

15 April 2013

BALANCE OF PAYMENTS OF THE REPUBLIC OF LITHUANIA, FEBRUARY 2013

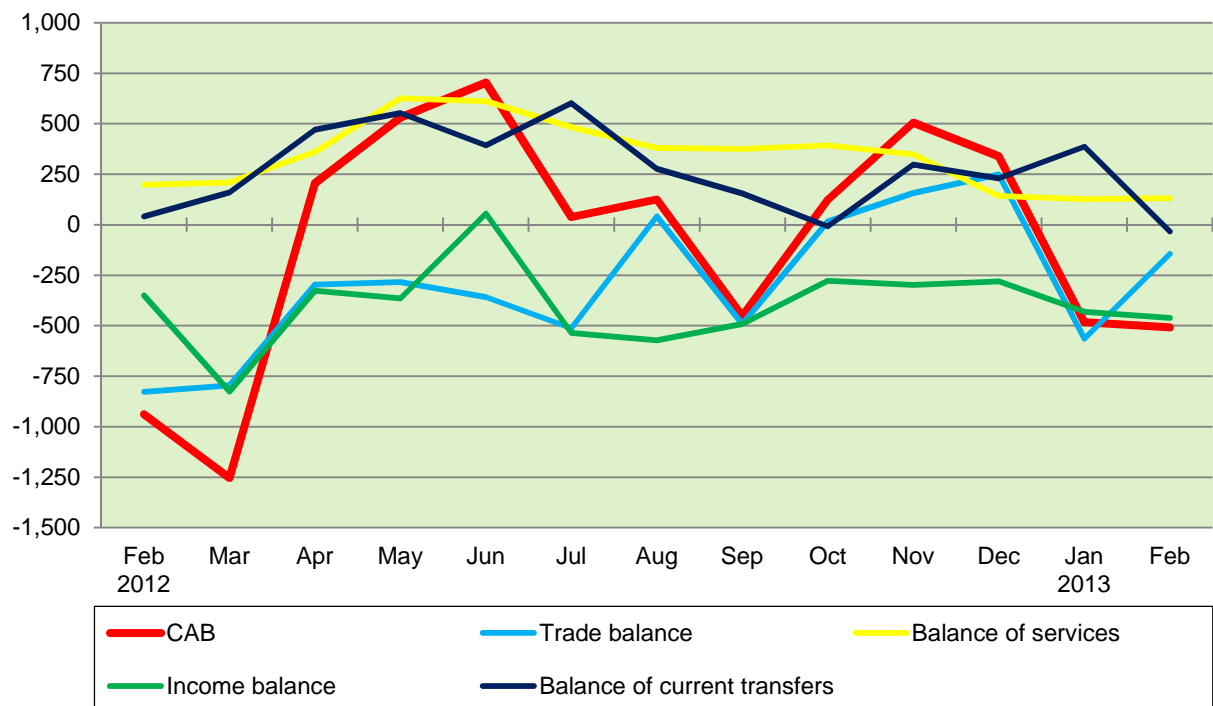
(Survey of key indicators)

The decreasing foreign trade deficit was offset by the current transfers balance, which had gone from surplus to deficit, therefore in February 2013 there continued to be a deficit in the **current account balance (CAB)**; compared to January it increased by 5 per cent. The positive value of the February 2013 balance of payments **financial account balance (LTL 506 million)** was generated by growing foreign direct and portfolio investment in Lithuania.

Current account. In February 2013, the CAB deficit in the country's balance of payments amounted to LTL 508.5 million (LTL 484.1 million in January). Last year in February, an LTL 938.5 million deficit was recorded. According to preliminary estimates, the CAB deficit for January–February 2013 amounted to LTL 992.6 million. In the last twelve-month period (March 2012–February 2013) the CAB deficit was about LTL 126.9 million.

CAB and its Composite Balances

LTL millions



Goods. The foreign trade deficit in February 2013 in the country's balance of payments amounted to LTL 144.8 million. Compared to January, it decreased by LTL 419.7 million. In February 2013, compared to January, the export of goods in the balance of payments grew by 2.5 per cent, while the import of goods decreased by 3.6 per cent. In January–February 2013, the export and import of goods increased by 16 per cent and 8.9 per cent respectively year on year. As the export of goods grew faster than the import of goods, the trade balance deficit narrowed by almost LTL 685.2 million, or 49.1 per cent in the reference period.

Services. In February 2013, compared to January, with the export of services decreasing (by 7.1%) slower than the import of services (by 8.4%), the balance of services slightly increased—by LTL 5.1 million or 4 per cent. As compared to February 2012, the export of services grew (9.6 %) slower than the import of services (20.2 %), hence the surplus in the balance of services contracted by LTL 66.8 million, or 33.7 per cent in the reference period.

Income. In February, the total deficit in the income balance was LTL 461.8 million (the deficit in the balance of investment income—LTL 490.9 million and the surplus in the balance of compensation of employees—LTL 29.2 million). The total deficit in the income balance increased by LTL 30 million (6.9 %) compared to January, whereas compared to February 2012—by LTL 111.9 million or 32 per cent. The increase in the deficit in the total income balance in February 2013 was affected by the growth in the deficit in the balance of direct and other investment incomes.

Current transfers. In February 2013 the deficit of the balance of current transfers stood at LTL 33.3 million, and in January an LTL 385.9 million surplus was recorded. In January–February 2013 the surplus in the balance of current transfers (LTL 352.6 million) increased by LTL 94.8 million, or 36.7 per cent year on year.

In February 2013, transfers for the European Union (EU) support funds amounted to LTL 73.6 million, while workers remittances from abroad—LTL 258.9 million. Compared to January, transfers from EU support funds decreased sixfold, while workers remittances from abroad increased by 3.3 per cent. In January–February 2013 transfers from EU support funds amounted to LTL 514.4 million, while workers remittances from abroad—LTL 509.5 million. Compared to January–February 2012, transfers from EU support funds decreased by 9.4 per cent, while workers remittances from abroad increased by 6.1 per cent.

In February 2013, Lithuania's calculated contributions to the EU budget amounted to LTL 253 million, and during two months—LTL 421.1 million. Workers remittances from Lithuania in February amounted to LTL 119.2 million, while in January–February—LTL 255.9 million. In January–February 2012, the said types of transfers totalled respectively LTL 358.4 million and LTL 443.1 million.

The flow of **non-repayable capital transfers** to Lithuania (EU support fund funds used to finance investment projects) in February 2013 amounted to barely LTL 1.7 million, while in January–February 2013—LTL 1.8 million. In January–February 2013 the flow of such transfers equalled LTL 41.3 million.

Financial account. In February 2013, not including official reserve assets, net foreign investment inflows amounted to LTL 1.9 billion. These inflows were determined by net direct and portfolio investment inflows. In January–February 2013 net investment inflows (LTL 2.4 billion) were recorded, which, besides increasing portfolio investment liabilities, were determined also by increasing other capital liabilities of foreign direct investment (FDI) in Lithuania.

In February 2013 the foreign investment flows in Lithuania were LTL 2.2 billion and, compared to January, increased by LTL 1.4 billion, or 2.8 times. Compared to February 2012, inflows decreased 1.5 times, however, taking into account that the portfolio investments of the government sector, which were the main factor in the increase of investments in February 2012, decreased 2.9 times, investments in Lithuania continued to be large.

In February 2013, the negative flow of Lithuania's investments abroad (LTL 304.6 million) indicated an increase in investments, while compared to January, they increased by LTL 24 million, or 8.5 per cent. Compared to February 2012, investments were larger more than twice, however, in January–February 2013 investment flows abroad decreased 3.3 times year on year.

Investment flows*LTL millions*

	Net investment flows			Lithuania's investment abroad			Foreign investment in Lithuania		
	February 2013	January 2013	February 2012	February 2013	January 2013	February 2012	February 2013	January 2013	February 2012
Total investment flow (excluding official reserve assets)	1,872.4	492.3	3,203.3	-304.6	-280.7	-139.8	2,177.1	773.0	3,343.1
Direct investment	423.6	774.5	189.6	-143.1	62.4	46.6	566.8	712.1	143.1
Portfolio investment	1,450.1	-96.1	4,437.8	-54.5	-33.3	21.8	1,504.6	-62.8	4,416.0
Equities	-13.0	-43.9	-41.9	-15.6	-13.2	-101.4	2.6	-30.7	59.5
Debt securities	1,463.1	-52.2	4,479.7	-38.9	-20.1	123.2	1,502.0	-32.1	4,356.5
Financial derivatives	5.5	-3.4	-4.2	11.3	15.4	9.8	-5.7	-18.8	-14.0
Other investment	-6.9	-182.7	-1,419.9	-118.3	-325.1	-217.9	111.4	142.4	-1,202.0
Monetary financial institutions	81.6	-169.4	-932.3	161.9	-329.7	-66.5	-80.3	160.2	-865.8
Other sectors	-523.8	-173.5	-130.6	-461.3	-0.3	-60.8	-62.5	-173.3	-69.8

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

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

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

Direct investment. In February 2013 net positive FDI flow amounted to LTL 423.6 million, while in January–February 2013—LTL 1.2 billion. Year on year the FDI inflows were LTL 189.6 million and LTL 336.7 million respectively.

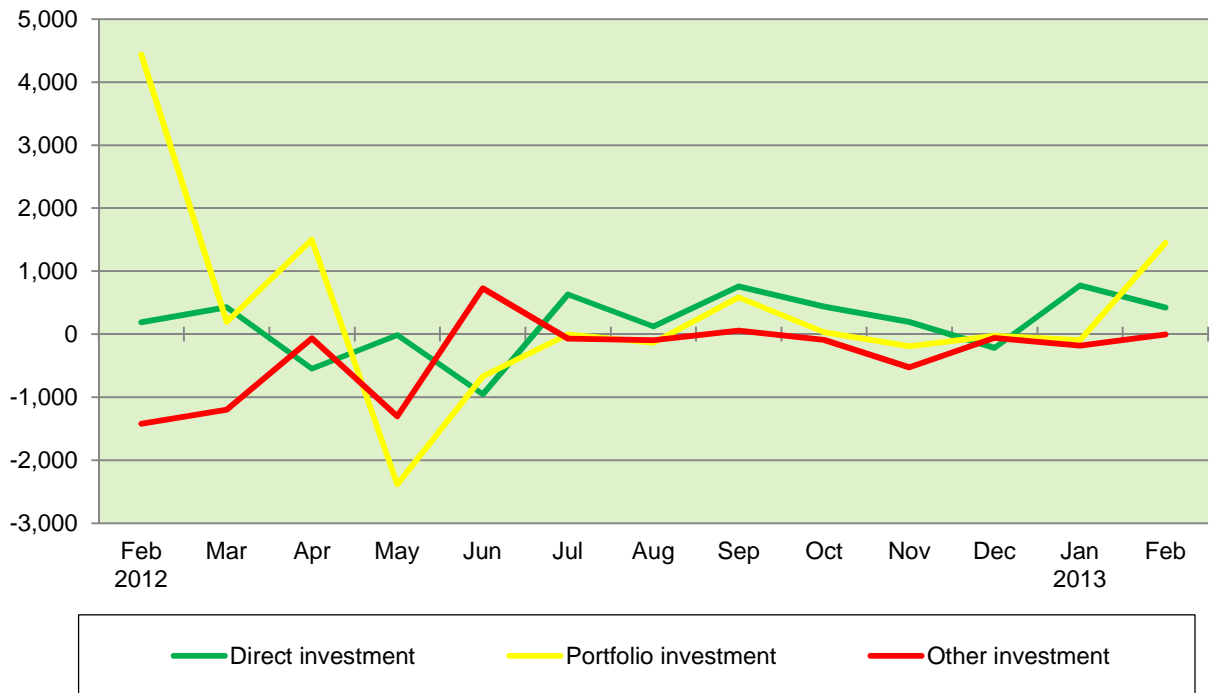
In February 2013 and January–February positive FDI flows to Lithuania amounted to LTL 566.8 million and LTL 1.3 billion respectively. In January and February, inflows were determined by capital inflows and increasing reinvestments in Lithuania. Driven by a decline in reinvestment, in January–February 2013 FDI inflows into Lithuania increased by LTL 799.1 million year on year—mainly due to increases in other capital inflows.

The negative LTL 143.1 million direct investment flow abroad of the country's economic entities in February 2013, as in January–February (LTL 80.8 million), indicated as increase in direct investments abroad. In January, a decrease in investments (LTL 62.4 million) was recorded. The greatest influence on the growth of these investments was from the increased flow of other capital abroad. Compared to January–February 2012, the flow of direct investment abroad decreased by LTL 62.3 million.

Portfolio investment. In February 2013 the positive flow of net portfolio investments amounted to LTL 1.5 billion, while in January–February—LTL 1.4 billion. In February, net portfolio investment inflows were received when non-residents invested in the long-term debt securities released by the government sector. In February and January–February 2012, the net portfolio investment inflows stood at LTL 4.4 billion and LTL 4.3 billion respectively.

In February the net outflow of **other investments and financial derivatives** from Lithuania was about LTL 1.3 million, whereas in January–February—LTL 187.4 million (year on year an outflow was also recorded, which equalled LTL 1.4 billion and 3.1 billion respectively). The outflow of these investments in February and January–February was driven by investments into foreign assets by Lithuanian residents.

Net investment flows
LTL millions



In February 2013 the negative flow (LTL 1.4 billion) of official reserve assets in the balance of payments meant that it increased.