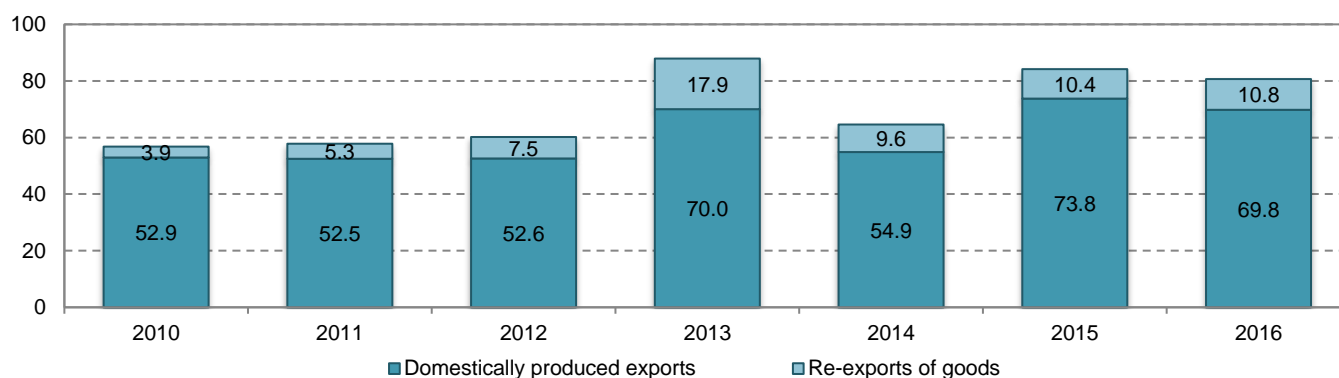


SUMMARY

► The trade relationship between Lithuania and Ireland is equally intense in terms of goods as in services. In 2016, the turnover of goods between Lithuania and Ireland was 178 million euro, whereas turnover in services in 2015 reached 166 million euro. For 2016 turnover of services is not expected to decrease (in accordance to 2016 Q1-Q3 data). It is, however, noteworthy that trade in goods is equally concentrated in exports and imports, whereas trade in services – mainly in imports. In 2016, the turnover in goods between Lithuania and Ireland increased by almost 6% on an annual basis, whereas the turnover in services grew by 8% (2016 Q1-Q3).

► The increase in turnover of goods in 2016 was mainly driven by growth in imports (16.2%). In the meantime a negative growth rate in total exports (4.2%) was recorded. The decline in exports was determined by a drop in exports of domestically produced exports (decreased by 5.4%), whereas re-exports increased (by 4.5%). As domestically produced exports made up a much larger share in total exports of goods (86.6% in 2016), the increase in re-exports could not compensate for the decline in domestically produced exports. The highest negative impact on exports (more precisely, in domestically produced exports) was recorded within the fertilizers category and these trends were driven by a collapse in commodity prices of fertilizers on the global market. The increase in total imports was driven by such goods categories as machinery and mechanical appliances as well as electrical machinery and equipment. Fertilizers together with furniture and plastics dominated the structure of domestically produced exports, whereas mechanical appliances, electrical machinery and equipment as well as of mixtures of odoriferous substances used in the food and beverages industry dominated Lithuania's import structure from Ireland.

Figure 1. Lithuanian exports of goods to Ireland 2010-2016, million euro.


Source: Statistics Lithuania and Enterprise Lithuania calculations.

► As a result of a decline in total exports and growth in imports, in 2016 Lithuania ended with a negative trade balance in goods with Ireland (of 16 million euro). Even higher trade deficits in services was recorded for 2016 Q1-Q3 (74.3 million euro). Trade in services is intense in transport services, also in travel, other business and ICT services. In 2016 Q1-Q3 exports of services amounted to 31 million euro and imports to 105 million euro.

Table 1. Bilateral trade between Lithuania and Ireland 2014–2016.

	2014		2015		2016	
	Share, %	Rank	Share, %	Rank	Share, %	Rank
Goods						
Share of partner country in total exports of goods	0.26 %	36	0.37 %	31	0.36 %	33
Share of partner country in domestically produced exports of goods	0.40 %	31	0.55 %	27	0.52 %	30
Share of partner country in re-exports of goods	0.09 %	39	0.11 %	40	0.12 %	40
Share of partner country in imports of goods	0.25 %	30	0.33 %	27	0.39 %	28
Services						
Share of partner country in exports of services	0.27 %	23	0.26 %	25
Share of partner country in imports of services	1.26 %	10	1.60 %	8

Source: Statistics Lithuania, Bank of Lithuania and Enterprise Lithuania calculations.

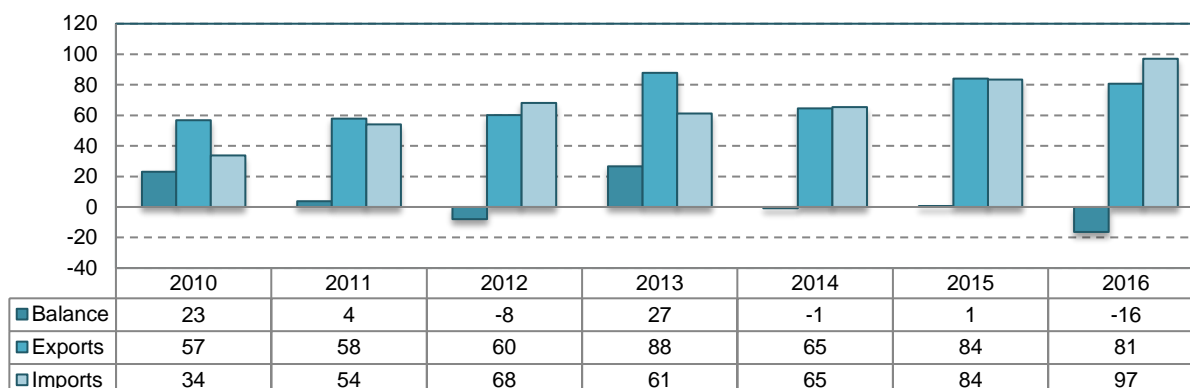
I. TRADE BALANCE

According to Balance of Payments statistics, Lithuania had a negative total trade (of goods and services) balance with Ireland of 109 million euro in 2015, increasing from 71 million euro in 2014. In 2016 Q1-Q3 total trade balance continued deteriorating (from -82 million euro in 2015 Q1-Q3 to -94.1 million euro in 2016 Q1-Q3), indicating stronger imports from Ireland growth in comparison to exporting activities of Lithuanian firms.

In regards to the trade balance in goods, Lithuania had a small trade surplus with Ireland in 2015 of 1 million euro. In 2016, the trend reversed. At the end of 2016, imports of goods from Ireland exceeded Lithuanian exports with 16 million euro. However, the much higher trade deficit of goods and services in 2016 Q1-Q3 (94.1 million euro) shows that there is a deficit in the trade of services. Indeed, in 2016 Q1-Q3 the trade deficit in services was 74.3 million euro, indicating that trade of services is of high importance between the two countries, at least in terms of imports of services. Imports of services in 2016Q1-Q3 exceeded exports more than three times.

In 2016, the turnover of goods between Lithuania and Ireland increased by almost 6% until 178 million euro. As total export growth in 2016 was negative (4.2%), the increase in turnover was driven by a strong growth of imports (increased by 16.2%). The decline in exports was determined by a drop in exports of Lithuanian origin (decreased by 5.4%), whereas re-exports increased (by 4.5%). The highest negative impact on exports (more precisely, in domestically produced exports) was recorded within the fertilizers category and these trends were determined by a collapse in global commodity prices. The increase in total imports was driven by such goods categories as machinery and mechanical appliances as well as electrical machinery and equipment.

Figure 2. Bilateral trade of goods between Lithuania and Ireland in 2010-2016, million euro.



Source: Statistics Lithuania.

Regarding services, the trade relationship between Lithuania and Ireland is equally intense as in goods, however mainly in terms of imports of services. In 2015 the turnover of services amounted for approximately 166 million euro. The export value of services to Ireland was around 30 million euro and the import value 135 million euro. In 2016 Q1-Q3 a positive increase (on annual basis) in both exports and imports of services was recorded. The trade in services is intense in transport services and also in travel, other business and ICT services.

II. DOMESTICALLY PRODUCED EXPORTS

In 2015 domestically produced exports to Ireland increased by 34% and reached a value of 73.8 million euro. In 2016 the trend reversed: exports of Lithuanian origin decreased by more than 5% (or 4 million euro) to 69.8 million euro. Negative growth drivers in 2016 were fertilizers (declined by almost 18%) and plastics (dropped by 12%). These product groups, together with furniture had the highest shares in domestically produced exports from Lithuania to Ireland. The share of fertilizers in the export structure in 2016 was 44%, the share of furniture 8% and the share of plastics products 7%. The decrease in exports to Ireland by fertilizers and plastics was partly compensated by the export growth of furniture, articles of wood and glass and glassware. In 2016, Ireland was the 30th largest partner for Lithuanian producers of goods.

The largest share in domestically produced exports to Ireland in 2016 consisted of fertilizers with an exported value of 30.3 million euro. This product group made up 44% of domestically produced exports in 2016 and exports in this product category declined by almost 18% (or 6.6 million euro). The majority of exports in 2016 consisted of phosphate fertilizers (86%) and mixtures of ammonium nitrate with calcium carbonate (14%). The decrease in exports in this product category in 2016 was driven by both product subgroups. The decline in export value of fertilizers was driven by a strong fall in commodity prices on the global market, while exported quantities for both product subcategories increased.

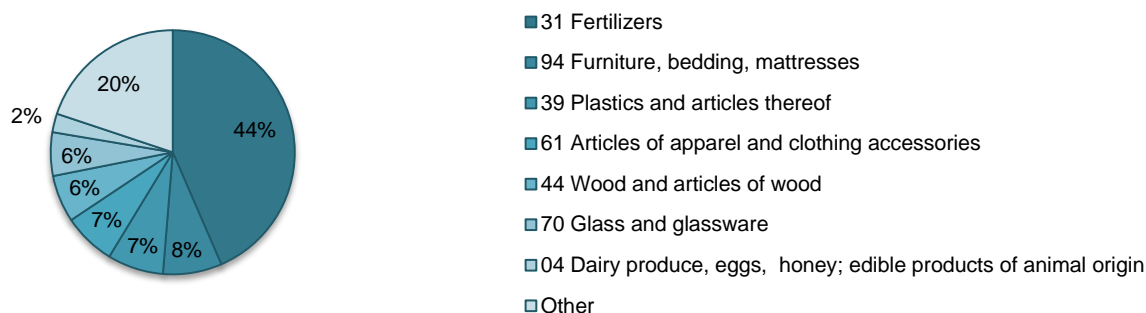
The second largest category in 2016 was exports of furniture. Export of these products in 2016 grew by 13% (or 0.6 million euro) until 5.4 million euro. This product category made up 8% of total domestically produced exports to Ireland. The exports in this product group consisted of wooden furniture for offices and other wooden furniture (53%), prefabricated buildings (25%), seats with wooden frames (8%). Exports growth in furniture in 2016 was recorded in all these major product categories.

Exports of plastics in 2016 made up 7% of total domestically produced exports to Ireland. Exports in this product group decreased since 2015 and reached a value of 5.2 million euro in 2016. The largest exports shares were taken by primary forms plastics (61%) and packaging materials (21%). The decrease in exports of plastics in 2016 was driven by a drop in exports of primary forms plastics.

Exports of articles of apparel and clothing accessories in 2016 grew by 6.6% (or 0.3 million euro) until 4.8 million euro. This product category also made up 7% of total domestically produced exports to Ireland. More than two thirds (70%) of exports of this product group consisted of wool clothing. Clothing of man-made fibres made up 22% and clothing accessories 6%. In 2016 the positive growth in this category was solely due to growing exports of wool clothing.

Wood and articles of wood was also one of the largest categories of goods exported by Lithuania to Ireland in 2016. Exports of these products increased in 2016 by 34% (or 1.1 million euro) and with an exported value of 4.4 million euro in 2016 this product group made up of total domestically produced exports. Exports of this product group is diversified: 29% of exports consisted of windows and their frames, 29% of wood and 29% of fuel wood. Positive export growth in 2016 was recorded in all these product subcategories.

Figure 3. Structure of exports of goods produced to Ireland in 2016, %



Source: Statistics Lithuania and Enterprise Lithuania calculations.

Table 2. Exports of domestically produced goods to Ireland, million euro.

Commodity category (by CN)	2010	2011	2012	2013	2014	2015	2016	2016 annual growth, %
TOTAL	52.9	52.5	52.6	70.0	54.9	73.8	69.8	-5%
31 Fertilizers	19.4	28.0	18.6	41.5	24.4	36.9	30.3	-18%
94 Furniture, bedding, mattresses	1.8	2.1	2.7	2.6	4.1	4.8	5.4	13%
39 Plastics and articles thereof	0.5	4.4	9.9	4.4	3.3	5.9	5.2	-12%
61 Articles of apparel and clothing accessories	3.4	3.7	4.4	4.4	4.5	4.5	4.8	7%
44 Wood and articles of wood	1.7	1.2	1.6	1.8	2.4	3.3	4.4	34%
70 Glass and glassware	0.0	0.0	0.2	0.3	1.0	3.0	4.0	32%
04 Dairy produce, eggs, honey; edible products of animal origin	1.0	1.1	1.4	1.2	1.1	1.2	1.7	45%
16 Preparations of meat, of fish or of aquatic invertebrates	1.6	1.4	1.6	1.7	1.7	1.6	1.7	7%
73 Articles of iron or steel	0.6	0.7	1.3	1.7	2.1	1.5	1.6	4%
19 Preparations of cereals, flour, starch or milk; pastrycooks' products	0.9	0.7	0.7	0.7	0.8	1.4	1.4	1%
56 Wadding, felt and nonwovens	1.3	1.2	1.1	1.2	1.6	1.6	1.1	-31%
84 Machinery and mechanical appliances	0.4	0.3	0.2	0.3	0.4	0.6	1.1	80%
Other goods	20.2	7.6	9.0	8.2	7.4	7.4	7.0	-5%

Source: Statistics Lithuania and Enterprise Lithuania calculations.

III. EXPORTS OF SERVICES

In 2015 exports of services to Ireland was around 30 million euro and decreased slightly since 2014. In 2015 Ireland was the 25th largest export partner for Lithuanian service providers. Exports of services consisted of travel services (36% of total exports), transportation (22%), other business (17%) and ICT services (16%). Other services made up negligible shares in the export structure. The decrease in total exports in 2016 was determined by a drop in insurance and pension services, whereas exports of almost all major services groups, except for transport services, increased. Exports of transport services had a tendency to decline throughout 2013-2015, however, this decline was compensated by a constant increase in exports of travel and ICT services. This suggests that the export of services structure to Ireland is gradually changing over time. In the first three quarters of 2016, service exports to Ireland increased by more than 40%.

Table 3. Exports of services to Ireland, million euro.

Balance of payments category (EBOPS 2010)	2013	2014	2015	2015 structure	2015 annual change %
Total	34.5	32.4	30.7	100%	-5.5%
Travel services	9.9	9.8	11.1	36%	12.5%
Transportation services	14.8	7.0	6.6	22%	-5.1%
Other business services	6.0	4.8	5.1	17%	5.9%
ICT services	2.2	3.3	4.9	16%	48.0%
Maintenance and repair services	0.0	0.0	1.6	5%	
Government goods and services	0.8	0.7	1.4	4%	82.1%
Financial services	0.8	0.6	0.4	1%	-36.5%
Personal, cultural, and recreational services	0.1	0.1	0.1	0%	20.1%
Manufacturing services on physical inputs owned by others	0.3	-1.0	-0.1	0%	-87.4%
Insurance and pension services	-0.3	7.1	-0.3	-1%	-104.4%

Source: Bank of Lithuania and Enterprise Lithuania calculations.

IV. POTENTIAL EXPORT OPPORTUNITIES

The Decision Support Model (DSM)¹ identified 33 product groups (on 6-digit combined nomenclature) with potential opportunities for Lithuanian exporting companies in Ireland. Most potential export opportunities were identified for the plastics manufacturing industry.

Table 4. Top 10 sectors with export opportunities for Lithuanian companies in Ireland according to the Decision Support Model.

Sector (according to NACE rev. 2)	Number of potential export opportunities
Plastics manufacturing industry	6
Clothing industry	5
Mechanical engineering industry (machinery and equipment)	4
Electrotechnical engineering industry	4
Chemical industry	3
Metal processing industry	3
Other manufacturing industries	2
Wood processing industries	2
Furniture industry	1
Publishing sector	1

Source: Eurostat Comext, UN Comtrade, Statistics Lithuania and Enterprise Lithuania calculations.

According to the Decision Support Model, the top 10 of product groups which are most promising for Lithuanian exporters in Ireland are dominated by the plastics manufacturing industry. Items produced by the wood processing industry, chemical industry, paper industry, electrotechnical engineering industry and mechanical engineering industry can also be found in the top-10.

Table 5. Top 10 export opportunities for Lithuanian companies in Ireland according to the Decision Support Model.

HS six-digit product code and description	Short-term import growth (2015)	Long-term average import growth (2012-2015)	Import market size (million euro)	Degree of concentration (HHI-index)
392010 plates, sheets, film, foil and strip, of non-cellular polymers of ethylene,	59.0%	16.7%	145.6	0.150
392690 articles of plastics and articles of other materials of heading 3901 to 3914, n.e.s.	47.4%	13.8%	236.1	0.167
440710 coniferous wood sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded or end-jointed, of a thickness of > 6 mm	80.9%	21.8%	58.2	0.188
901890 instruments and appliances used in medical, surgical or veterinary sciences, n.e.s.	32.9%	10.0%	295.1	0.171
392390 articles for the conveyance or packaging of goods, of	75.9%	20.7%	46.2	0.188
310210 urea, whether or not in aqueous solution	31.8%	9.6%	53.8	0.129
481920 folding cartons, boxes and cases, of non-corrugated paper or paperboard	111.7%	28.4%	89.7	0.233
843390 parts of harvesting machinery, threshing machinery, mowers and machines for cleaning, sorting or grading agricultural produce, n.e.s.	39.6%	11.8%	31.5	0.165
853650 switches for a voltage <= 1.000 v (excl. relays and automatic circuit breakers)	34.8%	10.5%	28.9	0.175
903090 parts and accessories for instruments and apparatus for measuring or checking electrical quantities or for detecting ionising radiations, n.e.s.	188.1%	42.3%	10.7	0.180

Source: UN Comtrade, Statistics Lithuania and Enterprise Lithuania calculations.

V. IMPORTS OF GOODS

In 2016, compared to 2015, the value of imports of goods from Ireland increased by 16.2% (or 13.5 million euro) until 97 million euro. The increase in import value was basically driven by two goods categories: machinery and mechanical appliances (rose by 22.2 million euro) and electrical machinery and equipment (increased by 8.7 million euro). The decrease in imports of pharmaceutical products (by 12.1 million euro) and organic chemicals (by 5.1 million euro), somewhat compensated the increase in imports in the former category. Compared to 2015, the structure of imports changed to some degree. The high growth in imports of machinery and mechanical appliances category led to the increase in the share of this product at the expense of a considerable drop in the share of pharmaceutical products in the Lithuanian import structure from Ireland. Highest import values in 2016 attained such categories as machinery and mechanical appliances, electrical machinery and equipment, perfumery and cosmetics, pharmaceuticals as well as beverages and spirits. In 2016, Ireland was the 28th largest import partner for Lithuania.

¹ The Decision Support Model (DSM) is used to identify suitable export opportunities. The DSM takes into account Lithuania's revealed comparative advantage (products in which Lithuania is a relatively strong exporter in world markets), short-term and long-term import (value) growth of the product under consideration and the degree of market concentration for this product (an assessment whether it is difficult to enter the market for that product, the lower the index, the least concentrated the import market for this product). The full list of export opportunities for Lithuanian exporters in Ireland is available on request from analitikai@verslii Lietuva.lt.

In 2016 the largest imported category of goods from Ireland was machinery and mechanical appliances, making up 33% of total imports from Ireland. Imports in this group in 2016, compared to 2015, tripled (increased by 22.2 million euro) until 32 million euro and it was the major reason for the increase in total imported value from Ireland in 2016. The main imported items within this category was disk storage units for machinery (47% of total imports within this product group), hard disk drives for machinery (14%) and freezing equipment or heat pumps (12%). Import growth in 2016 was mainly driven by disk storage units items.

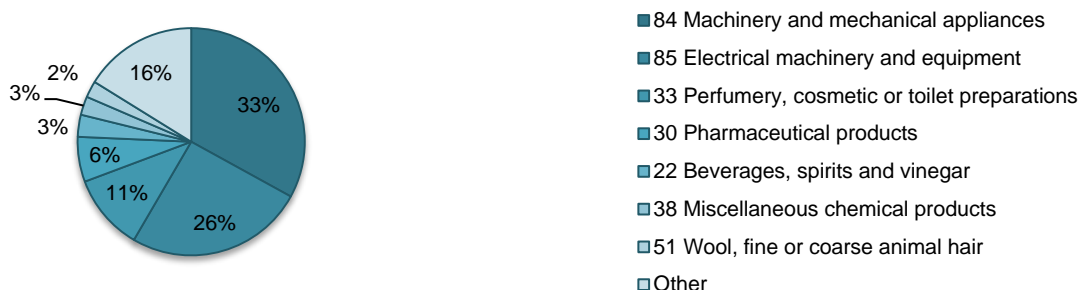
The import value of electrical machinery and equipment also increased considerably (by 55%) in 2016. With an imported value of 24.6 million euro, this group of goods had a share of 26% in total imports from Ireland in 2016. The most imported items within this group of goods were telephones (73%) and static converters (5%). The highest contribution to import growth in 2016 was accounted for by telephones.

Imports of items produced by the perfumery industry, with a share of 11% in total imports, decreased in 2016 by 7% (or 0.8 million euro) until 10.6 million euro. Imports in this group consisted mainly of mixtures of odoriferous substances used in the food and beverages industry (92%).

Imports of pharmaceutical products, making up 6% of total imports from Ireland, decreased substantially by 66% in 2016 to 6.2 million euro. The highest shares in this product category were represented by such items as sterile surgical or dental materials (60%), medicaments containing vitamins (16%) and other medicaments. The highest decrease in imports in 2016 was recorded for by other medical items.

The import value of beverage and spirits, making up 3% in the total import structure, increased (by 11.8%) and amounted for 3 million euro in 2016. 56% of total imports in this product group consisted of waters (including mineral waters), whiskies had a share of 27% and beers 10%. The highest increase in imports in this products group in 2016 was accounted for by waters.

Figure 4. Structure of imports of goods from Ireland in 2016 %.



Source: Statistics Lithuania and Enterprise Lithuania calculations.

Table 6. Imports of goods from Ireland, million euro.

Commodity category (by CN)	2010	2011	2012	2013	2014	2015	2016	2016 annual growth, %
TOTAL	33.8	54.0	68.2	61.2	65.4	83.5	97.0	16%
84 Machinery and mechanical appliances	3.0	10.7	19.1	7.7	11.0	9.8	32.0	227%
85 Electrical machinery and equipment	5.0	9.6	10.2	10.7	11.8	16.0	24.6	55%
33 Perfumery, cosmetic or toilet preparations	4.8	6.7	5.1	7.6	10.2	11.4	10.6	-7%
30 Pharmaceutical products	4.1	3.6	6.3	5.8	5.3	18.3	6.2	-66%
22 Beverages, spirits and vinegar	0.2	0.8	2.4	2.3	2.3	2.7	3.0	12%
38 Miscellaneous chemical products	3.6	4.9	3.1	4.8	5.5	2.6	2.6	-3%
51 Wool, fine or coarse animal hair	1.7	2.3	2.1	3.6	3.4	3.0	2.3	-25%
90 Optical, photographic, medical or surgical instruments	0.7	0.8	0.8	2.0	0.9	1.7	1.7	0%
35 Albuminoidal substances; modified starches; glues; enzymes	0.0	0.0	0.0	0.0	0.0	0.6	1.6	163%
03 Fish and crustaceans, other aquatic invertebrates	0.0	1.0	0.1	0.7	1.7	0.4	1.6	293%
63 Other textile articles	0.6	0.3	1.0	1.2	1.7	1.6	1.2	-23%
02 Meat and edible meat offal	0.2	1.2	1.9	1.5	1.0	0.8	0.9	2%
Other goods	9.6	12.1	16.1	13.3	10.5	14.6	8.7	-40%

Source: Statistics Lithuania and Enterprise Lithuania calculations.

VI. IMPORTS OF SERVICES

In 2015 Lithuania imported services from Ireland for 135 million euro, approximately 25% more than in 2014. In 2015 Ireland was Lithuania's 8th largest import partner for services. The highest shares of imported services from Ireland were in transport services (56%), other business services (25%) and travel services (11%). The growth in imports of services in 2015 was driven mainly by an increase in imports of transportation and other business services. In the first three quarters of 2016, imports of services from Ireland increased by 1.3%

Table 7. Imports of services from Ireland, million euro.

Balance of payments category (EBOPS 2010)	2013	2014	2015	2015 structure	2015 annual change %
Total	106.5	106.4	134.5	100%	26.4%
Transportation services	61.7	63.1	75.1	56%	18.9%
Other business services	19.9	20.8	33.6	25%	61.6%
Travel services	20.8	14.0	14.2	11%	1.5%
ICT services	2.2	5.3	7.2	5%	36.3%
Maintenance and repair services	0.0	1.4	2.1	2%	52.7%
Government goods and services	1.0	0.9	0.9	1%	0.1%
Insurance and pension services	0.4	0.5	0.6	0%	24.8%
Charges for the use of intellectual property n.i.e.	0.3	0.3	0.5	0%	72.6%
Financial services	0.3	0.0	0.2	0%	298.4%
Manufacturing services on physical inputs owned by others	0.0	0.1	0.1	0%	27.2%
Personal, cultural, and recreational services	0.0	0.0	0.1	0%	7.9%

Sources: Bank of Lithuania and Enterprise Lithuania calculations.

VII. IRISH IMPORTS

In 2015 Lithuania was the 47st largest import partner for Ireland.

Table 8. Irish imports by country, billion euro.

Country	2011	2012	2013	2014	2015
Total	48.2	49.2	49.7	53.5	70.1
United Kingdom	16.7	16.4	16.7	17.2	18.0
United States of America	5.9	6.4	5.2	5.8	10.9
France	2.0	1.9	2.1	2.5	8.7
Germany	3.7	3.4	4.1	4.2	5.9
China	2.6	2.8	3.0	3.4	4.3
Netherlands	2.4	2.3	2.7	2.6	2.7
Japan	0.8	0.7	1.0	1.8	1.8
Switzerland	0.8	1.0	0.8	1.2	1.4
Belgium	1.2	1.0	1.0	1.1	1.3
Norway	1.2	0.9	1.1	0.9	1.2
Italy	0.8	0.8	0.9	0.9	1.2
Area Nes	1.3	0.9	0.7	0.7	1.2
Other countries	9.0	10.6	10.5	11.0	11.7

Source: Trademap.

Table 9. Irish imports of goods by commodity group, billion euro.

Country	2011	2012	2013	2014	2015
Total	48.2	49.2	49.7	53.5	70.1
88 Aircraft, spacecraft, and parts thereof	2.1	2.5	1.0	1.0	11.7
84 Machinery, mechanical appliances	5.1	5.2	6.0	7.2	8.4
27 Mineral fuels	7.0	7.2	6.9	6.5	5.1
30 Pharmaceutical products	3.6	3.4	3.7	3.8	5.0
29 Organic chemicals	3.1	3.2	3.3	3.6	4.4
85 Electrical machinery and equipment	3.3	3.3	3.2	3.6	4.4
87 Transport means	1.8	1.7	2.0	2.7	3.6
90 Optical, photographic, medical or surgical appliances	1.5	1.6	1.9	2.2	2.6
39 Plastics and articles thereof	1.8	1.8	1.9	2.1	2.3
99 Commodities not elsewhere specified	2.0	2.0	2.2	2.3	1.6
33 Essential oils and resinoids; perfumery, cosmetic or toilet preparations	0.8	0.8	0.9	0.9	1.1
48 Paper and paperboard; articles of paper pulp, of paper or of paperboard	0.8	0.8	0.8	0.8	0.9
Other goods	15.2	15.6	16.0	16.8	18.9

Source: Trademap.