

1.3. Market Review

1.3.1. Macroeconomic Context and Its Impact on Cargo Turnover

Export cargo makes up the bulk of cargo turnover at Russian seaports, accounting for 76% of the total in 2018, so the external economic environment, as well as the dynamics of production and exports of commodities, the mainstay of Russian exports, have a decisive impact on the industry.

Under the pressure of macroeconomic and political factors, Russia's GDP grew by only 2.6% in 2018, while industrial production rose by 2.9%. Production of mineral resources grew by 4.1%, and production in manufacturing sectors rose by 2.6%.¹

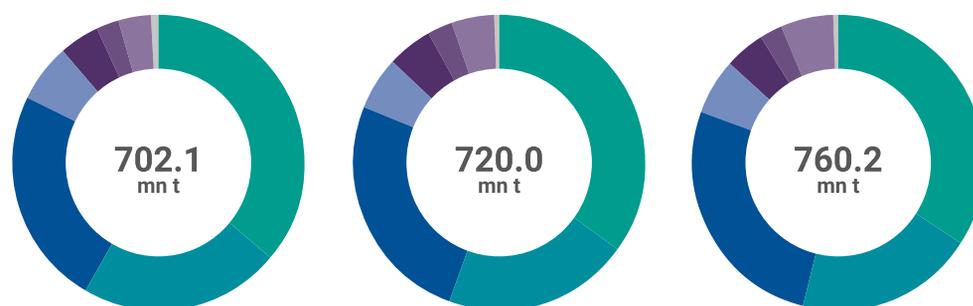
Positive trends in foreign trade continued. Russia's foreign trade turnover grew by 17.5% or \$102.4 billion to \$687.5 billion in 2018, as exports jumped by 25.6% and imports rose by 4.7%. The share of exports in the visible trade turnover grew to 65.4% in 2018 from 61.1% in 2017, while imports shrank to 34.6% from 38.9%.

Fossil fuels continued to dominate exports with their share growth by 4.5 percentage points to 63.8% in 2018.

The significant change in visible trade turnover with partners was due primarily to the dynamics of fossil fuel exports. The strongest growth in Russian exports in 2018 was to the following countries:

- China, due to growth in exports of crude oil, refined copper and oil products
- Germany, South Korea, Finland and Belarus, due to growth in hydrocarbon exports
- Netherlands, due to growth in exports of hydrocarbons and unprocessed aluminum
- Poland, due to exports of hydrocarbons and hot-rolled steel
- Turkey, due to exports of hydrocarbons, ferrous metal waste and scrap, wheat and corn
- The steepest decline in Russian exports was to Singapore and Gibraltar, as crude oil exports fell, and Azerbaijan, as exports of wheat and sugar declined.²

RUSSIAN EXPORTS OF KEY COMMODITIES, MN T³



	2016	2017	2018
Crude oil	254.8	252.6	260.2
Oil products	156.0	148.4	150.1
Coal	168.4	184.3	202.2
Ferrous metals	43.4	42.4	46.4
Fertilizer	31.5	34.3	34.1
Iron ore	18.5	21.1	19.4
Wheat and meslin	25.3	33.0	44.0
Nonferrous metals	4.2	3.9	3.8

1. Federal Statistics Service of Russia (Rosstat)

2. Source: Economic Development Ministry of Russia

3. Federal Customs Service