

14 July 2009

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

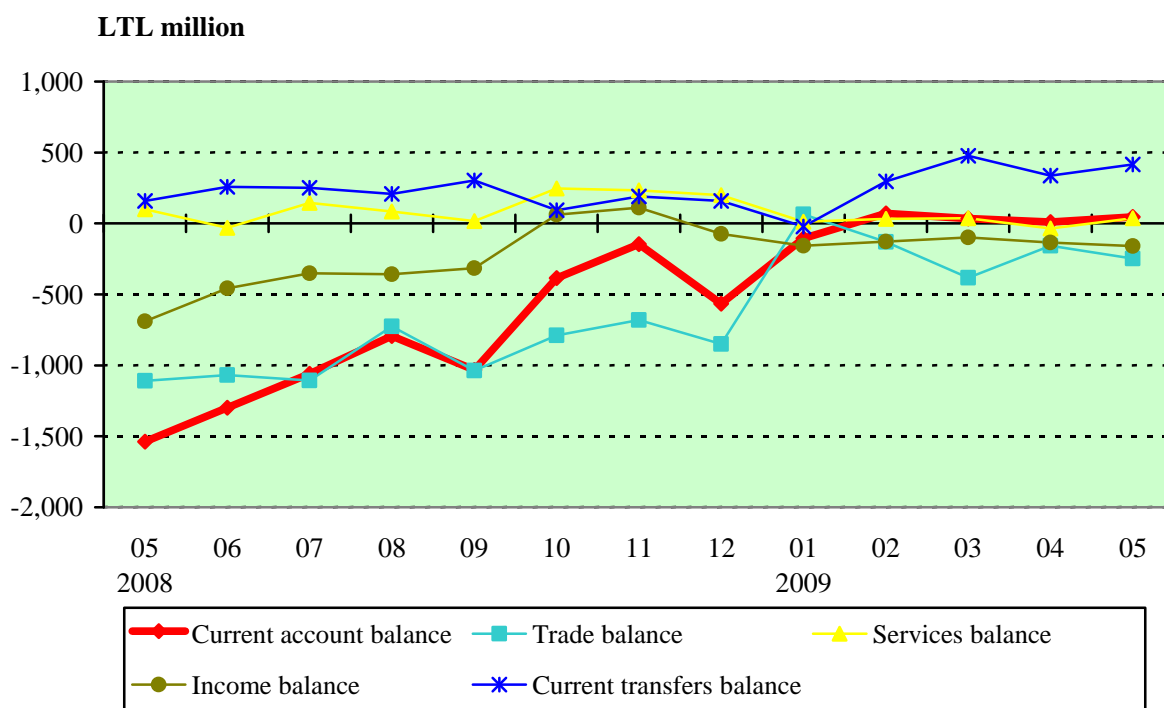
(review of key indicators of the balance)

**Current Account.** In May 2009 a positive surplus in the Current Account of Lithuania's Balance of Payments amounted to LTL 47.1 million. On a month-to-month it increased by LTL 36.3 million.

In January–May, the surplus in the Current Account of the Balance of Payments made up LTL 139.2 million. To compare with a respective period in 2008, the change of the Current Account Balance was equal to LTL 7.8 billion.

The Current Account balance surplus in May was entailed by the services balance which again turned to positive.

### The Current Account Balance and Composite Balances



According to the data of the Department of Statistics to the Government of the Republic of Lithuania, in May 2009, export of goods on a month-to-month grew by 3.9 per cent and import of goods expanded by 7.1 per cent. The deficit on foreign trade balance totalled to LTL 448.4 million and on a month-to-month increased by LTL 122.3 million or 37.5 per cent.

In January–May, on a year-on-year export shrank by 30 per cent, excluding mineral products – by 26.3 per cent, and import fell by 43.6 per cent, excluding mineral products – by 45.1 per cent. During the reported period, export of Lithuania's goods to the EU member states narrowed by 27

per cent and export to CIS countries decreased by 34.3 per cent. Import of goods from the EU countries fell by 45.1 per cent, and import of goods from CIS countries contracted by 42.3 per cent.

Export of goods declined as a result of a decrease in export of processed oil lubricants and lubricants received from bitumen minerals (41.8%), ground vehicles (43.4%), electrical machinery and equipment (47.4%). The import shrinkage was driven by the import of crude oil (44.7%), ground vehicles (74.9%), and of boilers, machinery and mechanical appliances (52.4%).

In May, export of services increased by 23.9 per cent compared to April, and import of services grew by 10.7 per cent (compared to May 2008, export of services decreased by 25.6%, and import of services – by 21.3%). In May, the balance of services was positive and amounted to LTL 37.3 million, and in January–May it made up LTL 383.2 million (in January–May 2008 it was LTL 292.8 million).

Income of domestic economic entities on their investment abroad made up in May LTL 126.7 million, and payments to non-residents on their investment in Lithuania amounted to LTL 282.1 million. The investment income balance deficit was equal to LTL 155.4 million. Including the negative balance of compensation of employees, gross income balance deficit made up LTL 158.5 million. In January–May, the gross income balance deficit was LTL 831.5 million, year-on-year it shrank by LTL 1.4 billion or 63.5 per cent. This deficit contraction was largely due to a decrease in deficit of the foreign direct investment income.

Compared to April, the surplus on the balance of current transfers (LTL 415.8 million) increased by LTL 78.6 million in May. In January–May 2009, this balance surplus reached the amount of LTL 1.5 billion (in January–May 2008 it equalled to LTL 1.1 billion).

In May, transfers from the EU support funds made up LTL 338.6 million, and remittances of individuals from abroad were equal to LTL 167.8 million. In January–May, the said transfers totalled to LTL 1.5 billion and LTL 854.4 million, respectively. On a month-to month, remittances of individuals from abroad decreased by 13.8 per cent.

In May, Lithuania's contributions to be paid to the EU budget amounted to LTL 69.1 million, and in January–May they made up LTL 577.6 million (in January–May 2008 this indicator was equal to LTL 564.7 million).

**Capital and Financial Accounts.** Excluding official reserve assets, the gross flow of investment by domestic economic entities abroad (LTL 400.7 million) was positive in May, while the flow of foreign investment in Lithuania (LTL 578.2 million) was negative, i. e., showed the outflow of investment both, abroad and in Lithuania. The total negative net investment flow (including outward and inward investment flows) was LTL 177.4 million. In January–May, the total net investment flow was also negative and amounted to LTL 3 billion. On a year-on-year basis, the total net investment flow was positive (showed capital inflows) and amounted to LTL 3.2 billion.

The flow of non-repayable capital transfers to Lithuania made up LTL 235.2 million in May and LTL 1.3 billion in January–May (in January–May 2008, this flow reached to LTL 1.2 billion).

**Investment flows**  
**LTL million**

	Foreign assets				Liabilities			
	2009			2008	2009			2008
	April	May	January– May	January– May	April	May	January– May	January– May
Direct investment	-28.7	-41.8	-339.9	-512.8	725.1	187.3	1,568.9	1,201.7
Portfolio investment	-474.2	-648.6	-1,391.0	-917.8	89.7	13.7	56.9	-264.0
Equity securities	-104.4	-59.9	-183.8	69.4	-2.2	19.0	-280.7	39.4
Debt securities	-369.8	-588.7	-1,207.2	-987.2	91.9	-5.3	337.6	-303.4
Financial derivatives	19.2	23.3	-29.8	20.8	–	–	–	-15.9
Other investment	301.2	1,067.9	1,265.8	24.4	-1,594.1	-779.2	-4,142.9	3,684.6
Monetary Financial Institutions	184.5	666.0	-249.2	542.2	-1,036.5	-253.7	-2,601.6	1,958.2
Other sectors	116.7	401.9	1,515.0	-517.8	-541.1	-580.1	-2,355.9	2,498.6

In May, the net foreign direct investment (FDI) flow was positive, i. e., it showed the inflows of this investment, and accounted for LTL 145.5 million. On a month-to month, net FDI inflow contracted by LTL 550.8 million. In January–May, the net FDI flow was also positive and equal to LTL 1.2 billion (in January–May 2008, this flow made up LTL 689 million).

In January–May this year, the FDI flow to Lithuania expanded year on year by LTL 367.2 million, while the foreign direct investment abroad made by domestic economic entities decreased by LTL 172.9 million.

The negative net portfolio investment flow (LTL 635 million) in May was caused by resident investment into foreign securities. In January–May, this flow was also negative and totalled to LTL 1.3 billion.

The positive net flow of other investment and financial derivatives was equal to LTL 312 million in May due to the investment abroad shrinkage of Lithuanian enterprises. In January–May, the net flow of other investment and financial derivatives was negative and accounted to LTL 2.9 billion.

In May, official reserve assets increased by 1 per cent and at the end of the month made up LTL 14.5 billion (EUR 4.2 billion).

Official reserve assets grew as a result of an increase of LTL 453.1 million in deposits of other monetary financial institutions with the Bank of Lithuania. The reserve assets were also pushed up by an increase of LTL 58.2 million in external liabilities of the Bank of Lithuania and a rise of LTL 52.8 million in other factors. A slower growth of official reserve assets was determined by a contraction of LTL 253.9 million in currency in circulation and a decline of LTL 161 million in central government deposits with the Bank of Lithuania.