

14 March 2011

BALANCE OF PAYMENTS OF THE REPUBLIC OF LITHUANIA, JANUARY 2011

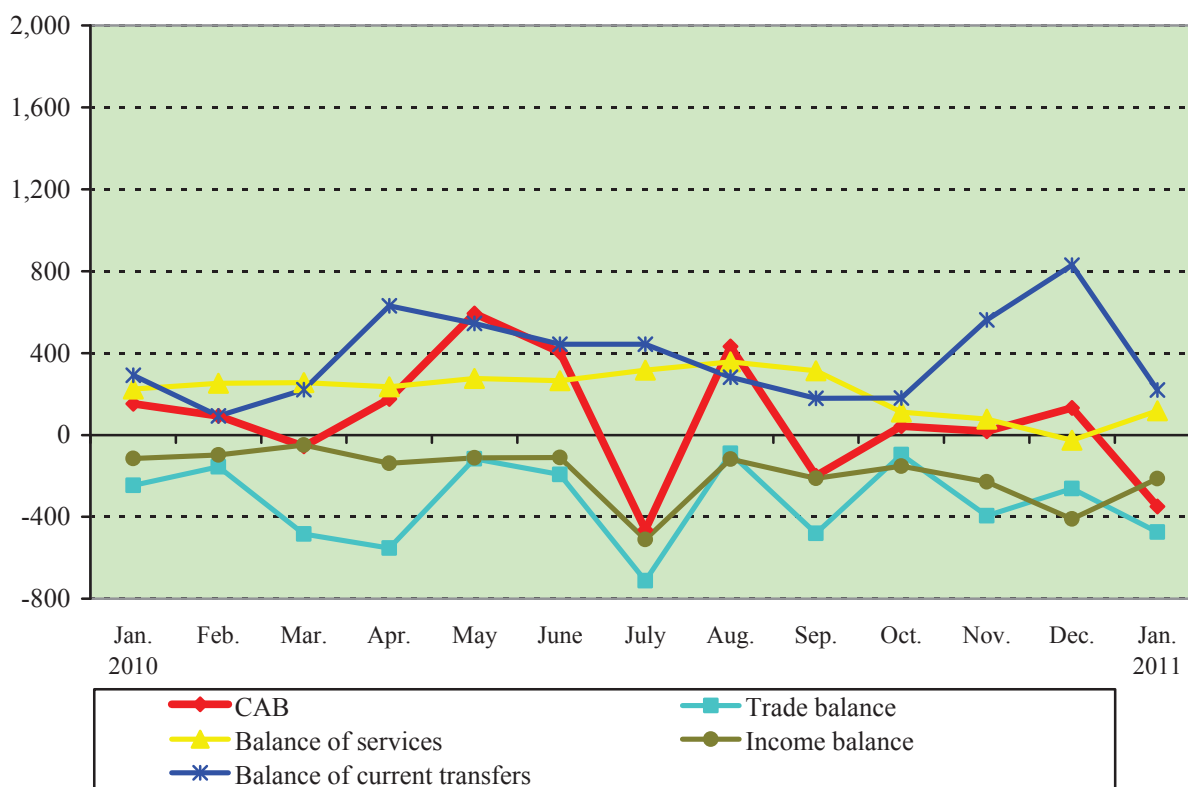
(key indicators)

A decrease in the surplus on current transfers balance and a surge of the foreign trade deficit led to a deficit on the **current** account balance (CAB) of the country's balance of payments for January 2011. The negative change on the CAB made up LTL 481 million month on month and LTL 501.8 million year on year. The positive figure (LTL 280.8 million) on the **financial** account of the balance of payments was the result of a decrease in official reserve assets.

Current account. In January 2011, the CAB deficit on the country's balance of payments was LTL 348.9 million (in December 2010 it made up LTL 132.1 million and in January 2010 it equaled LTL 152.9 million).

CAB and compsite balances

LTL millions



According to the data of the Statistics Lithuania, export and import of goods decreased month on month respectively by 8.5% and 4.3%. In January, the foreign trade balance deficit totaled LTL 730.9 million (in December 2010 it was LTL 528.1 million).

In January 2011, export and import of goods grew year on year respectively by 59.6% and 60.2%, while export and import growth excluding mineral products made up respectively 51% and 56.7%. Export growth was driven by a 92.5% increase in export of oil products,

a 2.5 times growth in export of ground vehicles, and a 75.2% surge in export of fertilizers. The rise in import was driven by a 76.3% increase in the import of crude oil, a 2.9 times surge in the import of ground vehicles, and a 2.1 times boost in the imports of boilers, machinery and equipment, and parts thereof.

In January 2011, Lithuania's main export partners were Russia (12.6%), Germany (9.0%), Latvia (8.7%), and France (7.8%). Major import partners were Russia (38.2%), Germany (8.4%), Poland (7.5%), and Latvia (5.7%).

In January 2011, export of services decreased by 4.3% and import of services by 23.4% on a monthly basis. Therefore, the balance of services showed surplus of LTL 117.4 million (in December 2010, a deficit of LTL 26.5 million was recorded). Year on year, export of services declined in January 2011 by 0.9%, while import of services grew by 21.2%. The surplus on the balance of services fell by 47.5%.

In January this year, total income balance deficit made up LTL 212.6 million (investment income balance deficit amounted LTL 261.7 million, while the surplus on compensation of employees balance stood at LTL 49.1 million). In January 2010, gross income balance deficit made up LTL 115.5 million.

In January this year the surplus (LTL 220.5 million) on the current transfers balance decreased by LTL 609.4 million month on month and by LTL 70.9 million year on year.

In January 2011, transfers from the EU support funds made up LTL 183.5 million, while workers remittances from abroad totaled LTL 258.6 million. They decreased month on month respectively by LTL 446.7 million and LTL 47.1 million. In January 2010, the said transfers made up respectively LTL 319.4 million and LTL 162.2 million.

In January 2011, Lithuania's calculated contributions due to the EU budget made up LTL 90.6 million (in January 2010 they amounted to LTL 109.2 million, and in December the same year they equaled LTL 25.4 million). Workers remittances from Lithuania went up in January 2011 to LTL 136.2 million from LTL 95.5 million in January in 2010 and LTL 105.8 million in December 2010.

Capital and financial accounts. In January 2011, the total flow of Lithuania's investment abroad, excluding official reserve assets, made up LTL -954.2 million, reflecting an increase in investment abroad, while the total flow of foreign investment in Lithuania made up LTL 220.9 million, reflecting a rise in foreign investment in Lithuania. Therefore, the total net investment flow in January, including outward and inward investment, totaled LTL -733.3 million, reflecting their outflow from Lithuania. In January 2010, total net investment flow was LTL 374.8 million and in December the same year they made up LTL 1.1 billion, which implies their increase.

Investment flows

LTL millions

	Net investment flows			Lithuania's investment abroad			Foreign investment in Lithuania		
	January 2010	December 2010	January 2011	January 2010	December 2010	January 2011	January 2010	December 2010	January 2011
Total investment flow (excluding official reserve assets)	374.8	1,118.8	-733.3	984.5	429.2	-954.2	-609.7	689.6	220.9
Direct investment	-108.6	801.9	-58.5	-69.2	331.6	-80.3	-39.3	470.3	21.9
Portfolio investment	311.6	-287.8	-635.2	147.3	30.6	-570.6	164.3	-318.4	-64.6
Equity securities	386.2	-189.1	-72.5	356.8	-210.9	-63.7	29.4	21.8	-8.8
Debt securities	-74.6	-98.7	-562.7	-209.5	241.5	-506.9	134.9	-340.2	-55.8
Financial derivatives	13.5	-11.1	-1.8	13.5	-	-16.5	-	-11.1	14.6
Other investment	158.2	615.8	-37.8	892.8	67.0	-286.8	-734.6	548.8	249.0
Monetary financial institutions	176.4	-677.0	-768.0	684.2	8.5	-334.2	-507.8	-685.5	-433.9
Other sectors	-62.5	189.4	75.3	-136.7	209.4	-217.5	74.2	-20.0	292.7

(+) – 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.

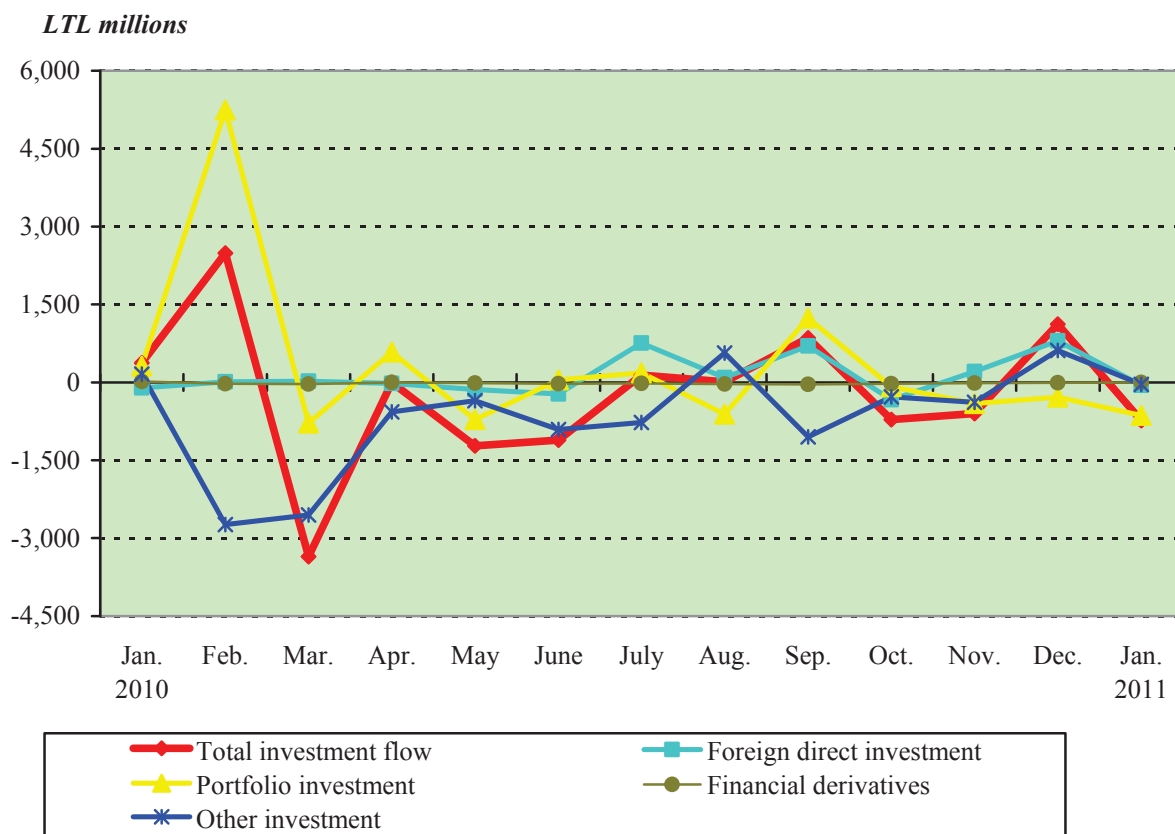
In January 2011, foreign direct investment (FDI) flow to Lithuania amounted to LTL 21.9 million, showing their increase in the country. The flow of direct investment by domestic economic entities abroad made up LTL -80.3 million, reflecting its growth outside Lithuania. In January, net FDI flow, including the above mentioned flows, made up LTL -58.5 million, showing an outflow of this type of investment from Lithuania.

In January 2010, the FDI flow to Lithuania made up LTL -39.3 million (showing their outflow from Lithuania) compared to an inflow of LTL 470.3 million in December 2010. In January 2010, the country's FDI flow abroad totaled LTL -69.2 million, reflecting their increase, while in December 2010 they made up LTL 331.6 million, showing their decrease.

In January 2011, net portfolio investment flow totaled LTL -635.2 million. This shows an outflow of this type of investments from Lithuania. In January 2010, net inflow of this type of investment totaled LTL 311.6 million compared to LTL 287.8 million outflows in December 2010.

In January this year, net flow of other investment and financial derivatives totaled LTL -39.7 million, revealing an outflow of this type of investment from Lithuania. Such a situation resulted from an increase of foreign assets of monetary financial institutions and a contraction of their liabilities to non-residents. In January and December 2010, net flow of other investment and financial derivatives made up respectively LTL 171.8 million and LTL 604.7 million, showing an inflow of this type of investments.

Net investment flows



A positive flow of official reserve assets on the balance of payments for January 2011 (LTL 1 billion) shows their reduction.