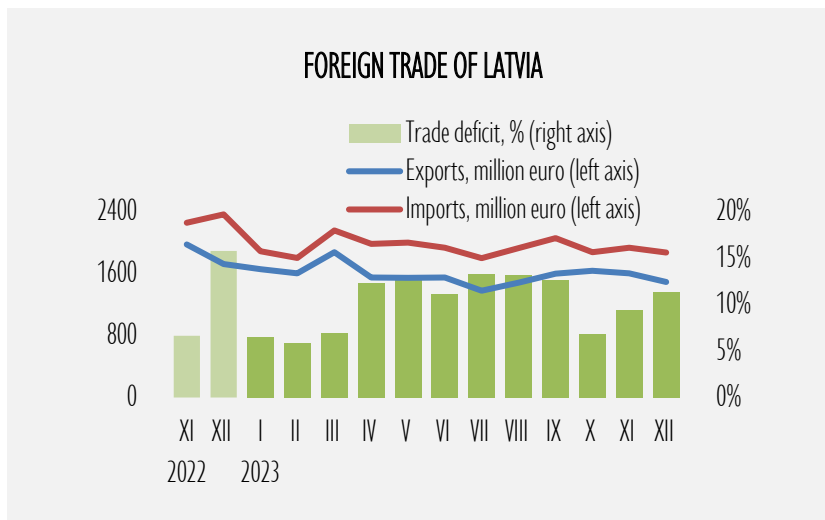


On Latvia's Foreign Trade in December 2023

Both exports and imports of goods declined year-on-year in December 2023

According to data from the Central Statistical Bureau (CSB), the value of goods exports in December 2023 decreased by 13.4% year-on-year in actual prices. Meanwhile, the value of goods imports in December was 20.9% lower than a year earlier. The trade deficit for December stood at 11.3%. The year-on-year decline in export value can be attributed to a drop in export prices as well as the base effect. However, recent trends indicate that the rate of decline in exports is slowing.



For the tenth consecutive month in December, the export value of mineral products experienced a significant decrease on an annual basis, greatly contributing to the overall decline in export value. The export value of wood and wood products also saw a substantial decline, while the export of electrical appliances and equipment, grain crops, and iron and steel products decreased more moderately. Conversely, the export value of iron and steel, vegetables, oilseeds, cereals, flour and dairy products, seeds, and land vehicles increased.

Exports to EU countries fell by 10.6% year-on-year in December. Export values decreased more sharply to Finland (mineral products, wood), Lithuania (mineral products), Sweden, Denmark (both wood), and Germany (mineral products, wood). However, exports to Spain (cereals, vegetables) and Portugal (cereals) saw an increase.

Exports to CIS countries continued to decline significantly, dropping by 26.8% in December. Exports to Russia decreased, particularly for machinery and appliances, electrical appliances and equipment, and beverages. Beverages still account for more than 40% of all exports to Russia. Other non-sanctioned goods, such as pharmaceutical products, clothing and accessories, perfumes, and cosmetics, are also exported to Russia. In contrast, exports to Uzbekistan increased, primarily due to pharmaceutical products.

Exports to other countries also declined in December, falling by 15.7%. Within this group, the value of exports decreased most notably to Nigeria, Tanzania, and Saudi Arabia (all due to cereals). However, the value of exports rose to South Africa, Congo, Cameroon (all due to cereals), and Ukraine (miscellaneous goods).

Similar to exports, the decrease in import value in December was largely driven by a decline in the value of imported mineral products, which fell for the eleventh consecutive month. Imports of aircraft and their parts, mechanical devices and electrical equipment, as well as land vehicles, also decreased. On the other hand, the value of imports of railway transport and their parts, pharmaceutical products, oilseeds, and fodder increased.

Overall, in 2023, the value of goods exports in actual prices was 11.2% lower than in the previous year. This decline was significantly influenced by reduced export values of mineral products, wood and wood products, electrical appliances and equipment, grain crops, iron and steel products, and machinery. The value of goods imports decreased even more, by 12.5% in 2023, largely due to the decline in the import value of mineral products. Imports of wood and its products, as well as iron and steel, also decreased more moderately. The trade deficit in 2023 was 10.1% of the total trade turnover.

Looking ahead, export growth in the early months of 2024 is likely to remain weak. Positive export growth is expected to return in the second quarter of 2024. This recovery will continue to be affected by limited external demand and geopolitical uncertainties. In this context, it is crucial to keep exploring new supply opportunities and markets for goods.