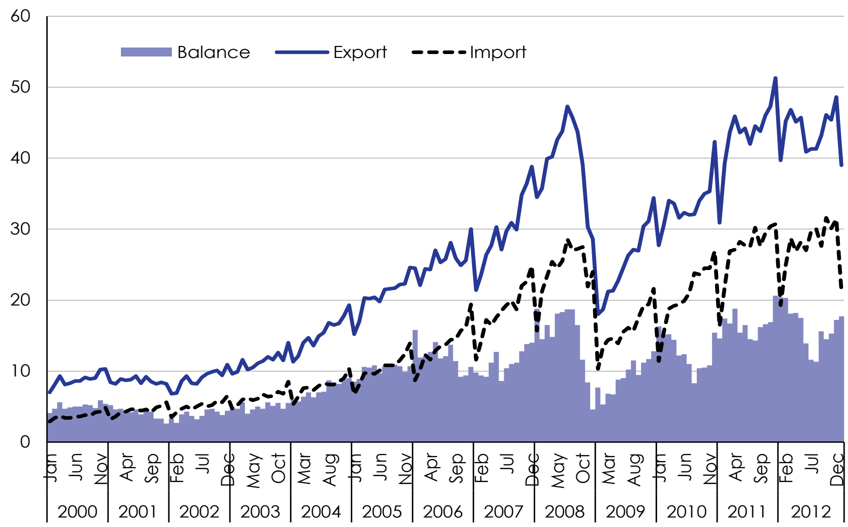
THE FOREIGN TRADE IN JANUARY 2013

N.Volovik, K.Kharina

In January 2013, the trend of reduction of Russian export continued. At the same time, Russia's accession to the WTO, liberalization of the Russian trade regime due to the above factor and appreciation of the ruble contributed to growth in purchases of goods from abroad.

In January 2013, Russia's foreign trade turnover calculated on the basis of the methods of the balance of payments grew by 2.1% to $60.3bn as compared to January 2012. Growth took place due to a 10.1% increase in the import to $21.3bn with a drop of 1.7% to $39bn in the volume of export supplies. As a result of the differently directed dynamics of the export and import, the surplus of the balance of trade decreased by 13% in January 2013 as compared to January 2012.

A decrease in the monetary volume of the export can be explained by reduction of export prices in a situation of stagnating physical volumes of the export. In January 2013, growth in the monetary volume of the Russian import took place due to the fact that both average import prices and physical volumes increased.



Source: The Central Bank of the Russian Federation

Fig. 1. The main indices of the Russian foreign trade (billion USD)

Table 1

INDICES OF THE PHYSICAL VOLUME AND FOREIGN TRADE PRICES IN JANUARY 2013 (JANUARY 2012 = 100)

	Physical volume index	Price index
Export	100.2	98.9
Import	101.6	101.4

Source: The Ministry of Economic Development of the Russian Federation.

Early in 2013, due to the fact that the prospects of recovery of the global economy improved and reports on reduction of oil production by OPEC states came in growth in prices was observed on the oil market. In January, the Organization of Petroleum Exporting Countries reduced oil production to the record-low volume within a year due to cuts in production in Iran and Saudi Arabia. Oil production fell to 30.53m barrel a day from 30.62m barrel a day in December.

In January 2013, the minimum value – to which the Brent oil price fell in January 2013 – amounted to $109.15 a barrel, while the maximum one, to $115.5 a barrel; the average price amounted to $112.97 a barrel which is 2.2% higher than the respective index of January 2012.

On February 9, 2013, the Brent oil price rose to the level of $118.92 a barrel which was the maximum price from the beginning of May 2012. However, late in February oil prices started to go down due to a new wave of concerns over the euro area's crisis caused by uncertainties over the situation in Cyprus. As a result, on March 21 the Brent oil price fell to the quarter's minimum level of $107.29 a barrel.

In January 2013, the monthly average Urals oil price amounted to $111.81 a barrel, having increased by 1.8% from January 2012.

According to the monitoring of oil prices in the period of from February 15 till March 14, 2013, the average Urals oil price amounted to $110.02 a barrel. So, in accordance with Resolution No. 261 of March 27, 2013 of the Government of the Russian Federation from April 1, 2013 the rate of export duty on the Urals oil will be reduced by 4.5% to amount to $401.5 a ton against $420.6 a ton in March 2013. From April 1, 2013, the single rate of the export duty on light and dark oil products, except for gasoline, calculated on the basis of the 60/66/90 method, will amount to $265.0 a ton against $277.6 a ton a month earlier. In April, the duty on gasoline preserved at the level of 90% of the oil duty will go down by $17.2 a ton to amount to $361.4 a ton.

On the global market on non-ferrous metals, stability was observed. Though some improvement in the global economic situation supported prices on non-ferrous metals, there were no premises for tangible growth in prices, so far. In January 2013 as compared to the previous month, at the London Metal Exchange prices on copper and nickel increased by 1.1% and 0.3%, respectively, while prices on aluminum decreased by 2.3%. As compared to January 2012, prices on aluminum and nickel fell by 5.0% and 12%, respectively, while prices on copper rose by 0.08%.

Table 2

MONTHLY AVERAGE GLOBAL PRICES IN JANUARY OF THE RESPECTIVE YEAR

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Oil (Brent), USD/a barrel	28.1	31.3	42.9	62.5	54.8	92.4	45.7	76.2	96.29	111.16	112.97
Natural gas, USD/1m BTU	3.61	3.87	5.46	7.96	8.59	10.7	13.89	8.8	9.61	11.45	11.77
Gasoline, USD/a gallon	0,852	0,992	1,291	1,849	1.59	2.38	1,115	2.04	2.45	2.77	2.78
Copper, USD/a ton	1571.3	2441.9	3170	4734	5668.7	7061.6	3220.7	7385	9556	8040.5	8047.4
Aluminum, USD/a ton	1291.1	1608.2	1832	2378	2808.3	2445.5	1413.1	2234.5	2440	2144.2	2037.8
Nickel, USD/a ton	7643.9	14855	14505	14555	36795	27689	11307	18430	25646	19855	17473

Source: Calculated on the basis of the data of the London Metal Exchange and the Intercontinental Oil Exchange (London).

In January 2013, the index of global food prices calculated by FAO (the UN Food and Agricultural Organization) on the basis of the basket of food products which were sold on the world market did not change as compared to December 2012 and amounted to 210 points. It is to be noted that the FAO index was decreasing for the past three months.

In January, the FAO index of prices on grain amounted to 247 points which is almost 3 points lower as compared to the December value, vegetable oil and fats – 205 points (9 points higher than the December value), dairy products – 198.2 points (1.4 points higher than the December value) and meat – 176 points (1.8 points lower than the December value).

In January, the FAO index of prices on sugar fell by 6 points to 268 points as compared to December. A decrease in prices was caused both by the expected global overproduction of that commodity and high export potential during the sales season in the 2012-2013 period, particularly in Brazil and Thailand.

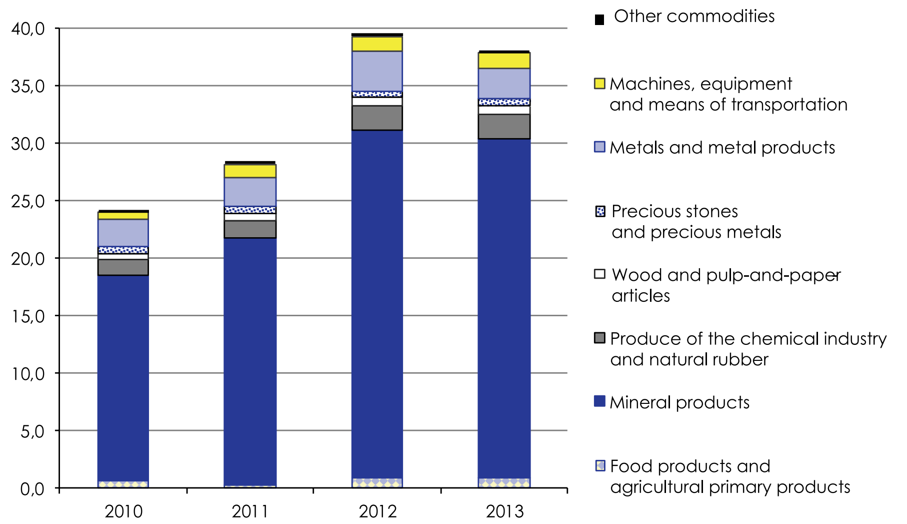
A decrease in the monetary volumes of the export in January 2013 as compared to January 2012 was observed virtually by all the commodity groups except for the produce of the chemical industry whose export increased by 3.2%. The most dramatic drop in export supplies took place in the following groups: metals and metal products (21.7%) and food products and agricultural primary products (12.7%).

In January 2013, positive dynamics of the Russian import was ensured by growth in the import of food products (by 15.9% as compared to January 2012), the produce of the chemical industry (20.9%), textile goods (16.3%), machines and equipment (5.2%) with a decrease of 35.7% and 12.7% in import purchases of mineral products and metals and metal products, respectively.

In the Russian foreign trade turnover, the share of far abroad countries continued to grow and amounted to 87% against 85.3% in January 2012. It is to be noted that EU countries accounted for over a half of Russia's entire volume of trade, that is, 50.4% (49.3%).

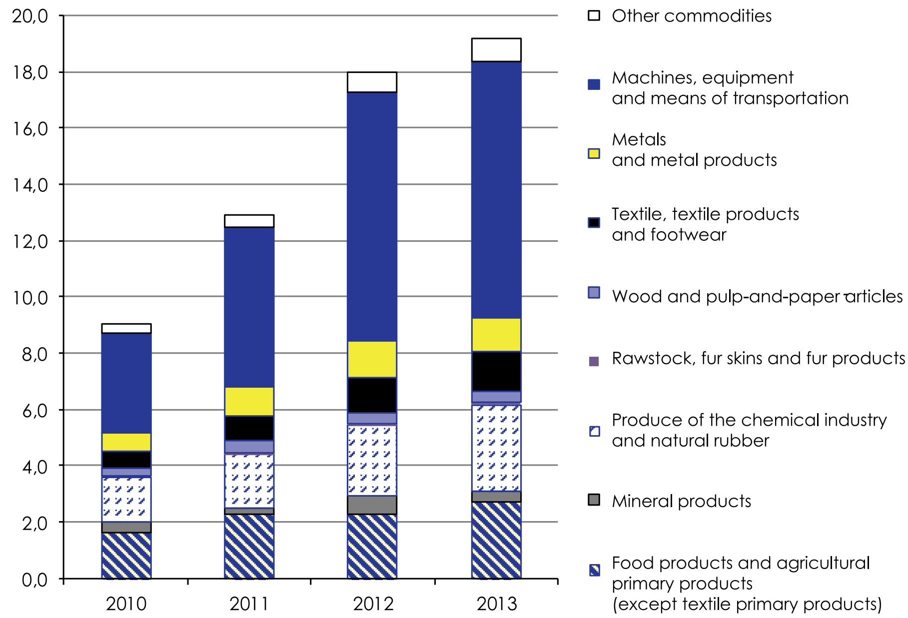
In March 2013, the European Union published an annual report on the trade and investment barriers; according to the above report Russia was listed among the countries which impeded development of European companies by means of protectionist measures.

The European Union's main complaints to Russia concern the car utilization fee which is regarded as a new tax on foreign products. It was stated in the report that not all the technical regulations, sanitary and phytosanitary measures developed for the Customs Union of Russia, Belarus and Kazakhstan complied with the norms of the WTO which factor might seriously impede foreign companies' access to the markets of the member-states of the Customs Union.



Source: The Federal Customs Service.

Fig. 2. The Russian export pattern in January of the respective year (billion USD)



Source: The Federal Customs Service.

Fig. 3. The Russian import pattern in January of the respective year (billion USD)

The European Union called on Russia to speed up fulfillment of the terms of agreement on import of wood. According to the arrangements achieved during Russia's accession to the WTO, the export of pine and fir is currently carried out in accordance with tariff quotas. The EU may import from Russia 9.5m cubic meters of soft wood annually with the customs tariff of 13% and 3.6m cubic meters of pine wood with the customs tariff of 15%. Prior to Russian accession to the WTO, the rate of 25% was in effect. If pine and fir are imported beyond the established quotas, the export duty will amount to 80%, that is, it becomes so high that the import of soft wood and pine wood above the established quota becomes senseless from the economic point of view.

It was stated in the report that European countries were discontented with a delay in issuing of export licenses required for receipt of tariff quotas. The problem for the European side consists in the fact that in accordance with Resolution No. 779 of July 30, 2012 of the Government of the Russian Federation licenses for receipt of tariff quotas are issued in Russia to "participants in foreign economic activities who are lessees of timber lands, have the right to provision of pine and fir and have no leasehold-related debts or those who concluded purchase and sale agreements on delivery of pine and fir to such lessees". However, more often Russian companies do have such debts and for the above reason the Russian authorities exclude such debtors from the list of exporters though they are left with the right to carry out trade deals on the domestic market. Due to the above regulations, European companies cannot exercise their right of a choice of a partner on the Russian market.