

FOREIGN TRADE IN APRIL 2014

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In April 2014, differently directed dynamics of export and import was observed and, as a result, the trade balance surplus increased. In the foreign trade turnover of the Russian Federation, the share of CIS countries has kept decreasing. G-20 countries continue to apply protectionist measures on their domestic markets.

In April 2014, the foreign trade turnover calculated on the basis of the methods of the balance of payments amounted to \$75.1bn and exceeded by 0.5% the index of April 2013. Growth took place because export deliveries increased. In April 2014, \$47.5bn worth of goods was exported from the country which figure was 6.7% higher than the respective index of 2013. As compared to April 2013, import decreased by 8.7% and amounted to \$27.6bn. As a result, the foreign trade surplus increased and amounted to \$19.8bn which was 39% higher than the index of April 2013.

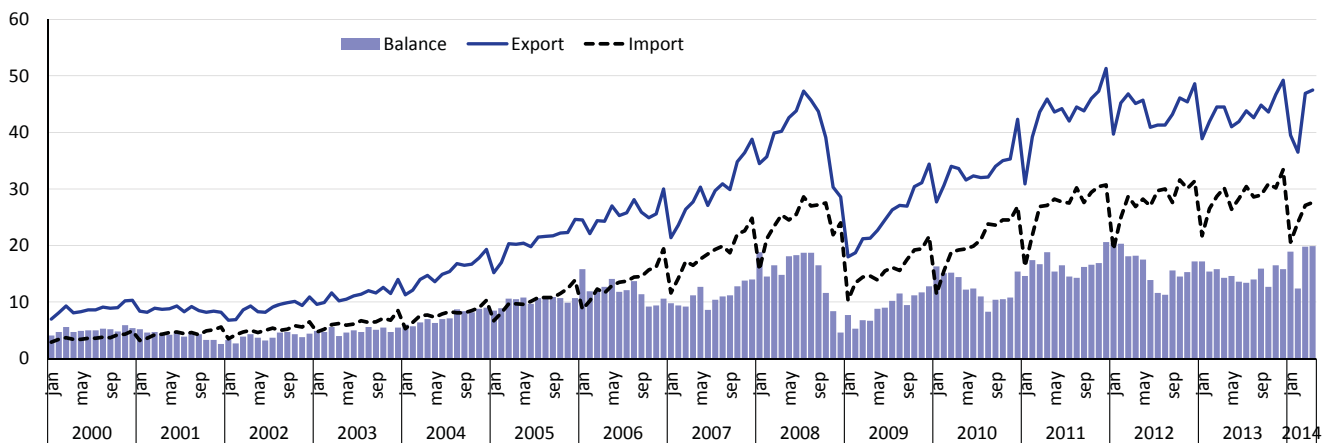
In April 2014, in the global commodities market differently directional dynamics of prices was observed. As compared to April 2013 prices on coal, natural gas, iron ore, aluminum and copper decreased, while those on oil, nickel, zinc and lead appreciated.

In April 2014, prices on Brent oil appreciated by 4.8% as compared to April 2013. On April 2, having attained the minimum value of \$103.34 a barrel within a month, after April 8 Brent oil prices did not go down below \$106 a barrel. In May 2014, the Brent oil prices fluctuated within the range of \$108-\$111 a barrel. In mid-June, prices started to grow due to tensions caused by attacks by Sunni fighters in Iraq which is rated the second among the OPEC countries as regards production of oil. On June 23, the nine-month maximum of oil prices – \$115 a barrel – was achieved.

In April 2014, Urals oil prices amounted to \$106.6 a barrel which is 5.4% higher than in April 2013. Within four months of 2014, Ural oil prices decreased by 1.6% as compared to the respective period of 2013 to \$106.8 a barrel.

In May 2014, the average Urals oil price amounted to \$107.7 a barrel. In May 2013, the price was at the level of \$102.27 a barrel.

According to the data of the Ministry of Economic Development of the Russian Federation, in the period from May 15 till June 14, 2014 the average price of crude Urals oil was equal to \$785.9 a ton (\$107.66 a barrel). As a result, from July 1, 2014 the export oil duty in the Russian Federation will slightly increase and amount to \$385.2 a ton. From July 1, the reduced rate of duty on oil of the Eastern Siberia, Caspian deposits and Prirazlomnoe deposit will amount to \$189.4 a ton (\$189.2 from June 1). The duty on high-viscosity oil will not change and be at the level of \$38.5 a ton. In July, the duty on light and dark oil products which was set in the amount of 66% of the oil duty will amount to \$254.2 a ton (from June 1 it was set at \$254.1 a ton). On the basis of the ratio of 0.9, the duty on export of petrol will increase to \$346.6 a ton from \$346.5 a ton. The duty on condensed gas will increase to \$89.6 a ton from \$86 a ton. From July 1, the duty on diesel fuel with the ratio of 0.65 of the oil duty will amount to



Source: The Central Bank of the Russian Federation.

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

\$250.3 a ton as compared to \$250.2 a ton which is in effect from June 1.

In the past two months, the situation on the global market of nonferrous metals did not change much. An exception is only nickel which prices appreciated in March and April due to both limitation of its supplies on the global market and the fact that earlier it used to depreciate faster as compared to other industrial metals.

According to the data of the London Metal Exchange, in April 2014 as compared to March 2014 there was growth in prices on nickel (11.0%) and aluminum (6.2%), while copper prices remained at the level of the previous month. As compared to April 2013, there was a decrease in prices on aluminum (2.5%) and copper (7.4%) while nickel prices appreciated by 10.9%. In January–April 2014, as compared to the respective period of 2013 aluminum, copper and nickel were traded 11.8%, 10.3% and 9.3% lower, respectively.

After in March 2014 the average value of the FAO food price index amounted to the maximum level – 213 points – in the past ten months, in April it fell to 210.3 points. The decrease mainly took place due to a sudden drop in prices on dairy products and some depreciation of prices on sugar and vegetable oils. Prices on grain and meat products slightly increased.

In April 2014, there was a dramatic depreciation of prices on dairy products on the global market. In April, the average value of the FAO index of dairy food price amounted to 251.5 points having fallen by 17 points within a month. Prices depreciated on virtually all the types of dairy products, primarily, butter and dry milk. The world's main exporter of dry fat-free milk is the US where at present the milk yield is at the season-high level. According to the data of the USDA (United States Department of Agriculture), in March 2014 production of milk in the US grew by 0.9% as compared to the respective period of the previous year to 8.09m tons. From the beginning of the year, 23.2m tons of milk was produced which was 1% higher than in the

same period of the previous year. It is to be noted that global dairy prices are also under the pressure of the EU countries which keep producing a record-high milk yield.

According to the data of the Central Bank of Russia, in January–April 2014 the Russian foreign trade turnover amounted to \$269.8bn (which is 2.5% less than in January–April 2013), including \$170.3bn worth of export (growth of 0.5%) and \$99.5bn worth of import (a decrease of 7.1%). Differently directed dynamics of export and import resulted in growth in the trade balance surplus to \$70.8bn which is 13.2% more than in January–April 2013.

Within four months of 2014, in the export pattern the share of food products and agricultural primary products rose to 3.4% against 2.5% in January–April 2013. The monetary volume of the export of that commodity group increased by 36.3% due to a 260% growth in grain deliveries abroad.

Due to growth in physical volumes, the export of wood and pulp and paper products increased: as compared to January–April 2013 there was growth of 14.4%.

The export of fuel and energy commodities rose by 0.3%. According to the data of the Federal Customs Service, in January–April 2014 73.7m tons of oil was exported from the country which value is 5.9% lower than in the same period of 2013. It is to be noted that 65.8m tons of oil was exported to the far abroad countries (95.9% against the respective period of 2013) and 7.9m tons of oil, to the CIS states (81.3%).

In January–April 2014, the export of gas amounted to 70.4bn cubic meters which value is 6.5% more than in January–April 2013. It is to be noted that supplies increased both to far abroad countries (9.5%) and the CIS states (0.5%).

Within the first four months of 2014, as regards other commodity groups of the expanded nomenclature there was a drop in export as compared to the respective period of 2013. Export of chemical products

Table 1

MONTHLY AVERAGE GLOBAL PRICES IN APRIL OF THE RESPECTIVE YEAR

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---------------------------|--------|-------|-------|-------|--------|--------|--------|--------|--------|---------|--------|--------|
| Oil (Brent), USD/a barrel | 24.79 | 33.5 | 50.6 | 68 | 68.32 | 108.26 | 50.85 | 84.98 | 123.07 | 120.46 | 102.9 | 104.8 |
| Natural gas*, USD/1 m BTU | 4.03 | 3.92 | 5.86 | 8.24 | 8.00 | 12.19 | 8.51 | 7.52 | 10.36 | 11.42 | 12.88 | 10.73 |
| Copper, USD/a ton | 1598.5 | 2950 | 3395 | 6370 | 7766.5 | 8684.9 | 4406.6 | 7745.1 | 9483.3 | 8289.5 | 7234.3 | 6673.6 |
| Aluminum, USD/a ton | 1332.8 | 1734 | 1894 | 2620 | 2814.8 | 2959.3 | 1420.9 | 2316.7 | 2662.6 | 2049.7 | 1861.7 | 1810.7 |
| Nickel, USD/a ton | 7915.3 | 12872 | 16142 | 17935 | 50267 | 28763 | 11166 | 26031 | 26329 | 17939.8 | 15673 | 17373 |

* The market of Europe, average contract price, Franco-border.

Source: The World Bank.

fell by 6.5% mainly due to a drop in contract prices on fertilizers. The export of metals and fabricated metals fell by 6.8% due to a drop both in physical volumes and prices on the global market. A record drop was registered with the *machinery and transport vehicles* group: as compared to January–April 2013 in January–April 2014 there was a decrease of 14.8% in the export of products of that group.

As regards import, there was a decrease with all the commodity groups of the expanded nomenclature: the import of food and agricultural primary products (a decrease of 1.4%), chemical products (8%), textile and footwear (8.6%) and machinery and transport vehicles (7.2%). The most dramatic drop in the import took place in the *metals and fabricated metals* group (17%).

Russia's trade volume with the CIS states keeps falling. Within the first four months of 2014, the Russian export and import to those countries fell by 1.6% and 20.6%, respectively. The share of the CIS states in the foreign trade volume of the Russian Federation fell from 14.4% in January–April 2013 to 13.5% in January–April 2014.

Russia's volume of trade with member-states of the Customs Union fell as well: during the first four months of 2014, it amounted to \$16.5bn which was 14.3% lower as compared to the respective period of 2013. The share of member-states of the Customs Union in the foreign trade volume of the Russian Federation fell from 7.1% to 6.3%.

On June 16, 2014, a report by the UNCTAD, the OECD and the WTO on trade and investment measures taken by G-20 countries in the period from November 2013 till May 2014 was published¹. In the above period, G-20 countries introduced 112 protectionist trade measures which had an effect on 0.3% of im-

port of those countries (0.2% of the aggregate index of the global import of goods). Pharmaceuticals, electric machinery, ferrous metals and ground transportation means were the worst hit due to the above restrictive measures.

Most trade restrictions introduced by G-20 countries from the beginning of the world economic crisis are still in force. So, only 251 protectionist measures were canceled out of 1185 ones introduced from October 2008. Starting from 2008, protectionist measures affected about 4.1% of the global trade.

In May 2014, the report of the Eurasian Economic Commission (EEC) on protectionist measures applied to goods from the Customs Union of Russia, Belarus and Kazakhstan was published².

On the basis of the results of the foreign trade monitoring of the EEC in Q1 2014, 104 measures limiting the access to markets for goods from the member-states of the Customs Union were identified. Most trade barriers were antidumping measures: 50 measures, including 5 antidumping investigations are carried out at present. Also applied are four discriminating excises, two bans on import, six quantitative limitations, including two tariff quotas, nine other non-tariff barriers, one limitation of the import by the nomenclature, two charges, nine special protectionist measures, including 5 investigations which are underway, five sanitary and phytosanitary measures and nine technical barriers, including two threats of such barriers being introduced.

In respect of goods from the member-states of the Customs Union, the European Union and the US apply 20 and 13 protectionist measures, respectively. CIS states apply 35 protectionist measures with Ukraine and Uzbekistan accounting for most of them (16 and 8 protectionist measures, respectively).

1 http://www.wto.org/english/news_e/news14_e/g20_wto_report_jun14_e.pdf

2 http://www.eurasiancommission.org/ru/act/trade/dotp/Site-Assets/dostup/doklad_2014.pdf