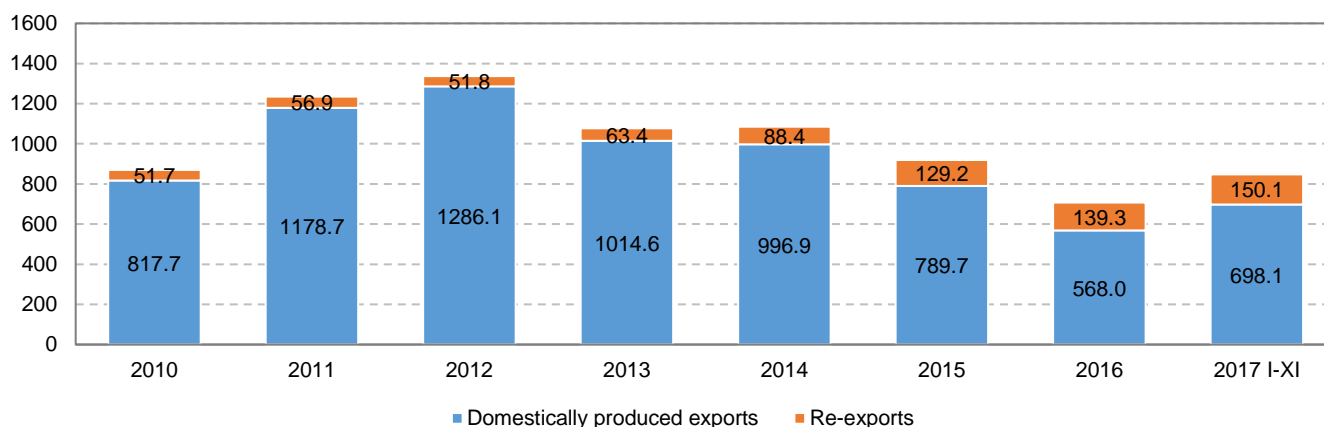


SUMMARY

- ▶ The Netherlands was the 7th largest trade partner for Lithuania in 2016. Since 2011 the turnover of goods between Lithuania and the Netherlands usually exceeded two billion euro per year, but in 2016 it dropped to 1.9 billion euro, which was 14.3% less than in 2015. Lithuania exported goods for a value of 707 million euro and imported for a value of 1.2 billion euro in 2016. Though imports of goods decreased 8.1%, the largest decrease of 28.1% was observed in the exports of domestically produced goods. Such a decrease was mainly caused by exports of refined oil products which otherwise constitute more than half of domestically produced exports to the Netherlands. During the first eleven months of 2017 exports of goods to the Netherlands grew by 28.4% compared to the same period in 2016, again mainly because of an increase in exports of refined oil products and tobacco products. Imports grew a bit slower at a pace of 23.5%. During the first 11 months of 2017, re-exported goods made up 17.7% of total exports of goods to the Netherlands and domestically produced goods 82.3%.
- ▶ In 2016 exports of domestically produced goods to the Netherlands decreased by 28.1% and reached a value of 568 million euro. This decrease was mainly caused by a drop in the value of exports of refined oil products which were almost 82% lower than in 2015. Excluding refined oil products exports of domestically produced goods reported a modest 0.4% annual growth rate in 2016. During the first eleven months of 2017 exports of domestically produced goods to the Netherlands increased with 30.7%, and excluding refined oil products with 13.1%. In 2017, the most important domestically produced exported items were mineral fuels and oils (21.5% of total domestically produced exports), tobacco (15.2%), furniture, bedding, mattresses (10.6%) and meat (5.4%). The Netherlands is the largest export market for Lithuanian poultry producers.
- ▶ In 2016 re-exports to the Netherlands grew with 7.8% and reached a value of 139 million euro. During the first eleven months of 2017 re-exports increased by another 18.6% compared to the same period in 2016. In 2017 most re-exports consisted of transport means (18.5%), followed by pharmaceutical products (16.6%) and machinery and mechanical appliances (16.4%).
- ▶ In 2016 exports of services to the Netherlands increased by 12.4% until 266 million euro. The main growth drivers were business services, transport services and maintenances and repair services. During the first three quarters of 2017 exports of services increased by another 23% reaching a value of almost 236 million euro. Transport services grew most of all, though exports of business services continued to grow and there has also been an increase in exports of ICT and construction services. During the first three quarters of 2017 the majority of exported services consisted of transport services (69,8%), followed by business services (17.6%) and travel services (4.5%).

Figure 1. Lithuanian exports of goods to the Netherlands 2010-2017, million euro


Source: Statistics Lithuania and Enterprise Lithuania calculations.

Table 1. Bilateral trade between Lithuania and the Netherlands 2014-2016

	2014		2015		2016	
	Share, %	Rank	Share, %	Rank	Share, %	Rank
Goods						
Share of partner country in total trade turnover of goods	4.7 %	5	4.6 %	5	4.0 %	7
Share of partner country in total exports of goods	4.5 %	6	4.0 %	9	3.1 %	10
Share of partner country in domestically produced exports of goods	7.2 %	3	5.8 %	7	4.2 %	9
Share of partner country in re-exports of goods	0.8 %	14	1.4 %	9	1.5 %	11
Share of partner country in imports of goods	4.9 %	6	5.1 %	5	4.9 %	6
Services						
Share of partner country in exports of services	2.6 %	11	3.9 %	9	3.9 %	10
Share of partner country in imports of services	2.3 %	11	2.0 %	14	2.1 %	14

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

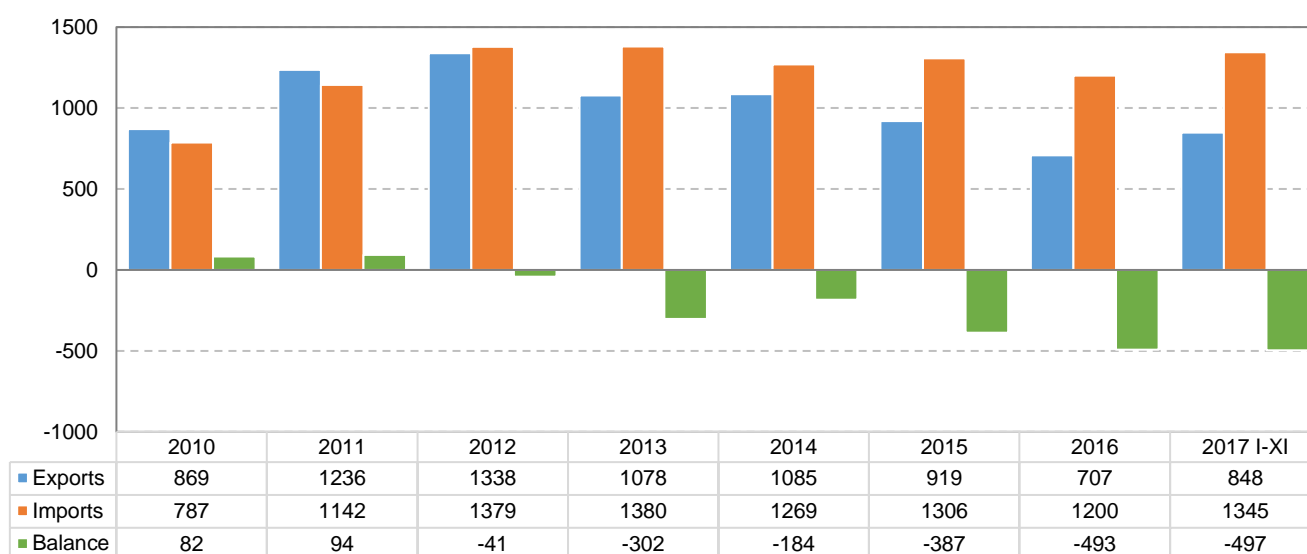
- ▶ Since 2012 Lithuania has a negative trade balance with the Netherlands. In 2016 the trade deficit in goods was approximately 493 million euro, which was 105 million euro more than in 2015. The increase in the trade deficit was caused by exports which declined 3.5 times faster than imports of goods. The main determinant of the decrease in exports was domestically produced mineral fuels and oils. During the first eleven months of 2017 the negative trade balance basically stayed at the same level as in 2016 and amounted to 497 million euro.

- ▶ The value of imported goods from the Netherlands has been growing steadily since 2010. The growth was abruptly halted in July 2014 when Russia introduced sanctions on imports of food products originating from the EU and other countries. At that time Lithuanian traders imported considerable amounts of food products from the Netherlands and re-exported these to Russia and other Commonwealth of Independent States (CIS) markets. Because of the Russian food import embargo Lithuanian imports of the Netherlands contracted by 8% in 2014. Imports recovered with a growth rate of 2.9% in 2015 and fell again by 8.1% in 2016. The recovery of imports in 2015 can be attributed to an increased demand for capital goods in Russia which is partly provided by Lithuanian traders that re-export machinery and equipment to Russia that is previously imported from the Netherlands (among other countries). The Russian sanctions have also changed the structure of Lithuanian imports from the Netherlands: machinery took over the leading role from fruits and vegetables. Fruits and vegetables comprised almost 39% (or 538 million euro) of all imported goods from the Netherlands in 2013 and only 10% (or 120 million euro) in 2016 while imports of machinery (electrical and mechanical) constituted around 14% (or 193 million euro) in 2013 and almost 28% (or 333 million euro) in 2016. Preliminary data shows that in 2017 the value of Lithuanian imports from the Netherlands is going to surpass the record levels reached in 2013 (1.38 billion euro) because during the first eleven months of 2017 imports grew by 23.5% until 1.35 billion euro. The majority of imported items in 2017 were machinery and mechanical appliances (13.9% of total imports), electrical machinery and equipment (13.4%), live trees, plants, bulbs (8.6%) and transport means (8.2%).
- ▶ Imports of services from the Netherlands amounted to 94.7 million euro in 2016, which was 12.4% more than a year ago. Though transport services constitute almost half of all imported services, the main growth drivers in 2016 were business services (increased almost twice to 23 million euro) and ICT services (increased 2.2 times to 11 million euro). During the first three quarters of 2017 imports of services increased by another 7.2%. This time transport services were the main growth driver. In 2017 so far, most imported services were transport services (52.6%), other business services (23.9%) and ICT services (8.2%).
- ▶ In 2016 Lithuania was the 56th largest import partner for Netherlands (Latvia 64th and Estonia 76th).

I. TRADE BALANCE

Since 2012 Lithuania had a negative trade balance with the Netherlands. The negative trade balance was mainly caused by an increase in the imports of fruits and vegetables and a decrease of exports of refined oil products after 2012. In 2016 the trade deficit in goods was approximately 493 million euro, which was 105 million euro more than in 2015. The increase in the trade deficit was caused by exports which declined 3.5 times faster than imports of goods. The main determinant of the decrease in exports was domestically produced mineral fuels and oils. During the first eleven months of 2017 the negative trade balance basically stayed at the same level as in 2016 and amounted to 497 million euro.

Figure 2. Bilateral trade of goods between Lithuania and the Netherlands in 2010-2017, million euro



Source: Statistics Lithuania.

In services Lithuania has a positive trade balance with the Netherlands since 2014. In 2016, the trade surplus in services amounted to 171.5 million euro, which was almost 19 million euro larger than in 2015. During the first three quarters of 2017 the positive trade balance in services increased by another 30.3%.

II. DOMESTICALLY PRODUCED EXPORTS

Exports of domestically produced goods to the Netherlands has declined for the fourth year in a row in 2016. The decline was mainly caused by exports of refined oil products which normally constitute more than half of domestically produced exports to the Netherlands. Excluding refined oil products, domestically produced exports to the Netherlands grew for the second year in a row in 2016 and amounted to 518 million euro, although the increase was only 0.4%. During the 2010-2016 period exports of domestically produced goods (without refined oil products) to the Netherlands more than doubled. During the first eleven months of 2017 exports of domestically produced goods to the Netherlands increased by 30.7%, without refined oil products with 13.1%. In 2017 the main growth drivers (without refined oil products) were tobacco products, which grew almost 70%, electrical machinery which grew with 54.4% and cereals with 29.8%. Netherlands is also the largest export market for Lithuanian poultry producers.

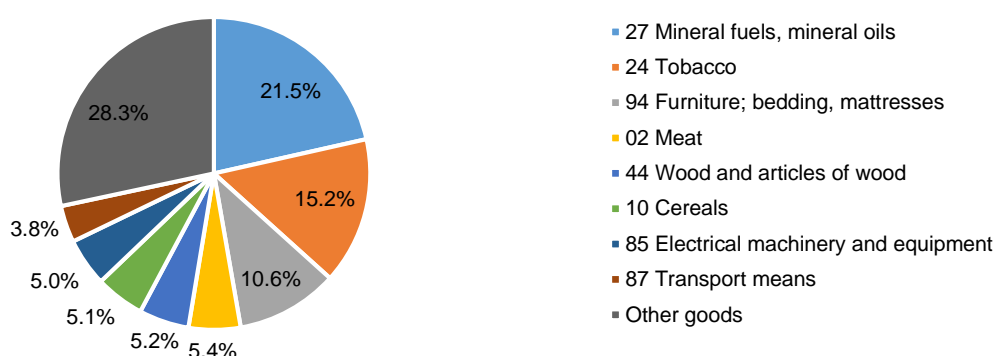
The largest share in domestically produced exports (except from refined oil products) to the Netherlands in the first eleven months of 2017 consisted of tobacco which accounted for 15.2% of total domestically produced exports to the Netherlands. Lithuania exported tobacco products for a value of 106 million euro, which was 69.8% more than during the same period in 2016. Almost all exports in this category consisted of cigarettes.

The second largest category in 2017 so far was furniture, bedding and mattresses which made up 10.6% of domestically produced exports to the Netherlands. The exported value of these goods amounted to 73.8 million euro or only 0.3% more than at the same time a year ago. In this category Lithuania mostly exported furniture (80%), mattresses (11.1%) and prefabricated buildings (4.7%).

During the first eleven months of 2017 the third largest category was meat which made up 5.4% of domestically produced exports to the Netherlands. The exported value in 2017 was almost 37.5 million euro, which was 1.4% more than during the first 11 months of 2016. Most exports in this category consisted of poultry (70.4%) and meat of bovine animals (28.2%). The Netherlands is by far the largest export market for Lithuanian poultry producers with about one third of total exported poultry going to the Netherlands during the first eleven months of 2017.

The fourth largest category was wood and articles of wood. During the first eleven months of 2017 exports in this category amounted to 36.2 million euro and made up 5.2% of total domestically produced exports to the Netherlands. The majority of exports in this category consisted of blocks, strips and friezes for parquet or wood block flooring, not assembled (40%), packing cases, boxes, crates, drums and similar packings, of wood (23.3%) and wood sawn or chipped lengthwise of a thickness exceeding 6 mm (18.8%).

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



Source: Statistics Lithuania and Enterprise Lithuania calculations.

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

Category	2010	2011	2012	2013	2014	2015	2016	2017 I-XI
Total	818	1179	1286	1015	997	790	568	698
27 Mineral fuels, mineral oils	585	877	899	578	590	274	50	150
24 Tobacco	0	12	43	49	37	79	67	106
94 Furniture; bedding, mattresses	47	55	53	55	57	72	79	74
02 Meat	19	18	24	27	37	45	40	37
44 Wood and articles of wood	22	27	25	27	32	34	38	36
10 Cereals	5	13	30	13	3	8	28	35
85 Electrical machinery and equipment	13	9	5	9	9	6	25	35
87 Transport means	3	3	7	6	12	26	20	27
04 Dairy produce	19	27	21	31	23	18	25	26
38 Miscellaneous chemical products	0	0	0	4	4	12	40	24
39 Plastics	11	13	21	24	28	20	23	22
12 Oil seeds and oleaginous fruits	3	3	17	41	52	52	11	16
Other goods	92	122	142	150	113	144	123	110

Source: Statistics Lithuania and Enterprise Lithuania calculations.

III. EXPORTS OF SERVICES

In 2016 exports of services to the Netherlands increased by 12.4% until 266 million euro. The main growth drivers were business services, transport services and maintenances and repair services. During the first three quarters of 2017 exports of services increased by another 23%, reaching a value of almost 236 million euro. This time transport services grew most, though exports of business services continued to grow and an increase in the exports of ICT and construction services was also reported. In 2017 (first three quarters) most exported services were made up of transport services (69,8%), followed by business services (17.6%) and travel services (4.5%).

Table 3. Exports of services to the Netherlands, million euro

Category	2014	2015	2016	2017 Q1-3
Total	154.8	236.9	266.2	235.7
Transport services	133.1	166.3	178.1	164.6
Other business services	32.8	28.4	50.7	41.5
Travel services	13.6	14.8	14.0	10.5
Maintenance and repair services	1.8	2.3	12.0	7.8
ICT services	7.4	0.8	7.5	7.4
Construction services	5.3	4.0	3.9	5.3
Manufacturing services	-41.2	-3.0	-3.9	-3.6
Other services	2.0	23.3	4.0	2.2

* confidential data

Sources: Bank of Lithuania and Enterprise Lithuania calculations.

IV. POTENTIAL EXPORT OPPORTUNITIES

The Decision Support Model (DSM)¹ identified 1298 product group (on 6-digit Combined Nomenclature level) with potential opportunities for Lithuanian exporting companies in the Netherlands. Most potential export opportunities were identified for the food industry (180), the chemical industry (135), machine building industry (131), clothing industry (119) and textile industry (98).

Table 4. Export opportunities for Lithuanian companies in the Netherlands according to the Decision Support Model

Industry (NACE 2 rev.)	Potential export opportunities to the Netherlands
10 Food products	180
20 Chemicals and chemical products	135
28 Machinery and equipment n.e.c.	131
14 Wearing apparel	119
13 Textiles	98
25 Fabricated metal products, except machinery and equipment	73
26 Computer, electronic and optical products	67
24 Basic metals	57
22 Rubber and plastics products	56
32 Other manufactured goods	52
27 Electrical equipment	47
23 Other non-metallic mineral products	45
17 Paper and paper products	43
01 Products of agriculture, hunting and related services	42
16 Wood and of products of wood and cork, except furniture; articles of straw and plaiting materials	31
15 Leather and related products	21
30 Other transport equipment	18
29 Motor vehicles, trailers and semi-trailers	16
31 Furniture	15
21 Basic pharmaceutical products and pharmaceutical preparations	14
11 Beverages	13
58 Publishing services	9
03 Fish and other fishing products; aquaculture products	6
90 Creative, arts and entertainment services	3
19 Coke and refined petroleum products	3
12 Tobacco products	2
38 Waste collection, treatment and disposal services; materials recovery services	1
18 Printing and recording services	1
Total	1298

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

V. IMPORTS OF GOODS

The value of imported goods from the Netherlands has been growing steadily since 2010. The growth was abruptly halted in July 2014 when Russia introduced sanctions on imports of food products originating from the EU and other countries. At that time Lithuanian traders imported considerable amounts of food products from the Netherlands and re-exported these to Russia and other Commonwealth of Independent States (CIS) markets. Because of the Russian food import embargo Lithuanian imports of the Netherlands contracted by 8% in 2014. Imports recovered with a growth rate of 2.9% in 2015 and fell again by 8.1% in 2016. The recovery of imports in 2015 can be attributed to an increased demand for capital goods in Russia which is partly provided by Lithuanian traders that re-export machinery and equipment to Russia that is previously imported from the Netherlands (among other countries). The Russian sanctions have also changed the structure of Lithuanian imports from the Netherlands: machinery took over the leading role from fruits and vegetables. Fruits and vegetables comprised almost 39% (or 538 million euro) of all imported goods from the Netherlands in 2013 and only 10% (or 120 million euro) in 2016 while imports of machinery (electrical and mechanical) constituted around 14% (or 193 million euro) in 2013 and almost 28% (or 333 million euro) in 2016. Preliminary data

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, 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) and possible barriers to market entry for that product (tariffs). The full list of export opportunities for Lithuanian exporters in the Netherlands is available on request from analitikai@verslilietuva.lt.

shows that in 2017 the value of imports is going to surpass the record levels reached in 2013 (1.38 billion euro) because during the first eleven months of 2017 imports increased by 23.5% and reached a value of 1.35 billion euro. Most imported items in 2017 were made up of machinery and mechanical appliances (13.9% of total imports), electrical machinery and equipment (13.4%), live trees, plants, bulbs (8.6%) and transport means (8.2%).

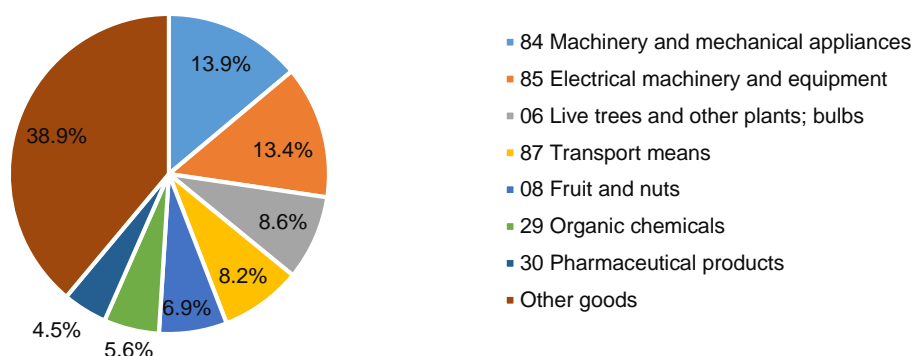
During the first eleven months of 2017 the largest category among imports from the Netherlands was machinery and mechanical appliances which constituted about 14% of total imports from that country. The value of these imported goods was 23.7% larger than during the same period in 2016 and amounted to 187 million euro. Imports in this category mainly consisted of computers and their parts (33%), printing machinery (15%) and agricultural, horticultural, forestry, poultry-keeping or bee-keeping machinery (about 10%).

The second largest category during the first eleven months of 2017 was electrical machinery and equipment which made up 13.4% of total imports of goods from the Netherlands. The imported value during the first eleven months of 2017 was 180.6 million euro or 29.7% more than during the same period in 2016. Most imports in this category consisted of telephone sets (78%) and monitors and projectors (4%).

During the first eleven months of 2017 the third largest category was imports of live trees, plants and bulbs with a share of 8.6%. The imported value in 2017 was 115 million euro, which was 7.4% more than in during the first eleven months of 2016. Imports in this category mostly consisted of cut flowers and flower buds of a kind suitable for bouquets or for ornamental purposes (57.5%) and other live plants, cuttings and slips, mushroom spawn (32.2%).

The fourth largest category in 2017 was the imports of transport means which comprised 8.2% of total imports of goods from the Netherlands. The imported value during the first eleven months of 2017 was 111 million euro or 47% more than during the same period in 2016. Most imports in this category consisted of road tractors (38.2%), motor vehicles for the transport of goods (30.1%) and cars or other vehicles designed for the transport of passengers (13.3%).

Figure 4. Structure of imports of goods from the Netherlands during the first eleven months of 2017, %



Source: Statistics Lithuania and Enterprise Lithuania calculations.

Table 5. Imports of goods from the Netherlands, million euro

Category	2010	2011	2012	2013	2014	2015	2016	2017 I-XI
Total	787.4	1141.9	1378.8	1379.9	1269.2	1306.0	1199.9	1345.5
84 Machinery and mechanical appliances	70.9	127.9	168.6	147.9	191.4	203.5	170.8	187.1
85 Electrical machinery and equipment	32.5	62.3	61.9	45.1	66.8	157.6	161.9	180.6
06 Live trees and other plants; bulbs	18.1	31.0	37.6	78.8	92.2	116.1	113.5	115.4
87 Transport means	41.3	98.5	118.0	143.1	71.0	62.2	84.6	110.6
08 Fruit and nuts	162.9	194.6	239.1	228.8	183.1	130.5	73.8	92.4
29 Organic chemicals	37.0	113.8	92.1	13.8	30.2	26.5	54.8	75.2
30 Pharmaceutical products	28.5	35.8	44.6	51.5	54.8	90.8	56.9	60.5
07 Vegetables	156.7	197.7	276.9	308.9	220.0	98.0	46.8	54.7
39 Plastics and articles thereof	26.3	34.0	43.9	49.2	51.2	50.8	43.2	45.8
90 Optical, photographic, measuring, medical instruments	14.9	19.3	23.8	29.6	34.2	38.9	41.2	45.5
23 Residues from the food industries, animal fodder	39.8	26.3	28.4	26.3	28.7	32.9	28.6	30.9
48 Paper and paperboard	14.8	19.0	10.8	10.1	11.9	16.3	20.0	23.8
24 Tobacco	0.8	5.1	3.4	4.5	4.1	32.8	27.7	22.3
09 Coffee, tea, mate and spices	4.2	5.2	4.4	10.0	6.2	7.5	18.4	20.5
27 Mineral fuels, mineral oils	1.4	6.6	25.6	25.7	7.6	3.8	10.4	19.3
38 Miscellaneous chemical products	24.3	20.9	22.5	30.4	16.9	13.9	14.7	16.4
Other goods	112.9	143.9	177.3	176.4	199.3	224.1	232.5	244.6

Source: Statistics Lithuania and Enterprise Lithuania calculations.

VI. IMPORTS OF SERVICES

Lithuania imported services from the Netherlands for an amount of almost 95 million euro, which was 12.4% more than in 2015. The main growth drivers in 2016 were imports of other business services which almost doubled during the year reaching a value of 23 million euro. In addition, imports of ICT services increased 2.2 times and reached a value of 11.1 million euro. During the first three quarters of 2017 imports of services from the Netherlands increased by another 7.6% until 65.3 million euro. This time it was

transport services that grew most, increasing with 8% or 2.6 million euro until 34.4 million euro. Imports of business services and ICT services continued to grow as well. There was also an increase observed in the imports of maintenance and repair services as well as personal, cultural and recreational services.

Table 6. Imports of services from the Netherlands, million euro

Category	2014	2015	2016	2017 Q1-3
Total	96.7	84.3	94.7	65.3
Transport services	38.4	44.6	44.9	34.4
Other business services	15.0	11.6	22.9	15.6
ICT services	4.7	5.0	11.1	5.3
Travel services	3.4	5.8	5.4	3.7
Charges for the use of intellectual property n.i.e.	2.9	4.6	6.0	3.4
Maintenance and repair services n.i.e.	0.3	2.0	3.8	3.4
Personal, cultural, and recreational services	0.6	1.1	0.8	1.5
Manufacturing services on physical inputs owned by others	26.5	-0.1	-3.2	-3.1
Other services	4.9	9.8	2.9	1.1

Sources: Bank of Lithuania and Enterprise Lithuania calculations.

VII. NETHERLANDS IMPORTS

In 2016 Lithuania was the 56th largest import partner for the Netherlands (Latvia 64th and Estonia 76th).

Table 7. Netherlands imports of goods by country, billion euro

Country	2012	2013	2014	2015	2016
Total	389.2	381.1	382.2	382.8	359.9
Germany	61.8	63.2	62.7	65.8	65.6
Belgium	37.7	37.2	37.0	38.1	37.7
China	31.9	31.7	35.4	34.6	32.4
United States of America	26.4	26.0	27.2	32.5	29.7
United Kingdom	27.4	27.4	25.4	21.2	19.3
France	17.4	17.1	17.3	16.5	15.1
Russian Federation	20.3	20.4	18.2	14.0	11.9
Italy	7.8	8.0	8.1	9.0	9.0
Poland	5.5	5.5	6.0	7.5	7.6
Japan	9.9	8.4	8.3	8.3	7.0
Spain	6.7	6.5	6.8	7.1	7.0
Sweden	6.8	6.6	6.5	6.3	6.4
Malaysia	5.7	5.9	6.5	6.7	6.4
Norway	12.5	13.6	14.9	11.8	5.7
Ireland	5.0	4.7	4.7	5.5	5.5
Viet Nam	1.6	1.9	2.0	4.2	5.1
Rest of the world	104.9	96.9	95.2	93.5	88.8

Source: Trademap.

Table 8. Netherlands imports of goods by commodity group, billion euro

Category	2012	2013	2014	2015	2016
Total	389.2	381.1	382.2	382.8	359.9
84 Machinery, mechanical appliances	48.5	47.7	49.2	50.0	48.1
27 Mineral fuels, mineral oils	99.6	94.6	83.4	64.4	47.4
85 Electrical machinery and equipment	36.4	36.7	39.0	44.3	44.2
87 Transport means	18.2	17.9	19.3	20.4	21.5
90 Optical, photographic, measuring or medical instruments	15.0	15.5	16.1	17.6	19.0
30 Pharmaceutical products	13.2	12.8	14.5	16.3	12.0
39 Plastics and articles thereof	10.3	10.9	11.2	11.7	11.7
29 Organic chemicals	14.1	14.6	13.8	14.0	9.6
72 Iron and steel	9.2	7.8	8.3	7.8	7.2
73 Articles of iron or steel	5.1	5.3	5.5	5.5	5.8
38 Miscellaneous chemical products	5.8	5.3	5.5	5.5	5.7
08 Edible fruit and nuts	4.1	4.5	4.7	4.9	5.4
94 Furniture; bedding, mattresses	3.7	3.6	3.9	4.6	5.0
62 Articles of apparel and clothing accessories, not knitted or crocheted	3.8	3.8	4.2	4.8	4.9
61 Articles of apparel and clothing accessories, knitted or crocheted	3.7	3.8	4.3	4.5	4.8
48 Paper and paperboard	4.3	4.1	4.3	4.4	4.4
Other goods	94.2	92.2	95.1	101.9	103.1

Source: Trademap.