

RUSSIA'S FOREIGN TRADE IN OCTOBER 2014

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In September 2014, the Russian foreign trade turnover calculated on the basis of the methods of the balance of payments amounted to \$64.6bn which is 12.4% lower than the respective index of the previous year. It is to be noted that the export of goods from Russia decreased by 13.4% to \$38.8bn, while the import of goods to Russia, by 10% to \$25.8bn. In September 2014, as compared to September 2013 the trade balance surplus fell by 18.6% to \$13bn. According to the data of the Central Bank of Russia, in January–September 2014 the Russian foreign trade turnover amounted to \$614bn which is 3.1% lower than the level of January–September 2013. It is to be noted that the export fell by 0.7% as compared to the respective index of 2013. Within 9 months of 2014, in the total volume of the export the share of far abroad countries increased from 85.4% to 86.2%, while that of CIS countries fell from 14.6% to 13.8% as compared to the respective period of 2013.

In October 2014, the World Trade Organization (WTO) published the World Trade Report 2014¹ which included the main indices of current trends of development of the international trade in goods and services. In 2013, growth in the global trade in goods remained a moderate one, that is, 2.2% (2.3% in 2012). Early in 2014, the volume of the international trade in goods kept growing slowly: in Q1 2014 it increased by 2.1% as compared to the respective period of 2013.

In 2013, weak growth rates of the global trade were justified by a combination of many factors, including a decrease in demand on import in developed countries (-0.3%) and moderate import growth in developing countries (4.7%). As regards the export, only insignificant growth was registered both in developed and developing countries (1.5% and 3.6%, respectively). In 2013, a delayed recession in the EU, a high level of the rate of unemployment in the euro area (except for Germany) and uncertainty about the terms of scaling down of the monetary stimulus plan of the Federal Reserve affected the indices of development of trade and industry.

In 2013, the world's largest economy as regards the volume of foreign trade was China; its foreign trade turnover amounted to \$4,159bn, which value exceeded by 7.5% the index of 2012. China's trade balance surplus has been positive since 1994; in 2013 it amounted to \$259bn (2.7% of GDP).

As regards the amount of the foreign trade volume, in 2013 the United States was rated the second (\$3,909bn). It is to be noted that in the US there is still a substantial trade balance deficit: in 2013 it amounted to \$749bn (4.5% of GDP).

Germany is rated the third; in 2013 its foreign trade volume amounted to \$2,642bn. Germany's positive

trade balance surplus amounted to \$264bn (7.3% of GDP).

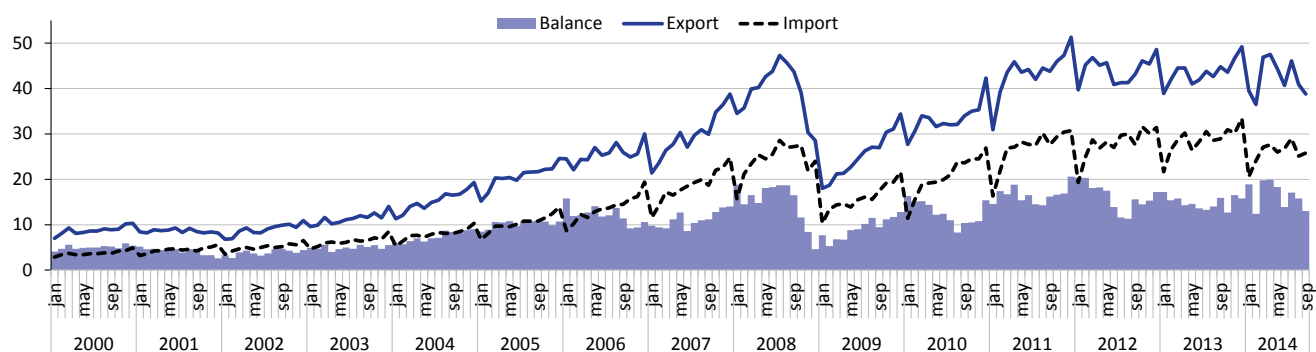
The Russian Federation with its volume of export of \$523bn moved downwards from the 8th place which it occupied from 2012 to the 10th place. The share of the Russian export in the total volume of the global commodity export amounted to 2.8%. As regards the volume of import, Russia remained at the 16th place, having bought \$343bn worth of goods abroad. The share of the Russian import in the total volume of the global import remained at the level of 1.8%.

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The oil market was in depression throughout the entire Q3 2014. On May 5, 2014, for the first time in 14 months the Brent oil price fell below \$100 a barrel due to the weak economic data of the world's largest energy consumers. Late in September 2014, the Brent oil price fell below \$95 a barrel. So, within a quarter the oil price fell by nearly 16% which is the worst result from April-June 2012. A 13% drop in prices on WTI to \$91.16 a barrel was the most significant one, too, in the above period.

A surge in oil prices in mid-October to the week maximum of \$85 a barrel was a short-lived one and prices started to fall again. Early in November, due to forecasts of the US oil reserves and the news that the OPEC was not going to reduce the production of oil until oil prices fell to \$70 a barrel the Brent oil prices depreciated to the minimum value since October 2010, that is, below \$80 a barrel.

¹ http://www.wto.org/english/res_e/publications_e/wtr14_e.htm



Source: The Central Bank of the Russian Federation

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

In September 2014, Urals oil prices fell by 5.2% as compared to August 2014 and amounted to \$95.8 a barrel; as compared to September 2013 it fell by 13.5%. In January–September 2014, Urals oil prices fell by 2.5% to \$105.1 a barrel as compared to the respective period of 2013.

The average price of the monitoring of the Urals crude oil price in the period from October 15 till November 14, 2014, included, amounted to \$603.5 a ton. As a result, in December the rate of export customs duties on oil and oil products will decrease. In December 2014, the export of petrol will be charged at the rate of \$277.5 a ton, against \$317.7 a ton in November. In December, the duties on petrol and diesel fuel are set at \$249.7 a ton (\$285 a ton in November), and \$180.3 a ton (\$205.8 a ton), respectively. In December, duties on other oil products are set at \$183.1 a ton (\$209 a ton).

In September 2014, a depreciation of prices was observed on the global market of precious metals which situation took place due to weakening of demand on Asian markets, including that of China. In September 2014, after a three-month growth prices on aluminium fell against the previous month due to growth in global supply in a situation of insufficient demand. Also,

continued appreciation of the US dollar against other main currencies contributed to containment of growth in prices on precious metals.

According to the data of the London Metal Exchange, in September 2014 as compared to the previous month there was depreciation of prices on aluminium (1.9%), copper (1.8%) and nickel (2.7%). However, as compared to September 2013 prices on nickel and aluminium appreciated by 31.2% and 13.2%, respectively, while prices on copper fell by 4.0%. In January–September 2014, as compared to the respective period of the previous year aluminium and copper were traded 2.2% and 6.0% lower, respectively, while prices on nickel appreciated by 11.9%.

In September 2014, the average value of the FAO food price index amounted to 191.5 points which is 5.2 points (2.6%) and 12.2 points (6.0%) lower than the index of August and the respective period of 2013, respectively. As a result of a decrease registered in September (that decrease continued for six months running), the value of the index amounted to the minimum level since August 2010. So, in September the lengthiest period of the continued reduction of the value of that index was registered from the end of the 1990s. Among different commodity groups, the high-

Table 1

MONTHLY AVERAGE GLOBAL PRICES IN SEPTEMBER OF THE RESPECTIVE YEAR

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Oil (Brent), USD/a barrel	27.1	42.68	61.7	62.1	75.9	104.7	68.64	77.76	109.97	113.4	111.6	97.34
Natural gas, USD/1m BTU	3.97	4.41	6.58	8.77	8.54	14.85	7.13	8.28	10.85	11.08	11.6	9.24
Copper, USD/a ton	1816.4	2892.6	3858.0	7602	7656.5	6990.9	6195	7709.3	8314.8	8087.7	7159.3	6872.2
Aluminium, USD/a ton	1415.0	1726.0	1840.0	2473	2392.9	2525.8	1833	2202.4	2296.7	2064.1	1761.3	1990.4
Nickel, USD/a ton	9996.1	13298	14228	30131	29605	17795	17462	22643	20392	17288	13801	18035

* The 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).

est reduction was registered as regards sugar, dairy products, grain and vegetable oil, while prices on meat remained at the same level. An important factor which has a downward effect on international prices on primary goods is appreciation of the US dollar.

According to the data of the Central Bank of Russia, in January–September 2014, Russia's foreign trade turnover amounted to \$614bn which is 3.1% lower than the level of January–September 2013. It is to be noted that export amounted to \$381.3bn, that is, a 0.7% decrease as compared to the respective period of 2013. It took place due to a 6.4% reduction in supplies to CIS states. Within that period, supplies of goods to far abroad countries exceeded by 0.3% the level of the previous year. As a result, within 9 months of 2014 as compared to the respective period of the previous year in the total volume of the export the share of far abroad countries increased from 85.4% to 86.2%, while that of the CIS fell from 14.6% to 13.8%.

The import fell by 6.2% to \$232.8bn. In particular, there was a dramatic drop in import purchases in CIS states: the import of goods from CIS countries and far abroad countries fell by 23.3% and 6.8%, respectively. The share of far abroad countries in the total volume of the Russian import increased to 88.1% against 85.5% in January–September 2013, while the share of CIS countries fell to 11.9% against 14.5%.

The trade balance surplus remained positive at the level of \$148.4bn (\$144bn in January–September 2013).

Within 9 months of 2014, as compared to January–September 2013 in the pattern of export the share of food products rose from 2.8% to 3.6%, while the share of chemical produce fell from 6.1% to 5.7%. The shares of other commodity groups of the expanded nomenclature virtually remained at the level of the previous year. It is to be noted that within the group of fuel and energy commodities radical changes took

place. Due to a 5.1% reduction in physical volumes of the export of oil, its share in the export of commodities of the fuel and energy sector decreased from 46.7% in January–September 2013 to 44.8% in January–September 2014. The share of natural gas fell from 17.7% to 16.3% due to a reduction of its export in physical volumes.

At the same time, growth in export supplies of oil products was observed. So, there was growth in export of diesel fuel (10.5%), liquid fuel without biodiesel (3.5%) and motor spirit (2.5%). As a result, the share of oil products in the export of commodities of the fuel and energy sector rose from 29.8% in January–September 2013 to 33.1% in January–September 2014.

In January–September 2014, import decreased virtually over all the commodity groups of the expanded nomenclature, except for fuel and energy goods (growth of 10.4%) and precious stones, precious metals and articles in which they are used (growth of 15.3%).

Import of commodities of the fuel and energy sector increased due to growth of 77.6% in purchases of oil products. It is to be noted that in January–September 2014 the import of motor spirit and liquid fuel without biodiesel was 3.3 times and 11 times higher, respectively, than in January–September 2013.

In January–September 2014, the volume of foreign trade of the Russian Federation with countries of the Customs Union fell by 7.2% as compared to January–September 2013. It is to be noted that in the mutual trade with the Republic of Belarus there was a reduction both in Russian export (1%) and Russian import (14.9%).

In the mutual trade with the Republic of Kazakhstan, the Russian export of goods decreased by 18.1%, while the Russian import of goods rose by 21.9%.

The share of countries of the Customs Union in the Russian foreign trade volume fell from 7% in January–September 2013 to 6.7% in January–September 2014. ●