aid to the tune of 32.8 billion dollars.

Consumer prices and service tariffs: Compared with 2009, the prices of consumer goods and service tariffs increased by 5.7 per cent in 2010, including food products by 7.2 per cent, non-food products by 2.3 per cent and service tariffs by 4.3 per cent.

In 2010, the population's income increased by 13.3 per cent against the previous year and reached 25.6 billion manats, while the per capita income totalled 2,866 manats or 238.8 manats per month on average.

Seventy per cent of incomes were spent on end consumption, 8.6 per cent on taxes, social insurance and voluntary membership fees, while 19.8 per cent were used to increase deposits and capital. After the payment of compulsory duties and voluntary membership fees, the population still had 23.4 billion manats at its disposal, which is 14.2 per cent more than last year.

In 2010, the average monthly salary of paid workers working in the country's economy increased by 9.1 per cent compared to the previous year and totalled 325 manats. The average monthly salary of those working in the public sector totalled 272 manats, increasing by 3.1 per cent, while that of those working in the private sector reached 419 manats, increasing by 17.2 per cent. The average monthly salary of paid workers working in the oil sector was 1,032 manats, increasing by 4.3 per cent during the year, while that of those working in the non-oil sector totalled 305 manats, increasing by 10 per cent.

The average monthly salary of those working in industrial enterprises is 463 manats, increasing by 10.2 per cent. Salaries grew mainly in enterprises producing food, cloths, chemical, pharmaceutical and automobile products. The salary of workers in private enterprises was 586.1 manats.

The nominal average monthly salary of construction sector employees reached 505.7 manats, increasing by 12.4 per cent in comparison with the same period of the previous year. The nominal average monthly salary of those working in major and middle-sized construction enterprises was 530 manats.

The average monthly salary of transport workers increased by 6.4 per cent compared to the previous year and reached 376.5 manats, while the average monthly salary of those working in communication enterprises increased by 7.4 per cent and reached 526 manats.

In connection with the implementation of the second state programme on the socioeconomic development of regions, which covers 2009–2013, 146,600 new jobs, including 107.2 permanent jobs, were created in the country in 2009–2010. In 2010 alone, 73,000 jobs, including 54,700 permanent jobs, were created in the country, which is one of the main factors for the reduction of the level of unemployment.

The gradual improvement in the social situation of the country's population had a positive effect on poverty reduction, and according to preliminary reports, during the year the level of poverty fell by 1.8 per cent to 9.1 per cent.

In order to increase social security for the needy population, under relevant decrees and instructions by the President of the Azerbaijan Republic, the basic part of the retirement pension and the amount of social benefits were increased from 1 September last year.

According to preliminary information from the State Social Security Fund, the number of pensioners in early 2011 was 1,291,000 and the average amount of the monthly pensions assigned to them was 111.6 manats.

By early 2011, 295,000 people received social benefits, 34,000 people – pensions for special service to the Azerbaijan Republic while 553,000 members of 123,000 families received targeted state social aid.

According to the Ministry of Finance of the Azerbaijan Republic, the state budget received 11.4 billion manats in 2010, while 11.8 manats were spent from the budget. The deficit of 363.5 million manats between the budget revenues and spending accounted for 0.9 per cent of the gross domestic product.

By 1 January 2011, the country's financial–credit organizations had allocated loans worth 9.2 billion manats to legal and physical persons. The volume of allocated credits increased by 9 per cent in comparison with January 2010, and 72 per cent or 6.6 billion manats of them were long–term loans. 492.9 million manats of loans or 5.4 per cent are overdue.

The amount of the population's deposits in banks increased by 29.8 per cent in one year and reached three billion manats by 1 January.

As of 1 January 2011, the country's population was 9,111,000 people, having increased by 113,500 or 1.3 per cent over the past year. 53.1 per cent of the country's population lives in cities and 46.9 per cent in villages, while 49.5 per cent are men and 50.5 per cent are women. The men–to–women ratio is 1,000 to 1,041.

According to calculations, the expected life expectancy of babies born last year is 73.5 years, including 70.9 for boys and 76.1 years for girls.

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In 2010, 165,600 babies were born in the country, which is the highest indicator over the past 16 years, while 53,600 people or six in every 1,000 people died. Compared with 2009, the number of newborn babies increased from 17.2 to 18.5 per 1,000 people.

In 2010, government agencies registered 79,300 marriages and 8,900 divorces, and compared with 2009, the number of marriages increased from 8.8 to 8.9 per 1,000 people and divorces from 0.9 to 1.0.

MACROECONOMIC INDICATORS

	De facto in 2010, million manats	2010, compared to 2009, per cent
Gross domestic product	41,574.7	105.0
Including non-oil GDP	18,442.7	107.9
Total volume of industrial production (workers, services)	27,434.6	102.6
Including the non-oil industry	5,033.4	106.6
Funds spent on the main capital	9,715.2	121.2
Including on the non-oil sector	6,767.6	115.1
The gross product of agricultural, forestry and fishing spheres	3,880.0	97.8
Cargo transportation in the transport sector, million tons	196.3	103.1
Including the transportation of non-oil cargo	158.0	103.8
The volume of information and communication services	1,161.3	129.7
Turnover of retail products	13,679.5	109.0
Paid services to the population	4,724.5	110.8
Foreign trade turnover, million US dollars	27,924.1	134.1
including:		
The general volume of export	21,324.8	145.1
The general volume of import	6,599.,3	107.8
State budget revenues	11,402.5	110.4
State budget spending	11,766.0	112.0
State budget deficit	-363.5	X
Population's incomes	25,605.6	113.3
Per capital income, manats	2,866.0	111.9
Average monthly salary per worker, manats	325.0	109.1
Index of consumer prices	x	105.7