

On Latvia's Foreign Trade in May 2024

May 2024: Exports See Modest Decline While Imports Fall Sharply

According to data from the Central Statistical Bureau (CSB), in May 2024, the value of goods exports in actual prices decreased by 1.3%, while the value of imports decreased by 13.8%. This decline in the value of exports and imports on a year-on-year basis is partly due to falling prices. The trade deficit in May was 7.5%.

In May, the value of exports for grain crops, land vehicles, and fodder decreased more sharply on an annual basis. Exports of various chemical products, vegetables, and mechanisms and devices saw more moderate declines. Conversely, after more than a year of decline, the export of mineral products began to grow again. Additionally, positive contributions to exports came from increases in the export of wood and its products, oilseeds, animal and vegetable fats, and iron and steel.

Exports to Latvia's primary market—the **EU countries**—increased by 0.6% year-on-year in May. Export value grew more quickly to Poland (mechanisms, electrical appliances), Estonia (iron and steel, plant products), Hungary (mineral products), the Czech Republic (aircraft, their parts, mineral products), Lithuania (mineral products, electrical appliances), and Finland (wood, mixed chemical products). On the other hand, exports to Sweden (mixed chemical products, electrical appliances), Spain (cereals), and the Netherlands (vegetables, furniture) decreased.

Exports to **CIS countries** decreased by 8% in May. Exports to Russia (beverages, pharmaceutical products) and Kyrgyzstan (electrical appliances) declined. A significant portion of all exports to Russia still consists of beverages, as well as shoes, clothes, accessories, and pharmaceutical products, among other non-sanctioned goods. Conversely, exports to Kazakhstan (pharmaceutical products) increased.

Exports to **other countries** also fell by 5% in May. This group saw decreased exports to Ukraine (mineral products, goods with undeciphered codes), Senegal, and Mozambique (both cereals), and Turkey (vehicles). However, exports increased to the USA (wood, mechanisms), the United Kingdom, and Egypt (wood to both).

In May, the annual decrease in the value of imports was significantly influenced by reduced imports of aircraft and their parts, as well as land vehicles. The import of mineral products, which has been declining since February 2023, also contributed to the decrease. Imports of machinery and equipment and cereals fell more moderately. Conversely, the import of organic chemical compounds, railway transport, and animal and vegetable fats increased.

Overall, in the first five months of 2024, the export of goods in actual prices was 5.8% lower than a year ago, while the import of goods decreased by 11.6%. Export growth is expected to remain weak in the coming months. Positive export growth is expected to return in the second half of the year, although it will continue to be constrained by external demand and geopolitical uncertainty. In this context, it is essential to keep exploring new supply opportunities and markets for goods.

