FOREIGN TRADE IN MARCH 2013

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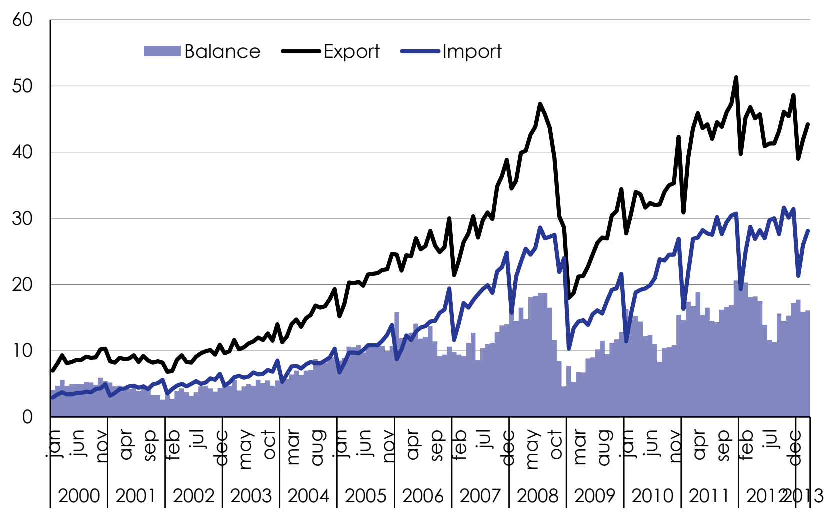
In March 2013, a decrease in prices on the main commodities of the Russian export and slow-down of growth in the solvent demand as compared to March 2013 resulted in a reduction of the main indices of the Russian foreign trade. The Customs Union states have started to use more often the mechanisms of protection – which are not in conflict with the WTO rules – of domestic manufacturers from unfair foreign competition.



Source: The Central Bank of the Russian Federation.

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

In March 2013, Russia's foreign trade turnover calculated on the basis of the methods of the balance of payments amounted to \$72.4bn which is 4.2% lower than the index of March 2012. The negative dynamics was observed over all the indices of the Russian foreign trade. As compared to March 2012, the Russian export of goods decreased by 5.6% to \$44.2bn, while Russian import, by 2.1% to \$28.1bn. In March 2013, the foreign trade surplus of the Russian Federation decreased by 11.2% as compared to the same period of 2012 (to \$16.1bn).

In the 1st quarter of 2013, the situation on the global commodity markets was characterized by negative dynamics due to weak economic growth rates of developed countries and worsening of the economic development indices of China.

In March 2013, the range of global oil price fluctuations was insignificant: within that month the maximum Brent oil price of \$111.7 a barrel and the minimum price of \$107.29 a barrel were registered on March 5 and March 21, respectively. The monthly average price was formed in the amount of \$109.23 a barrel which is 6.2% and 12.6% lower than in February 2013 and March 2012, respectively.

In March 2013, prices on Urals oil fell 6.8% as compared to the previous month and amounted to \$106.7 a barrel which is 13% lower than in March 2012. In the 1st quarter of 2013, Urals oil price amounted to \$111.0 a barrel or 94.7% of the respective period of the previous year.

According to the data of the monitoring from April 15, 2013 till May 14, 2013, the average price on Urals oil amounted to \$100.4 a barrel. As a result, from June 1, 2013 the export duty on crude oil will go down 5% from \$378.4 a ton in May to \$359.3 a ton. From June 1, 2013, the reduced rate of the export duty will amount to \$165.5 a ton against \$179.8 a ton a month earlier. From June 1, 2013, the reduced rate on high-viscosity oil – approved in the amount of 10% of the overall oil duty – will be reduced to \$35.9 a ton against \$37.8 a ton in May.

From June 1, 2013, the single rate of the export duty on light and dark oil products, except for petrol, will amount to \$237.1 a ton (\$249.7 a ton a month earlier). It is to be noted that in June 2013 the duty on petrol preserved at the level of 90% of the duty on oil will be reduced to \$323.3 a ton against \$340.6 a ton in May. From June 1, 2013, the duty on liquefied hydrocarbon gas will be at the level of \$72.2 a ton (\$71.5 a ton in the previous month).

According to the data of the London Metal Exchange, in March 2013 as compared to March 2012 prices on aluminum, copper and nickel fell by 12.6%, 9.7% and 10.6%, respectively. As compared to February 2013, prices on aluminum, copper and nickel fell by 6.8%, 5.1% and 5.7%, respectively. In the 1st quarter of 2013, aluminum, copper and nickel were traded 8.1%, 4.6% and 12.0% lower, respectively, as compared to the same period of the previous year.

Table 1

MONTHLY AVERAGE GLOBAL PRICES IN MARCH OF THE RESPECTIVE YEAR

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Oil (Brent), USD/a ton	25.5	24.1	29.1	33.6	53.7	60.9	62.05	102.3	47.42	79.8	114.44	124.93	109.2
Natural gas*, USD/1000 m^3	4.57	2.97	3.74	3.86	5.52	7.99	8.37	11.04	10.9	8.93	9.37	11.97	11.87
Petrol, USD/a gallon	0.890	0.783	1,005	1.12	1,581	1.7	1.91	2,672	1,414	2.25	2.99	3.29	2.79
Copper, USD/a ton	1780.3	1605	1681.6	3018.0	3254.4	5103	6452.5	8421.9	3749.8	7462.8	9530.7	8470.8	7645.6
Aluminum, USD/a ton	1511.2	1403.2	1393.1	1660.0	1988.6	2429	2761.7	2986.8	1335.8	2205.6	2552.6	2184.2	1909.6
Nickel, USD/a ton	6140.3	6503.3	8402.4	13730	16190	14897	46324.8	31005.7	9696.4	22461.3	26811.7	18660.8	16724.9

* Market of Europe, average contract price, Franco-border.

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

In March 2013, the average value of the FAO food price index amounted to 213.2 points which is 2.3 points higher than the February value. Growth took place due to an increase in prices on dairy products and sugar. Prices on meat, butter and fats and grain decreased a little.

In the 1st quarter of 2013, as compared to the 1st quarter of 2012 the Russian export of goods fell by 4.9% and amounted to $125.2bn. A reduction in the monetary volume of the export took place due to a decrease both in physical volumes of the export of goods (a reduction of 1%) and average contractual prices (a reduction of 1.1%).

The negative dynamics of physical volumes of the exported Russian commodities became the consequence of a drop in export of fuel and energy commodities whose share accounted for 72.6% in the export structure in the 1st quarter of 2013. It is to be noted that the physical volume of export supplies of crude oil, oil products and natural gas decreased by 2.9%, 6.4% and 2.9%, respectively. It is to be noted that the effect of the price factor was multidirectional, however, a 3.8% reduction in contractual prices on oil was not made up for insignificant growth in prices on natural gas (a 0.8% increase) and oil products (a 0.6% increase).

As regards other items of the aggregate commodity nomenclature, the monetary volume of export decreased as well: metals and metal products (by 4.8%), chemical products (2.2%), wood and pulp and paper products (2.1%), machines, equipment and means of transportation (1.8%) and food products and agricultural primary products (14.8%).

In the first quarter of 2013, the import of goods amounted to $75.4bn which is 3.4% higher than the same index of the previous year. Growth in the imports was caused by an increase in import purchases of chemical products (growth of 9.6%), textile products and footwear (7.3%) and food products and agricultural primary products (5.9%). The import of machines, equipment and means of transportation increased by the mere 0.1% due to growth in the import of wire and wireless telephones (18.6%) and receiving equipment (16.3%). It is to be noted that in Januar–-March 2013 the import of cars fell by 8.7% to 208,600 cars as compared to the same period of 2012.

In the 1st quarter of 2013, Russia's foreign trade surplus amounted to $49.8bn which is 15.2% lower than the index of the same period of 2012.

In the 1st quarter of 2013, in the geographic structure of the Russian foreign trade the share of the EU countries rose to 50% (against 49.4% in the 1st quarter of 2012). Also, the share of APEC countries rose from 23.2% to 24.4%. It is to be noted that the share of CIS countries keeps decreasing: in the 1st quarter of 2013 it amounted to the mere 12.7% against 14.8% in the 1st quarter of 2012.

For the first time since the 2009 crisis, the volume of mutual trade between the countries of the Customs Union has decreased. In the 1st quarter of 2013, it amounted to $15bn which is 18.1% lower than in the 1st quarter of 2012. A decrease in the mutual trade volume can be explained by substantial reduction of supplies of oil products from the Russian Federation to Belarus. Without taking into account fuel and energy commodities, the volume of mutual trade of member-states of the Customs Union increased by 1.3% as compared to the 1st quarter of 2012.

The member – states of the Customs Union use more often non-tariff measures of protection of their domestic market. By Decision No. 133 of May 14, 2013 of the Eurasian Economic Commission (EEC), antidumping duties on light commercial vehicles (LCV) imported from Germany, Turkey and Italy to the territory of the Customs Union were introduced for the term of five years. The decision comes into effect 30 calendar days after the day it was officially published, that is, on June 16, 2013.

The antidumping investigation was initiated by OOO Sollers-Elabuga. The analysis of the Russian market of LCV from 2008 till 2011 showed that with a 29.1% reduction of the total volume of import of light commercial vehicles to the Customs Union the import of LCV from Germany, Italy and Turkey increased by over 23%. It is to be noted that the share of the dumping import of LCV was growing steadily. According to the data of the EEC, in 2011 the share of the dumping import in the total volume of import amounted to 95.4%, having increased by 40.5% as compared to 2008. In 2011, the weighted average price on light commercial vehicles from Germany, Italy and Turkey fell by 9.5% as compared to 2008.

In 2011, the demand in LCV in the member-states of the Customs Union rose 3.7 times over as compared to 2009, but the share of such cares manufactured in the Customs Union in the consumption volume decreased by 20.1 p.p. in the 2009–2011 period; in 2010 the profit of enterprises manufacturing LCV in the territory of the Customs Union fell by 17% as compared to 2009, while in 2011 that industry of the Customs Union's economy sustained losses and production profitability became negative. So, the cost of production rose by 42.7%, while due to efforts to preserve competitive edge in a situation of the growing dumping import selling prices rose by the mere 6.4%. The investigation established the fact of the dumping import from Germany, Italy and Turkey and the material damage it caused to the industry of the member-states of the Customs Union.

The antidumping duty for all the German manufacturers and Sevel S.P.A. Italian plant (owned by PSA Peugeot Citroen) and other Italian manufactures will amount to 29.6% and 23% of the customs value, respectively, while that for Turkish manufacturers, including Ford Otosan Sanayi Anonim Sirketi amounts to 11.1%. The antidumping duty is added to the current rate of 10%.

According to the data of the European Business Association, in 2012 the sales of LCV in Russia rose by 7% to 188,095 units. It is to be noted that the leader was the GAZ Group (90,247 units). Among foreign brands, the leading positions were occupied by Volkswagen (16,161 units), Ford (12,962 units) and Peugeot (9,933 units).

Imposition of antidumping duties on the import of LCV will sooner result in reduction of the import. To preserve their positions on the Russian market, foreign car manufacturers will have to locate their production of LCV in the Russian Federation. So, Ford together with Sollers-Elabuga Company has started production of some LCV models in Tatarstan. Fiat, Peugeot-Citroen and Renault are considering the opportunity of launching production of LCV at ZiL. Mercedes is planning production of LCV Sprinter this year on the basis of capacities of the Gaz Group. However, organization of the assembly production will require quite a lot of time and due to that domestic manufacturers will manage to increase their share on the market of the member-states of the Customs Union.

It is to be noted that German car manufacturers do not agree with introduction of anti-dumping duties on LCV and intend to appeal against that decision in accordance with the adopted procedures. French manufacturers are considering the possibility of making a request to change or cancel that decision. Companies have the right to appeal against the decision at the WTO Arbitration Court or the Court of the Eurasian Economic Community. In a year, they may refer to the EEC with a request to carry out a duplicative investigation and on the basis of the results of that investigation change or cancel those measures. It is to be noted that they will have to show that the market situation for the industry has improved.

In April 2013, the EEC completed a duplicative investigation as regards the import of caramel from Ukraine; the above investigation was carried out due to a request of Ukranian producers: DP Konditerskaya Korporatsia ROSHEN, PAO Kharkovskaya Biskvitnaya Fabrika and PAO Konditerskaya Fabrika Kharkovchanka.

A special protective measure in respect of caramel was introduced in the Russian Federation by Resolution No. 445 of June 3, 2011 of the Government of the Russian Federation for the period of three years as a special duty in the amount of $294.1 a ton and was applied in the Russian Federation from July 8, 2011. In accordance with the Agreement of November 19, 2010 on the Procedure for Application of Special Protective, Anti-Dumping and Compensating Measures During the Transition Period, the Russian measure was applied to the single customs territory of the Customs Union.

In the course of the investigation, it was established that in the first half of 2012 as compared to the first half of 2011 in a situation of a 4.1% reduction of the volume of caramel consumption in the Customs Union production of caramel in the member-states of the Customs Union remained virtually unchanged, while sales volumes increased. It is to be noted that a 30.7% reduction of the import volume of caramel permitted to increase by 5.1 p.p. the share of goods of the member-states of the Customs Union.

In the same period, the weighted average selling price fell by 1.3 % with a 11.4% decrease in the cost of production; the above factor permitted enterprises to increase the level of profitability to 4.4%, while in the first half year of 2011 enterprises sustained losses. So, special protective measures in respect of the import of caramel had a positive effect on the industry in question. As a result, the Collegium of the EEC made a decision to reduce the effective rate of the special duty on caramel.

The reduction will take place in two stages: from June 15, 2013 to $283.8 a ton and from December 15, 2013 to $273.5 a ton.

In the course of the investigation, it was established that the share of the import of caramel from Brazil exceeded the threshold point of 3% of the total import volume of caramel and the above special protective measure would now be applied to it, as well.