National Bank of Ukraine

Balance of payments in Q1 2025

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

The current account deficit totaled USD 6.9 billion or 15.3% of GDP in Q1 2025 (USD 3.8 billion, or 8.9% of GDP in Q1 2024). The deficit widened due to an increase in trade deficit in goods owing to simultaneous decline in exports and an increase in imports.

The deficit in primary income also widened due to a reduction in compensation of employees. On the other hand, grants from international partners increased – USD 2.4 billion compared to USD 1.1 billion in Q1 2024.

Current account deficit excluding reinvested earnings and grants from international partners was USD 9.0 billion, or 20.0% of GDP (USD 3.6 billion, or 8.4% of GDP in Q1 2024).

External trade in goods and services deficit equaled USD 11.4 billion in Q1 2025 comparing to USD 7.6 billion in Q1 2024.

The merchandise trade data include the amount of postal shipments, which until 2025 contained information only on taxable parcels. Throughout 2024, the State Customs Service of Ukraine implemented the transition to an electronic customs clearance system for postal and express shipments, which significantly increased the coverage of postal shipments.

Due to data revision, the imports of goods received in the form of postal shipments reached USD 1.6 billion in Q1 2025 and USD 3.5 billion in 2024, compared to previous estimates of USD 53 million and USD 228 million, respectively. Data for previous years were not revised and remained at approximately USD 20-30 million per quarter in 2020-2023. The exports of postal shipments also increased significantly: from several hundred thousand dollars per year to USD 173 million dollars in Q1 2025.

Merchandise exports[3] decreased by 5.8% and their **imports** increased by 18.6%; exports and imports of goods decreased by 7.6% and 3.6% respectively compared to the previous quarter.

Exports of goods totaled USD 9.4 billion in Q1 2025. The decline was mainly due to a 10.9% decline in ***food exports*** (down 14.4% compared to Q4 2024), driven by almost all components, primarily *grains* (by 15.7%), *oilseeds* (by 28.4%), *oils* (by 3.7%) and *food processing products* (by 4.1%); at the same time, exports of *meat and dairy products* increased by 20.3%. Exports of ***mineral products*** also decreased by 19.5% (up 5.0% compared Q4 2024), mainly due to *ores* (down by 21.1%). At the same time, exports increased:

chemicals – by 20.1% *(-1.0% compared to Q4 2024);*

[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 Q1 2025 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.

timber and wood products – by 11.5% *(+2.7% compared to Q4 2024)*;

machinery and equipment – by 3.9% *(-15.0% compared to Q4 2024);*

manufactured goods – by 9.4% *(+7.8% compared to Q4 2024).*

Metallurgical exports declined by 0.4% *(+5.1% compared to Q4 2024)*.

In terms of geography, in Q1 2025, exports decreased the most to Asia (by USD 509 million, or by 19.0%, the share decreased from 26.8% to 23.1%) and EU (by USD 401 million, or by 7.1%, the share decreased from 56.1% to 55.4%). Meanwhile exports rose to Africa (by USD 99 million, or by 12.2%, the share increased from 8.1% to 9.6%), CIS countries (by USD 43 million, or by 10.6%, share increased from 4.1% to 4.8%) and Americas (by USD 17 million, or by 5.4%, the share increased by 0.3 p.p. to 3.5%).

Merchandise imports equaled USD 19.5 billion. Almost all of the growth was driven by a 17.5% increase in *non-energy imports* (down 6.2% compared to Q4), primarily due to imports of ***machinery***, which grew by 27.9% (down 7.1% compared to Q4). Imports also increased:

chemicals – by 7.4% (*+7.7% compared to Q4 2024);*

food imports – by 6.7% (*-5.6% compared to Q4 2024*);

metallurgical imports – by 6.6% (*-2.2% compared to Q4 2024*);

manufactured products – by 4.5% (*-2.1% compared to Q4 2024*).

Whilst, timber and wood products imports decrease by 3.4% (-9.5*% compared to Q4 2024*).

Energy imports grew by 26.5% (up 19.0% compared to Q4 2024), primarily due to natural gas, electricity, and coal, while imports of petroleum products declined.

In Q1 2025, imports grew the most from Asia (by USD 986 million, or by 18.6%, its share was flat – 32.3%) and EU (by USD 509 million, or by 6.7%, share fell from 45.9% to 41.3%). In addition, imports increased from Americas (by USD 384 million, or by 37.1%, share rose from 6.3% to 7.3%) and Africa (by USD 39 million, or by 17.5%, share shrank by 0.1 p.p. to 1.3%). Imports from the CIS countries was flat, while the share fell from 1.1% to 0.9%.

The services trade deficit widened slightly to USD 1.3 billion (compared to USD 1.2 billion in Q1 2024), exports and imports services decreased by 11.5% and by 7.2% respectively. The decline in exports of services was primarily driven by exports of transportation services, which fell by 45.1%, mainly due to pipeline transportation services. Exports of computer services also declined (by 1.3%, down for the eleventh consecutive quarter) and other business services (by 5.9%, due to technical services). On the other hand, inbound tourism expenditures (by 25.9%) and exports of governmental services (by 28.5%) saw an increase. The decline in outbound tourists' and short-term migrants' expenditures[4] (by 15.4%, to USD 2.8 billion) and government services (by 33.9%) was only partially offset by an increase in imports of other business services (by 1.7 times, due to advertising services), transportation (by 10.1%, due to sea and air transport), and computer

[4] The estimation of Ukrainians' expenses abroad is based upon the data on payments by cards abroad. Based on expert assessments, Ukrainians' expenses abroad, previously included in the "Travel" category, were adjusted to account for the share of expenses made on Ukrainian cards by citizens who have been abroad for over one year. With these adjustments, the data was reduced by USD 1.3 billion in 2024 and USD 264 million in Q1 2025.

services (by 37.1%).

Primary income deficit widened to USD 371 million (compared to USD 27 million in Q1 2024) mainly due to decrease on compensation of employees' receipts (by 20.4%) while investment income payments was flat (decreased only by 0.7%). Reinvested earnings totaled USD 0.3 billion (USD 1.3 billion in Q1 2024), whilst dividends payments totaled USD 0.7 billion (USD 0.1 billion in Q1 2024).

Secondary income balance surplus widened to **USD 4.8 billion** compared USD 3.8 billion in Q1 2024) due to increase of grants[5] from international partners to USD 2.4 billion (USD 1.1 billion in Q1 2024).

The amount of inward private remittances totaled USD 2.0 billion[6], decreased by 16.9% compared to Q1 2024. The flow of remittances through formal channels decreased by 17.7% due to a decline in both the amount of salaries received by Ukrainians from abroad (by 15.0%) and other private transfers (by 19.9%). Remittances through informal channels decreased by 15.8%.

Net borrowing from the rest of the world (the total of current account and capital account balance) **totaled USD 6.8 billion in Q1 2025** (USD 3.8 billion in Q1 2024).

The financial account saw inflows of USD 5.5 billion in Q1 2025 (USD 6.9 billion in Q1 2024) and was entirely formed by inflows to the public sector (partially offset by outflows from the private sector).

Public sector net inflows totaled USD 6.7 billion (USD 8.3 billion in Q1 2024) and was driven by net disbursements from international partners for the corresponding amount.

The NBU's external assets increased by USD 0.8 billion. USD[7].

The net inflows of foreign direct investments stood at USD 633 million (USD 1.9 billion in Q1 2024) generated by:

debt instruments net disbursements USD 406 million, of which USD 2 million were net repayments between fellow enterprises (in Q1 2024 net disbursements were USD 446 million, of which between fellow enterprises – USD 59 million);

banks' reinvestment of earnings USD 214 million, real sector reinvestment of earnings totaled USD 63 million (banks' reinvestment of earnings totaled USD 243 million in Q1 2024, real sector reinvestment of earnings totaled USD 1.0 billion).

Meanwhile, withdrawal of equity (excluding reinvestment of earnings) amounted to USD 23 million (inflows in equity totaled USD 320 million in Q1 2024).

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[5] The grant assistance received in Q1 2025 will be used to reimburse state budget expenditures to ensure payments to first responders, IDPs, pension payments, and remuneration of healthcare providers providing services under the medical guarantees program.

[6] The total amount of remittances will be adjusted based on mirror statistics by partner countries, released after the dissemination of balance of payments data.

[7] Ukraine received a loan in accordance with the agreement between Ukraine and the UK under the ERA mechanism. These funds were not credited to Ukraine's international reserves due to their restricted (designated) use.

The net increase of the banking system's external position on portfolio and other investments accounted for USD 142 million (USD 716 million in Q1 2024). This was due to USD 115 million increase of net external position on "currency and deposits" (USD 774 million in Q1 2024). Net sales of non-resident securities amounted to USD 37 million. (USD 187 million in Q1 2024) and repayment of Eurobonds amounted to USD 47 million (USD 53 million in Q1 2024).

The real sector external position net increase (excluding foreign direct investment) totaled **USD 1.8 billion** (USD 3.0 billion to Q1 2024): USD 3.5 billion net increase in foreign cash outside banks (USD 3.8 billion in Q1 2024) was partially leveled by USD 1.7 billion net decrease on trade credit external position (USD 1.0 billion increase in Q1 2024).

Net **private sector outflows (including errors and omissions)** amounted to **USD 441 million** (USD 1.3 billion in Q1 2024).

The overall balance of payments evidenced a deficit of USD 1.3 billion in Q1 2025 (surplus of USD 3.2 billion in Q1 2024). The net repayments to the IMF amounted to USD 0.5 billion (net disbursements totaled USD 26 million in Q1 2024).

The international reserves as of the end of Q1 2025 stood at USD 42.4 billion, enough to cover 5.2 months of future imports.

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