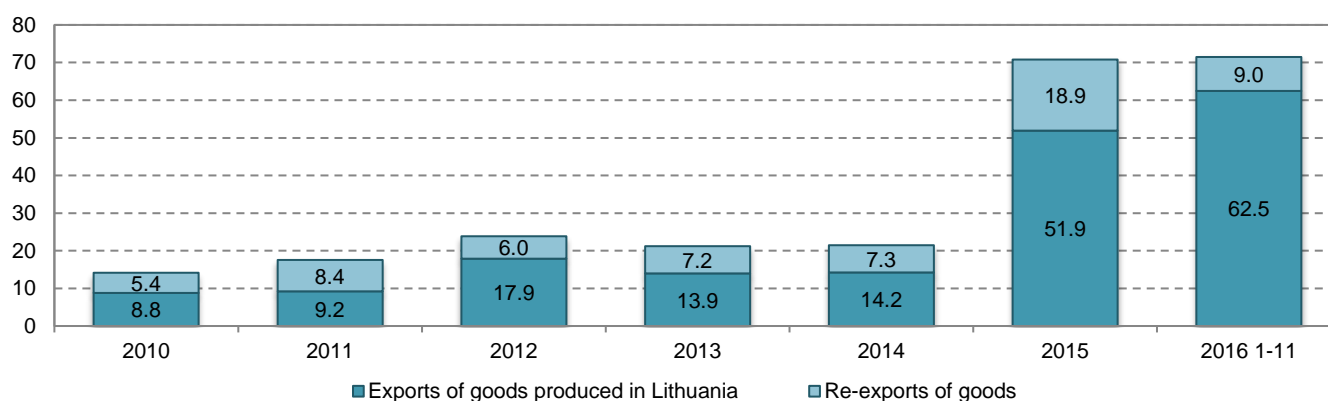


SUMMARY

- ▶ Trade relations between Lithuania and United Arab Emirates (UAE) are not very intense. The turnover of goods between the two countries usually does not exceed 30 million euro. In 2015 though, the turnover rose to 72.6 million euro, but such growth was caused by the exports of cereals, mineral fuels and re-exports.
- ▶ Total exports of goods to UAE amounted to 70.8 million euro in 2015 which was 3.3 times higher than a year ago. 73% of total exports of goods were made up of domestically produced goods and 27% by re-exports. The growth trend continued into 2016, in the first 11 months of 2016 total exports of goods to UAE was 57% higher than a year ago.

Figure 1. Lithuanian exports to United Arab Emirates 2010-2016, million euro.


Source: Statistics Lithuania and Enterprise Lithuania calculations.

- ▶ Exports of domestically produced goods to UAE in 2015 grew 3.6 times and reached a value of 51.9 million euro. The main growth drivers were as mentioned before cereals and mineral fuels. Over the first 11 months of 2016 exports of domestically produced goods to UAE more than doubled reaching the value of 62.5 million euro. The growth factors this time were cereals, furniture and mineral fuels. In 2015 the largest exported items were cereals, mineral fuels and electrical machinery. Together they accounted for more than 73% of domestic exports to UAE.
- ▶ Re-exports of goods to UAE grew 2.6 times in 2015 reaching the value of 18.9 million euro, though over the first 11 months of 2016 re-exports declined twice and amounted to 8.9 million euro. The decline was caused by re-exports of electrical machinery and equipment, which was by 80% smaller than a year ago. In 2015 the largest re-exported items were electrical machinery and transport means which combined accounted for more than 77% of total re-exports to UAE.

Table 1. Bilateral trade between Lithuania and United Arab Emirates 2013-2015.

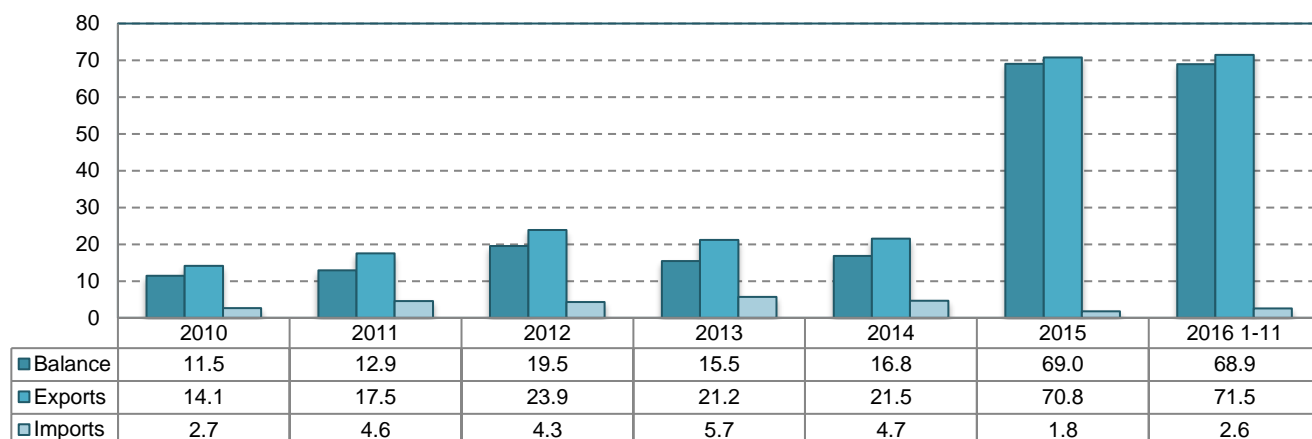
	2013		2014		2015	
	Share, %	Rank	Share, %	Rank	Share, %	Rank
Goods						
Share of partner country in total exports of goods	0.09%	51	0.09%	53	0.31%	33
Share of partner country in domestically produced exports of goods	0.09%	51	0.10%	54	0.38%	31
Share of partner country in re-exports of goods	0.07%	40	0.07%	41	0.20%	32
Share of partner country in imports of goods	0.02%	65	0.02%	67	0.01%	85
Services						
Share of partner country in exports of services	0.43%	28	0.39%	28	0.26%	35
Share of partner country in imports of services	0.08%	49	0.08%	50	0.06%	50

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

I. TRADE BALANCE

Since 2010 Lithuania had a positive trade balance with UAE, mainly because import numbers are very low, usually less than 5 million euro. In 2015 the trade surplus increased to 69 million euro and again the main driver for the increase was exports which was 3.3 times larger than in 2014, while imports even decreased by 61.6% to 1.8 million euro. In the first 11 months of 2016 the trade surplus increased by another 57.8%, though import numbers for the same eleven months were already larger than for the whole 2015, but nevertheless at very low levels: only 2.6 million euro. In 2015 the largest imported items were plastics (30% of total imports from UAE), pearls, precious stones, metals, coins, etc. (16.8%) and glass and glassware (13.9%).

Figure 2. Bilateral trade between Lithuania and UAE in 2010-2016, million euro.



Source: Statistics Lithuania.

II. DOMESTICALLY PRODUCED EXPORTS

In 2015 exports of goods produced in Lithuania to UAE grew 3.6 times or 37.6 million euro and reached a value of 51.9 million euro. Such growth was mainly caused by the exports of cereals which comprised 41.4% of domestically produced exports to UAE that year. From other most exported items fast growth rates were recorded in the exports of mineral fuels and electrical machinery. Exports of mineral fuels increased by 9.2 million euro and electrical machinery by 4.2 million euro. Over the first eleven months of 2016 the picture slightly changed. Though the main growth driver still was exports of cereals, high growth rates were also recorded by mineral fuels, but exports of electrical machinery declined by 30% and the second highest annual growth was recorded by exports of furniture which increased 4.3 times reaching a value of 11 million euro.

As mentioned before, the largest share of domestic exports to UAE consists of cereals which comprised 41.4% of domestically produced exports in 2015 and 45.3% over the first eleven months of 2016. About 74% of cereals exports in 2015 consisted of Lithuanian wheat and about 26 of barley. The exported value in 2015 was 21.5 million euro and 28.3 million euro over the first eleven months of 2016.

The second largest category in 2015 was exports of mineral fuels which comprised 18.7% of domestically produced exports to UAE. The exported value of mineral fuels increased by 9.2 million euro in 2015, reaching a value of 9.7 million euro. During the first eleven months of 2016 exports of mineral fuels reached a value of 8.2 million euro. In 2015 exports in this category mainly consisted of fuel oil – 95%.

In 2015 the third largest category was exports of electrical machinery and equipment which comprised 13.3% of domestically produced exports to UAE and was 2.6 times higher than a year ago reaching a value of 6.9 million euro. During the first eleven months of 2016 exports of Lithuanian produced electrical machinery declined by 30% to almost 4.5 million euro. In 2015 this product group mainly consisted of radar apparatus, radio navigational aid apparatus and radio remote control apparatus.

The fourth place was taken by furniture, bedding and lighting. This product group comprised 5.4% of domestically produced exports to UAE in 2015. If compared with 2014, the export value increased by 13.5% reaching an amount of 2.8 million euro. This trend continued into 2016 – during the eleven months the export value of furniture, bedding and lighting to UAE increased 4.3 times, reaching a record 11 million euro. Exports in this product group mainly consist of furniture with about 90% and lighting 8.6%.

Figure 3. Structure of exports of goods produced in Lithuania to UAE in 2015, %.

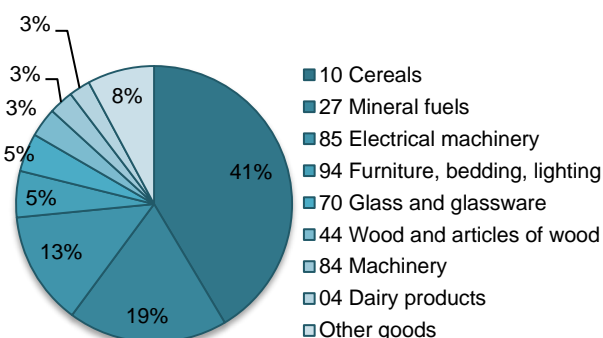
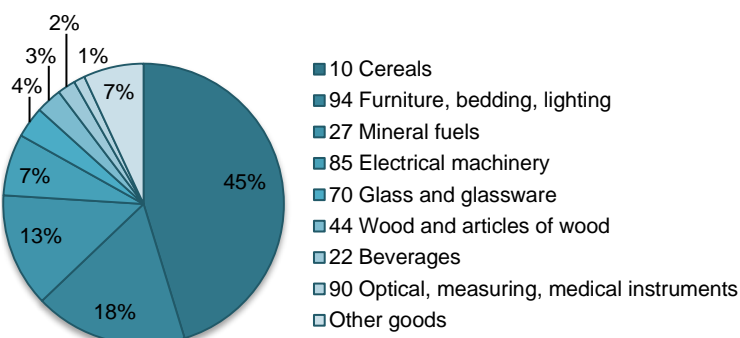


Figure 4. Structure of exports of goods produced in Lithuania to UAE in 2016 1-11, %.



Source: Statistics Lithuania and Enterprise Lithuania calculations.

Table 2. Exports of goods produced in Lithuania to UAE, thousand euro.

Commodity category (by CN)	2010	2011	2012	2013	2014	2015	2016 1-11
Total	8 796	9 177	17 915	13 938	14 224	51 873	62 493
10 Cereals	0	0	5 050	0	86	21 497	28 293
27 Mineral fuels	1	0	33	110	508	9 694	8 191
85 Electrical machinery and equipment	1 977	2 264	3 703	2 597	2 678	6 909	4 452
94 Furniture, bedding, lighting	1 473	1 759	3 198	3 646	2 477	2 811	11 003
70 Glass and glassware	23	17	18	1 458	3 177	2 332	2 242
44 Wood and articles of wood	1 867	1 817	2 629	2 198	1 626	1 773	1 873
84 Machinery and mechanical appliances	546	430	398	881	347	1 501	368
04 Dairy products	39	1 333	170	256	698	1 292	643
90 Optics, medical instruments	93	98	171	365	621	1 034	806
19 Preparations of cereals, flour	0	0	0	1	21	575	116.4
Other goods	2 777	1 461	2 544	2 427	1 987	2 456	4 507

Source: Statistics Lithuania and Enterprise Lithuania calculations.

III. RE-EXPORTS OF GOODS

Re-exports of goods from Lithuania to UAE amounted to 18.9 million euro in 2015, which was 2.6 times larger than a year ago. Such growth was mainly caused by re-exports of electrical machinery and equipment which grew 4.5 times or 9.2 million euro. Fast growth rates were also observed in re-exports of transport means and wood which recorded growth rates of 66.6% and 4.4 times accordingly. Over the eleven months of 2016 re-exports declined 50.5% and reached a value of 8.9 million euro. The decline was caused by re-exports of electrical machinery.

The largest share in re-exports of goods to UAE in 2015 was taken by electrical machinery and equipment with 62.7%. Re-exports of this product group increased 4.5 times in 2015 and reached the value of 11.9 million euro though over the first eleven months of 2016 re-exports of electrical machinery decreased by 50.5%. In 2015 re-exports of this product group consisted basically only of telephone sets.

In 2015 the second place was taken by re-exports of transport means. They comprised 15% of total re-exports to UAE that year and recorded annual growth rate of 66.6% reaching 2.8 million euro. During the first eleven months of 2016 re-exports transport means declined by 40.3% to 1.6 million euro. In 2015 re-exports of this product group mainly consisted of used trucks with about 60 percent, about 24 percent were used cars and approximately 6.7 percent were car parts.

The third place was taken by re-exports of wood and articles of wood with a share of 5.7% in total re-exports to UAE. Over 2015 re-exports of these products grew 4.4 times to 1.07 million euro, but a decline of almost 80% was recorded in the first eleven months of 2016. About 94% of this product group consisted of wood charcoal in 2015.

In 2015, the fourth place was taken by re-exports of machinery and equipment which constituted 5.4% of total re-exports to UAE. In 2015 the re-exported value of these products decreased by 4% to 1.02 million euro, but over the first eleven months of 2016 an increase of 62.6% was recorded. In this category to UAE we mainly re-export internal combustion piston engines with a share of about 64% and machines and mechanical appliances having individual functions with a share of approximately 8%.

Figure 5. Structure of re-exports of goods to UAE in 2015, %.

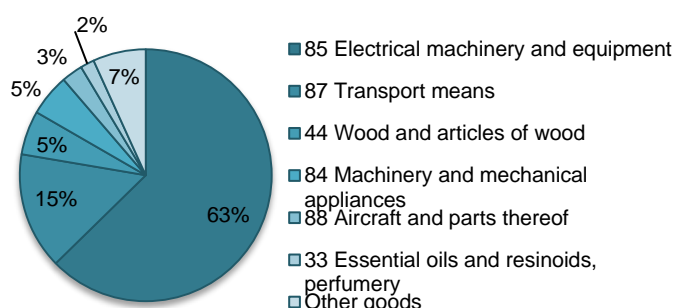
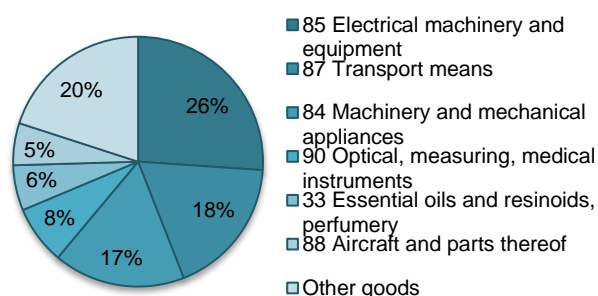


Figure 6. Structure of re-exports of goods to UAE in 2016 1-11, %.



Source: Statistics Lithuania and Enterprise Lithuania calculations.

Table 3. Re-exports of goods to UAE, thousand euro.

Commodity category (by CN)	2010	2011	2012	2013	2014	2015	2016 1-11
Total	5 351	8 362	5 960	7 248	7 275	18 936	8 983
85 Electrical machinery and equipment	4 210	5 359	3 563	2 514	2 609	11 868	2 343
87 Transport means	504	227	471	563	1 705	2 840	1 614
44 Wood and articles of wood	0	15	3	2	242	1 071	217
84 Machinery and mechanical appliances	66	2 293	723	1 714	1 059	1 017	1 531
88 Aircraft and parts thereof	0	175	552	616	229	515	489.1
33 Essential oils and resins, perfumery	0	0	0	0	59	339	526.5
Other goods	572	294	648	1 840	1 371	1 286	2 263

Source: Statistics Lithuania and Enterprise Lithuania calculations.

IV. EXPORTS OF SERVICES

In 2015 UAE were the 35th largest export market for Lithuanian exporters of services. Lithuanian companies exported services for an amount of 15.3 million euro which was 33.8% smaller than in 2014. In 2015 exports of services mainly consisted of transport services which comprised 77.1% of total exports of services to UAE, second place was taken by maintenance and repair services with 12.8%, third by manufacturing services with 4.9%. In 2015 the decline in exports of services was mainly caused by the exports of transport services which decreased almost in half or 9.6 million euro. At the same time the largest growth was recorded in exports of maintenance and repair services which grew 1.6 million euro reaching a value of 2 million euro. During 2015 exports of manufacturing services decreased 15.4% and amounted to 0.8 million euro.

Table 4. Exports of services to UAE, million euro.

Balance of payments category (by EBOPS 2010)	2013	2014	2015	2015 annual change, %
Total	23.1	23.1	15.3	-33.8%
Transport services	21.1	21.4	11.8	-44.8%
Maintenance and repair services	0.0	0.3	2.0	493.6%
Manufacturing services on physical inputs owned by others	1.8	0.9	0.8	-15.4%
Other business services	0.1	0.3	0.6	115.8%
Telecommunications, computer, and information services	0.1	0.1	0.2	187.7%
Other services	0.0	0.2	0.1	-54.0%

Source: Bank of Lithuania and Enterprise Lithuania calculations.

V. PERSPECTIVE SECTORS

Perspective sectors for domestically produced exports and services to UAE are as following: furniture and wood industry, food industry and drinks (dairy products and Halal certified meat, mineral water), glass and glassware industry, products of industrial engineering, medical instruments, and transport and logistics services.

VI. IMPORTS OF SERVICES

In 2015 UAE were only 50th in the list of largest services import markets for Lithuania. The value of imported services comprised only 2.7 million euro which was 18.7% smaller than in 2014. In 2015 Lithuania basically imported two types of services – transport services and other business services. The value of imported transport services was by 1.07 million larger than in 2014 reaching 1.3 million euro. On the other hand the imported value of other business services declined more than a half reaching a value of 1.01 million euro.

Table 5. Imports of services from UAE, million euro.

Balance of payments category (by EBOPS 2010)	2013	2014	2015	2015 annual change, %
Total	3.4	3.3	2.7	-18.7%
Transport services	0.6	0.3	1.3	421.8%
Other business services	2.3	2.6	1.0	-61.7%
Telecommunications, computer, and information services	0.0	0.1	0.2	144.6%
Travel services	0.4	0.1	0.1	-2.4%
Charges for the use of intellectual property	0.1	0.2	0.0	-94.0%

Source: Bank of Lithuania and Enterprise Lithuania calculations.

VII. UNITED ARAB EMIRATES IMPORTS

In 2014 m. Lithuania was 109th largest import partner for the United Arab Emirates.

Table 6. UAE imports by country, billion euro.

Country	2012	2013	2014
Total	202.96	222.07	224.65
1 China	24.80	27.40	33.86
2 Countries not elsewhere specified	10.64	24.09	24.13
3 USA	18.32	18.87	18.05
4 India	19.85	18.38	16.62
5 Germany	9.35	9.45	10.59
6 Japan	10.64	10.67	10.52
7 South Korea	7.60	6.03	7.50
8 UK	5.74	9.70	6.90
9 Vietnam	2.82	5.64	6.00
10 Switzerland	4.66	7.97	5.75
11 Italy	6.06	5.36	5.51
12 France	4.57	4.66	5.09
Other countries	77.92	73.84	74.13

Source: Trademap and Enterprise Lithuania calculations.

Table 7. UAE imports of goods by commodity group, billion euro.

Commodity category (by CN)	2012	2013	2014	2015
Total	203.0	222.1	224.6	200.2
71 Pearls, precious stones, metals, coins, etc.	50.5	50.4	40.8	29.8
84 Machinery and mechanical appliances	24.9	23.8	26.7	24.2
85 Electrical machinery and equipment	23.5	27.9	31.4	23.0
88 Aircraft, spacecraft, and parts thereof	8.2	6.2	6.8	17.6
87 Transport means	15.1	16.8	17.8	15.6
27 Mineral fuels	6.6	6.2	6.8	9.2
61 Articles of apparel and clothing accessories, knitted or crocheted	2.0	2.1	2.5	5.3
62 Articles of apparel and clothing accessories, not knitted or crocheted	1.9	2.0	2.2	4.7
73 Articles of iron or steel	5.8	4.4	4.2	4.6
39 Plastics	3.6	3.6	3.9	4.0
Other goods	60.9	78.7	81.6	62.1

Source: Trademap and Enterprise Lithuania calculations.