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Balance of Payments of the Republic of Lithuania for Q4 2021

Today, the Bank of Lithuania released the balance of payments data for Q4 2021, which shows that:

the surplus on **the current account balance (CAB)** amounted to €179.4 million, or 1.2% of the gross domestic product (GDP). It was driven by the surplus on the balances of services and secondary income, which were not offset by the deficits in the foreign trade and primary income balances. Compared to the previous quarter, with an increase in export and import of services by 11.3% and 16.2% respectively, the surplus on the balance of services increased (3.2%) and stood at €1.3 billion. At the same time, imports of goods, which grew (13.4%) faster than exports (11.6%), increased the foreign trade balance deficit, which stood at €950.6 million. The primary income balance deficit contracted 4 times, compared to Q3 2021, and amounted to €150.9 million. This change was driven by a 7-fold increase in the surplus on the balance of other primary income due to subsidies for agriculture received from the European Union (EU), amounting to €564.4 million. For comparison, a year ago, the CAB surplus was 5.8 times higher and amounted to €1.0 billion, or 8.0% of the GDP (see Chart 1);

the surplus on the **capital account** increased by about 2 times, compared to the previous quarter, and amounted to €316.6 million. This reflects higher inflows received from EU structural support funds dedicated to financing investment projects;

over the reporting period, the positive net flow of **financial account** investment decreased by 2.2 times compared to Q3 and amounted to €334.1 million, or 2.3% of the GDP (see Chart 2). This was driven by the positive net flow of other investments and portfolio investments, which were not offset by the negative net flows of portfolio investments and the reduced official reserve assets;

the net **international investment position** was negative and amounted to €4.0 billion, or 7.2% of the GDP at the end of Q4;

at the end of 2021, Lithuania's **gross external debt** stood at €42.4 billion, or 76.7% of the GDP, while the **net external debt** was negative and amounted to €3.1 billion, or 5.5% of the GDP, i.e. Lithuania's assets abroad were higher than its liabilities to non-residents. For comparison, a year ago, Lithuania's gross external debt amounted to €37.5 billion, or 75.7% of the GDP, while the net external debt was positive and stood at €83.5 million, or 0.2% of the GDP, i.e. Lithuania's assets abroad were lower than its liabilities to non-residents.

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

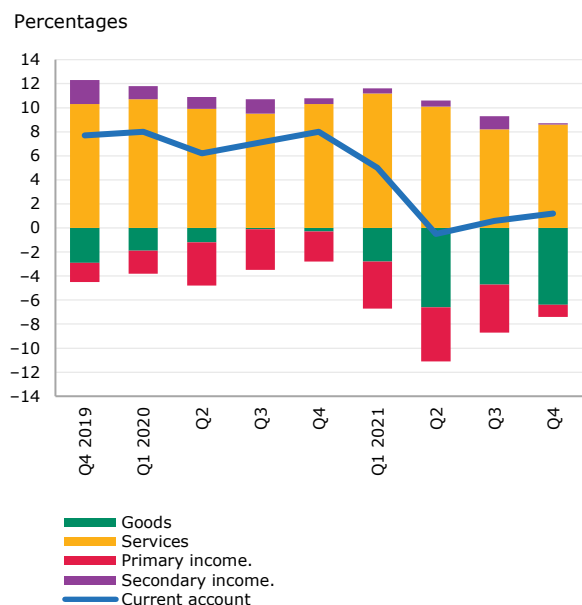
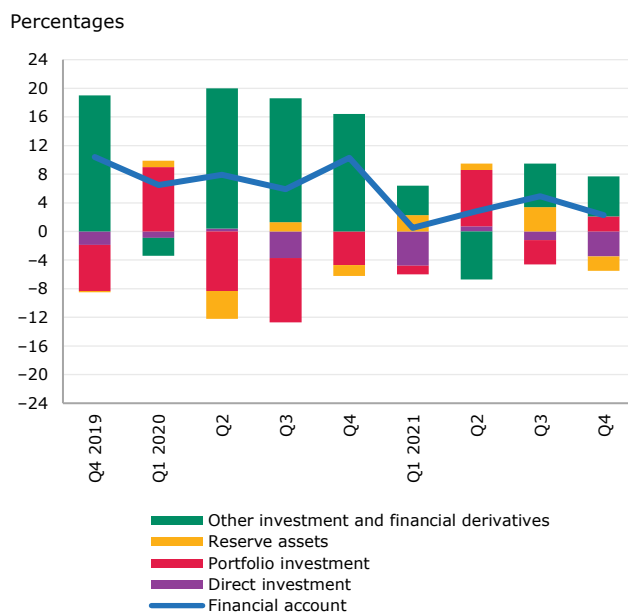


Chart 2. Net financial account investment flows as a percentage of GDP



It should be noted that, when calculating the balance of payments data for Q4 2021, the balance of payments data as well as international investment position data for Q1-Q3 and January-December 2021 were 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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