

## Balance of payments in 2022

(preliminary data<sup>1,2</sup> according to the Balance of Payments and  
International investment position manual, 6th edition)

**The current account surplus reached USD 8.0 billion, or 5.0% of GDP in 2022** (deficit totaled USD 3.9 billion, or 1.9% of GDP in 2021). The CA surplus was driven by both substantial growth of grants from international partners and reduction in payments on investment income. Meanwhile, external trade in goods and services ran a significant deficit due to notably lower exports compared to imports and substantial expenses by Ukrainians abroad.

On current account deficit excluding reinvested earnings and grants was USD 6.0 billion, or 3.8% of GDP (compared to surplus of USD 1.0 billion, or 0.5% of GDP in 2021).

**External trade in goods and services deficit increased to USD 25.9 billion** comparing to USD 2.7 billion in 2021. Exports of goods were more affected by the war than imports, primarily due to lower production and logistical problems, decreasing by 30.0%<sup>3</sup> (grew by 34.3% in 2021), **while imports decreased by only 1.4%** (grew by 33.4% in 2021).

**Exports of goods decreased by 35.2% and totaled USD 40.9 billion. Metallurgical exports** declined the most **by 62.6%** and **food exports – by 15.5%** mainly due to grains exports fall (by 26.2%) and oil (by 15.5%). At the same time, exports of oilseeds increased by 54.4%, meat - by 9.3% and dairy products - by 19.6%. Exports declined for all other main commodity groups, including:

mineral exports	– by 47.8%;
machinery and equipment exports	– by 40.2%;
chemicals	– by 47.4%;
manufactured goods	– by 40.1%;
timber and wood products	– by 15.0%.

*In 2022, in nominal terms, exports to Asian countries (by USD 13.3 billion, or by 58.2%) fell the most and its share shrank from 36.4% to 23.5%. Exports to CIS countries (by USD 4.4 billion, or by 65.9%, its share fell from 10.7% in 2021 to 5.6%), African countries (by USD 3.5 billion, or by 62.1% along with the share from 8.9% to 5.2%) and Americas (by USD 2.0 billion, or by 63.1%, its share fell from 5.1% to 2.9%) also saw a decline. Meanwhile, exports to EU countries rose by USD 2.0 billion, or by 8.5%, the share of these countries in the total exports increased significantly – from 36.2% to 60.7%.*

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<sup>1</sup> According to the Law of Ukraine from March 3<sup>rd</sup> 2022 № 2115-IX "On subjects of reporting protection interests and other documents during martial law or state of war", part of the data necessary for the balance of payments compilation is not collected. The assessment of the balance of payments for 2022 was made on the basis of available information and will be clarified upon receipt of additional data.

<sup>2</sup> Data exclude the temporarily occupied by the Russian Federation territories of Ukraine.

<sup>3</sup> All percentage changes are given in comparison with the indicators of the corresponding period of the previous year, unless otherwise indicated.

**Merchandise imports** decreased by 19.4% and totaled **USD 56.2 billion**. *Energy imports* decreased by 8.9% primarily due to imports of natural gas and coal, which more than halved. At the same time, imports of petroleum products increased significantly (by 63.0%), especially in H2 2022, in particular to meet the needs of the autonomous energy. Non-energy imports declined by 22.1%, including by group:

machinery and equipment	– by 32.1%;
chemicals	– by 34.4%;
food imports	– by 22.7%;
metallurgical imports	– by 41.1%;
timber and wood products	– by 39.1%;
manufactured products	– by 10.1.

*In 2022, imports from CIS countries evidenced the most significant decline by USD 9.0 billion, or by 66.7%, (its share dropped from 19.3% to 8.0%). Imports fell by all directions – from Asia (by USD 2.6 billion, or by 13.9%, share in total imports grew 26.9% to 28.7%), Americas (by USD 1.5 billion, or by 33.3%, share decreased from 6.4% to 5.3%), EU (by USD 1.2 billion, or by 4.8%, share grew from 37.5% to 44.4%) and Africa (by USD 341 million, or by 41.8%, share fell from 1.2% to 0.8%).*

**The deficit in trade in services equaled USD 10.7 billion in 2022** (compared to surplus of USD 4.0 billion in 2021) as exports of services declined by 12.4%, while those of imports increased 1.9 times. Services imports was fueled by expenses<sup>4</sup> of Ukrainians went abroad due to the war that increased 3.2 times to USD 19.8 billion as well as due to an increase in imports of services, provided within the scope of technical assistance (2.9 times). Meanwhile, imports of all other types of services decreased by 41.6%. Decrease in exports of transportation services (by 28.3%) (primarily due to fall in exports of air, sea, railway and pipeline transport services), manufacturing services on physical inputs owned by others (by 39.4%) and other business services (by 17.6%) were the key factors causing exports of services decline. Exports of almost all other services also evidenced a decrease, except computer (increased by 5.8%).

**Primary income balance surplus equaled USD 8.7 billion** (compared to deficit USD 5.8 billion in 2021). The record surplus was driven by a significant decrease in investment repayments<sup>5</sup> by 76.3%. In turn, receipts on compensation of employees decreased only by 3.6%.

**Secondary income balance surplus** widened to a record **USD 25.3 billion** (compared to

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<sup>4</sup> The estimation of Ukrainians' expenses abroad is based upon the data on payments by cards abroad, UN data and the State Border Guard Service of Ukraine on the number of citizens who went abroad due to the war.

<sup>5</sup> The balance of payments for Q4 2022 includes reinvested earnings of the banking sector only. The amount of reinvested earnings of enterprises Q1-Q3 of 2022 was calculated based on the financial statements of the reporting companies and will be updated upon the availability of complete information.

USD 4.6 billion in 2021) due to grants<sup>6</sup> (USD 14.6 billion total) and humanitarian aid<sup>7</sup> from international partners.

**The amount of inward private remittances** decreased by 9.0% and totaled USD 12.8 billion<sup>8</sup>. Salaries received by Ukrainians from abroad decreased by 23.7%, while other private remittances received through official channels were almost flat compared to 2021 – fell only by 2.0%. Overall, remittances sent through official channels were 12.8% lower than in 2021, while the flow through informal channels was relatively less affected by the war and decreased by only 3.7%.

**The capital account surplus amounted to USD 183 million** (USD 15 million in 2021) and was fueled by debt forgiveness.

**Net lending to the rest of the world** (the total of current account and capital account balance) **totaled USD 8.2 billion in 2022** (net borrowing totaled USD 3.9 billion in 2021).

**The financial account evidenced outflows (the net lending) of USD 11.1 billion in 2022** (inflows were USD 4.4 billion in 2021): the significant **private sector** outflows (USD 24.2 billion) were only partially offset by **public sector** inflows.

**Public sector net inflows totaled USD 13.2 billion** (USD 1.2 billion last year) and were driven by USD 14.7 billion loans net disbursements from international partners. These receipts were partially offset by net repayments on domestic government bonds of USD 1.3 billion.

**The net inflows of foreign direct investments stood at USD 504 million in 2022** (USD 7.5 billion in 2021) generated by:

reinvestment of earnings<sup>9</sup> by USD 618 million (USD 4.9 billion in 2021);

inflows in equity (excluding reinvestment of earnings) by USD 461 million (USD 1.2 billion in 2021);

Meanwhile, debt instruments net repayments totaled USD 541 million, including due to fellow enterprises transactions of USD 159 million (net disbursements were USD 1.8 billion, including due to fellow enterprises transactions of USD 0.3 billion in 2021).

**The net increase of the banking system's external position on portfolio and other investments accounted for USD 2.7 billion** (USD 809 million in 2021) owing to:

USD 1.8 billion increase of net external position on "currency and deposits" item;

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<sup>6</sup> Grants received in 2022 were directed to financing the most urgent state expenditures, in particular in the social and humanitarian spheres, including ensuring the payment of wages, social and pension payments, and assistance for internally displaced persons.

<sup>7</sup> The assessment of the amount of humanitarian aid in the balance of payments is based upon the United Nations Financial Monitoring Service for Humanitarian Aid (FTS) data, information on aid in monetary form is provided according to the 1PX file.

<sup>8</sup> The total amount of remittances will be adjusted on the basis of mirror statistics by partner countries, released after the dissemination of balance of payments data.

<sup>9</sup> The balance of payments for Q4 2022 includes reinvestment of earnings of the banking sector only. The amount of reinvestment of earnings of enterprises Q1-Q3 of 2022 was calculated based on the financial statements of the reporting companies and will be updated upon the availability of complete information.

USD 557 million net purchase of non-resident securities;

USD 253 million net Eurobonds repayments.

**The real sector external position net increase** (excluding foreign direct investment) totaled **USD 22.0 billion** (USD 5.4 billion in 2021) driven by these competing factors:

USD 12.6 billion increase of net external position on trade credit (USD 1.3 billion in 2021);

USD 10.3 billion increase of the amount of foreign cash outside banks (by USD 5.1 billion in 2021);

USD 0.8 billion net increase of loans external liabilities (USD 0.4 billion in 2021);

USD 155 million debt securities net disbursements (USD 1.7 billion in 2021).

Net **private sector transactions** outflows (including errors and omissions) amounted to USD **24.2 billion** (net inflows amounted to USD 3.1 billion in 2021).

**The overall balance of payments saw a deficit of USD 2.9 billion in 2022** (surplus was USD 487 million in 2021). Disbursement from the IMF **under Rapid Financing Instrument RFI** equaled **SDRs 2.0 billion (USD 2.7 billion)**, repayments to the Fund added up to USD 2.1 billion.

**The international reserves as of the end of 2022 stood at USD 28.5 billion**, enough to cover 3.5 months of imports.

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