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FOREIGN DIRECT INVESTMENT IN THE FIRST QUARTER OF 2011

The Bank of Lithuania and Statistics Lithuania publish a joint press release on the **foreign direct investment (FDI) in Lithuania and Lithuanian direct investment (DI) abroad**.

Based on provisional data, **the FDI flow in Lithuania** in Q1 2011 amounted to LTL 800.4 million (3.5 per cent of GDP). Compared to Q4 2010, the FDI inflow in Lithuania increased by LTL 206.2 million, or by 34.7 per cent, while against Q1 2010 (when the outflow of investment was observed) – LTL 895 million. An increase in the FDI inflow in Lithuania was determined by an increased reinvestment flow.

Over four quarters (Q2 2010–Q1 2011), the FDI inflow in Lithuania amounted to LTL 2.5 billion, or 2.6 per cent of GDP. The flow from other capital (mostly loans from direct investors) accounted for the largest equity of this flow (LTL 1.2 billion); the reinvestment flow amounted to LTL 821 million, while the equity capital investment – LTL 490.3 million.

In Q1 2011, the largest investment came from Sweden (LTL 185.9 million), the United Kingdom (LTL 182.2 million), the Netherlands (LTL 161.5 million), Poland (LTL 127.3 million), and Finland (LTL 99.9 million). The largest investment was made in financial and insurance activities (LTL 290.7 million), wholesale and retail trade; repair of motor vehicles and motorcycles (LTL 286.8 million), information and communication (LTL 149.9 million), and manufacture of chemicals and chemical products (LTL 138.4 million).

In Q1 2011, **the Lithuanian DI flow abroad** was negative (minus LTL 28.8 million), i.e. the DI flow abroad was on the decrease. In addition, in Q1 2010, a decrease in the Lithuanian DI abroad was observed (the negative flow amounted to minus LTL 24.1 million), while in Q4 2010, the DI abroad increased (the positive flow amounted to LTL 397.9 million).

Over four quarters (Q2 2010–Q1 2011), the Lithuanian DI abroad grew, its flow amounting to LTL 329.8 million. The major equity of this flow (LTL 254.7 million) consisted of equity capital investment; the flow of reinvestment and other capital abroad amounted to LTL 42 million and LTL 33.1 million, respectively.

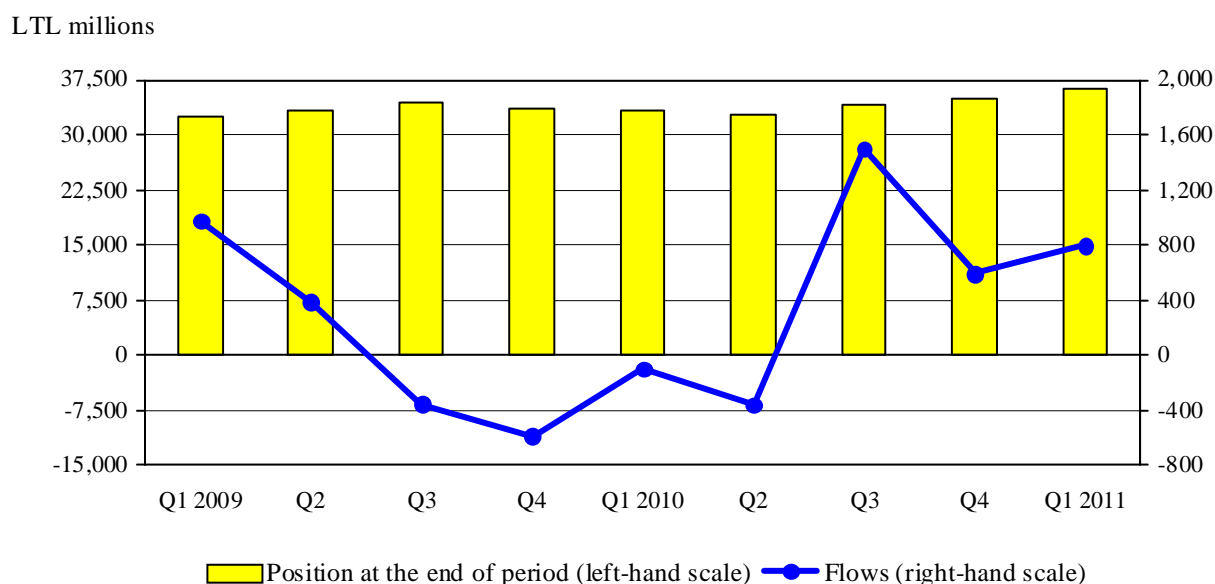
In Q1 2011, Lithuanian investors invested the most in Latvia (LTL 44.7 million), the Netherlands (LTL 40.5 million) and Estonia (LTL 10.9 million), while the fastest outflow of Lithuanian DI was from Cyprus (minus LTL 153.3 million). The largest investment abroad by Lithuanian investors was made to professional, scientific and technical activities (LTL 54.8 million), wholesale and retail trade; repair of motor vehicles and motorcycles (LTL 48.9 million), and construction (LTL 16.8 million) activities. The largest investment outflow (minus LTL 173.4 million) was from water transport.

Having estimated the FDI flows in Lithuania and Lithuanian DI flows abroad, the net FDI inflow in Q1 2011 amounted to LTL 829.2 million, or 3.6 per cent of GDP, while in the last four quarters – LTL 2.2 billion, or 2.3 per cent of GDP.

Table 1. Foreign direct investment flows

	FDI in Lithuania (LTL millions)		Lithuanian DI abroad (LTL millions)	
	Q1 2011	Q1 2010	Q1 2011	Q1 2010
Total	800.41	-94.56	-28.77	-24.13
Equity capital	6.69	108.47	19.09	99.77
Reinvestment	693.09	-519.45	-16.00	-23.22
Other capital	100.63	316.42	-31.86	-100.68

Chart 1 Foreign direct investment in Lithuania



As of 31 March 2011, **the cumulative FDI in Lithuania** amounted to LTL 36,282.3 million (EUR 10,508 million). Over I quarter 2011, its volume in Lithuania grew by LTL 1.2 billion (3.4 per cent). FDI per capita amounted to LTL 11,233 (EUR 3,253) on average (as of 31 December 2010, LTL 10,817). The growth in the volume of the cumulative FDI was conditioned by the FDI inflow from equity capital and reinvestment.

The largest investment was made by Polish – LTL 4,216.9 million (11.6 per cent of total FDI), German – LTL 4,021.2 million (11.1 per cent), Swedish – LTL 4,008.9 million (11 per cent), Danish – LTL 3,696.9 million (10.2 per cent), and Netherlandish – LTL 3,323.8 million (9.2 per cent) investors. The cumulative FDI in Lithuania from EU-27 countries amounted to LTL 29,028.4 million (80 per cent of total FDI), from CIS countries – LTL 2,568.0 million (7.1 per cent).

Table 2. Cumulative FDI by investing countries

	31 March 2011			31 December 2010	
	LTL millions	per cent	change, per cent	LTL millions	per cent
Total	36,282.32	100.0	3.4	35,099.56	100.0
Poland	4,216.87	11.6	3.2	4,087.94	11.6
Germany	4,021.24	11.1	12.7	3,568.91	10.2
Sweden	4,008.94	11.0	3.6	3,869.55	11.0
Denmark	3,696.89	10.2	-0.1	3,701.16	10.5
Netherlands	3,323.78	9.2	33.1	2,497.87	7.1
Russia	2,394.81	6.6	-17.8	2,911.64	8.3
Estonia	2,158.03	5.9	-4.7	2,265.04	6.5
Finland	1,758.75	4.8	9.8	1,601.74	4.6
Cyprus	1,250.86	3.5	23.4	1,013.94	2.9
Latvia	1,229.01	3.4	-7.5	1,328.34	3.8
Other countries	8,223.14	22.7	-0.4	8,253.43	23.5

As of 31 March 2011, the largest investment was made in manufacturing – 27.7 per cent, wholesale and retail trade; repair of motor vehicles and motorcycles – 13.4 per cent, information and communication activities – 12.7 per cent, real estate activities – 11.6 per cent, financial and insurance activities – 11.3 per cent of total FDI.

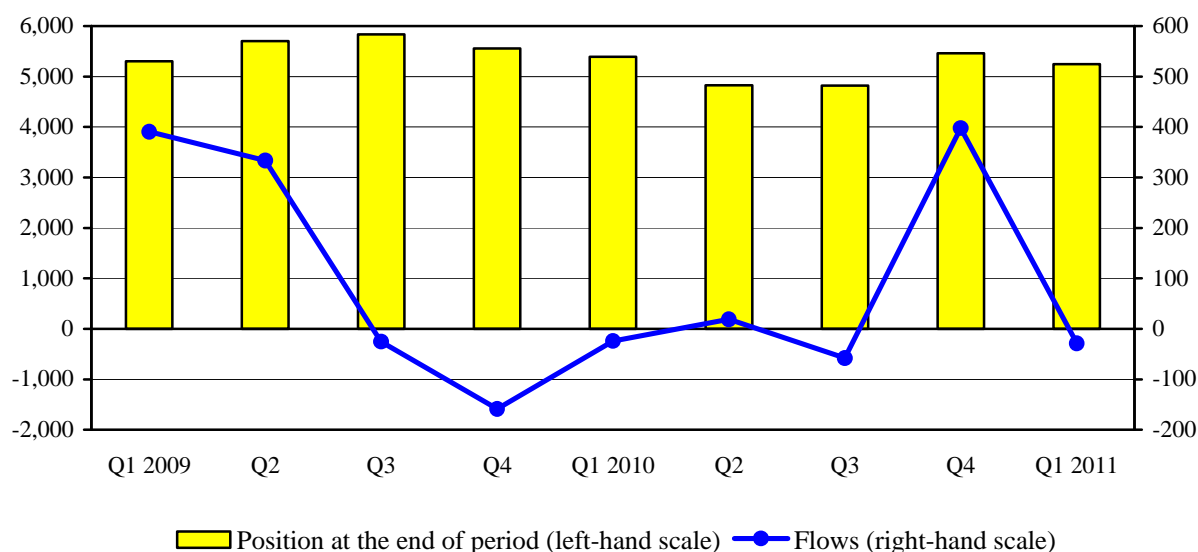
In manufacturing, the largest investment was made in the production of refined petroleum products and chemicals and chemical products – LTL 5,509.4 million (54.8 per cent of total FDI in manufacturing), food products, beverages and tobacco products – LTL 1,424.9 million (14.2 per cent).

Table 3. Cumulative FDI by economic activity

	31 March 2011			31 December 2010	
	LTL millions	per cent	change, per cent	LTL millions	per cent
Total	36,282.32	100.0	3.4	35,099.56	100.0
Agriculture, forestry and fishing	323.87	0.9	1.9	317.80	0.9
Mining and quarrying	162.34	0.4	-3.1	167.45	0.5
Manufacturing	10,048.32	27.7	-0.1	10,054.81	28.6
Electricity, gas, steam and air conditioning supply	3,118.99	8.6	3.3	3,018.49	8.6
Construction	1,167.48	3.2	-1.6	1,186.08	3.4
Wholesale and retail trade; repair of motor vehicles and motorcycles	4,869.16	13.4	7.3	4,537.58	12.9
Transport and storage	786.45	2.2	-1.7	800.16	2.3
Information and communication	4,590.62	12.7	1.8	4,511.66	12.9
Financial and insurance activities	4,103.19	11.3	-7.1	4,415.72	12.6
Real estate activities	4,204.85	11.6	17.5	3,578.35	10.2
Other activities	2,206.42	6.1	21.0	1,823.88	5.2
Purchase and sale of private real estate	700.63	1.9	1.9	687.58	1.9

Chart 2 Lithuania's direct investment abroad

LTL millions



As of 31 March 2011, the **Lithuanian cumulative DI abroad** amounted to LTL 5,243.5 million (EUR 1,518.6 million). Over Q1 2011, it dropped by LTL 215.3 million, i.e. by 3.9 per cent.

The largest investment was made in the Netherlands – LTL 1,509.6 million (28.8 per cent of total DI abroad), Latvia – LTL 945.4 million (18.0 per cent), Poland – LTL 414.4 million (7.9 per cent), Cyprus – LTL 407.1 million (7.8 per cent), and Russia – LTL 386.7 million (7.4 per cent).

Table 4. Lithuanian cumulative direct investment abroad by country

	31 March 2011			31 December 2010	
	LTL millions	per cent	change, per cent	LTL millions	per cent
Total	5,243.46	100.0	-3.9	5,458.76	100.0
Netherlands	1,509.56	28.8	7.4	1,405.82	25.8
Latvia	945.41	18.0	-0.5	950.29	17.4
Poland	414.35	7.9	-4.7	434.92	8.0
Cyprus	407.08	7.8	-29.1	574.43	10.5
Russia	386.72	7.4	-4.2	403.69	7.4
Ukraine	337.08	6.4	-1.3	341.61	6.3
United Kingdom	309.41	5.9	6.0	291.87	5.3
Belarus	203.14	3.9	-1.2	205.71	3.8
Denmark	195.24	3.7	0.0	195.24	3.6
Other countries	535.47	10.2	-18.3	655.18	11.9

The largest investment of Lithuanian enterprises abroad was made in professional, scientific and technical activities – LTL 1,615.9 million (30.8 per cent of total DI abroad), real estate activities – LTL 929.7 million (17.7 per cent), wholesale and retail trade; repair of motor vehicles and motorcycles – LTL 789.5 million (15.1 per cent), manufacturing – LTL 649.9 million (12.4 per cent), financial and insurance activities – LTL 560.9 million (10.7 per cent).

In manufacturing, the largest investment was made in the manufacture of basic pharmaceutical products and pharmaceutical preparations – 39.7 per cent, rubber and plastic products – 16.9 per cent, food products, beverages and tobacco products – 15.3 per cent of total DI in manufacturing abroad.

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