

SUMMARY

- ▶ Trade relations between Lithuania and New Zealand are poorly developed. Until 2014 trade turnover in goods rarely exceeded 10 million euros per year, but since then the value of traded goods has doubled and in during the first eleven months of 2017 turnover exceeded 20 million euros for the first time. Imports have been growing steadily since 2010 and reached a value of 12.7 million euro in 2016, almost four times larger than in 2010, though during the first eleven months of 2017 the value of imported goods declined 12% (if compared with the same period of last year). During the period of 2010-2016 the value of exported goods was more volatile, nevertheless exports amounted to 6.2 million euros in 2016 which was more than five times higher than in 2010. During the first eleven months of 2017 exports of goods to New Zealand increased more than twice and exceeded 10 million euros for the first time since 2009. In 2017 so far, domestically produced goods made up 79.5% of total exports of goods to New Zealand and re-exports 20.5%.
- ▶ Given that the amount of exports are very small, a high volatility in domestic exports is observed because of temporal exports of one or another item. In 2016 exports of domestically produced goods to New Zealand grew by 42.4% reaching a value of 5.1 million euros. The main growth drivers were exports of clothing, electrical machinery and equipment and plastics. During the first eleven months of 2017 domestic exports increased 2.2 times (if compared with the same period in 2016) and amounted to 9.3 million euros. This time, like in 2014, the main growth driver was exports of lactose which amounted to 3.5 million euros or almost 38% of domestically produced exports to New Zealand so far. During the first eleven months of 2017 the most exported items were lactose (37.9%), plastics (14.5%), transport means (12.8%) and optical, measuring, medical instruments and apparatus (8.9%).
- ▶ In 2016 re-exports to New Zealand increased four times and reached a value of 1.1 million euros. During the first eleven months of 2017 re-exports again increased more than twice and reached a value of 2.4 million euro. In 2017 so far, most re-exports consisted of clothing (35%), followed by goods not elsewhere specified (25%) and machinery and mechanical appliances (18%).
- ▶ Exports of services to New Zealand are less than 0.5 million euros. In 2016 it amounted to 0.4 million euros or twice as much as a year earlier. Transport made up half of all exports in services. Lithuania also exported travel services for 110 thousand euro and ICT services for 50 thousand euro. During the first three quarters of 2017 exports in services increased with 61.5% and reached a value of 0.42 million euros. The main growth driver in 2017 so far, were transport and ICT services while imports of travel services decreased.

Figure 1. Lithuanian exports of goods to New Zealand in 2010-2017, million euro.



Source: Statistics Lithuania and Enterprise Lithuania calculations.

Table 1. Bilateral trade between Lithuania and New Zealand 2014-2016

	2014		2015		2016	
	Share, %	Rank	Share, %	Rank	Share, %	Rank
Goods						
Share of partner country in total exports of goods	0.0 %	68	0.0 %	81	0.0 %	83
Share of partner country in domestically produced exports of goods	0.1 %	60	0.0 %	75	0.0 %	75
Share of partner country in re-exports of goods	0.0 %	103	0.0 %	112	0.0 %	82
Share of partner country in imports of goods	0.0 %	54	0.0 %	58	0.1 %	50
Services						
Share of partner country in exports of services	0.0 %	89	0.0 %	103	0.0 %	96
Share of partner country in imports of services	0.0 %	89	0.0 %	62	0.0 %	66

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

- ▶ Since 2010 Lithuania had a negative trade balance with New Zealand. In 2016 the trade deficit in goods was approximately 6.5 million euros, which was 21.3% less than in 2015. Because of a spike in domestically produced exports and a small decrease in imports during the first eleven months of 2017 Lithuania is reporting a positive trade balance of 1.4 million euros for the first time since 2010.
- ▶ Imports have been growing steadily since 2010 and reached a value of 12.7 million euros in 2016, almost four times larger than in 2010, though during the first eleven months of 2017 the value of imported goods declined 12%. In 2016 the main growth drivers

were imports of machinery, mechanical appliances and wool. These two items comprised 97% of total imports that year. Imports from New Zealand are highly dependent on wool, because this item comprises some 80% to 90% of all imported goods each year. The decline during the first eleven months of 2017 was mainly caused by imports of wool and machinery. Most imports in 2017 were made up of wool (91%), wood (5%) and fish (2%). Imports of machinery basically stopped.

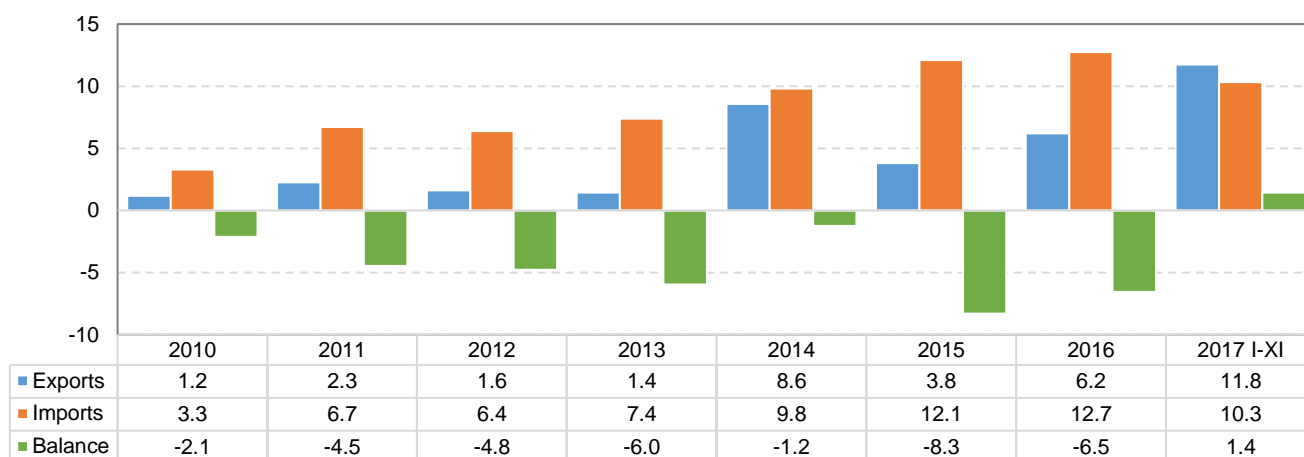
► Imports of services from New Zealand amounted to 1.5 million euros in 2016, down from 1.6 million euros in 2015. In the first three quarters of 2017 Lithuania imported services for an amount of 0.28 million euros. Because of such small amounts and confidentiality of statistical data it is impossible to tell which services caused the changes in imports.

► In 2016 Lithuania was the 57th largest import partner for New Zealand (Latvia 73rd and Estonia 70th).

I. TRADE BALANCE

Since 2010 Lithuania had a negative trade balance with New Zealand. In 2016 the trade deficit in goods was approximately 6.5 million euro, which was 21.3% less than in 2015. Because of a spike in domestically produced exports and a small decrease in imports during the first eleven months of 2017 Lithuania had a positive trade balance of 1.4 million euros for the first time since 2010.

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



Source: Statistics Lithuania.

II. DOMESTICALLY PRODUCED EXPORTS

Given that the amount of exports is very small, a high volatility in domestic exports is observed because of temporal exports of one or another item. So far, those items usually were wood in the rough, clothing, lactose and transport means. In 2016 exports of domestically produced goods to New Zealand grew by 42.4% reaching a value of 5.1 million euros. The main growth drivers were exports of clothing (the exported value tripled), electrical machinery (grew by 47.2%) and plastics (increased by 20.1%). During the first eleven months of 2017 domestic exports increased 2.2 times (if compared with the same period in 2016) and amounted to 9.3 million euro. This time, like in 2014, the main growth driver was exports of lactose which amounted to 3.5 million euros or almost 38% of domestically produced exports to New Zealand so far. In 2016 this item was not exported. Apart from lactose, an annual growth rate of 55.7% was recorded in the exports of plastics and transport means grew from 0.01 thousand euro during the first eleven months of 2016 to 1.2 million euro during the first eleven months of 2017. During the first eleven months of 2017 most exported items were lactose (37.9%), plastics (14.5%), transport means (12.8%) and optical, measuring, medical instruments and apparatus (8.9%).

The largest share in domestically produced exports to New Zealand during the first eleven months of 2017 consisted of sugar and sugar confectionery which accounted for 37.9% of total domestic exports or 3.5 million euros. In 2016 these items were not exported. From this category of goods Lithuania only exported lactose to New Zealand.

The second largest category in 2017 so far was plastics which comprised 14.5% of domestically produced exports to New Zealand. The exported value of these goods amounted to 1.4 million euro or 55.7% more than at the same time a year earlier. In this category Lithuania exports basically only plates, sheets, film, foil and strip of plastics.

The third largest category was transport means which comprised 12.8% of domestically produced exports to New Zealand. The exported value during the first eleven months of 2017 was almost 1.2 million euros, up from 0.01 million euro during the first eleven months of 2016. In this category Lithuania exported only parts of trailers or semi-trailers.

The fourth largest category was optical, measuring, medical instruments and apparatus. During the first eleven months of 2017 exports in this category amounted to 0.83 million euro and made up 8.9% of total domestically produced exports to New Zealand. Exports of these goods increased 2.7 times compared with the same period a year earlier. Most exports in this category consisted of telescopic sights for fitting to arms, periscopes, telescopes designed to form parts of machines, appliances etc. (61.4%) and Instruments and appliances used in medical, surgical, dental or veterinary sciences (27.5%).

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



Source: Statistics Lithuania and Enterprise Lithuania calculations.

Table 2. Exports of domestically produced goods to New Zealand, million euro

Category	2010	2011	2012	2013	2014	2015	2016	2017 I-XI
Total	1.06	2.20	1.52	1.16	8.35	3.59	5.11	9.34
17 Sugar and sugar confectionery (lactose)	0.00	0.00	0.00	0.00	4.52	0.42	0.00	3.54
39 Plastics	0.01	0.01	0.03	0.02	0.39	0.81	0.97	1.35
87 Transport means	0.00	0.00	0.00	0.00	0.01	0.01	0.02	1.19
90 Optical, measuring, medical instruments	0.01	0.00	0.00	0.08	0.11	0.37	0.35	0.83
85 Electrical machinery and equipment	0.08	0.10	0.10	0.20	0.25	0.41	0.60	0.75
56 Wadding, felt and nonwovens, ropes	0.34	0.23	0.32	0.19	0.36	0.22	0.35	0.31
94 Furniture; bedding, mattresses	0.00	0.00	0.02	0.02	0.12	0.05	0.06	0.17
38 Miscellaneous chemical products	0.00	0.00	0.03	0.04	0.03	0.04	0.01	0.15
44 Wood and articles of wood	0.29	1.13	0.39	0.18	1.13	0.04	0.06	0.12
62 Articles of apparel and clothing accessories, not knitted or crocheted	0.23	0.59	0.29	0.00	0.86	0.48	1.92	0.12
84 Machinery and mechanical appliances	0.00	0.00	0.06	0.02	0.01	0.10	0.15	0.11
Other goods	0.12	0.12	0.29	0.41	0.56	0.65	0.62	0.69

Source: Statistics Lithuania and Enterprise Lithuania calculations.

III. EXPORTS OF SERVICES

Exports of services to New Zealand are less than 0.5 million euros. In 2016 it amounted to 0.4 million euros or twice as much as a year earlier. Transport made up half of all exports in services. Lithuania also exported travel services for 110 thousand euro and ICT services for 50 thousand euro. During the first three quarters of 2017 exports in services increased with 61.5% and reached a value of 0.42 million euro. The main growth driver in 2017 so far, were transport and ICT services while imports of travel services decreased.

Table 3. Exports of services to New Zealand, million euro

Category	2014	2015	2016	2017 Q1-3
Total	0.36	0.21	0.40	0.42
Manufacturing services on physical inputs owned by others	0.01	0.00	0.00	0.00
Transport services	0.28	0.02	0.20	0.25
Travel services	0.05	0.06	0.11	0.08
ICT services	0.01	0.04	0.05	0.08
Other business services	0.01	•	0.00	0.00
Personal, cultural, and recreational services	•	0.00	0.00	0.00

• confidential data

Sources: Bank of Lithuania and Enterprise Lithuania calculations.

IV. POTENTIAL EXPORT OPPORTUNITIES

The Decision Support Model (DSM)¹ identified 424 product groups (on 6-digit combined nomenclature) with potential opportunities for Lithuanian exporting companies in New Zealand. Most potential export opportunities were identified for the engineering industry (153), textiles and clothing industry (53), chemical industry (49) and the food industry (39).

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 New Zealand is available on request from analitikai@versli Lietuva.lt.

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

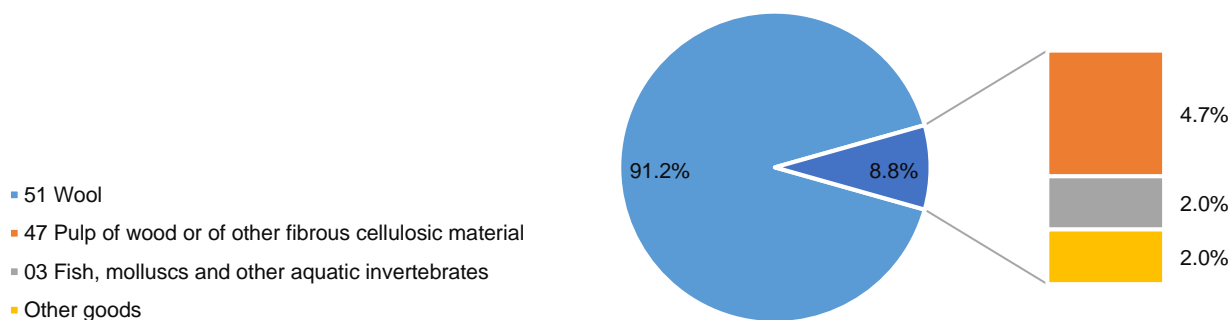
Industry (NACE 2 rev.)	Potential export opportunities to New Zealand
20 Chemicals and chemical products	49
25 Fabricated metal products, except machinery and equipment	44
10 Food products	39
22 Rubber and plastics products	31
13 Textiles	29
26 Computer, electronic and optical products	25
14 Wearing apparel	24
17 Paper and paper products	23
24 Basic metals	22
23 Other non-metallic mineral products	22
27 Electrical equipment	20
28 Machinery and equipment n.e.c.	19
32 Other manufactured goods	16
16 Wood and of products of wood	12
29 Motor vehicles, trailers and semi-trailers	9
31 Furniture	9
21 Basic pharmaceutical products	7
30 Other transport equipment	5
01 Products of agriculture, hunting and related services	5
11 Beverages	4
15 Leather and related products	3
58 Publishing services	3
90 Creative, arts and entertainment services	2
03 Fish and other fishing products; aquaculture products; support services to fishing	1
12 Tobacco products	1
Total	424

Source: Comtrade, Statistics Lithuania and Enterprise Lithuania calculations.

V. IMPORTS OF GOODS

Imports have been growing steadily since 2010 and reached a value of 12.7 million euro in 2016, almost four times larger than in 2010, though during the first eleven months of 2017 the value of imported goods declined 12%. In 2016 the main growth drivers were imports of machinery, mechanical appliances and wool. These two items made up 97% of total imports that year. Imports from New Zealand are highly dependent on wool, because this item comprises from 80% to 90% of all imported goods each year. Imports of all other goods combined rarely exceeds one million euro a year. The decline during the first eleven months of 2017 was mainly caused by imports of wool and machinery. Most imports during the first eleven months of 2017 were made up of wool (91%), wood (5%) and fish (2%). Imports of machinery basically stopped.

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



Source: Statistics Lithuania and Enterprise Lithuania calculations.

Table 5. Imports of goods from New Zealand, million euro

Category	2010	2011	2012	2013	2014	2015	2016	2017 I-XI
Total	3.29	6.72	6.37	7.39	9.81	12.11	12.74	10.33
51 Wool	2.45	5.24	5.71	6.47	8.99	11.30	11.38	9.42
47 Pulp of wood or of other fibrous cellulosic material	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.49
03 Fish, molluscs and other aquatic invertebrates	0.03	0.43	0.11	0.09	0.25	0.28	0.02	0.21
05 Products of animal origin n.e.c.	0.29	0.14	0.14	0.31	0.00	0.10	0.13	0.06
22 Beverages, spirits and vinegar	0.01	0.01	0.02	0.01	0.06	0.01	0.01	0.06
85 Electrical machinery and equipment	0.01	0.00	0.00	0.01	0.03	0.05	0.02	0.03
88 Aircraft, spacecraft, and parts thereof	0.00	0.00	0.00	0.00	0.00	0.01	0.01	0.02
84 Machinery and mechanical appliances	0.01	0.41	0.06	0.03	0.17	0.10	1.07	0.01
39 Plastics and articles thereof	0.00	0.00	0.00	0.02	0.00	0.00	0.01	0.01
12 Oil seeds and oleaginous fruits	0.11	0.28	0.14	0.11	0.12	0.00	0.00	0.01
97 Works of art, collectors' pieces and antiques	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
95 Toys, games, and sports requisites	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
90 Optical, photographic, measuring, medical instruments	0.01	0.01	0.11	0.18	0.06	0.03	0.03	0.00
73 Articles of iron or steel	0.00	0.00	0.00	0.00	0.01	0.00	0.00	0.00
Other goods	0.37	0.20	0.08	0.16	0.10	0.24	0.05	0.00

Source: Statistics Lithuania and Enterprise Lithuania calculations.

VI. NEW ZEALAND'S IMPORTS

In 2016 Lithuania was the 57th largest import partner for New Zealand (Latvia 73rd and Estonia 70th).

Table 6. New Zealand's imports of goods by country, billion USD

Country	2012	2013	2014	2015	2016
Total	38.2	39.6	42.5	36.5	36.2
China	6.2	6.8	7.2	7.1	7.2
Australia	5.8	5.3	5.2	4.3	4.6
United States of America	3.6	3.7	4.9	4.3	4.1
Japan	2.5	2.5	2.8	2.4	2.6
Germany	1.7	1.8	2.0	1.7	1.8
Thailand	1.2	1.4	1.5	1.5	1.6
Korea, Republic of	1.5	1.6	1.9	1.3	1.5
United Kingdom	1.0	1.0	1.1	0.9	1.0
Singapore	1.7	1.7	1.7	1.3	1.0
Malaysia	1.5	1.7	1.9	1.2	0.9
France	0.7	1.0	1.0	1.0	0.8
United Arab Emirates	0.3	0.8	0.7	0.3	0.8
Italy	0.6	0.7	0.8	0.7	0.7
Taipei, Chinese	0.6	0.6	0.6	0.5	0.5
Saudi Arabia	0.8	0.8	0.7	0.4	0.5
Indonesia	0.5	0.7	0.7	0.6	0.5
Canada	0.5	0.5	0.4	0.4	0.5
The rest of the world	7.4	7.1	7.3	6.4	5.6

Source: Trademap.

Table 7. New Zealand's imports of goods by commodity group, billion USD

Category	2012	2013	2014	2015	2016
Total	38.2	39.6	42.5	36.5	36.2
87 Transport means	4.2	4.8	5.6	4.9	5.4
84 Machinery, mechanical appliances	4.9	5.0	5.3	4.8	4.8
27 Mineral fuels, mineral oils	6.8	6.7	6.4	3.6	3.1
85 Electrical machinery and equipment	3.1	3.1	3.2	3.0	3.0
39 Plastics and articles thereof	1.4	1.5	1.6	1.4	1.4
90 Optical, photographic, measuring, medical instruments	1.1	1.2	1.2	1.1	1.2
88 Aircraft, spacecraft, and parts thereof	0.6	0.7	1.6	1.4	1.1
30 Pharmaceutical products	0.9	0.9	0.9	0.9	0.9
94 Furniture; bedding, mattresses	0.6	0.7	0.7	0.7	0.8
48 Paper and paperboard	0.7	0.7	0.7	0.7	0.7
73 Articles of iron or steel	0.7	0.7	0.7	0.7	0.7
21 Miscellaneous edible preparations	0.5	0.5	0.6	0.6	0.6
61 Articles of apparel and clothing accessories, knitted or crocheted	0.5	0.6	0.6	0.6	0.6
62 Articles of apparel and clothing accessories, not knitted or crocheted	0.5	0.5	0.6	0.5	0.5
23 Residues and waste from the food industries; prepared animal fodder	0.5	0.6	0.8	0.6	0.5
40 Rubber and articles thereof	0.5	0.5	0.5	0.4	0.4
Other goods	10.7	11.0	11.5	10.6	10.6

Source: Trademap.