



Bank of Russia



RUSSIA'S BALANCE OF PAYMENTS

No. 1 (14) • 2023 Q1

Information and analytical commentary

20 April 2023

RUSSIA'S BALANCE OF PAYMENTS (2023 Q1)¹

- In 2023 Q1, the current account surplus fell due to a reduced surplus in foreign trade, which approached the average of recent years.
- The value of goods exports decreased from the 2022 Q1 record high largely due to lower global commodity prices and a higher discount for Russian crude oil. However, the value of exports was higher than in 2021 Q1. They were supported by the redirection of supplies and the good harvest.
- The value of goods imports reached the level of 2022 and exceeded the value for the similar period in 2021. The disruption in imports from the EU was offset by the expansion of imports from other countries. The recovery of imports was also supported by the parallel import mechanism.
- The financial account surplus narrowed owing to reduced revenues from foreign trade compared to 2022 Q1. In 2023 Q1, net lending to the rest of the world largely derived from a decline in foreign liabilities. The growth in foreign assets slowed down as well.

Current account

In 2023 Q1, the current account surplus dropped to \$19 billion (2022 Q1: +\$70 billion) due to a contraction in the trade surplus. The goods exports fell largely following the drop in global commodity prices. Nevertheless, the value of goods imports reached the last year level. However, the deficit in the primary and secondary income account narrowed. This was in part caused by a reduction in income due to non-residents following a drop in dividends payable by Russian companies to non-residents.

Goods and services exports

Goods exports. The value of goods exports decreased by 35% from the 2022 Q1 record high largely owing to adverse price trends in the global market and a higher discount for Russian crude oil. Concerns about the world economic outlook also exerted downward pressures on exports. However, the value of goods exports gained 8% in 2023 Q1 compared to the same period in 2021. Exports were supported by the redirection of supplies and the good harvest.

Oil. The value of oil exports was down both due to a price downturn and an embargo and a price cap imposed by some countries² on Russian oil and petroleum products. Brent crude oil price – the leading global price benchmark – decreased by 18% YoY to \$81 per barrel on average in 2023 Q1.³ Russian crude prices fell even more. Russian oil discount to Brent crude expanded owing to the price cap, among other things.

The contraction in oil exports to Europe was offset by larger supplies to Asian countries, which were attracted by discounts. The redirection of exports was partly supported by the fact that the ban on the maritime transportation of Russian oil by western companies to third countries did not apply to a large number of deliveries, as Russian crude price was below the price cap.

Natural gas. Gas exports were affected by a drop in global prices from last year's highs. According to the World Bank, the gas price index fell by 44% YoY in 2023 Q1 (2022 Q4: +16% YoY). In Europe, the average gas price nearly halved year-on-year and reached \$639 per thousand

¹ The commentary on the balance of payments includes preliminary estimates of its indicators in 2023 Q1 and actual data on international reserves.

² The G7, the EU and Australia set a \$60-per-barrel price cap for Russian oil.

³ According to the World Bank.

cubic meters in 2023 Q1 on the back of mild weather and sizeable gas stocks in the EU. Nevertheless, it was 2.5 times higher than in the similar period in 2021.⁴

Export quantities remained close to the 2022 Q4 figure though they significantly declined on a year-to-year basis largely due to the halt in gas supplies to Europe via Nord Stream 1 in late August last year. However, Russian gas was still exported to Europe via the Ukraine transit route and the TurkStream pipeline. Gas exports to China were up.

Non-oil and gas exports.⁵ The value of non-oil and gas exports was affected by downward pressures from adverse price trends in the global market. Global metal prices fell due to an excessive supply and a modest demand.⁶ Coal became cheaper too because of a lower demand in Europe and Asia amid warm weather. The value of its exports was also impacted by considerable discounts offered in order to redirect flows to new markets.

Export quantities of some goods were affected by tougher sanctions. The ban on the imports of some iron and steel products⁷ to Europe came into force in the first half of January 2023.

Exports of chemicals were constrained by new export duties on fertilisers, which took effect on 1 January 2023.⁸

Non-oil and gas exports were additionally supported by the redirection of supplies and the high stocks of grains thanks to the good harvest in the last year and the extended grain deal.

Services exports. In 2023 Q1, the value of services exports declined by 33% YoY. Along with that, different types of services were moving diversely. On the one hand, exports of transport services shrank due to the reduced quantities of Russian goods exports and the transport restrictions. There was a drop in the exports of telecommunication, computer, and information services as well as construction and other business services. On the other hand, the exports of travel services continued to recover after the anti-pandemic restrictions were lifted in Russia. The exports of these services approached their 2019 level.

Goods and services imports

Goods imports. Imports continued to recover. In 2023 Q1, the value of goods imports exceeded the level of the similar period last year (2022 Q4: -4% YoY) and gained 11% compared to 2021 Q1.

The disruption in supplies from the EU was offset by larger imports from other countries. According to Eurostat, the value of supplies from Europe to Russia halved year-on-year in January 2023 mainly because of machinery, equipment, and vehicles.

The parallel import mechanism⁹ and a stronger ruble supported the recovery of goods imports by 2023 Q1. The real effective exchange rate of the ruble increased by 24% YoY in 2023 Q1.

Services imports. The value of services imports fell by 19% YoY in 2023 Q1 mainly due to other business services. The imports of transport services dropped too owing to a reduced volume of transportation by non-resident companies. In contrast, the imports of travel services continued to recover thanks to a larger number of Russian tourists travelling abroad.¹⁰

⁴ The calculation is based on the World Bank data.

⁵ Exports of goods except for oil, petroleum products, natural gas, and LNG.

⁶ According to the World Bank, global prices for aluminium declined by 26% YoY, iron ore – by 12% YoY, copper – by 10% YoY, Australian coal – by 2% YoY, and South African coal – by 31% YoY in 2023 Q1.

⁷ The ban was adopted as part of the 8th EU Sanctions Package, dated 8 October 2022. Before 8 January 2023, the ban did not apply to supplies under contracts concluded before 7 October 2022.

⁸ According to Resolution of the Government of the Russian Federation No. 2188, dated 30 November 2022, the export duties on nitrogen, phosphate, and potash fertilisers are set at 23.5% of the difference between their customs values and \$450 per ton.

⁹ Imports of goods to a country and their sale without the authorisation of the product owner who has intellectual property rights over the products.

¹⁰ According to the preliminary data of the Turkish Ministry of Culture and Tourism, the number of Russian tourists, who entered the country in January and February 2023, doubled year-on-year.

Financial account

In 2023 Q1, the financial account surplus (net of reserve assets) totalled \$21 billion. It decreased considerably both year-on-year (\$77 billion) and quarter-on-quarter (\$36 billion).

Net lending to the rest of the world largely derived from a decline in foreign liabilities as in the previous quarter (2023 Q1: -\$13 billion). Concurrently, the liabilities were falling at a slower pace than in 2022 Q1 (-\$35 billion).

Net lending dropped also owing to a slower growth in foreign assets to \$8 billion in 2023 Q1 (2022 Q1: +\$43 billion). The accumulation

of other foreign assets slowed down amid the downturn in global prices for key Russian exports.

International reserves

In 2023 Q1, reserve assets dropped by \$5 billion due to transactions reflected in the balance of payments. This resulted from fiscal rule-based foreign currency sales.

Taking into account transactions, revaluations and other changes, international reserves went up to \$594 billion as of 1 April 2023 (\$582 billion as of 1 January 2023).

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

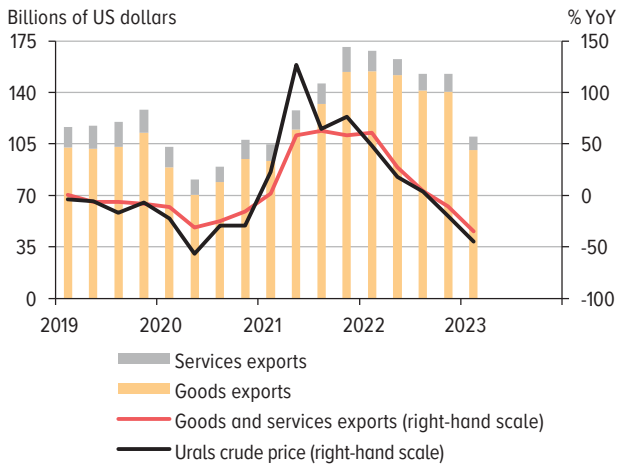
	2021					2022					2023
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year	Q1**
Current account	22.4	17.3	35.5	47.0	122.3	69.8	77.2	48.5	37.5	233.0	18.6
Balance of trade	28.7	38.8	54.2	68.5	190.3	83.0	94.1	72.6	58.2	308.0	29.0
Exports	93.3	114.9	132.1	154.0	494.3	154.5	151.8	141.4	140.6	588.3	100.8
Imports	64.6	76.1	77.9	85.5	304.0	71.5	57.7	68.8	82.3	280.4	71.8
Balance of services	-3.0	-4.1	-6.9	-6.3	-20.2	-3.6	-3.5	-6.9	-8.2	-22.2	-4.9
Exports	11.5	13.0	14.1	17.0	55.7	13.9	11.1	11.3	12.3	48.5	9.2
Imports	14.5	17.1	21.0	23.3	75.9	17.5	14.5	18.2	20.5	70.7	14.2
Balance of primary and secondary income	-3.3	-17.5	-11.9	-15.2	-47.8	-9.6	-13.4	-17.3	-12.5	-52.8	-5.5
Capital account	0.2	0.0	0.0	0.0	0.1	0.0	-1.1	-1.9	-1.5	-4.6	0.0
Current and capital accounts balance	22.7	17.3	35.5	47.0	122.4	69.8	76.1	46.5	36.0	228.4	18.6
Financial account balance, excluding reserve assets	19.0	9.8	4.1	26.1	59.0	77.2	78.7	42.4	35.7	234.1	21.4
Net incurrence of liabilities	-0.3	2.9	32.2	2.9	37.7	-34.6	-54.7	-15.9	-24.6	-129.9	-13.3
Net acquisition of financial assets, excluding reserve assets	18.7	12.7	36.3	29.1	96.7	42.6	24.1	26.5	11.1	104.2	8.1
Net errors and omissions	0.0	1.0	-1.8	0.8	0.1	-3.2	3.8	-2.3	0.1	-1.6	-2.3
Change in reserve assets	3.7	8.5	29.6	21.7	63.5	-10.6	1.2	1.8	0.4	-7.3	-5.1

* 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

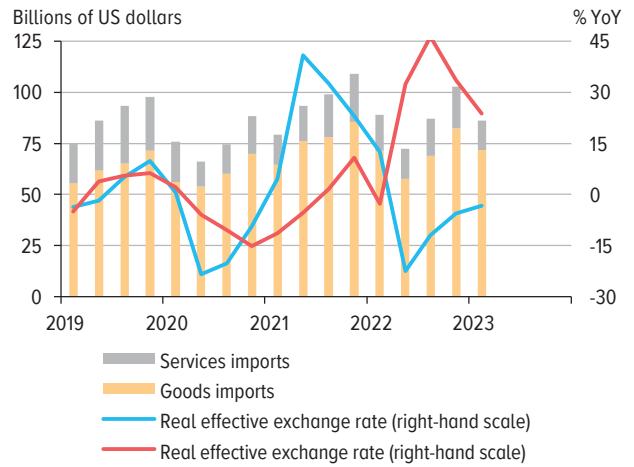
Chart 1



Sources: Bank of Russia, Russian Ministry of Finance.

IMPORTS AND RUBLE EXCHANGE RATE

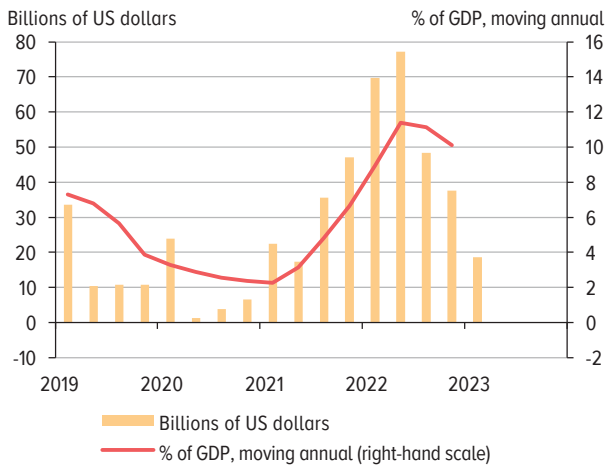
Chart 2



Source: Bank of Russia.

CURRENT ACCOUNT

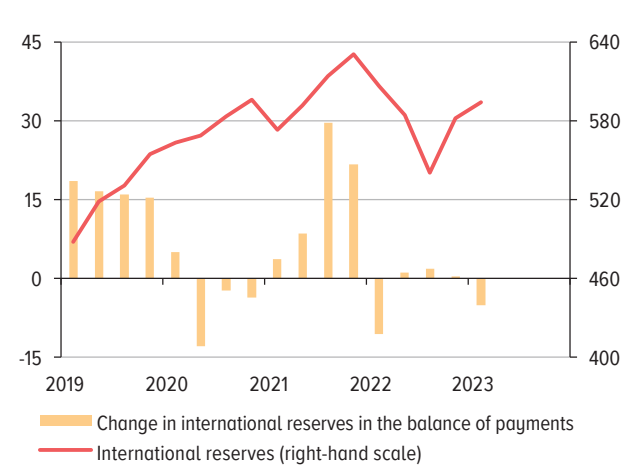
Chart 3



Note: 2023 Q1 GDP data are unavailable.
 Sources: Bank of Russia, Rosstat.

INTERNATIONAL RESERVES
(BILLIONS OF US DOLLARS)

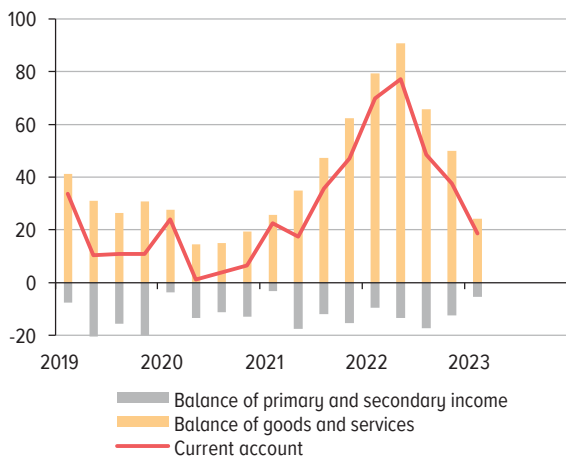
Chart 4



Source: Bank of Russia.

CURRENT ACCOUNT COMPONENTS
(BILLIONS OF US DOLLARS)

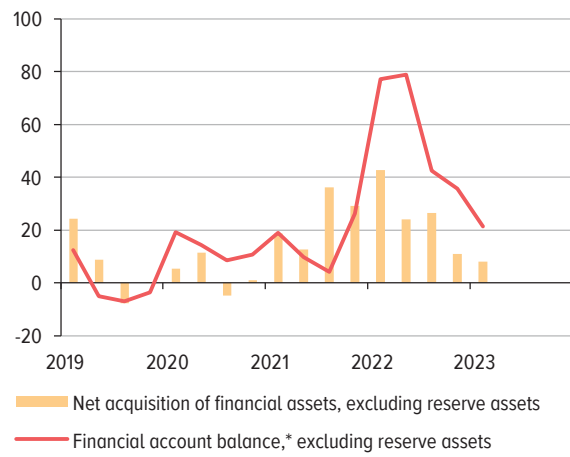
Chart 5



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 – 14.04.2023.

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.

This commentary was prepared by the Monetary Policy Department.

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