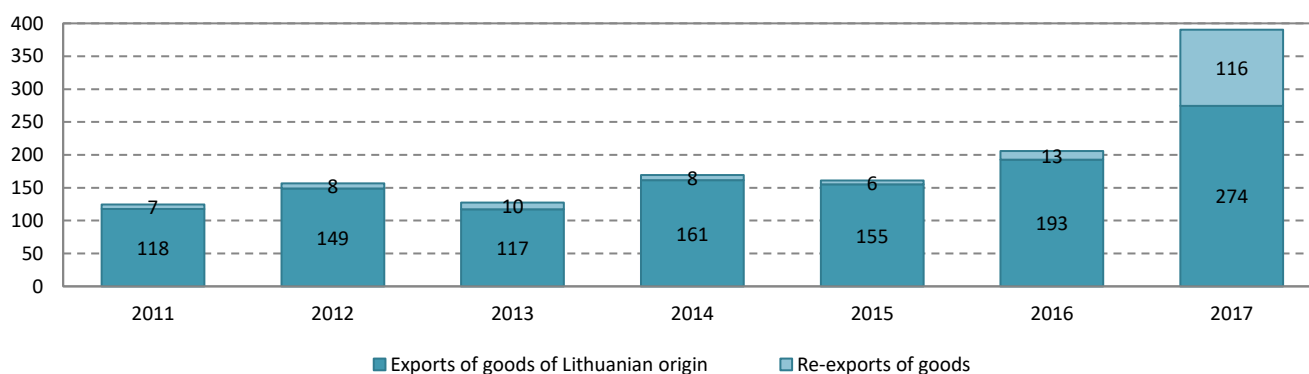


SUMMARY

- ▶ Trade relations between Lithuania and Turkey are not very intense, though Turkey is an important trade partner for Lithuania. In 2017 Turkey was Lithuania's 19th largest export partner and 27th largest import partner. The turnover of goods between Turkey and Lithuania is increasing – from 244.4 million euro in 2013 to 347.5 million EUR in 2016 and 551.8 million EUR in 2017. In 2017, turnover of goods between Turkey and Lithuania increased by almost 59% compared to the same period in 2016, with exports growing 89.6% and imports 14.1%.
- ▶ The turnover of goods between Turkey and Lithuania is increasing – from 244.4 million euro in 2013 to 347.5 million EUR in 2016 and 551.8 million EUR in 2017. Since joining the EU, Lithuania usually has a positive trade in goods balance with Turkey. In addition, much faster exports growth in 2017 resulted in an increase of positive trade balance.
- ▶ 29,7% of total exports of goods to Turkey in 2017 consisted of re-exports and the remaining 70.3% were made up of domestically produced goods. In 2017 Turkey was the main market for Lithuanian aircraft, spacecraft, and parts thereof re-exporters.
- ▶ In 2017 exports of domestically produced goods to Turkey increased by 42.6% and amounted to 274.5 million EUR. If compared with 2016, the largest growth in exports of domestically produced goods was recorded in cereals, wadding, felt and nonwovens, glass and glassware. Largest decrease was observed in the exports of fertilizers, products of the milling industry, wood and articles of wood. In 2017 exports of domestically produced goods consisted mainly of cereals (48.4%), iron and steel (31.3%), fertilizers (6.6%), furniture (2.1%).
- ▶ In 2016 Lithuania exported services to Turkey for an amount of more than 6.2 million EUR, which was 11.9% more than in 2015. The largest share in exports of services to Turkey was accounted for by other services, travel services and transportation services.
- ▶ In 2017 Lithuania imported goods from Turkey for an amount of 161.6 million EUR, which was 14.1% more than in 2016. Most of imported goods in 2017 consisted of vehicles other than railway or tramway rolling-stock, and parts and accessories thereof (14.6%), articles of iron or steel (10.5%), man - made filaments (8.5%), boilers, machinery and mechanical appliances (7.6%), special woven fabrics, tufted textile fabrics (4.9%). In 2017 growth was mainly caused by the imports of articles of iron or steel, vehicles other than railway or tramway rolling-stock and aluminium and articles thereof.
- ▶ In 2016 Lithuania imported services from Turkey for an amount of 38.0 million EUR, which was 18.6% less than in 2015. In 2016 the largest share in imports of services from Turkey was accounted for by travel services, followed by transport services and other business services.
- ▶ In 2017 Lithuania was the 54th largest import partner for Turkey.

Figure 1. Lithuanian exports of goods to Turkey 2010-2017 million EUR


Source: Statistics Lithuania and Enterprise Lithuania calculations.

- ▶ The Decision Support Model (DSM)¹ identified 59 product groups (on 6-digit combined nomenclature) with potential opportunities for Lithuanian exporting companies in Turkey. Most potential export opportunities were identified for the chemicals and chemical products

Table 1. Bilateral trade between Lithuania and Turkey 2014-2017.

	2015		2016		2017	
	Share, %	Rank	Share, %	Rank	Share, %	Rank
Goods						
Share of partner country in total exports of goods	0.7%	23	0.9%	21	1.2%	19
Share of partner country in domestically produced exports of goods	1.1%	20	1.4%	18	1.7%	17
Share of partner country in re-exports of goods	0.1%	46	0.1%	35	1.1%	15
Share of partner country in imports of goods	0.5%	25	0.6%	26	0.6%	27

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 less concentrated the import market for this product). The full list of export opportunities for Lithuanian exporters in Turkey is available on request from analitikai@verslietuva.lt.

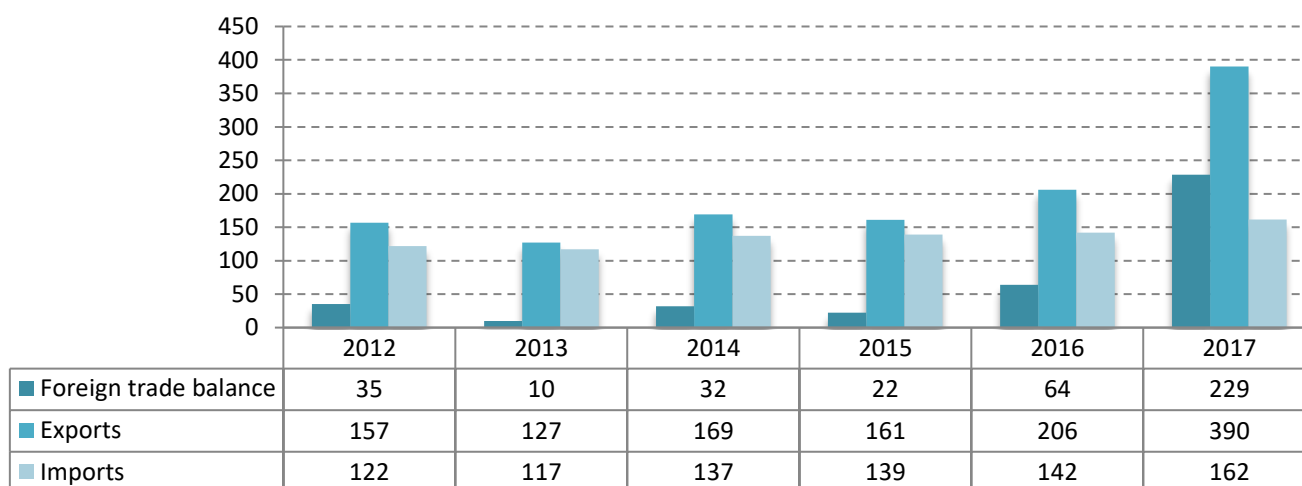
	2015		2016		2017	
	Share, %	Rank	Share, %	Rank	Share, %	Rank
Services						
Share of partner country in exports of services	0.1 %	47	0.1 %	46	0.1 %	47
Share of partner country in imports of services	1.1 %	23	0.8 %	27	0.7 %	28

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

I. TRADE BALANCE IN GOODS

The turnover of goods between Turkey and Lithuania is increasing – from 244.4 million euro in 2013 to 347.5 million EUR in 2016 and 551.8 million EUR in 2017. Since joining the EU, Lithuania usually has a positive trade in goods balance with Turkey. In addition, much faster exports growth in 2017 resulted in an increase of positive trade balance.

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



Source: Statistics Lithuania.

II. DOMESTICALLY PRODUCED EXPORTS

In 2017 exports of domestically produced goods to Turkey increased by 42.6% and amounted to 274.5 million EUR. If compared with 2016, the largest growth in exports of domestically produced goods was recorded in cereals, wadding, felt and nonwovens, glass and glassware. Largest decrease was observed in the exports of fertilizers, products of the milling industry, wood and articles of wood. In 2017 exports of domestically produced goods mainly consisted of cereals (48.4%), iron and steel (31.3%), fertilizers (6.6%), furniture (2.1%).

In 2017 the largest category was cereals which comprised 48.4% of domestic exports to Turkey and amounted to 132.8 million EUR which was almost by 150.2% more than in 2016. From this category of goods, Lithuania only exported wheat. In 2017 cereals remained the main growth driver.

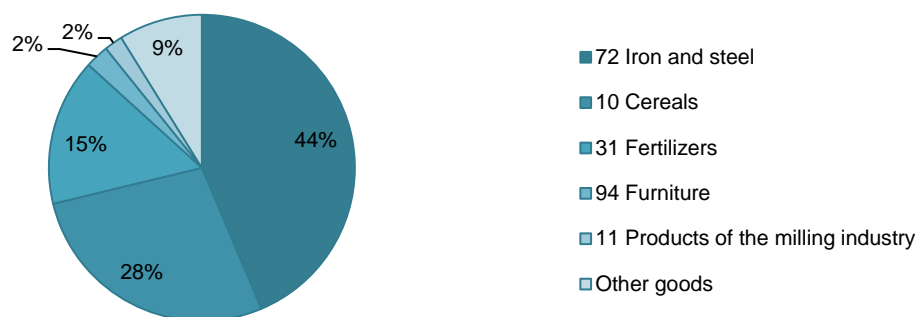
In 2017 the second largest category was iron and steel. These products comprised 31.3% of exports of domestically produced goods to Turkey and amounted to 85.8 million EUR. From this category of goods Lithuania exports to Turkey only metal waste and scrap.

In 2017 the third largest category was fertilizers which comprised 6.6% of domestic exports to Turkey. Exports of fertilizers decreased by 38.9% over the year of 2017 and amounted to 18.2 million EUR. Basically all exports in this category consisted of phosphate fertilizer.

The fourth place was taken by furniture, bedding and mattresses although these goods comprised only 2.1% of domestic exports to Turkey. Exports of furniture grew in 2017 by 18.2% and amounted to 5.7 million EUR. This category mainly consisted of wooden furniture (93%) and lamps.

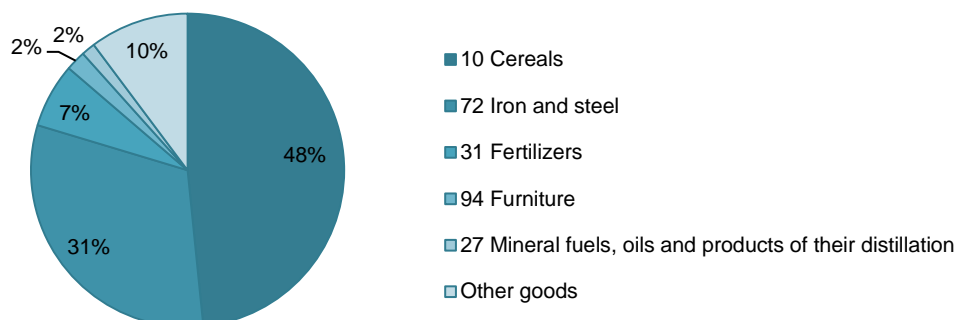
The fifth place was taken by products of the mineral fuels, oils and products of their distillation which made up only 1.4% of domestically produced exports to Turkey. During 2017 the export value of these products increased 64.8% and amounted to 3.9 million EUR. Basically all exports in this category consisted of peat (79.7%) and motor oils (19.2%)

Figure 3. Structure of exports of goods produced in Lithuania to Turkey in 2016, %



Source: Statistics Lithuania and Enterprise Lithuania calculations.

Figure 4. Structure of exports of goods produced in Lithuania to Turkey in 2017, %



Source: Statistics Lithuania and Enterprise Lithuania calculations.

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

Commodity category (by CN)	2011	2012	2013	2014	2015	2016	2017	2017 annual growth, %
Total	117.7	149.1	117.4	161.5	155.1	192.5	274.5	42.6%
10 Cereals	18.6	7.5	6.3	30.1	39.0	53.1	132.8	150.2%
72 Iron and steel	58.2	44.0	55.5	97.3	80.5	84.0	85.8	2.1%
31 Fertilizers	0.0	61.4	7.0	12.5	18.5	29.9	18.2	-38.9%
94 Furniture	2.5	3.6	3.7	2.8	2.8	4.8	5.7	18.2%
27 Mineral fuels, oils and products of their distillation	1.8	2.0	2.9	1.8	1.7	2.4	3.9	64.8%
70 Glass and glassware	0.0	0.0	0.0	0.0	0.0	1.7	3.8	120.6%
56 Wadding, felt and nonwovens; special yarns	0.3	0.5	0.7	0.3	0.4	1.1	3.5	207.0%
85 Electrical machinery and equipment and parts thereof	0.5	0.2	0.3	0.6	1.3	1.3	3.4	156.1%
Other goods	35.8	29.9	41.0	16.2	10.8	14.2	17.4	22.4%

Source: Statistics Lithuania and Enterprise Lithuania calculations.

III. EXPORTS OF SERVICES

In 2017 Lithuania exported services to Turkey for an amount of more than 9.3 million EUR, which was 49.0% more than in 2016. The largest share in exports of services to Turkey was accounted for by other services, travel services and transportation services.

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

Balance of payments category (EBOPS 2010)	2016	2017	2017 annual growth, %
Travel services	1.8	2.2	19.0%
Transportation services	1.5	2.0	33.1%
ICT services	*	0.8	...
Manufacturing services on physical inputs owned by others	0.0	0.6	...
Other business services	0.2	0.3	43.5%
Other services	2.6	3.4	27.4%
Total	6.2	9.3	49.0%

Source: Bank of Lithuania and Enterprise Lithuania calculations. * confidential data

IV. POTENTIAL EXPORT OPPORTUNITIES

The Decision Support Model (DSM)² identified 59 product groups (on 6-digit combined nomenclature) with potential opportunities for Lithuanian exporting companies in Turkey. Most potential export opportunities were identified for the chemicals and chemical products.

Table 4. TOP 10 export opportunities for Lithuanian companies in Turkey, according to the Decision Support Model.

Industry (NACE 2 rev.)	Potential export opportunities to Turkey
Chemicals and chemical products	108
Other machinery and equipment	88
Food products	63
Basic metals	62
Wearing apparel	58
Textiles	58
Fabricated metal products, except machinery and equipment	39
Computer, electronic and optical products	32
Rubber and plastics products	32
Electrical equipment	31
Paper and paper products	30
Other non-metallic mineral products	21
Wood and products of wood	18

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

V. IMPORTS OF GOODS

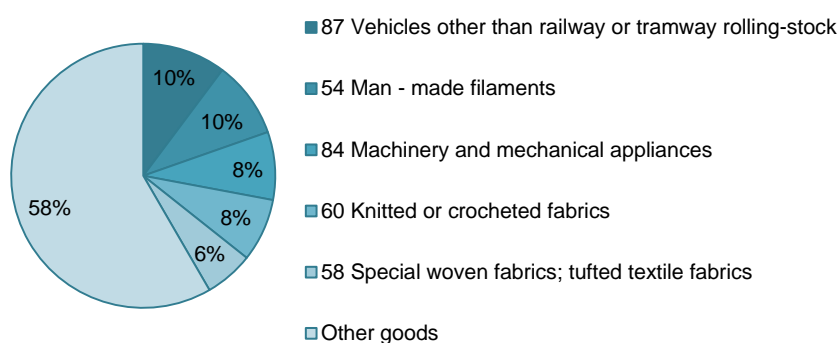
In 2017 Lithuania imported goods from Turkey for an amount of 161.6 million EUR, which was 14.1% more than in 2016. Most of imported goods in 2017 consisted of vehicles other than railway or tramway rolling-stock, and parts and accessories thereof (14.6%), articles of iron or steel (10.5%), man - made filaments (8.5%), boilers, machinery and mechanical appliances (7.6%), special woven fabrics, tufted textile fabrics (4.9%). In 2017 growth was mainly caused by the imports of articles of iron or steel, vehicles other than railway or tramway rolling-stock and aluminium and articles thereof.

In 2017 the largest category among imports of goods from Turkey was vehicles other than railway or tramway rolling-stock with a share of 14.6%. In 2017 imports of vehicles other than railway or tramway rolling-stock grew 62.5% and reached the value of 23.5 million EUR. Most of this category of goods consisted of motor vehicles for the transport of ten or more persons (61.1%) and parts and accessories of the motor vehicles (33.2%).

In 2017 the second largest category among imports of goods from Turkey was articles of iron or steel, which had a share of 10.5% in total imports of goods from that country. In 2017, imports in this category increased by more than four times compared to the same period in 2016. Most of this category of goods consisted of tubes, pipes and hollow profiles (for example, open seam or welded, riveted or similarly closed), of iron or steel (66.1%).

The third largest category among imports from Turkey consisted of man - made filaments which had a share of 8.5% in total imports from Turkey. In 2017 imports of man - made filaments grew by 2.5% and reached the value of 13.7 million EUR. Most of this category of goods consisted of woven fabrics of synthetic filament yarn (86.7%) and synthetic filament yarn (10.1%).

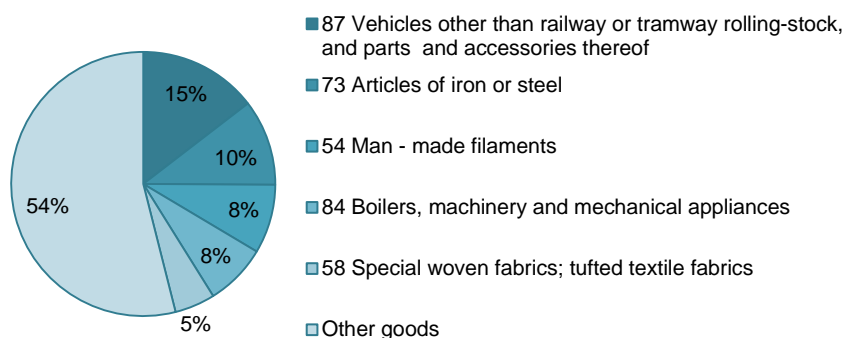
Figure 5. Structure of imports of goods from Turkey in 2016, %



Source: Statistics Lithuania and Enterprise Lithuania calculations.

² 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.

Figure 6. Structure of imports of goods from Turkey in 2017, %



Source: Statistics Lithuania and Enterprise Lithuania calculations.

Table 5. Imports of goods from Turkey, million EUR

Commodity category (by CN)	2010	2011	2012	2013	2014	2015	2016	2017	2017 annual growth, %
Total	80.9	100.9	121.7	117.2	137.2	138.9	141.7	161.6	14.1%
87 Vehicles other than railway or tramway rolling-stock	4.9	8.1	7.9	11.6	9.5	11.1	14.5	23.5	62.5%
73 Articles of iron or steel	3.0	3.1	11.9	3.5	13.8	11.7	4.0	17.0	322.3%
54 Man - made filaments	1.8	2.4	5.2	7.2	9.7	14.7	13.3	13.7	2.5%
84 Boilers, machinery and mechanical appliances	6.9	6.1	8.5	8.1	9.4	10.0	11.8	12.2	3.8%
58 Special woven fabrics; tufted textile fabrics	4.6	8.2	8.9	8.4	9.7	6.6	8.5	8.0	-5.6%
39 Plastics and articles thereof	1.6	3.0	3.0	3.3	4.8	3.4	5.7	6.8	18.5%
85 Electrical machinery and equipment	4.5	6.7	8.7	6.2	7.2	6.8	7.5	6.6	-13.1%
71 Pearls, precious or semi-precious stones, metals	3.0	2.7	3.1	3.6	5.0	7.0	7.0	6.3	-9.8%
20 Preparations of vegetables or other parts of plants	1.6	2.7	4.0	3.8	4.4	6.8	5.9	6.3	6.0%
08 Edible fruit and nuts; peel of citrus fruit or melons	3.4	4.7	5.3	5.7	4.8	5.8	6.5	6.0	-7.5%
60 Knitted or crocheted fabrics	13.3	13.5	14.3	14.3	16.1	12.9	10.9	5.8	-47.3%
52 Cotton	2.9	4.6	4.1	3.9	3.9	3.6	4.5	4.3	-2.9%
Other goods	29.2	35.1	36.8	37.6	38.9	38.4	41.5	45.2	8.8%

Source: Statistics Lithuania and Enterprise Lithuania calculations.

VI. IMPORTS OF SERVICES

In 2016 Lithuania imported services from Turkey for an amount of 38.0 million EUR, which was 18.6% less than in 2015. In 2016 the largest share in imports of services from Turkey was accounted for by travel services, followed by transport services and other business services.

Table 6: Imports of services from Turkey by balance of payments category, million EUR.

Balance of payments category (EBOPS 2010)	2015	2016	2016 annual change %
Travel services	31.5	26.3	-16.4%
Transportation services	13.2	9.1	-31.2%
Other business services	•	1.4	...
Insurance services	0.1	0.1	20.0%
Other services	2.0	1.2	-40.8%
Total	46.7	38.0	-18.6%

Source: Statistics Lithuania and Enterprise Lithuania calculations. • confidential data

VII. TURKEY IMPORTS OF GOODS

In 2017 Lithuania was the 54th largest import partner for Turkey.

Table 7. Turkey imports by country, billion EUR

Country	2013	2014	2015	2016	2017
Total	251.7	242.2	207.2	198.6	233.8
China	24.7	24.9	24.9	25.4	23.4
Germany	24.2	22.4	21.4	21.5	21.3
Russian Federation	25.1	25.3	20.4	15.2	19.5
United States of America	12.6	12.7	11.1	10.9	11.9
Italy	12.9	12.1	10.6	10.2	11.3
Area Nes	13.4	13.7	9.8	6.8	8.2

Country	2013	2014	2015	2016	2017
France	8.1	8.1	7.6	7.4	8.1
Iran, Islamic Republic of	10.4	9.8	6.1	4.7	7.5
Switzerland	9.6	4.8	2.4	2.5	6.9
Korea, Republic of	6.1	7.5	7.1	6.4	6.6
United Kingdom	6.3	5.9	5.5	5.3	6.5
Spain	6.4	6.1	5.6	5.7	6.4
Other countries	91.9	88.8	74.7	76.7	96.1

Source: Trademap.

Table 8. Turkey imports of goods by commodity group, billion EUR

Commodity category (by CN)	2013	2014	2015	2016	2017
Total	251.7	242.2	207.2	198.6	233.8
27 Mineral fuels, oils and products of their distillation	55.9	54.9	37.8	27.2	37.2
84 Machinery, mechanical appliances, boilers	30.2	28.1	25.6	27.3	27.2
85 Electrical machinery and equipment and parts thereof	17.8	17.9	17.6	20.1	21.2
71 Pearls, stones, precious metals	16.2	8.1	4.2	7.2	17.4
87 Vehicles other than railway or tramway rolling stock	16.8	15.7	17.5	17.8	17.4
72 Iron and steel	18.7	17.6	14.8	12.6	16.8
39 Plastics and articles thereof	13.9	14.2	12.3	11.6	13.3
29 Organic chemicals	5.3	5.8	4.7	4.4	5.4
90 Optical, photographic, cinematographic, measuring, medical equipment	4.6	4.9	4.6	4.6	5.0
30 Pharmaceutical products	4.2	4.4	4.3	4.2	4.4
76 Aluminium and articles thereof	3.2	3.5	3.3	2.9	3.5
74 Copper and articles thereof	3.7	3.6	3.0	2.7	3.3
Other goods	61.2	63.4	57.4	56.0	61.7

Source: Trademap.