### Economic channels of disruption

**Commodity prices, external imbalances**
- With more than a third of GDP, roughly two-thirds of government revenue and 90 per cent of exports generated by the hydrocarbon sector, the recent oil price decline will hit the economy.
- With large SOFAZ assets at approximately 90 per cent of GDP, a prolonged period of low oil prices and weak global demand could cause serious imbalances in the economy.
- The non-oil and gas sector will be hit by strict containment measures.
- Despite improvements, weaknesses remain in the financial sector, as seen in the elevated share of overdue loans (at 8.4% in 2019).

### Crisis response measures to date

**Support for non-oil and gas sector and vulnerable social groups**
- Total package of AZN 2.5 billion (3.1% of GDP) announced, details being defined.
- Package likely to include wage subsidies, support for micro entrepreneurs, extension of payment deadlines for various taxes, extending loans to business under preferential terms or guaranteed by the state, subsiding interest rate on existing loan portfolio of SMEs.
- The state plans to expand unemployment benefits, increase the limit for provision of electricity to the households under preferential prices and cover tuition costs for students from vulnerable groups.

### Selected crisis impact indicators

<table>
<thead>
<tr>
<th>EBRD GDP growth outlook (April 2020)</th>
<th>2020: recession</th>
<th>New forecasts out on May 13</th>
<th>2021: strong recovery</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP growth</td>
<td>2.8% y/y in January-February 2020</td>
<td>Non-oil and gas GDP growth</td>
<td>6.7% y/y in January-February 2020</td>
</tr>
<tr>
<td>Exports of goods</td>
<td>% change, in nominal values</td>
<td>US$ 1.9bn (10 March – 14 April)</td>
<td></td>
</tr>
</tbody>
</table>

### Key short-term priorities

Ensure macroeconomic and financial stability, provide liquidity to the economy and support to vulnerable workers and other individuals.