National Bank of Ukraine

Balance of payments in 2020[1]
(according to the *Balance of Payments and International investment position* manual, 6th edition)

In 2020 the current account surplus amounted to USD 5.3 billion (3.4% of GDP[2]), in 2019 the current account deficit totaled USD 4.1 billion (2.7% of GDP). The COVID-19 pandemic had more significant impact on imports of goods and services: it declined by 17.1% yoy (in 2019 increased by 7.8% yoy), at the same time exports decreased only by 4.5% yoy (in 2019 increased by 7.4% yoy).

Exports of goods decreased by 2.1% (in 2019 rose by 6.3%) and amounted to USD 45.1 billion. Exports' decrease was mainly driven by the decline in ***metallurgical exports by 12.1%***. Exports also decreased in such major product categories:

machinery and equipment exports	– by 1.1%;
timber and wood products	– by 1.2%.

At the same time exports increased in such major product categories:

mineral exports (including ore)	– by 12.7%;
chemical exports	– by 6.3%;
food exports	– by 0.2%;
manufactured products	– by 3.6%.

In geographical context, in nominal values, exports of goods to EU countries[3] decreased at most (by USD 1.9 billion, or 11.6% yoy). EU countries' share in total exports of goods decreased to 32.4% (in 2019 – 35.9%). Exports of goods to African countries and Russia also declined: by USD 924 million, or 18.6% yoy, and by USD 436 million, or 16.5% yoy respectively. African countries' share decreased to 8.9% (in 2019 – 10.8%), and Russia's share declined to 4.9% (in 2019 – 5.7%). At the same time exports of goods to Asian countries increased by USD 3.1 billion or 20.2% yoy. Asian countries' share rose to 40.5% (in 2019 – 33.0%).

Imports of goods decreased by 14.0% (in 2019 rose by 7.7%) and totaled USD 52.0 billion. Energy imports decreased 1.6 times, while non-energy imports decreased by 8.0% (mainly resulted from the decrease in ***machinery and equipment imports by 10.1%***). Imports also decreased in such major product categories:

metallurgical imports	– by 14.4%;
chemical imports	– by 1.8%;
manufactured products	– by 3.2%.

---

[1] Data exclude data for the temporarily occupied territory of Autonomous Republic of Crimea and the city of Sevastopol and temporary occupied zone in Donetsk and Luhansk regions.
[2] GDP data used in calculations were restated by the State Statistics Service of Ukraine considering the revision of balance of payments data for 2017-2020 on financial intermediary services indirectly measured (FISIM).
[3] United Kingdom are excluded from the data for EU countries.

At the same time imports increased in such major product categories:

food imports – by 13.5%;

timber and wood products – by 7.6%.

In geographical context, in nominal values, imports of goods from Russia decreased at most – by USD 2.4 billion or 1.6 times, and Russia's share in total imports of goods decreased from 11.3% to 8.4%. Imports of goods from Asian countries and EU countries also declined: by USD 824 million, or 5.4% yoy, and by USD 773 million, or 3.6% yoy respectively. At the same time Asian countries' share increased from 25.2% in 2019 to 27.7% in 2020, and EU countries' share rose from 36.0% to 40.3%.

The surplus of trade in services rose to USD 4.4 billion (in 2019 – USD 1.8 billion) due to higher decrease in imports of services (1.4 times) than in their exports (by 10.9% yoy) due to the COVID-19 pandemic. The main factor of imports' decrease was the decline of outbound tourism and short-term migrants' expenditures (1.8 times). At the same time, imports of transportation services declined 1.3 times, and other business services decreased by 17.4%. Exports of services decreased mainly due to the decline in inbound tourism expenditures (4.6 times), transportation services (by 18.6%), and manufacturing services on physical inputs owned by others (by 17.4%). At the same time, exports of computer services continued to increase – by 20.4% (in 2019 – 1.3 times).

Primary income balance surplus increased to **USD 3.5 billion** (compared with USD 1.9 billion in 2019), due to the decrease in repayments of investments' income (1.3 times). The negative balance on direct investment income declined from USD 6.6 billion to USD 3.6 billion. The repayments of dividends rose by 22.7% and exceeded the net profit of direct investment enterprises, which resulted to the formation of USD 0.5 billion negative reinvested earnings (in 2019 reinvested earnings amounted to USD 3.3 billion). The receipts on "compensation of employees" item declined by 8.1%.

Secondary income balance surplus in 2020 decreased to **USD 4.1 billion** (in 2019 – USD 6.5 billion[4]).

The value of private remittances in 2020 remained nearly the same as in 2019 and amounted to USD 12.0 billion. At the same time, the structure has changed: the value of remittances received through official channels increased by 22.7%. This was mainly due to the increase in wages received by Ukrainians from abroad by 27.4%. This component showed high growth over the last three years, which led to the increase in its share in the total value of private remittances (31.4%, compared with 21.1% in 2018). Another factor in the growth of remittances through banks and international payment systems was the reorientation to the official channels in the context of the COVID-19 pandemic. At the same time, due to quarantine restrictions and temporary closure of borders, the value of transfers through informal channels decreased by 23.9%.

The capital account deficit amounted to USD 3 million (in 2019 the surplus totaled USD 38 million).

[4] Including the receiving of USD 2.9 billion compensation of NJSC "Naftogaz of Ukraine" from PJSC "Gazprom" in December 2019.

In 2020 the net lending to the rest of the world (the total of current account and capital account) **totaled USD 5.3 billion** (in 2019 the net borrowing from the rest of the world USD 4.1 billion).

In 2020, **the net outflow on the financial account (the net lending) totaled USD 3.3 billion** (compared with USD 10.1 billion of net inflow in 2019) and resulted from **private sector's transactions**.

The net inflow on the government sector's transactions totaled USD 884 million (in 2019 – USD 5.2 billion) and resulted from such oppositely directed factors:

USD 1.5 billion net borrowing on loans from international partners;

USD 878 million net inflow on Eurobonds;

USD 1.2 billion net repayments to non-residents on domestic government bonds;

USD 329 million repurchase of government derivatives on the open market.

In 2020 the net outflow of foreign direct investment amounted to USD 117 million (including USD 448 million negative reinvestment of earnings). In 2019 the net inflow totaled USD 5.2 billion, including USD 3.3 billion reinvestment of earnings. Equity investment (excluding reinvestment of earnings) decreased to USD 0.8 billion, compared with USD 1.7 billion in 2019. In 2020 the repayments on loans from direct investor amounted to USD 27 million, compared with USD 924 million net borrowings in 2019.

The net increase of the banking system's external position on portfolio and other investments totaled **USD 2.0 billion** (in 2019 – USD 5.3 billion) and resulted from such factors:

USD 924 million increase of net external position on "currency and deposits" item;

USD 917 million net repayment on Eurobonds;

USD 77 million net decrease of external liabilities on loans;

USD 70 million net purchase of non-residents' securities by banks.

The net increase of the real sector's external position (excluding foreign direct investment) amounted to **USD 2.8 billion** (in 2019 the net decrease totaled USD 3.7 billion). It resulted from several oppositely directed factors:

USD 4.7 billion increase of the amount of cash outside banks (in 2019 – USD 2.6 billion);

USD 228 million decrease of liabilities on loans (in 2019 increased by USD 1.3 billion);

USD 2.4 billion increase of net external liabilities on trade credits (in 2019 – USD 3.1 billion);

USD 365 million net inflow received from Eurobonds placement.

The net outflow on **the private sector's transactions** (including errors and omissions) totaled **USD 4.2 billion** (in 2019 the net inflow totaled USD 4.8 billion).

In 2020 the surplus of the overall balance of payments amounted to USD 2.0 billion (in 2019 – USD 6.0 billion).

The overall balance of payments surplus along with the net borrowings from IMF (USD 975 million) led to **the accumulation of international reserves up to USD 29.1 billion**, covering 4.4 months of future imports.

Last updated on 23.09.2021