

On Latvia's Foreign Trade in December 2022 and the year as a whole

## Rapid growth in goods trade continued in December 2022

According to the data of the Central Statistical Bureau (CSB), in December 2022, the value of exports of goods at current prices increased by 9.6% on an annual basis. The value of the imports of goods grew more rapidly - by 39.8%. The trade deficit in December reached 15.9%.

In December, year-on-year export value continued to grow in most basic commodity groups. A large part of the increase in the value of exports continued to be provided by the exports of mineral products. The export value of electrical appliances and equipment, cereal crops, beverages, wood and wood products, and dairy and dairy products also increased significantly. On the other hand, the decrease in the export value of iron and steel, as well as other chemical products, had a negative impact on export growth, mostly due to price reductions.

In December, exports to **EU** countries increased by 5.7% year-on-year. Export value significantly increased to Estonia (i.e., mineral products), Finland (i.e., mineral products), Sweden (i.e., wood), and Denmark (i.e., wood, animal and vegetable fats). However, it decreased to Spain, the Netherlands (i.e., cereals) and Lithuania (i.e., mineral products).

Exports to **CIS** countries also increased by 5.3%. The value of exports to Kazakhstan (i.e., electrical devices, mechanisms) increased significantly. Nevertheless, it decreased to Belarus (i.e., mechanisms, beverages). Export of goods to Russia increased by 0.8%.

In December, export volumes to **other countries** grew rapidly - by 24%. In this group of countries, the value of exports increased most rapidly to Saudi Arabia (i.e., cereals), Ukraine (i.e., mineral products, electrical appliances), Tanzania (i.e., cereals), and the USA (wood, electrical appliances), while it decreased to the United Kingdom (i.e., wood) and Turkey (i.e., iron and steel).

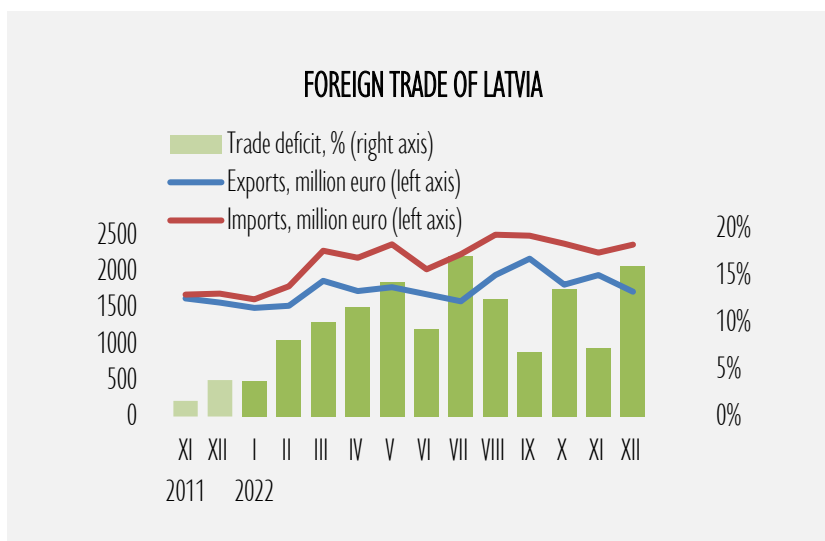
Imports of goods increased year-on-year in most basic commodity groups in December. The imports of vehicles grew rapidly. In particular, due to the increase in prices, the import value of mineral products continued to increase particularly rapidly. Imports of agricultural and food products also increased.

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In general, in 2022, exports exceeded last year's volumes by 29.3%, while the imports of goods during this time was 35.8% 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.