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U.S./Russia Export Relationship

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U.S./Russia Export Relationship



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Introduction

Russia and the United States have a long history of trading as early as 1913. Over the years, Russia has become a notable player in US imports. By using the United States Census database and the Office of the United States Trade Representative database. In short, our research will discuss the trade relationship between Russia and the United States over the last century, through history and data analytics, and its effects on trade and politics to the rest of the world.

Exports

- Russia was the United States' **40th largest goods export market** in 2019.
- U.S. goods exports to Russia in 2018 were **\$5.8 billion**, down 13.1% (\$874 million) from 2018 but up 8.5% from 2009..
- The top export categories (2-digit HS) in 2019 were: **machinery (\$1.2 billion), aircraft (\$1.2 billion), vehicles (\$725 million), optical and medical instruments (\$506 million), and electrical machinery (\$349 million).**
- U.S. exports of services to Russia were an estimated **\$5.1 billion** in 2019, 4.8% (\$237 million) more than 2018, and 7.7% greater than 2009 levels. Leading services exports from the U.S. to Russia were in the financial services, travel, and intellectual property (trademarks) sectors.

Imports

- Russia was the United States' **20th largest supplier of goods imports** in 2019.
- U.S. goods imports from Russia totaled **\$22.3 billion** in 2019, up 6.8% (\$1.4 billion) from 2018, and up 22.3% from 2009.
- The top import categories (2-digit HS) in 2019 were: **mineral fuels (\$13 billion), precious metal and stone (platinum) (\$2.2 billion), iron and steel (\$1.4 billion), fertilizers (\$963 million), and inorganic chemicals (\$763 million).**
- U.S. imports of services from Russia were an estimated **\$1.8 billion** in 2019, 2.2% (\$38 million) more than 2018, and 50.6% less than 2009 levels. Leading services imports from Russia to the U.S. were in the transportation, travel, and financial services sectors.

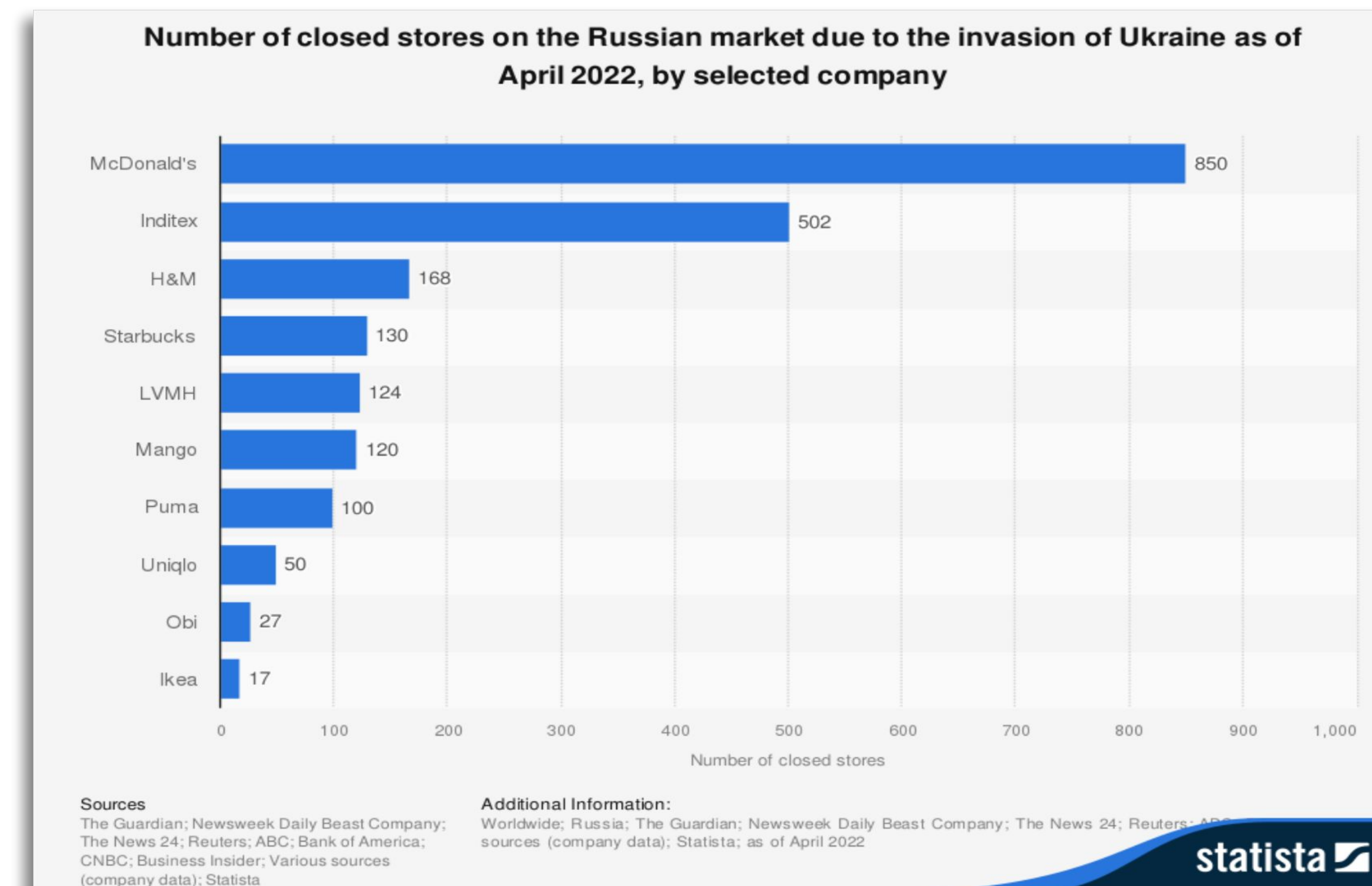
Trade Balance

- The U.S. goods trade deficit with Russia was **\$16.5 billion** in 2019, a 16.1% increase (\$2.3 billion) over 2018.
- The United States has a services trade surplus of an estimated **\$3.4 billion** with Russia in 2019, up 6.3% from 2018.

Historical Relationship

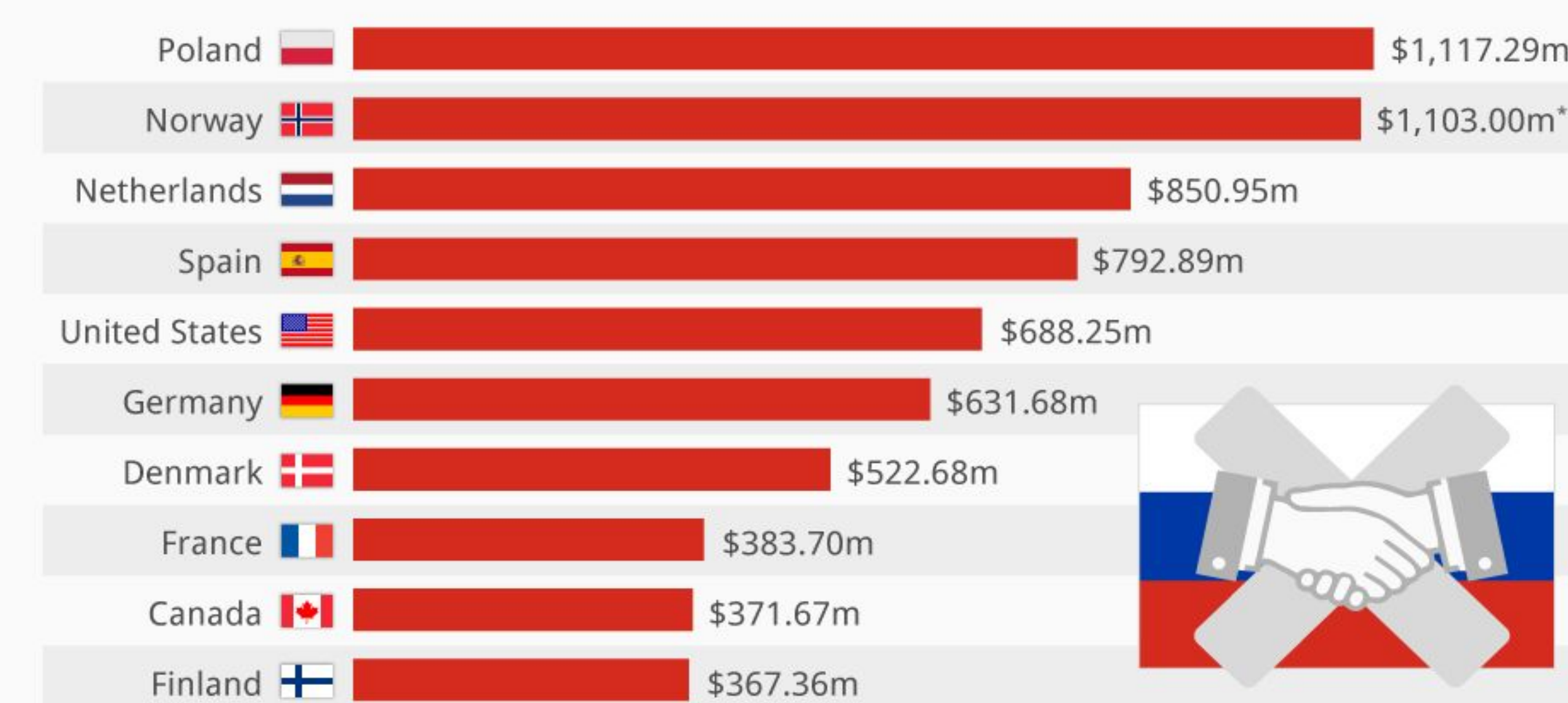
- **Pre-Cold War**
- Mostly aid small amounts of trade, allies during both world wars.
- **Cold War**
Ideological split, proxy wars, & slow trade growth
- **Post-Cold War**
End of Communism, US companies enter the market, biggest increase historically between both countries
- **Present**
No political/economic relations & US firms exiting the market

Highlights



The Countries Hardest Hit By Russia's Trade Ban

Value of sanctioned food exports to Russia by country (in million U.S. dollars)

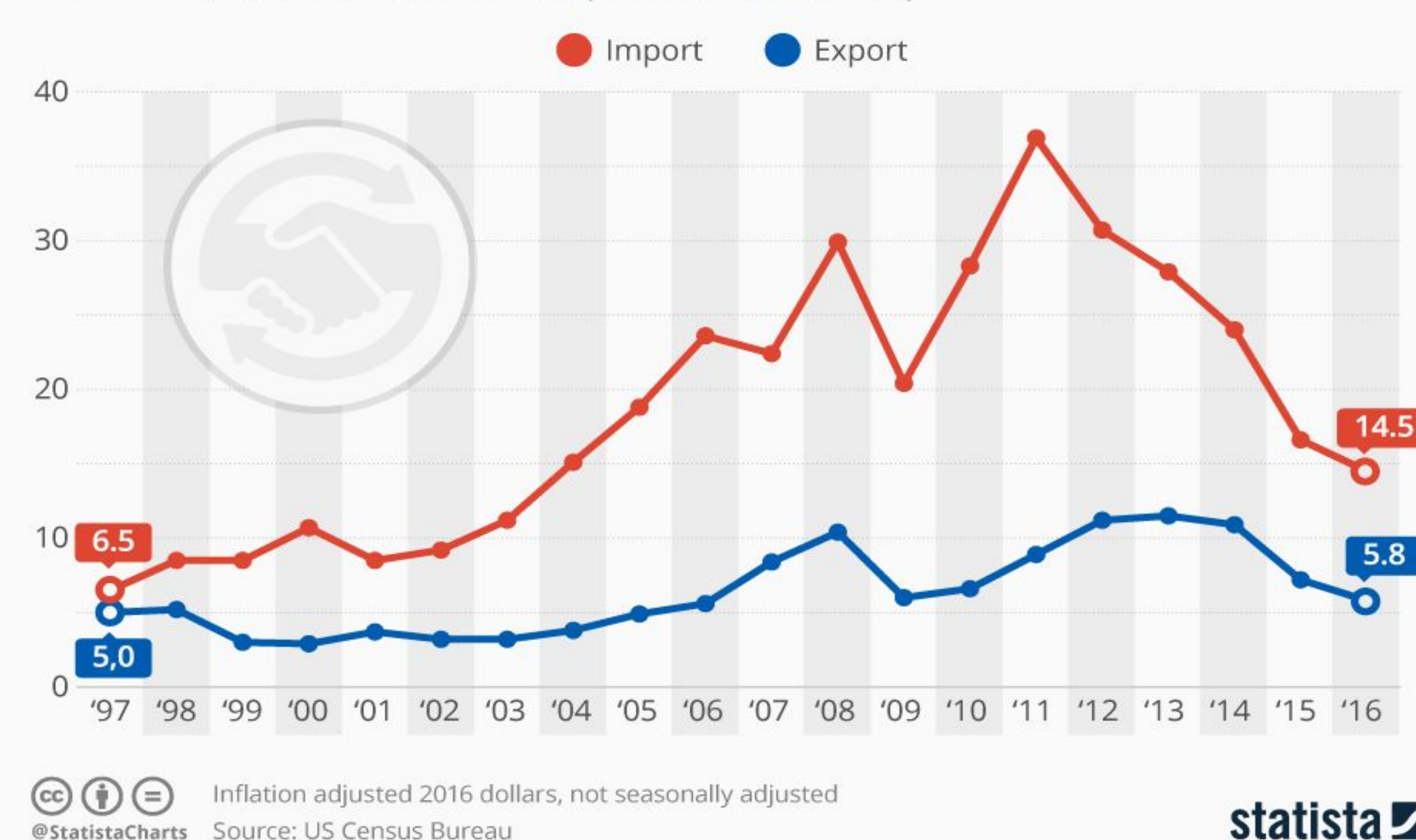


* Seafood products only

Sources: The Wall Street Journal, Russian Federal Customs Service, International Trade Centre

20 Years of U.S. Trade With Russia

U.S. merchandise trade with Russia (in billion U.S. dollars)



Inflation adjusted 2016 dollars, not seasonally adjusted
 Source: US Census Bureau

Oil Trade

Currently, Refined Petroleum and Crude Petroleum are the most imported items from Russia.

Implications of a negative relationship with Russia include:

- **Higher gas prices**
 - In both personal and public transportation
 - Higher shipping costs
 - Higher prices on goods
 - In extreme cases:
 - May increase usage in public transportation
- **Ripple/Dragging Effect**
 - Negative impact on economy
 - Makes consumers focus less on other purchases
 - More focused on saving money rather than spending money on gas
- **Potential positive effects:**
 - Incentivizes automotive companies to make cars less gas dependent.
 - Ex. Electric cars, Hybrid, etc.

Conclusion

The relationship between the United States and Russia shows us that political and economic stability are crucial to solving global crises. The fallout from the pandemic and the current war in Ukraine allow us to witness the domino effect it has on the US and the rest of the world.

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