

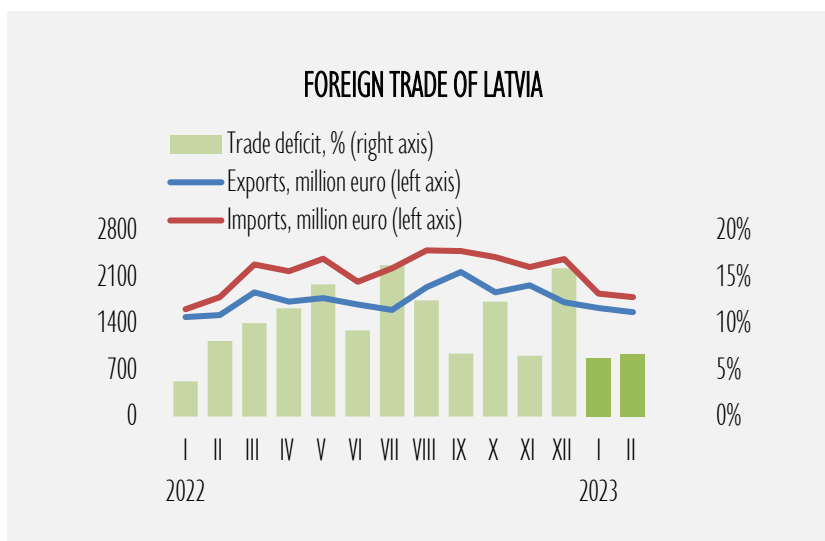
On Latvia's Foreign Trade in February 2023

Growth in goods trade endured in February 2023

According to the data of the Central Statistical Bureau (CSB), in February 2023, the value of exports of goods in actual prices increased by 3% on an annual basis. The annual value of goods imports was similar to a year ago - an increase of 0.1%. In February 2023, the trade deficit reached 6.7%.

In February, on an annual basis, the value of exports continued to grow in most basic categories of goods. At the same time, it should be noted

that export growth is still partly related to the increase in export prices. A large part of the increase in the value of exports was provided by the exports of electrical appliances and equipment. The export value of beverages, mineral products, fodder, land vehicles, and optical devices also increased significantly. On the other hand, a negative impact on the growth of exports, mainly due to the decrease in prices, yielded the decrease in the export value of iron and steel, wood and wood products, as well as cereals.



In February 2023, exports to **EU countries** decreased by 0.2% on an annual basis. The value of exports decreased more rapidly to Spain (i.e., cereals), Poland (i.e., iron and steel), and the Netherlands (i.e., mixed chemical products, wood). On the other hand, exports to Finland (i.e., mineral products), Sweden (i.e., wood), and Germany (i.e., oilseeds, fodder) grew rapidly.

On the other hand, exports to the **CIS countries** grew rapidly in February 2023 - by 28.6%. The exports of beverages to Russia increased significantly, while the export value of other product categories decreased significantly. Exports to Kazakhstan (i.e., electrical appliances) also increased.

In February 2023, export volumes to **other countries** increased by 5.9%. In this group of countries, the value of exports increased most rapidly to Nigeria (i.e., cereals), Turkey (i.e., iron and steel), and the United Kingdom (i.e., aircraft, parts thereof, oilseeds), while it decreased to the United States (i.e., wood).

In February 2023, the import of mineral products increased significantly on an annual basis. Imports of electrical appliances and equipment, land vehicles, fodder and fertilizers also increased. On the other hand, the value of imports of aircraft, their parts, chemical products, plastics and wood and wood products decreased.

Overall, in the first two months of 2023, exports exceeded last year's January-February volumes by 5.9%, while the imports of goods during this period was 6.9% higher than a year ago.

Further export growth in 2023 will continue to be affected by the war in Ukraine, which has disrupted the 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 global increase in prices for goods, including energy resources.