National Bank of Ukraine

Balance of payments in 2023

(preliminary data[1,2] according to the Balance of Payments and International investment position manual, 6th edition)

The current account deficit totaled USD 9.2 billion, or 5.2% of GDP in 2023 (surplus was USD 8.0 billion, or 5.0% of GDP in 2022). The deficit was driven mainly due to significant goods and services deficit widening, namely an increase in imports of goods amid a decline in exports. In addition, the surplus of primary income declined: a decline in compensation of employees was accompanied by an increase in payments on investment income, including due to reinvested earnings. The widening of the deficit was also fueled by a year-on-year decline in grants from international partners.

On current account deficit excluding reinvested earnings and grants was USD 17.8 billion, or 10.0% of GDP (USD 6.3 billion, or 3.9% of GDP in 2022).

External trade in goods and services deficit increased to USD 37.4 billion comparing to USD 25.7 billion in 2022. Exports declined by 15.2%[3] in 2023 (by 35.2% in 2022). Imports of goods increased by 14.3% (fell by 20.4% in 2022), mainly due to imports of machinery.

Exports of goods decreased by 15.2% and totaled USD 34.7 billion. ***Metallurgical exports*** (***by 33.9%***)**,** ***mineral exports*** (***by 45.0%,*** primarily due to ores) and ***food exports*** (***by 5.9%***) decreased the most. During the reporting year, exports of oilseeds (by 25.0%), grains (by 8.8%), and oil (by 5.0%) evidenced a decline. At the same time, exports of food products increased by 31.0%, primarily due to the sugars and sugar confectionery. Exports also declined for all other major commodity groups, including:

timber and wood products	– by 18.8%.
chemicals	– by 20.3%;
machinery and equipment exports	– by 5.7%;
manufactured goods	– by 2.1%.

In 2023, in nominal terms exports of goods declined in all regions of the world. Exports to EU (by USD 2.9 billion, or by 11.7%; share grew from 60.7% to 63.2%) and Asian countries (by 1.6 billion, or by 16.2%, contribution to total exports decreased slightly from 23.5% to 23.2%) declined the most. In addition, exports to CIS countries (by USD 698 million, or by 30.5%, its share fell from 5.6% in 2022 to 4.6%), Americas (by USD 458 million, or by 38.7% contribution fell from 2.9% to 2.1%) and African countries (by USD 439 million, or by 20.7%, its share fell from 5.2% to 4.8%) also saw a decline.

---

[1] According to the Law of Ukraine from March 3rd 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 2023 was made on the basis of available information and will be clarified upon receipt of additional data.

[2] Data exclude the temporarily occupied by the Russian Federation territories of Ukraine.

[3] All percentage changes are given in comparison with the indicators of the corresponding period of the previous year, unless otherwise indicated.

Merchandise imports increased by 14.3% and totaled **USD 63.5 billion.** *Energy imports* decreased by 18.3% primarily due substantial fall in imports of coal and petroleum products. Non-energy imports grew by 23.9%, including by group:

machinery and equipment	– by 32.1%;
chemicals	– by 19.2%;
food imports	– by 15.1%;
metallurgical imports	– by 31.5%;
timber and wood products	– by 7.0%.

Whilst, imports of manufactured products decreased by 3.4%.

In 2023, imports from EU countries (by USD 5.4 billion, or by 21.9%, its share increased from 44.5% to 47.5%) and Asian countries (by USD 4.7 billion, or by 29.5%, its share grew from 28.7% to 32.5%) saw the most significant rise. Moreover, imports from Americas (by USD 866 million, or by 29.6%, share increased from 5.3% to 6.0%) and African countries (by USD 174 million, or by 37.3%, share grew from 0.8% to 1.0%) also saw a rise. While, imports from CIS countries significantly declined by USD 3.4 billion, or by 75.2%, share fell from 8.1% to 1.8%).

The deficit in trade in services narrowed to USD 8.6 billion (compared USD 11.1 billion in 2022) mainly due to imports of services decline by 9.7% while exports was almost flat – decreased only by 1.2%. Services imports fell primarily due to outbound tourism and short-term migrants' expenditures[4] (by 12.7% to USD 17.3 billion), government (by 36.4%) and financial (by 28.1%) services decrease. Whilst, imports of transportation services (by 22.4% primarily due to road transport and postal and courier services), telecom and computer services (by 38.0%) and maintenance and repair services (2.7 times) evidenced an increase. Exports decreased mainly due telecom and computer services (by 8.5%), manufacturing services on physical inputs owned by others (by 19.7%) and transportation services (by 2.8% due to road transport). Meanwhile, exports of other business services increased (by 17.0% namely technical and trade-related services), as well as government (by 37.7%), financial (by 36.6%) services and inbound tourism expenditures (by 10.7%).

Primary income balance surplus narrowed to USD 5.3 billion (compared to surplus of USD 8.5 billion in 2022) with simultaneous decrease in receipts on compensation of employees (by 12.0%) and increase in investment income repayments[5] (by 50.3%). Reinvested earnings totaled USD 3.2 billion compared to USD 327 million in 2022.

Secondary income balance surplus narrowed slightly to **USD 22.9 billion** (compared to USD 25.2 billion in 2022) due to reduction of grants[6] (USD 11.8 billion compared to

[4] 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.

[5] The balance of payments for Q4 2023 includes reinvested earnings of the banking sector only. The amount of reinvested earnings of enterprises Q1-Q3 of 2023 was calculated based on the financial statements of the reporting companies and will be updated upon the availability of complete information.

[6] Grants received in 2023 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.

USD 14.6 billion in 2022) and humanitarian aid[7] (USD 3.2 billion compared to USD 3.8 billion) from international partners.

The amount of inward private remittances decreased by 9.4% and totaled USD 11.4 billion[8]. Salaries received by Ukrainians from abroad decreased by 3.1%, while other private remittances received through official channels fell by 24.9%. Overall, remittances sent through official channels were 15.4% lower than in 2022, while the flow through informal channels was almost flat, decreasing only by 1.5%.

The capital account surplus amounted to USD 145 million (USD 183 million in 2022) and was fueled by debt forgiveness.

Net borrowing from the rest of the world (the total of current account and capital account balance) **totaled USD 9.1 billion in 2023** (net lending totaled USD 8.2 billion in 2022).

The financial account evidenced inflows (the net borrowing) of USD 18.5 billion (outflows were USD 11.1 billion in 2022): the significant **public sector** inflows were only partially offset by **private sector** outflows.

Public sector net inflows totaled USD 25.9 billion (USD 13.2 billion last year) and were driven by USD 26.0 billion loans net disbursements from international partners. While, net repayments on domestic government bonds equaled USD 160 million.

The net inflows of foreign direct investments stood at USD 4.2 billion in 2023 (USD 213 million in 2022) and were generated by:

reinvestment of earnings[9] by USD 3.2 billion (USD 327 million in 2022);

inflows in equity (excluding reinvestment of earnings) by USD 651 million (USD 461 million in 2022);

debt instruments net disbursements by USD 523 million, including due to fellow enterprises transactions of USD 193 million (net repayments were USD 541 million, including due to fellow enterprises transactions of USD 159 million in 2022).

The net increase of the banking system's external position on portfolio and other investments accounted for USD 2.7 billion (flat compared to 2022) owing to:

USD 2.0 billion net purchase of non-resident securities (USD 0.6 billion in 2022);

USD 0.5 billion increase of net external position on "currency and deposits" item (USD 1.8 billion in 2022);

USD 59 million net increase of loans external liabilities (USD 83 million in 2022);

USD 147 million net Eurobonds repayments.

[7] 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.

[8] 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.

[9] The balance of payments for Q4 2023 includes reinvestment of earnings of the banking sector only. The amount of reinvestment of earnings of enterprises Q1-Q3 of 2023 was calculated based on the financial statements of the reporting companies and will be updated upon the availability of complete information.

The real sector external position net increase (excluding foreign direct investment) totaled **USD 10.6 billion** (USD 21.5 billion in 2022) driven by these competing factors:

USD 11.8 billion increase of the amount of foreign cash outside banks (by USD 10.1 billion in 2022);

USD 0.9 billion decrease of net external position on trade credit (increase totaled USD 12.7 billion in 2022);

USD 0.7 billion net increase of loans external liabilities (USD 0.8 billion in 2022);

USD 0.5 million increase of net external position on debt securities (decrease was USD 0.1 billion in 2022).

Net **private sector transactions** outflows (including errors and omissions) amounted to USD **7.4 billion** (USD 24.2 billion in 2022).

Overall, in 2023, the balance of payments was brought to a significant surplus of USD 9.5 billion (deficit was USD 2.9 billion in 2022). Disbursement from the IMF **under Rapid Financing Instrument RFI** equaled **SDRs 3.3 billion (USD 4.5 billion)**, repayments to the Fund added up to USD 2.5 billion. In 2022, 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 2023 stood at USD 40.5 billion, enough to cover 5.4 months of future imports.

Last updated on 28.03.2024