

Pregled ruskega trga, 14. april 2022

I.Foreign trade and commodity markets

Austrian Chancellor Karl Nehammer says President Putin assured him of stable gas supplies

Austrian Chancellor Karl Nehammer: Vienna, Berlin and Budapest do not support the Russian gas embargo

Vienna, Berlin and Budapest oppose the Russian gas embargo, Austrian Chancellor Karl Nehammer said on CNN. According to the Chancellor, the European Commission and the Council of the EU are already discussing a ban on oil supplies, but gas is a separate issue, since the industry of different countries depends on it.

Sources: <https://edition.cnn.com/videos/world/2022/04/13/austrian-chancellor-karl-nehammer-intv-becky-anderson-ctw-intl-ldn-vpx.cnn/video/playlists/around-the-world/>
<https://ria.ru/20220413/embargo-1783390845.html>

Europe wants to increase gas supplies from Nigeria and reduce dependence on Russia

EU Ambassador to Nigeria Samuela Isopi said that Brussels is interested in increasing the supply of local natural gas, Turkish Anadolu news agency reported. The Ambassador noted that the EU is the main partner of Nigeria in the oil and gas sector, and the interests of both parties in this area coincide. In turn, the managing director of NNPC (Nigerian National Petroleum Corporation) Malam Kyari stressed that his country is striving to expand gas supplies to the world market. Nigeria exports at least 40 % of its liquefied natural gas to the EU. This makes it the fourth largest supplier for the EU.

Source: <https://ria.ru/20220414/gaz-1783481326.html>

Bloomberg: EC says President Putin's order to pay for gas in rubles violates sanctions

The European Commission has told EU member states that Russian President Vladimir Putin's decree to pay for gas supplies in rubles violates sanctions imposed by the union on Russia, Bloomberg reported, citing an informed source.

According to the interlocutor of the publication, Putin's decree significantly changes the payment procedure and creates a new legal situation. The new process will give Russia, through the Central Bank, full control over when the deal will be completed and at what point the buyer will be released from obligations. Also, payments in rubles will give the Russian authorities control over the exchange rate, which Moscow can manipulate in its own interests. The EC analysis says that the new settlement mechanism could lead to new costs for the buyer, because the deal will be completely controlled by Russia.

The interlocutor of the publication noted that the new mechanism for paying for gas will violate the restrictive measures that the EU has introduced against the Russian government, the Central Bank and their "authorized persons". It may also affect other restrictions on various financial market instruments that Gazprombank can issue.

Source: <https://www.vedomosti.ru/economics/news/2022/04/14/918027-bloomberg-ukaz-putina>

Reuters: large traders will reduce oil purchases in Russia due to sanctions

Major international commodity traders plan to reduce purchases of oil and oil products from May 15, 2022 from Russian companies with state participation, Reuters writes citing sources. It is expected that this will help to avoid violating the sanctions imposed by the EU against Russia in response to the military operation in Ukraine.

The EU has not yet imposed a ban on the imports of Russian oil, since some countries, such as Germany, are heavily dependent on energy from the Russian Federation. Rosneft and Gazpromneft, among other state-owned companies, came under restrictions in mid-March that prohibit transactions with them in the jurisdiction of the EU. An exception is made for transactions that are "strictly necessary" to ensure EU energy security.

According to Reuters sources, traders cannot understand what exactly this wording means. It may apply to refineries that receive Russian oil through a closed pipeline, but may not apply to the purchase and sale of Russian oil by intermediaries. Therefore, traders are going to reduce purchases in order to ensure compliance by May 15, 2022, when the restrictions take effect.

Sources: <https://www.reuters.com/business/energy/exclusive-oil-traders-cut-russian-oil-purchases-may-15-sources-2022-04-13/>
<https://www.vedomosti.ru/business/news/2022/04/14/918055-krupnie-treideri-sokratyat-zakupki-nefti>

Russia to expand the exports of fossil fuels to other regions of the world

On April 13, 2022, President Putin chaired a virtual meeting on the development of Russia's Arctic and asked to speed up the implementation of large investment projects. Russia will increase the domestic consumption of oil, gas and coal, stimulate a deep processing of fossil fuels inside Russia and expand the exports of fossil fuels to other regions of the world where these resources are needed.

Source: <https://rg.ru/2022/04/13/vladimir-putin-obsudil-razvitie-arktiki-v-usloviiah-sankcij.html>

Russian Energy Ministry stopped publishing statistics on oil production and exports

The Central Dispatch Office of the Fuel and Energy Complex, a structure of the Russian Energy Ministry has stopped publishing data on oil production and exports in

order to avoid pressure on Russian companies, the Ministry reported.

Source: <https://www.vedomosti.ru/economics/news/2022/04/14/918064-minenergo-prekraschenie-publikatsii-statistiki>

II. Russian market related developments

Russian Industry and Trade Ministry: list of goods for parallel imports will include specific brands

Russian Industry and Trade Ministry is supposed to approve the list of goods for parallel imports in the near future. The Ministry has developed a respective draft order. It is assumed that in addition to specifying the HS codes, the list will also include indications of specific brands. One of the principles under which goods will be included in the list is the cessation of supplies to the Russian market. It is also clarified that parallel imports do not mean the legalisation of counterfeit goods: "We are talking about the supply of original goods in compliance with all customs procedures, but through alternative channels", the Ministry said.

Source: <https://ria.ru/20220414/import-1783436589.html>

First Deputy Prime Minister Andrei Belousov: "The overwhelming majority of companies want to stay in Russia"

The overwhelming number of foreign companies wants to stay in Russia and continue their activities. This was stated by First Deputy Prime Minister of Russia Andrei Belousov, speaking at the Federation Council on April 13, 2022.

Source:

<https://www.rbc.ru/business/13/04/2022/625699f39a7947279f4dd824?from=newsfed>

Federal Tax Service of Russia recommends that taxpayers check their e-mail address

The Federal Tax Service recommends that citizens, for communications with the tax authorities, use mail servers in Russian domains (.ru, .su) or registered in services of countries which are not subject to restrictions. This is due to the fact that receiving emails from sender 'unfriendly' country domains has now been blocked.

Source: https://www.nalog.gov.ru/rn77/news/activities_fts/12124517/

Russian Government approved the rules of payments for leasing, rental and purchase of foreign aircraft

The document defines the procedure for the execution in 2022 of contracts for the purchase, lease and leasing of aircraft.

- If a foreign lessor company from an 'unfriendly' country has a structural subdivision registered in Russia, payments will be made to its account in a Russian bank in rubles - in an amount equivalent to the value of obligations in foreign currency. Calculations will be made at the official exchange rate of the Central Bank of Russia, established on the date of performance of obligations.
- If a foreign company associated with an 'unfriendly' country works with Russian partners through a structural subdivision in a state that has not joined the sanctions, the payment will be made in the national currency of the state where the structural subdivision is registered, or in rubles.

Source: <http://government.ru/news/45127/>

Rostech: first deliveries of Tu-214 and Il-96 aircraft to airlines will begin in 2024

The first deliveries of Tu-214 and Il-96 aircraft for Russian airlines are planned for 2024, Sergey Chemezov, head of Rostech, told reporters on April 13, 2022. "The main focus is on the Tu-214, there will be a more than 3-fold increase in production for this type of aircraft - over 70 aircraft by 2030. For the Il-96, the growth is not so noticeable for this type of aircraft, it will not be so mass-produced," Chemezov added. He also noted that the most popular aircraft in Russia will be the import substituted versions of the MS-21 and SSJ-100.

Source: <https://ria.ru/20220413/samolety-1783357684.html>

Growth in sales of Russian and Belarusian household appliances

The sales of household appliances of Russian and Belarusian brands ('Vityaz', 'Atlant', 'Pozis', 'Flama', 'Darina', 'Gefest' and 'Biryusa') grew in March 2022 by 50-70% in annual terms, RBC reported with reference to M.Video-Eldorado. The sales of brands from Russia and Belarus, as well as from China, grew more than the market average due to the wide range of products and affordable prices. However, it is noted that the brands from Russia and Belarus will not be able to completely replace all the assortment, because they do not produce certain categories, for example, built-in appliances. According to experts, now large investors have a good chance to build such a production in Russia. It is expected that the market will seriously restructure in the next six months.

Source: <https://www.vedomosti.ru/business/news/2022/04/14/918042-roste-prodazh-rossiiskoi-belorusskoi-tehniki>

Expenses of the Russians on medicines increased by 160% in March 2022

In March 2022, the Russians spent for medicines 134 billion rubles, which is 160% more than in the same period in 2021, TASS reported with reference to the Center for the Development of Advanced Technologies. It is noted that in physical terms, sales in March 2022 almost doubled to 427 million packages.

Most often, Russians bought:

- Xylometazoline – 18 million packs, an increase of 34 %;
- Bisoprolol – 8.8 million packs, 3.1 times increase;
- Ibuprofen – 8.7 million packs, an increase of 83%;
- Pancreatin - 6.3 million, an increase of 2.2 times;
- Nimesulide - 3.8 million, an increase of 88%;
- Diclofenac - 4.1 million, an increase of 74%;
- Omeprazole - 8.4 million, an increase of 92%;
- Paracetamol - 6.2 million, an increase of 64%;
- Activated carbon - 3.9 million, an increase of 2.3 times;
- Loperamide - 2.6 million, an increase of 2.2 times.

In mid-March, Russian doctors announced a shortage of more than 80 drugs in pharmacies. Among them are anti-inflammatory, gastroenterological, antiepileptic and anticonvulsant drugs, as well as antidepressants and antipsychotics. On April 11, 2022, Russian Prime Minister Mikhail Mishustin warned of difficulties with the delivery of medicines due to disruption of supply chains and external pressure on Russia.

Source: <https://www.vedomosti.ru/business/news/2022/04/14/918048-rashodi-lekarstva>

III. EAEU market developments

Belarusian road carriers banned from transporting goods to the EU

The fifth package of sanctions, adopted by the EU this week, banned Russian and Belarusian road transport companies from transporting goods by road within the EU, including in transit. On April 9, 2022, trucks registered in Belarus and Russia were no longer allowed to enter the EU. Belarusian cars that left for the EU before April 9, 2022 must hand over the goods to the customer, and then return to their country no later than April 16, 2022.

The EU document states that restrictive measures do not apply to road transport of pharmaceutical, medical, food and agricultural products, as well as the delivery of energy, non-ferrous metals, and fertilizers. Nor do they apply to the transportation of goods for humanitarian purposes. According to Russian cargo carriers, since 2014 they have practically stopped traveling to Europe through the western borders of the Russian Federation, having transferred contracts to the Belarusian companies. In addition, the transportation of Russian goods to the EU, and from there to Russia, is carried out by companies from the Baltic countries.

The sanctions that have been put into effect have significantly hit Belarusian road carriers, which are now considering options for finding their niche in the markets of China and other Asian countries. It is expected that at first the cargo turnover will inevitably decrease, and the staff of drivers will have to be reduced. The latter hope to find work in European companies, primarily in Lithuania, Latvia or Estonia. However, this is now problematic, as the Baltic countries impose restrictions on the issuance of work visas.

Polish, Lithuanian and other vehicles registered in the EU continue to cross borders with goods that are not included in the sanctions lists. However, there is a high probability that Russia and Belarus may respond with their own sanctions related to this sector of the economy.

Source: <https://neg.by/novosti/otkrytj/beloruskim-avtoperevozchikam-zapretili-transportirovat-gruzy-v-evrosoyuz/>
<https://neg.by/novosti/otkrytj/es-prinyal-pyatyy-paket-sanktsiy-protiv-rossii-i-belarusi/>

Russian Foreign Ministry announced the desire of the EAEU countries to abandon settlements in dollars

The countries of the Eurasian Economic Union (EAEU), including Russia, Armenia, Belarus, Kazakhstan, and Kyrgyzstan want to abandon mutual settlements in dollars, Mikhail Evdokimov, Director of the First Department of the CIS countries of the Russian Foreign Ministry, said in an interview with RIA Novosti. "Considerable attention is paid to the issues of wider use of national currencies in mutual settlements and moving away from the use of the dollar," Mr. Evdokimov said. According to him, even before Western countries introduced restrictive measures against the Russian financial and banking system, the share of national currencies in mutual settlements of the EAEU exceeded 70%.

Source: <https://www.rbc.ru/rbcfreenews/6257a6a99a79477eea75b86d?from=newsfeed>

Ministry of National Economy of Kazakhstan: revision of relations with Russia is not expected

Kazakhstan does not intend to revise relations with Russia within the framework of the Eurasian Economic Union (EAEU) in the context of anti-Russian sanctions, the Russian Federation is one of the main trade partners of the country, said Minister of National Economy of Kazakhstan Alibek Kuantirov.

Source: <https://ria.ru/20220414/kazakhstan-1783479445.html>

Pripravila:

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