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The review “Russian Economy. Trends and Outlooks” has been published by the Gaidar Institute since 1991. This is the 43th issue. This publication provides a detailed analysis of the most significant trends in the Russian economy, global trends in the social and economic development. The work contains 6 big sections that highlight different aspects of Russia’s economic development, which allow to monitor all angles of ongoing events over a prolonged period: global economic and political challenges and national responses, economic growth and economic crisis; the monetary and budget spheres; financial markets and institutions; the real sector; social sphere; institutional changes. The work is based on an extensive array of statistical data that forms the basis of original computation and numerous charts confirming the conclusions.

Reviewers:

Glinkiy V.V., Doctor of sciences (economics), Professor, Department of Statistics, Novosibirsk State University of Economics and Management (NSUEM);

Tyutyunnik A.V., Doctor of sciences (economics), Business Development Director, Luxms BI.

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4.6. Russian foreign trade in 2021¹

4.6.1. The state of the world economy and the global trade

In 2021, the global economy recovered from the COVID-19 pandemic outbreak of 2020. However, the pandemic continued to be a serious problem throughout 2021, especially with the emergence of new strains such as Delta in Q2 2021 and Omicron in Q4 2021. Vaccination has proven effective in mitigating the adverse effects of coronavirus on human health. However, unequal access to vaccines and the higher invasiveness of new strains have left many people still vulnerable to the virus, which fuels the pandemic and puts pressure on the sustainability of the global economic recovery. In addition, its recovery has been held back by persistent disruptions in supply chains and pressure from rising tradable commodity prices.

The World Bank estimates² that the global economy grew 5.5% in 2021, the fastest pace in 80 years, as the lifting of most pandemic-induced restrictions contributed to explosive demand growth in many countries. However, the new COVID-19 pandemic outbreaks later in the year and widespread supply disruptions notably affected global activity in H2 2021. Moreover, emerging and developing economies saw a fragile recovery compared to advanced economies due to weak vaccination rates, fiscal and monetary tightening and the more persistent effects of the pandemic.

The IMF in its World Economic Outlook (WEO) report estimates global economic growth in 2021 at 5.9% and advanced economies at 5.0%. The UK is

1 This section was written by: *Volovik N.P.*, Senior Researcher at the World Trade Studies Department, IAES RANEPa; Head of Foreign Economic Activity Department, Gaidar Institute.

2 WB official website. URL: // <https://www.worldbank.org/en/publication/global-economic-prospects#data>

expected to grow the most in 2021 (7.2%), followed by France (6.7%) and the US (5.6%). Emerging and developing economies will grow by 6.5%. India (9.0%) and China (8.1%) are leaders in this region. Russian economy, according to IMF estimates, grew by 4.5% (*Table 20*).

Table 20

Growth rates of world GDP and world trade, in % to the previous year

	2013	2014	2015	2016	2017	2018	2019	2020	Estimate 2021
World GDP	3.5	3.6	3.5	3.3	3.8	3.6	2.8	-3.1	5.9
Developed economies	1.4	2.1	2.3	1.7	2.5	2.3	1.7	-4.5	5.0
USA	1.8	2.5	2.9	1.6	2.4	2.9	2.2	-3.4	5.6
Euro zone	-0.2	1.4	2.1	1.9	2.5	1.9	1.3	-6.4	5.2
Germany	0.6	2.2	1.5	2.2	2.5	1.5	0.6	-4.6	2.7
France	0.6	1.0	1.0	1.1	2.3	1.7	1.5	-8.0	6.7
Great Britain	2.0	2.9	2.3	1.8	1.7	1.4	1.5	-9.4	7.2
Emerging and developing economies	4.7	4.6	4.0	4.3	4.7	4.5	3.7	-2.0	6.5
<i>Russia</i>	<i>1.3</i>	<i>0.6</i>	<i>-3.7</i>	<i>-0.2</i>	<i>1.5</i>	<i>2.3</i>	<i>1.3</i>	<i>-2.7</i>	<i>4.5</i>
Developing countries in Asia	6.6	6.8	6.6	6.4	6.5	6.4	5.5	-0.9	7.2
China	7.7	7.3	6.6	6.7	6.9	6.6	6.1	2.3	8.1
India	5.0	7.3	7.6	7.1	6.7	6.8	4.2	-7.3	9.0
Latin America and the Caribbean	2.7	1.3	0.0	-0.9	1.3	1.0	0.0	-6.9	6.8
Brazil	2.5	0.1	-3.8	-3.6	1.4	1.1	1.1	-3.9	4.7
Mexico	1.1	2.1	2.5	2.3	2.2	2.0	-0.3	-8.1	5.3
World trade in goods and services	3.0	3.3	2.6	2.2	5.2	3.9	0.9	-8.2	9.3

Source: IMF official website. World Economic Outlook, January 2022: Rising Caseloads, A Disrupted Recovery, and Higher Inflation. URL: // <https://www.imf.org/en/Publications/WEO/Issues/2022/01/25/world-economic-outlook-update-january-2022>

The global economic crisis induced by the COVID-19 pandemic has destabilized the global trading system, causing unprecedented upheaval in global supply chains and in trade relations between countries. In 2020, the value of global trade in goods and services fell by 8.2% in nominal dollar terms. However, the trading system has proven more resilient than expected at the beginning of the crisis. Although the pandemic initially severely disrupted international trade flows, supply chains adapted and goods continued to flow across borders, helping countries cope with the pandemic, facilitating access to essential medical supplies, food and consumer goods, and supporting economic recovery. The IMF estimates that global trade in 2021 gained 9.3% from 2020.

During 2021, global trade growth remained strong as its value continued to increase in every quarter of 2021. Trade in services also gained momentum during 2021, reaching pre-pandemic levels in Q4.

According to the UNCTAD report,¹ the value of world trade hit a record \$28.5 trillion in 2021, up 25% from 2020 and 13% from the pre-pandemic level of 2019. The main growth in world trade came in H1 2021. The high annual growth rate in merchandise trade is largely a reflection of the previous year's decline, which bottomed out in Q2 2020. Because of the low base, annualized growth in Q2 2021 was 22.0%. After slowing in Q3, trade growth accelerated again in Q4, when global trade volume was up 3% from the previous quarter. In Q4 2021, trade in goods grew by nearly \$200 bn to \$5.8 trillion. In the same period, services trade increased by \$50 bn to \$1.6 trillion, slightly above pre-pandemic levels.

In 2021, the annual growth rate of world trade depends largely on the depth of the recession endured by each region in 2020. The WTO estimates that the growth rate of exports in 2021 was 8.7% in North America, 7.2% in South America, 9.7% in Europe, 0.6% in the CIS, 7.0% in Africa, 5.0% in the Middle East, and 14.4% in Asia. Imports were up 12.6% in North America, 19.9% in South America, 9.1% in Europe, 13.1% in the CIS, 11.3% in Africa, 9.3% in the Middle East, and 10.7% in Asia.

4.6.2. Price environment for the main goods of Russian exports and imports

Commodity prices surged in 2021 after declining across the board in early 2020, with some commodities reaching historic highs.

In 2021, the Energy Price Index stood at 92.9%, up 22.5% from 2019 and 82.5% from 2020. All components of this Index (coal, crude oil, and natural gas) saw price increases.

The price index for non-energy commodities was 110.7% in 2021, 35.9% higher than in 2019 and 2020 — by 33.6%. Among the four major components of this Index, agricultural products and precious metals are about one-third above their pre-pandemic levels, while metals and fertilizers are about one-half higher (*Fig. 25*)

Crude oil prices in 2021 recovered from their lows in 2020 due to the COVID-19 pandemic. In October 2021, the price of Brent crude oil reached a seven-year high: — \$83.65/bbl, which is 27% higher than the pre-pandemic level (in December 2019 — \$65.85/bbl). The average price for Brent crude oil in 2021 was \$70.44/bbl, 10% higher than in 2019 and 2020 — by 66.5%. WTI crude oil is up 19.2% in 2021, compared to 2019, compared to 2020 — by 72.9%, reaching the level of \$67.96/bbl

Oil prices rose as demand went up as a result of the global economic recovery. However, production grew slower than expected: after rising through most of 2021, crude oil production fell in August and September. There were disruptions in the United States due to the impact of Hurricane Ida on production in the Gulf of Mexico. OPEC and its partners (OPEC+) gradually raised production during H1 2021, the group decided at its July meeting to ramp up production by 0.4 million bpd from August 2021 to September 2022. At its October meeting, OPEC+

¹ UNCTAD official website. URL: <https://unctad.org/webflyer/global-trade-update-february-2022>

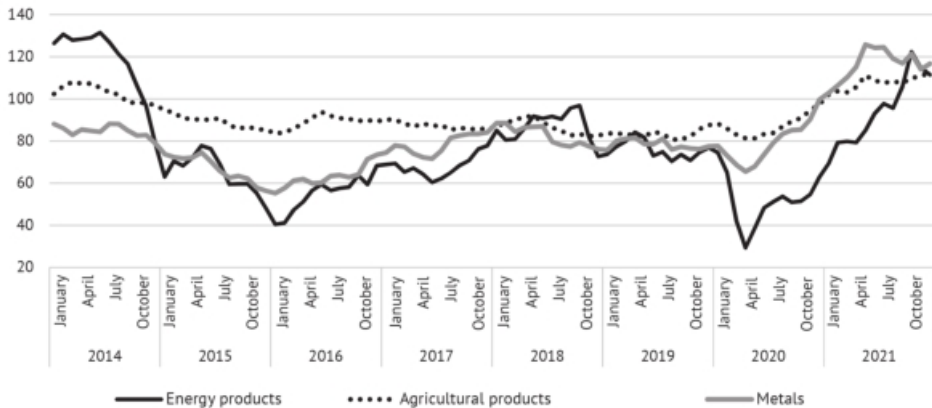


Fig. 25. World Bank commodity price indices (2010 =100%)

Source: URL: <http://www.worldbank.org/en/research/commodity-markets#1>

announced that the group intended to maintain its earlier production increase quota. Oil prices have also been supported by rising natural gas prices as oil becomes increasingly competitive as a substitute for heat and power generation.

The average price for Urals oil in 2021 is \$69/bbl (in 2020 — \$41.73/bbl). Thus, in 2021 the price of Russian export oil rose by 65%.

Natural gas and coal prices rose sharply during 2021. Australian thermal coal prices and spot natural gas prices in Europe and Asia reached record highs in October. As the global economy began to recover from the pandemic, demand for natural gas and coal rose, both for power generation and industrial purposes. China’s January-August 2021 electricity consumption was up 11% from the previous year, and India’s was up 17%. Hotter-than-normal weather fueled demand for electricity for cooling in major economies, including China and the United States. On the supply side, the drought reduced hydropower production in several countries, including Brazil, China, Turkey and the United States. Low wind speeds led to lower wind power generation in Europe. Taken together, these events have further increased the demand for fossil fuels.

In 2021, compared to 2020, gas prices went up 91.2% in the U.S., nearly 5-fold in Europe, and 29.5% in Asia; compared to 2019, gas prices went up by 50.1% in the U.S., 3.3-fold in Europe, and 1.9% in Asia.

Natural gas prices in Europe rose sharply in June 2021, with the average price at Europe’s gas hub, the Title Transfer Facility (the Netherlands), rising 16% against May to \$10.3/MBTU. The average prices for January-June were 2.1-fold higher than for the same period in 2020. In July 2021, natural gas prices in Europe continued to rise: the average TTF price rose by 21% over the previous month, to \$12.5/MBTU, and by the end of September the figure had more than doubled. In October, gas prices in Europe moved up another 36%. After falling by 11% in November, prices began to rise again in December. The average TTF price gained 37.7% year-on-year to \$38/MBTU. The price increase was mainly due to lower

inventory levels. Average storage injection capacity increased 36.8%, from 1.9 bn m³ in November to 2.6 bn m³ in December. However, this was not enough to compensate for the 45% increase in withdrawals, which led to a 19.8% decrease in the average monthly volume in storage, from 2,796 bn m³ to 2,268 bn m³, against the background of the onset of the cold season.

The historical maximum on the futures market was reached on December 21 — \$2,190 per 1,000 meters³. Then quotations adjusted downward, but in general there have not been such steady high prices in the history of gas hubs in Europe — since 1996. Natural gas prices in Europe ended 2021 with a record high growth — almost 5-fold higher than in 2020 (*Table 21*). The rise in prices is due to several factors: the low level of occupancy of European underground storage facilities after the long cold winter and hot summer of 2021, supply constraints from major suppliers, and high demand for liquefied natural gas in Asia.

Table 21

Average annual world prices

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Brent crude, USD/bbl	110.9	111.97	108.86	98.94	52.37	44.05	54.39	71.07	64.03	42.3	70.44
Natural gas (USA), USD/MBTU	4.00	2.75	3.72	4.37	2.61	2.49	2.96	3.16	2.57	2.01	3.85
Natural gas, European market USD/MBTE	10.52	11.47	11.79	10.05	6.82	4.56	5.72	7.68	4.80	3.24	16.12
Natural gas (Japan), USD/MBTU	14.66	16.55	15.96	16.04	10.93	7.37	8.61	10.67	10.56	8.31	10.76
Coal (Australia), USA/t	121.45	96.36	84.56	70.13	58.94	66.12	88.52	107.02	77.86	60.79	138.05
Copper, USD/t	8828	7962	7332.1	6863.4	5510.5	4867.9	6169.9	6529.8	6010.2	6173.8	9317.1
Aluminum, USD/t	2401	2023.3	1846.7	1867.4	1664.7	1604.2	1967.7	2108.5	1794.5	1704	2472.8
Nickel, USD/t	22910	17557	15032	16893	11863	9595.2	10409	13114	13914	13787	18465
Iron ore, USD/t	167.75	128.50	135.36	96.95	55.85	58.42	71.76	69.75	93.85	108.9	161.71

Source: World Bank official website.

According to the International Energy Agency's estimates,¹ the global demand for gas will continue to go up at an average annual rate of 1.7% in 2022—2024,

1 International Energy Agency official website. URL: https://iea.blob.core.windows.net/assets/4fee1942-b380-43f8-bd86-671a742db18e/GasMarketReportQ32021_includingGas2021A

reaching 4.3 trillion m³, which is 7% above the pre-pandemic level of 2019. It is expected that almost half of the demand growth by 2024 will be in the developing markets of South and South-East Asia (47% of the global growth). In Europe, gas demand will remain stable, with an average annual growth rate of 0.4%.

Prices for thermal coal in Australia rose by 16.1% in May compared to the previous month. In the following months, the spike in prices continued. Prices were supported by warmer than average weather in Northeast Asia, increased industrial activity, as well as some supply constraints, such as restrictions on coal production and the closure of low-efficient coal mines in China. In October 2021, Australian thermal coal rose 20.9% relative to September, to a record monthly average of \$224.51 ton. The price of steam coal rose 2.3-fold in 2021 compared to 2019.

Prices for most base metals continued to rise during 2021 on the back of reduced supplies, power shortages and China's policy to reduce energy consumption and pollution from metal processing. In addition, rising transportation costs and port delays made it difficult to transport ores and refined metals around the world.

Aluminum prices in 2021 hit a 13-year high: the average price for the year was \$2,472.8/t. The sharp increase was caused by a reduction in supplies from China, where the task is to reorganize production facilities in order to decarbonize. Outside China, production was also reduced — in India, aluminum companies faced energy shortages due to limited coal supplies, in Brazil, production was reduced on the back of weak hydropower generation. Prices for alumina, the raw material for making aluminum compounds, also rose as a result of supply disruptions from Brazil and Jamaica.

In May 2021, the price of copper reached the maximum for the whole period of observations — \$1,061.97/t. Despite the fact that by the end of the year copper fell in price by 4.3% compared to the peak value, the average annual price turned out to be a record \$9,295.8/t. The decline in copper prices at the end of the year was due to a slowdown in China's real estate market along with a decline in global car production. On the supply side, mine production continued to rise despite a three-week strike in Chile, and China released some of its state stocks.

In 2021, nickel prices rose to the highest levels since 2011. The average annual price stood at \$18,324/t, 35.6% higher than in 2020. Prices were supported by strong demand in the stainless steel and battery markets, as well as the impact of supply disruptions from Canada (strikes) and Russia (floods) at the beginning of the year. Power shortages in China and restrictions due to the spread of coronavirus in New Caledonia also contributed to nickel prices. Production in Indonesia continues to grow and is expected to accelerate further, both due to growth in nickel pig iron (NPI) production and processing of low-grade ore.

In Q3 2021, the World Bank Precious Metals Price Index declined by 3% relative to the previous quarter on the back of deteriorating investor sentiment caused by higher real interest rates and a stronger U.S. dollar. Gold prices declined modestly, while silver and platinum prices showed larger declines, but were still above the previous year's level.

The World Bank Agricultural Price Index reached an eight-year high in Q2 2021. The price jump reflected supply shortages, rising raw material costs (especially coal, natural gas, and fertilizers), and strong demand for animal feed in China. In Q3 2021, the Index stabilized, remaining 25% higher than a year earlier; most components of the Index were well above pre-pandemic levels. Among the staple foods, corn showed the largest increases, with the price of corn up 56.9% in 2021 compared to 2020, and soybeans, up 43.4%. In contrast, rice prices were down 7%. Beverages prices also increased significantly (primarily due to the rise in the price of coffee due to the decline in production in Brazil caused by weather conditions).

4.6.3. Main indicators of Russian foreign trade

In 2021, Russian foreign trade turnover increased to \$797.95 bn, exceeding the same period in 2019 by 18.5%, 2020 — by 39.3%. Foreign trade turnover with non-CIS countries moved up by 40.6% to \$698.5 bn compared to 2020, with CIS countries — by 30.4% to \$99.4 bn. Recovery of the global economy, favorable global market conditions for Russian exporters, and growth of domestic demand contributed to the positive dynamics.

Russian exports in 2021 amounted to \$494 bn, 17.7% higher than in 2019 and 2020 — by 48.2%. Russian imports were \$303.9 bn, surpassing the 2019 level by 19.7%, 2020 - by 26.8%. Due to a more significant increase in export of goods as a result of favorable pricing environment, with a slight slowdown of import growth rates the trade balance in 2021 as compared to 2020 went up by more than 2-fold - up to \$190.1 bn (*Fig. 26*).

The high export growth rate is primarily due to the growth of export prices for almost all commodities delivered abroad, while the quantum of exports of some goods (crude oil, wheat and meslin, vegetable oil, ferrous metals, copper, and nickel) dropped. The rise in imports of goods is owing to the domestic demand recovery (*Table 22*). According to the Federal Customs Service, in 2021, as compared to 2020, the value of all exports gained 45.7%, and the value decreased by 0.3%, while imports increased by 26.5 and 4.8%, respectively.

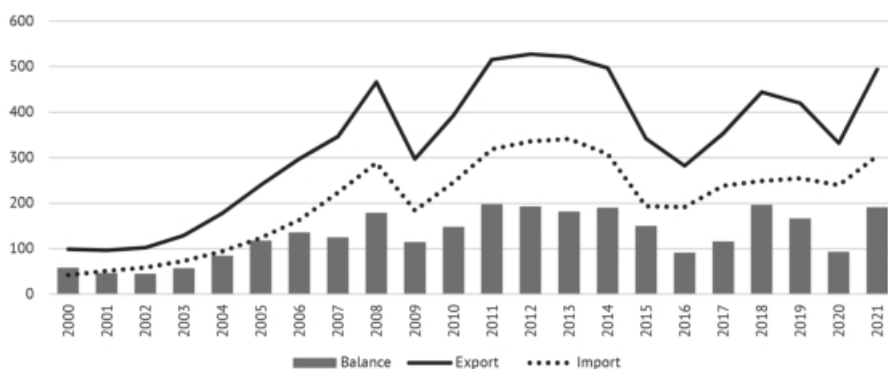


Fig. 26. Main indicators of Russian foreign trade, USD bn

Source: Bank of Russia.

Table 22

Growth rates of value and volume of exports and imports of the Russian Federation in 2021, % to 2020

OKVED code EAEU	Merchandise line	Exports		Imports	
		Value	Quantum	Value	Quantum
01—24	Food products and agricultural primary products (except for textile)	121.4	89.6	114.1	104.4
25—27	Mineral commodities	151.5	96.9	126.4	112.9
27	Fuel and energy products	159.3	100.0	130.8	96.6
28—40	Chemical products, rubber	134.8	100.6	126.7	106.5
41—43	Rawhide, furs and articles made therefrom	131.6	122.1	135.0	142.8
44—49	Timber and pulp and paper articles	137.4	95.9	120.4	111.4
50—67	Textile, textile products and footwear	118.7	113.4	116.2	111.5
72—83	Metals and article made therefrom	150.2	107.9	128.3	105.0
84—90	Machinery, equipment and means of transportation	129.9	109.4	130.8	127.2
68—70, 91—97	Other goods	132.8	110.2	126.1	115.1

Source: FCS data.

Structure and dynamics of exports

The surge in world prices for the main commodities of Russian exports to multi-year highs, as well as the expansion of volumes of deliveries abroad of a number of goods have led to a significant increase in the value of Russian exports of commodities (*Fig. 23*). In 2021, Russian exports totaled \$494 bn, an increase of 48.2% (17.7% over the 2019 figure) compared to the same figure in 2020.

Table 23

Russian export dynamics												
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Export, USD bn	392.7	515.4	527.4	521.8	496.8	341.4	281.7	352.9	443.9	419.9	332.2	494
Including:												
Far abroad	333.6	436.7	443.8	443.8	428.1	292.1	241.7	302.8	387.2	363.6	281.9	426.5
Growth rates, in % to the previous year												
Quantum index	96.8	97.0	110.0	97.8	99.9	104.9	109.0	103.5	106.5	98.3	97.9	99.7
Price index	137.4	76.4	119.8	132.9	101.6	95.7	58.1	76.9	118.5	96.7	79.1	136.9

Sources: Bank of Russia, Ministry of Economic Development.

Due to Russia's commitments to reduce oil production under the OPEC+ agreement, the volume of oil exported in 2021 was 3.8% lower than a year earlier. Owing to the growth of export prices by an average of 57.8%, the value of oil exports went up by 51.8%. The export of oil products moved up by 1.8% in physical terms and by 54.2% in value terms, while the export of natural gas gained 0.5% and more than twofold, respectively.

The main consumers of Russian crude oil are China, Netherlands, Republic of Korea, Germany, Finland, Turkey, Italy, USA, and Slovakia; the main consumers of Russian gas are Japan, Spain, France, China, Poland, Taiwan (PRC), Netherlands, Ukraine, Belgium, and Republic of Korea.

Non-commodity non-energy exports (NNE) significantly exceeded the level of both last year and the year before, reaching a new all-time high. In 2021, NNE was \$191.4 bn, up 118.7% from 2020 and 23.4% from 2019. Growth was seen in almost all commodity segments. As compared to 2020, export of metals and metal products rose by 46.6%, chemicals — by 58.1%, timber and pulp and paper products — by 37.4%, machinery, equipment and transport vehicles — by 29.9%, food products and agricultural raw materials — by 21.3%. It is to be noted that the export of all items of the expanded TNVED nomenclature, except for mineral products, reached the maximum level for the entire period of observations.

The export of high technology goods spiked by 28.7% in 2021 as compared to 2020.

In 2020, amid the collapse of fuel and energy exports, the share of the NNE in Russia's total exports gained more than 10 p.p., amounting to 48% (in 2019 - 36.4%). REC's experts expected that in 2021 the share of oil and energy products in total exports would continue to grow and for the first time in history could exceed the share of FEC products.¹ However, as a result of rising carbohydrate prices, restrictions on grain exports and removal of gold from the list of non-energy commodities, the share of the NNE in Russia's exports in 2021 dropped to 38.7% (*Fig. 27*).

As economic activity recovered in 2021, there was an upswing in supplies to the global market of metallurgical products. Exports of metals and metal products moved up in 2021 by 46.6% year-on-year to \$51.1 bn, which is the highest level since 2008. Thus, ferrous metals (except for pig iron, ferroalloys, waste and scrap) were sold abroad at 80.8% higher prices than in 2020, iron — by 62.2%, semi-finished iron and steel — by 64.3%, flat-rolled products — by 80.8%, refined copper — by 38.9%, unprocessed nickel — by 27.5%, unprocessed aluminum — 29.8%.

In 2021, exports of chemical products rose 58.1% to \$37.8 billion, compared to 2020, which was the maximum for the entire period of observation. The main role in this was also played by the export prices spike: the index of average prices for chemical products in 2021 was 150.1%, the volume index — 100.1%.

In 2021, the export of food products and agricultural raw materials also reached the maximum level for the entire period of observation — \$35.9 bn, which

¹ URL: [//iz.ru/1128794/ekaterina-vinogradova/uglevodorodnaia-dieta-dolia-energoresursov-v-ekspor-te-upadet-nizhe-50](https://iz.ru/1128794/ekaterina-vinogradova/uglevodorodnaia-dieta-dolia-energoresursov-v-ekspor-te-upadet-nizhe-50)

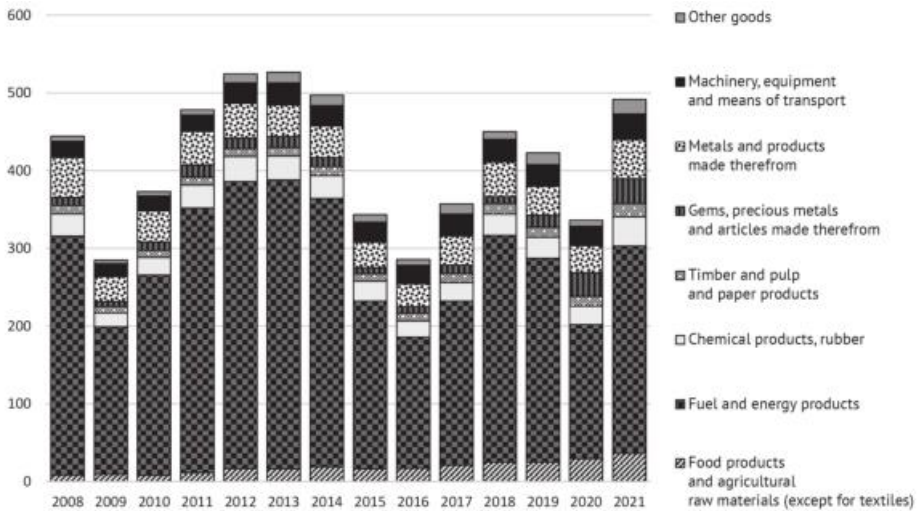


Fig. 27. Goods-wise dynamic of Russian exports, USD bn.

Source: FCS.

is 21.3% more than in 2020. The leading position in this group of commodities still belongs to cereals, whose share in the export of food products in 2021 amounted to 28% (in 2020 — 33%). The decline in the share was on the back of a decrease in the volume of wheat and meslin by 14.6%, which was not offset by a rise in export prices by 26.8%. Nevertheless, at the end of the year 2021, Russia retained its leading position in world wheat exports for the sixth year in a row — 32.9m tons. The oil and fats industry showed a good result. Compared to 2020, foreign sales of vegetable oils went surged by 47.7% in value terms, helped by favorable global market environment — the average growth in export prices came to 60%. In 2021, the export of meat products gained 34.4% as compared to the previous year, exceeding \$1.1 bn. Deliveries of dairy products abroad went up by 25.7% to \$381.4 mn.

The best export dynamic in 2021 was demonstrated by the subgroup “Vegetables and some edible root and tuber crops” against the backdrop of the 2.6-fold increase in exports of dried vegetables, whole, sliced, but not further processed (TN VED 0712), 2-fold — cucumbers and gherkins (TN VED 0707), by 72.8% — dried legumes (TN VED 0713).

2021 demonstrated the ongoing work aimed at opening new markets for food products. As a result, Russia received the right to export to 19 countries for 53 types of products. The markets of Singapore for milk, China for beef by-products, Egypt for dairy products and others were opened up. This significantly expanded the geography of presence. In 2021, Russia delivered agro-industrial products to 161 countries.

In 2021, exports of timber and pulp and paper products hit an all-time high in value terms — \$17 bn, which is 37.4% more than in 2020. This was due to a price hike: processed timber rose by 53.4%, plywood by 59.2%, and wood pulp by 48.1%. The main reasons for the rise in wood prices are the decline in logging in the U.S., Canada and Europe and the widespread withdrawal of companies to remote work amid the pandemic, resulting in many people leaving cities and wanting to live in their own homes, which increased the demand for lumber.

Structure and dynamic of import

In 2018-2019, the average monthly volume of imports stood at \$21 bn. Between January 2020 and May 2020, during the acute phase of the pandemic, there was a sharp drop in imports relative to the average level of the two pre-crisis years, after which it began to recover (*Table 24*). As a result, in less than a year and a half, the average figure recovered to its pre-crisis level and then surpassed it. In 2021, the average monthly import volume was \$25.3 bn.

Table 24

Russian imports dynamic, USD bn.

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Imports, USD bn.	245.7	318.6	335.8	341.3	307.9	193.0	191.5	238.4	248.9	253.9	239.6	303.9
Including: Far abroad countries	213.2	273.8	288.4	295.0	271.9	170.6	170.8	213.0	222.3	226.7	215.0	272
Growth rates, in % to the previous year												
Volume index	130.1	127.1	113.5	63.3	135.4	122.2	105.1	97.8	96.6	99.3	103.6	104.8
Price index	105.5	107.6	117.8	99.1	101.6	109.1	97.3	102.5	99.8	102.1	97.2	107.3

Sources: Bank of Russia, Ministry of Economic Development.

In 2021, imports of goods exceeded the 2020 level by 26.8%, and the 2019 level — by 19.7%. The growth peaked in Q2 (41.6% against Q2 2020), while in Q3 it slowed down (29.5% against Q3 2020) and in Q4 it continued to slow down (22.5% against Q4 2020).

In 2021, machinery and equipment still accounted for the largest share in the commodity structure of imports, accounting for 49.2% (47.6% in 2020). Purchases abroad of machinery and equipment in 2021 gained 30.8% compared to 2020. Imports of ships, boats and floating structures surged almost 3-fold, land vehicles by 45.3%, mechanical equipment by 25.9%, electrical equipment by 21.8%, and optical instruments and apparatus by 6.9%. The volume of import of cars and trucks increased by 1.4-fold.

Chemical products remain the second most important group in the commodity

structure of the Russian import (18.3% in 2021). In 2021, the import of these

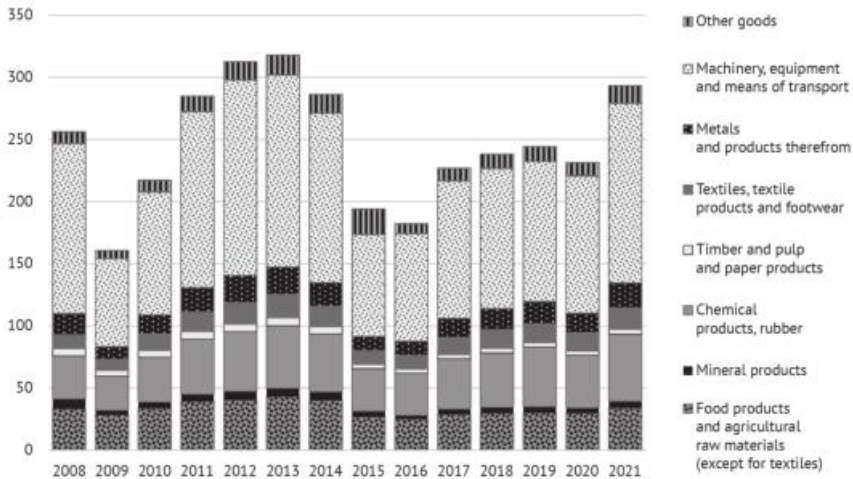


Fig. 28. Goods-wise dynamic of Russian imports, USD bn.

Source: FCS.

products into the territory of the Russian Federation went up in value terms by 26.7% and in volume terms by 6.5%. Volumes of procurement of pharmaceuticals increased by 20.8%, rubber, rubber products and articles thereof — by 14.7%, plastics and articles thereof — by 12.4%, organic chemistry products — by 7.1%, fertilizers — by 5.5%, inorganic chemistry products — by 2.5%, soap and detergents - by 2.1%. Having said that, due to higher import prices, the value of fertilizers imports spiked by 41.3%, pharmaceutical products — by 27.5%, plastics and their products — by 34.9%, rubber, rubber and rubber products — by 33.7%, essential oils and rubber products, perfumes, cosmetics and toiletries — by 25.6%.

The third place in the commodity structure of the imports to Russia is taken by food products and agricultural raw materials (except for textiles). The group of these commodities accounted for 11.6% in 2021 (12.8% in 2020). In January-December 2021, the value of imports of food products and raw materials for their production gained 14.1%, while the volume increased by 4.4% (Fig. 28).

4.6.4. Regional pattern of Russian foreign trade

After years-long reduction of the EU's share in the regional pattern of Russian foreign trade, in 2021, it increased to 35.9% against 33.8% in 2020. This happened on the back of the growth of mutual trade turnover in annual terms by 46.6% up to \$282 bn. Export of Russian goods to the EU surged by 65.4%, amounting to \$188.1 bn. Import of goods from the EU into the Russian Federation rose by 19.4 percent to \$93.9 bn.

The growth of Russian foreign trade turnover with APEC countries was more modest — 36%: exports went up by 38.7%, imports — by 33.5%. As a result, the

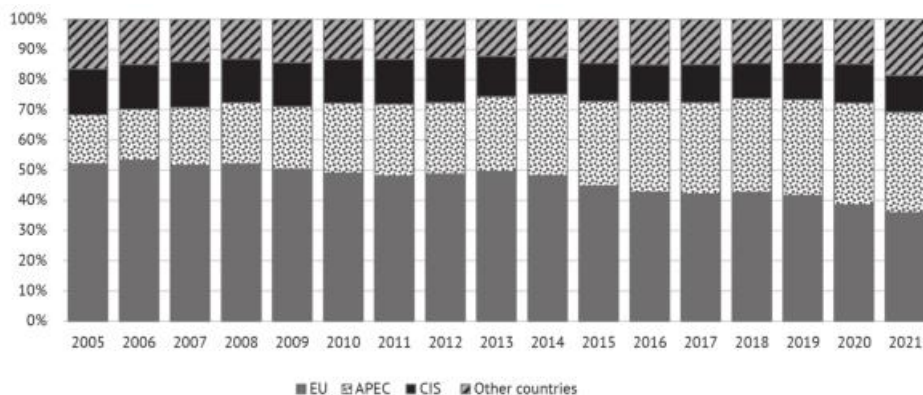


Fig. 29. Regional pattern of Russian foreign trade, %

Source: FCS.

share of APEC in Russian foreign trade turnover in 2021 shrank to 33.3% against 33.8% in 2020.

The share of the CIS countries fell to 12.2% compared to 12.9% in 2020 (*Fig. 29*)

Despite the reduction of Russia’s share in foreign trade turnover from 18.4% to 18%, China remains Russia’s largest partner. Russian trade with China will remain negative in 2021, amounting to \$5.7 bn (\$4.6 bn in 2020).

4.6.5. Regulation of Russian foreign trade¹

Tariff regulation

Export customs duties

In 2021, the rates of export duties on oil and petroleum products were calculated in accordance with the methodology approved by Decree of the Government of the Russian Federation No. 276 of March 29, 2013 “On the calculation of export duty rates on crude oil and certain categories of goods produced from oil” (*Table 25*).

Table 25

Export duty rates on crude oil and petroleum products in 2020–2021, USD/t

	Crude oil	Petroleum products	
		Light oil products	Dark oil products
2020			
January 1			
February 1	78.5	23.5	78.5
March 1	66.9	20.0	66.9
April 1	52.0	15.6	52.0

¹ Materials from the information and legal portal were used to prepare this section GARANT.RU

	Crude oil	Petroleum products	
		Light oil products	Dark oil products
May 1	6.8	1.0	6.8
June 1	8.3	2.4	8.3
July 1	37.8	11.3	37.8
August 1	46.9	14.0	46.9
September 1	47.5	14.2	47.5
October 1	45.4	13.6	45.4
November 1	42.2	12.6	42.2
December 1	42.0	12.6	42.0
2021			
January 1	38.7	11.6	38.7
February 1	43.8	13.1	43.8
March 1	49.6	14.8	49.6
April 1	57.6	17.2	57.6
May 1	54.9	16.4	54.9
June 1	58.8	17.6	58.8
July 1	61.5	18.4	61.5
August 1	67.8	20.3	67.8
September 1	64.6	19.3	64.6
October 1	62.8	18.8	62.8
November 1	71.2	21.3	71.2
December 1	77.5	23.2	77.5

Sources: RF Government Decree, information of the RF Ministry of Economic Development.

In order to stabilize prices on the domestic market, the list of goods that are subject to export customs duties, approved by the RF Government Decree No. 754 of 30.08.2013, was supplemented by Decree No. 2397 of 31.12.2020. Thus, from February 1 through June 30, 2021 a rate of export customs duty of 30% of the customs value, but not less than 165 Euro per 1,000 kg was applied to soy beans.

In accordance with the decree of the RF Government No. 117 dated 6.02.2021 the Russian Ministry of Agriculture from April 1, 2021 has started weekly calculation of the export duty within grain damping, which should reorient the market participants from selling agricultural raw materials abroad to export of agricultural products with high added value.

The mechanism of grain damping in the Russian Federation came into force on June 2, 2021. It envisages the introduction of a flexible duty on wheat, corn and barley exports. The proceeds from it should be used to subsidize agricultural producers. The duty is 70% of the difference between the indicative price (the arithmetic average of daily price indexes) and the base price. The base price for wheat will be \$200/t, for corn and barley — \$185.

The amount of duties is calculated weekly on the basis of price indexes, based on prices of export contracts, which are registered on the Moscow Exchange. Thus, from June 2 to 8, inclusive, the export duty on wheat from Russia amounted to \$28.1 ton, for export of barley — \$39.6 ton, for export of maize — \$52.2 ton.

Before that date the export duty on wheat was €50, corn — €25, barley — €10 per ton.

The government decision to introduce grain damping had a restraining effect on exporters of these crops in 2021. For example, the export of wheat in 2021, in volume terms, decreased by 26.9% as compared to 2020, and barley — by 20.2%. However, due to the growth of export prices the value of wheat exports dropped by 8.2%, and barley went up by 7.5%. As of 17 February, 2022, the export price for Russian wheat (FOB, Black Sea) was \$315 per ton (a 12.9% growth for the year), for corn — \$289 per ton (an 11.6% increase), for barley — \$297 per ton (a 22.2% increase). The increase in domestic prices was 7.7% for grade 3 wheat, a 1% reduction in prices for corn, and barley prices rose by 18.9%. Therefore, the main task, restraining the growth of prices on the domestic market, was solved.

According to the RF Government Decree No.546 from 06.04.2021 regarding sunflower oil there is a floating export duty of 70% from September 1, 2021 to August 31, 2022. It is levied on the difference between the indicative price (arithmetic average of market prices per month minus an adjustment factor of \$50/t) and the base price (\$1,000/t). In order to establish the indicative price, the Ministry of Agriculture constantly monitors the market. Information about the amount of the duty is promptly posted on the Ministry of Agriculture website. The decree entered into force on August 1, 2021, except for certain provisions, which are introduced on September 1, 2021, and is valid through August 31, 2022 inclusive. This measure was put in place to stabilize retail prices for sunflower oil.

Besides, the export duty on sunflower was raised from 30% to 50%, but not less than \$320 per ton for the period from July 1, 2021 through September 1, 2022 (RF Government Decree No. 547 of April 6, 2021). Also, 30% duty on rapeseed was extended till August 31, 2022.

In order to protect the domestic market in the context of a rapid growth of world metal prices, from August 1 through December 31, 2021, export duties on ferrous and nonferrous metals from Russia were put in place. The duties consisted of a prime rate of 15% and a specific component. For nonferrous metals, the specific duty was calculated depending on the type of metal. For copper the duty was not less than \$1,226, for nickel — not less than \$2,321, and for aluminum — not less than \$254 per ton.

For ferrous metallurgy the rate depended on the degree of processing, for pellets the duty was not less than \$54, for flat hot-rolled steel and re-bars — not less than \$115, for cold-rolled steel and wire — not less than \$133, and for stainless steel and ferroalloys — not less than \$150 per ton.

By the RF Government Decree No. 737 of May 15, 2021, new duties were put in place from July 1, 2021 on export of timber with a moisture content exceeding 22%. According to the document, the duty rate on softwood and oak was set at 10%, but not less than €13 and €15 per m₃, respectively. Previously no duty was levied on these categories. Export duties on beech and ash were also set at 10%, but no less than €50 m₃ (previously — €10 and €12 m₃, respectively). The duties were in effect until the end of the year. The introduction of these duties made it possible to limit the export of unprocessed and roughly processed wood in

the guise of sawn timber, to curb the price growth for it and to reorient business towards the production of high value-added products. Note that at the end of 2021 the export of unprocessed timber was 13.9 mn m³, a decrease of 10.2% compared to the same figure in 2020.

In November 2021, the RF Government approved changes in export duty rates in respect of a number of commodities. The RF Government Decree of 27.11.2021 No 2068 “On rates of export duties on goods exported from the Russian Federation outside the customs territory of the Eurasian Economic Union” updated the rates of export duties on scrap ferrous metals and certain types of timber. Thus, from January 1, 2022, the rate of duty on scrap and waste of ferrous metals is equal to 5%, but not less than €100 per ton. It will be valid for the next 180 days. Prior to this date, the temporary rate on the export of scrap was 5%, but not less than €70 per ton. This measure should mitigate the impact of the external environment in this area on the domestic market, adjust prices and provide raw materials to domestic producers.

In addition, the zero duty rate on tungsten ores and concentrates was extended until December 31, 2023. This decision aims to support producers and prevent them from stopping their work due to a shortage of working capital. The document also extends the restrictions on the export of timber. From January 2 through December 31, 2022, increased export rates on certain types of timber with humidity of more than 22% and a thickness of more than 10 centimeters will be in force.

Import customs duties

In order to minimize the negative economic effect of the spread of coronavirus infection COVID-19, to prevent shortages of socially important goods in the EAEU countries the list of critical imported goods was approved by Decision of the EEC Council No. 21 of March 16, 2020. These goods are granted tariff benefits in the form of exemption from import customs duties when imported into the states of the Eurasian Economic Union. Subsequently, the Council of the Eurasian Economic Commission made decisions on extending the period of exemption from import customs duties for a number of goods used to prevent and avert the spread of coronavirus infection. In April 2021, the tariff exemption was extended until June 30, 2022 inclusive. In particular, some components and materials for the production of medicines and disinfectants, medical products, respirators, protective goggles, rubber gloves, medical products and equipment, as well as boxes and stretchers for transporting patients can still be delivered duty-free to the territory of the Eurasian Economic Union.

Tariff quotas

The following tariff quotas were retained for certain agricultural products imported into the customs territory of the Eurasian Economic Union: fresh and chilled beef, frozen beef, fresh, chilled or frozen poultry, certain types of milk whey. Tariff quotas for trimmed pork and fresh, chilled and frozen pork were replaced by an ad valorem rate of 25% from January 1, 2020. Decision No. 102 of

the Board of the EEC dated 18.08.2020, establishing the volume of tariff quotas for 2021, provides that the distribution among exporters from third countries is to be made in accordance with national legislation of the Russian Federation and its obligations before the WTO.

Amendments have been made to the rates of export customs duties approved by the RF Government Decree No. 754 of August 30, 2013, by the RF Government Decree No. 2096 of December 14, 2020. According to the amendments, the list of export customs duty rates on wheat, rye, barley and corn is set out in a new version. As from February 15 through June 30, 2021, an export duty rate of €25 per ton was applied to wheat, exported within tariff quota. For rye, barley and corn exported within the specified period within the tariff quota, the export duty rate was 0% of the customs value.

From February 15 to June 15, 2021 inclusive, exports of the above goods in excess of the tariff quota was subject to a duty of 50% of the customs value of the exported products, but not less than €100 per ton.

In order to stop the diversion of fertilizers from the domestic market to foreign ones, given the emerging deficit there, the RF Government Decree No. 1910 of November 3, 2021 introduced a temporary quantitative restriction on exports of certain types of fertilizers. From December 1, 2021 through May 31, 2022, a quota was imposed on exports of nitrogen fertilizers outside Russia to countries outside the EAEU, not exceeding 5.9 mn tons, and 5.35 mn tons for complex fertilizers. The Ministry of Industry and Trade in conjunction with the Ministry of Agriculture is responsible for distributing the volumes among exporters. Russia is the largest producer and exporter of mineral fertilizers: over 70% of mineral fertilizers produced are exported. It should be noted that the export quotas approved by the government are generally not significantly lower than the average export of such fertilizers: Russia annually exports around 14 mn t of nitrogen fertilizers and up to 11 mn t of complex fertilizers to the global market, i.e. 7 mn t and 5.5 mn t respectively in a half-year.

Non-tariff regulation

According to the data provided in the Register of restrictive measures,¹ as of December 1, 2021, 189 measures restricting access of Russian goods to foreign markets were identified. These are primarily the introduction of antidumping duties that account for 28% of the total number of introduced measures, 13.8% were sanitary and phytosanitary measures (SPS measures), 11.6% were special protective duties, 10.6% — technical barriers to trade (TBT measures) (*Table 26*).

As on January 1, 2022, there were 26 investigations (including 3 countervailing, 11 anti-dumping and 12 special protective measures), 12 reviews of antidumping measures and 2 reviews of special protective measures, as well as 2 agreements on suspension of antidumping investigations in the USA (regarding uranium products and thick plate steel) in respect of Russian goods.

¹ URL: <http://www.ved.gov.ru/mdb/information/database/>

Table 26

**Market protection measures taken by third countries for goods
from the Russian Federation**

Restrictive measure	2014	2015	2016	2017	2018	2019	2020	2021
Anti-dumping duty	40	39	40	43	48	50	51	53
Special protective duty	9	15	17	13	21	26	23	22
Countervailing duty	—	1	1	1	1	1	1	3
TBT measures	9	9	10	15	14	17	17	20
SPS measures	3	7	11	17	31	38	33	26
Quotas (including tariff quotas)	2	3	3	3	6	4	4	6
Discriminatory excise taxes	5	4	5	7	5	4	3	3
Locked in for import	4	3	4	6	8	9	12	10
Threats to put in place measures	5	5	5	8	7	7	8	7
Other non-tariff measures	25	24	29	30	29	36	51	39
TOTAL	102	110	125	143	170	192	203	189

Source: Register of restrictive measures as of December 1, of the corresponding year.

As part of the EU “sanctions” policy, the United States, Japan, Ukraine, Switzerland, Norway, Australia, Iceland, Liechtenstein, Montenegro, and Albania imposed a ban on the import of goods originating from the Republic of Crimea and Sevastopol. In addition, “sanctions” restrictions in connection with the events in Crimea and eastern Ukraine were imposed on a number of Russian organizations and individuals by the European Union, the USA, Canada, Japan, Ukraine, Switzerland, Norway, Australia, New Zealand, Iceland, Liechtenstein, Montenegro, and Albania.

Measures to protect the domestic market

Application of protective measures in the Eurasian Economic Union is regulated by Articles 48—50 of the Treaty on the Eurasian Economic Union of May 29, 2014 and the Protocol on the application of special protective, antidumping and countervailing measures in relation to third countries (Annex No. 8 to the Treaty on the Eurasian Economic Union). As of December 2021, there were 22 measures to protect the domestic market in the EAEU (*Table 27*).

Table 27

Protective measures of domestic market effective in EAEU

№	Commodity	Commodity heading TN VED EAEU	Country exporter	Type of measure
AD-1	Some types of steel pipes	7304, 7305, 7306	Ukraine	Antidumping
AD-8	Polymer coated rolled metal products	7210, 7212, 7225	PRC	Antidumping
AD-11	Cold-deformed seamless stainless steel pipes	7304	PRC; Malaysia	Antidumping

№	Commodity	Commodity heading TN VEDA EAU	Country exporter	Type of measure
AD-7	Forged steel rolls for rolling mills	8455	Ukraine	Antidumping
AD-14	Kitchen appliances and cutlery made from corrosion resistant steel	8211, 8215	PRC	Antidumping
AD-16	Seamless pipes for drilling and operation of oil and gas wells	7304	PRC	Antidumping
AD-17	Tracked bulldozers	8429	PRC	Antidumping
AD-18	Truck tires	4011	PRC	Antidumping
AD-21	Stainless steel pipes	7304	Ukraine	Antidumping
AD-20	Ferrosilicon manganese	7202	Ukraine	Antidumping
AD-22	Angle iron	7216, 7228	Ukraine	Antidumping
AD-3	Rolling bearings (except needle roller bearing)	8482	PRC	Antidumping
AD-9	Graphitized electrodes	8545	India	Antidumping
AD-24	Cast-aluminium wheels	8708	PRC	Antidumping
AD-23	Herbicides	3808	EU	Antidumping
AD-26	Galvanized steel sheet	7210, 7212, 7225	Ukraine; PRC	Antidumping
AD-27	Hot-worked corrosion-resistant seamless pipes	7304	PRC	Antidumping
AD-28	Aluminum strip	7606	Azerbaijan; PRC	Antidumping
AD-30	Welded stainless steel pipes	7306	PRC	Antidumping
AD-29	Spring plate spring	7320	PRC	Antidumping
AD-32	Aluminium ware	7615, 7616	PRC	Antidumping

Source: URL: <http://www.eurasiancommission.org/ru/act/trade/podm/investigations/Measures.aspx>

Import bans and restrictions

The RF Government Decree No. 684 dated 30.04.2021 introduced a temporary ban on exports of buckwheat, buckwheat groats and crumbled buckwheat grain. The export restriction is put in place “in order to preserve the necessary volumes of buckwheat and buckwheat groats on the domestic market and to avoid sharp price fluctuations.” According to the document buckwheat was included in the list of goods vital for the domestic market of the Russian Federation.

The ban was effective from June 5 through August 31, 2021. The exceptions are humanitarian aid to foreign states, export of buckwheat from Russia in the interests of the Russian Defense Ministry, as well as in cases when buckwheat is transported from one region of Russia to another through a foreign country.

According to the Union of Grain Exporters, the largest buyer of Russian buckwheat last year was China – 26,200 tons. The second place went to Latvia with 14,300 tons of buckwheat, and the third place went to Ukraine (13,200 tons). In addition, 9,800 tons were delivered to Lithuania, 8,500 tons to Japan.

In accordance with the RF Government Decree No. 1035 dated 28.06.2021, the list of products that are prohibited to be imported into the Russian Federation from Ukraine was expanded. The list of previously banned products was supplemented

with sugar, pasta, mayonnaise, ketchup, sauce products, flavor additives and mixed seasonings, soups and prepared broths, as well as preparations for their preparation, mineral water and carbonated water containing sweetening and flavoring substances, ice cream and other types of food ice, muesli based on roasted cereal flakes among other.

According to the Forest Complex Development Strategy, by 2030, it is necessary to increase the contribution of the forest industry in the country's economy and Russia's share in the world market of forest products. One of the main tasks was the transfer of the domestic timber industry from the export of round timber to the deep processing of timber. For this purpose, in accordance with the executive order of the President of the Russian Federation from January 1, 2022 a ban on export of unprocessed and roughly processed wood of coniferous and valuable hardwoods was put in place.

In August 2014, Executive Order of the President No. 560 as of 06.08.2014 "On application of certain special economic measures in order to protect the security of the Russian Federation" introduced a ban on import of certain types of agricultural products, raw materials and foodstuffs from the countries that imposed sanctions against Russia. Certain products, agricultural products and raw materials — beef, pork, fish, most vegetables, sausages, cheese, etc. are restricted for import into Russia. (Russian Government Decree No. 778 of September 7, 2014). As the sanctions imposed by foreign countries persisted, the Russian Federation extended its retaliatory measures as well. The Executive Order of the President of the Russian Federation dated 20.09.2021 No. 534 "On prolongation of certain special economic measures adopted to protect the security of the Russian Federation" extended the effectiveness of food embargo through December 31, 2022.
