

On Latvia's Foreign Trade in August 2023

In August, both exports and imports decreased significantly on an annual basis

According to data from the Central Statistical Bureau (CSB), in August 2023, the value of goods exports in actual prices decreased by 24.5% on an annual basis.

Goods imports were also 24.8% less than a year ago, marking the fifth consecutive month of export decline and the sixth month of import decline. The trade deficit in August amounted to 12.3%.

The year-on-year decrease in export value is partly attributed to the decline in export prices. Recent trends suggest that while the decline in exports is not deepening, export volumes have slightly increased since June, and the foreign trade deficit has slightly reduced.

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In August, the export value of mineral products notably decreased annually. Exports of wood and its products, grain and oilseeds, electrical appliances, equipment, and machinery also experienced a decline. Conversely, the export value of chemical industry goods, beverages, iron, and steel increased.

Exports to **EU countries** decreased by 24.2% year-on-year in August. The value of exports decreased more rapidly to various countries, including Lithuania, Finland, Sweden, Estonia, the Netherlands, Denmark, and Germany. However, exports increased to the Czech Republic and Hungary.

On the other hand, exports to **CIS countries** increased by 2.7% in August. Increased exports were noted to Kyrgyzstan and Russia, primarily involving beverages, pharmaceutical products, clothing and accessories, perfumes and cosmetics, and other goods not subject to sanctions.

Export volumes to **other countries** significantly decreased by 34.2% in August. Notably, export value decreased more rapidly to Ukraine, the United Kingdom, and Nigeria, while it increased to Tanzania and Iceland.

The value of mineral product imports continued to decrease significantly in August. Imports of electrical appliances and equipment, chemical industry products, mechanisms and devices, as well as plastic products, also decreased. However, the value of imports of beverages, aircraft and their parts, and iron and steel increased.

Overall, from January to August 2023, the export of goods in actual prices was 8.2% lower than in the same period in 2022, while the import of goods decreased by 9.3%. Export growth will continue to be impacted by weak external demand and geopolitical uncertainty in the coming months, emphasizing the importance of seeking new supply opportunities and markets for goods.

