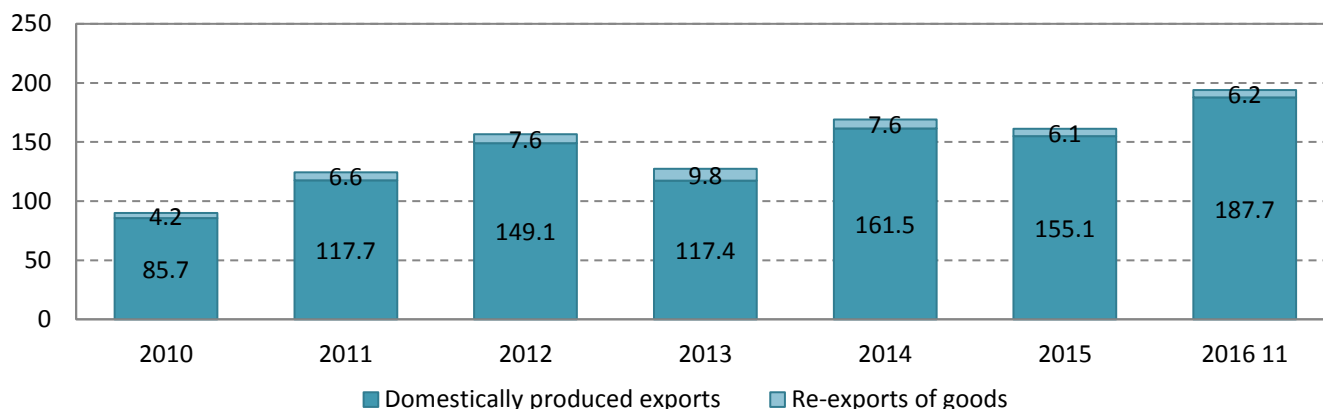


**SUMMARY**

- ▶ Trade relations between Lithuania and Turkey are not very intense, though Turkey is an important trade partner for Lithuania. In 2015 trade turnover in goods between Turkey and Lithuania decreased slightly with 2.0%. Total exports of goods to Turkey amounted to 161 million euro which was 4.7% less than in 2014, while imports of goods from Turkey grew 1.3% and amounted to 139 million euro. In 2015 Turkey was Lithuania's 23<sup>rd</sup> largest export partner and 25<sup>th</sup> largest import partner. In the first eleven months of 2016, turnover increased by almost 22% compared to the same period in 2015, with exports growing 41% and imports - 1.3%.
- ▶ In 2015 domestically produced exports to Turkey decreased by 4% and reached a value of 155 million euro. The decrease was mainly caused by slowdown in exports of metal scrap (decreased by 17.3%) and tobacco products (stopped). In 2015 exports consisted mainly of iron and steel (52%), cereals (25%) and fertilizers (12%). The largest growth was recorded in the exports of cereals (29.6%) and fertilizers (48.7%). Over the first eleven months of 2016 exports of domestically produced goods increased by 41.9%. The main growth drivers were exports of cereals (increased almost twice) and fertilizers (increased by 61.3%).
- ▶ In 2015 96.2% of total exports of goods to Turkey were made up of domestically produced goods and 3.8% of re-exports. In the first eleven months of 2016 re-exports to Turkey grew by 16.7% while exports of domestically produced goods increased by 41%, resulting in a share of 3.2% for re-exports and the remaining 96.8% for domestically produced exports. Most re-exported items to Turkey in 2015 were machinery and mechanical appliances (13.8% of total re-exports to Turkey), essential oils and perfumery (9.7%) and mineral fuels and oils (9.6%). Over the first eleven months of 2016, the structure of re-exports changed significantly. The main re-exported items were electrical machinery (20.9%), pharmaceutical products (12.5%) and mineral fuels and oils (8.1%).

**Figure 1. Lithuanian exports of goods to Turkey 2010-2016 1-11, million euro.**


Source: Statistics Lithuania and Enterprise Lithuania calculations.

- ▶ In 2015 Lithuania exported services to Turkey for an amount of more than 5 million euro, which was 56% less than in 2014. The largest share in exports of services to Turkey was accounted for by transportation services with 33%, followed by travel services with 26.3% and maintenance and repair services with 19.3%. The largest decrease in exports of services to Turkey was reported by manufacturing services on physical inputs owned by others with 7.3 million euro, followed by transportation services with 1.5 million euro. Over the first three quarters of 2016 exports of services to Turkey grew by 19.9%.

**Table 1. Bilateral trade between Lithuania and Turkey 2013-2015.**

	2013		2014		2015	
	Share, %	Rank	Share, %	Rank	Share, %	Rank
<b>Goods</b>						
Share of partner country in total exports of goods	0.52%	24	0.69%	22	0.70%	23
Share of partner country in domestically produced exports of goods	0.79%	23	1.17%	20	1.15%	20
Share of partner country in re-exports of goods	0.10%	36	0.07%	40	0.08%	47
Share of partner country in imports of goods	0.45%	24	0.53%	24	0.55%	25
<b>Services</b>						
Share of partner country in exports of services	0.68%	22	0.21%	39	0.09%	47
Share of partner country in imports of services	1.05%	23	1.18%	21	0.65%	32

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

- ▶ Since joining the EU, Lithuania usually has a positive trade in goods balance with Turkey and in 2015 it amounted to 22.2 million euro which was 30.5% less than a year ago. However much faster export growth over the first eleven months of 2016 resulted in an increase of the trade surplus to 65 million euro. Though Lithuania has a positive trade in goods balance with Turkey, the same cannot be said about services where Lithuania has a negative trade balance and in 2015 it amounted to 41 million euro up from 11.2 million euro in 2014. Over the first eleven months of 2016 the trade deficit in services decreased by 53.3% to 16.2 million euro.

- ▶ In 2015 Lithuania imported goods from Turkey for an amount of 138.9 million euro, which was 1.7 million euro or 1.3% more than in 2014. The majority of imported goods in 2015 consisted of man-made filaments (10.6% of total imports from Turkey), knitted or crocheted fabrics (9.3%), articles of iron and steel (8.4%) and transport equipment and parts thereof (8%). In 2015

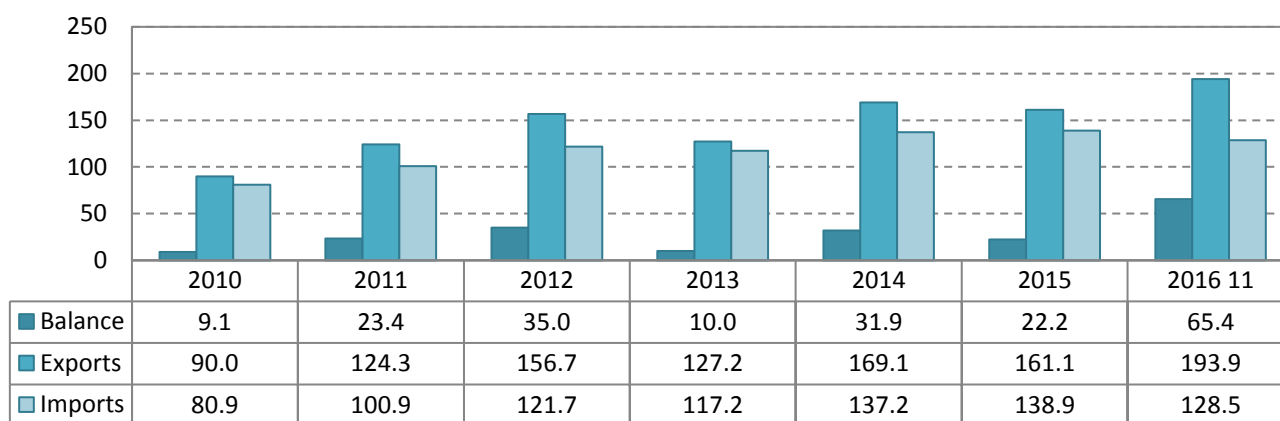
growth was mainly caused by the imports of man-made filaments which grew by 51.9%. Over the first eleven months of 2016 imports of goods from Turkey kept the same annual growth rate of 1.3%. The largest increase was recorded in the imports of transport means (31.8%) and the largest decrease in the imports of articles of iron and steel (66.6%).

► Lithuania imported services for an amount of 46.7 million euro, almost twice more than in 2014. The highest shares in imported services from Turkey were taken by transport services (47.7%) and travel services (45%). The largest increase was recorded in the imports of transport services 62.3%. Over the first three quarters of 2016 imports of services decreased 4.8%.

## I. TRADE BALANCE

The turnover of goods between Turkey and Lithuania is increasing – from 244.4 million euro in 2013 to 300 million euro in 2015 and 322 million euro during the first eleven months of 2016. Since joining the EU, Lithuania usually has a positive trade in goods balance with Turkey and in 2015 it amounted to 22.2 million euro which was 30.5% less than a year ago. However much faster export growth during the first eleven months of 2016 resulted in an increase of the trade surplus to 65 million euro. Though Lithuania has a positive trade in goods balance with Turkey, the same cannot be said about services where Lithuania has a negative trade balance and in 2015 it amounted to 41 million euro up from 11.2 million euro in 2014. During the first three quarters of 2016 the negative trade balance in services decreased by 53.3% to 16.2 million euro.

**Figure 2. Bilateral trade of goods between Lithuania and Turkey in 2010-2016 1-11, million euro.**



Source: Statistics Lithuania.

## II. DOMESTICALLY PRODUCED EXPORTS

In 2015 exports of domestically produced goods to Turkey declined by 4% and amounted to 155.1 million euro. If compared with 2014, the largest growth in exports of domestically produced goods was recorded in cereals, fertilizers, milling products and articles of wood. The largest decrease was observed in the exports of iron and steel as well as tobacco products. In the first eleven months of 2016, domestically produced exports to Turkey increased 41.9% compared to the first eleven months of 2015. The main growth drivers remained the same – cereals, fertilizers, and milling industry. Exports of iron and steel started to grow again and were one of the main growth drivers as well.

In 2015 the largest category was iron and steel. These products comprised 52% of exports of domestically produced goods to Turkey and amounted to 80.5 million euro. Last year exports of iron and steel to Turkey decreased by 17.3% or almost 17 million euro. From this category of goods Lithuania exported to Turkey only metal waste and scrap. In the first eleven months of 2016, domestically produced exports in this category to Turkey grew 10% compared to January-November 2015, and were one of the main growth drivers.

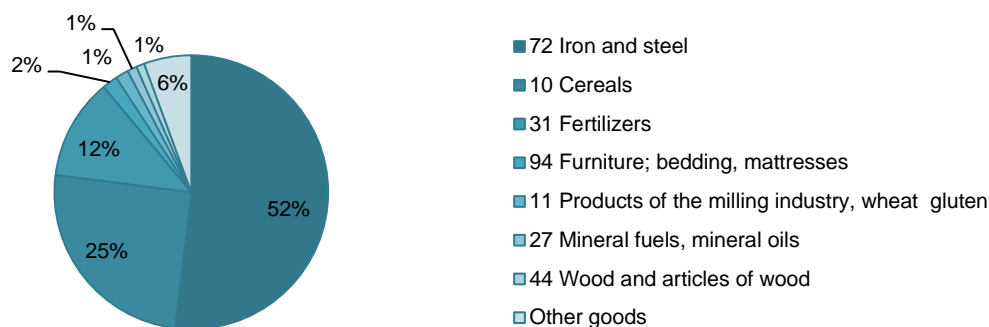
The second largest category was cereals which comprised 25% of domestically produced exports to Turkey and amounted to 39 million euro which was almost 30% more than in 2014. From this category of goods, Lithuania only exported wheat. Domestically produced exports of cereals to Turkey saw the strongest increase in the first eleven months of 2016 with a growth of 26.2 million euro or 98.1% compared to the first eleven months of 2015.

In 2015 the third largest category was fertilizers which made up 12% of domestically produced exports to Turkey. Exports of fertilizers increased with 48.7% in 2015 and amounted to 18.5 million euro. Basically all exports in this category consisted of phosphate fertilizer. From January-November 2016, exports in this category increased 61.3% compared to the same period in 2015.

The fourth place was taken by furniture, bedding and mattresses although these goods comprised only 1.8% of domestically produced exports to Turkey. Exports of furniture declined in 2015 by 0.6% and amounted to 2.8 million euro. This category mainly consisted of wooden furniture and lamps. In the first eleven months of 2016, furniture exports to Turkey increased again with 68.1% compared to January-November 2015.

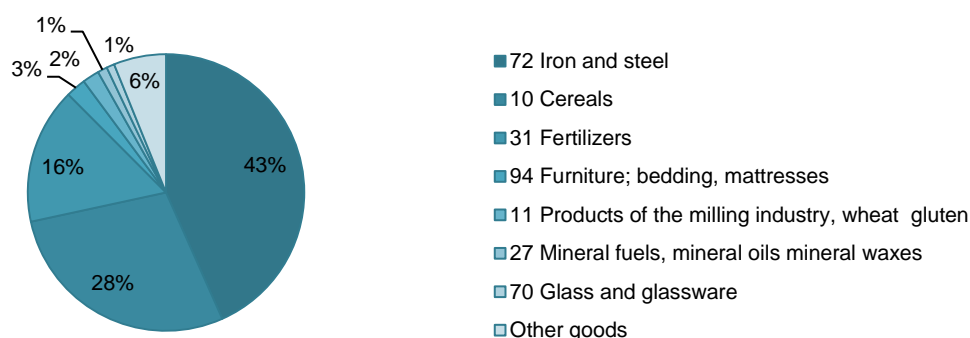
The fifth place was taken by products of the milling industry which made up only 1.5% of domestically produced exports to Turkey. During 2015 the export value of these products increased 24 times and amounted to 2.4 million euro. Exports of this category mainly consisted of malt (96%) and starches (4%). The first eleven months of 2016 saw a further increase of 3.6 million euro to reach a value of 3.7 million euro compared to January-November 2015.

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



Source: Statistics Lithuania and Enterprise Lithuania calculations.

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



Source: Statistics Lithuania and Enterprise Lithuania calculations.

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

Commodity category (by CN)	2010	2011	2012	2013	2014	2015	2016 1-11	2015 annual growth, %
<b>Total</b>	85.7	117.7	149.1	117.4	161.5	155.1	187.7	-4%
72 Iron and steel	21.7	58.2	44.0	55.5	97.3	80.5	81.3	-17%
10 Cereals	22.8	18.6	7.5	6.3	30.1	39.0	53.1	30%
31 Fertilizers	0.1	0.0	61.4	7.0	12.5	18.5	29.9	49%
94 Furniture; bedding, mattresses	2.0	2.5	3.6	3.7	2.8	2.8	4.4	-1%
11 Products of the milling industry, wheat gluten	0.1	0.2	0.3	0.5	0.1	2.4	3.7	2336%
27 Mineral fuels, mineral oils	0.9	1.8	2.0	2.9	1.8	1.7	2.1	-6%
44 Wood and articles of wood	0.5	0.2	0.2	0.2	0.5	1.5	1.5	200%
85 Electrical machinery and equipment	2.6	0.5	0.2	0.3	0.6	1.3	1.3	122%
54 Man - made filaments	0.3	1.0	1.1	1.0	0.5	1.2	1.5	162%
68 Articles of stone; plaster, cement	1.5	1.2	3.2	2.6	2.0	1.1	0.4	-44%
84 Machinery, mechanical appliances	0.2	0.2	0.4	0.7	0.5	1.1	0.4	108%
39 Plastics	0.1	0.2	0.2	0.2	0.7	0.7	0.5	-1%
01 Live animals	2.5	9.7	1.5	0.0	0.0	0.7	1.1	-
90 Optical, measuring, medical instruments	0.4	0.4	0.5	0.5	0.7	0.6	0.9	-11%
Other goods	30.0	23.0	23.1	36.0	11.5	2.1	5.7	-11%

Source: Statistics Lithuania and Enterprise Lithuania calculations.

### III. EXPORTS OF SERVICES

In 2015 Lithuania exported services to Turkey for an amount of more than 5 million euro, which was 56% less than in 2014. The largest share in exports of services to Turkey was accounted for by transportation services with 33%, followed by travel services with 26.3% and maintenance and repair services 19.3%. The largest decrease in exports of services to Turkey was reported by manufacturing services on physical inputs owned by others with 7.3 million euro, followed by transportation services with 1.5 million euro. In 2015, exports of maintenance and repair services increased with 1 million euro. There was also growth of exports in ICT services. Over the first three quarters of 2016 exports of services to Turkey grew by 19.9%.

**Table 2: Exports of services to Turkey, million EUR.**

Balance of payments category (EBOPS 2010)	2014	2015	2015 structure	2015 annual change %
<b>Total</b>	<b>12.42</b>	<b>5.43</b>	100.0%	-56.3%
Transportation services	3.33	1.79	33.0%	-46.3%
Travel services	1.16	1.43	26.3%	23.7%
Maintenance and repair services	0.03	1.05	19.3%	2921.2%
Other business services	0.26	0.55	10.1%	108.7%
Personal, cultural, and recreational services	0.26	0.32	5.9%	21.4%
ICT services	0.02	0.27	5.0%	1065.3%
Financial services	0.03	0.01	0.2%	-61.6%
Manufacturing services on physical inputs owned by others	7.32	0.01	0.2%	-99.9%

Source: Bank of Lithuania and Enterprise Lithuania calculations.

#### IV. POTENTIAL EXPORT OPPORTUNITIES

The Decision Support Model (DSM)<sup>1</sup> identified 80 product groups (on 6-digit combined nomenclature) with potential opportunities for Lithuanian exporting companies in Turkey. Most potential export opportunities were identified for the plastics manufacturing industry, the food industry and the textile industry. Taken as a whole sector, most potential export opportunities are identified for the engineering industry (24).

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

Sector (according to NACE rev. 2)	Number of potential export opportunities
Plastics manufacturing industry	11
Food industry	10
Textile industry	9
Chemical industry	7
Electro-technical engineering industry	7
Metal processing industry	6
Furniture industry	4
Mechanical engineering industry	4
Other manufacturing industries	4
Wood processing industry	3

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

According to the Decision Support Model (DSM), the top 10 of product groups which are most promising for Lithuanian exporters in Turkey is diverse. Items produced by the metal processing industry, clothing and apparel industry, electro-technical engineering industry and plastics manufacturing are represented twice. Items produced by the food industry and material recovering industry can also be found in the top-10.

<sup>1</sup> 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 Turkey is available on request from [analitikai@versli Lietuva.lt](mailto:analitikai@versli Lietuva.lt).

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

HS six-digit product code and description	Short-term growth (2015)	Long-term average growth (2010-2015)	Import market size (million euro)	Degree of concentration (HHI-index)
853649 Relays for a voltage > 60 v but <= 1.000 v	34.0%	16.4%	133.7	0.099
392020 Plates, sheets, film, foil and strip, of non-cellular polymers of ethylene, not reinforced, laminated, supported or similarly combined with other materials, without backing, unworked or merely surface-worked or merely cut into squares or rectangles	17.1%	17.3%	219.7	0.077
760200 Waste and scrap, of aluminium	37.1%	14.7%	59.7	0.099
620640 Women's or girls' blouses, shirts and shirt-blouses of man-made fibres (excl. knitted or crocheted and vests)	23.1%	29.7%	58.3	0.119
732690 Articles of iron or steel, n.e.s.	31.8%	14.1%	240.9	0.134
230990 preparations of a kind used in animal feeding	19.5%	12.5%	84.8	0.068
391990 Self-adhesive plates, sheets, film, foil, tape, strip and other flat shapes, of plastics, whether or not in rolls > 20 cm wide	15.6%	15.1%	228.5	0.114
903300 Parts and accessories for machines, appliances, instruments or other apparatus in chapter 90, specified neither in this chapter nor elsewhere	306.3%	60.0%	25.1	0.156
620444 Women's or girls' dresses of artificial fibres	35.2%	15.9%	18.6	0.092
731210 Stranded wire, ropes and cables, of iron or steel	56.3%	20.4%	101.6	0.223

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

## V. IMPORTS OF GOODS

In 2015 Lithuania imported goods from Turkey for an amount of 138.9 million euro, which was 1.7 million euro or 1.3% more than in 2014. The majority of imported goods in 2015 consisted of man-made filaments (10.6% of total imports from Turkey), knitted or crocheted fabrics (9.3%), articles of iron and steel (8.4%), transport equipment and parts thereof (8%) and machinery, mechanical appliances and parts thereof (7.2%). In 2015 import growth was mainly caused by man-made filaments which grew with 51.9%. Over the first eleven months of 2016 imports of goods from Turkey kept the same annual growth rate of 1.3%. The largest increase was recorded in the imports of transport means (31.8%) and the largest decrease in the imports of articles of iron and steel (66.6%).

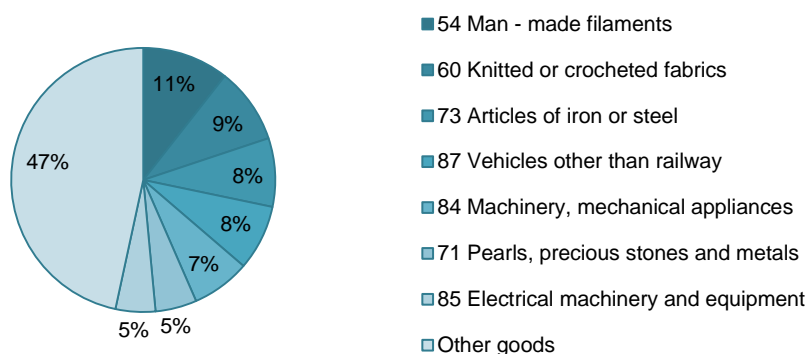
In 2015 the largest category among imports of goods from Turkey was man-made filaments, which had a share of 10.6% in total imports of goods from that country. In 2015, imports of this category increased with 5 million euro or 52%, reaching a value of 14.7 million euro. The majority (89.4%) of imports in this category consisted of woven fabrics of synthetic filament yarn. In the first eleven months of 2016, imports in this category decreased by 9.4% compared to the same period in 2015.

The second largest category among imports from Turkey consisted of knitted or crocheted fabrics which had a share of 9.3% in total imports from Turkey. The value of imported knitted or crocheted fabrics amounted to 12.9 million euro, which was 3.2 million euro or 19.9% less than in 2014. The majority of imports in this category consisted of fabrics containing elastomers and rubber (30.4%) and knitted or crocheted fabrics made of synthetic fibers (25.6%). From January to November 2016 imports of knitted or crocheted fabrics from Turkey decreased by 14.4% compared to the first eleven months of 2015.

The third largest category in 2015 was articles of iron and steel with a share of 8.4%. In 2015 imports of articles of iron and steel decreased by 2.1 million euro or 15%, reaching a value of 11.7 million euro. Among articles of iron and steel, Lithuania imported from Turkey mostly tubes (61.6% of total), followed by radiators for central heating and parts thereof (10.5%). During the first eleven months of 2016, Lithuania imported 7.6 million euro or 66.6% less articles of iron and steel from Turkey than in the first eleven months of 2015. It was the largest drop from all the imported categories of goods.

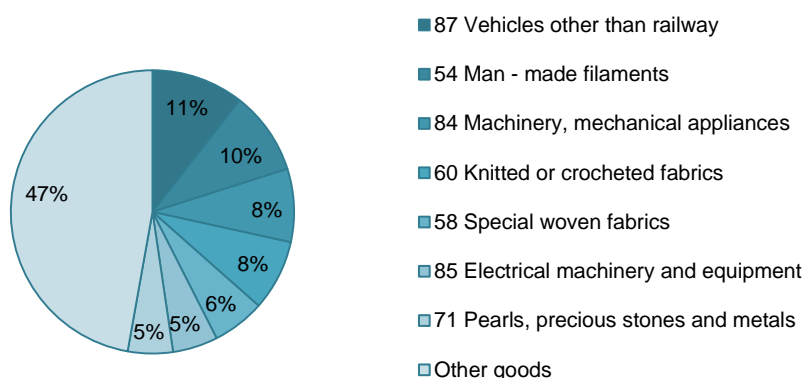
The fourth largest category in 2015 was vehicles with a share of 8%. In 2015 imports of vehicles grew 16.8% or 1.6 million euro and reached a value of 11.1 million euro. The majority of this category of goods consisted of parts for motor vehicles (61.4%) and motor vehicles for the transport of ten or more persons (28.9%). Over the first eleven months of 2016 imports of these goods increased by 31.8% or 3.3 million euro. The largest increase was observed in the imports of motor vehicles for ten or more persons which grew 87.9%.

**Figure 5. Structure of imports of goods from Turkey in 2015, %.**



Source: Statistics Lithuania and Enterprise Lithuania calculations.

**Figure 6. Structure of imports of goods from Turkey in 2016 1-11, %.**



Source: Statistics Lithuania and Enterprise Lithuania calculations.

**Table 6. Imports of goods from Turkey, million euro.**

Commodity category (by CN)	2010	2011	2012	2013	2014	2015	2016 1-11	2015 annual growth, %
<b>Total</b>	80.9	100.9	121.7	117.2	137.2	138.9	128.5	1.29%
54 Man - made filaments	1.8	2.4	5.2	7.2	9.7	14.7	12.3	52%
60 Knitted or crocheted fabrics	13.3	13.5	14.3	14.3	16.1	12.9	10.4	-20%
73 Articles of iron or steel	3.0	3.1	11.9	3.5	13.8	11.7	3.8	-15%
87 Vehicles other than railway	4.9	8.1	7.9	11.6	9.5	11.1	13.6	17%
84 Machinery, mechanical appliances	6.9	6.1	8.5	8.1	9.4	10.0	10.7	6%
71 Pearls, precious tones, precious metals	3.0	2.7	3.1	3.6	5.0	7.0	6.6	41%
85 Electrical machinery and equipment	4.5	6.7	8.7	6.2	7.2	6.8	6.6	-6%
20 Preparations of vegetables, fruit	1.6	2.7	4.0	3.8	4.4	6.8	5.5	54%
58 Special woven fabrics	4.6	8.2	8.9	8.4	9.7	6.6	7.7	-31%
08 Edible fruit and nuts	3.4	4.7	5.3	5.7	4.8	5.8	5.5	21%
24 Tobacco and manufactured tobacco substitutes	5.2	6.1	5.1	4.8	5.4	4.5	3.1	-17%
55 Man - made staple fibres	4.2	5.1	4.9	4.7	4.6	4.2	3.9	-8%
52 Cotton	2.9	4.6	4.1	3.9	3.9	3.6	3.9	-6%
Other goods	21.5	26.9	29.8	31.5	33.8	33.1	34.9	-2%

Source: Statistics Lithuania and Enterprise Lithuania calculations.

## VI. IMPORTS OF SERVICES

In 2015 Lithuania imported services from Turkey for an amount of 27.4 million euro, which was 3.7 million euro or 15.6% more than in 2014. The largest share in imports of services from Turkey was accounted for by transportation services with 47.7%, followed by travel services with 45%. The largest increase in imports of services from Turkey was reported by transportation services with 5 million euro. The category that decreased most was other business services with 1.9 million euro. During the first three quarters of 2016 imports of services from Turkey decreased by 4.8%.

**Table 7: Imports of services from Turkey by balance of payments category, million euro.**

Balance of payments category (EBOPS 2010)	2014	2015	2015 structure	2015 annual change %
<b>Total</b>	<b>23.65</b>	<b>27.35</b>	<b>100.0%</b>	<b>15.6%</b>
Transportation services	8.03	13.04	47.7%	62.3%
Travel services	12.25	12.31	45.0%	0.5%
Government services	0.29	0.43	1.6%	47.0%
Charges for the use of intellectual property	0.49	0.41	1.5%	-16.2%
Other business services	2.17	0.32	1.2%	-85.3%
Other services	0.41	0.84	3.1%	102.8%

Sources: Bank of Lithuania and Enterprise Lithuania calculations.

## VII. TURKEY IMPORTS OF GOODS

In 2015 Lithuania was the 64<sup>th</sup> largest import partner for Turkey.

**Table 8. Turkey imports by country, billion euro.**

Country	2011	2012	2013	2014	2015
<b>Total</b>	<b>172.9</b>	<b>183.9</b>	<b>189.5</b>	<b>182.2</b>	<b>186.7</b>
China	15.6	16.6	18.6	18.7	22.4
Germany	16.5	16.6	18.2	16.8	19.2
Russian Federation	17.2	20.7	18.9	19.0	18.4
United States of America	11.5	11.0	9.5	9.6	10.0
Italy	9.7	10.4	9.7	9.1	9.6
Area Nes	6.3	9.8	10.1	10.3	8.8
France	6.6	6.7	6.1	6.1	6.8
Korea, Republic of	4.5	4.4	4.6	5.7	6.4
Iran, Islamic Republic of	8.9	9.3	7.8	7.4	5.5
India	4.7	4.5	4.8	5.2	5.1
Spain	4.4	4.7	4.8	4.6	5.0
United Kingdom	4.2	4.4	4.7	4.5	5.0
Other countries	62.8	64.9	71.7	65.3	64.5

Source: Trademap.

**Table 9. Turkey imports of goods by commodity group, billion EUR**

Commodity category (by CN)	2011	2012	2013	2014	2015
<b>Total</b>	<b>172.9</b>	<b>183.9</b>	<b>189.5</b>	<b>182.2</b>	<b>186.7</b>
27 Mineral fuels, mineral oils	38.9	46.7	42.1	41.3	34.1
84 Machinery, mechanical appliances	19.5	20.5	22.7	21.1	23.0
85 Electrical machinery and equipment	12.1	12.7	13.4	13.5	15.9
87 Transport means	12.3	11.3	12.7	11.8	15.8
72 Iron and steel	14.7	15.3	14.1	13.2	13.3
39 Plastics and articles thereof	9.0	9.7	10.5	10.6	11.1
29 Organic chemicals	4.0	3.9	4.0	4.4	4.2
90 Optical, photographic, measuring, medical instruments	3.0	3.2	3.4	3.7	4.2
Pharmaceutical products	3.4	3.1	3.1	3.3	3.9
71 Pearls, precious stones, precious metals	5.0	6.6	12.2	6.1	3.8
Other goods	51.2	50.9	51.3	53.0	57.4

Source: Trademap.