

13 February 2012

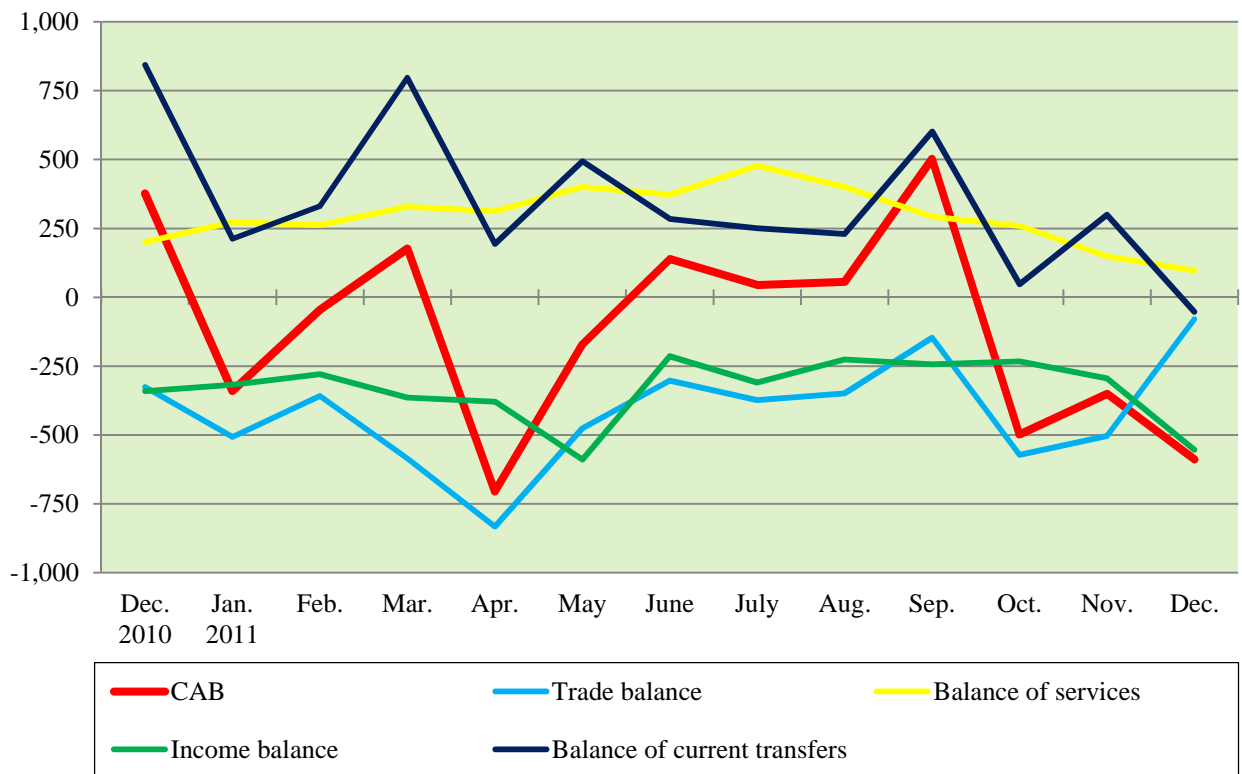
BALANCE OF PAYMENTS OF THE REPUBLIC OF LITHUANIA, DECEMBER 2011
(survey of key indicators)

*In December 2011, the deficit on the **current** account balance (CAB) of the country's balance of payments grew month on month by LTL 238.4 million or 68 %. This change in the CAB was the result of an increase in the income balance deficit and the deficit on the current transfers balance (it happened for the first time). A positive figure (LTL 499.1 million) on the balance of the **financial** account on the balance of payments in December 2011 has formed as a result of net inflows of the portfolio investment and foreign direct investments (FDI) to Lithuania.*

Current account. In December 2011, the CAB deficit on the country's balance of payments equalled to LTL 589.2 million. According to preliminary estimates, the CAB deficit was LTL 1.4 billion (–5.3% of GDP) in October–December 2011 and LTL 1.8 billion (–1.7% of GDP) in January–December. In January–December 2010, a surplus of LTL 1.4 billion on the CAB was registered.

CAB and its Composite Balances

LTL millions



Goods. In December 2011, foreign trade deficit on Lithuania's balance of payments amounted to LTL 79.1 million, contracting month on month by 6.4 times. The trade deficit decline was driven by import of goods which decreased more rapidly than the export of goods.

In January–December 2011, exports of goods kept growing year on year slightly faster than imports of goods leading to a trade deficit increase of 15.9%.

Services. In December 2011, exports of services increased month on month by 0.6%, while imports of services grew by 7.2%, therefore, the surplus on the balance of services contracted to make up LTL 97.3 million. During January–December 2011, exports and imports of services grew year on year by 16.4% and 20.4% respectively, and the surplus on the balance of services surged by 7.7%.

Income. In December, total deficit on the balance of income made up LTL 554.5 million (the deficit on the investment income balance amounted to LTL 593.5 million and the surplus of the balance of compensation of employees totalled LTL 39 million). Total deficit on the income balance expanded month on month by 88.2% largely due to an increase in the deficit on the FDI income balance.

In January–December 2011, total deficit on the income balance made up LTL 4 billion (LTL 2.2 billion during a corresponding period in 2010). The largest impact on the growth of deficit was caused by a 2.4 times increase of the deficit of the FDI income balance – largely due to increased reinvestments.

Current transfers. The deficit of LTL 52.9 million was registered on the balance of current transfers in December 2011 after a surplus of LTL 299 million in November. The transfer deficit has formed because of a decrease in transfers from EU support funds. In January–December 2011, the surplus on the balance of current transfers totalled LTL 3.7 billion, a drop of LTL 911.5 million or 19.8% compared to a corresponding period in 2010.

Transfers from EU support funds amounted in December 2011 to LTL 83.4 million, while workers remittances from abroad made up LTL 285.3 million. Transfers from EU support funds stepped down month on month by 4.1 times, and workers remittances went down by 7.9%.

In January–December 2011, the said transfers made up respectively LTL 3.1 billion and LTL 4 billion or 2.9% and 3.8% of GDP (during a corresponding period in 2010 they were LTL 3.2 billion and LTL 3.4 billion respectively).

Lithuania's contributions due to EU budget totalled LTL 112.3 million in December 2011 and in LTL 1.1 billion in January–December. Workers remittances from Lithuania reached LTL 312.5 million in December and LTL 2.3 billion in January–December 2011. In January–December 2010, the said contributions and these transfers made up LTL 944.8 million and LTL 1.2 billion respectively.

The capital account balance (showing the flow of non-repayable capital transfers to Lithuania) made up LTL 117 million in December 2011 and LTL 2.6 billion in January–December (LTL 2.6 billion during a corresponding period in 2010).

Financial account. Total net inflows of foreign investments in Lithuania, excluding official reserve assets, made up LTL 929.2 million in December 2011 and LTL 4 billion in January–December 2011. Net portfolio investment and FDI inflows were the major contributors to net foreign investment inflows both in December and January–December 2011.

Foreign investments in Lithuania kept declining in December 2011 with their outflow totalling LTL 1 billion. However, in January–December 2011, foreign investments kept growing with their inflow making up LTL 6.7 billion (for the period January–December 2010, their inflow was LTL 340.1 million).

In December 2011, Lithuania's investments abroad were decreasing too with their flow making up LTL 2 billion. In January–December 2011, they were growing with their flow reaching LTL 2.7 billion.

Investment flows

January–December 2011, LTL millions

	Net investment flows			Lithuania's investment abroad			Foreign investment in Lithuania		
	December	November	January–December	December	November	January–December	December	November	January–December
Total investment flow (excluding official reserve assets)	929.2	2,340.9	3,988.7	1,960.1	-1,205.9	-2,691.1	-1,030.9	3,546.7	6,679.7
Direct investment	525.1	30.9	3,076.2	14.7	-35.7	-419.2	510.4	66.7	3,495.4
Portfolio investment	815.5	2,707.6	2,908.4	908.2	524.4	-590.5	-92.7	2,183.2	3,498.9
Equities	-80.4	43.7	-1,199.0	-94.8	57.4	-1,204.1	14.4	-13.7	5.1
Debt securities	895.9	2,664.0	4,107.4	1,003.0	467.0	613.6	-107.2	2,197.0	3,493.8
Financial derivatives	1.5	5.3	13.9	10.6	22.7	137.0	-9.1	-17.4	-123.1
Other investment	-412.8	-403.0	-2,009.8	1,026.7	-1,717.2	-1,818.3	-1,439.5	1,314.3	-191.5
Monetary financial institutions	-1,442.2	181.9	-3,138.7	715.2	-1,649.8	-1,928.3	-2,157.4	1,831.7	-1,210.4
Other sectors	748.2	170.7	-847.4	122.2	68.3	-1,320.8	626.0	102.5	473.5

(+) – 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 the total investment flow due to rounding.

Foreign direct investment. Net FDI inflow to Lithuania made up LTL 525.1 million in December 2011 and LTL 3.1 billion in January–December 2011.

The flow of FDI to Lithuania was LTL 510.4 million in December and LTL 3.5 billion in January–December 2011, an increase of LTL 1.5 billion or 1.8 times compared to corresponding period in 2010. This increase was largely driven by reinvestment inflows (in January–December 2010, the FDI flow to Lithuania made up LTL 2 billion, while the reinvestment flow was negative).

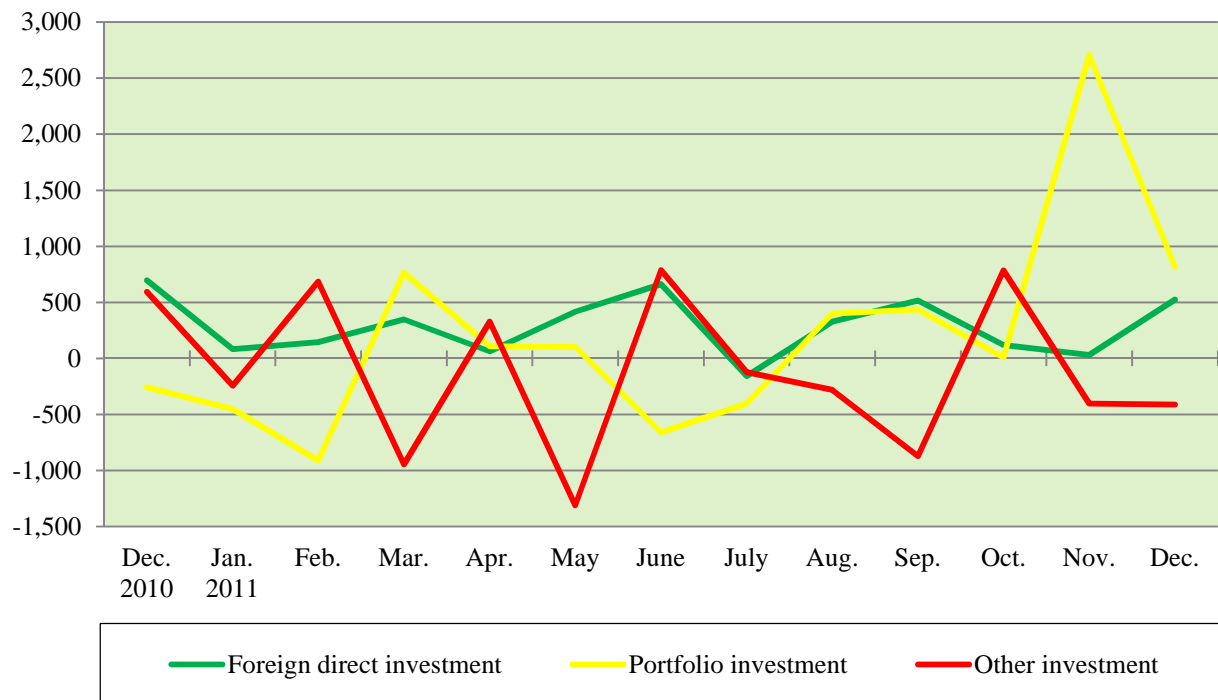
In December 2011, direct investments abroad by Lithuania's economic entities kept melting with their outflow totalling LTL 14.7 million. In January–December 2011, direct investors from Lithuania invested abroad LTL 419.2 million, a twofold year-on-year increase.

Portfolio investment. Net portfolio investment inflow to Lithuania made up LTL 815.5 million in December 2011 and LTL 2.9 billion in January–December 2011. Inflows of this investment were received because of the investment of non-residents to debt securities issued by the government.

Net outflow of other investments and financial derivatives from Lithuania made up LTL 411.3 million in December 2011, and LTL 2 billion in January–December 2011 (LTL 8.7 billion during a corresponding period in 2010). The flow change was the result of a decrease in the outflow of other investment in monetary financial institutions and enterprises of other sectors.

Net investment flows

LTL millions



In December 2011, the negative flow of official reserve assets (LTL -430.1 million) on the balance of payments signals of their increase.

Statistics Department