

June 17 2009

BALANCE OF PAYMENTS OF THE REPUBLIC OF LITHUANIA, APRIL 2009

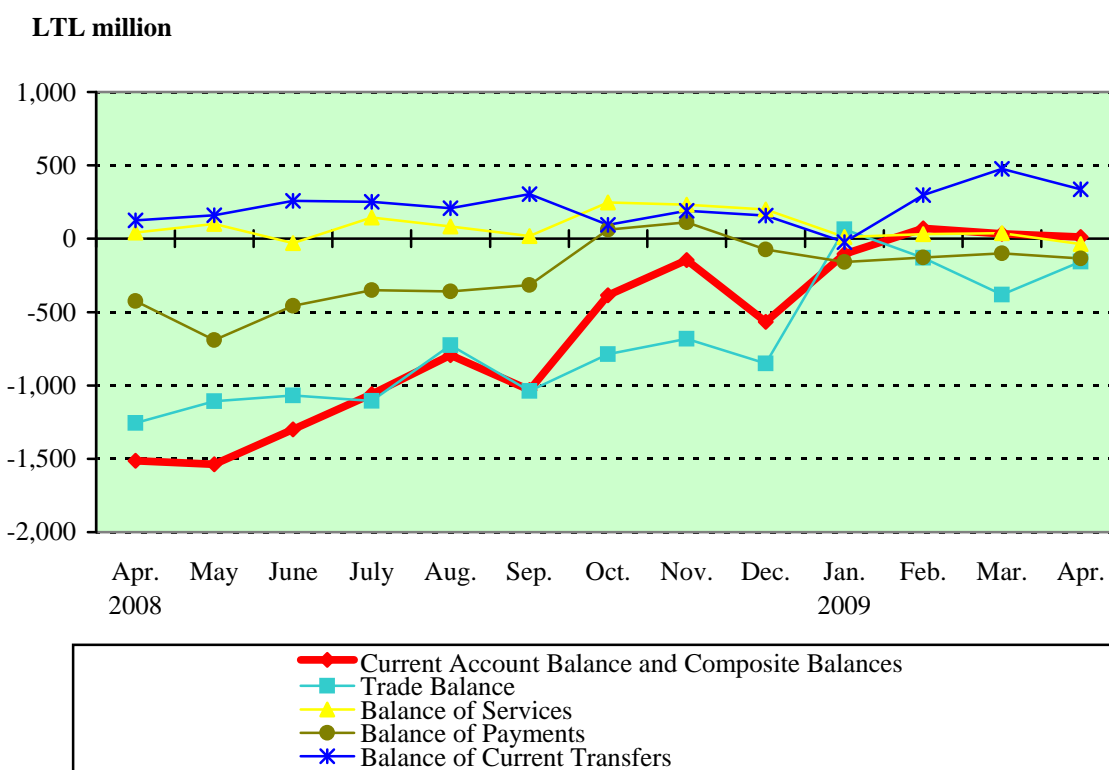
(key indicators)

Current account. The country's deficit on the Current Account of the Balance of Payments for April 2009 was positive for the third month in a row standing at LTL 10.8 million, a month-on-month decrease of LTL 23.7 million.

In January–April, the surplus on the Current Account of the Balance of Payments made up LTL 11.7 million, a change of LTL 6.1 billion compared to the corresponding period in 2008.

A decline in the positive surplus on the Current Account was mainly due to an increase in deficit on the balance of services and balance of income, as well as a fall in surplus on the balance of current transfers.

Current Account Balance and Composite Balances



According to the data of the Department of Statistics, in April 2009, export and import of goods declined month on month by 3.8 per cent and 11 per cent, respectively. The deficit on foreign trade balance declined month on month by LTL 288.9 million or 48.8 per cent to LTL 303.4 million.

In January–April, export of goods fell year on year by 29.3 per cent, or 25.4 per cent excluding mineral products, and import of goods fell by 43.8 per cent or 44.1 per cent excluding mineral products. During the said period export of Lithuania's goods to EU member states narrowed by

25.1 per cent and export to CIS countries shrank by 34.3 per cent. Import of goods from EU and CIS countries fell respectively by 44.1 per cent and 45.1 per cent.

Export of goods declined as a result of a 42.1 per cent decrease in export of processed oil lubricants and lubricants received from bitumen minerals, a 42.6 per cent decrease in export of ground vehicles, and a 48.7 per cent decrease in export of electrical machinery and equipment. Import shrinkage was driven by shrinkage of import of crude oil (50.7 per cent), ground vehicles (75.3 per cent), and boilers, machinery and mechanical appliances (48.6 per cent).

In April, export of services climbed month on month by 0.5 per cent, and import of services increased by 14.1 per cent (as compared to January 2009, export and import of services increased respectively by 22.5 per cent and 33.3 per cent). In April, the balance of services was negative at LTL 36.1 million, while in January–April it was positive and made up LTL 45.2 million (in January–April 2008 it was LTL 192.2 million).

In April, income by domestic economic entities from their investment abroad made up LTL 148.8 million, while payments to non-residents on their investment in Lithuania made up LTL 259 million. The deficit on the investment income balance accounted for LTL 110.2 million. With negative balance of compensation of employees included, the gross income balance deficit made up LTL 133.6 million. In January–April, the gross income balance deficit made up LTL 518.6 million, a year-on-year decrease of LTL 1.07 billion or 67.3 per cent. This fall was largely due to a decrease in deficits of foreign direct investment income and other investment income.

Compared to March, the surplus on the balance of current transfers in April declined by LTL 140.5 million to LTL 337.2 million. In January–April this year, the surplus made up LTL 1.09 billion (a year ago it equalled to LTL 893 million).

In April, transfers from EU support funds reached as high as LTL 276 million, whereas remittances by individuals from other countries made up LTL 194.7 million. In January–April, the said transfers made up LTL 1.09 billion and LTL 738.3 million, respectively. Compared to March, remittances by individuals from abroad decreased by 5.4 per cent.

In April, Lithuania's contributions to be paid to the EU budget amounted to LTL 99.1 million, and in January–April they made up LTL 508.5 million (decreasing from LTL 538.5 million in January–April 2008).

Capital and financial accounts. Gross flow of investments by domestic economic entities abroad (LTL 182.6 million) and flow of non-resident investment in Lithuania (LTL 779.3 million), excluding official reserve assets, were negative in April, i. e. showed the outflow of investments. Total net investment flow (including outward and inward investment flows) was LTL 961.9 million. In January–April, total net investment flow was also negative standing at LTL 3.2 billion. However, in January–April last year, total net investment flow was positive (showing capital inflow) at LTL 2.5 billion.

In April, the flow of non-repayable capital transfers to Lithuania made up LTL 185.2 million, and in January–April it amounted to LTL 1.04 billion (in January–April 2008 it amounted to LTL 1,15 billion).

Investment flows
LTL million

	Foreign assets				Liabilities			
	2009			2008	2009			2008
	March	April	January-April	January-April	March	April	January-April	January-April
Direct investment	34.2	-28.7	-35.5	-431.6	-526.5	725.1	140.7	1,327.0
Portfolio investment	142.2	-474.2	-364.1	-542.4	-145.3	89.7	98.9	-346.7
Equity securities	-40.9	-104.4	-187.5	29.27	2.1	-2.2	-262.1	1.0
Debt securities	183.1	-369.8	-176.6	-571.6	-147.4	91.9	360.9	-347.7
Financial derivatives	14.8	19.2	91.4	20.8	–	–	–	-14.7
Other investment	-771.0	301.2	-711.3	-290.4	565.1	-1,594.1	-2,379.4	2,827.8
Monetary Financial Institutions	-946.7	184.5	-1,099.7	348.3	-280.6	-1,036.5	-2,188.1	2,236.2
Other sectors	175.7	116.7	388.4	-638.6	-281.1	-541.1	-952.8	1,437.6

Net foreign direct investment flow (FDI) in Lithuania was positive in April, i. e. it showed an inflow of investments, and equalled to LTL 696.3 million. Compared to March, the net FDI inflows rose by LTL 1.2 billion. It happened due to the sale of government-controlled shares of AB Mazeikiu Nafta, an oil refinery, and a positive flow of reinvestments. In January–April 2009, net FDI flow was also positive making up LTL 105.2 million (LTL 895.4 million in January–April 2008).

In January–April this year, FDI flow to Lithuania declined year on year by LTL 1.2 billion, and flow of foreign direct investments abroad made by domestic agents of economy decreased by LTL 396.1 million.

The net portfolio investment flow was negative in April (LTL 384.5 million) due to residents' investments in foreign debt securities. In January–April 2009, this flow was also negative amounting to LTL 265.2 million.

In April, the net flow of other investments and financial derivatives was negative at LTL 1.27 billion. This happened due to a fall of long-term liabilities of MFIs. However, compared to March, the net negative flow of other investments and financial derivatives grew by LTL 1.08 billion.

In April, official reserve assets shrank by 3.6 per cent to LTL 14.4 billion (EUR 4.2 billion) at the end of the month.

Official reserve assets declined due to a decrease in deposits of other MFIs by LTL 439.6 million, deposits of central government with the Bank of Lithuania by LTL 106 million, and external liabilities of the Bank of Lithuania by LTL 16.4 million. The narrowing of official reserve assets was slightly offset by the growth of currency in circulation (LTL 13.1 million) and other factors (LTL 16.1 million).