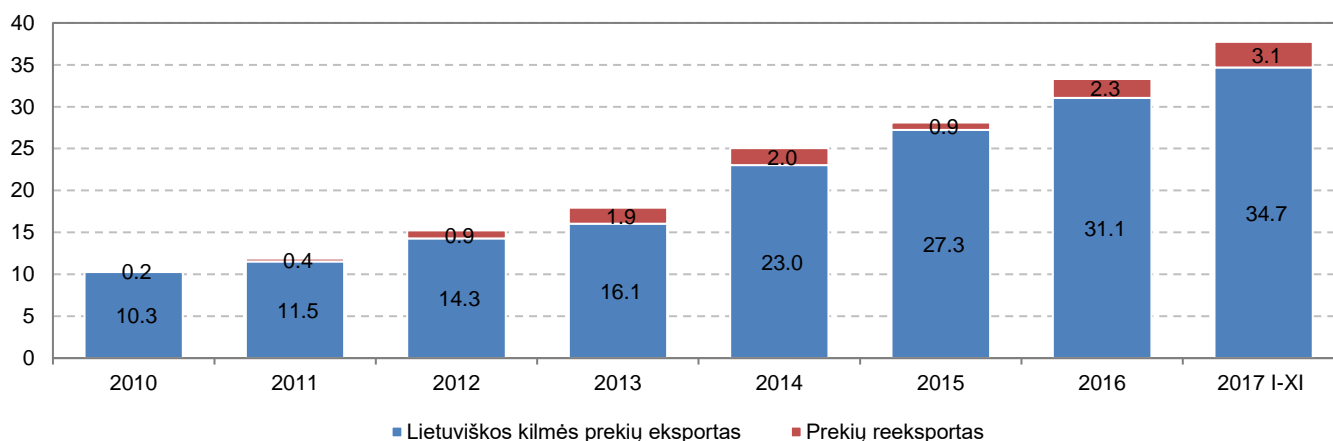


SUMMARY

- ▶ Trade relations between Lithuania and Australia are poorly developed. Until 2013 turnover in goods never exceeded 20 million euros, though in the last few years exports to Australia has doubled. Total exports of goods to Australia increased by 18.5% in 2016 and amounted to 33.3 million euros. In the first eleven months of 2017 exports to Australia grew another 25.3% and amounted to 37.8 million euros. Imports of goods from Australia rarely exceeds 5 million euros. In 2016 Lithuania imported goods from Australia for the value of 2.7 million euros which was 37.2% less than a year ago. In the first eleven months of 2017 imports of goods grew by 13% and amounted to 2.7 million euros.
- ▶ In 2016 exports of domestically produced goods to Australia grew by 13.9% and amounted to 31.1 million euros. During the first eleven months of 2017 exports to Australia increased by another 22% and amounted to 34.7 million euros. The largest exported items in 2016 were – wood and articles of wood (34.7% of total domestic exports to Australia), furniture, bedding, mattresses (21%) and electrical machinery and equipment (11.7%). Over the first eleven months of 2017 export structure has changed a bit though wood and articles of wood still comprised the largest share of more than 28% but export value of wood declined while exports of furniture and electrical machinery grew by 16.5% and 6.2% respectively.
- ▶ In 2016 almost 92% of total exports of goods to Australia were made up of domestically produced goods and about 8% of re-exports. The value of re-exported goods to Australia increased 2.6 times in 2016 reaching the value of 2.3 million euros. Such an increase was mostly caused by re-exports of soap, organic surface-active agents, wood and articles of wood and electrical machinery and equipment. Over the first eleven months of 2017 re-exports increased by another 80% and reached a value of 3.1 million euros.

Figure 1. Lithuanian exports of goods to Australia in 2010-2017, million euros


Source: Statistics Lithuania and Enterprise Lithuania calculations.

- ▶ In 2016 Lithuania exported services to Australia for a value of almost 5 million euro. About 78% consisted of transport services, with smaller shares taken by travel, IT and business services. Imports of services amounted only to 2 million euro, half of which were transport services. During the first three quarters of 2017 exports of services grew 4.7% and reached a value of 4 million euro mostly because of growing exports of transport services. Imports of services declined 11.1% to a value of 2.8 million euros.

Table 1: Bilateral trade between Lithuania and Australia 2014-2016

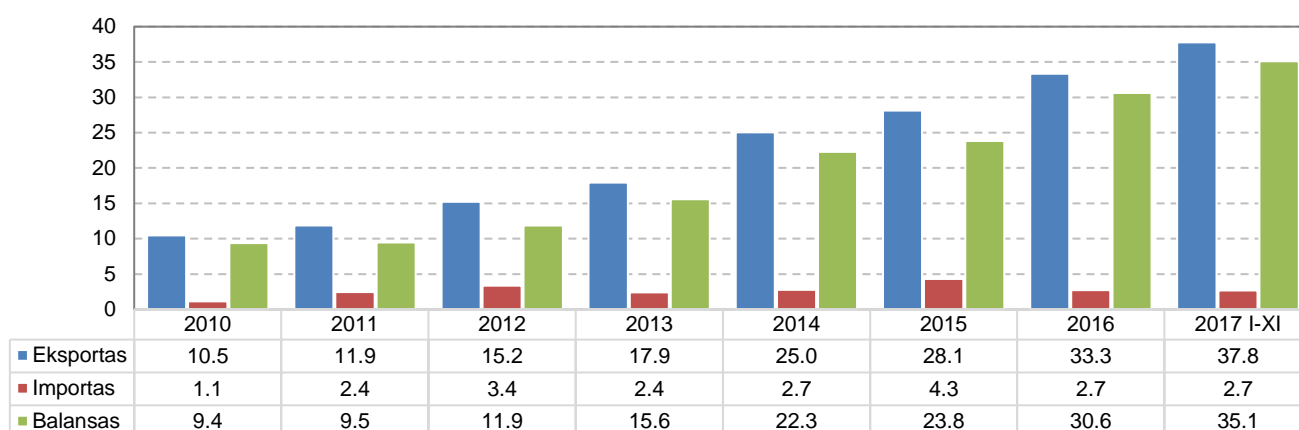
	2014		2015		2016	
	Share, %	Rank	Share, %	Rank	Share, %	Rank
Goods						
Share of partner country in total exports of goods	0.1%	49	0.1%	52	0.1%	46
Share of partner country in domestically produced exports of goods	0.2%	40	0.2%	45	0.2%	39
Share of partner country in re-exports of goods	0.0%	60	0.0%	78	0.0%	67
Share of partner country in imports of goods	0.0%	73	0.0%	73	0.0%	76
Services						
Share of partner country in exports of services	0.1%	46	0.0%	59	0.1%	51
Share of partner country in imports of services	0.0%	66	0.0%	63	0.1%	54

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

- ▶ Lithuania has a positive trade balance in goods with Australia and in 2016 it amounted to 30.6 million euro, which was 28.6% larger than a year ago. In recent years positive trade balance started to increase because exports of goods outpace imports. Imports of goods fluctuate at the same 2.4-4.3 million euros per year level since 2011 while exports are constantly growing.

I. TRADE BALANCE

Figure 2. Bilateral trade of goods between Lithuania and Australia in 2010-2017, million euros



Source: Statistics Lithuania.

II. DOMESTICALLY PRODUCED EXPORTS

In 2016 exports of domestically produced goods to Australia grew by 13.9% and amounted to 31.1 million euros. During the first eleven months of 2017 exports to Australia increased by another 22% and reached a value of 34.7 million euros. The largest exported items in 2016 were – wood and articles of wood (34.7% of total domestically produced exports to Australia), furniture, bedding, mattresses (21%) and electrical machinery and equipment (11.7%). During the first eleven months of 2017 the export structure has changed a bit, though wood and articles of wood still made up the largest share with more than 28%, but the export value of wood declined, while exports of furniture and electrical machinery grew by 16.5% and 6.2% respectively.

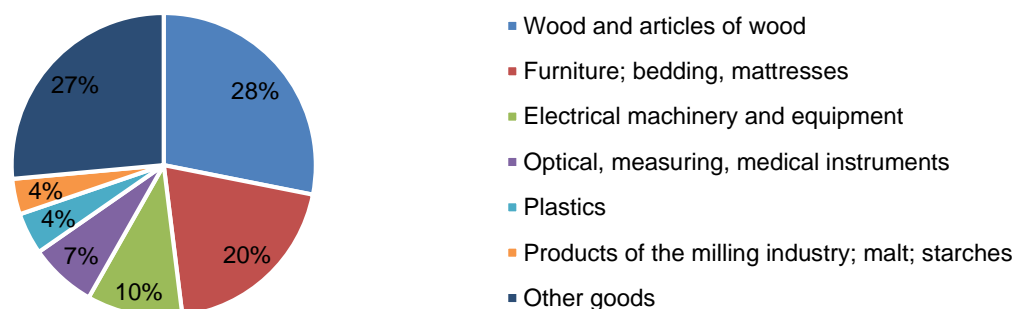
In 2016 and 2017 so far, the largest category of domestically produced goods exported to Australia was wood and articles of wood. These products comprised 34.7% of domestically produced exports in 2016 and 28.1% during the first eleven months of 2017. Last year exports of wood amounted to 10,8 million euros. During the first eleven months of 2017 compared with the same period a year ago exports of wood decreased 2,5% to 9,7 million euro. Almost 90% in this category was made up of wood sawn or chipped lengthwise of a thickness exceeding 6 mm.

The second largest category was furniture, bedding, mattresses, which comprised 20% of domestically produced exports to Australia during the first 11 months of 2017. Exports of furniture slightly decreased in 2016 but during the first eleven months of 2017 a growth of 13,9% was recorded reaching a value of 6,9 million euros. About 80% of exports in this category consisted of seats and furniture, while prefabricated buildings and mattresses comprised about 9% each.

The third largest category was electrical machinery and equipment which made up a little bit more than 10% of domestically produced exports to Australia during the first eleven months of 2017 down from 11,7% in 2016. More than half of exports in this category consisted of ignition wiring sets during the first eleven months of 2017. Parts of radio, television, monitors, radars or similar equipment about 17%, television cameras, digital cameras and video camera recorders about 12% and telephone sets 10%.

The fourth place was taken by optical, measuring and medical instruments. These goods comprised a little bit more than 7% of domestically produced exports to Australia during the first eleven months of 2017 up from 5,8% in 2016. Exports of these goods in 2017 increased by 53% so far if compared with the same period of last year, reaching a value of 2,5 million euro and an annual growth of 26,4% was also recorded in 2016. Exports in this category during the first eleven months of 2017 mainly consisted of medical instruments (43,4%) and telescopes designed to form parts of machines and lasers (32,3%).

Figure 3. Structure of exports of goods produced in Lithuania to Australia during the first 11 months of 2017, %



Source: Statistics Lithuania and Enterprise Lithuania calculations.

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

Commodity category (by CN)	2011	2012	2013	2014	2015	2016	2017 I-XI	2016 annual growth, %
Total	11.5	14.3	16.1	23.0	27.3	31.1	34.7	13.95%
44 Wood and articles of wood; wood charcoal	5.7	5.6	6.8	9.7	9.1	10.8	9.8	18.7%
94 Furniture; bedding, mattresses	2.7	3.3	3.0	5.5	6.8	6.5	6.9	-3.8%
85 Electrical machinery and equipment	0.9	1.7	2.5	2.9	3.0	3.6	3.5	20.2%
90 Optical, measuring, medical instruments	0.2	0.4	1.1	1.2	1.4	1.8	2.5	26.4%
39 Plastics and articles thereof	0.0	0.1	0.1	0.1	0.2	0.9	1.5	500.5%
11 Products of the milling industry; malt; starches	0.0	0.0	0.0	0.0	0.0	0.0	1.3	320.0%
23 Residues from the food industries; animal fodder	0.0	0.0	0.0	0.0	0.0	0.7	1.1	-
38 Miscellaneous chemical products	0.0	0.1	0.1	0.1	0.1	0.1	1.0	47.2%
84 Machinery and mechanical appliances; parts thereof	0.1	1.1	0.2	0.3	0.3	1.0	1.0	221.8%
63 Other made - up textile articles; sets; worn clothing	0.1	0.1	0.1	0.3	0.4	0.6	0.9	56.3%
Other goods	1.8	2.0	2.1	3.0	6.0	4.9	5.2	-18.3%

Source: Statistics Lithuania and Enterprise Lithuania calculations.

III. POTENTIAL EXPORT OPPORTUNITIES

The Decision Support Model (DSM)¹ identified 517 product groups (on 6-digit combined nomenclature) with potential opportunities for Lithuanian exporting companies in Australia. Most potential export opportunities were identified for the engineering industry (152), the food industry (76), the chemical industry (50).

Table 3: Export opportunities for Lithuanian companies in Australia, according to the Decision Support Model

Industry (NACE 2 rev.)	Potential export opportunities to Australia
10 Food products	76
13 Textiles	58
20 Chemicals and chemical products	50
28 Machinery and equipment	43
14 Wearing apparel	38
23 Other non-metallic mineral products	29
22 Rubber and plastics products	27
32 Other manufactured goods	25
26 Computer, electronic and optical products	24
17 Paper and paper products	22
27 Electrical equipment	22
25 Fabricated metal products, except machinery and equipment	22
16 Wood and of products of wood	18
24 Basic metals	9
30 Other transport equipment	8
01 Products of agriculture	7
29 Motor vehicles, trailers and semi-trailers	6
11 Beverages	6
21 Basic pharmaceutical products	6
58 Publishing services	6
31 Furniture	5
19 Coke and refined petroleum products	3
12 Tobacco products	3
15 Leather and related products	3
91 Library, archive, museum and other cultural services	1
Total	517

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

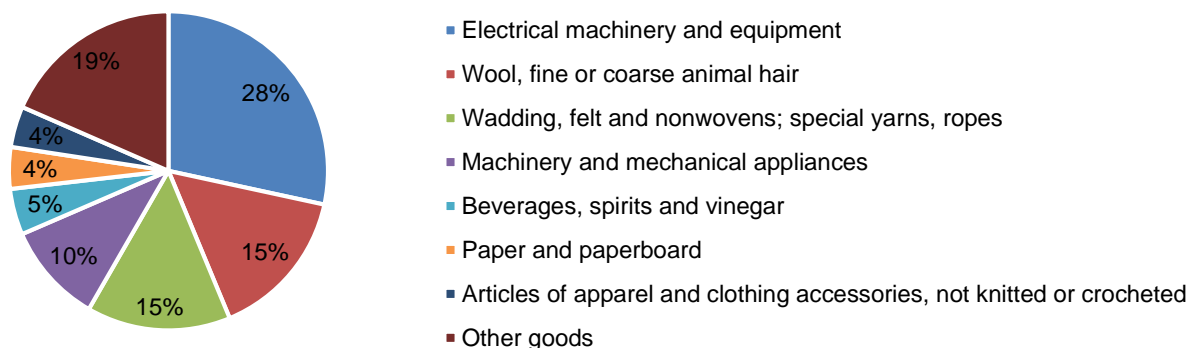
V. IMPORTS OF GOODS

Since Australia is only the 76th largest import partner for Lithuania (according to data for the first eleven months of 2017), the value of imported goods rarely exceeds 3 million euros. In 2016 the value of imported goods amounted to 2,7 million euros which was 37,2% less than a year ago. During the first eleven months of 2017 imports rebounded a little bit and a growth of 13% was recorded if compared with the same period of last year. From 2011 until 2016 usually around 60% of all imported goods were made up of wool but in 2016 imports of wool dropped by 71.6% and continued to decline during the first eleven months of 2017 by another 11.9%. Therefore, electrical machinery and equipment took over as the largest imported item and comprised 28.4% of all imports in 2017 so far. In this category Lithuania mostly imported electrical apparatus for electrical circuit exceeding 1000 V (77.3% of electrical machinery imports from Australia).

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 Australia is available on request from analitikai@verslilietuva.lt.

In 2017 Lithuania also started to import twine, cordage, ropes and cables of polyethylene or polypropylene which was the third largest imported category of goods making up 14.6% of total imports from Australia with a value of 0.4 million euros. The last category which comprised ten or more percent in the structure of imported goods during the first eleven months of 2017 was machinery and mechanical appliances, but the import value of these goods declined by 23.4% to a value of 0.27 million euros. Lithuania also imported some beverages (mostly wine), paper and clothing for approximately 0.1-0.12 million euros each during the first eleven months of 2017 and some other items in small amounts.

Figure 5. Structure of imports of goods from Australia during the first eleven months of 2017, %



Source: Statistics Lithuania and Enterprise Lithuania calculations.

Table 4: Imports of goods from Australia, thousand euros

Commodity category (by CN)	2011	2012	2013	2014	2015	2016	2017 I-XI	2016 annual growth, %
Total	2 431	3 367	2 375	2 746	4 321	2 713	2 657	-37.2%
85 Electrical machinery and equipment	63	142	288	316	254	402	754	58.2%
51 Wool, fine or coarse animal hair	1 628	2 016	1 638	1 619	2 450	695	407	-71.6%
56 Wadding, felt and nonwovens; special yarns, ropes	0	0	0	0	6	1	388	-77.4%
84 Machinery and mechanical appliances	337	701	75	214	152	411	271	170.3%
22 Beverages, spirits and vinegar	56	32	0	5	0	97	124	24125.0%
48 Paper and paperboard	3	0	16	109	380	475	112	25.2%
62 Apparel and clothing accessories, not knitted or crocheted	0	1	0	4	28	15	110	-48.0%
90 Optical, measuring, medical instruments	25	56	54	106	67	173	97	159.9%
28 Inorganic chemicals	0	0	0	0	0	0	68	-
88 Aircraft, spacecraft, and parts thereof	1	5	4	0	31	8	64	-74.2%
Other goods	318	414	300	373	953	436	260	-54.3%

Source: Statistics Lithuania and Enterprise Lithuania calculations.

VII. AUSTRALIA'S IMPORTS OF GOODS

In 2016 Lithuania was 71st largest import partner for Australia.

Table 5: Australia's imports by country, billion euro

Country	2012	2013	2014	2015	2016
Total	194.7	175.0	171.2	180.3	171.1
China	35.8	33.8	35.2	41.7	40.0
United States of America	22.8	17.9	18.2	20.3	19.6
Japan	15.3	13.5	11.6	13.3	13.2
Thailand	8.2	8.0	7.4	9.2	9.8
Germany	9.0	8.2	8.1	8.4	9.1
Korea, Republic of	7.9	7.1	8.0	9.8	7.3
Malaysia	7.7	6.7	7.6	6.7	6.2
New Zealand	5.9	5.3	5.3	5.2	5.1
United Kingdom	5.4	4.5	4.1	4.8	4.8
Singapore	11.7	9.1	8.6	6.3	4.7
Italy	4.3	4.2	4.1	3.9	4.0
Indonesia	5.1	4.3	4.1	3.8	3.3
France	3.1	2.9	2.9	3.0	3.0
Viet Nam	2.5	2.8	3.4	3.0	3.0
India	2.1	1.7	2.1	3.2	2.9
Taipei, Chinese	3.0	2.6	3.0	3.2	2.9
Papua New Guinea	2.8	2.2	2.5	2.0	2.4
Switzerland	2.3	2.2	1.9	2.2	2.1
Ireland	1.3	1.1	1.1	1.4	1.8
Mexico	1.6	1.5	1.3	1.7	1.7
Other goods	36.9	35.5	30.7	27.3	24.0

Source: Trademap.

Table 6: Australia`s imports of goods by commodity group, billion euro

Commodity category (by CN)	2012	2013	2014	2015	2016
Total	194.7	175.0	171.2	180.3	171.1
84 Machinery, mechanical appliances	30.0	25.6	25.4	28.3	24.6
87 Transport means	25.0	21.8	19.7	22.5	23.7
85 Electrical machinery and equipment	19.0	17.0	16.7	18.5	18.2
27 Mineral fuels, mineral oils	32.9	30.6	27.3	19.6	15.8
90 Optical, photographic, measuring, checking, precision, medical or surgical	6.4	5.9	6.2	6.9	7.1
30 Pharmaceutical products	8.0	7.1	6.4	6.5	7.0
71 Natural or cultured pearls, precious or semi-precious stones	6.3	5.2	4.5	4.8	6.9
39 Plastics and articles thereof	4.2	4.2	4.4	4.9	4.9
94 Furniture; bedding, mattresses	3.3	3.2	3.3	4.0	3.9
73 Articles of iron or steel	5.1	5.1	5.0	6.2	3.7
61 Articles of apparel and clothing accessories, knitted or crocheted	2.1	2.1	2.2	2.8	2.7
62 Articles of apparel and clothing accessories, not knitted or crocheted	2.3	2.2	2.3	2.8	2.7
40 Rubber and articles thereof	3.4	2.8	2.5	2.5	2.5
29 Organic chemicals	2.7	2.0	1.9	2.2	2.1
95 Toys, games and sports requisites	1.8	1.7	1.9	2.1	2.1
88 Aircraft, spacecraft, and parts thereof	0.2	0.2	0.2	0.6	2.0
Other goods	42.0	38.3	41.4	45.1	41.3

Source: Trademap.