

RUSSIA'S FOREIGN TRADE IN DECEMBER 2015

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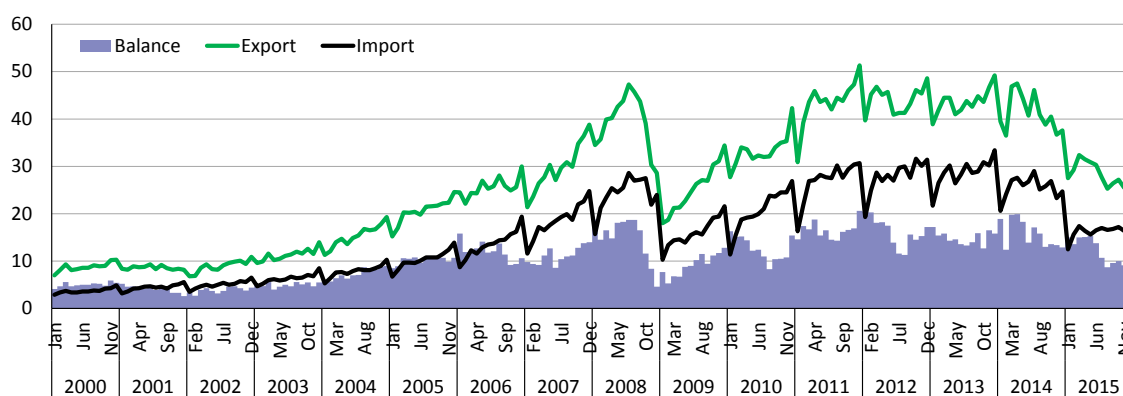
In December 2015, Russian foreign trade outlook was determined by a reduction of the world prices on commodities, mainly on oil, and correlated with its ruble's depreciation. Import volume was shrinking by higher rates compared to export decline rates due to slowdown of economic growth and ruble's devaluation as well as amid imposed international trade sanctions. As a result, in 2015 trade balance remained positive.

In December 2015, Russian foreign trade turnover totaled \$ 45.9bn, which was below similar indicator in 2014 by 27.1%. Exports constituted \$ 28.4bn down 26% against December 2014. Imports came to \$17.4bn down 28.8% against the same indicator in 2014. Trade balance contracted by 21% to \$11bn.

Export contraction is still conditioned by the fall of price on major goods of Russian export in the world markets. Since the turn of the year, Bloomberg Commodity Index down 24.4% (from 103.86 points on January 2015 down to 78.56 points on 31 December 2015), which is the worst indicator since 2008.

Bloomberg Petroleum Index (BCOMPE) down 13% in December 2015 against November and during the year shrank by 39%. There is glut on the global crude oil market, supply exceeds demand by around 2 mn barrels per day. Crude oil quotations are at the bottom low since early 2009. According to the International Energy Forecasts (IEA)¹, total oversupply of crude oil between 2014 and 2017 will hit 1.5 mn barrels. The IEA also considers that in 2017 demand will exceed supply by 1.1 mn barrels per day.

In December 2015, monthly Brent price averaged \$37.72 per barrel down 39.5% against December 2014. Average monthly TWI price down 37.2% to \$37.23 per barrel.



Source: CB RF.

Fig. 1. Russia's key foreign trade indicators (USD billion)

1 <https://www.iea.org/newsroomandevents/pressreleases/2016/february/global-oil-supply-growth-plunging-with-us-taking-biggest-hit-for-now.html>

In December 2015, Urals price down 40.2% against December 2014 and came to \$28.38 per barrel. Annual average price of Urals in 2015 down 47.5% compared to 2014 and hit \$51.23 per barrel.

Average price of crude oil for the period from 15 January to 14 February 2016 inclusive came to \$28.38 per barrel or \$207.2 per ton. Hereby, according to the Ministry of Economic Development (MED) of Russia of February 18, 2016, since March 1, 2016, oil export duty will decrease by 24% and will come to \$39.5 per ton against \$52 per ton a month before. Export duty on high viscosity oil from 1 march will decline by \$1.7 – from \$5.9 per ton to \$4.2 per ton. Export duty on straight-run gasoline (naphtha) will decline from \$36.9 per ton to \$28 per ton, on automobile (commercial) gasoline – from \$31.7 per ton to \$24 per ton. Export duty on other light petroleum products and lubricants will fall from \$20.8 per ton to \$15.8 per ton, and export duty on dark petroleum products less lubricants and coke will reduce from \$42.6 per ton to \$32.2 per ton, and export duty on coke will move down from \$3.3 per ton to \$2.5 per ton.

According to the London Metal Exchange in December 2015 against November 2015, price of copper fell by 3.7%, nickel down 5.8%, and aluminum up 2%. In comparison with December 2014, price of nickel down 45.4%, aluminum down 21.9%, copper down 27.9%. In 2015, price of aluminum fell against 2014 by 10.9%, price of copper down 19.7%, and price of nickel down 26.6%.

In December 2015, the Food Price Index FAO averaged 154.1 points down 1.5 points (1.0%) against its revised November index, which resulted from decline of prices on practically all food commodities, which are used in its calculation less sugar and vegetable oils. Average annual Index came to 164.1 points down by nearly 19% than in 2014. Thus, decline of the Food Price Index goes on for the fourth months in a row. Falling prices on food-stuffs registered in 2015 is explained, first of all, by availability of significant stocks and slack demand on the global markets as well as by strengthening of the US dollar.

In 2015, Russian export contracted compared to 2014 by 31.6% to \$340.3bn. Increase of export effectiveness due to the ruble's devaluation has contributed to the growth of exports in value terms. For example, in 2015 compared to 2014, in quantitative terms export of crude oil went up by 9.4%, petroleum products up 4.1%, natural gas up 7.5%, mineral fertilizers potassium up 6.9%, mineral fertilizers mixed up 7.1%, processed timber up 10.7%,

Table 1

MONTHLY AVERAGE GLOBAL PRICES IN NOVEMBER THEN-YEAR

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Brent USD/bbl.	56.4	63.1	90.64	72.77	75.26	91.8	107.91	109.68	110.67	62.33	37.72
Natural gas*, USD/1 million BTU	7.49	8.92	9.49	15.5	8.01	8.74	11.53	11.47	11.55	9.83	6.10
Copper, USD/t	7578.0	6643.9	6580.5	3072	6982.0	9111	7565	7966.8	7214.9	6446.5	4638.8
Aluminum, USD/t	2248.0	2816.9	2380.2	1490.4	2179.7	2321.5	2022	2086.8	1739.8	1909.5	1497.2
Nickel, USD/t	13423	34578	26003	9686.4	17066	24946	18267	17449	13925	15962	8707.8

* European market, average contract price, franco-border.

Source: World Bank.

conventional plywood up 12.2%, wood pulp up 10.1%, denim up 6.6%, ferrous metals up 7.5%, refined copper up 94.1% and untreated aluminum up 18.9%.

However, growth of Russian export in quantitative terms failed to offset losses incurred from the fall of average export prices on practically all exported commodities. Significant contraction of export in value terms was observed on all commodities of extended nomenclature. Worst hit was the group of commodities 'Mineral products', which contracted by 6.7 points to 63.8%. Export of metals and metal products shrank by 18.6%, wood and paper products – by 15.5%, and chemical products – by 13%.

By the period-end for 2015 compared to 2014, Russian export pattern suffered the following changes: with the reduction of share of mineral products the share of metals and metal products, machines, equipment and means of transport, chemical products and rubber, foodstuffs and agricultural raw materials, timber and pulp and paper products went up. The share of high tech products went up and reached 10.1% of the overall export volume (in 2014 it reached 8.5%).

In 2015 compared to 2014, Russian export contracted by 37% to \$ 194.1bn. Decline of import was observed across all grand positions of products nomenclature. Highest reduction was observed regarding import of passenger cars (down 50.5%) and trucks (down 57%), flying machines (by 56.2%), and components of motor means of transport 9by 45.1%).

In early August 2014, Russia introduced a food products ban from countries, which imposed sanctions on Russia: USA, EU countries, Canada, Australia and Norway. The following products were banned: beef, pork, poultry, sausage, fish, vegetables, fruit, dairy products and other products. In 2015 compared to 2014, import of banned products moved down in value terms by 46% to \$7.6bn. Highest decline was observed in relation to meat (cattle and pork), dairy products (first of all, cheeses and butter), apples and pears, fresh and frozen fish.

Import of many consumer goods fell due to the fall of real incomes of the population.

In the Russian import pattern the ration of the following products went up: chemical products and rubber, fuel and energy products, foodstuffs and agricultural raw materials, textiles, textile products and footwear, fell the share of machines, equipment and means of transport, metals and metal products, share of timber and paper products remained unchanged.

In 2015 compared to 2014, regional pattern of Russian foreign trade saw a reduction of the share of EU countries (from 48.1% to 44.8%). The share of CIS countries remained at 2014 level of 12.5%. At the same time, the share of APEC member states went up from 26.9% to 28.1%.

In 2015, China remained principal trade partner of Russia, whose share in Russian trade turnover went up to 12.1% (in 2014 – 11.3%). Germany was on the second place but its share fell in 2015 to 8.7% (in 2014 – 8.9%). Netherlands took the third place with 8.4% (in 2014 – 9.3%).

During 2015, the share of all EU members went on falling in the RF foreign trade turnover. Highest hit was turnover with the following countries: Estonia down 49.6%, Sweden down 46.7%, Slovenia down 42.4%, Latvia down 44.9%, and Great Britain down 41.9%. Though trade flow between Russia and EU fell, the European Union remains the major partner of the Russian Federation. However, relations are complicated by many factors: both internal issues of

Table 2

CHANGE OF IMPORT OF MAJOR PRODUCTS IN 2015 COMPARED TO 2014, %

Code	Наименование товара	Quantitative volume	Value volume	Average contract prices
0201-0204	Fresh and frozen meat	73.5	57.8	78.6
0207	Fresh and frozen poultry	56.0	45.4	81.1
0302-0304	Fresh and frozen fish	61.7	52.8	85.5
0402	Milk and concentrated cream	110.6	65.6	59.4
0405	Butter	64.1	42.0	86.1
0805	Citrus	93.1	80.2	80.0
0901	Coffee	101.4	89.4	88.2
0902	Tea	100.3	98.8	98.5
10	Grains		62.8	
1001	Wheat and muslin	101.7	76.8	75.5
1005	Corn	83.1	64.9	78.1
1512	Vegetable oil	37.5	34.5	92.1
170112–170114	Raw sugar	76.1	68.3	89.8
1701991000	White sugar	156.3	90.5	57.9
1801	Cacao beans	74.4	73.5	98.7
1806	Products containing cacao	56.0	55.2	98.6
22	Alcoholic and nonalcoholic beverages		58.2	
2402	Cigarettes and cigars		90.6	
3003-3004	Drugs		67.3	
5208-5212	Cotton fabrics	80.2	73.6	91.7
61-62	Cloths		65.9	
6403	Leather footwaer	69.2	62.6	90.4
72	Ferrous metals	74.2	59.1	79.6
84-90	Machines and equipment		60.0	
8703	Autos	49.8	49.3	99.2
8704	Trucks	36.7	43.0	117.0
9401-9403	Furniture		54.4	

Source: calculated on FCS data.

economic development of Russia and external ones: differences regarding situation in Ukraine and in Syria, sanctions and countersanctions.

Russian trade deficit developed with 20 countries, whose share in the overall RF trade turnover constituted 24.2%. The biggest trade deficit Russia has with China (-\$6.3bn), USA (-\$1.9bn), Indonesia (-\$1.1bn), Thailand (-\$0.9bn), Brazil (-\$1.0bn) and Argentina (-\$0.7bn). ●