**Lithuania** 

Lithuania was, as its northern neighbour Latvia, very hard hit by the global financial crisis. And the handling of it has been very much the same – hard austerity measures and a tough “internal devaluation”. Significantly decreased real wages and a continued high level of unemployment, held back private consumption. At the same time the banking sector, only slowly recovering from the high levels of non-performing loans (NPL´s were exceeding 20 %) as well as reduced state expenditures reduced investments, also in infrastructure, in spite of access to different structural funds of EU.

It is mainly the strong recovery in export, which has contributed to the GDP-growth so far. For nearest future the export demand is expected to be weaker, but domestic demand is now picking up due to higher wages and gradually increased employment.

Lithuania has during the recent years been successful in meeting most of the Maastricht criteria and is likely to join the Euro zone in 2015, provided that the government is continuing to make prudent decisions and in spite of the fact that the public support in favor of the Euro is rather weak, and deteriorating. Possibly a successful introduction of the Euro in Latvia 2014 can change the public opinion.

Key facts (Sources: IMF, Business Monitor Int´l, Lietuvos Bankas, Statistics Lithuania, Swedbank, SEB)

 2011 2012 2013f 2014f

Population (mn) 3,2 3,1 3,1 3,1

GDP (nom.; EUR, bn) 31,0 32,9 34,6 36,8

GDP-growth, real (%, y-o-y) +6,0 +3,6 +3,8 +3,5

GDP/capita (EUR) 9.672 10.615 11.160 11.900

Budget balance (% of GDP) -5,5 -3,2 -2,8 -2,5

Inflation (CPI; e-o-p, %) 4,1 3,2 1,5 2,8

Export (EUR, bn) 20,2 23,1 25,2 27

Import (EUR, bn) 22,8 25,1 27,6 30

Balance of trade (EUR, bn) -2,6 -2,0 -2,4 -3

Current account (EUR, bn) -1,1 -0,1 -0,7 -1,1

Current account (% of GDP) -3,7 -0,2 -2,0 -3,0

Foreign reserves (EUR, bn) 6,3 6,4 5,9 5,5

Total external debt (EUR, bn) 24,1 24,8 25,4 25,9

Total external debt (% of GDP) 77,8 75,4 73,5 70,5

Exchange rate (LTL/EUR) 3,45 3,45 3,45 3,45

Unemployment rate (%) 15,3 13,2 11,5 10,0