RUSSIAN FOREIGN TRADE IN APRIL 2013

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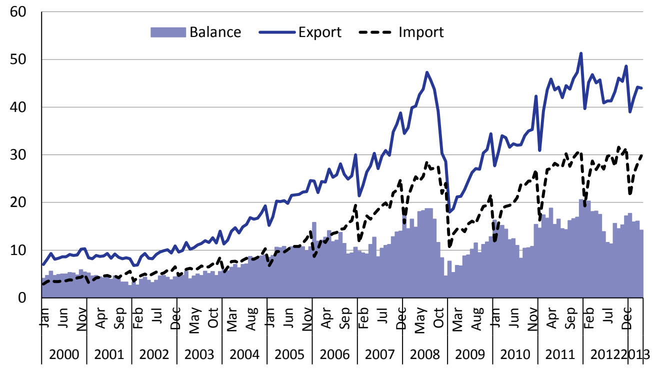
In April 2013, a decrease in the export with simultaneous growth in import was observed; due to the above the surplus of the trade balance of the Russian Federation dropped dramatically. In Russia's foreign trade turnover, the share of CIS states keeps decreasing. On June 25, at the meeting of the Collegium of the Eurasian Economic Commission a special protective duty on the import of combined harvesters and assembly units of combined harvesters to the territory of the Customs Union was introduced for the period of three years.

In April 2013, multidirectional dynamics of the main indices of the Russian foreign trade was observed. The foreign trade turnover calculated on the basis of the balance of payments amounted to $73.8bn which is 2.4% higher than the index of last April. It is to be noted that growth took place at the expense of import supplies. In April 2013, $29.8bn worth of goods was imported which figure exceeded by 10.3% the index of April 2012. As compared to the same index of the previous year, the export fell by 2.3% and amounted to $44bn. As a result, the surplus of foreign trade turnover dropped: it amounted to $14.2bn having decreased by 21.2% as compared to the same index of 2012.

In April 2013, a drop in the Russian export in monetary terms was justified by continued depreciation of prices on the global primary market. As compared to April 2012, prices virtually on all the commodities went down, except for gas which appreciated in price by 12.8% and 110% on the European market and the US market, respectively.

In April 2013, at the meeting of the Open Markets Committee of the Federal Reserve System the option of a possible scaling down of the program of qualitative easing was discussed. Ben Bernanke, Head of the US Federal Reserve said that scaling down of the program might begin as early as the end of 2013 provided that the US economy kept demonstrating the signs of recovery. The above information prompted growth in the UD dollar exchange rate which situation in its turn resulted in a drop in US dollar denominated prices on primary products. The opposite effect on the dynamics of oil prices was caused by a volatile situation around Syria.

In April 2013, Brent oil prices depreciated by 14.6% as compared to April 2012. Having achieved within a month the maximum value of $111.07 a barrel on April 1, 2013, the Brent oil price fell below $100 a barrel to $97.67 a barrel on April 17, but on April 22 regained the level above $100 a barrel. In May-June 2013, the Brent oil prices fluctuated within the range of $100 a barrel to $106 a barrel.



Source: The Central Bank of the Russian Federation.

Fig. 1. The main indices of the Russian Foreign Trade, billion USD

In April 2013, the Urals oil price amounted to $101.1 a barrel and fell by 13.7% and 5.2% as compared to April 2012 and March 2013, respectively. Within four months of 2013, the Urals oil price fell by 7.4% to $108.5 a barrel as compared to the respective period of the previous year.

According to the data of the Ministry of Economic Development of the Russian Federation, in the period from May 15 till June 14, 2013 the average price on crude Urals oil amounted to $749.3 a ton. As a result, from July 1, 2013 the export duty on oil in the Russian Federation will amount to $369.2 a ton which is $9.9 more than in June 2013. From July 1, 2013, reduced export duty for a number of oil deposits will amount to $172.9 a ton against $165.5 a ton in June.

The duty on oil products in July is set at $243.6 a ton against $237.1 a ton in June; the duty on petrol is set at $332.2 a ton ($323.3 a ton in June). The export duty on condensed gas was determined at $45.2 a ton against $72.2 a ton in June.

Slowdown of economic growth rates in all the large developing countries, particularly, China contributes to preservation of a negative price trend on the non-ferrous market. According to the data of the London Metal Exchange, in April 2013 as compared to April 2012 prices on aluminum, copper and nickel fell by

Table 1

MONTHLY AVERAGE GLOBAL PRICES IN APRIL OF A RESPECTIVE YEAR

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Oil (Brent), USD/barrel	25.81	24.79	33.5	50.6	68	68.32	108.26	50.85	84.98	123.07	120.46	102.9
Natural gas*, USD/1m BTU	2.81	4.03	3.92	5.86	8.24	8.00	12.19	8.51	7.52	10.36	11.42	12.88
Petrol, USD/a gallon	0,814	0,855	1,152	1,603	2,016	2.13	2,884	1,459	2,321	3.24	3.22	2.91
Copper, USD/a ton	1620.8	1598.5	2950	3395	6370	7766.5	8684.9	4406.6	7745.1	9483.3	8289.5	7234.3
Aluminum, USD/a ton	1370.3	1332.8	1734	1894	2620	2814.8	2959.3	1420.9	2316.7	2662.6	2049.7	1861.7
Nickel, USD/a ton	6940.6	7915.3	12872	16142	17935	50267	28763	11166	26031	26329	17939.8	15673

* Market of Europe, average contractual price, Franco-border.
Source: The World Bank.

9.2%, 12.7% and 12.6%, respectively. As compared to March 2013, prices on aluminum, copper and nickel fell by 3.0%, 6.0% and 6.5%, respectively. In January–April 2013, aluminum, copper and nickel were traded 8.4%, 6.6% and 12.1% lower as compared to the same period of 2012.

In April 2013, the average value of the FAO food price index amounted to 215.5 points which is 2 points (1%) more than the revised March index of 213.2 points and the index of April 2012. Both in March and April 2013, the main factor behind growth in the index was dramatic appreciation of dairy products. It is to be noted that prices on meat rose insignificantly, while prices on other types of food products decreased.

According to the data of the Bank of Russia, in January–April 2013, the Russian foreign trade turnover amounted to $274.5bn (0.8% less than in January–April 2012), including $169.2bn worth of export (a 4.2% reduction) and $105.2bn worth of import (growth of 5.3%). Multidirectional dynamics of export and import resulted in a decrease in the trade balance surplus to $64bn against $76.8bn in January–April 2012.

Export deliveries of goods virtually decreased by all the commodity groups, except for timber and pulp and paper products (growth of 1.6%) and cars, equipment and means of transportation (a 0.1% growth). Export of the produce of the fuel and energy complex and the chemical industry fell by 3.8% and 3.1%, respectively. A sharp drop took place in the export of food products (18.9%) and metals and products made of metals (14.1%).

According to the data of the Federal Customs Service of Russia, in January–April 2013 78.4m tons of oil were exported which is 0.6% more than in the same period of 2012. It is to be noted that the export of oil to far abroad countries amounted to 68.8m tons (101.1% on the respective period of 2012), while that to CIS states declined by 2.6% and amounted to 9.7m tons due to suspension of oil deliveries to Ukraine.

In January–April 2013, export of gas amounted to 66.1bn cubic meters, which is 2.7% lower than in the same period of 2012. It is to be noted that 45.3 cubic meters of gas were supplied (102.3% on the level of 2012) to far abroad countries against the mere 20.8 cubic meters supplied to CIS countries which is 11.9% lower than in the same period of 2012. So, a drop in that index took place due to a reduction in supplies to CIS countries, primarily, as a result of a 27.4% drop in gas supplies to Ukraine.

As regards import, the highest growth was demonstrated by the produce of chemical industry (growth of 11.1% to $15.7bn), textile and footwear (growth of 10.9% to $6.3bn), food products and agricultural primary products (growth of 8.4% to $13.4bn) and metals and metal products (growth of 6.1% to $6.9bn). The import of machines and equipment which accounts for at least half of the import volume in monetary terms increased by 3.3% to $47.9bn.

However, in January–April 2013 the import of cars to Russia fell by 8.3% to 297,200 cars. According to the data of the Federal Customs Service of Russia, within four months from the beginning of the year $5.93bn worth of cars was imported to Russia, including 277,100 cars from far abroad (5.7% less than in January–April 2012) and 20,100 cars from CIS states (a decrease of 33.9%).

So, reduction in the Russian trade with CIS states has continued. In the first four months of 2013, Russian export and import to and from those countries fell by 12.5% and 9.3%, respectively. The share of the CIS states in the foreign trade turnover of the Russian Federation fell from 14.6% in January–April 2012 to 13% in January–April 2013.

Russia's trade with the member-states of the Customs Union (CU) fell, as well: in the first four months of 2013 it amounted to $17.9bn which is 12.1% lower than in the same period of the previous year, while the share of CU member states in the foreign trade turnover of the Russian Federation decreased from 7.5% to 6.7%.

At the same time, volumes of illegal financial operations with the CU member-states are growing rapidly. In Letter No.110-T of June 19, 2013 on Attaching by Credit Institutions of Higher Attention to Individual Transactions by Customers, the data was published for the first time on the volumes of illegal outflow of capital from Russia through false import schemes with CU member-states. According to the data of the Central Bank of the Russian Federation, in 2012 the volume of funds taken out of the country under the cover of fictitious import from the CU member-states amounted to $25bn of which $10bn was withdrawn through Kazakhstan and another $15bn, through Belorus.

In using the above scheme, Russian residents transfer funds under foreign trade contracts under which the "import" of goods is carried out from Belarus and Kazakhstan to "sellers'" accounts opened with foreign banks situated beyond the territory of those countries. Conditions of the CU create a favorable situation for that: on border of the three member-states a simplified procedure for transportation of goods is used; the above procedure suggests that in respect of goods only consignment notes, rather than customs cargo declarations are executed and due to that it is highly complicated to check authenticity of such consignment notes and, consequently, the existence of goods supplies.

In the member-states of the Customs Union the work is being carried out on protection of domestic producers of goods. On June 25, 2013, at the meeting of the Collegium of the Eurasian Economic Commission (EEC) a decision was taken to introduce a final special protective duty on combined harvesters and assembly units of combined harvesters till March 7, 2016.

By Decision of December 25, 2012 of the EEC, a preliminary special protective duty on combined harvesters and assembly units of combined harvesters was imposed in the amount of 27.5% of the customs value. As a result of the analysis of the information received in the course of investigation, a conclusion was made as regards the existence of grounds for application of a special protective measure.

So, in the 2009–2011 period the volume of import of combined harvesters to the CU member-states rose by 19.9 %, while in the first six months of 2012 it increased by 92.3% as compared to the respective period of 2011. The above resulted in a drop in the volume of production and sales volumes of combined harvesters by 14.4% and 43.4%, respectively, and growth of 67.4% in merchandise inventory. As a result, the share of manufacturers of combined harvesters on the CU market fell by 14.6 p.p., while their profit decreased by 72.2%. In 2012, the above trend intensified.

Special protective duty will be a diversified one: 26.7% in 2013, 26.2% in 2014, 25.7% in 2015 and 25.2% in 2016. The rates are added to the 5% duty. The protective measure is applied to assembly models of combined harvesters (partially dismantled equipment without wheels, cabin and other units) which at present are imported duty-free to the member-states of the Customs Union.

As the rate of the preliminary protective duty which was in effect from February 2013 was higher than the final duty, customs services of the CU will have to return the difference to importers who in that period imported that equipment and paid the duty at a higher rate.

Imposition of duties will hit most the John Deere Company, the US manufacturer as the decision of the EEC makes unprofitable both the import of combined harvesters to the territory of the CU and SKD assembly in the Moscow Region.