

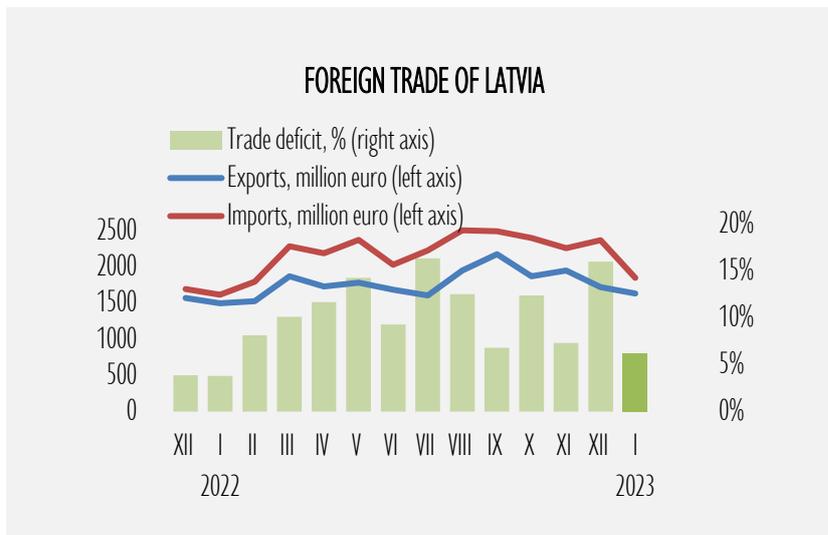
On Latvia's Foreign Trade in January 2023

In January 2023, the growth of trade in goods continued

According to the data of the Central Statistical Bureau (CSB), in January 2023, the value of goods exports in actual prices increased by 8.9% on an annual basis. The value of the imports of goods grew more rapidly on an annual basis – by 14.5%. The trade deficit in January was 6.2 percent.

In January 2023, the annual average value of exports continued to grow in most basic commodity groups. At the same time, it should be noted

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



In January, exports to **EU countries** increased by 6.3% on an annual basis. Export value increased significantly to Finland (i.e., mineral products, wood), Lithuania (i.e., electrical devices, vehicles), Sweden (i.e., wood), Germany (i.e., fodder, machinery), and Estonia (i.e., electrical devices, plastics).

Exports to **CIS countries** also increased - by 11.4%. The value of exports to Kazakhstan increased (i.e., electrical appliances, beverages), albeit it decreased to Russia (i.e., mechanisms, pharmaceutical products).

Export volumes to **other countries** also increased in January - by 18.5%. In this group of countries, the value of exports increased more rapidly to Nigeria (i.e., cereals), Turkey (i.e., iron and steel), and Israel (i.e., cereals). However, it decreased to the United Kingdom and the United States (i.e., wood).

Imports of goods increased year-on-year in most basic commodity groups in January. The imports of vehicles grew rapidly. In addition, due to the increase in prices, the import value of mineral products also increased. On the other hand, the imports of metals and chemical industry products decreased.

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 worldwide increase in prices for goods, including energy resources.