



Bank of Russia



# RUSSIA'S BALANCE OF PAYMENTS

No. 1–2 (11) • 2022 Q2

Information and analytical commentary

26 July 2022

## RUSSIA'S BALANCE OF PAYMENTS (2022 Q2)<sup>1</sup>

- In 2022 Q2, the current account surplus hit a fresh all-time high in the history of the balance of payments. This increase was driven by a rise in goods and services exports as well as a considerable decline in imports.
- The value of exported goods and services significantly exceeded the level of the same period in 2021 due to growing global prices for many commodities. Furthermore, quantities of supplies of some goods decreased because of sanctions and countermeasures.
- The value of imported goods and services fell by 22% YoY as a result of restrictions and suspended supplies to the Russian Federation by a number of foreign companies.
- Net lending to the rest of the world was mostly the result of expanding foreign assets amid higher export revenues and lower foreign liabilities of the economy.

### Current account

The current account surplus rose to a new all-time high of 70 billion US dollars in 2022 Q2. Its fourfold increase compared with the same period of 2021 (17 billion US dollars) reflects an expansion of the goods and services surplus. Certain contribution was also made by a contraction in the deficit of the balance of primary and secondary income due to the decrease in income payable by the private sector to non-residents.

### Goods and services exports

The value of goods and services exports grew by 20% YoY due to favourable price conditions in the global market. According to the World Bank, the Brent crude price increased by 64% YoY to 113 US dollars per barrel on average in 2022 Q2 amid growing demand, limited supply and depleting stocks. The positive effect for Russian exports was constrained by the discount with which Russian oil was sold because of the difficulties with its sale under the sanctions. However, even taking into account the substantial discount, the price of Russian Urals crude was almost 80 US dollars per barrel

in 2022 Q2,<sup>2</sup> +18% YoY. Prices for many other key Russian exports were up too. According to the World Bank, the price of gas soared 3.7 times YoY in Europe, Russia's main market. The world price of coal jumped almost three times YoY. The price of aluminium was 20% higher than in 2021 Q2.

However, because of the sanctions and countermeasures, annual growth rates in the value of goods and services exports decreased compared to 59% YoY in 2022 Q1.

**Oil.** In the context of the EU's planned refusal to buy Russian energy commodities, the quantities of oil exports to EU countries, especially to Lithuania, Germany and Spain, contracted.<sup>3</sup> At the same time, the decline in the supplies of oil and petroleum products to the EU was partly offset by their expansion to Turkey and the Asian region. In May, China increased crude oil purchases from Russia by 55% YoY, and Russia became the largest oil supplier to China, surpassing Saudi Arabia.<sup>4</sup> In view of a large discount on Russian oil,<sup>5</sup> India increased its crude oil imports from Russia by 4.7 times YoY, or by more than 400,000 barrels a day YoY in April–May 2022.<sup>6</sup> As a result, Russia considerably strengthened its position: its

<sup>1</sup> The commentary on the balance of payments includes a preliminary estimate of its indicators in 2022 Q2.

<sup>2</sup> According to the Ministry of Finance of the Russian Federation.

<sup>3</sup> According to Eurostat.

<sup>4</sup> According to the General Administration of Customs of China.

<sup>5</sup> Urals discount to Brent was over 30 US dollars per barrel in 2022 Q2.

<sup>6</sup> According to the Ministry of Commerce and Industry of India.

share in India's oil exports reached 11% in April–May 2022 compared to 3% in the same period in 2021.<sup>7</sup>

**Natural gas.** Decline in the quantity of gas exports to non-CIS countries accelerated to 35% YoY<sup>8</sup> in 2022 Q2 (2022 Q1: -27% YoY). It happened in the context of terminated supplies to a number of foreign companies because of their failure to pay in rubles for gas delivered in April. A key factor was the reduction in gas supplies through the Nord Stream pipeline in June due to a delay by Siemens to return gas pumping units from repairs.<sup>9</sup> Other contributing factors included the plans of the European Commission to reduce gas imports from Russia as well as lower gas consumption in Europe.<sup>10</sup> At the same time, the reduction in Russian exports to the EU was partially offset by the increase in gas supplies to China via the Power of Siberia pipeline.<sup>11</sup>

**Non-oil and gas exports.** The export quantities of ferrous metals contracted due to the EU's ban on the import of steel and iron products from Russia. According to Eurostat, alloy steel imports to the EU from Russia almost halted in May.

The supply of wood and wood products decreased, with their import quantities to the EU dropping by 67% YoY<sup>12</sup> in April–May 2022 amid EU restrictions and the ban on the export of Russian timber to several countries.

Exports were restricted by other countermeasures implemented by Russia. Western countries imposed a ban on the supply to Russia of a range of engineering products and transport vehicles. In March, seeking to ensure stability in the Russian market, the Government of the Russian Federation responded with a resolution on a temporary ban on the exports from Russia of more than 200 items of goods.<sup>13</sup> This ban covered the export of vehicles,

telecommunication and medical equipment, some household appliances and other goods.

The downward pressure on services exports, including transportation and travel services, was associated with the closure of the EU airspace to Russia, which restricted air transportation. The negative impact on services exports was also due to the ban on the entry of Russian ships to European seaports and on the insurance and reinsurance of vessels carrying Russian oil.

### **Goods and services imports**

In 2022 Q2, the value of goods and services imports contracted by 22% YoY (2021 Q1: +12% YoY) amid new sanctions. The biggest contributor to the decline in Russian imports was the contraction of trade with the EU, which introduced six packages of sanctions in 2022 H1. According to Eurostat, the value of EU exports to Russia dropped by more than a half in April–May 2022. In addition to the EU, the USA, Australia, Japan, Canada, New Zealand, the UK, South Korea, and Taiwan have all imposed bans on the supply of high-tech products to Russia. However, goods imports via neighbouring friendly countries have somewhat mitigated the sanctions' effect.

Imports were also adversely influenced by the withdrawal of a number of foreign companies from the Russian market. Technological companies, software developers, and computer hardware manufacturers announced the termination of operation in Russia. Many manufacturers of cars, electronics, chemicals, and other goods stopped their supplies to Russia. According to Eurostat, April–May 2022 saw a several-fold decline in imports YoY, as the EU halted supplies of computers, tractors, and spare car parts, and an almost completely terminated supply of cars to Russia.

<sup>7</sup> According to the Ministry of Commerce and Industry of India.

<sup>8</sup> Calculation is based on the data of PJSC GAZPROM.

<sup>9</sup> According to PJSC GAZPROM.

<sup>10</sup> According to the International Energy Agency.

<sup>11</sup> According to PJSC GAZPROM.

<sup>12</sup> According to Eurostat.

<sup>13</sup> [Resolution](#) of the Government of the Russian Federation No. 311, dated 9 March 2022, 'On Measures to Implement Executive Order of the President of the Russian Federation No. 100, Dated 8 March 2022'.

Services imports were affected by a considerable drop in the passenger and cargo air transportation, and also by restrictions imposed on other types of services, such as insurance.

The value of imports was also dragged down by payment and logistics bottlenecks. Several leading international container lines refused to provide services to Russia.

## Financial account

Financial account balance expanded to 66 billion US dollars (2021 Q2: 18 billion US dollars). In 2022 Q2, it was shaped both by a significant rise in foreign assets and a reduction in external liabilities.

Financial assets grew by 29 billion US dollars (2021 Q2: +21 billion US dollars) partly in the form

of funds accumulated in the foreign accounts of Russian banks and non-bank credit institutions due to export revenues amid high global prices for energy commodities.

Meanwhile, foreign liabilities declined by 37 billion US dollars (2021 Q2: +3 billion US dollars). This was due to the net repayment of external debt as well as the outflow of foreign investors' funds from Russian issuers' financial instruments. At the same time, this outflow was limited by the Bank of Russia's temporary measure prohibiting brokers to sell securities on non-residents' instructions.

## International reserves

On 1 July 2022, international reserves totalled 584 billion US dollars (on 1 April 2022: 606 billion US dollars).

### RUSSIA'S BALANCE OF PAYMENTS (BILLIONS OF US DOLLARS)\*

	2020					2021					2022	
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2**
<b>Current account</b>	<b>23.9</b>	<b>1.3</b>	<b>3.8</b>	<b>6.5</b>	<b>35.4</b>	<b>22.4</b>	<b>17.3</b>	<b>35.5</b>	<b>47.0</b>	<b>122.3</b>	<b>68.4</b>	<b>70.1</b>
Goods and services	27.5	14.6	15.1	19.5	76.7	25.7	34.8	47.4	62.2	170.1	77.7	80.7
Exports	103.2	80.7	89.7	107.9	381.5	104.8	127.9	146.2	171.0	550.0	166.4	153.1
Imports	75.6	66.1	74.6	88.4	304.8	79.1	93.2	98.9	108.8	379.9	88.7	72.3
Balance of primary and secondary income	-3.7	-13.3	-11.3	-13.0	-41.3	-3.3	-17.5	-11.9	-15.2	-47.8	-9.3	-10.6
Receivable	13.7	13.5	14.8	16.2	58.2	16.5	19.6	27.4	32.7	96.3	12.2	10.4
Payable	17.4	26.8	26.1	29.2	99.5	19.8	37.1	39.2	48.0	144.1	21.5	21.0
<b>Capital account</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.1</b>	<b>0.0</b>	<b>-0.1</b>	<b>0.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>
<b>Financial account, including reserve assets</b>	<b>24.3</b>	<b>1.5</b>	<b>6.3</b>	<b>7.0</b>	<b>39.1</b>	<b>22.7</b>	<b>18.3</b>	<b>33.6</b>	<b>47.8</b>	<b>122.4</b>	<b>64.5</b>	<b>66.3***</b>
Net incurrence of liabilities	-13.8	-2.9	-13.3	-9.5	-39.5	-0.3	2.8	32.1	2.8	37.4	-25.7	-36.8
Net acquisition of financial assets, including reserve assets	10.5	-1.3	-7.1	-2.5	-0.4	22.3	21.1	65.7	50.6	159.8	38.9	29.5***
<b>Net errors and omissions</b>	<b>0.5</b>	<b>0.3</b>	<b>2.5</b>	<b>0.5</b>	<b>3.8</b>	<b>0.0</b>	<b>1.0</b>	<b>-1.9</b>	<b>0.8</b>	<b>0.0</b>	<b>-3.8</b>	<b>-3.8</b>

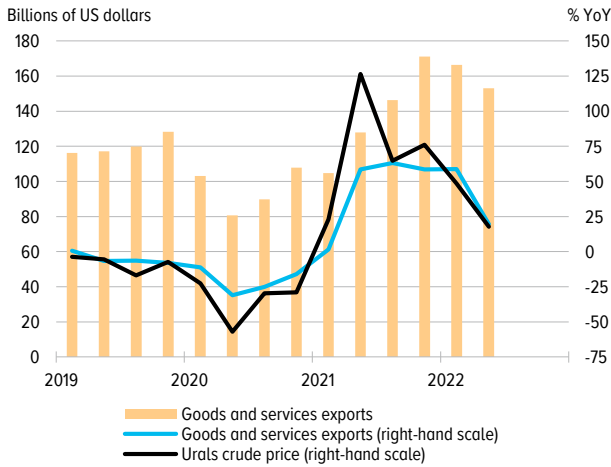
\* Due to rounding, the sum of separate items may sometimes differ from the total shown. In financial account, surplus denotes net lending and deficit denotes net borrowing. In assets and liabilities, '+' means growth, '-' means decline.

\*\* Estimate.

\*\*\* Including reporting data on reserve assets.

EXPORTS AND OIL PRICE

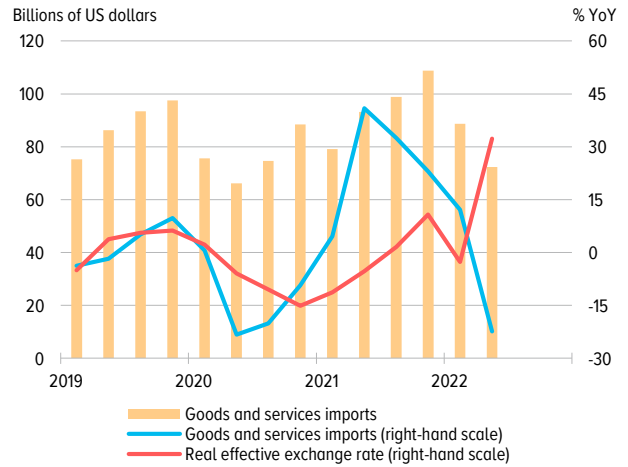
Chart 1



Source: Bank of Russia.

IMPORTS AND RUBLE EXCHANGE RATE

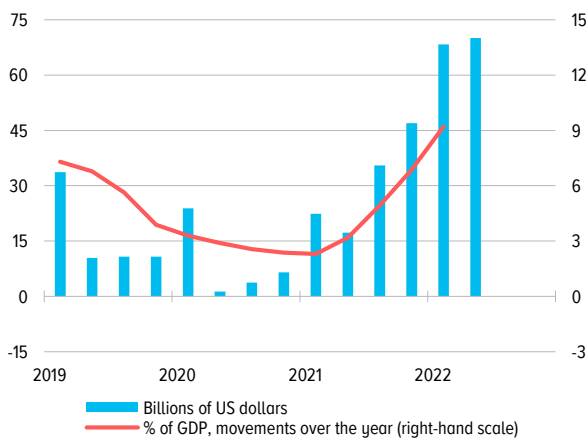
Chart 2



Source: Bank of Russia.

CURRENT ACCOUNT

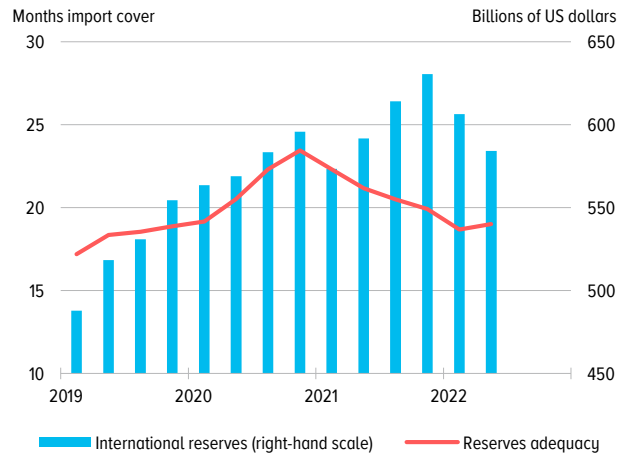
Chart 3



Note: 2022 Q2 GDP data are unavailable.  
Sources: Bank of Russia, Rosstat.

INTERNATIONAL RESERVES

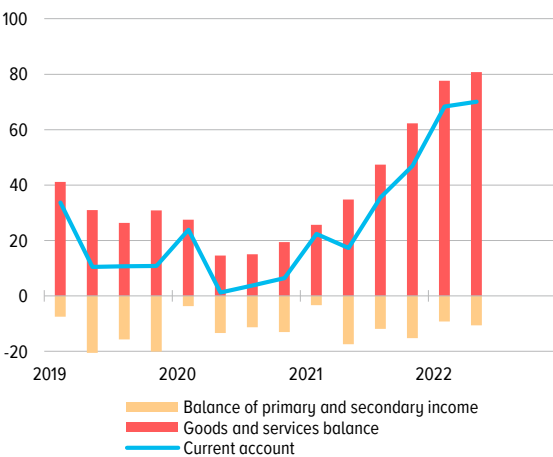
Chart 4



Source: Bank of Russia.

CURRENT ACCOUNT COMPONENTS  
(BILLIONS OF US DOLLARS)

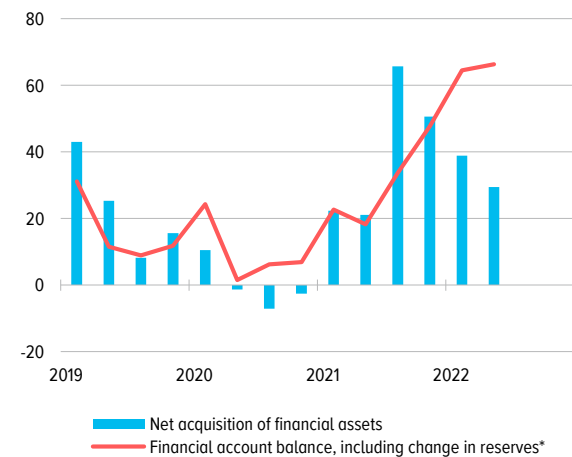
Chart 5



Source: Bank of Russia.

FINANCIAL ACCOUNT COMPONENTS\*  
(BILLIONS OF US DOLLARS)

Chart 6



\* '+' denotes net lending and '-' denotes net borrowing.  
Source: Bank of Russia.

Data cut-off date – 12.07.2022.

The [electronic version](#) of the information and analytical commentary is available on the Bank of Russia website.

Please send your comments and suggestions to [svc\\_analysis@cbr.ru](mailto:svc_analysis@cbr.ru).

This commentary was prepared by the Monetary Policy Department.

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12 Neglinnaya Street, Moscow 107016

Bank of Russia website: [www.cbr.ru](http://www.cbr.ru)