

2009-05-15

## BALANCE OF PAYMENTS OF THE REPUBLIC OF LITHUANIA, MARCH 2009

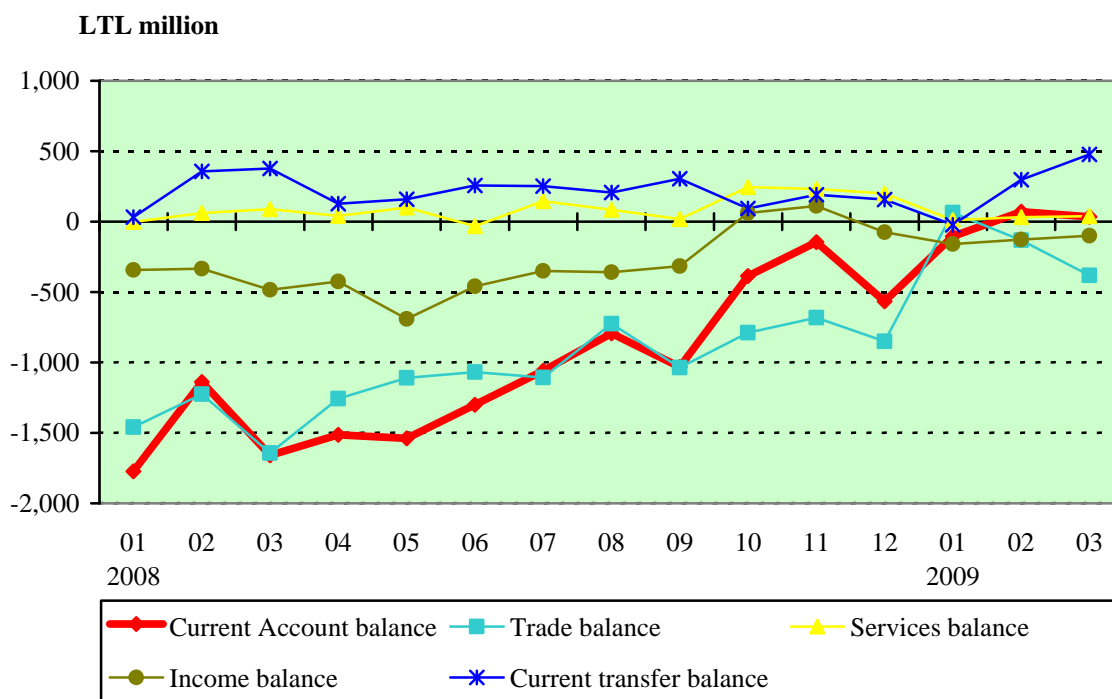
(key indicators)

**Current account.** The country's balance of Current Account of the Balance of Payments for March 2009 was positive for the second month in a row standing at LTL 34.5 million, a month-on-month decrease of LTL 36.2 million.

Preliminary estimate (based on the January–March data) showed the balance on the current account in the Balance of Payments: the surplus in the current account made up 0.00% of GDP rounded to hundredths, or only LTL 0.9 million. Compared to Q1 2008, the change in the current account balance made up LTL 4.57 billion.

A decrease in the surplus of the current account in March was mainly due to an increase in foreign trade deficit, while a significant positive change in January–March period was the result of a fall in deficits on foreign trade and income balances.

### Current Account balance and composite balances



According to the data of the Department of Statistics under the Government of the Republic of Lithuania, the month-on-month growth of export and import of goods in March 2009 hiked by 1% and import went up by 7.7%. The deficit on the trade balance made up LTL 554,1 million and a month-on-month grew by LTL 232.1 million or 72.1%.

The growth of export of goods was driven by growing export of ground vehicles (26.8%), machinery and mechanical appliances (17.8%), live animals and animal products (16.4%). The growth of import of goods was driven by growing import of iron and steel (58.4%), machinery

and mechanical appliances (21.2%), live animals and animal products (17,2%), chemical industry products (12.1%), and ground vehicles (10.2%).

In January–March, a year-on-year export of goods decreased by 25.1%, or 22.9% excluding mineral products, while import of goods fell by 41.8% or 43.1%, excluding mineral products. During the said period export of Lithuania's goods to EU member states narrowed by 21.2% and export to CIS countries shrank by 31.1%. Import of goods from EU countries fell by 43.5%, while import from CIS countries fell by 40.7%. As import of goods from EU was declining more rapidly compared to export, trade balance with these countries was positive standing at LTL 170.4 million .

In March, export of services climbed month on month by 13.8%, and import of services climbed by 13.4% (compared to January 2009, export and import of services increased respectively by 21.9% and 16.8%). In the said month, the balance of services was positive at LTL 38 million; in January–March it was also positive at LTL 81.3 million (in January–March 2008 it stood at LTL 150.5 million) .

Income of domestic economic entities on their investment abroad made up in March LTL 200.6 million, while payments to non-residents on their investment in Lithuania made up LTL 264.2 million. The deficit on the balance of investment income was LTL 63.7 million. Gross income balance deficit, including negative balance of compensation of employees, made up LTL 99.1 million. In January–March gross income balance was 385 million, a year-on-year fall of LTL 776 million or 66.8%. Deficit narrowed largely due to a decrease in deficits of foreign direct investment income and other investment income.

Current transfer balance surplus of LTL 477.7 million was registered in March. In January–March this year the surplus on the balance of current transfers reached as high as LTL 753.1 million (a year ago it equalled to LTL 766.6 million).

Transfers from the EU support funds amounted to LTL 431.2 million, whereas remittances by individuals from abroad made up LTL 205.7 million. In January–March, the said transfers respectively made up LTL 818.3 million and LTL 543.7 million. In March, compared to January the same year, remittances by private individuals from other countries grew by 28.2%, and month-on-month increase made up 16%.

In March, Lithuania's contributions to be paid to the EU budget amounted to LTL 99.7 million, and in January–March they made up LTL 409.4 million (in January–March 2008 it stood at LTL 401,5 million).

**Capital and financial accounts.** In March, excluding official reserve assets, gross flow of investment by domestic economic entities abroad (LTL 579.8 million) and flow of non-resident investment in Lithuania (LTL 106.7 million) was negative, i. e. showed the outflow of investment. In March, total negative net investment flow (including outward and inward investment flows) made up LTL 686.5 million. In January–March, total net investment flow was negative either at LTL 2.2 billion. In January–March last year, total net investment flow was however positive (showed capital inflow) and was LTL 848.2 million.

Flow of non-repayable capital transfers to Lithuania made up in March LTL 412.2 million, and in January–March it amounted to LTL 855.9 million (in January–March 2008 it amounted to LTL 915 million).

## Investment flows

LTL million

	Assets				Liabilities			
	2009			2008	2009			2008
	February	March	January– March	January– March	February	March	January– March	January– March
Direct investment	-39.3	34.2	-6.8	-232.1	103.0	-526.5	-584.4	814.7
Portfolio investment	187.8	142.2	110.2	-309.5	-7.5	-145.3	9.2	-359.1
Equity securities	-75.8	-40.9	-83.0	20.6	31.6	2.1	-259.8	8.7
Debt securities	263.6	183.1	193.2	-330.1	-39.1	-147.4	269.0	-367.8
Financial derivatives	20.1	14.8	72.2	15.6	–	–	–	-14.7
Other investment	-425.1	-771.0	-1,012.5	-833.8	-287.6	565.1	-785.3	1,767.2
Monetary Financial Institutions	-261.4	-946.7	-1,284.2	-317.1	-151.9	-280.6	-1,151.6	1,239.4
Other sectors	-163.7	175.7	271.7	-462.7	120.6	-281.1	-411.7	1,459.4

Net foreign direct investment flow (FDI) in Lithuania was negative in March, i. e. it showed an outflow of investments, amounting to LTL 492.3 million. In January–March, it was negative too, standing at LTL 591.2 million or 2.8% of GDP (in January–March 2008 it was positive accounting for 2.4% of GDP). The March negative net FDI flow was the result of foreign direct investment outflow from Lithuania (due to negative reinvestment and other FDI capital flows).

In January–March 2009, foreign direct investment flow in Lithuania declined year on year to LTL 1.4 billion, and flow of foreign direct investments by domestic agents of economies decreased by LTL 225.4 million.

A decrease in liabilities that was bigger than a decrease in foreign assets resulted in a negative portfolio investment flow of LTL 3.1 million in March. In January–March this flow however was positive (showing the inflow of this type of investments) amounting to LTL 119.3 million.

In March, net flow of other investments and financial derivatives was negative at LTL 191.1 million. This happened due to a fall of short-term foreign assets and liabilities of MFIs. However, compared to February, negative net flow of other investments and financial derivatives shrank by 72.4% and by 77.3% compared to January.

At the end of March, official reserve assets which rose during the month by 1.2% made up LTL 14.9 billion (EUR 4.3 billion).

The increase in official reserve assets was determined by an increase of LTL 1.2 billion in general government deposits with the Bank of Lithuania. The growth of official reserve assets was offset by a contraction of currency in circulation of LTL 666.6 million and a decline in other factors of LTL 248.1 million. The decline of official reserve assets was also driven by declining external liabilities of the Bank of Lithuania (LTL 41.5 million) and deposits of other MFIs with the Bank of Lithuania (LTL 32.3 million).