

## On Latvia's Foreign Trade in August 2022

## In August 2022, exports and imports of goods continued to grow rapidly on an annual basis

According to the data of the Central Statistical Bureau (CSB), in August 2022, the value of exports of goods in actual prices increased by 32.7% on an annual basis. The value of the imports of goods in August grew a little more slowly - by 26.7% annually. In August 2022, the trade deficit was 12.9 percent.

In August 2022, the annual average export value continued to grow in almost all main groups. A large part of the increase in the value of exports continued to be provided by

the export of mineral products. The value of exports of electrical appliances and equipment, milk and milk products, cereal crops, and iron and steel products also increased significantly. At the same time, it should be noted that the increase in the value of these groups of export goods is partly related to a rapid increase in export prices. On the other hand, the decrease in the export value of iron and steel had a small negative impact on export growth, mostly due to price decline.

In August 2022, exports to **EU countries** grew more rapidly than the total export of goods on an annual basis - by 45.9%. The value of exports increased significantly to Lithuania (i.e., mineral products, electrical equipment), Finland (i.e., mineral products), Estonia (i.e., electrical equipment, mineral products), the Netherlands (i.e., mixed chemical products, oilseeds), Sweden (i.e., wood), and Denmark (i.e., animal and vegetable fats, wood).

Exports to the **CIS countries** increased slightly - by 4.7%. The value of exports to Kazakhstan increased (i.e., electrical devices, iron and steel). However, it declined to Belarus and Russia (mechanisms to both countries).

On the other hand, in August 2022, the decrease in exports was also observed to **other countries** – by 16.2%. In this group of countries, the value of exports decreased more rapidly to the United Kingdom (i.e., wood), South Africa and Kenya (both – cereals) Nevertheless, the value of exports increased to Mozambique (i.e., cereals), Ukraine (i.e., mineral products), and Angola (i.e., cereals).

In August 2022, imports of goods increased in most major commodity groups on an annual basis. Among them, the import value of mineral products increased particularly rapidly. Imports of agricultural and food products, as well as mechanisms, devices and electrical equipment increased more moderately.

Overall, in January-August 2022, exports exceeded last year's January-August volumes by 31.2%, while the imports of goods during this period were 35.9% higher than a year ago.

Further export growth will continue to be negatively affected by the war in Ukraine, which has disrupted the existing supply chains of raw materials. In this situation, the companies that were connected to the markets of the countries involved in the war should reorient their supply opportunities and look for new markets. Also, the competitiveness of exporters is negatively affected by the worldwide increase in prices for goods, including energy resources.

