



LITHUANIAN - UAE BILATERAL TRADE

REVIEW

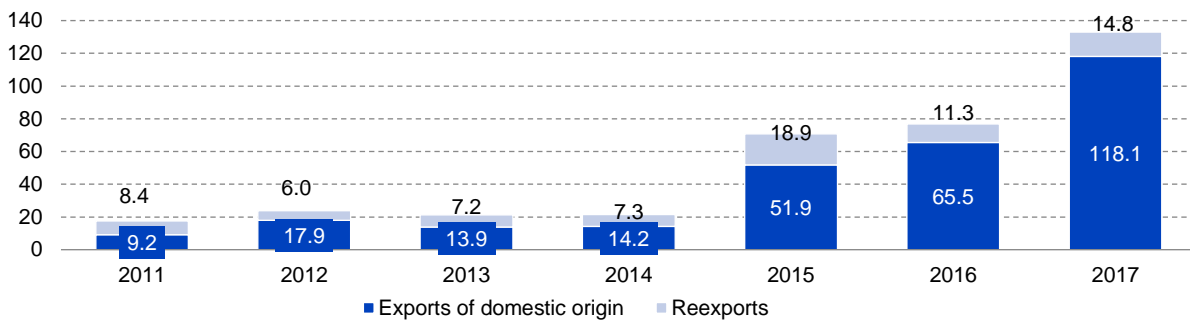
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Enterprise
Lithuania

SUMMARY

- Trade relationship between Lithuania and UAE is neither intense in terms of goods nor in services. In 2017, UAE was the 27th largest export partner for Lithuanian goods providers measured by total exports of goods, 73rd in terms of imports of goods and 44th in terms of exports of services.
- In 2017, domestically produced exports of goods to UAE increased by 80% and reached the value of 118.1 million euro. In exports of Lithuanian origin dominated such products groups as mineral fuels (66% of the total exported value), also furniture, bedding and mattresses (12%), cereals (9%) as well as electrical machinery and equipment (5%).
- The value of re-exported goods in 2017 was only 14.8 million euro, so in terms of re-exports, UAE was only 37th largest exports partner for Lithuanian re-exporters.
- In 2017 the share of domestically produced exports in total exports structure of goods was 89%, of reexports –11%.

Figure 1. Lithuanian exports of goods to UAE 2011–2017, million euro.



Sources: Statistics Lithuania and Enterprise Lithuania calculations.

- Exports of services to UAE in 2017 decreased by 20% (or 2.6 million euro) – to 10.2 million euro. In the export structure of services dominated transports services (71%), also maintenance and repair services (17%), other business services (8%) and ICT services (3%).
- In 2017, the value of imports of goods to UAE decreased by 35%, besides, its value is very small – only 3.1 million euro. Imports structure is dominated by products as salt, sulphur, earths and stone (38% of total imports value), vehicles (15%), plastics and articles thereof (11%), machinery and mechanical appliances (10%) as well as aircraft, spacecraft and parts thereof (9%). In terms of imports, UAE in 2017 was only 73rd largest import partner.
- In 2017, the value of imports of services from UAE was 10.2 million euro, i.e. the value was much higher than imports of goods (3.1 million euro). Imports of services in 2017 increased by 38% (or 2.8 million euro) on yearly basis. The highest shares in imports structure were taken by travel services (45%), other business services (26%) and transport services (23%).

Table 1. Bilateral trade between Lithuania and UAE 2015–2017.

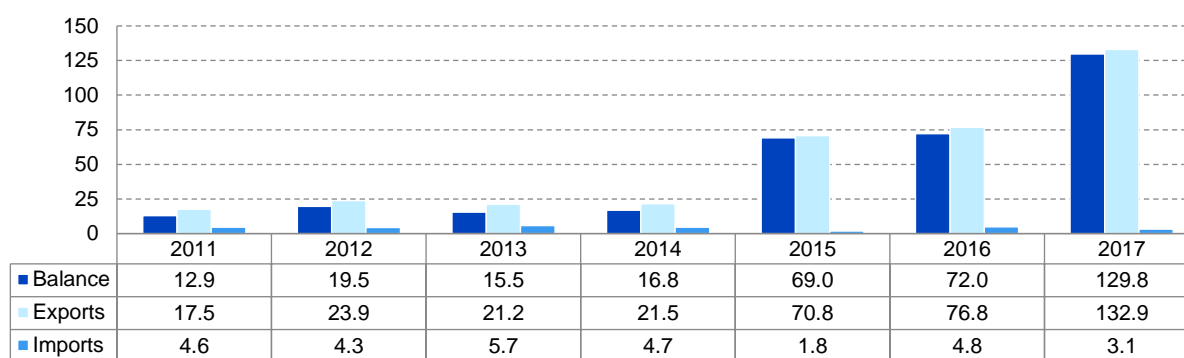
	2015		2016		2017	
	Share,%	Rank	Share,%	Rank	Share,%	Rank
Goods						
Share of partner country in total exports of goods	0.3%	33	0.3%	34	0.5%	27
Share of partner country in domestically produced exports of goods	0.4%	31	0.5%	31	0.8%	26
Share of partner country in re-exports of goods	0.2%	32	0.1%	40	0.1%	37
Share of partner country in imports of goods	0.0%	85	0.0%	66	0.0%	73
Services						
Share of partner country in exports of services	0.3%	35	0.2%	33	0.1%	44
Share of partner country in imports of services	0.1%	50	0.2%	47	0.2%	42

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

I. TRADE BALANCE

Lithuania has a positive trade balance of goods with UAE. In 2017 it was 129.8 million euro. Trade surplus with UAE was recorded in the period of 2011–2016. It is of importance to note that trade surplus of goods is constantly increasing throughout time suggesting that Lithuanian exporters are successfully entering UAE market whereas imports from UAE continuous to be small. Increase in trade surplus in 2017 was mainly driven by increase in total exports (by more than 70% – to 132.9 million euro) and some decrease in imports (by 35% – to 3.1 million euro). Increased in exports was basically driven by growth in domestically produced exports of mineral fuels.

Figure 2. Bilateral trade of goods between Lithuania and UAE 2011-2017 m., million euro.



Sources: Statistics Lithuania and Enterprise Lithuania calculations.

II. DOMESTICALLY PRODUCED EXPORTS

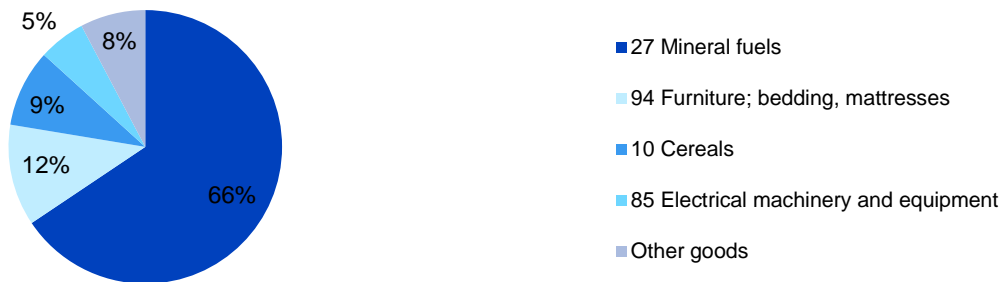
In 2017 growth of domestically produced exports to UAE was around 80% – the value of it reached 118.1 million euro. Around two thirds of total domestically produced exports was mineral fuels (66% or 77.5 million euro), smaller shares in exports structure was taken by furniture, bedding (12% or 14.2 million euro), cereals (9% or 10.8 million euro), electrical machinery and equipment (5% or 6.6 million euro). Increase in domestically produced exports in 2017 was driven by exports growth of mineral fuels (the value grew more than eight times or by 68 million euro) whereas the highest decline in exports was recorded for cereals (declined 62% or 17.5 million euro). In the product group of furniture and bedding exports increased by 17% (or 2.1 million euro) whereas in electrical machinery and equipment – 55% (or 2.3 million euro). Other product groups contributed small amounts to domestically produced exports growth to UAE in 2017.

As mentioned above, **mineral fuels** dominated in the structure of domestically produced exports – in 2017 the share of this product group was 66%, i.e. 77.5 million euro. Exports value of mineral fuels in 2017 increased considerably (by 68 million euro) and it was the main driving force for total exports growth. Among the most exported items, fuel oils was the biggest (75%) exported good category followed by fuels (20%). Exports value of mineral fuels in 2017 increased because of growth in these two products categories.

Products of furniture and bedding in 2017 was the second largest group in domestically produced exports structure to UAE. It made up 12% (14.2 million euro) of the total exports value in 2017. The highest shares in exports structure in this good category were taken by wooden furniture (33%), mattress supports (22%) and furniture parts (10%). Exports of furniture in 2017 increased by 2.1 million euro and was driven by all these three good categories.

Cereals in 2017 was also one of the most exported good category (9%). Exports of cereals in 2017 declined by 17.5 million euro – to 10.8 million euro. The highest shares in exports structure in this good category were taken by wheat and meslin products (100%).

Electrical machinery and equipment in 2017 made 5% (or 6.6 million euro) of the total domestically produced exports to UAE. Radio navigational aid apparatus dominated (83%) in exports structure of this product group.

Figure 3. Structure of domestically produced exports of goods to UAE in 2017, %


Sources: Statistics Lithuania and Enterprise Lithuania calculations.

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

Category	2011	2012	2013	2014	2015	2016	2017
TOTAL	9.2	17.9	13.9	14.2	51.9	65.5	118.1
27 Mineral fuels	0.0	0.0	0.1	0.5	9.7	9.5	77.5
94 Furniture; bedding, mattresses	1.8	3.2	3.6	2.5	2.8	12.1	14.2
10 Cereals	0.0	5.1	0.0	0.1	21.5	28.3	10.8
85 Electrical machinery and equipment	2.3	3.7	2.6	2.7	6.9	4.2	6.6
21 Miscellaneous edible preparations	0.0	0.0	0.0	0.0	0.2	0.7	1.1
12 Oil seeds and oleaginous fruits; miscellaneous grains	0.0	0.1	0.0	0.1	0.1	0.1	1.0
90 Optical, photographic, medical or surgical instruments	0.1	0.2	0.4	0.6	1.0	0.9	1.0
Other goods	5.0	5.7	7.2	7.8	9.7	9.7	6.0

Source: Statistics Lithuania.

III. EXPORTS OF SERVICES

In 2017 exports of services to UAE was 10.2 million EUR and decreased somewhat (by 20% or 2.6 million euro) since 2016. In 2017 UAE was only the 44th largest export partner for Lithuanian service providers. In the export structure of services dominated transports services (70.6%), also maintenance and repair services (16.8%), other business services (7.9 %) and ICT services (2.5%). Decrease in total exports of services in 2017 was driven by such items as transport services as well technical support services. It is also noteworthy, that exports of services to UAE was increasing in the period of 2012-2014, but these trends reversed to the decreasing pattern in 2015-2017.

Table 3. Exports of services to UAE, million euro.

Category	2016	2017
Total	12.8	10.2
Transportation services	8.4	7.2
Maintenance and repair services	2.8	1.7
Other business services	0.3	0.8
ICT services	0.8	0.3
Other services	0.5	0.2

Source: Bank of Lithuania.

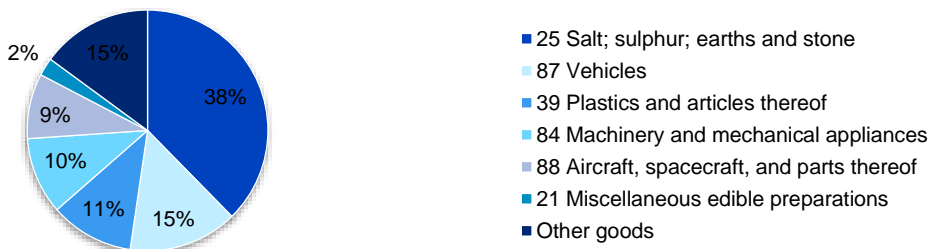
IV. IMPORTS OF GOODS

In 2017 Lithuania imported from UAE goods for 3.1 million euro – almost by 35% (or 1.7 million euro) less than in 2017. The value of total imports is though very low and instable in terms of categories of imported goods. The highest shares in import structure in 2017 were taken by items of salt, sulphur and stones (38% of total value of imports), vehicles (15%), plastics and articles thereof (11%), machinery and mechanical appliances (10%) as well as aircraft, spacecraft and articles thereof (9%). Decline in imports in 2017 was mainly driven by electrical machinery and equipment goods category (dropped by 1.1 million euro), also by plastics and articles thereof (dropped by 0.9 million euro) and aircraft, spacecraft and articles thereof (declined by 0.5 million euro). This decline was partially compensated by increase in imports of salt, sulphur and stones (by 1.2 million euro).

The most imported item from UAE in 2017 was salt, sulphur and stones; this product made up 38% (1.2 million euro) of total imports value. In 2016 goods of this product group category was not imported to Lithuania. Imports in this product group consisted of other mineral substances (100%).

Vehicles in 2017 made up 15% (0.5 million euro) in total import structure. Imports in this product group was dominated by motor cars and other motor vehicles (71%).

Figure 4. Structure of imports of goods from UAE in 2017,%



Sources: Statistics Lithuania and Enterprise Lithuania calculations.

Table 4. Imports of goods from UAE, million euro.

Category	2011	2012	2013	2014	2015	2016	2017
TOTAL	4.6	4.3	5.7	4.7	1.8	4.8	3.1
25 Salt; sulphur; earths and stone	0.0	0.0	0.0	0.0	0.0	0.0	1.2
87 Vehicles	0.2	0.2	0.0	0.1	0.0	0.3	0.5
39 Plastics and articles thereof	1.4	1.3	1.5	1.4	0.5	1.3	0.4
84 Machinery and mechanical appliances	0.0	0.3	0.1	0.0	0.0	0.4	0.3
88 Aircraft, spacecraft, and parts thereof	0.0	0.0	0.1	0.0	0.0	0.7	0.3
21 Miscellaneous edible preparations	0.0	0.0	0.0	0.0	0.0	0.0	0.1
85 Electrical machinery and equipment	0.0	0.2	0.2	1.4	0.2	1.2	0.1
Other goods	2.9	2.3	3.8	1.8	1.0	0.9	0.4

Source: Statistics Lithuania.

V. IMPORTS OF SERVICES

In 2017 Lithuania imported services from UAE for 10.2 million EUR – approximately 38% more than in 2016. In 2017 UAE was Lithuania's 42nd largest import partner for services. The highest shares of imported services from UAE attained travel services (45.1%), other business services (25.5%) and transport services (22.5%). Growth in imports of services in 2017 was driven mainly by all these three categories of services.

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

Category	2016	2017
Total	7.4	10.2
Travel services	4.0	4.6
Other business services	0.8	2.6
Transportation services	0.8	2.3
Other services	1.8	0.7

Source: Bank of Lithuania.

VI. POTENTIAL EXPORT OPPORTUNITIES

The Decision Support Model (DSM)¹ identified 382 product group (on 6-digit Combined Nomenclature level) with potential opportunities for Lithuanian exporting companies in UAE. Most potential export opportunities were identified for food products, wearing apparel, textiles, fabricated metal products, products of agriculture, basic metals, other non-metallic mineral products.

Table 6. Export opportunities for Lithuanian companies in UAE, according to the Decision Support Model.

Sector (according to NACE rev. 2)	Number of potential export opportunities
Food products	86
Wearing apparel (manufacture)	54
Textiles	46
Manufacture of fabricated metal products, except machinery and equipment	28
Products of agriculture, hunting and related services	27
Basic metals	22
Other non-metallic mineral products	22
Manufacture of plastic products	16
Machinery and equipment n.e.c	13
Paper and paper products	11
Chemicals and chemical products	10
Wood and wood products	9
Furniture	7
Electrical equipment	5
Computer, electronic and optical products	5
Motor vehicles, trailers and semi-trailers	4
Other manufactured goods	3
Other transport equipment	3
Fishing and aquaculture	3
Leather and related products	3
Tobacco products	2
Beverages	2
Manufacture of basic pharmaceutical products and pharmaceutical preparations	1
Total	382

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

VII. UAE IMPORTS OF GOODS

In 2016 Lithuania was the 100th largest import partner for the UAE.

Table 7. UAE imports by country, million EUR

Country	2012	2013	2014	2015	2016
Total	202959	222071	224647	258582	244759
Area Nes	10637	24090	24131	92663	73890
China	24802	27400	33856	20581	20262
United States of America	18320	18872	18053	17419	18602
India	19854	18384	16617	16090	16869
Germany	9353	9445	10592	10749	11380
Japan	10636	10670	10516	9367	8728
Italy	6056	5355	5509	4959	4892
United Kingdom	5738	9699	6902	5560	4696
Korea, Republic of	7597	6033	7499	4755	4310
Turkey	7448	3768	3274	3080	4212
Saudi Arabia	3841	3994	3657	3560	4042

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 UAE is available on request from analitikai@enterpriselithuania.lt.



France	4570	4665	5091	4200	4025
Switzerland	4664	7974	5749	4204	3475
Belgium	2705	3180	3671	3425	3338
Free Zones	2018	2437	2528	2899	2936
Libya, State of	773	383	570	1226	2527
Hong Kong, China	1449	1966	2427	3080	2511
Malaysia	4232	3860	3606	2664	2444
Viet Nam	2816	5644	5998	2143	2387
Thailand	2857	3206	3204	2542	2367
Oman	1146	1616	1442	1528	2197
Other countries	51447	49430	49754	41889	44668

Source: Trademap.

Table 8. UAE imports of goods by commodity group, million EUR

Country	2012	2013	2014	2015	2016
Total	202959	222071	224647	258582	244759
Commodities not elsewhere specified	8235	23863	21468	92681	73903
Natural or cultured pearls, precious or semi-precious stones	50498	50370	40753	40733	47795
Machinery, mechanical appliances	24942	23755	26698	18896	18672
Electrical machinery and equipment	23546	27902	31416	16486	16959
Vehicles	15069	16807	17795	17206	14689
Aircraft, spacecraft, and parts thereof	8181	6246	6755	7753	11228
Articles of iron or steel	5796	4401	4222	3952	3770
Plastics and articles thereof	3580	3586	3937	3458	3185
Mineral fuels, mineral oils	6562	6183	6788	1760	2761
Iron and steel	4101	3777	4518	3186	2744
Pharmaceutical products	1957	2642	2825	2226	2345
Optical, photographic, measuring, medical or surgical	2940	2573	2907	2227	2237
Perfumery, cosmetic or toilet preparations	2436	2545	2870	2271	2133
Copper and articles thereof	2733	3145	3001	2273	1936
Furniture; bedding, mattresses	1738	1733	2061	2057	1890
Edible fruit and nuts; peel of citrus fruit or melons	1259	1411	1615	1985	1866
Inorganic chemicals	1602	1475	1959	2115	1672
Articles of apparel and clothing accessories	1992	2145	2504	1898	1649
Articles of apparel and clothing accessories	1860	1995	2219	1790	1573
Meat and edible meat offal	1165	1208	1214	1498	1470
Dairy produce; birds' eggs; natural honey	1093	1176	1462	1431	1300
Other countries	31673	33134	35662	30700	28982

Source: Trademap.