

## **Pregled ruskega trga, 4. april 2022**

### **I. Russia's credit rating**

#### **Fitch withdraws 20 Russian LRGs' ratings**

Fitch Ratings has withdrawn 20 Russian local and regional governments' (LRGs) long term foreign- and local-currency issuer default ratings. The debt ratings of the LRGs have also been withdrawn. The withdrawals took place for sanction-related reasons, as indicated by Fitch in its press release of March 23, 2022. Under the fourth package of sanctions, adopted by EU countries on March 15, 2022, European agencies are banned from issuing ratings for Russia, government agencies and Russian companies, as well as from providing rating services to Russian clients.

The LRGs are Krasnoyarsk Region, Mari El Republic, City of Moscow, City of St. Petersburg, Stavropol Region, Sverdlovsk Region, Yamal-Nenets Autonomous District, Altai Region, Bashkortostan Republic, Novosibirsk City, Republic of Sakha (Yakutia), Republic of Tatarstan, Kirov Region, Nizhniy Novgorod Region, Orenburg Region, Yaroslavl Region, Chelyabinsk Region, Lipetsk Region, Moscow Region and Novosibirsk Region.

Sources: <https://www.fitchratings.com/research/international-public-finance/fitch-withdraws-20-russian-lrgs-ratings-01-04-2022>  
<https://www.fitchratings.com/research/banks/fitch-ratings-to-withdraw-ratings-on-russian-entities-23-03-2022>  
<https://interfax.com/newsroom/top-stories/77753/>

### **II Banking sector**

#### **BOFIT latest forecast for Russia 2022-2023: Russia's GDP to contract by 10 % and imports to decrease by 50 % in 2022**

The latest forecast for Russia 2022-2023 by the Bank of Finland Institute for Emerging Economies (BOFIT) sees Russian economic activity declining to levels of a decade ago due to huge uncertainty, sanctions and Russia's own restrictions. The long-term growth outlook has also weakened further. Russian imports will contract along with the economic decline, the ruble's devaluation, foreign export bans and the voluntary cessation of exporting to Russia by numerous foreign firms. The anticipated 50 % drop in imports in 2022 would push import figures down to levels last seen in the mid-2000s.

Private consumption should contract in 2022 to levels of a decade ago as high inflation (likely at least 20 % p.a.) chews through real household incomes. The distress in companies will reduce employment and cut real wages. Fixed investment should contract to levels of roughly 15 years ago. Foreign firms operating in Russia will cut their capital investments to a minimum (the share of fully or partly foreign-owned firms has been 15 % of total fixed investment in Russia). Public investment is likely to increase, but its impact should be fairly limited. The reduction in inventories will sharply exacerbate the contractions in GDP and imports.

Sources: [https://www.bofit.fi/en/monitoring/weekly/2022/vw202213\\_1/](https://www.bofit.fi/en/monitoring/weekly/2022/vw202213_1/)  
<https://www.bofit.fi/en/monitoring/forecasts-for-Russia-and-China/latest-forecast-for-russia/>

#### **Strengthening of the ruble is largely due to a decrease in demand for the currency**

#### **Bloomberg: Russia's oil and gas revenues could reach US\$ 321 billion in 2022**

Bloomberg Economics expects Moscow to earn almost US\$ 321 billion from energy exports, more than a third more than in 2021. This might happen on the condition that the main buyers of Russian energy resources do not impose an embargo on their imports.

Sources: <https://www.bloomberg.com/news/articles/2022-04-01/putin-may-collect-321-billion-windfall-if-oil-gas-keep-flowing?sref=Y0jVLcFo>  
<https://ria.ru/20220404/pribyl-1781589739.html>

## **IIF: Russia's balance of payments surplus may reach historic high in 2022**

<https://ria.ru/20220404/dengi-1781688355.html>  
<https://www.iif.com/>

## **Sberbank is closing its UK division**

Sberbank has decided to close its London division Sberbank CIB (UK) Ltd, but will meet all obligations to clients. The decision to close the office was made following a reassessment of the economic potential of the Global Markets business's presence in the UK, the bank said. Sberbank CIB (UK) is seeking to be put under special administration, Bloomberg reported earlier, citing statements a company lawyer made in a London court. Sberbank CIB (UK) is having problems because of sanctions, although restrictions do not apply to it directly, the agency said.

## **III Foreign trade and commodity markets**

### **Slovakia considered it possible to pay for Russian gas supplies in rubles**

Slovakia will pay for gas supplies from Russia in rubles, since the country cannot be cut off from gas, said Slovak Economy Minister Richard Sulik on the air of Slovak TV. According to the Minister, about 85% of gas comes to Slovakia from Russia. Supply diversification is necessary, but it will take several years, Sulik added.

Sources: <https://www.vedomosti.ru/economics/news/2022/04/03/916391-slovaki>  
<https://expert.ru/2022/04/3/slovakiya-soglasilas-platit-za-rossiyskiy-gaz-v-rublyakh/>  
[https://ria.ru/20220403/gaz-1781546064.html?utm\\_source=yxnews&utm\\_medium=desktop](https://ria.ru/20220403/gaz-1781546064.html?utm_source=yxnews&utm_medium=desktop)

### **'Latvijas Gaze' believes that the transfer of contracts into rubles does not violate sanctions**

Latvian 'Latvijas Gaze' analyzes Russia's demand to convert gas contracts into rubles. The company tentatively believes that this does not violate the sanctions regime and explained that Latvia had stopped buying gas because of its high price. 'Latvijas Gaze' positions itself as one of the leaders in the energy industry in the Baltic region and the largest natural gas trader in Latvia. According to the company's website, the largest shareholder is PAS Gazprom (34%).

"After assessing the compliance of these changes in the procedure for making settlements with the previously established sanctions, an initial conclusion was made that such a procedure for making settlements – in Russian rubles – does not formally violate the sanctions regime and is possible," the company said in a statement.

Sources: <https://www.kommersant.ru/doc/5293123>  
<https://expert.ru/2022/04/4/v-latvii-dopustili-vozmozhnost-oplaty-rossiyskogo-gaza-v-rublyakh/>

### **Bloomberg: China is ready to buy additional volumes of Russian gas at reduced prices**

China's largest LNG importers, including Sinopec and PetroChina, are negotiating with suppliers to purchase unscheduled gas from Russia at significant discounts, Bloomberg reported citing sources. Some of the Chinese importers are willing to use Russian companies to bid for LNG in order to hide these deals from foreign countries, agency reports. Negotiations are allegedly being conducted bilaterally to avoid drawing too much attention to these transactions in the spot market.

Most LNG importers in the world are now in no hurry to buy Russian gas, fearing sanctions or damage to their reputation. The Chinese companies are among the few willing to take the risk, especially since Russian gas is sold at a 10% discount, according to Asian traders. The traders report that last week Chinese importers have already purchased several shipments of LNG from Russia. And Chinese refineries are also taking advantage of the moment and behind the scenes are buying up cheap Russian oil now.

In general, as Bloomberg notes, China is not in dire need of LNG. However, its purchase at a significant discount will allow filling storage facilities in anticipation of the traditional summer increase in gas prices.

Sources: <https://www.kommersant.ru/doc/5293275?from=lenta>  
<https://www.bloomberg.com/news/articles/2022-04-04/china-gas-buyers-seek-cheap-russian-fuel-shunned-by-the-world>

### **Kazakhstan plans to introduce temporary restrictions on the export of grain and flour**

Kazakhstan is considering the issue of introducing temporary restrictions on the exports of grain and flour to protect the domestic market, Minister of Agriculture Yerbol Karashukeev said. "The issue of imposing restrictions on both grain exports and flour exports is being worked out," he told reporters on the sidelines of a government hour in the Majilis (lower house) of the Kazakh parliament.

Source: <https://ria.ru/20220404/kazakhstan-1781643944.html>

### **Iran announced agreements with Russia on the use of national currencies in trade**

Deputy Head of the Central Bank of Iran Mohsen Karimi said that there are agreements with Russia to conduct trade operations in the national currencies of the two countries. Iran is ready to trade with Russia in rubles and rials.

Source: <https://www.kommersant.ru/doc/5292275?from=lenta>

## **III. Russian market related developments**

### **FAS agreed on the first trade policy with the rejection of currency pegs**

The Federal Antimonopoly Service (FAS) of Russia has agreed on a trade policy for LLC Gazpromneft-Bitumen Materials, according to which the company will abandon foreign indicators and exchange rates when setting prices for bitumen, the agency's press service said. The trade policy of LLC Gazpromneft-Bitumennye Materialy became the first document in which the company undertakes to comply with the priority of deliveries to the domestic market and refuses to use foreign indicators and foreign exchange rates when setting prices.

At the end of March 2022, the FAS recommended that Russian petrochemical enterprises use Russian indicators instead of foreign ones when pricing their products. According to FAS this would prevent unreasonable price increases.

Sources: <https://ria.ru/20220404/fas-1781637344.html>  
<https://www.fas.ru>

#### **IV. Russia-Belarus integration**

##### **Belarusian Prime Minister Roman Golovchenko: Minsk has no problems with settlements in trade with Russia**

Belarusian Prime Minister Roman Golovchenko said that in the context of Western sanctions against the financial and banking sector, Belarus does not experience problems with settlements in trade with Russia. "We joined the Russian financial messaging system a long time ago – it is a direct analogue of SWIFT. Therefore, we do not experience any problems in settlements with Russian partners," Golovchenko said in an interview with the Belarus 1 TV channel on April 2, 2022.

Prime Minister Golovchenko said that in January-February 2022 the exports from Belarus to Russia increased by 25%, and the target is to achieve an increase in deliveries to the Russian market by at least 30% by the end of 2022.

Source: <https://ria.ru/20220402/raschety-1781496813.html>

##### **Belarusian Prime Minister Roman Golovchenko: Minsk will pay in Russian rubles for oil and gas in 2022**

Belarus will pay in Russian rubles for oil and gas supplied from Russia already in 2022, said Belarusian Prime Minister Roman Golovchenko in an interview with the Belarus 1 TV channel on April 2, 2022. "We have switched to paying in rubles for energy resources. It is economically beneficial for us, we have always fought for it, he said.

He also noted that thanks to the signed sectoral programmes of the Union State, Minsk and Moscow "significantly moved forward towards reaching a single pricing procedure for energy resources." The final decision is expected after the signing of the relevant agreements on the formation of a single oil and gas market," Prime Minister Golovchenko said.

Source: <https://ria.ru/20220402/rubli-1781480288.html>

##### **Russian Ambassador to Belarus Boris Gryzlov: Russia and Belarus will completely cancel roaming by June 1, 2022**

By June 1, 2022, it is planned to completely cancel roaming between Russia and Belarus, said Russian Ambassador to Belarus Boris Gryzlov. On April 1, the law on the abolition of fees between Russia and Belarus for incoming roaming calls in the Union State came into force.

Sources: <https://www.kommersant.ru/doc/4984361>  
<https://www.kommersant.ru/doc/5292296?from=lenta>

#### **V. EAEU integration**

##### **EEC Minister Sergey Glazyev: Share of the ruble in trade within the EAEU exceeds two-thirds**

The share of the ruble in the trade within the EAEU already exceeds two-thirds, and there is a potential for further increase, Sergey Glazyev, Minister for Integration and Macroeconomics of the Eurasian Economic Commission, said in an interview with RIA Novosti. According to him, serious progress has been achieved in the internal mutual settlements between the EAEU countries. Thus, in the period from 2013 to 2020, payments in national currencies increased from 63% to 74%. Russia uses rubles to pay for 82% of trade with Belarus, 63% with Kazakhstan and 58% with Kyrgyzstan.

Source: <https://ria.ru/20220404/rubl-1781600329.html>

## **EEC Minister Glazyev proposed to introduce a tax on the sale of foreign assets in the EAEU**

The EAEU members should create their own system of protection against global risks, including a tax on the sale of assets by non-residents, Sergei Glazyev, Minister for Integration and Macroeconomics of the Eurasian Economic Commission, said in an interview with RIA Novosti.

"The EAEU countries need to agree on the creation of national systems of protection against global risks of financial destabilisation: create an institution of reserves for foreign exchange transactions of capital movements; introduce a tax on income from the sale of assets by non-residents, which rate would depend on the period of ownership of the asset," Glaziev said.

Source: <https://ria.ru/20220404/nalog-1781597633.html>

**Pripravila:**

**Tatiana Morozova**  
**Local Counsellor for Economics**  
**Embassy of the Republic of Slovenia in Moscow**