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Balance of payments of the Republic of Lithuania for Q2 2023

Today, the Bank of Lithuania released the balance of payments data for Q2 2023, which shows that:

Current account balance	International investment position	Gross external debt
-€53.2 million	-€1.9 billion	€49.0 billion
Q2 2022	Q2 2022	Q2 2022
-€1.1 billion	-€4.7 billion	€43.6 billion

the current account balance (CAB) turned from surplus to deficit, compared to the first quarter, and amounted to €53.2 million, or 0.3% of gross domestic product (GDP). The change was mainly driven by a substantial increase in primary income deficit, which amounted to €911.6 million. This was largely due to a rise in the deficit on the investment income balance as a result of increased dividends paid to foreign investors as well as reinvestments by non-residents in Lithuania (€730.0 million and €290.7 million respectively). Meanwhile, more rapid fall in imports of goods (2.9%), as compared to exports of goods (1.5%), put downward pressure on the foreign trade deficit, which decreased by 13.1% and stood at €1.1 billion. These deficits were not offset by the surplus balances of services and secondary income. Compared to the previous quarter, as exports of services grew more than imports (by 15.0% and 8.4% respectively), the surplus on the balance of services went up by 27.8% and stood at €1.8 billion. The surplus secondary income balance increased by a factor of 5.4 and amounted to €139.2 million. Its growth was driven by a rise in EU financial support, which went up by €27.2 million, and a decline in Lithuania's expenditure: contributions to the EU budget declined by 12.4% and personal transfers abroad by 31.8%.

For comparison: a year ago, the CAB was in a much bigger deficit, which amounted to €1.1 billion, or 6.7% of GDP at current prices (see Chart 1);

the surplus on the **capital account** increased by 2.0 times quarter on quarter and amounted to €316.7 million. This change was mainly influenced by higher inflows received from EU structural support funds dedicated to financing investment projects. In the second quarter of 2022, the surplus on the capital account equalled €231.6 million;

over the reporting period, the net flow of **financial account** investment was positive and stood at €1.1 billion, or 6.0% of GDP. It was triggered by a positive net flow of other and portfolio investments (€1.3 billion and €99.4 million respectively). A positive increase in the mentioned investment was not offset by a negative net flow of direct investment (€221.1 million) and a contraction in official reserve assets (€177.1 million).

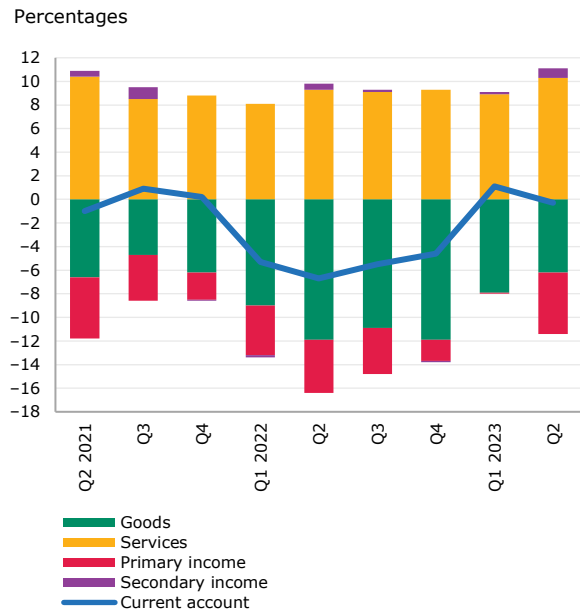
For comparison: in the second quarter of 2022, the net flow of financial account investment was positive and amounted to €557.5 million, or 3.4% of GDP at current prices (see Chart 2);

the net **international investment position** was negative and amounted to €1.9 billion, or 2.7% of GDP, at the end of the second quarter. It was also negative a year ago, amounting to €4.7 billion, or 7.7% of GDP at current prices;

at the end of the reporting period, Lithuania's **gross external debt** stood at €49.0 billion, or 70.2% of GDP, while the **net external debt** amounted to -€4.7 billion, or 6.7% of GDP, i.e. Lithuania's assets abroad exceeded foreign liabilities.

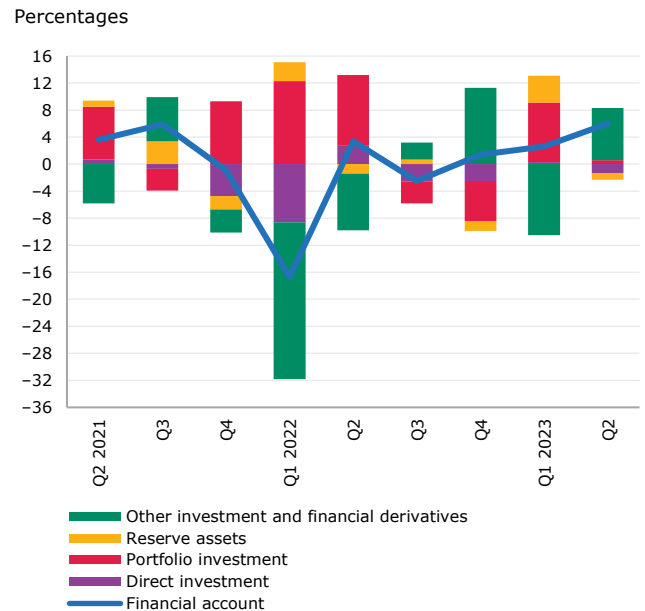
For comparison: a year ago, Lithuania's gross external debt stood at €43.6 billion, or 71.3% of GDP, while the net external debt amounted to -€2.2 billion, or 3.6% of GDP.

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



Source: Bank of Lithuania.
Note: GDP at current prices, not adjusted for seasonal and workday effects.

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



Source: Bank of Lithuania.
Note: GDP at current prices, not adjusted for seasonal and workday effects.

It should be noted that, when calculating the balance of payments for the second quarter of 2023, quarterly and monthly balance of payments and international investment position data from the first quarter of 2022 to the first quarter of 2023 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](#)).

You can use the [My Data Sets](#) tool to create your own data sets, which are saved in your account and automatically updated as soon as they are published.