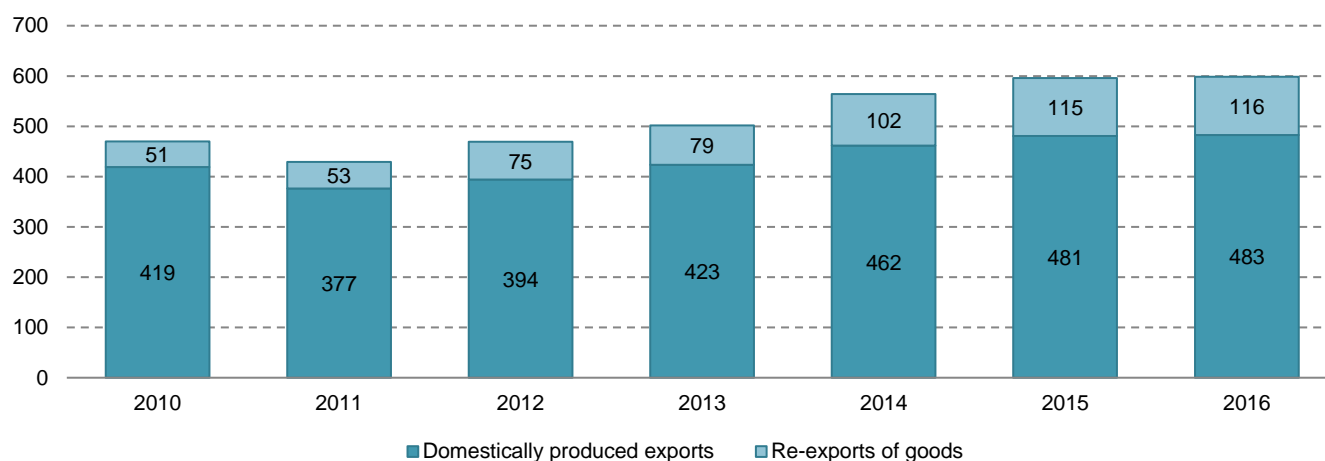


SUMMARY

► Denmark is one of the most important trade partners for Lithuania. In 2016 the trade turnover in goods between the two countries slightly decreased by 1.6%, though still exceeded one billion euro for the second year in a row. Total exports of goods to Denmark increased by 0.4% and amounted to 598 million euro, while imports decreased by 4.2% and amounted to 439.7 million euro in 2016. Denmark was the 14th largest export partner and 17th largest import partner.

► In 2016 exports of domestically produced goods to Denmark basically stayed at the same level as a year ago. The increase was only 0.4% and a value of 482.9 million euro was reached. The largest growth was recorded in exports of fertilizers (44.4%), furniture (9.6%) and wool (26%). The largest decrease was recorded in exports of mineral fuels (99.3%) and furskins (35.8%). In 2016 exports of domestically produced goods consisted mainly of furniture (21.4%), wool (8.3%) and wood and articles of wood (8.1%).

► In 2016 80.7% of total exports of goods to Denmark were made up of domestically produced goods and 19.3% of re-exports. The value of re-exported goods to Denmark increased by only 0.5% in 2016, reaching a value of 115.5 million euro. The largest increase was recorded in re-exports of transport means (54.7%) and aluminium and articles thereof (more than 13 times) and the largest decrease was observed in re-exports of articles of apparel and clothing accessories, knitted or crocheted (80.6%) and wood and articles of wood (20.1%). Re-exports of goods mainly consisted of machinery and mechanical appliances (25.9%), transport means (16.1%) and wood and articles of wood (14.4%).

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


Source: Statistics Lithuania and Enterprise Lithuania calculations.

► In 2016 Lithuania exported services to Denmark for an amount of more than 406 million euro, which was 27% more than in 2015. The largest share in exports of services to Denmark was accounted for by transportation services with 66.2%, followed by manufacturing services on physical inputs owned by others with 12.9% and IT services with 8.7%. The largest increase in exports of services to Denmark was reported by transportation services with 31.5% or 64.4 million euro, followed by manufacturing services on physical inputs owned by others with 25.2% or 10.5 million euro.

Table 1: Bilateral trade between Lithuania and Denmark 2014-2016.

	2014		2015		2016	
	Share, %	Rank	Share, %	Rank	Share, %	Rank
Goods						
Share of partner country in total exports of goods	2.3%	13	2.6%	14	2.6%	14
Share of partner country in domestically produced exports of goods	3.3%	13	3.6%	11	3.6%	11
Share of partner country in re-exports of goods	1.0%	10	1.2%	11	1.3%	12
Share of partner country in imports of goods	1.6%	18	1.8%	16	1.8%	17
Services						
Share of partner country in exports of services	4.8%	5	5.3%	5	6.0%	4
Share of partner country in imports of services	3.5%	7	3.7%	8	3.4%	10

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

► Since joining the EU, Lithuania usually had a positive trade in goods balance with Denmark and in 2016 it amounted to 158.7 million euro which was 15.7% more than a year ago. The larger positive trade balance was caused by a decrease in the value of imports by 4.2% and a slight increase in exports by 0.4%. Lithuania also has a positive trade balance in trade of services which amounted to 249.6 million euro in 2016, which was 54.7% larger than a year ago. The increased positive trade in services balance was caused mainly by an increase in exports of transportation services and also by a decrease in total imports of services by 1.2%.

► In 2016 Lithuania imported goods from Denmark for an amount of 439.7 million euro, which was 19 million euro or 4.2% less than in 2015. The majority of imported goods in 2016 consisted of machinery and mechanical appliances (27.9% of total imports from Denmark), transport means (9.8%), miscellaneous chemical products (7.6%) and electrical machinery and equipment (4.5%). In 2016 the decline was mainly caused by imports of ships, boats and floating structures which declined by 72.7% or 17.5

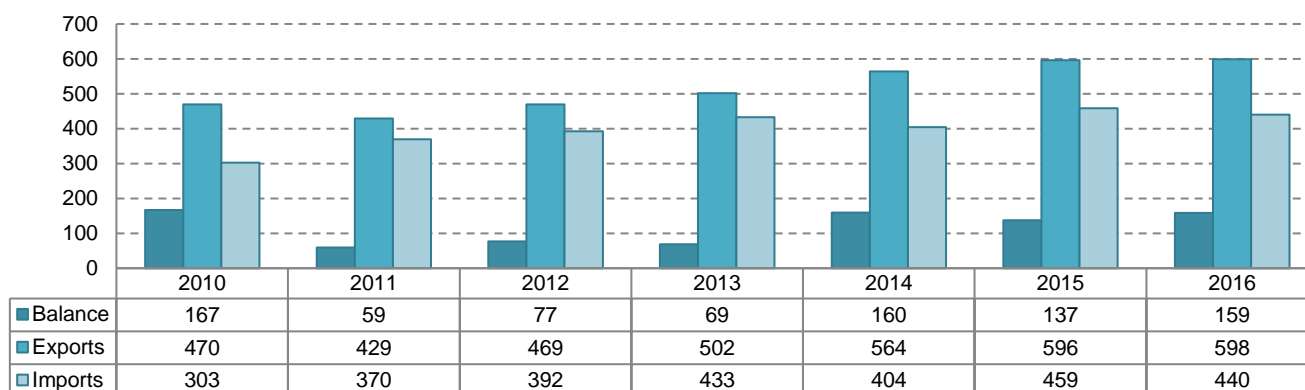
million euro and the largest increase was observed in imports of machinery and mechanical appliances with 16.9% or 17.7 million euro.

► In 2016 Lithuania imported services from Denmark for an amount of 156.6 million euro or 1.2% less than in 2015. The highest shares in imported services were taken by transport services (48.5%), travel services (24.8%) and other business services (14.7%). The largest decrease was recorded in the imports of IT services with a decline of 20.8% or 1.8 million euro.

I. TRADE BALANCE

The turnover of goods between Denmark and Lithuania has increased every year since 2010 to 2015 although in 2016 it decreased slightly from 1.054 billion euro in 2015 to 1.038 billion euro in 2016. In the period of 2010-2016 exports of goods has recorded an average annual growth rate of 4.1% while imports grew 6.4%, though imports decreased last year while exports kept on growing. Lithuania usually has a positive trade in goods balance and in 2016 it amounted to 159 million euro which was 5% less than in 2010 but 15.7% more than a year ago. Lithuania also has a positive trade balance in services with Denmark. The larger positive trade in services balance was mainly caused by an increase in exports of transportation services and also by a decrease in total imports of services by 1.2%. More than 2/3 of exports of services were comprised of transportation services.

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



Source: Statistics Lithuania.

II. DOMESTICALLY PRODUCED EXPORTS

In 2016 exports of domestically produced goods to Denmark stayed at the same level as a year ago, the increase was just 0.4% and a value of 482.9 million euro was reached. Such a slow growth was mainly caused by exports of mineral fuels, which basically stopped in 2016. Without mineral fuels exports of domestically produced goods grew by 6.6% compared with 2015. The largest growth was recorded in the exports of fertilizers (44.4%), furniture (9.6%) and wool (26%). The largest decrease was recorded in the exports of mineral fuels (99.3%) and furskins (35.8%). In 2016 exports of domestically produced goods consisted mainly of furniture (21.4%), wool (8.3%) and wood and articles of wood (8.1%).

In 2016 by far the largest category was furniture. These products comprised 21% of exports of domestically produced goods to Denmark and amounted to 103.2 million euro. Last year exports of furniture to Denmark increased by 9.6% or 9 million euro. The increase was recorded for the seventh year in a row. From this category of goods Lithuania exports to Denmark seats (68% of total exports of furniture), other furniture (24%), wooden buildings (around 4%) and lighting equipment and mattresses (2% each).

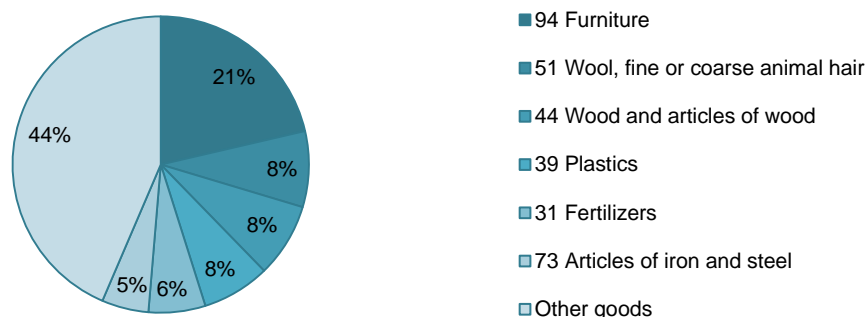
The second largest category was wool, fine or coarse animal hair which comprised 8.3% of domestic exports to Denmark and amounted to almost 40 million euro which was by 26% more than in 2015. Basically all exports in this category – more than 97% - consisted of yarn of carded wool, not put up for retail sale.

In 2016 the third largest category was wood and articles of wood which comprised 8.1% of domestic exports to Denmark. Exports of these products increased by 5.9% over the year of 2015 and amounted to almost 39 million euro. More than half of all exports in this category consisted of wooden windows, doors and flooring panels. Around 16.5% consisted of packing cases, boxes and similar packings of wood and almost 12% was wood sawn or chipped lengthwise, of a thickness exceeding 6 mm.

The fourth place was taken by plastics. These goods comprised 7.8% of domestic exports to Denmark. Exports of plastics increased in 2016 by 13.4% and amounted to 35.8 million euro. This category consisted of articles of plastics and articles of other materials of plastics of primary forms, not elsewhere specified with a share of 34.6%, articles for the conveyance or packing of goods made of plastics with a share of 27.2% and plates, sheets, film, foil and strip of plastics with a share of 17.7%.

The fifth place was taken by fertilizers which made up 6.2% of domestically produced exports to Denmark. During 2016 the export value of these products increased with 44.4% and amounted to almost 30 million euro. The Lithuanian chemical industry exports to Denmark two types of fertilizers: nitrogenous and diammonium phosphate (DAP). In 2016 nitrogenous fertilizers comprised 3/4 of total fertilizers exports to Denmark and DAP 1/4.

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



Source: Statistics Lithuania and Enterprise Lithuania calculations.

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

	2010	2011	2012	2013	2014	2015	2016	2016 annual growth, %
Total	419	377	394	423	462	481	483	0.4%
94 Furniture	55	62	65	75	87	94	103	9.6%
51 Wool, fine or coarse animal hair	22	23	20	25	28	32	40	26.0%
44 Wood and articles of wood	54	50	46	42	35	37	39	5.9%
39 Plastics	23	24	29	31	34	32	36	13.4%
31 Fertilizers	13	28	21	21	8	21	30	44.4%
73 Articles of iron and steel	27	25	14	16	17	21	25	15.4%
61 Apparel and clothing, knitted or crocheted	18	19	18	18	22	14	21	44.5%
43 Furskins and artificial fur	10	14	18	23	20	31	20	-35.8%
62 Apparel and clothing, not knitted or crocheted	14	16	15	17	19	19	17	-10.9%
85 Electrical machinery and equipment	16	14	16	15	14	17	16	-6.8%
03 Fish	3	8	9	6	7	10	12	21.7%
84 Machinery, mechanical appliances	11	18	5	5	6	9	12	32.1%
76 Aluminium and articles thereof	2	1	2	2	3	7	10	42.0%
24 Tobacco and tobacco substitutes	0	0	2	7	12	9	9	0.8%
02 Meat and edible meat offal	2	1	2	6	6	6	8	49.0%
Other goods	150	73	113	115	145	123	86	-30.2%

Source: Statistics Lithuania and Enterprise Lithuania calculations.

III. EXPORTS OF SERVICES

Though transportation services takes the largest share, Lithuania's exports of remaining services to Denmark are quite well diversified. In 2016 Lithuania exported services to Denmark for an amount of more than 406 million euro, which was 27% more than in 2015. The largest share in exports of services to Denmark was accounted for by transportation services with 66.2%, followed by manufacturing services on physical inputs owned by others with 12.9% and IT services with 8.7%. Denmark used to be the largest export market for Lithuanian IT companies, though in recent years this place was taken over by the US but Denmark is still the second largest export market. In 2016 the largest increase in exports of services to Denmark was reported by transportation services with 31.5% or 64.4 million euro, followed by manufacturing services on physical inputs owned by others with 25.2% or 10.5 million euro.

Table 2: Exports of services to Denmark, million euro.

Balance of payments category (EBOPS 2010)	2015	2016	2016 structure	2016 annual change %
Total	319.72	406.18	100%	27.0%
Transportation services	204.66	269.08	66%	31.5%
Manufacturing services on physical inputs owned by others	41.78	52.3	13%	25.2%
ICT services	•	35.53	9%	•
Other business services	25.8	22.9	6%	-11.2%
Construction services	13.39	16.01	4%	19.6%
Other services	34.09	10.36	3%	-69.6%

Source: Bank of Lithuania and Enterprise Lithuania calculations, • - confidential data.

IV. POTENTIAL EXPORT OPPORTUNITIES

The Decision Support Model (DSM)¹ identified 124 product groups (on 6-digit combined nomenclature) with potential opportunities for Lithuanian exporting companies in Denmark. Most potential export opportunities were identified for the wearing apparel

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

manufacturing industry, the food industry and metal products industry. Taken as a whole sector, most potential export opportunities are identified for the engineering industry (31).

According to the Decision Support Model (DSM), product groups which are most promising for Lithuanian exporters in Denmark are diverse. Items produced by the metal processing industry and plastics are represented in the top 10. Also wood, food, clothing and medical equipment industry products can be found in the top-10.

Table 4: Export opportunities for Lithuanian companies in Denmark, according to the Decision Support Model.

Industry (NACE 2 rev.)	Potential export opportunities to Denmark
14 Wearing apparel	22
10 Food products	17
25 Fabricated metal products, except machinery and equipment	12
22 Rubber and plastics products	11
27 Electrical equipment	7
31 Furniture	7
13 Textiles	7
16 Wood and products of wood	7
32 Other manufactured goods	5
28 Machinery and equipment n.e.c.	4
20 Chemicals and chemical products	4
26 Computer, electronic and optical products	3
23 Other non-metallic mineral products	3
11 Beverages	2
01 Products of agriculture, hunting and related services	2
17 Paper and paper products	2
58 Publishing services	2
30 Other transport equipment	2
24 Basic metals	2
08 Other mining and quarrying products	1
02 Products of forestry, logging and related services	1
29 Motor vehicles, trailers and semi-trailers	1

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

V. IMPORTS OF GOODS

In 2016 Lithuania imported goods from Denmark for an amount of 439.7 million euro, which was 19 million euro or 4.2% less than in 2015. The majority of imported goods in 2016 consisted of machinery and mechanical appliances (27.9% of total imports from Denmark), transport means (9.8%), miscellaneous chemical products (7.6%) and electrical machinery and equipment (4.5%). In 2016 the decline was mainly caused by imports of ships, boats and floating structures which declined by 72.7% or 17.5 million euro and the largest increase was observed in the imports machinery and mechanical appliances with a growth of 16.9% or 17.7 million euro.

In 2016 by far the largest category among imports of goods from Denmark was machinery and mechanical appliances, which had a share of 28% in total imports of goods from that country. In 2016, imports of this category increased with 17.7 million euro or 16.9%, reaching a value of 122.5 million euro. The largest share of imports in this category with 41.4% consisted of taps, cocks, valves and similar appliances for pipes, boiler shells, tanks, vats or the like and 15% consisted of machinery for the industrial preparation or manufacture of food or drink and parts of such machinery.

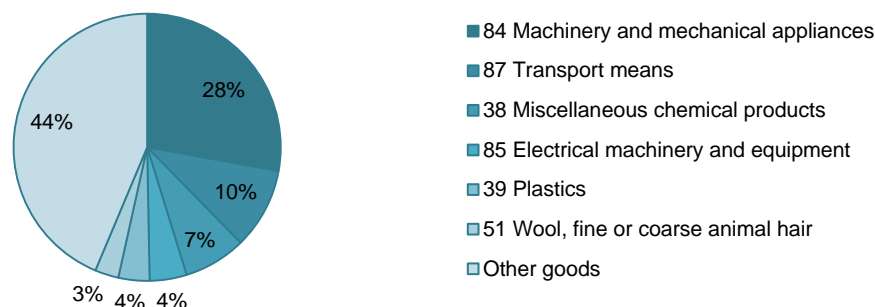
The second largest category among imports from Denmark in 2016 was transport means which had a share of 10% in total imports from the country. The value of imported transport means amounted to 43.1 million euro, which was 3 million euro or 6.5% less than in 2015. The majority of imports in this category consisted of trailers and semi-trailers with a share of 41.4% and motor cars and other motor vehicles principally designed for the transport of persons with 28.8%.

The third largest category in 2016 was miscellaneous chemical products with a share of 8%. Imports of these products have increased by 4 million euro or 13.7%, reaching a value of 33.2 million euro in 2016. 88.8% of imports in this category consisted of insecticides, fungicides, herbicides, disinfectants and similar products.

The fourth largest category in 2016 was electrical machinery and equipment with a share of 4%. In 2016 imports of these products grew by 7% or 1.3 million euro and reached a value of 19.7 million euro. Imports in this category are well diversified, but the two largest imported product categories are electrical apparatus for switching or protecting electrical circuits for a voltage not exceeding 1000 V and discs with a share of 18.6% of total imports of electrical machinery and tapes, while solid-state non-volatile storage devices and other media for the recording of sound amounted for 17.6%.

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 Denmark is available on request from analitikai@versli Lietuva.lt.

Figure 5. Structure of imports of goods from Denmark in 2016, %.



Source: Statistics Lithuania and Enterprise Lithuania calculations.

Table 5: Imports of goods from Denmark, million euro.

Commodity category (by CN)	2010	2011	2012	2013	2014	2015	2016	2016 annual growth, %
Total	303	370	392	433	404	459	440	-4.2%
84 Machinery and mechanical appliances	56	83	81	85	85	105	123	16.9%
87 Transport means	31	51	48	45	41	46	43	-6.5%
38 Miscellaneous chemical products	19	18	23	29	26	29	33	13.7%
85 Electrical machinery and equipment	12	15	14	16	16	18	20	7.0%
39 Plastics	9	10	14	17	20	21	17	-21.9%
51 Wool, fine or coarse animal hair	10	16	8	9	12	13	13	0.6%
90 Optical, photographic, measuring, medical or surgical instruments	6	8	8	10	10	13	12	-0.8%
73 Articles of iron or steel	8	4	3	4	6	8	11	28.3%
02 Meat and edible meat offal	13	14	17	15	12	13	10	-23.2%
23 Residues from the food industries; prepared animal fodder	12	10	10	10	14	8	8	-3.3%
09 Coffee, tea, mate and spices	19	16	16	12	12	12	8	-35.2%
95 Toys, games, and sports requisites	1	3	5	4	5	6	7	25.1%
30 Pharmaceutical products	8	11	14	12	8	8	7	-17.4%
Other goods	98	112	132	164	137	158	129	-18.5%

Source: Statistics Lithuania and Enterprise Lithuania calculations.

VI. IMPORTS OF SERVICES

In 2016 Lithuania imported services from Denmark for an amount of 156.6 million euro, which was 1.2% less than in 2015. The largest decrease of 20.8% was observed in the imports of ICT services, while the largest growth was recorded by imports of travel services with a growth of 4%. Almost half of all imported services consisted of transportation services whose import value in 2016 basically stayed the same as a year ago and amounted to almost 76 million euro.

Table 6: Imports of services from Denmark by balance of payments category, million euro.

Balance of payments category (EBOPS 2010)	2015	2016	2016 structure	2016 annual change %
Total	158.42	156.58	100%	-1.2%
Transportation services	76.14	75.88	48%	-0.3%
Travel services	37.3	38.78	25%	4.0%
Other business services	24.15	23.01	15%	-4.7%
ICT services	8.46	6.7	4%	-20.8%
Maintenance and repair services	3.94	4.21	3%	6.9%
Other services	8.43	8	5%	-5.1%

Sources: Bank of Lithuania and Enterprise Lithuania calculations.

VII. DENMARK'S IMPORTS OF GOODS

In 2016 Lithuania was the 25th largest import partner for Denmark.

Table 7: Denmark's imports by country, billion euro.

Country	2012	2013	2014	2015	2016
Total	71.01	73.22	74.91	76.87	76.92
Germany	14.75	15.30	15.25	15.73	16.64
Sweden	9.16	9.04	9.12	9.46	9.32
Netherlands	5.22	5.44	5.62	6.17	6.12
China	4.98	4.95	5.35	5.74	5.82
Norway	4.11	4.41	4.18	3.60	3.19
United Kingdom	3.92	3.97	3.55	3.47	3.18
Poland	2.24	2.42	2.42	2.56	2.98
Italy	2.60	2.54	2.70	2.69	2.73
Belgium	2.15	2.21	2.25	2.42	2.55
France	2.13	2.15	2.29	2.35	2.39
United States of America	1.98	1.73	2.07	2.17	2.25
Russian Federation	0.57	0.93	0.90	1.30	1.29
Czech Republic	0.88	0.98	1.34	1.19	1.28
Spain	1.06	1.14	1.13	1.29	1.27
Finland	1.18	1.21	1.00	1.00	0.95
Ireland	0.83	0.89	0.86	0.87	0.92
Turkey	0.76	0.73	0.80	0.83	0.88
Special categories	0.91	1.00	0.91	0.91	0.87
Austria	0.71	0.68	0.69	0.71	0.73
Hungary	0.57	0.59	0.63	0.57	0.66
India	0.60	0.61	0.67	0.60	0.63
Bangladesh	0.34	0.38	0.48	0.56	0.60
Switzerland	0.62	0.62	0.59	0.59	0.60
Singapore	0.13	0.11	0.09	0.14	0.47
Greenland	0.34	0.36	0.36	0.38	0.47
Lithuania	0.44	0.44	0.48	0.51	0.46
Other countries	7.82	8.39	9.17	9.07	7.66

Source: Trademap.

Table 8: Denmark's imports of goods by commodity group, billion euro

Commodity category (by CN)	2012	2013	2014	2015	2016
Total	71.01	73.22	74.91	76.87	76.92
84 Machinery, mechanical appliances	8.73	8.84	8.88	9.46	9.92
85 Electrical machinery and equipment	7.01	6.84	6.81	7.48	7.73
87 Transport means	4.40	4.71	5.08	5.97	6.51
27 Mineral fuels, mineral oils	7.49	8.11	6.68	5.16	4.09
30 Pharmaceutical products	3.00	3.30	3.50	3.43	3.43
39 Plastics and articles thereof	3.08	3.10	3.23	3.35	3.37
90 Optical, photographic, measuring, medical or surgical	2.16	1.99	2.01	2.18	2.33
73 Articles of iron or steel	2.16	2.01	2.05	2.13	2.24
62 Articles of apparel and clothing accessories, not knitted or crocheted	1.84	1.72	1.94	2.09	2.14
94 Furniture; bedding, mattresses	1.47	1.52	1.70	1.89	1.93
61 Articles of apparel and clothing accessories, knitted or crocheted	1.54	1.57	1.76	1.79	1.80
03 Fish and crustaceans, molluscs	1.08	1.27	1.40	1.47	1.76
44 Wood and articles of wood	1.35	1.39	1.48	1.48	1.47
72 Iron and steel	1.63	1.61	1.62	1.52	1.43
Other goods	24.08	25.25	26.77	27.48	26.78

Source: Trademap.