

23/03/2023

Balance of Payments of the Republic of Lithuania for Q4 2022

Today, the Bank of Lithuania released the balance of payments data for Q4 2022, which shows that:

Current account balance	International investment position	Gross external debt
-€559.3 million	-€4.4 billion	€45.3 billion
Q4 2021	Q4 2021	Q4 2021
€29.0 million	-€4.2 billion	€44.6 billion

the deficit on the **current account balance (CAB)** shrank by 39.8% in the fourth quarter of 2022, compared to the previous quarter, and amounted to €559.3 million, or 3.2% of gross domestic product (GDP). The deficit on the CAB was determined by deficits on foreign trade and primary income balance, which were not offset by a reduced balance of services which remained in surplus and an increased positive secondary income balance. More rapid fall in exports of goods (6.8%), compared to imports of goods (4.5%), pushed up the foreign trade deficit, which stood at €2.1 billion. The deficit on primary income balance contracted by 5.6 times over the quarter, to stand at €130.5 million. This development was mainly affected by a 7.3-fold rise in the surplus on other primary income balance as a result of an increase in European Union (EU) subsidies for agriculture. Compared to the previous quarter, as import of services grew faster than exports (by 13.8% and 6.9% respectively), the surplus on the balance of services went down by 4.8% and stood at €1.6 billion. This was determined by a significant contraction (€155.0 million) of balance of other business services due to an increase of 54.7% in imports of these services. By contrast, a year ago, the CAB was in surplus and stood at €29.0 million, or 0.2% of GDP (see Chart 1);

the surplus on the **capital account** increased by 2.8 times quarter on quarter and amounted to €483.5 million. This reflects larger inflows (€318.0 million or 2.8 times) from the EU structural support funds dedicated to financing investment projects. During the respective quarter of 2021, the surplus on the capital account equalled €312.9 million;

over the reporting period, the net flow of **financial account** investment was positive and stood at €284.7 million, or 1.6% of GDP. This was due to a positive net flow of other investment (€2.0 billion), which was not offset by negative net flows of portfolio and direct investment (€1.0 billion and €400.1 million respectively) and a decrease in official reserve assets (€255.1 million). For comparison: in the fourth quarter of 2021, the net flow of financial account investment was negative and amounted to €128.3 million, or 0.9% of GDP (see Chart 2);

the net **international investment position** was negative and amounted to €4.4 billion, or 6.7% of GDP, at the end of the fourth quarter of 2022. It was also negative a year ago, amounting to €4.2 billion, or 7.4% of GDP;

at the end of December 2022, Lithuania's **gross external debt** stood at €45.3 billion, or 67.9% of GDP, while the **net external debt** amounted to -€4.0 billion, or 6.0% of GDP, i.e. Lithuania's assets abroad exceeded foreign liabilities. By contrast, Lithuania's gross external debt stood at €44.6 billion, or 79.3% of GDP, a year ago, while the net external debt amounted to -€3.2 billion, or 5.8% of GDP.

Chart 1. CAB and its composite flows as a percentage of GDP

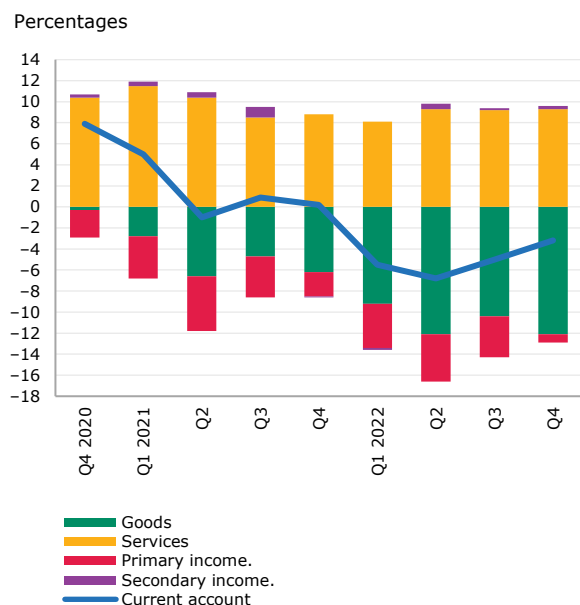
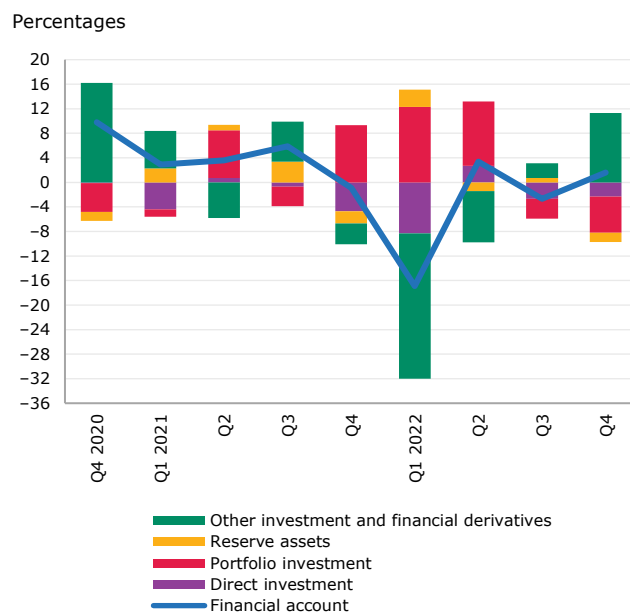


Chart 2. Net financial account investment flows as a percentage of GDP



It should be noted that, when calculating the balance of payments data for the fourth quarter of 2022, external sector data of the first to third quarters and the corresponding months were revised. Due to changes in the structure of the other monetary financial institutions sector, the external sector data for the fourth quarter of 2020 to the second quarter of 2022 and the corresponding months were also revised.

Detailed data on the country's balance of payments and international investment position as well as external debt is available on the Bank of Lithuania website (under [External statistics](#)).

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