

On Latvia's Foreign Trade in February 2025

In February, the Trade balance continued to improve

According to data from the Central Statistical Bureau, in February 2025, on a year-on-year basis, the value of goods exports at current prices increased by 0.1%. Meanwhile, the value of imports was 2.2% higher than a year earlier. **On a month-on-month basis, the negative trade balance narrowed by 2.4 percentage points - from -6.8% in January to -4.4% in February.**

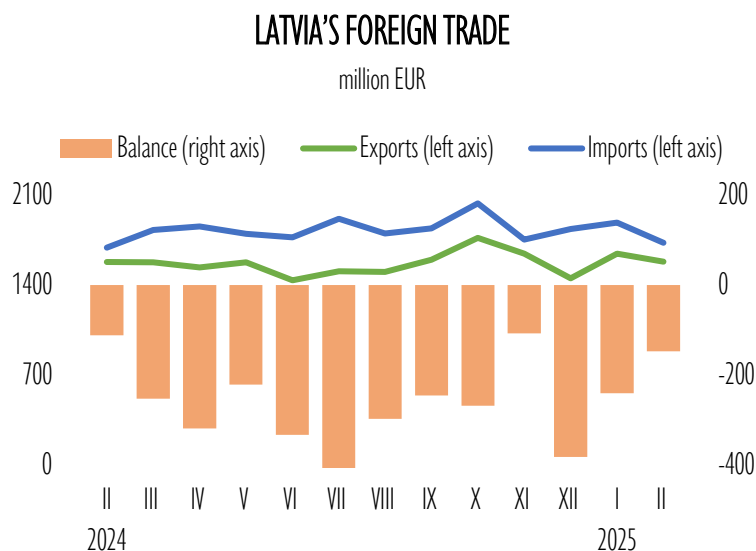
In February, the export value of mineral products increased significantly. More moderate growth was observed in exports of dairy products, cereals, oilseed crops, and plastics and articles thereof. At the same time, the export value of pharmaceutical products and wood and articles thereof declined.

At the same time, on the import side, the most significant contribution was provided by an increase in the value of mineral products and electrical equipment, while imports of land transport vehicles, animal feed, cereals and pharmaceutical products decreased.

On a year-on-year basis in February, the most significant increase in exports was observed to **EU countries** - by 3%. Export values increased more rapidly to Lithuania (mineral products, vehicles), Finland (mineral products), Belgium (oilseed crops), Estonia (dairy products, wood) and France (cereals). Meanwhile, within the EU, export values decreased to the Netherlands (mixed chemical products, cereals). Likewise, export values increased significantly to Morocco, Senegal and Côte d'Ivoire (to all three – cereals), Nigeria (mineral products) and Norway (plastic articles).

Meanwhile, exports to **CIS countries** continued to decrease sharply – by 22.4%. Among them, exports to Russia declined significantly (pharmaceutical products, beverages), and somewhat more moderately to Belarus (optical instruments, worn clothing). A large share of total exports to Russia continues to consist of beverage exports. Likewise, clothing, footwear, perfumery, as well as other goods not subject to sanctions are exported.

Likewise, a decrease in export values on a year-on-year basis was observed to the United States (wood, machinery), Turkey (iron and steel) and Ukraine (unspecified goods, pharmaceutical products).



Overall, in the first two months of 2025, goods exports at current prices were 1% lower than a year earlier, while goods import in this period were 9.3% higher than a year earlier.

It is expected that in the coming months of the year, positive export growth will be maintained. A positive trend is that Latvia's foreign trade balance is becoming more balanced and that for the second consecutive

month the negative trade balance has decreased. It is expected that in March export growth will also be positively influenced by the base effect. However, in the further months of the year, export growth will be volatile, and it will continue to be constrained by geopolitical uncertainty. In this situation, it is essential to continue searching for new supply opportunities, as well as to diversify export markets.