



Bank of Russia



# RUSSIA'S BALANCE OF PAYMENTS

No. 4 (13) • 2022 Q4

Information and analytical commentary

26 January 2023

## RUSSIA'S BALANCE OF PAYMENTS (2022 Q4)<sup>1</sup>

- In 2022 Q4, the current account surplus decreased due to a smaller surplus of foreign trade in goods and services.
- The value of goods and services exports fell by 15% YoY (2022 Q3: +4% YoY) amid adverse global price trends, the EU price cap and embargo on Russian crude oil. Non-oil and gas exports edged down due to the restrictive measures and fears of a global recession.
- Imports continued to recover. The decline in the value of goods and services imports slowed down to 9% YoY (2022 Q3: -13% YoY). Imports were supported by refocusing on the countries, which did not impose restrictions against Russia, expanding parallel imports and a stronger ruble year-on-year.
- The financial account surplus was primarily generated by a faster decline in the external liabilities of the economy along with a smaller contribution of growth in foreign assets.

### Current account

In 2022 Q4, the current account surplus dropped to \$31 billion (2021 Q4: +\$47 billion). This was caused mainly by a reduction in exports due to less favourable price trends in the global market and tighter restrictions.<sup>2</sup> Weaker demand also put downward pressure on exports due to the anticipated slowdown in the global economy.

Nevertheless, in 2022, the current account surplus overall reached a record high of \$227 billion (2021: +\$122 billion). The value of goods and services exports<sup>3</sup> hit its record high (+14 YoY, +\$78 billion YoY) amid soaring global commodity prices. In 2022, the current account surplus rose also due to a contraction in imports<sup>4</sup> (-9% YoY, -\$34 billion YoY). However, the deficit in primary and secondary income account expanded by 15% YoY owing to smaller revenues from non-residents and larger personal transfers abroad and labour compensation.

### Goods and services exports

In 2022 Q4, the value of goods and services exports fell by 15% YoY (2022 Q3: +4% YoY). This is associated with worsening trends in global energy prices and a weaker demand prompted by fears of a global recession. Growth in Brent crude price slowed down to 11% YoY in 2022 Q4 (2022 Q3: +36% YoY, 2022 Q2: +64% YoY).<sup>5</sup> The Russian oil situation was even more adverse. Urals crude price dropped by 20% YoY to \$63 per barrel on average in 2022 Q4 (2022 Q3: +4% YoY).<sup>6</sup> Urals discount to Brent widened to 29%.<sup>7</sup> Moreover, growth in global gas and coal prices slowed down, prices for many metals dropped in 2022 Q4.<sup>8</sup> Besides, the export quantities were limited by the EU embargo and price cap on Russian oil. The EU ban on Russian imports of coal, some iron and steel products, and other restrictions continued to hinder exports.

<sup>5</sup> According to the World Bank.

<sup>6</sup> The calculation is based on the data of the Russian Ministry of Finance.

<sup>7</sup> Urals crude price calculation is based on the data of the Russian Ministry of Finance and the World Bank.

<sup>8</sup> According to the World Bank, in Europe, the growth of gas prices slowed down to 15% YoY in 2022 Q4 from 255% YoY in 2022 Q3, with that of the Australian coal prices decelerating to 101% YoY from 144% YoY. In 2022 Q4, global prices for copper fell by 17% YoY, aluminium – by 15% YoY, and iron ore – by 11% YoY.

<sup>1</sup> The commentary on the balance of payments includes preliminary estimates of its indicators in 2022 Q4.

<sup>2</sup> The EU embargo and price cap imposed on Russian oil in December.

<sup>3</sup> According to the balance of payment methodology.

<sup>4</sup> According to the balance of payment methodology.

**Oil.** According to Eurostat, the rate of decrease in the quantities of oil and petroleum products exports from Russia to the EU accelerated to 30% YoY in October (2022 Q3: -23% YoY). In October, the quantities dropped to 2.3 mbd<sup>9</sup>, or by 1.0 mbd YoY, including by 0.7 mbd YoY due to crude oil.<sup>10</sup>

Negative changes in the fourth quarter were caused by the EU embargo. The EU ban on crude oil imports from Russia was imposed within the [sixth sanctions package](#) as early as June. However, before 5 December, it did not apply to oil imports under contracts concluded before 4 June and one-off transactions for near-term deliveries.<sup>11</sup> After 5 December, much smaller amount of imports remains carved-out.<sup>12</sup>

As a result, seaborne deliveries of oil from Russia to the Nordic countries stopped and those to Southern Europe fell to 0.2 mbd.<sup>13</sup> At the end of the year, such deliveries were made mainly to Bulgaria that received a derogation from the embargo.

Russian oil exports were affected by the introduction of a price cap on Russian crude oil on 5 December. The G7, EU and Australia set a [\\$60-per-barrel price cap](#). Companies based in the countries, that joined the initiative, are prohibited to transport seaborne Russian crude oil to third countries or to provide insurance and brokerage services, as well as technical assistance, and financing for operations. The restrictions do not apply if oil is purchased at a price equal or below the price cap.<sup>14</sup>

<sup>9</sup> Million barrels per day.

<sup>10</sup> The calculation is based on Eurostat preliminary data.

<sup>11</sup> The transition period for petroleum product runs until 5 February 2023.

<sup>12</sup> Oil deliveries by pipeline are permitted to those EU member states that are yet unable to obtain oil in any other way. Bulgaria may import Russian oil by sea until 2024 year-end. Croatia may import vacuum gas oil from Russia until 2023 year-end. The Czech Republic is permitted to buy petroleum products from Russian oil delivered to other EU member countries by pipeline until 5 December 2023.

<sup>13</sup> According to Bloomberg ship-tracking data, the four-week average volume of crude seaborne deliveries from Russia to the Nordic countries fell to zero in December from 0.2 mbd in early October and 1.2 mbd in January 2022 while those to Southern Europe dropped to 0.2 mbd from 0.5 mbd and 0.3 mbd, respectively.

<sup>14</sup> [The price cap is subject to a 45-day transition period: the restrictions do not apply to the deliveries of crude oil purchased and loaded onto a vessel before 5 December and unloaded prior to 19 January 2023.](#)

These December restrictions delayed the reorientation of Russian exports to Asian countries.

Nevertheless, the impact of the EU restrictions appears to have been overestimated as there were one-off short-lived factors.<sup>15</sup>

**Natural gas.** In 2022 Q4, the decline in the quantity of Russian gas exports to non-CIS countries accelerated to 64% YoY (2022 Q3: -61%YoY).<sup>16</sup>

This resulted from the halt in gas supplies to Europe via Nord Stream 1 in late August.<sup>17</sup> However, in the fourth quarter, Russian gas was still exported to Europe through Ukraine and the TurkStream pipeline.

The drop in the exports to Europe was partly compensated by the expansion of exports to China through the Power of Siberia gas trunkline beyond contractual obligations. Resource base for exports to China increased. In December, the Kovykta–Chayanda section of the Power of Siberia gas trunkline entered operation. It connected the pipeline with the Kovyktinskoye field, the most prolific gas field in eastern Russia.<sup>18</sup>

Given a mild winter and high gas stocks in Europe, the gas price in the European market, which is an important market for Russia, decreased from \$2,281 per thousand cubic meters in 2022 Q3 to \$1,400 per thousand cubic meters in 2022 Q4, on average.<sup>19</sup> Nevertheless, in 2022 Q4, it was more than three times higher compared to the Q4 average price in the previous five years.<sup>20</sup> Thus, global and export gas prices remained high.

**Non-oil and gas exports.** Some non-oil and gas exports were redirected from European to Asian markets. However, this process was curbed by a weaker demand caused by the anticipation of economic slowdown in major partner countries.

<sup>15</sup> Suspended loading in the Novorossiysk port due to a storm and repairs in the oil terminal in the Primorsk port.

<sup>16</sup> Calculation is based on the data of PJSC GAZPROM.

<sup>17</sup> According to PJSC GAZPROM, supplies via Nord Stream 1 were halted as there was an oil leak in the last gas pumping unit and its further use could cause the risk of fire or an explosion.

<sup>18</sup> According to PJSC GAZPROM.

<sup>19</sup> Calculation is based on the World Bank data.

<sup>20</sup> \$435 per thousand cubic meters, according to the World Bank.

According to Eurostat, Russian coal exports to Europe fell to zero in the fourth quarter due to the EU total ban on coal imports from Russia starting 10 August. Concurrently, attracted by discounts, Asian countries and Turkey increased their demand for Russian coal.

According to Eurostat, the decrease in the quantities of ferrous metals supplies from Russia to Europe accelerated to 68% YoY in October (2022 Q3: -60% YoY). Nevertheless, the contraction of exports to Europe was fully set off by the redirection of supplies to other countries.

In 2022 Q4, the exports of services, especially transport services, continued to be curbed by the drop in goods export quantities, the airspace closure, and the limited sea and motor transportation.

### Goods and services imports

The value of goods and services imports continued to recover. In 2022 Q4, its decline reduced to 9% YoY (2022 Q3: -13% YoY).

The situation improved thanks to the replacement of the banned supplies from Europe with larger imports from other countries. The value of European goods imports to Russia almost halved year-on-year in October, mainly on account of machinery, equipment, and transport vehicles.<sup>21</sup> However, the value of Chinese supplies to Russia gained more than a quarter year-on-year in October–November.<sup>22</sup> The value of goods supplies from Turkey to Russia almost doubled year-on-year in October–November 2022.<sup>23</sup>

The parallel import mechanism supported goods imports to the greater extent. In October, the list of goods for parallel imports was extended. Alcoholic and non-alcoholic beverages, some chemical products, electric equipment, measuring instruments, etc. were included in the said list.<sup>24</sup> According to Vladimir Bulavin, the Head of the Federal Customs

Service of Russia, 2.4 million tonnes of goods worth **\$20 billion** were imported to Russia since the launch of the parallel import mechanism in May 2022, including, first of all, cars, machinery, equipment, and process lines. Also, a considerable volume of **fast moving consumer goods, clothes and perfumes** was supplied as part of the parallel import mechanism.

A stronger ruble, year-on-year, also helped imports to recover. The real effective exchange rate of the ruble increased by 33% YoY in 2022 Q4 (2022 Q3: +46% YoY).

However, the unilateral restrictive measures of individual countries, the exodus of foreign companies from the Russian market, payment and logistics problems continued to push imports down.

### Financial account

In 2022 Q4, the financial account surplus amounted to \$30 billion. It was noticeably smaller than in the previous quarter (\$45 billion) and in 2021 Q4 (\$48 billion).

Net lending to the rest of the world was mainly in the form of a faster decline in foreign liabilities. They dropped by \$23 billion in 2022 Q4 after a \$3 billion drop in 2022 Q3. 2021 Q4 saw a net growth in foreign liabilities reaching \$3 billion.

Foreign assets increased by \$7 billion in 2022 Q4 (2021 Q4: +\$51 billion).

In 2022, the financial account surplus totalled \$223 billion (2021: \$122 billion). In 2022, it was formed both by an increase in foreign assets (+\$107 billion) and a decrease in foreign liabilities (-\$116 billion) in part due to the exodus of non-residents from Russian companies and the repayment of foreign debts by non-financial companies.

### International reserves

Over 2022 Q4, international reserves went up to \$582 billion as of 1 January 2023 (\$541 billion as of 1 October 2022). The change was prompted by the revaluation of foreign exchange assets and gold as well as a weaker US dollar in the global market.

<sup>21</sup> According to Eurostat.

<sup>22</sup> According to the General Administration of Customs of China.

<sup>23</sup> According to the Turkish Statistical Institute.

<sup>24</sup> Order of the Russian Ministry of Industry and Trade No. 4456, dated 21 October 2022.

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

	2021					2022				
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4**	Year**
<b>Current account</b>	<b>22.4</b>	<b>17.3</b>	<b>35.5</b>	<b>47.0</b>	<b>122.3</b>	<b>69.5</b>	<b>78.5</b>	<b>48.0</b>	<b>31.4</b>	<b>227.4</b>
Goods and services	25.7	34.8	47.4	62.2	170.1	79.1	91.8	65.6	45.9	282.3
<i>Exports</i>	104.8	127.9	146.2	171.0	550.0	168.2	163.2	152.0	144.7	628.1
<i>Imports</i>	79.1	93.2	98.9	108.8	379.9	89.1	71.4	86.5	98.9	345.8
Balance of primary and secondary income	-3.3	-17.5	-11.9	-15.2	-47.8	-9.6	-13.3	-17.5	-14.5	-54.9
<i>Receivable</i>	16.5	19.6	27.4	32.7	96.3	12.5	11.0	11.8	12.3	47.7
<i>Payable</i>	19.8	37.1	39.2	48.0	144.1	22.1	24.3	29.4	26.8	102.6
<b>Capital account</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>0.7</b>	<b>0.6</b>	<b>0.4</b>	<b>1.8</b>
<b>Financial account, including reserve assets</b>	<b>22.6</b>	<b>18.3</b>	<b>33.6</b>	<b>47.8</b>	<b>122.3</b>	<b>66.4</b>	<b>82.1</b>	<b>45.1</b>	<b>29.6</b>	<b>223.2</b>
Net incurrence of liabilities	-0.3	2.8	32.1	2.9	37.5	-34.6	-55.5	-3.3	-22.6	-116.1
Net acquisition of financial assets, including reserve assets	22.3	21.1	65.7	50.6	159.8	31.8	26.5	41.9	6.9	107.1
<b>Net errors and omissions</b>	<b>0.0</b>	<b>1.0</b>	<b>-1.9</b>	<b>0.8</b>	<b>-0.1</b>	<b>-3.0</b>	<b>2.8</b>	<b>-3.5</b>	<b>-2.3</b>	<b>-5.9</b>

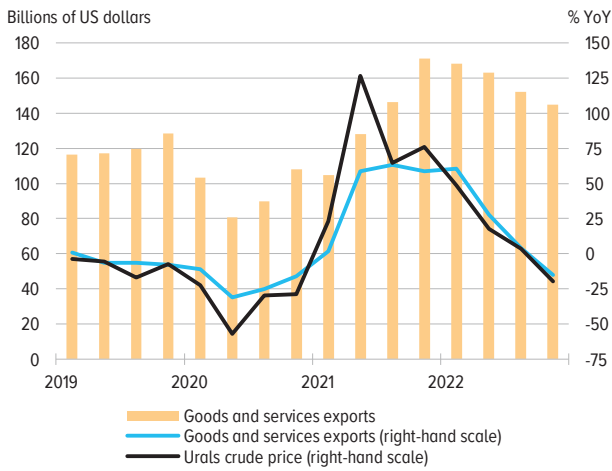
\* Due to rounding, the sum of separate items may sometimes differ from the total shown. In the financial account, surplus denotes net lending and deficit denotes net borrowing. In the assets and liabilities, '+' means growth, '-' means decline.

\*\* Estimate.



EXPORTS AND OIL PRICE

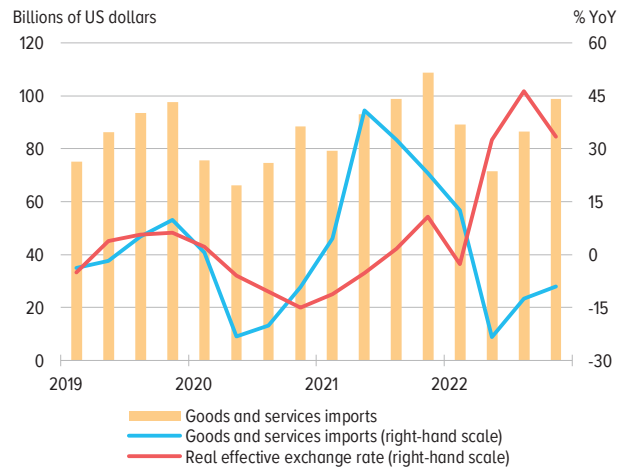
Chart 1



Sources: Bank of Russia, Russian Ministry of Finance.

IMPORTS AND RUBLE EXCHANGE RATE

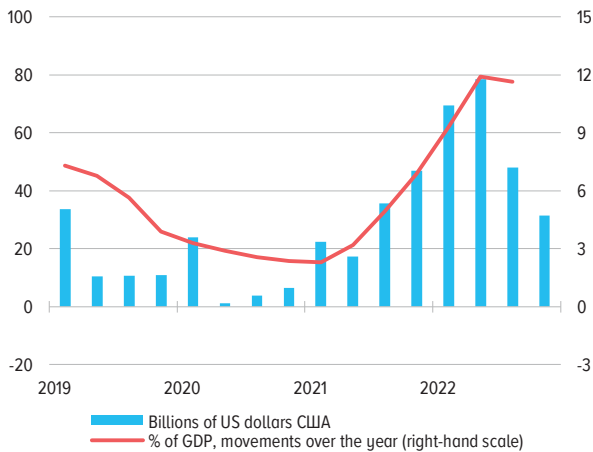
Chart 2



Source: Bank of Russia.

CURRENT ACCOUNT

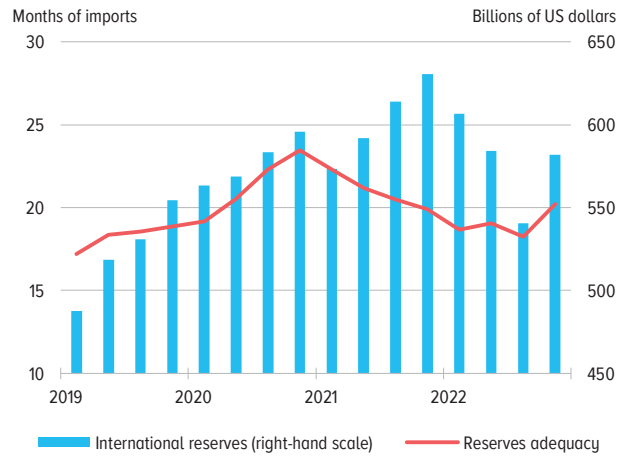
Chart 3



Note. 2022 Q4 GDP data are unavailable.  
Sources: Bank of Russia, Rosstat.

INTERNATIONAL RESERVES

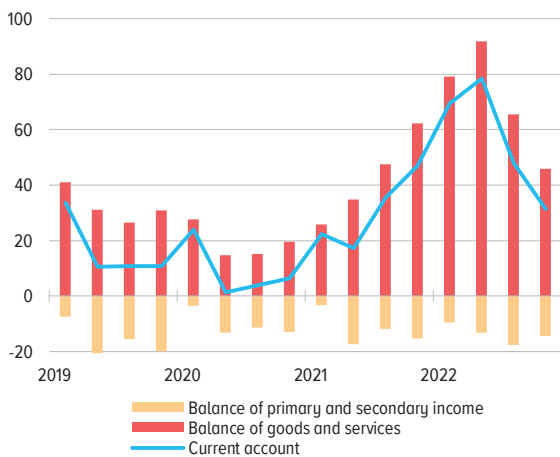
Chart 4



Source: Bank of Russia.

CURRENT ACCOUNT COMPONENTS  
(BILLIONS OF US DOLLARS)

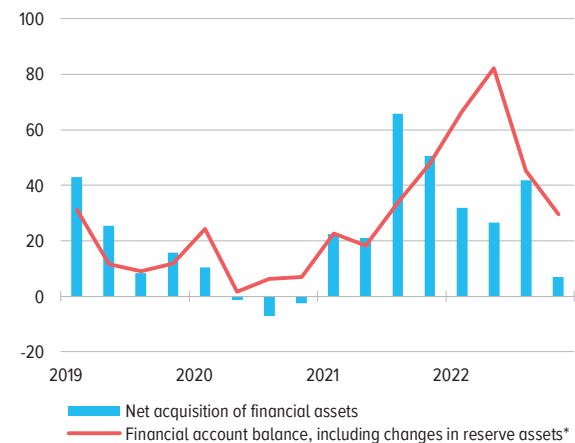
Chart 5



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 – 17.01.2023.

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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