

14 March 2013

BALANCE OF PAYMENTS OF THE REPUBLIC OF LITHUANIA, JANUARY 2013

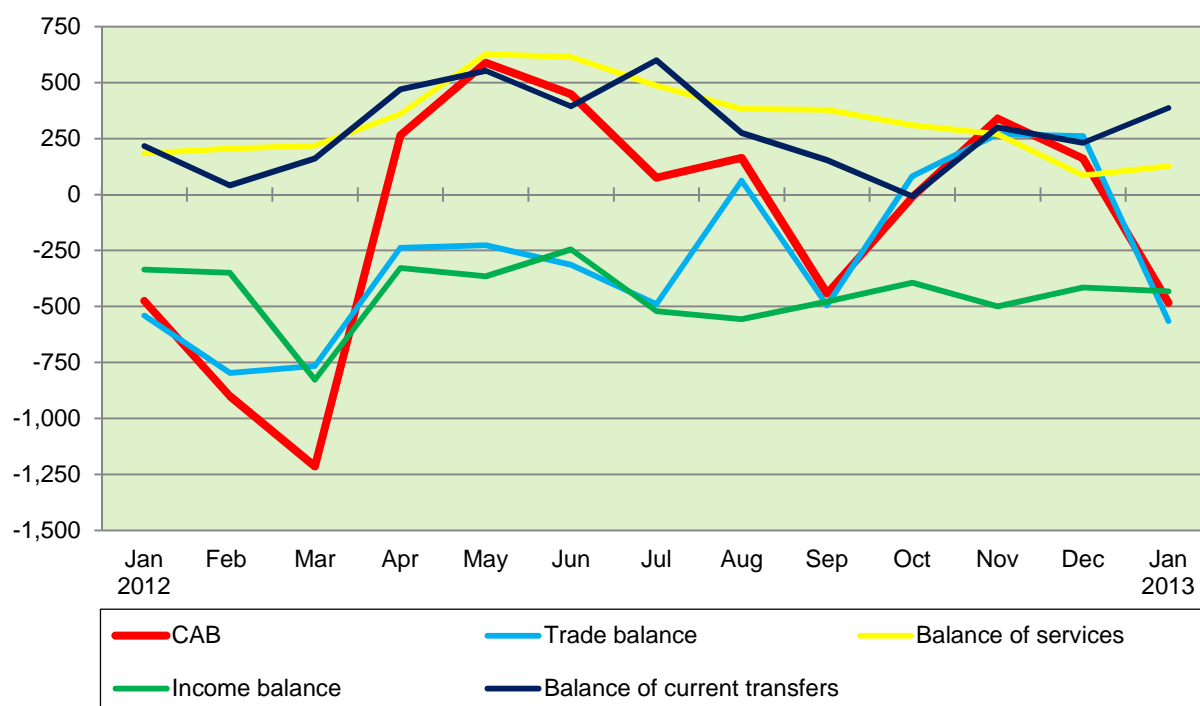
(survey of key indicators)

A **current account** balance (CAB) deficit emerged in the country's balance of payments in January 2013. Compared to January 2012, it didn't increase by much (LTL 8.7 million); however in December 2012 a CAB surplus was recorded. The deficit was determined by the trade and income balance deficits, which were not offset by the balances of services and current transfers in surplus. The positive value of the January 2013 balance of payments **financial account** balance (LTL 435.6 million) was generated by growing foreign direct investment (FDI) in Lithuania.

Current account. In January 2013, the CAB deficit on the country's balance of payments totalled LTL 484.1 million. According to preliminary estimates, the CAB deficit for the last twelve-month period (February 2012–January 2013) made up LTL 1 billion, similar to that for January–December 2012.

CAB and its Composite Balances

LTL millions



Goods. The foreign trade deficit in January 2013 made up LTL 564.6 million in the balance of payments. Compared to January 2012, it increased by 4.5 per cent, and in December 2012 a surplus of LTL 260.5 million was recorded in the trade balance. Compared to December 2012, export of goods decreased by 7.6 per cent, while import increased by 4.3 per cent. Compared to January 2012, both export and import of goods increased — by 15.9 and 14.9 per cent respectively.

Services. In January 2013, the surplus on the balance of services made up LTL 126.4 million and, compared to December 2012, increased by LTL 41.2 million or 48.4 per cent. Compared to December, export and import of services went down by 4.1 and 0.6 per cent respectively. Compared to January 2012, this year in January the export of services grew less rapidly (19.2%) than the import of services (30.6%), leading to a 31.3 per cent decrease in the trade balance surplus.

Income. In January the total deficit in the income balance was LTL 431.8 million (the investment income balance deficit — LTL 443.8 million, while the balance of compensation of employees was LTL 12 million). Compared to December 2012, the total deficit in the income balance increased by

3.9 per cent, and compared to January 2012 — by 28.8 per cent (driven mainly by an increase in the deficit on FDI income balance).

Current transfers. In January 2013, the surplus of the balance of current transfers stood at LTL 385.9 million (LTL 231.3 million in December 2012 and in January it made up an LTL 216.4 million surplus).

Transfers from EU support funds amounted in January 2013 to LTL 440.8 million, while workers remittances from abroad made up LTL 250.6 million. Transfers from EU support funds increased month on month by 1.8 times, and workers remittances went down by 21.3 per cent. In January 2012, the said types of transfers totalled respectively LTL 323.6 million and LTL 221 million.

In January 2013 Lithuania's calculated contributions to the EU budget amounted to LTL 168.1 million, while workers remittances from Lithuania — LTL 136.8 million. Compared to December 2012, contributions to the EU budget increased 1.5 times, while workers remittances from Lithuania decreased 1.7 times. In January of last year, the said types of flows were respectively LTL 93.4 million and LTL 245.9 million.

The **capital account** balance (showing the flow of non-repayable capital transfers to Lithuania) made up LTL 0.04 million in January 2013. In December 2012 they totalled LTL 179.7 million, and in January they reached LTL 15.1 million.

Financial account. In January 2013, net inflows of foreign investment, excluding official reserve assets, were equal to LTL 492.3 million, mainly due to net inflows of direct investment.

Foreign investment in Lithuania increased in January 2013, while their inflow reached LTL 773 million. In January 2012 they totalled LTL 143.6 million, and in December — LTL 505.4 million.

Lithuania's investment abroad increased in January 2013, its flow amounted to LTL 280.7 million. In 2012, both in January and December, it also increased, with its flows amounting to LTL 1.8 billion and LTL 549.1 million, respectively.

Investment flows

LTL millions

	Net investment flows			Lithuania's investment abroad			Foreign investment in Lithuania		
	January 2013	December 2012	January 2012	January 2013	December 2012	January 2012	January 2013	December 2012	January 2012
Total investment flow (excluding official reserve assets)	492.3	-43.7	-1,692.0	-280.7	-549.1	-1,835.5	773.0	505.4	143.6
Direct investment	774.5	-18.6	127.8	62.4	-257.7	-196.9	712.1	239.0	324.7
Portfolio investment	-96.1	-29.0	-138.2	-33.3	-49.9	-72.7	-62.8	20.9	-65.5
Equities	-43.9	128.2	18.3	-13.2	-9.1	22.7	-30.7	137.3	-4.4
Debt securities	-52.2	-157.2	-156.5	-20.1	-40.8	-95.3	-32.1	-116.4	-61.1
Financial derivatives	-3.4	-1.6	8.6	15.4	9.8	22.7	-18.8	-11.4	-14.1
Other investment	-182.7	5.6	-1,690.2	-325.1	-251.3	-1,588.6	142.4	256.9	-101.6
Monetary financial institutions	-169.4	347.6	-1,806.5	-329.7	-17.3	-1,501.3	160.2	364.9	-305.2
Other sectors	-173.5	-321.2	-252.3	-0.3	-179.6	-175.1	-173.3	-141.6	-77.2

(+) — a decrease in foreign assets or an increase in liabilities.

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

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

Direct investment. In January 2013, net inflows of FDI into Lithuania made up LTL 774.5 million (in January 2012, net inflows totalled LTL 127.8 million, while in December was LTL 18.6 million net outflows of FDI).

In January this year, the FDI flow to Lithuania was LTL 712.1 million, an increase of LTL 387.4 million, or two times, compared to the corresponding period in 2012 (compared to December 2012, FDI flow in Lithuania grew three times). This increase was determined by other capital inflows.

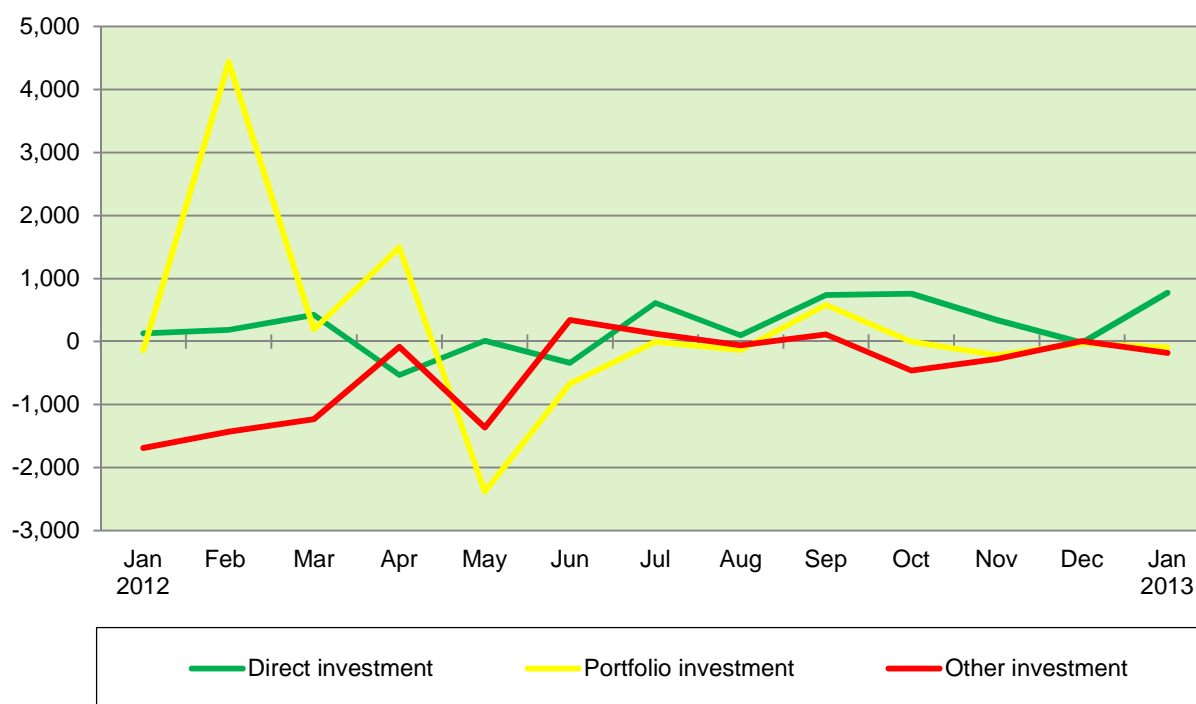
Direct investment abroad by domestic entities decreased further in January 2013 with their flow going down to LTL 62.4 million (in January 2012 their flow grew to LTL 196.9 million, while in December — 257.7 million). This decrease in direct investment abroad was determined by the outflow of other capital (LTL 70.4 million).

Portfolio investment. In January 2013 net outflow of portfolio investment from Lithuania made up LTL 96.1 million. In January of last year, net outflow of this investment made up LTL 138.2 million, while in December — LTL 29 million.

Net outflow of **other investment and financial derivatives** from Lithuania totalled LTL 186.1 million in January of this year (in January 2012, net outflows stood at LTL 1.7 billion, while in December was LTL 4 million net inflow of these investments). The greatest influence on this outflow was made by the increase in the other investment foreign assets of domestic MFIs and the decrease in the liabilities of other sector other investment.

Net investment flows

LTL millions



The negative flow of official reserve assets (LTL 56.8 million) in the balance of payments signals the increase in official reserve assets.