The EU is the largest export market for Lithuanian goods — 60.5 per cent of the country’s exports and 74.4 per cent of exports of goods of Lithuanian origin (excluding mineral fuel exports — 53.8% and 71.3%, accordingly) were directed to it in 2012. In recent years, the growth of Lithuanian exports to the EU has been very significant: in the period of 2010–2012 the country’s nominal average annual exports growth rate was about 25 per cent (excluding mineral fuels — 18%). This was due to growing domestic demand of trading partners and the ability of Lithuanian exporters to expand export markets. This box contains a structural analysis to show changes of the Lithuanian export market shares in the EU, i.e. to demonstrate the evolution of market shares by products and the EU country groups. The analysis of changes in the export market shares defined in such a way is important both in terms of historical Lithuanian product export development and in defining its perspective, and partially reveals Lithuania’s integration into the EU single market and its phases.

From 2000 to 2012, the total share of the Lithuanian exports, excluding mineral fuels, in the EU has almost tripled (see Chart A). In particular, it has been growing rapidly in 2010–2012. This suggests that recently Lithuanian exporters are very active in the fight for position in the EU market. During the crisis of 2009 companies managed to optimize their activities by reorienting their sales from very weak domestic markets to external markets. Other factors of competition also contributed to the growth of the export market share of the EU: relative decline in unit labour costs, increased foreign investment, and higher EU structural fund flows. However, these factors had a different impact of export and export of different groups of goods to the markets of different countries.

Lithuanian export to the EU by product groups is rather diversified. Lithuania mostly exports chemical, agricultural and food products, as well as furniture and machinery. In terms of changes of the market share (see Chart B), it shows growing export in almost all groups of products, but in particular the exports of agricultural products and foodstuffs, chemical products, transport equipment and wood products (including furniture). The only group of products with a market share decline is textiles. It should be noted that the export market shares of product groups with the average and high technological intensity were characterised by the largest increase in growth, while the groups of goods with low technological intensity were growing relatively slower (In Annex 1 these developments are analysed in more detail). This suggests that the Lithuanian industry is quite successful to focus on the manufacture of higher value-added products.

The share of Lithuanian export to the other Baltic countries is significant: in 2012 exports to Latvia and Estonia amounted to

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**Box 2. Development of the Lithuanian export market share in the EU: structural assessment**

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In 2012, the exports of mineral fuels (mainly oil) accounted for nearly one-third of the Lithuanian exports, but it is highly dependent on the performance of one company (AB Orlen Lietuva). They highly affect the overall export development assessments, therefore the calculations are carried out by excluding mineral fuel exports.

For the calculation of market shares and their development Eurostat’s Comext database was used. The taken data covers the period from January 1999 to July 2013. The following distribution of the EU countries is applied in the analysis: Baltic countries (Estonia and Latvia), the Nordic countries (Denmark, Finland and Sweden), Western Europe (Austria, Belgium, Luxembourg, the Netherlands, France, Germany and the UK), Southern Europe (Greece, Spain, Italy and Portugal) of the new EU member states (Czech Republic, Bulgaria, Cyprus, Croatia, Malta, Poland, Romania, Slovakia, Slovenia and Hungary).

The analysis shows that from the beginning of the integration process to the EU the position of Lithuanian exporters improved substantially in the EU market, although they have significant space to increase their market share in some of the product and geographical markets. However, the extent to which this process will be smooth and fast is highly dependent on the favourable development of the Lithuania’s competitiveness. Therefore, deep analysis of factors of competitiveness and assessment of competitiveness strengthening measures remain very relevant tasks for researchers in this field.

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