

THE FOREIGN TRADE IN OCTOBER 2013

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In 2013, the last year's trend of stagnation of the main foreign trade indices prevailed. It is worth mentioning that while within 10 months of 2013 the import dynamics remained positive, the export dynamics hit the negative zone and, as a result of that, the trade balance surplus decreased.

In October 2013, the main indices of the Russian foreign trade showed negative dynamics. In October 2013, Russia's foreign trade turnover calculated on the basis of methods of the balance of payments amounted to \$74.7bn which is 4.5% lower than the respective index of the previous year. It is to be noted that \$44.0bn worth of goods were exported which is 5.6% lower than in October 2012. However, the export to far abroad countries decreased by 6.8%, while that to the CIS rose by 0.9%. As compared to October 2012, import purchases decreased by 4.3% to \$30.8bn. The import of goods from both the far abroad and the CIS fell by 3.3% and 10.1%, respectively.

Though the surplus of the trade balance was positive – \$13.2bn – however, as compared to October 2012 it decreased by 11.2%. The underlying factor behind a drop in the surplus of the trade balance was worsening of trade conditions.

In the last quarter of 2013 (in the period from October 1 till December 20), the Brent oil price fluctuated at the level of \$109 a barrel. Within the above quarter, the maximum price of that oil amounted on December 4 to \$113.27 a barrel, while the minimum one, to \$103.08 a barrel on November 7. The average price in October 2012 was at the level of \$109.5 a barrel which is 2.2% lower than the respective index of 2012.

On December 4, 2013, at the meeting of the OPEC member-states (the member-states of that organization ensure 41% of the global oil production), it was decided to leave in the 1st quarter of 2014 the aggregate volume of quotas on oil production unchanged at the level of 30m barrels a day. Such a decision was justified by the fact that there was an optimal situation in the market, that is, the supply and demand were balanced, while prices were at the level of \$112 a barrel which was comfortable both to suppliers and consumers (the OPEC's benchmark was at the level of \$100 a barrel).

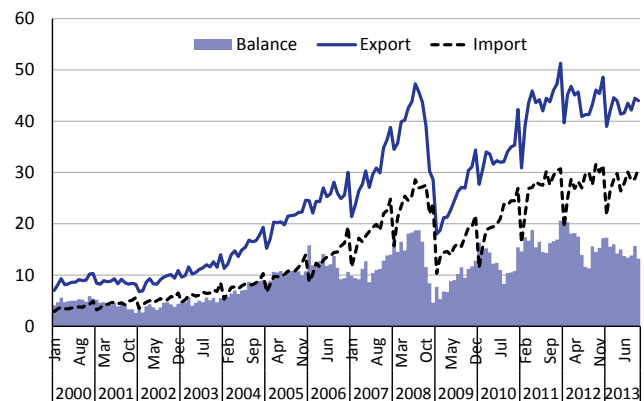
In October 2013, the average price on Urals oil amounted to \$107.91 a barrel which is 2.2% lower than the level of October 2012.

In the period from November 15 till December 14, 2013, the average Urals price amounted to \$109.9 a

barrel or \$802.2 a ton. From January 1, 2014, the export duty on oil will amount to \$394.8 a ton which is 2.3% more than the rate set in December 2013. The privileged export duty on oil for a number of oil deposits will be increased to \$196.7 a ton from January 1, 2014 against the rate of \$185.3 a ton in December. From January 1, the single export duty on light and dark oil products will amount to \$260.5 a ton against \$254.5 a ton a month earlier.

From January 1, 2014, a number of amendments to Chapter 26 of Part II of the Tax Code of the Russian Federation and Article 3.1 of the Law on the Customs Tariff will become effective; in accordance with the above amendments the ultimate rate of export oil duty is to be reduced from 60% to 59% in 2014.

In October 2013, in the market of nonferrous metals moderate growth was observed. During the last few weeks of October, prices on somewhat appreciated which situation was related to the decision of the US Federal Reserve not to toughen the monetary policy. However, taking into account the fact that global reserves of metals on main exchanges remain at the historic maximum levels it can be suggested that growth in prices on metals which was observed in October was not a turning of the trend. According to the data of the London Metal Exchange, in October 2013 as compared to the previous month aluminum,



Source: The Central Bank of the Russian Federation.

Fig. 1. The main indices of Russian foreign trade (billion US dollars)

Table 1

MONTHLY AVERAGE GLOBAL PRICES IN OCTOBER OF THE RESPECTIVE YEAR

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Oil (Brent), USD a barrel	29.59	49.82	58.52	58.38	82.86	72.84	73.19	82.92	109.47	111.97	109.48
Natural gas, USD per 1m BTU	3.88	4.83	7.28	8.97	9.16	15.93	7.6	8.28	11.42	11.58	11.37
Copper, USD/a ton	1916.4	3012.0	4060	7500	8008	4925.7	6286.8	8292.4	7347.5	8082	7203
Aluminum, USD per ton	1474.8	1822.8	1929	2659	2442	2121.4	1877.8	2447.0	2172.0	1974.3	1814.6
USD per ton	11030	14483	12403	32348	30999	12140	18514	22167	18886	17169	14118

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

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

nickel and copper appreciated 2.9%, 2.1% and 0.4%, respectively, however, as compared to October 2012 prices on aluminum, copper and nickel turned out to be 8.2%, 10.9% and 18.4% lower, respectively. In January–October 2013, as compared to the same period of 2012 aluminum, copper and nickel appreciated by 8%, 7.8% and 13.8%, respectively.

As the dynamics on the US labor market improved, at the meeting of the Federal Committee on the Open Market held on December 17-18, 2013 it was decided to reduce the volume the quantity softening program by \$10bn. Despite the existing concerns, prices on commodities did not react to that news by a sharp drop. Most probably, commodity markets focused on positive factors behind that move, that is, the recovery of the US economy and not on withdrawal of liquidity from markets. In addition to the above, such a decision by the Federal Reserve System was expected and, consequently, inputed in prices.

In October 2013, on the food market growth in prices was observed for the first time since April 2012: the average value of the FAO food price index amounted to 206.6 points which is 2.7 points higher than the September index. The above growth was caused mainly by a sharp surge in prices on sugar: in October the average value of the FAO index of prices on sugar amounted to 265 points which is 18.4 points higher than in September. Prices on other food products appreciated too, but not that significantly.

In January–October 2013, the Russian foreign trade turnover calculated on the basis of the methods of the balance of payments amounted to \$706.7bn which is 0.3% lower than the respective index of the previous year. It is to be noted that the foreign trade turnover with far abroad countries rose by 0.4% to \$603.7bn, while that with CIS countries fell by 4.3% to \$103.0bn.

Within 10 months of 2013, the Russian export decreased by 2% to \$426.7bn on the same period of 2012. A decrease in the value of the export volume was observed by the main four commodity groups.

The export abroad of food products and agricultural primary products fell by 8.5%, while the share of that group in the total volume of export decreased from

3.2% to 3.0%. A decrease in the monetary volume of that group of commodities was caused by a drop in a physical volume of the export of both wheat and meslin and contract prices by 26.5% and 10.2%, respectively.

The monetary volume of export of mineral products fell by 0.5%. It took place both due to a 1.5% decrease in the physical volume of the oil export and a 3.3% depreciation of oil prices as compared to January–October 2012.

A reduction of the oil export was compensated by growth in monetary volumes of the export of oil products and natural gas. Export of oil products and natural gas in physical terms rose by 7.4% and 9.6%, respectively. Generally, within 10 months of 2013 delivery of oil products abroad increased to the record-high level of 123.3m tons. It is to be noted that the export to far abroad countries rose by 15.5% to 115m tons, while that to CIS states decreased by 45.8% to 8.2m tons.

In January–October 2013, the export of gas amounted to 158.6bn m³; it is to be noted the export to the far abroad countries rose by 22.5% to 111bn m³, while that to CIS states decreased by 12% to 47.6bn m³.

In 2013, for the first time since 2009 a decrease in the export of chemical produce was observed. According to the data of the Federal Customs Service, within ten months of 2013 the export of the Russian chemical produce decreased by 2.5% to \$25.5bn on the respective period of 2012. It took place due to a drop in export prices on fertilizers and synthetic rubber. So, nitrogen fertilizers, potash fertilizers, mineral fertilizers and synthetic rubber depreciated by 7.9%, 12.2%, 11.2% and 18.6%, respectively.

In 2013, the most substantial decrease in the monetary volume was observed with the commodity group: “metals and articles made thereof”. Within 10 months of 2013, the export of those goods abroad was 10.1% lower than within 10 months of 2012. It took place due to a reduction of both contract prices by the entire nomenclature of goods of that group and physical volumes of deliveries.

Growth in supplies was observed with commodity groups with a small unit weight in the total volume of

the Russian export. So, in January–October 2013 the export of rawstock, furs and articles made thereof rose by 24.2% on the respective period of 2012, but the share of those goods in the export amounted to 0.1%. Within 10 months of 2013, as compared to the same period of 2012 the export of textile, textile products and footwear (the share at the level of 0.2%) rose by 14.8%. Also, the export of precious stones, precious metals and articles made thereof (the share at the level of 2.9%) increased by 12.7%.

In January–October 2013, as compare to the respective period of 2012 the export of machines, equipment and transport vehicles rose by 5.2%. The export of goods of that group to far abroad countries and CIS states increased by 1% and 11.7%, respectively. The sale of Russian cars to CIS states increased by 44.9%.

In January–October 2013, as compared to the respective period of 2012 the Russian import increased by 2.2% to \$280bn which is the maximum value in the entire period of observation. Growth in the import was observed virtually by all the commodity groups, except for “mineral products” and “machines, equipment and transport vehicles”.

Within 10 months of 2013, as compared to the respective period of 2012 the import of precious stones, precious metals and articles made thereof increased by 24.6%; wood and pulp and paper products, by 10.5%; textile, textile articles and footwear, by 7.4%; chemical produce and rubber, by 4.6; metals and metal articles, by 4.0%; food products, by 5.1% and rawstock, furs and articles made thereof, by 1.3%. The monetary volume of the import of mineral products decreased by 10.9%. The volume of the import of machines, equipment and transport vehicles fell by 1.6%. So, according to the data of Federal Customs Service within 10 months of 2013 as compared to 10 months of 2012 the import of cars to Russia fell by 18.6% to 747,400 units. The import of trucks fell by 27.6% to 71,500 units.

In January–October 2013, the trade balance surplus was a positive one at the level of \$146,800, but

as compared to the index of January–October 2012 it fell by 9.1%.

According to the information of the Ministry of Economic Development of the Russian Federation, on December 23, 2013 the Russian Federation filed the first suit to the World Trade Organization against the EU on the so called issue of energy adjustments in carrying out of antidumping investigations.

Prior to 2002, by regarding the Russian Federation as a country a with nonmarket economy the EU registered the fact of dumping on the basis of comparison of Russian export prices with sale prices on domestic markets in third countries. In 2002, the EU granted the Russian Federation the status of a country with a market economy. However, in determination of a dumping the so-called energy adjustments were still applied in respect of Russian exporters. In calculation of the cost of commodities, prices at which Russian exporters purchased gas and power were not taken into account. Instead of that, the EU used higher prices on energy in other countries which had no access to resources due to which situation Russian enterprises were automatically transferred into the category of infringers of trade rules. The above policy has been carried out to the present day.

From 1995 till 2012, the EU introduced 17 anti-dumping measures most of which were applied in violation of the international rules which situation inflicted considerable damage to Russian producers of fertilizers, ferro-alloys, pipes and other articles made of steel and aluminum foil.

Though such an antidumping policy of the EU was discussed at numerous expert consultations, but the position of Russia’s main trade partner remained unchanged. In accordance with the WTO rules, consultations are to be held within 60 days from the day of the request, that is, prior to February 22, 2014. If the parties fail to resolve the issue within that period, Russia may demand consideration of the dispute by a panel of arbitrators at the WTO. ●