

11 February 2011

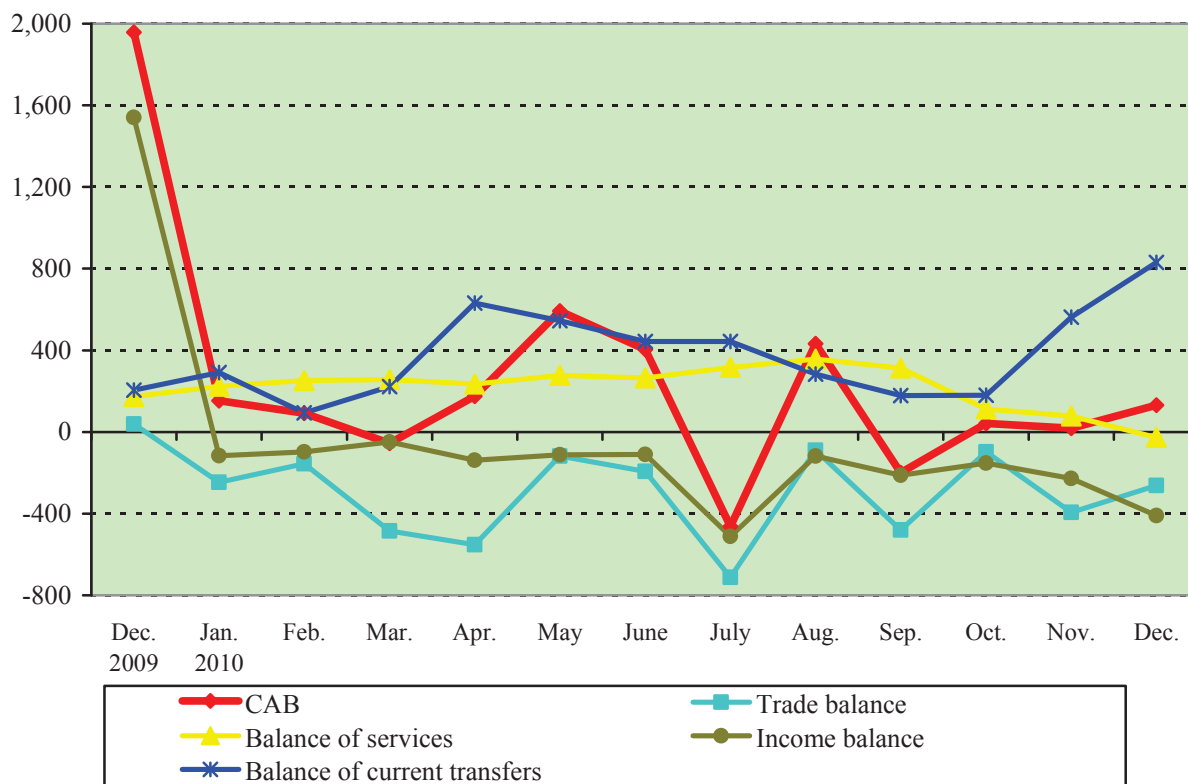
BALANCE OF PAYMENTS OF THE REPUBLIC OF LITHUANIA, DECEMBER 2010 (key indicators)

An increase in the surplus on the balance of current transfers and a decrease in foreign trade deficit led to an increase in the surplus of the **current** account balance (CAB) of the country's balance of payments for December 2010. Compared to November, it increased by LTL 114.3 million. A negative balance of the **financial** account of the balance of payments in December (LTL –423.3 million) was mainly driven by an increase in the official reserve assets and the outflow of portfolio investment from Lithuania.

Current account. In December 2010, the CAB surplus of the country's balance of payments made up LTL 132.1 million (in November – LTL 17.8 million). According to preliminary estimates, in October–December 2010 the CAB surplus made up LTL 192.5 million or 0.8% of GDP, and in January–December 2010 – LTL 1.3 billion or 1.4% of GDP. Compared to January–December 2009, the CAB surplus shrank by 66%.

CAB and composite balances

LTL millions



According to the data of Statistics Lithuania, in December 2010 export of goods increased by 1.2% on a monthly basis, while import of goods shrank by 1.5%. In December, foreign trade balance deficit totalled LTL 528.1 million (in November it made up LTL 683.9 million).

In January–December 2010, export and import of goods grew year-on-year by 33.2% and 34.5% respectively; excluding mineral products, export increased by 29.6%, import by 26.5%. The increase in export was driven by a surge of 49.4% in the export of oil products, 46.7% in the export of ground vehicles, and 41% in the export of boilers, machinery and mechanical appliances. The rise in import was driven by an increase of 50.2% in the import of crude oil, 68.4% in the import of ground vehicles, and 42% in the imports of electrical machinery and equipment, and parts thereof.

In January–December 2010, Lithuania's main export partners were Russia (15.6%), Germany (9.8%), Latvia (9.6%), and Poland (7.7%). Major import partners were Russia (32.6%), Germany (10.9%), Poland (8.8%), and Latvia (6.3%).

In December 2010, export of services went up by 4.7% and import of services by 22.5% month on month. Therefore, the balance of services became negative and amounted to LTL –26.5 million (in November, a surplus of LTL 78.1 million was recorded). In January–December 2010, export of services went up by 11.7% and import of services by 2.7% year-on-year. Thus, the surplus on the balance of services soared by LTL 874.1 million or 49%.

In December, total income balance deficit made up LTL 410 million (investment income balance deficit amounted to LTL 445.5 million, while the compensation of employees balance surplus stood at LTL 35.5 million). In January–December 2010, total income balance deficit made up LTL 2.3 billion, compared to a surplus of LTL 925.8 million in the respective period in 2009.

In December, the LTL 829.9 million surplus on the balance of current transfers increased by LTL 267.5 million month on month. In January–December 2010, the surplus on this balance amounted to LTL 4.7 billion (in January–December 2009, it was equal to LTL 4.1 billion).

In December, transfers from the EU support funds amounted to LTL 630.2 million, an increase of LTL 248.6 million or 65.1% month on month. Workers' remittances from abroad made up LTL 305.7 million in December, a decline of 5.4% month on month. In January–December 2010, the said transfers made up LTL 3.2 billion and LTL 3.4 billion respectively.

In December 2010, Lithuania's calculated contributions to the EU budget amounted to LTL 25.4 million, in January–December – LTL 944.8 million (in January–December 2009, they made up LTL 1.1 billion). Workers' remittances from Lithuania made up LTL 105.8 million in December 2010 and LTL 1.2 billion in January–December (the same amount as in January–December 2009).

Capital and financial accounts. In December 2010, the total flow of Lithuania's investment abroad, excluding official reserve assets, made up LTL 429.2 million, reflecting a decrease in investment abroad, while the total flow of foreign investment in Lithuania made up LTL 689.6 million, showing a rise in foreign investment in Lithuania. In December, the total net investment (both outward and inward) flow amounted to LTL 1.1 billion, reflecting an increase in investment too. In January–December 2010, the total net investment flow made up LTL –2 billion, showing an outflow of investment from Lithuania.

In December 2010, the flow of non-repayable capital transfers to Lithuania (mainly money of the EU support funds for financing investment projects) totalled LTL 384.9 million and LTL 2.6 billion in January–December. In January–December 2009, these transfers made up LTL 3.1 billion.

Investment flows

LTL millions

	Net investment flows			Lithuania's investment abroad			Foreign investment in Lithuania		
	November	December	January–December	November	December	January–December	November	December	January–December
Total investment flow (excluding official reserve assets)	-600.6	1,118.8	-2,026.9	-400.6	429.2	-919.7	-200.0	689.6	-1,107.3
Direct investment	207.8	801.9	1,762.7	-56.0	331.6	218.2	263.8	470.3	1,544.6
Portfolio investment	-410.8	-287.8	4,702.2	-249.6	30.6	-810.8	-161.2	-318.4	5,513.0
Equity securities	-41.1	-189.1	-853.6	-48.4	-210.9	-1,049.3	7.4	21.8	195.7
Debt securities	-369.7	-98.7	5,555.7	-201.2	241.5	238.4	-168.6	-340.2	5,317.3
Financial derivatives	-15.4	-11.1	-232.7	-	-	13.5	-15.4	-11.1	-246.2
Other investment	-382.2	615.8	-8,259.1	-95.0	67.0	-340.5	-287.2	548.8	-7,918.6
Monetary financial institutions	-138.0	-677.0	-5,425.8	-164.5	8.5	1,296.8	26.5	-685.5	-6,722.6
Other sectors	-110.6	189.4	-3,549.9	-61.7	209.4	-1,010.0	-48.9	-20.0	-2,540.0

(+) – a decrease in foreign assets or an increase in liabilities;

(-) – an increase in foreign assets or a decrease in liabilities.

Totals in some lines and columns may not tally with total investment flow due to rounding.

In December 2010, the foreign direct investment (FDI) flow to Lithuania amounted to LTL 470.3 million, reflecting their increase in the country. The flow of direct investment abroad of domestic economic entities made up LTL 331.6 million, reflecting its decline abroad. In December 2010, the net FDI flow made up LTL 801.9 million, reflecting the net inflow of this investment into Lithuania.

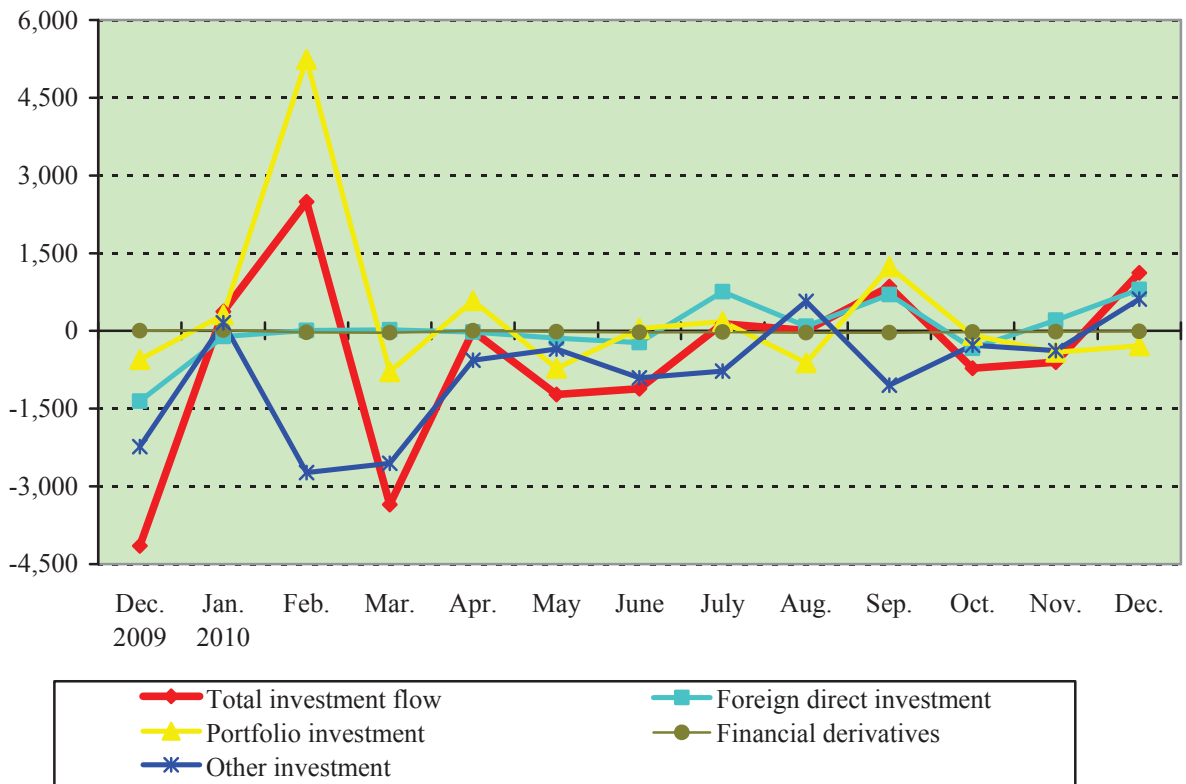
In January–December 2010, the FDI flow to Lithuania amounted to LTL 1.5 billion, showing an increase of investment. In the corresponding period of 2009, FDI inflow in Lithuania made up LTL 427.6 million. The flow of Lithuania's direct investment abroad (LTL 218.2 million), compared to January–December 2009, shrank by LTL 758.3 million. In January–December 2010, the net FDI flow was positive (LTL 1.8 billion) and reflected an increase of these investments.

In December 2010, the net flow of portfolio investment totalled LTL -287.8 million, showing an outflow of this type of investments from Lithuania. In January–December 2010, the net inflow of this type of investment amounted to LTL 4.7 billion. The net inflow of portfolio investment was driven by debt securities distributed by the general government.

The net flow of other investment and financial derivatives made up LTL 604.7 million in December, reflecting an inflow of this type of investment to Lithuania. This was a result of an increase in the general government liabilities to non-residents. In January–December 2010, the net flow of other investment and financial derivatives amounted to LTL -8.5 billion, reflecting an outflow of these investments from Lithuania (In January–December 2009, the net outflow of these investments equalled LTL 9.8 billion).

Net investment flows

LTL millions



The negative flow of official reserve assets in December 2010 (LTL –1.5 billion) implies a rise in them.