



Bank of Russia



RUSSIA'S BALANCE OF PAYMENTS

No. 4 (17) • 2023 Q4

Information and analytical commentary

30 January 2024

RUSSIA'S BALANCE OF PAYMENTS (2023 Q4)¹

- The current account surplus declined in both 2023 Q4 and 2023 overall owing to a drop in the trade surplus.
- The value of goods exports fell compared to 2022 largely due to a decrease in global commodity prices from the elevated levels of 2022, and compared to 2021 because of a drop in export quantities amid foreign trade restrictions. In 2023 Q4, exports were also constrained by unfavourable weather conditions and a consequent decrease in sea freight volumes. In 2023 overall, the value of goods exports was close to the 2019 level and below the 2021–2022 values.
- In 2023 Q4, the value of goods imports declined compared to the values of both 2021 Q4 and 2022 Q4 following the ruble depreciation in summer and the monetary policy tightening. In 2023 overall, the value of goods imports recovered to the 2021 level thanks to a focus on suppliers from alternative regions and the expansion of the parallel import mechanism.
- Net lending to the rest of world was mainly driven by growth in foreign assets in both 2023 Q4 and 2023 overall. Unlike 2022, 2023 saw a considerable fall in the contribution from the reduction in foreign liabilities amid smaller divestments from Russian instruments by non-residents. It was foreign direct investment that made a considerable contribution to foreign assets in 2023 in addition to the accumulation of funds in foreign accounts and deposits by residents, and a rise in foreign trade receivables due from non-residents, which were observed in 2022.

Current account

The current account surplus dropped to \$11 billion in 2023 Q4 (2022 Q4: \$42 billion; 2021 Q4: \$47 billion; 2023 Q3: \$16 billion). The drop was caused by the reduction in exports as a result of the decline in many global commodity prices from the 2022 elevated levels and restrictions on Russian goods imports.

The seasonal increase in goods imports also contributed to the decrease in the current account surplus against the third quarter. Yet another contributor was a wider deficit in the primary and secondary income account due to dividend announcements usually made by large Russian companies in December.

Nevertheless, in 2023 as a whole, the amount of investment income, including dividends, payable to non-residents fell year-on-year, and

the deficit in the primary and secondary income account narrowed.

The value of goods exports was lower than in 2021 and 2022 but higher than in 2019. Prices for gas, coal and metals were higher than in 2019.² Coupled with the good harvest of grains, this offset the drop in the export quantities of other goods caused by the trade restrictions. The value of goods imports rose in 2023 to reach the 2021 level thanks to the redirection of imports to alternative destinations and the parallel import mechanism. This increase also reflected the expansion of domestic demand. Therefore, given the recovery in imports and the drop in exports, the current account surplus amounted to \$50 billion in 2023, which was below the record high of \$238 billion in 2022 (2021: \$122 billion).

¹ The commentary on the balance of payments includes preliminary estimates of its indicators in 2023 Q4.

² According to the World Bank, the global natural gas price index rose by 68%, prices for Australian coal surged by 122%, for copper – by 41%, for iron ore – by 28%, and for aluminium – by 26% in 2023 against 2019.

Goods and services exports

Goods exports. The value of goods exports declined in 2023 Q4. Its decline sped up to 27% vs 2022 Q4 (2023 Q3: -23% YoY) and to 32% vs 2021 Q4 (2023 Q3: -18%). Russian goods exports were constrained by foreign trade restrictions, low demand in the global market due to the global economic recession in 2023, and problems with sea freight caused by bad weather.

However, exports were supported by their redirection from EU markets to the Middle East and Asia. According to the Federal Customs Service of Russia, the share of EU destinations in the Russian exports decreased from 46% in January–November 2022 to 20% in January–November 2023, whereas the share of destinations in Asia increased from 48% to 72%. In addition, exports were boosted by the good harvest of grains. In January–November 2023, the value of exports of food and agricultural commodities went up by 7% year-on-year and over 20% on the same period in 2021.³

Oil. Smaller discounts on the Russian oil supported the value of oil exports. The Brent crude oil price – the leading global price benchmark – amounted to \$84 per barrel,⁴ while the Urals crude oil price was \$73 per barrel in 2023 Q4.⁵ Thus, the spread between them narrowed to \$11 per barrel or 13% (2023 Q3: \$13 per barrel or 15%; 2022 Q4: \$26 per barrel or 29%).⁶ The Urals crude oil price even increased by 17% year-on-year, though it was lower than in 2021 Q4 and 2023 Q3.

Oil export quantities were still constrained by Russia's voluntary decision to cut oil production by 300,000 barrels a day from the May–June volumes.⁷ This decision remained one of the

factors in the reduction in the Russian oil discount.

The restrictions on petroleum product exports imposed by the Russian Government in September⁸ were gradually relaxed over the fourth quarter as the domestic market was approaching saturation. The Russian Government lifted bans on diesel exports delivered to seaports via pipelines in October and on the exports of petrol and summer diesel fuel in November. This lifting supported exports of petroleum products.

Nevertheless, exports were negatively affected by bad weather: oil transshipment and shipment operations were suspended, shipping traffic in Russian ports was limited because of storms in the Black Sea.

Natural gas. Global gas prices gained 16% quarter-on-quarter due to gas supply concerns prompted by tensions in the Middle East. In 2023 Q4, the gas price index was still above the average over the similar periods in 2017–2021. As compared with the record 2022 Q4, prices were declining at a slower rate of 59% year-on-year.⁹

In the fourth quarter, Russian gas exports via pipelines to Europe increased by 14% quarter-on-quarter (+23% YoY) in anticipation of the heating season.¹⁰ The daily volume of gas supplies from Russia to China via the Power of Siberia pipeline hit a fresh all-time high and exceeded contractual obligations. It increased to 23 billion cubic meters or by 50% year-on-year in 2023 overall.¹¹ Notably, an increase of 7 billion cubic meters in exports to China only partially offset a decrease of 38 billion cubic meters in Russian gas supplies via pipelines to Europe to 30 billion cubic meters in 2023.¹²

³ The calculation is based on data from the Federal Customs Service of Russia.

⁴ The calculation is based on World Bank data.

⁵ The calculation is based on data from the Russian Ministry of Finance.

⁶ The calculation is based on data from the Russian Ministry of Finance and the World Bank.

⁷ Deputy Prime Minister of the Russian Federation Alexander Novak [announced](#) that Russia would extend the voluntary cut in oil exports by 300,000 barrels per day until the end of 2023.

⁸ Resolution of the Government of the Russian Federation No. 1537, dated 21 September 2023.

⁹ The calculation is based on World Bank data.

¹⁰ According to Bruegel – the European think tank that specialises in economics.

¹¹ According to PJSC Gazprom.

¹² According to Bruegel, Russian gas exports via pipelines to Europe more than halved in 2023 owing to the halt in gas supplies via the Nord Stream in late August 2022.

Non-oil and gas exports.¹³ The value of non-oil and gas exports dropped for the following reasons. First, some global commodity prices fell compared to the fourth quarters of 2021–2022¹⁴ in anticipation of the global economic recession in 2023.

Second, non-oil and gas exports were constrained by unfavourable weather conditions and foreign trade restrictions. On 30 September 2023, the EU imposed another ban on the imports of certain iron and steel products that contained Russian iron or steel. The exports of precious metals were limited by a ban introduced by the Russian Government on the exports of precious metal waste and scrap. Export quantities were also impacted by flexible export duties tied to the ruble exchange rate, which were introduced on 1 October. The export duty on fertilisers was set at 10%, on many other non-oil and gas exports – 7% in October and November, and 5.5% in December. Exports of certain goods dropped in October after their rise in September in anticipation of the introduction of the flexible export duties. Following their introduction, some Russian exporters had to raise prices to clients who partially shifted to cheaper supplies from other countries.¹⁵

Services exports. In 2023 Q4, the value of services exports decreased by 13% year-on-year and by 37% compared to 2021 Q4. Telecommunications, computer and information services made the major contribution to the decrease in exports against 2021 Q4. This was associated with restrictions imposed on Russian IT companies and the partial relocation of their operations to other countries. The exports of transport services were also significantly lower than in 2021 Q4 because of restrictions imposed on Russian transport companies. These exports showed a slight rise, however, compared to

2022. The exports of travel services exceeded the levels of both 2022 Q4 and 2021 Q4 on the back of a larger number of foreign nationals who entered Russia.

Goods and services imports

Goods imports. In 2023 Q4, the value of goods imports dropped by 5% year-on-year after a strong recovery in the previous quarters compared to 2022 (2023 Q3: +10% YoY). As compared to 2021 Q4, imports fell by 10% (2023 Q3: -3%).

Goods imports were growing at a more moderate rate in the fourth quarter amidst a weaker ruble¹⁶ and a slower rise in domestic demand in part due to the monetary policy tightening and inventories accumulated in previous periods.

In 2023, the imports of goods were supported by the expansion of the parallel import mechanism. In 2023 Q4, authorities expanded the list of goods that might be supplied within the parallel import mechanism to include a range of brands of batteries, rechargeable batteries, vehicle spare parts, photo cameras, and glasses.¹⁷ The value of goods imported via the parallel import mechanism amounted to more than \$70 billion over 2022–2023.¹⁸

In 2023 overall, the value of goods imports rose by 10% year-on-year to reach the 2021 level. Imports recovered on the back of strong domestic demand and a shift from European companies to alternative suppliers. According to the Federal Customs Service of Russia, the value of imports from Europe declined by \$9 billion year-on-year in January–November 2023. However, smaller imports from Europe were offset by a \$41 billion increase year-on-year in imports from Asia, primarily from China. Therefore, the share of European countries in goods imports to Russia decreased from 35% in January–November 2022 to 28% in January–November 2023, while the share of Asian importers increased from 56% to

¹³ Exports of goods, excluding oil, petroleum products, natural gas, and liquefied natural gas.

¹⁴ According to the World Bank, in 2023 Q4, global prices for Australian coal declined by 63% year-on-year and by 26% on 2021 Q4, for aluminium – by 6% and 20%, and for nickel – by 32% and 13%, respectively.

¹⁵ According to the General Administration of Customs of China, the price of coal exported from Russia to China was 1% below the average in 2023 Q3, however, it was 3% above the average already in 2023 Q4. Quantities of coal exports from Russia to China fell by 20% quarter-on-quarter in 2023 Q4.

¹⁶ The real effective exchange rate of the ruble fell by 30% year-on-year and 7% against 2021 Q4.

¹⁷ Order of the Ministry of Industry and Trade of the Russian Federation No. 2701, dated 21 July 2023.

¹⁸ [According to](#) First Deputy Prime Minister of the Russian Federation Andrei Belousov.

66%.¹⁹ In January–November 2023, the major contributors to annual growth in imports were supplies of machinery, equipment, vehicles, textiles, textile products, and footwear.²⁰

Services imports. The value of services imports declined by 13% year-on-year in 2023 Q4 (2023 Q3: +7% YoY). As compared with 2021 Q4, the decline accelerated to 23% (2023 Q3: -8%). The major contributor was a drop in travel services imports. The recovery in imports of these services used to be the major contributor to growth in services imports in the previous quarters. In 2023 Q4, however, expenses incurred by Russian tourists when travelling abroad fell by 11% year-on-year. The fall in the value of travel services imports was associated with a reduction in outbound tourism²¹ as a result of the ruble weakening and higher travel prices. Nevertheless, travel services imports were twice as much as in 2021 Q4 when COVID restrictions were in place. Contrastingly, imports of transport services were lower than in 2021 but still higher than in 2022. Imports of construction services, telecommunications, computer and information services declined against both 2021 and 2022.

Financial account

The financial account surplus (including reserve assets) totalled \$9 billion in 2023 Q4. It was significantly smaller than in the previous

quarter (\$13 billion), in 2022 Q4 (\$40 billion), and 2021 Q4 (\$48 billion).

In 2023 Q4, net lending to the rest of the world was primarily driven by a \$6 billion increase in foreign assets. However, growth in foreign assets slowed down considerably (2023 Q3: +\$21 billion; 2022 Q4: +\$13 billion; 2021 Q4: +\$51 billion) in response to the rise in interest rates on ruble-denominated assets, among other factors.

Foreign liabilities declined by \$3 billion in 2023 Q4 in contrast to the previous quarter (+\$8 billion). The decline, however, was much smaller than in 2022 Q4 (-\$27 billion).

The financial account surplus totalled \$40 billion in 2023 overall (2022: \$228 billion; 2021: \$122 billion).

In 2023, it was generated predominantly by a \$38 billion increase in foreign assets. The said increase was driven by the accumulation of funds in foreign accounts and deposits by residents, a rise in foreign trade receivables due from non-residents, and foreign direct investment.

Foreign liabilities dropped by \$2 billion in 2023 as a result of divestments from Russian companies by non-residents and the redemption of debt instruments, including within the bond substitution mechanism. Nevertheless, there was an increase in non-resident funds in C-type accounts and other foreign debts owed by residents, including outstanding dividends and foreign trade receivables.

¹⁹ The calculation is based on data from the Federal Customs Service of Russia.

²⁰ The calculation is based on data from the Federal Customs Service of Russia.

²¹ According to data from the Turkish Ministry of Culture and Tourism, the number of Russian tourists who entered the country in October and November 2023 fell by 15% year-on-year. According to data from the Border Service of the Federal Security Service of the Russian Federation, more than 50% of Russian tourists, who travelled abroad in 2022, went to Turkey.

RUSSIA'S BALANCE OF PAYMENTS*
(\$ BILLIONS)

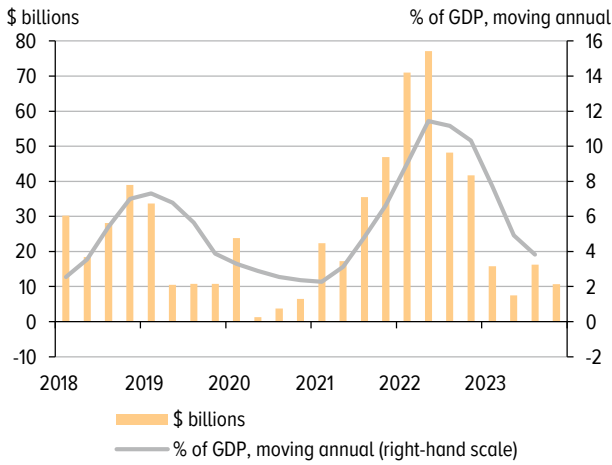
	2021					2022					2023				
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4 **	Year **
Current account	22.4	17.3	35.5	46.9	122.1	71.0	77.1	48.2	41.7	238.0	15.8	7.5	16.3	10.7	50.2
Balance of trade	28.7	38.8	54.2	68.5	190.3	84.8	95.1	72.8	62.8	315.6	30.7	26.3	33.3	28.0	118.3
<i>Exports</i>	93.3	114.9	132.1	154.0	494.3	154.6	151.8	141.7	144.0	592.1	105.2	103.4	108.9	105.1	422.7
<i>Imports</i>	64.6	76.1	77.9	85.5	304.0	69.8	56.7	68.8	81.2	276.5	74.5	77.1	75.7	77.1	304.4
Balance of services	-3.0	-4.1	-6.9	-6.4	-20.4	-3.5	-3.6	-6.7	-8.4	-22.2	-7.6	-8.9	-9.7	-7.4	-33.6
<i>Exports</i>	11.5	13.0	14.1	17.0	55.6	13.9	11.1	11.4	12.3	48.6	9.8	10.4	9.7	10.7	40.5
<i>Imports</i>	14.5	17.1	21.0	23.3	75.9	17.4	14.7	18.1	20.7	70.9	17.4	19.3	19.4	18.0	74.1
Balance of primary and secondary income	-3.3	-17.5	-11.9	-15.2	-47.8	-10.2	-14.4	-17.9	-12.7	-55.3	-7.3	-9.9	-7.3	-10.0	-34.5
Capital account	0.2	0.0	0.0	0.0	0.1	0.0	-1.1	-1.9	-1.5	-4.6	-0.1	0.0	-0.1	0.0	-0.2
Current and capital account balance	22.6	17.2	35.5	46.9	122.2	71.0	75.9	46.3	40.3	233.5	15.7	7.5	16.1	10.7	50.0
Financial account balance, including reserve assets	22.7	18.3	33.7	47.8	122.5	67.4	75.7	44.3	40.3	227.6	14.2	4.0	12.8	9.2	40.1
Net incurrence of liabilities	-0.3	2.9	32.2	2.9	37.7	-35.1	-50.1	-13.9	-27.1	-126.1	-11.2	4.1	8.2	-3.0	-1.8
Net acquisition of financial assets, including reserve assets	22.4	21.2	65.9	50.7	160.2	32.3	25.6	30.4	13.2	101.5	3.0	8.2	20.9	6.2	38.3
Net errors and omissions	0.1	1.1	-1.8	0.9	0.3	-3.6	-0.2	-2.0	0.0	-5.9	-1.6	-3.5	-3.4	-1.5	-9.9

* In the financial account, a surplus denotes net lending and a deficit denotes net borrowing. In the assets and liabilities, '+' means an increase, '-' means a decrease.

** Estimate.

CURRENT ACCOUNT

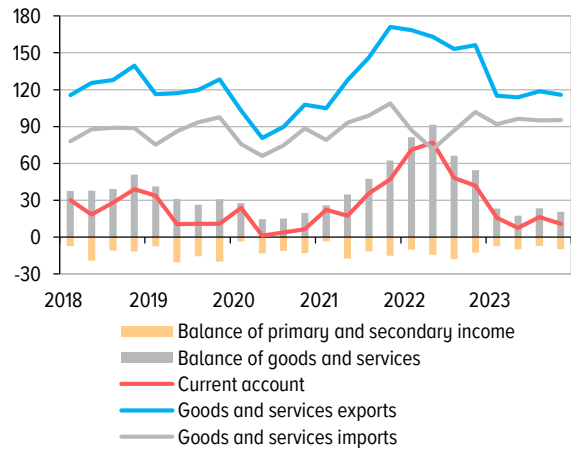
Chart 1



* 2023 Q4 GDP data are unavailable.
Sources: Bank of Russia, Rosstat.

CURRENT ACCOUNT COMPONENTS
(\$ BILLIONS)

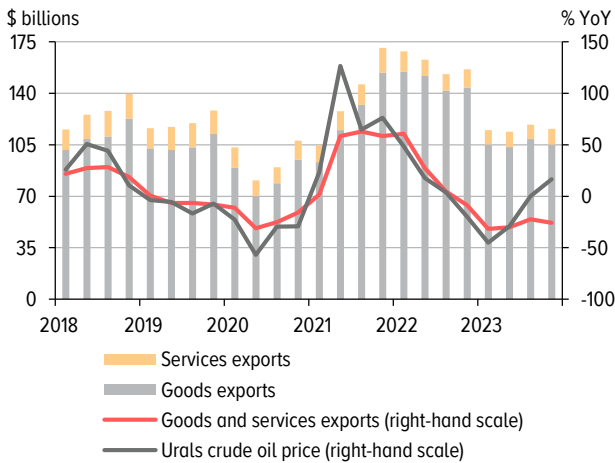
Chart 2



Source: Bank of Russia.

EXPORTS AND OIL PRICE

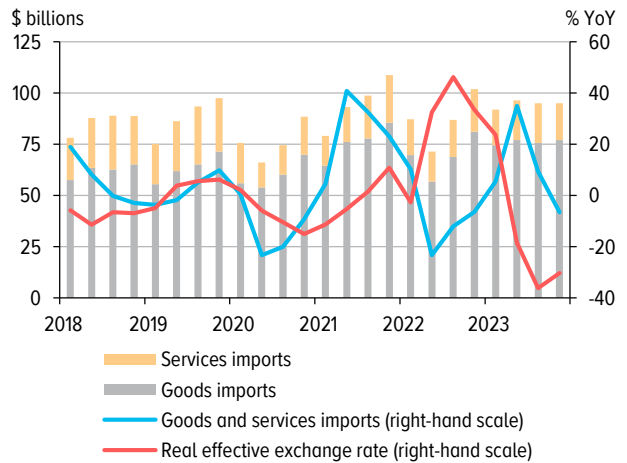
Chart 3



Sources: Bank of Russia, Russian Ministry of Finance.

IMPORTS AND RUBLE EXCHANGE RATE

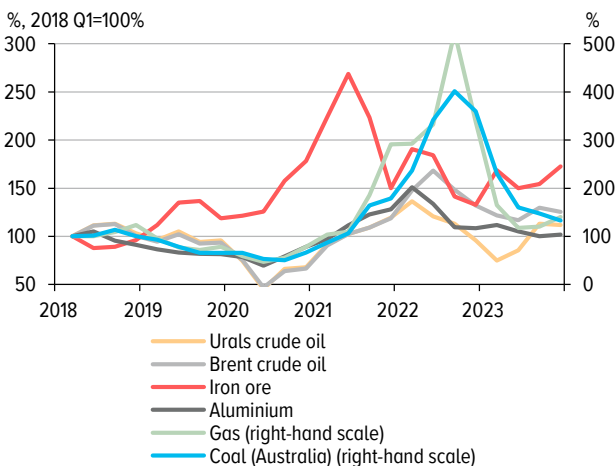
Chart 4



Source: Bank of Russia.

GLOBAL COMMODITY PRICES

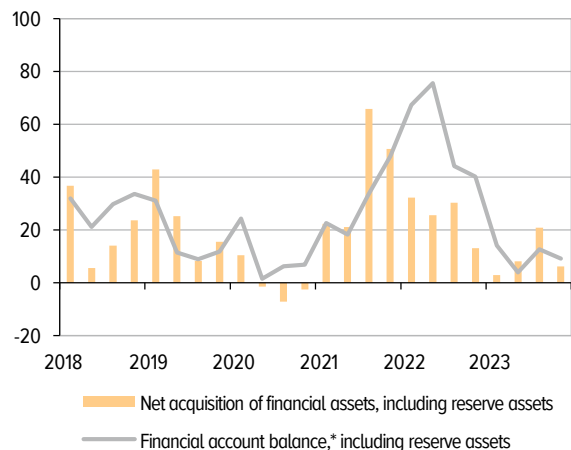
Chart 5



Sources: Russian Ministry of Finance, World Bank.

FINANCIAL ACCOUNT COMPONENTS
(\$ BILLIONS)

Chart 6



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

Data cut-off date – 19.01.2024.

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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