

RUSSIAN'S FOREIGN TRADE IN SEPTEMBER 2013

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In September 2013, the main indices of the Russian foreign trade did not virtually change, which situation was justified by slowdown of the growth rates of the global economy, worsening of the global market situation for Russian commodities, as well as reduction of the aggregate demand on the domestic market. In November 2013, the first investigation initiated by the European Union against Russia within the WTO frameworks began.

In October 2013, the World Trade Organization had the collected volume: The 2013 International Trade Statistics published in which the main indices which characterize the current trends in the international trade in goods and services are included¹. In 2012, the global export in goods rose by 2.5% as the global GDP.

The world's main trader is still the United States whose foreign trade turnover amounted to \$3,881.2bn in 2012. It is to be noted the US still has a large trade balance deficit: in 2012 it increased by 0.5% as compared to 2011 and amounted to \$789.8bn (4.9% of GDP).

The US is followed by China with a foreign trade turnover of \$3,867.1bn; it is to be noted that China remains the largest exporter of goods. From 1994, China's foreign trade surplus has been a positive one; in 2012 it amounted to \$230bn (2.8% of GDP).

Germany is still in the 3rd place despite a decrease in the foreign trader turnover from \$2,728.9bn in 2011 to \$2,574.3bn in 2012. The positive trade balance surplus amounted to \$240bn (7.0% of GDP). Due to structural problems in the euro area, in most EU countries the foreign trade turnover decreased, as well.

The Russian Federation with an export volume of \$529bn moved upwards from the 9th place in 2011 to the 8th place. The share of the Russian export in the total volume of the global commodities export amounted to 2.9%. As regards the volume of import, Russia moved from the 17th place in 2011 to the 16th place having purchased \$335bn worth of goods abroad. The share of the Russian import in the total volume of the global import amounted to 1.8%.

In September 2013, the Russian foreign trade turnover calculated on the basis of the methods of the balance of payments amounted to \$73.4bn which is 4% higher than the respective index of the previous year. It is to be noted that in September 2013 the export of goods from Russia increased by 3.3% to \$44.5bn. In September 2013, the import in Russia increased by 5.3% to \$28.8bn on the same period of 2012. In Sep-

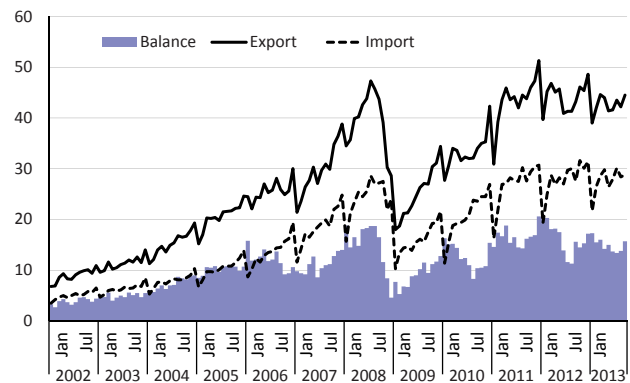


Fig. 1. The main indices of russian foreign trade (billion \$)

tember 2013, the trade balance surplus decreased by 0.3% to \$15.7bn as compared to September 2012.

On the global oil market, the situation remains quite favorable for Russian exporters. In September, for five months running growth in Brent oil prices was observed which situation can be explained, among other things, by the continued repair of oil wells in the North Sea. In September, the average cost of the Brent oil amounted to \$111.62 a barrel which is 0.6% higher than in August.

It is to be noted that as regards WTI oil and Urals oil a slight decrease in prices was observed which situation was largely justified both by easing of geopolitical tensions in the Middle East as a result of the international settlement of the chemical weapons issue in Syria and active renewal of oil production in Libya.

In September 2013, the WTI oil depreciated by 0.3% as compared to the previous month, while Urals oil, by 0.2% and amounted to \$110.9 a barrel (the average price according to the data of the Agrus and Plats Agencies); as compared to September 2012 the Urals oil price depreciated by 0.6%. In January–September 2013, Urals oil price amounted to \$107.7 a barrel or 97.0% of the respective period of the previous year.

According to the monitoring of oil prices by the Ministry of Finance, in the period from October 15, 2013 till November 14, 2013 included the average oil price amounted to \$776.8 a ton. As a result, in Decem-

1 http://www.wto.org/english/res_e/statis_e/its2013_e/its2013_e.pdf

Table 1

MONTHLY AVERAGE GLOBAL PRICES IN SEPTEMBER OF THE RESPECTIVE YEAR

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Oil (Brent), USD/a barrel	28.26	27.1	42.68	61.7	62.1	75.9	104.7	68.64	77.76	109.97	113.4	111.6
Natural gas, USD/1m BTU	3.08	3.97	4.41	6.58	8.77	8.54	14.85	7.13	8.28	10.85	11.08	11.6
Copper, USD/a ton	1498.3	1816.4	2892.6	3858.0	7602	7656.5	6990.9	6195	7709.3	8314.8	8087.7	7159.3
Aluminum, USD/a ton	1294.7	1415.0	1726.0	1840.0	2473	2392.9	2525.8	1833	2202.4	2296.7	2064.1	1761.3
Nickel, USD/a ton	6592.5	9996.1	13298	14228	30131	29605	17795	17462	22643	20392	17288	13801

* The market of Europe, average contractual price, franco-border.

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

ber the possible rates of customs duties on oil and oil products will be lowered. The export of crude oil will be charged at the rate of \$385.7 a ton (\$395.9 a ton in November). The privileged oil duty will decrease from \$192.3 a ton to \$185.3 a ton. The rate on oil products will go down from \$261.2 a ton to \$254.5 a ton. In December 2013, the export of petrol will be charged at the rate of \$347.1 a ton (\$356.3 a ton in November).

After some stabilization in August, in September 2013 negative dynamics prevailed again in global non-ferrous metals market which situation is primarily related to uncertainties about the prospects of the US real sector growth. In addition to the above, throughout September, there was no positive news on development of China's economy. Disparity between the global demand in and supply of base nonferrous metals got worse; it is to be noted that supply of nickel and copper increased dramatically.

According to the data of the London Metal Exchange, as compared to August 2013 prices on aluminum, nickel and copper fell by 3.1%, 3.6% and 0.5%, respectively. In January–September 2013, aluminum, copper and nickel were traded 7.6%, 7.3% and 13.1% lower as compared the same period of 2012, respectively.

In September 2013, for five months running the FAO food price index continued to decrease (a drop of 203.1 points); it was 1.5 points and 10.5 points lower than in August and January 2013, respectively. The factor behind such a decrease was a dramatic drop in global prices on grain while all the other components of that index – dairy products, vegetable oil, meat and sugar appreciated a little.

According to the data of the Central Bank of the Russian Federation, in January–September 2013 Russia's foreign trade turnover amounted to \$632bn which is 0.2% higher than in January–September 2012. It is to be noted that the export amounted to \$382.8bn, that is, it decreased by 1.5% as compared to the same period of 2012. The above situation took place due to a drop of 9.8% in export supplies to CIS states. Export supplies to far abroad countries remained at the level of the previous year. As a result, during nine months of 2013 the share of the far abroad countries in the total

volume of the export increased from 84.8% to 86.3% as compared to the same period of 2012.

During the first nine months of 2013, the import increased by 2.9% to \$249.2bn. Import purchases from CIS states grew at a higher rate: the import of goods from those countries increased by 3.8%, while that from far abroad countries, by 2.8%. The share of far abroad countries in the total volume of Russian import fell to 85.6% against 85.7% in January–September 2012, while the share of CIS states rose to 14.4% against 14.3%.

Russia's trade balance surplus remained positive at the level of \$133.6bn (\$146.6bn in January–September 2012).

A decrease in the export in January–September 2013 as compared to the same period of 2012 is justified by negative dynamics of prices (primarily, on energy resources and metals), while growth in imports took place due to appreciation of prices on imported goods with modest rates of a drop in purchases in physical terms.

Table 2

INDICES OF COST, PHYSICAL VOLUMES AND FOREIGN TRADE PRICES IN JANUARY–SEPTEMBER 2013
(JANUARY–SEPTEMBER 2012 = 100)

	Index of physical volume	Price index
EXPORT		
Total	104.3	95.8
Far abroad	106	96.4
CIS	95	92.4
IMPORT		
Total	99.2	101.4
Far abroad	98.9	101.9
CIS	101	98.2
	104.3	95.8

Source: the Ministry of Economic Development.

Due to a decrease in export prices with growth in prices on import purchases the conditions of Russia's trade with foreign countries got worse. In January–September 2013, the index of trade conditions amounted to 94.5 (105.3 in January–September 2012).

In January–September 2013, the negative dynamics of the Russian export as compared to the same period of 2012 was justified by a decrease in physical volumes of

export supplies of food products and agricultural primary products (by 13%), metals and metal products (4.8%) and machines and equipment (6.4%), as well as a drop in contractual price on oil and oil products (by 3.5%), chemical products (6.7%) and metals and metal products (5.2%).

In January–September 2013, growth in contractual prices over virtually the entire nomenclature of goods purchased from abroad was observed. So, as compared to January–September 2012 food products and agricultural primary products appreciated by 2.1%, chemical products, by 1.8%; textile, textile products and footwear, by 7% and machines, equipment and means of transportation, by 1.8%.

On November 25, 2013, the meeting of the Dispute Resolution Council of the WTO took place. At the above meeting, at the request of the European Union a panel of arbitrators was formed to resolve the dispute as regards the regime of payment of the utilization duty charged in the Russian Federation on motor vehicles. In October 2013, at a similar meeting Russia turned down the first request by the EU to form a panel of arbitrators. According to the WTO rules, the second request cannot be turned down. So, the first panel investigation against Russia from the day of its accession to the WTO in 2012 began.

The WTO will send Russia a list of arbitrators which the latter has to agree on with the EU within two weeks from the day of receipt of that list. If the agreement fails to be reached within the above period, the issue will be transferred to the WTO Director General who appoints arbitrators at his own discretion.

The group of arbitrators has to take a decision within six months on which party in the dispute is right. At that stage, it is important that the government of the state which is involved in the dispute has support of skilled advisors (lawyers, economists, negotiators, experts and other), as well as governments of other countries whose interests may be affected by the results of the dispute resolution.

According to the statistics, about 60% of decisions made by the group of arbitrators are appealed against at the appeals body; it is to be noted that cancellation or amendment of decisions made by the group of arbitrators take place rather rarely. It is to be noted that decisions taken by the appeals body cannot be appealed against and are the basis of the WTO case law.

China, India, Japan, Korea, Norway, Turkey, Ukraine and the US declared about their intentions to participate in the investigation as a third party.

The Russian side believes that the issue in question could have been resolved by means of consultations. To ensure equal conditions both for domestic producers and importers of means of transportation, amendments were introduced in October 2013 into Article 24.1 of Federal Law No. 89-FZ on Production and Consumption Waste. Under the above amendments, from January 1, 2014 Russian car makers will pay the utilization duty on the same terms as others. At present, the utilization duty is charged only when cars are imported to Russia and that was the cause of major complaints on the part of the EU. ●