

16 May 2011

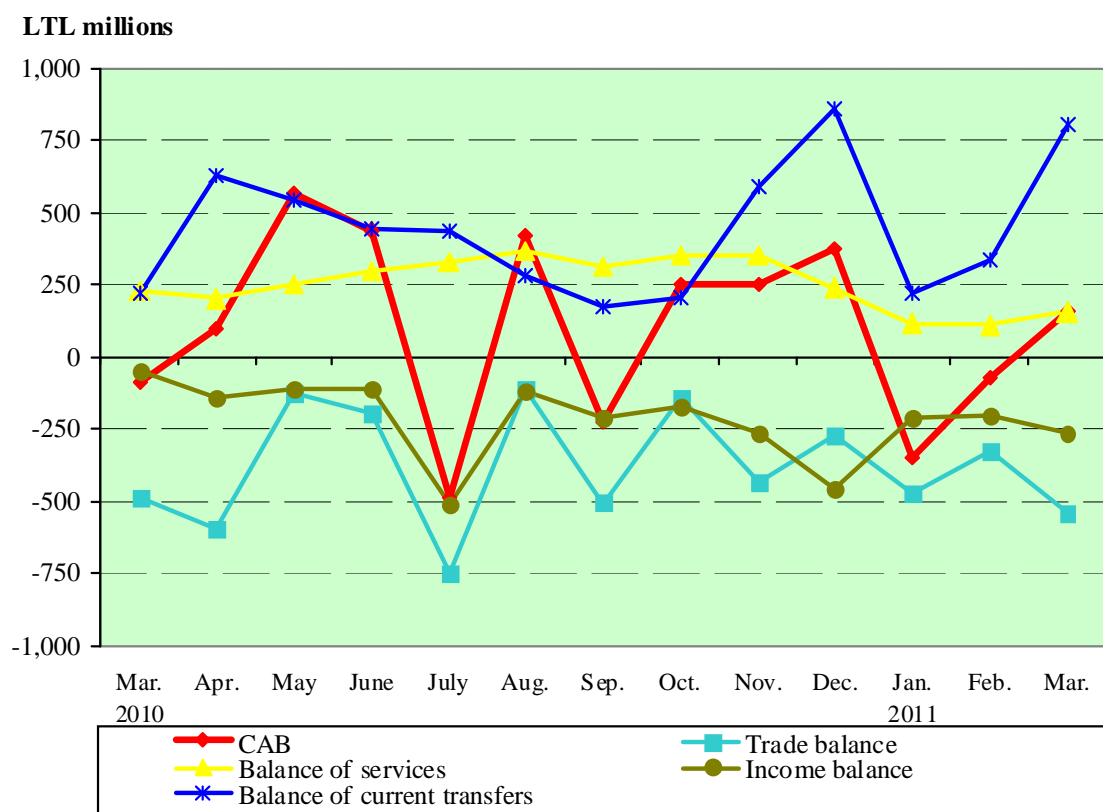
BALANCE OF PAYMENTS OF THE REPUBLIC OF LITHUANIA, March 2011

(key indicators)

An increase in the surplus on current transfer balance led to the surplus on the **current account balance (CAB)** of the country's balance of payments in March 2011, while the month-on-month positive change made up LTL 231.4 million. The negative amount (LTL -783.3 million) on the **financial account** of the balance of payments for March this year was the result of an increase of official reserve assets and an outflow of other investment.

Current account. In March 2011, the CAB surplus on the country's balance of payments made up LTL 158.8 million. Meanwhile, the CAB deficit of LTL 348.9 million was reported in January 2011 and of LTL 72.6 million in February. Therefore, for January–March 2011 the CAB deficit totalled LTL 262.7 million or -1.1% of GDP (for January–March 2010, the CAB surplus of LTL 54.5 million or 0.3% of GDP was reported). In recent 12 months (April 2010 to March 2011), the CAB surplus amounted to LTL 1.4 billion or 1.5% of GDP. In April 2009 to March 2010, the surplus was LTL 4 billion or 4.5% of GDP.

CAB and composite balances



According to the data of the Statistics Lithuania, in March 2011, export of goods increased month on month by 9.9%, while import of goods grew by 12.7%. In March, the foreign trade balance deficit totalled LTL 830.1 million (in February 2011 it totalled LTL 605.6 million).

In January–March 2011, compared to the corresponding period in 2010, export and import of goods grew respectively by 49.7% and 49.6%, while export and import growth excluding mineral products made up 46.7% and 49.5% respectively. The export growth was driven mainly by an increase in export of oil products (64.4%), ground vehicles (2.1 times), and fertilisers (2.3 times). The import growth was driven by an increase in the import of crude oil (64.7%), ground vehicles (2.2 times), boilers, machinery and mechanical appliances and their spare parts (71.8%).

In January–March 2011, Lithuania's main export partners were Russia (15.5%), Germany (9.1%), Latvia (9.0%), and Poland (7.1%). Key import partners were Russia (33.4%), Germany (10.1%), Poland (8.4%), and Latvia (6.3%).

In March 2011, export of services grew month on month by 12.5%, while import of services increased by 6.8%, therefore, total surplus on balance of services went up to LTL 156.6 million. In three months of the current year, export of services decreased year on year by 2.2%, while import of services grew by 15.4%. The surplus on the balance of services went down by 41.9%.

Total deficit on the income balance made up in March this year LTL 262 million (the investment income balance deficit was LTL 277.9 million, while the compensation of employees balance showed surplus of LTL 15.9 million). In March 2011, total deficit on the balance of income grew month on month by LTL 31.9%.

In January–March 2011, total deficit on the balance of income equalled to LTL 673.3 million (in January–March 2010, it stood at LTL 263.2 million). The deficit growth was driven mainly by an increase in deficit on the income balance of foreign direct investments.

Compared to February 2011, the March surplus on the balance of current transfers grew by LTL 466.3 million to LTL 805.5 million. In January–March 2011, the surplus on the balance of current transfers made up LTL 1.4 billion, an increase by LTL 748.9 million (2.2 times) compared to a corresponding period in 2010.

Transfers from the EU support funds amounted in March 2011 to LTL 590.8 million, while workers remittances from abroad made up LTL 430.3 million. Compared to February, transfers from EU support funds climbed by 43.6% and workers remittances grew by 41.6%. The said transfers for January–March 2011 made up respectively LTL 1.2 billion and LTL 992.7 million (in January–March 2010, they were respectively LTL 634.4 million and LTL 585.6 million).

Lithuania's calculated contributions to the EU budget totalled LTL 60.5 million in March 2011 and LTL 373.1 million in the first three months of this year. Workers remittances from Lithuania totalled LTL 164 million in March and LTL 466.7 million in January–March (or the period from January to March 2010, they made up respectively LTL 358.4 million and LTL 306.2 million).

Capital and financial accounts. The flow of non-repayable capital transfers to Lithuania (money of EU support funds for financing investment projects) made up LTL 452.1 million in March 2011 and LTL 591.5 million in January–March (in January–March 2010 they totalled LTL 618.7 million).

In March 2011, total net inflows of foreign investments in Lithuania, excluding official reserve assets, made up LTL 617.3 million. An outflow of LTL 449.3 million of net foreign investments from Lithuania however was registered in January–March this year. Net investment inflow in March was supported by net foreign direct investment and portfolio investment inflow. The flow of Lithuanian investments abroad made up LTL 380.4 million in March 2011 and LTL 1.9 billion in January–March. Foreign investment inflow in Lithuania reached LTL 997.7 million in March 2011 and LTL 1.4 billion in January–March (LTL 436.7 million in January–February), increasing from LTL 827.4 million in January–March 2010.

Investment flows

January–March 2011; LTL millions

	Net investment flows			Lithuania's investment abroad			Foreign investment in Lithuania		
	March	February	January–March	March	February	January–March	March	February	January–March
Total investment flow (excluding official reserve assets)	617.3	-333.3	-449.3	-380.4	-549.1	-1,883.7	997.7	215.7	1,434.4
Direct investment	332.8	-66.3	208.1	-258.8	-130.2	-469.3	591.6	63.9	677.4
Portfolio investment	552.9	-1,123.0	-1,205.2	-1,187.4	-982.3	-2,740.2	1,740.3	-140.7	1,535.1
Equity securities	-87.0	-5.1	-164.6	-107.6	-12.8	-184.1	20.6	7.7	19.5
Debt securities	640.0	-1,117.9	-1,040.6	-1,079.7	-969.5	-2,556.1	1,719.7	-148.3	1,515.6
Financial derivatives	-2.1	-2.1	-6.1	6.2	-6.9	-17.2	-8.3	4.8	11.1
Other investment	-266.4	858.1	553.9	1,059.5	570.4	1,343.0	-1,325.9	287.7	-789.2
Monetary financial institutions	180.1	521.9	-66.1	1,329.3	533.5	1,528.7	-1,149.3	-11.7	-1,594.8
Other sectors	557.1	-48.3	584.1	296.4	-263.5	-184.6	260.7	215.2	768.7

(+) – 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 total investment flow due to rounding.

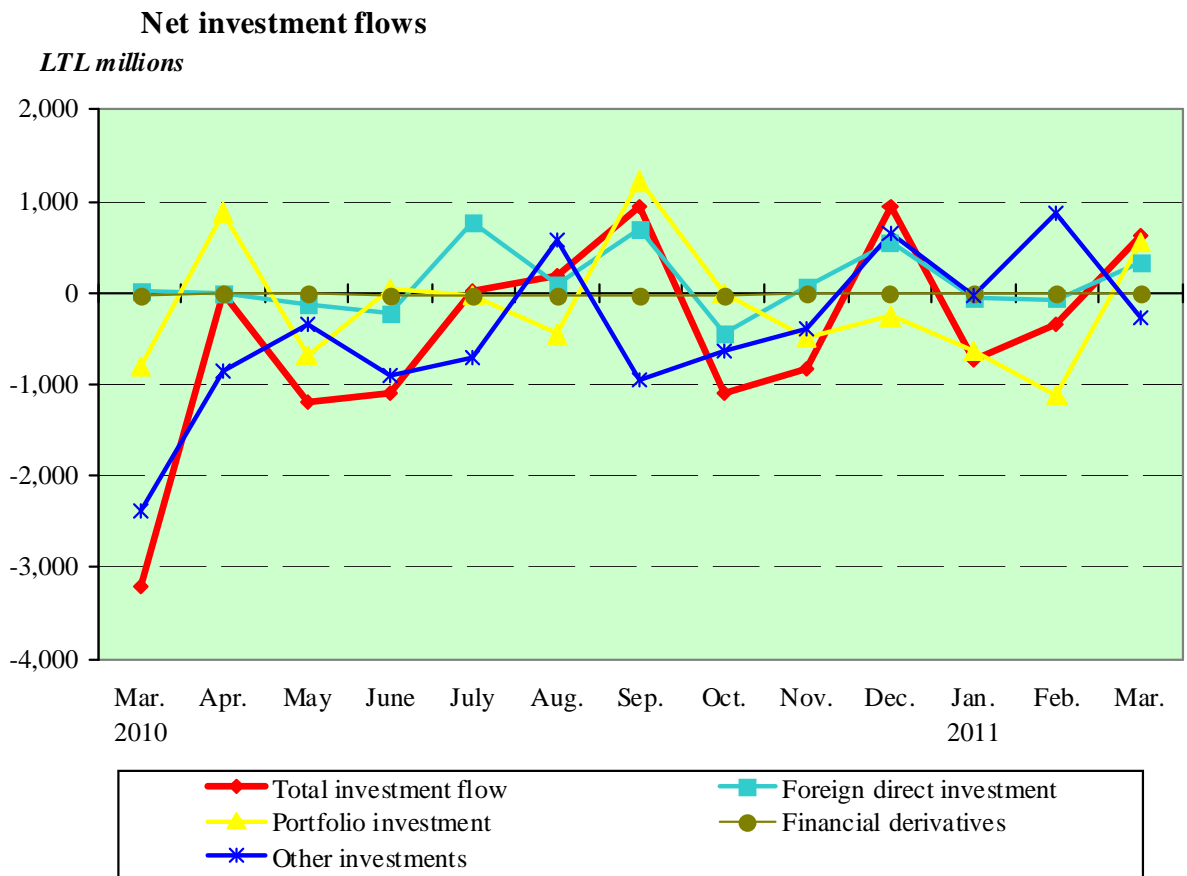
Net foreign direct investment (FDI) inflow totalled LTL 332.8 million in March 2011 and LTL 208.1 million in January–March.

FDI inflow in Lithuania made up LTL 591.6 million in March 2011 and LTL 677.4 million in January–March. Compared to January–March 2010, FDI inflow in Lithuania grew by LTL 771.9 million. The growth was driven by an increase in share capital and reinvestment (in January–March 2010, reinvestment flow in Lithuania was negative).

The flow of direct investments abroad by subjects of domestic economy made up LTL 258.8 million in March this year and LTL 469.3 million in January–March. Compared to January–March in 2010, investment flows abroad increased by LTL 493.4 million.

In March 2011, net inflow of portfolio investment totalled LTL 552.9 million, but an outflow of LTL 1.2 billion was registered in January–March. The outflow of this type of investments was the result of investments into foreign debt securities by other sectors and MFIs.

Net outflow of other investment and financial derivatives from Lithuania totalled LTL 268.5 million in March 2011, whereas an inflow of LTL 547.8 million was reported for January–March. Net outflow of this type of investments was registered in January–March 2010. It made up LTL 4.9 billion. The flow change was the result of a decrease in the outflow of other investment in MFIs and inflow (instead of outflow) in enterprises of other sectors.



Negative flow of official reserve assets in March 2011 (LTL –1.4 billion) on the balance of payments shows of their increase.