

On Latvia's Foreign Trade in September 2022

For 19 months, on an annual basis, the rapid growth of trade in goods continues

According to the data of the Central Statistical Bureau (CSB), in September 2022, the value of exports of goods in actual prices increased by 32.3% on an annual basis. Also, the value of imports of goods grew similarly - by 35.9%. In September 2022, the trade deficit was 7.2 percent.

In September 2022, the export value continued to grow in almost all main groups on an annual basis. At the same time, it should be noted that the rapid export growth is partly

related to a rapid increase in export prices. 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 cereal crops, milk and milk products, machinery, electrical appliances and equipment, as well as vegetables also increased significantly. On the other hand, the decrease in the export value of iron and steel had a negative impact on the growth of exports, mainly due to the decline in prices.

In September 2022, exports to **EU countries** grew more rapidly than the total export of goods on an annual basis - by 41.3%. Export value increased significantly to Lithuania (i.e., mineral products), the Netherlands (i.e., cereals, oilseeds), Estonia (i.e., mineral products), Finland (i.e., mineral products, wood), Sweden (i.e., wood), and Germany (i.e., wood, mineral products).

Exports to **CIS countries** also increased - by 10.1%. The value of exports to Kazakhstan (i.e., electrical devices, vehicles) and Ukraine (i.e., mineral products) increased. However, a decline of export values to Russia (i.e., mechanisms, electrical devices and equipment) was observed.

In September 2022, export volumes to **other countries** also increased - by 18.7%. In this group of countries, the value of exports increased more rapidly to the USA (i.e., wood, optical devices), South Africa and Israel (both - cereals), while it decreased to the United Kingdom (i.e., wood), United Arab Emirates and Nigeria (both - cereals).

In September 2022, imports of goods increased year-on-year in most basic commodity groups. Among them, due to the increase in prices, the import value of mineral products increased particularly rapidly. Imports of agricultural and food products, chemical industry products and machinery, electrical appliances and equipment also increased.

Overall, in Q1-Q3 of 2022, compared to the corresponding period last year, exports increased by 31.9%. Also, imports of goods were 36% 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.

