

Investigation of Russian trade balance Kanishchev K. (Russian Federation) Исследование торгового баланса России Канищев К. В. (Российская Федерация)

Канищев Кирилл Валерьевич / Kanishchev Kirill – студент,
факультет бизнеса и менеджмента,
Национальный исследовательский университет высшая школа экономики, г. Москва

Abstract: the trade balance is the ratio between the sum of the prices of commodities exported country or several countries abroad and the sum of the prices of goods imported from abroad for the corresponding period (year, quarter, month). It is one of the most important economic indicators, showing the difference between the value of exported and imported goods for a certain period. The trade balance is the part of the balance of payments, part of the current account balance. This article is devoted to investigation the Russian trade balance.

Аннотация: торговый баланс – это соотношение между суммой цен товаров, вывезенных страной или несколькими странами за границу, и суммой цен товаров, ввезенных из-за границы, за соответствующий период (год, квартал, месяц). Он является одним из важнейших экономических показателей, демонстрирующий разницу между стоимостью экспортированных и импортированных за определенный период товаров. Торговый баланс является частью платежного баланса, входящей в текущий платежный баланс. Эта статья посвящена расследования торгового баланса России.

Keywords: trade balance, Russian economics, positive trade balance, surplus.

Ключевые слова: торговый баланс, российская экономика, излишек торгового баланса.

1. Introduction

To investigation was chosen the topic related with the Russian trade balance. We can say that the balance of trade is directly linked to a number of macroeconomic indicators, such as the exchange rate. Thus, the exchange rate adjusts the amount of revenue from imports in local currency. If exports exceed imports, this difference is called a positive trade balance. At the moment, the biggest surplus in China, the smallest negative - in the United States. The Figure 1 shows the dynamic of US trade balance. From the graph it is clear that in the period from 1995 to 2006 there is a sharp drop in the trade surplus. This allows keeping inflation in the United States and maintaining a high standard of living due to transfer labor-intensive production abroad. But let me to back to the topic of this paper [1].



Figure 1. US Trade Balance

2. Russian trade balance

I think that the period of eight years is enough to follow the dynamics of the changes of necessary indicators, therefore we will consider the following period: from 2004 to 2011. Volumes of export and import of Russia are shown in the Figure 2. Due to the fact that at the moment have not been considered the structure of imports and exports of Russia, one can only assume that export growth is associated with rising oil prices, as well as the growth of imports however (because oil prices have a direct impact on the state budget of Russia) [2].

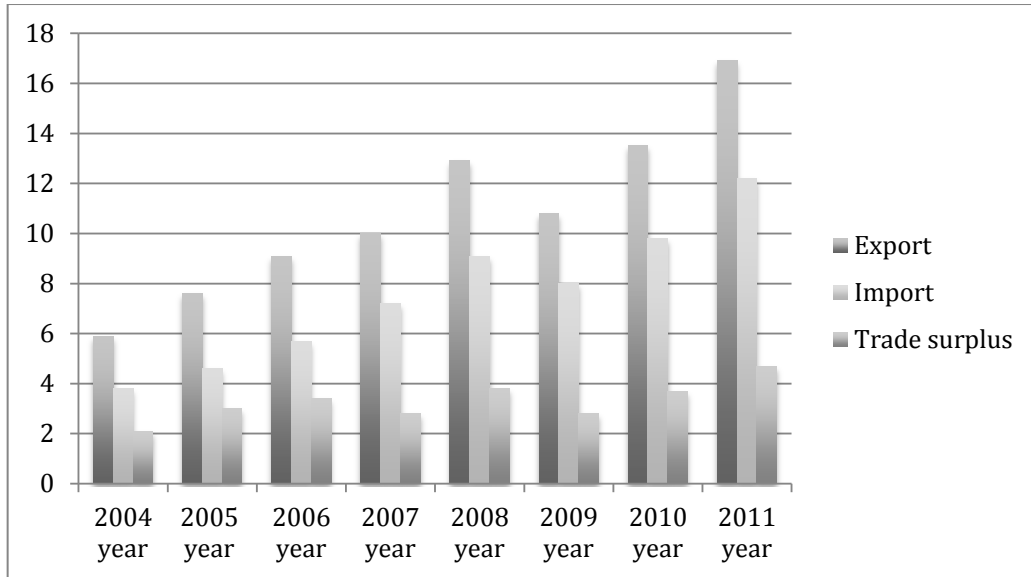


Figure 2. Export and import volume

3. The structure of exports and imports of the Russian Federation

Defining part of the exports of the Russian Federation are «mineral products» (for the most part - it is oil and gas), with an average 65 % per year. As for commodities, which account for the smallest share of exports per year, this is obviously «raw hides, furs» and «Textile and footwear», less than 2 % per year [3].

In turn, the largest part of the Russian imports account for «machinery and equipment» (about 45 % per year), while the lowest - on the «raw hides, furs» (less than 2 % annually).

4. Change of export and import volumes and their temporal structure

Firstly, it is necessary to construct a graph that will show the dynamics of changes in exports and imports in time. This graph is the Figure 3.

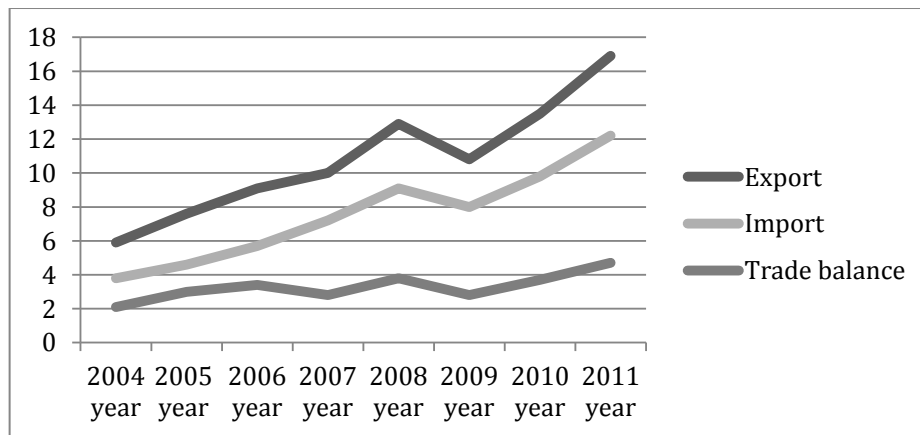


Figure 3. Export and import changes

From the graph it is clear that the export and import function are an increasing function. We can assume that this is due to the economic growth of Russia and partner countries, as exports increase with the growth of national

income of other countries, and imports, by contrast, increases with the increase of the national income of the country. Only in 2008-2009 (during the crisis) have fallen exports and imports of the Russian Federation.

5. The dynamics of oil prices

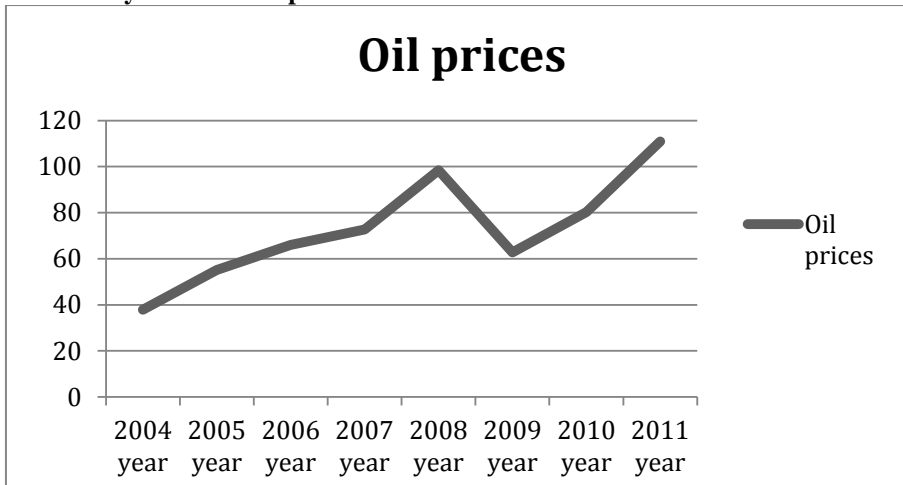


Figure 4. Oil prices

The purpose of this part of the work - to trace the dynamics of changes in oil prices in the period from 2004 to 2011, and compared with the dynamics of change in exports and imports [4]. The graph related with the necessary data is shown in the Figure 4.

Obviously, this schedule has the same form as the graphs of export and import dynamics. This is logical, because, as previously revealed, the defining parts of Russian exports are «mineral products» and for the most part - oil. That is the assumption made in paragraph «Russian trade balance» is fully justified.

6. Dynamics of Russian and global GDP.

It is necessary to correlate the dynamics of Russian GDP and the dynamics of global GDP with a change of exports and imports of the Russian Federation. Due to the fact that nominal GDP does not show the real issue in the country, it was decided to consider the real GDP.

As for the world's GDP, in the source [5] were data on the growth rate of global GDP. This is enough to understand the dynamics of GDP, if we take 2004 as 100 %. The global GDP is shown in the Figure 5.

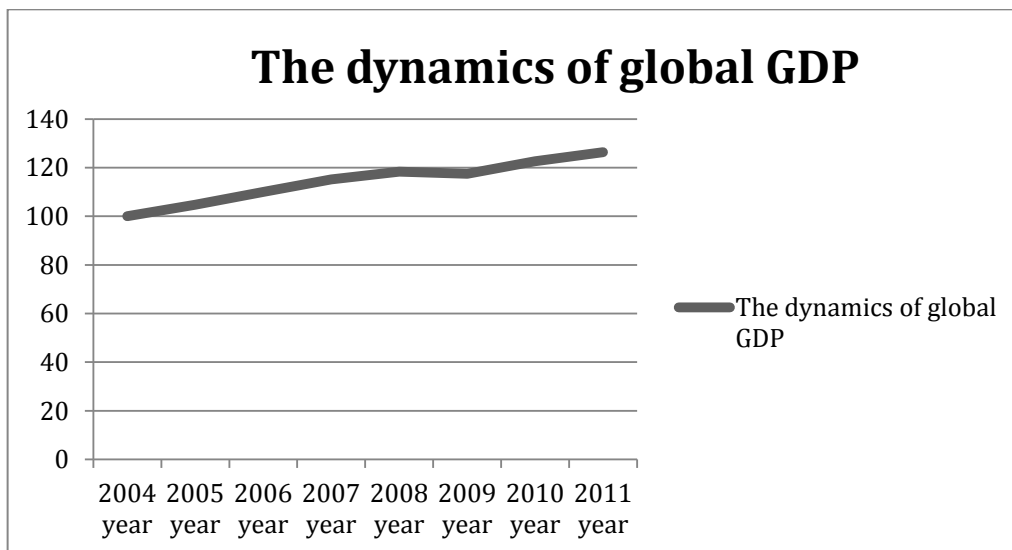


Figure 5. Global GDP dynamics

From this graph it is clear that the change of world GDP occurs similarly with the changes of export and import of the Russian Federation (the constant growth, except for a small decline in 2009). So, there is some interdependence between the export, import and national income, due to the foreign trade multiplier. The effect of this multiplier is expressed in the fact that the increase in the investments in a country leads to an increase in revenue in it, due to the normal process of multiplication. But the growth of Russian GDP also increases the volume of imports of the Russian Federation, and in fact imports of the country is at the same time exports to other countries, thus increasing the national income and also the last. Conversely, the growth of the Russian national income causes an increase in imports of the country, and since it is exported to other countries, it is once again leading to increased income in these countries. Thus, expressed in the relation between these economic parameters, as national income, exports, imports.

If we return to the dynamics of Russian GDP, it can be seen that as the period under review from 2004 to 2011, which in 2004 was set at 100 %. As a result, you can see that the dynamics of change in the Figure 6 in Russian GDP is similar to the dynamics of changes in export and import of the Russian Federation.

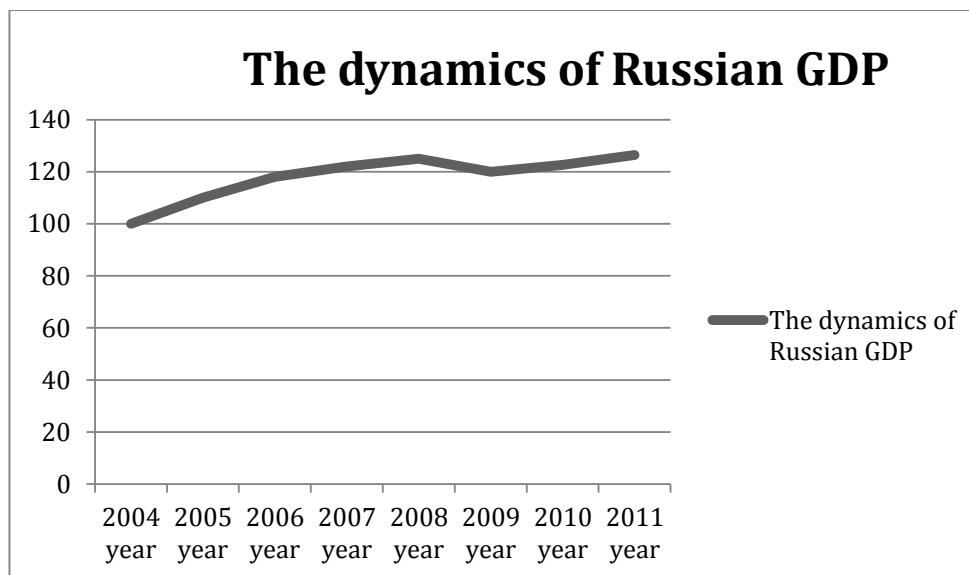


Figure 6. Russian GDP dynamics

7. Conclusion

As a result of this article, it can be concluded that between exports, imports, Russia's GDP and oil prices there are a relation. As has been proved, the lion's share of the country's exports is oil (after all, with the structure of exports by an average of 65 % annually falls on the «mineral products»). Thus, we can say that the rise in oil prices increases the export revenues of the Russian Federation, which in turn stimulates domestic demand. Increasing real incomes and consumer spending increases, resulting in increased and imports. But in addition, the increased demand is partially satisfied by domestic production, which leads to an increase in GDP of Russia.

In addition, the link has been established between the export and import of Russian and world GDP, which was explained by a multiplier of external trade.

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