National Bank of Ukraine

Balance of payments in 2018
(according to the Balance of Payments and International investment position manual, 6th edition)

In 2018, the current account deficit increased to USD 4.5 billion (3.4% of GDP) compared with USD 2.4 billion (2.2% of GDP) in 2017. Exports of goods and services increased by 9.7% yoy (in 2017 – by 17.1% yoy), and imports rose by 12.5% yoy (in 2017 – by 19.2% yoy).

Exports of goods rose by 9.2% (in 2017 – by 18.3%) and totaled USD 43.3 billion. In 2018 exports increased in all major product categories:

metallurgical exports	– by 15.3%;
food exports	– by 4.8%;
mineral exports (including ore)	– by 10.4%;
chemical exports	– by 16.0%;
timber and wood products	– by 19.4%;
machinery and equipment exports	– by 4.9%.

In geographical context, in nominal values, exports to the EU countries and Asia increased at most: by USD 2.2 billion, or 15.6% yoy and by USD 827 million, or 6.4% yoy respectively. EU countries' share in total exports rose to 37.6% (compared with 35.6% in 2017), while Asian countries' share declined to 31.6% (compared with 32.4% in 2017). Exports of goods to America increased by USD 423 million, or by 37.4%, and its share increased to 3.6% (compared with 2.8% in 2017). Exports to Russia declined by USD 331 million, or 9.8% yoy, while its share in total exports decreased to 7.0% (compared with 8.5% in 2017).

Imports of goods increased by 13.3% (in 2017 – by 21.9%) and totaled USD 56.0 billion. Energy imports rose by 14.0% yoy, and non-energy imports increased by 13.1% yoy, including:

machinery and equipment imports	– by 17.8%;
chemical imports	– by 8.9%;
food imports	– by 17.6%;
metallurgical imports	– by 19.2%;
manufactured products	– by 21.0%.

In geographical context, in nominal values, imports from the countries of Asia and EU increased at most: by USD 2.7 billion, or 27.6% yoy and by USD 2.2 billion, or 12.1% yoy respectively. EU countries' share in total imports declined from 37.2% to 36.8%, while Asia's countries share rose from 20.1% to 22.6%. Imports from Russia increased by USD 845 billion, or 11.8% yoy, while its share in total imports reduced from 14.5% to 14.3%.

The surplus of trade in services increased to USD 1.4 billion (in 2017 – USD 1.0 billion) due to higher rise in exports of services (11.3% yoy) than their imports (9.3% yoy). The main factor of the increase in exports of services was the growth in exports of computer services (by 28.9%). In addition, other business services rose by 15.2% and inbound tourism expenditures rose by 17.3%. The main factor of the increase in imports of services was the rise in outbound tourism expenditures (by USD 695 million, or 9.8%). In addition, other business services increased by 22.3%, charge for the use of intellectual property rose by 37.7%, and transport services rose by 7.0%.

Primary income balance deficit increased to USD 3.0 billion (in 2017 – USD 2.6 billion) whereas the receipts on compensation of employees rose more significantly (by USD 2.1 billion) than the repayments on investments' income (by USD 1.8 billion).

In 2018 **secondary income surplus** was at the same level as in 2017 and amounted to **USD 3.6 billion.**

The capital account surplus amounted to USD 37 million, while in 2017 it was nearly balanced (the deficit was USD 4 million).

In 2018, the net borrowing from the rest of the world (the total of current account and capital account) totaled **USD 4.5 billion** (in 2017 – USD 2.4 billion).

The net inflow on the financial account (net borrowings) amounted to USD 7.4 billion (compared with USD 5.0 billion in 2017). The inflow was resulted from the government sector's inflow (USD 2.9 billion compared with USD 2.1 billion in 2017) as well as from the private sector's inflow (USD 4.5 billion compared with 2.9 billion in 2017).

The inflow on the **government sector**'s transactions resulted from:

USD 2.0 billion net borrowing from the government's Eurobonds placement;

USD 1.0 billion loans received from the World Bank and the EU in December.

The net inflow of foreign direct investment was estimated as USD 2.4 billion (18% of which were debt-to-equity conversion transactions), compared with USD 2.6 billion in 2017 (23% of which were debt-to-equity conversion transactions). The net inflow of FDI to the real sector totaled USD 1.4 billion (or 59% of total amount).

The net decrease of the real sector's external position (excluding foreign direct investment) amounted to USD 424 million (in 2017 – USD 694 million) and resulted from several oppositely directed factors:

the increase of liabilities on loans by USD 1.5 billion (in 2017 – USD 59 million);

the increase of the net external position on trade credits by USD 1.2 billion (in 2017 – USD 561 million).

the increase of the amount of foreign cash outside banks by USD 2.2 billion (in 2017 – USD 393 million).

The net increase of the banking system's external position on portfolio and other investments transactions amounted to **USD 60 million** (in 2017 – USD 870 million). The decline of liabilities on interbank position (by USD 452 million) was offset by the decrease of external assets on “currency and deposits” item (by USD 322 million) and by the net borrowings on loans (by USD 85 million).

The surplus of the overall balance of payments amounted to USD 2.9 billion (in 2017 – USD 2.6 billion). The net repayments to IMF totaled USD 716 million.

The surplus of the overall balance of payments enabled to **increase the volume of international reserves up to USD 20.8 billion**, covering 3.4 months of future imports.