

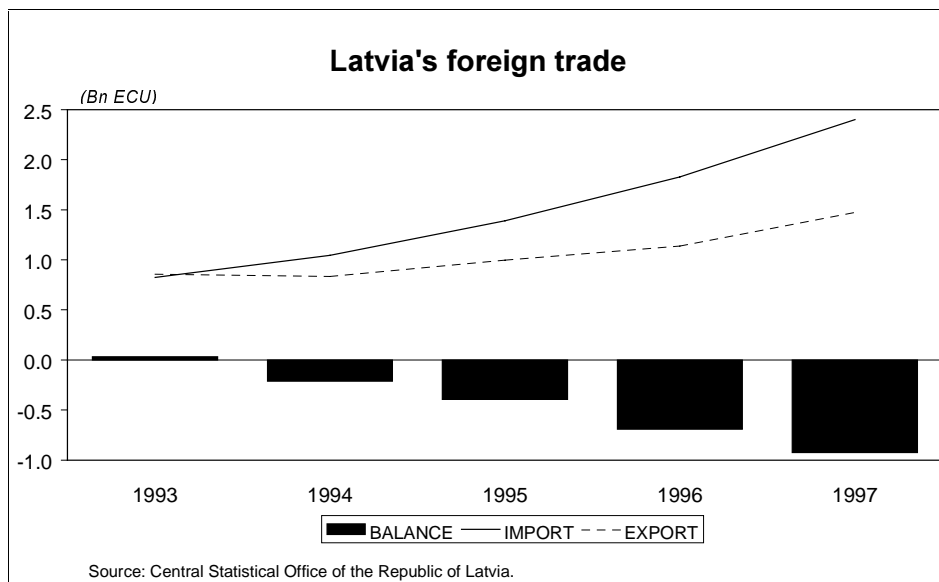
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LATVIA'S FOREIGN TRADE

Tim Allen



In terms of its GDP (ECU 4.9 billion in 1997), Latvia is between Estonia (ECU 4.1 billion) and Lithuania (ECU 8.4 billion), but it contributes less to international trade than either of them. In addition, the Latvian economy is less open than its Estonian and Lithuanian counterparts.

As with the economies of the two other Baltic states, Latvia's integration into world trade has been facilitated by the entry into force of a number of international trade agreements, in particular the free trade agreements with the Baltic States (1994) and the EU (1995). The Europe Agreement with Latvia entered into force in 1998.

A much more rapid increase in imports than in exports (+30.7% annually compared with +14.6%), has led to a marked deterioration in Latvia's balance of trade, which fell from a surplus of ECU 31.5 million in 1993 to a deficit of ECU 925.3 million in 1997.

As a result of the enlargement of the Union in 1995, the EU became Latvia's main trading partner. In 1997, Europe accounted for 53.1% of the country's imports and 48.9% of its exports.

The Union's balance of trade with Latvia increased from a deficit of ECU 306.5 million in 1993 to a surplus of ECU 255.1 million in 1997. This surplus was largely due to trade in machinery and equipment (a surplus of ECU 325.2 million). The largest EU deficits were recorded in wood (ECU 476.1 million) and in mineral fuels (ECU 201.0 million).

Among the Member States, Finland and Germany had the largest surpluses, with ECU 216.1 million and ECU 119.6 million respectively. In 1997, Latvia's main EU partners were Germany (27.9% of total transactions), the United Kingdom (14.1%), Sweden (13.2%) and the Netherlands (13%).

For the reasons mentioned in the methodological note, the "mirror statistics" compiled from the two sources used in this report (Latvian and Eurostat data) show major differences.

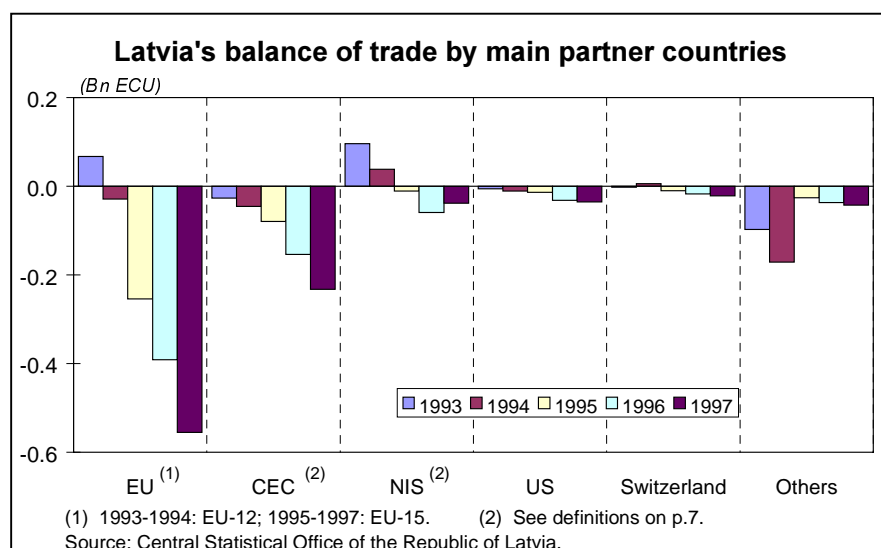
1. Latvia's trade with the rest of the world

1.1. Trade by main partner countries

Latvia makes a modest contribution to world trade because of the relatively small size of its economy. In 1997 it imported goods worth ECU 2.4 billion and exported goods worth ECU 1.5 billion, or less than 0.05% of world trade. For the same year, it accounted for 1.5% of the total trade of the CECs (Central European countries), less than Estonia (2.6%) and Lithuania (3.3%).

Latvia's trade flows increased considerably between 1993 and 1997. As purchases grew more rapidly than sales — +30.7% per year compared with +14.6% — there was a marked deterioration in the balance of trade, which fell from a surplus of ECU 31.5 million to a deficit of ECU 925.3 million. In 1997 the largest deficits were vis-à-vis the EU (ECU 555.1 million) and the CECs (ECU 232.6 million). Latvia's trade with the NIS was relatively balanced.

With GDP growing at an annual rate of +27.3% between 1993 and 1997, the degree of openness (trade/GDP) of the Latvian economy measured



by imports increased from 44.5% to 49.3% but that of measured by exports fell considerably from 46.2% to 30.3%. By way of comparison, the openness rate of the Estonian economy in 1997 was 93.1% for imports and 61.4% for exports.

In the wake of its enlargement, in 1995 the European Union became Latvia's main trading partner, accounting for 47.5% of the country's transactions. This rose to 51.5% in 1997 (53.1% of imports and 48.9% of exports), while in 1993 the Union

accounted for only 17.1% of Latvia's exports and 24.4% of its imports. Latvia's trade has shifted towards the Union at the expense of the NIS, whose share of Latvia's trade fell from 43% in 1993 to 23.5% in 1997, when Russia accounted for three-quarters of NIS transactions with Latvia. During the same period, trade with the CECs increased from 12.3% to 16.7%. Estonia and Lithuania alone accounted for three-quarters of Latvia's trade with the Central European countries.

Latvia's trade by main partner countries

(million ECU)

Partners	Imports					Exports					Balance			
	1993	1996	1997	97 Share (%)	97/96 Var (%)	1993	1996	1997	97 Share (%)	97/96 Var (%)	1993	1996	1997	97/96 Value
World	823.2	1826.7	2399.3	100.0	31.3	854.7	1136.7	1474.0	100.0	29.7	31.5	-690.1	-925.3	-235.3
EU ⁽¹⁾	141.0	899.4	1275.2	53.1	41.8	208.2	508.1	720.2	48.9	41.7	67.1	-391.3	-555.1	-163.7
Germany	80.6	252.8	383.9	16.0	51.9	56.9	156.6	202.9	13.8	29.6	-23.8	-96.2	-181.0	-84.8
Sweden	:	143.8	184.1	7.7	28.1	:	74.5	122.3	8.3	64.1	:	-69.3	-61.8	7.5
CEC ⁽²⁾	116.6	309.3	438.8	18.3	41.9	90.2	155.5	206.2	14.0	32.6	-26.4	-153.8	-232.6	-78.9
Estonia	26.2	104.1	143.5	6.0	37.9	16.4	41.6	61.5	4.2	48.0	-9.8	-62.5	-82.0	-19.5
Lithuania	74.3	115.2	152.8	6.4	32.6	37.1	84.5	110.7	7.5	30.9	-37.2	-30.7	-42.1	-11.4
NIS ⁽²⁾	312.2	466.3	473.3	19.7	1.5	408.5	407.0	435.0	29.5	6.9	96.3	-59.3	-38.2	21.0
Russia	236.2	369.3	374.4	15.6	1.4	255.5	259.6	308.8	20.9	18.9	19.3	-109.7	-65.7	44.1
US	11.8	38.6	56.3	2.3	45.9	5.8	7.3	21.1	1.4	187.1	-6.0	-31.3	-35.3	-4.0
Switzerland	5.6	21.8	33.7	1.4	54.5	3.2	4.3	12.2	0.8	183.1	-2.4	-17.5	-21.6	-4.0
Others	236.0	91.2	121.9	5.1	33.6	138.8	54.4	79.4	5.4	45.9	-97.2	-36.9	-42.6	-5.7
Share in:	For comparison													
GDP	44.5	45.2	49.3	-	9.1	46.2	28.1	30.3	-	7.7	1.7	-17.1	-19.0	-
trade														
of CEC's	1.2	1.5	1.6	-	6.9	1.7	1.4	1.5	-	8.0	-	-	-	-
of world	0.03	0.05	0.05	-	7.9	0.04	0.04	0.04	-	11.3	-	-	-	-

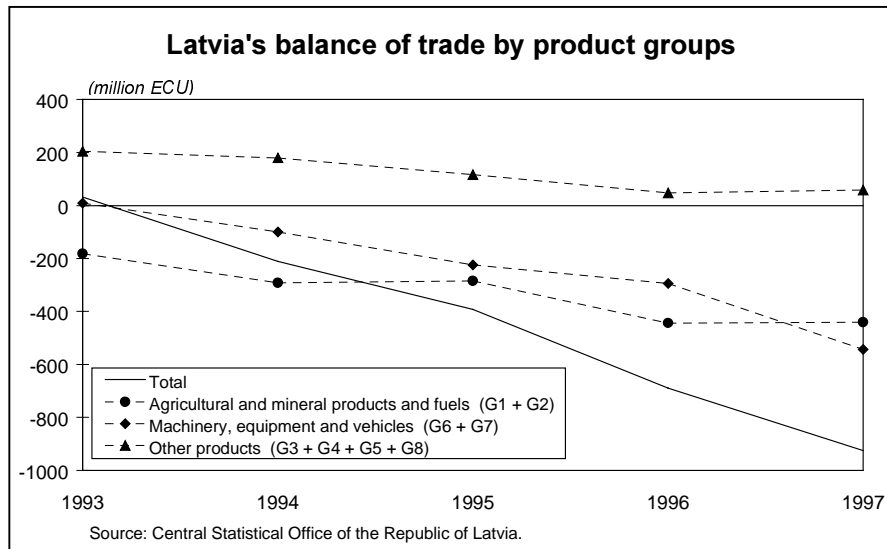
⁽¹⁾ 1993: EU-12; 1996-1997: EU-15. ⁽²⁾ See definitions on p.7.

Sources: Central Statistical Office of the Republic of Latvia; IMF.

1.2. Latvia's trade by products

For the purposes of the analyses on pages 3 to 5, the data available at two-digit level of the Harmonised System (HS) have been grouped into eight headings, labelled G1 to G8 (see definitions on page 7).

The deterioration of Latvia's balance of trade is due mainly to machinery and equipment (Sections XVI and XVIII of the HS) and to chemicals and plastics (Sections VI and VII), since the deficit in the first product group increased from ECU 23.4 million in 1993 to ECU 373.0 million in



Latvia's trade by product groups

(million ECU)

Product groups	Imports				Exports				Balance	
	1993		1997		1993		1997		1993	1997
	Value	Share (%)	Value	Share (%)	Value	Share (%)	Value	Share (%)	Value	
Total	823.2	100.0	2399.3	100.0	854.7	100.0	1474.0	100	31.5	-925.3
G1 Agricultural products	53.5	6.5	332.9	13.9	129.1	15.1	207.5	14.1	75.6	-125.4
G2 Mineral products and fuels	372.4	45.2	337.1	14.0	114.7	13.4	21.6	1.5	-257.6	-315.5
G3 Chemicals and plastics	73.8	9.0	364.5	15.2	64.9	7.6	111.0	7.5	-8.9	-253.6
G4 Leather and textiles	50.2	6.1	216.7	9.0	141.3	16.5	258.5	17.5	91.1	41.8
G5 Wood, stone and metal products	59.9	7.3	376.7	15.7	174.4	20.4	633.9	43.0	114.5	257.2
G6 Machinery and equipment	90.6	11.0	512.4	21.4	67.2	7.9	139.4	9.5	-23.4	-373.0
G7 Vehicles	75.2	9.1	200.2	8.3	107.0	12.5	30.4	2.1	31.8	-169.8
G8 Other products	47.8	5.8	58.7	2.4	56.1	6.6	71.8	4.9	8.4	13.0

Source: Central Statistical Office of the Republic of Latvia.

1997, and that of the second product group from ECU 8.9 million to ECU 253.6 million. There was a large deficit in mineral products (Section V) in 1997 (ECU 315.5 million). It had already stood at ECU 257.6 million in 1993. At this level of aggregation, the only large surplus (ECU 257.2 million) was in wood, stone and metal products (Sections IX, X, XIII, XIV and XV).

The structure of Latvian imports by product groups is relatively diversified. The main purchases in 1997 were of machinery and equipment (21.4% of total imports), wood, stone and metal products (15.7%), chemicals and plastics (15.2%), mineral products and fuels (14%) and agricultural products (13.9%). In contrast, sales were concentrated on a single heading, "wood, stone and metal products" (43% of total exports).

Latvia's trade by main products , 1997

HS	Description of products	Value	Share	Cumul
		(Mio ECU)	(%)	
Imports				
27	Mineral fuels	324.2	13.5	13.5
84	Machinery and mechanical appliances	279.4	11.6	25.2
85	Electrical machinery and equipment	184.5	7.7	32.8
87	Road vehicles, tractors and cycles	182.2	7.6	40.4
48	Paper and paperboard	92.0	3.8	44.3
Exports				
44	Wood and wood products	437.6	29.7	29.7
85	Electrical machinery and equipment	96.1	6.5	36.2
62	Clothing and accessories	90.9	6.2	42.4
72	Iron and steel	75.0	5.1	47.5
16	Preparation of meat, fish, etc.	70.1	4.8	52.2

Source: Central Statistical Office of the Republic of Latvia.

In terms of the divisions of the Harmonised System, mineral fuels (HS 27) were Latvia's main imports in 1997 (13.5% of total purchases),

while wood and wood products alone accounted for 29.7% of total sales.

2. EU trade with Latvia

2.1. Balance of trade

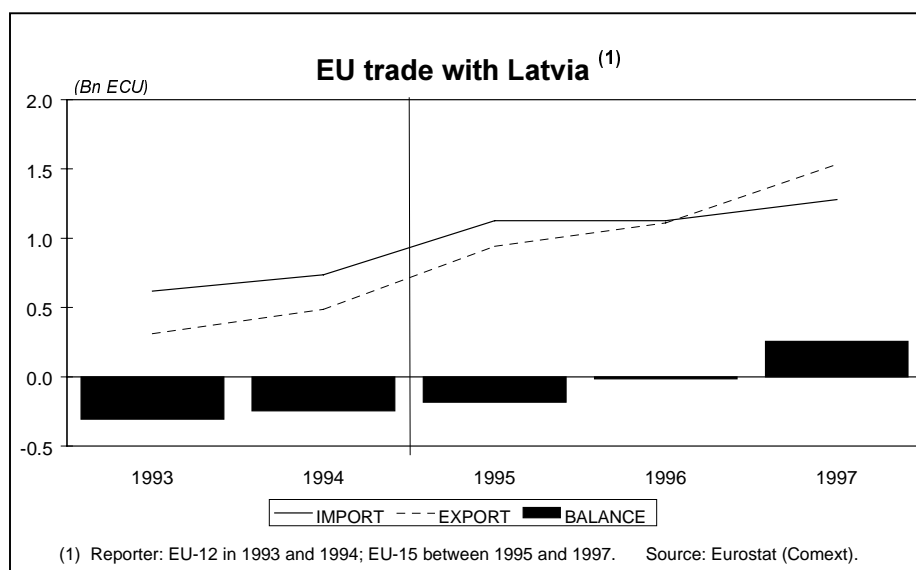
The analysis of bilateral trade between the European Union and Latvia presented in this part is seen from the point of view of the EU, since it is based on data supplied by the EU Member States.

As a result of its enlargement, particularly the accession of Finland and Sweden, the Union became Latvia's main trading partner in 1995. In 1997, the EU accounted for 53.1% of Latvia's imports and 48.9% of its exports, while Latvia accounted for 0.2% of EU transactions, compared with 0.28% for Estonia and 0.25% for Lithuania.

The Union's balance of trade with Latvia increased from a deficit of ECU 306.5 million in 1993 to a surplus of ECU 255.1 million in 1997.

The improvement in the external position of the EU is explained mainly by the trends in the balance of trade in machinery and equipment (Sections XVI and XVIII of the HS), for which the surplus increased from ECU 51.4 million in 1993 to ECU 325.2 million in 1997. In this group, machinery and mechanical appliances (HS 84) and electrical machinery and equipment (HS 85) had surpluses of ECU 187.3 million and ECU 112.1 million respectively in 1997. For the same year, the Union also had a surplus of ECU 170.4 million in road vehicles, tractors and cycles (HS 87).

In 1997 the largest deficit was in wood and wood products (HS 44) with ECU 476.1 million, while in 1993 it had been only ECU 44.4 million. On the other hand, the deficit in mineral fuels (HS 27) steadily decreased from ECU 354.4 million in 1993 to ECU 201 million in 1997. The Union had a smaller deficit of ECU 68 million with Latvia in transactions in clothing (HS 62).



Balance of trade by product groups ⁽¹⁾

Product groups	1993	1996	1997	1993	1996	1997
	(million ECU)			CR ⁽²⁾ = (Exp/Imp)*100		
Total	-306.5	-15.5	255.1	50.4	98.6	120.0
G1 Agricultural products	81.3	202.9	186.5	744.5	1142.9	817.6
G2 Mineral products and fuels	-358.5	-349.4	-206.5	0.7	20.6	41.4
G3 Chemicals and plastics	-7.9	93.7	182.1	70.4	387.9	639.7
G4 Leather and textiles	-12.8	-45.7	-38.3	72.7	72.4	79.5
G5 Wood, stone, metal products	-135.0	-282.5	-412.1	9.8	30.4	29.9
G6 Machinery and equipment	51.4	202.4	325.2	1087.1	934.0	957.8
G7 Vehicles	55.0	99.4	172.1	3804.4	2483.9	2467.1
G8 Other products	18.9	52.0	22.8	240.0	275.7	166.0
For comparison						
EU trade balance	-1796.7	43614.7	49917.5	99.6	107.5	107.4
EU trade balance with CEC's	6505.6	20773.4	26826.3	124.3	141.5	144.4

⁽¹⁾ Reporter: EU-12 in 1993; EU-15 in 1996 and 1997. ⁽²⁾ CR = coverage rate in %.

Source: Eurostat (Comext).

Balance by products ⁽¹⁾

HS	Types of products	1993	1996	1997
		(million ECU)		
Largest surpluses				
84	Machinery and mechanical appliances	37.5	114.6	187.3
87	Road vehicles, tractor and cycles	54.7	97.4	170.4
85	Electrical machinery and equipment	9.0	67.8	112.1
48	Paper and paperboard	1.1	47.0	57.0
39	Plastics and plastics products	2.2	28.7	51.5
Largest deficits				
44	Wood and wood products	-44.4	-303.0	-476.1
27	Mineral fuels	-354.4	-343.1	-201.0
62	Clothing and accessories	-7.8	-54.6	-68.0
72	Iron and steel	-12.0	-26.6	-35.0
61	Knitted/crocheted clothing and accessories	-0.5	-21.4	-24.8

⁽¹⁾ Reporter: EU-12 in 1993; EU-15 in 1996 and 1997.

Source: Eurostat (Comext)

2.2. EU trade flows with Latvia

Growth in EU imports from Latvia (+19.9% per year), like that in purchases from all the CECs (+22.6%), was relatively high between 1993 and 1997, compared with +8.4% for total extra-Community imports. As a result of the enlargement of the Union, EU purchases from Latvia increased by +52.9% in 1995 but levelled out in 1996 before a further increase of +13.7% the following year.

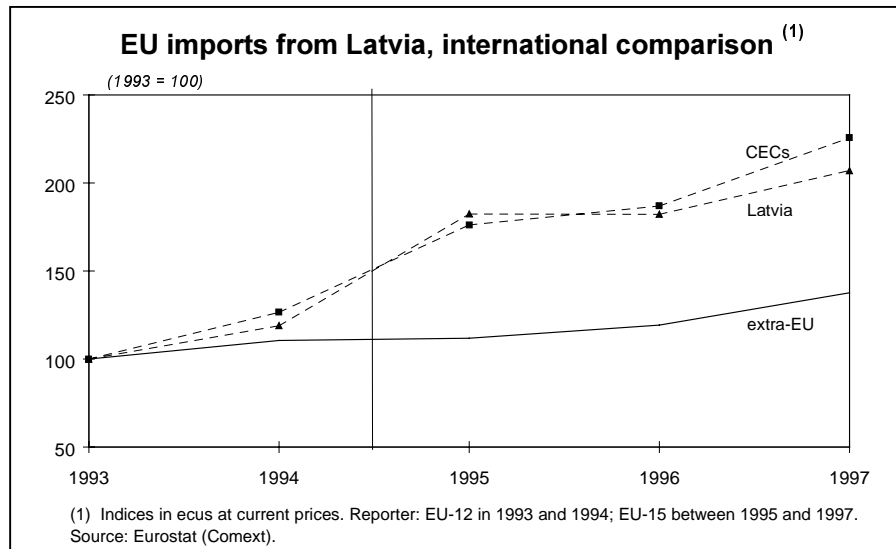
In 1997 wood, stone and metal products (Sections IX, X, XIII, XIV and XV of the HS) accounted for 46% of total EU imports. Between 1993 and 1997 this heading showed exceptional growth of +40.8% per year. Wood and wood products (HS 44) alone accounted for 37.9% of EU purchases.

Despite a decrease of -19.9% in 1997, mineral products and fuels (Section V of the HS) had a 27.6% share of total Community imports. Fuels (HS 27) accounted for most of this heading, with 26.9% of total EU purchases.

Community exports to Latvia increased at an exceptional rate between 1993 and 1997 (+49% per year), much more than EU exports to the CECs as a whole (27.2%). 1995 saw the highest growth in EU sales to Latvia (+93%), which was partly due to the enlargement of the Union to include Finland and Sweden. European exports to Latvia continued their steep increase in 1997 (+38%).

With 23.7% of total exports in 1997, machinery and equipment (Sections XVI and XVIII of the HS) represented the main heading of EU sales to Latvia. Machinery and mechanical appliances (HS 84) and electrical machinery and equipment (HS 85) accounted for virtually all of this heading (12.9% and 8.9% of total sales respectively).

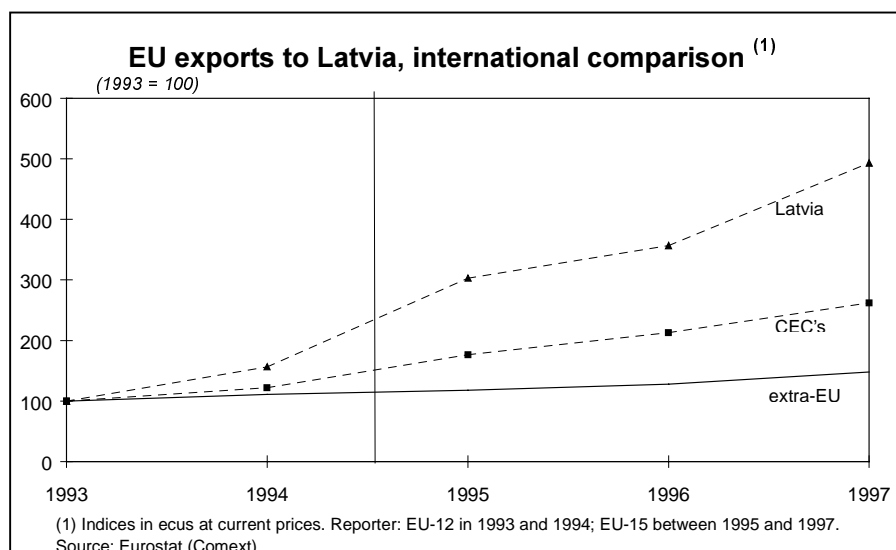
Chemicals and plastics (Sections VI and VII of the HS) accounted for 14.1% of EU exports in 1997. This heading grew very rapidly during the reference period, at an annual rate of +84%.



EU imports from Latvia by products ⁽¹⁾

Product groups and products HS	1993	1996	1997	1997 Share	97/96	97/93
	(million ECU)			(%)	(% annual change)	
Total	617.5	1125.3	1278.4	100.0	13.6	20.0
G1 Agricultural products	12.6	19.5	26.0	2.0	33.6	19.8
G2 Mineral products and fuels	361.2	440.2	352.4	27.6	-19.9	-0.6
27 Mineral fuels	356.7	432.7	344.4	26.9	-20.4	-0.6
G3 Chemical and plastics	26.8	32.5	33.7	2.6	3.7	5.9
G4 Leather and textiles	47.0	165.5	187.1	14.6	13.0	41.2
61 Knitted/crocheted clothing	5.4	34.0	38.4	3.0	13.0	63.0
62 Clothing and accessories	14.3	71.9	88.7	6.9	23.3	57.8
G5 Wood, stones, metal products	149.7	405.7	588.0	46.0	44.9	40.8
44 Wood and wood products	44.9	308.8	484.1	37.9	56.8	81.3
72 Iron and steel	12.2	35.1	42.6	3.3	21.5	36.8
G6 Machinery and equipment	5.2	24.3	37.9	3.0	56.2	64.2
G7 Vehicles	1.5	4.2	7.3	0.6	74.4	48.8
G8 Other products	13.5	29.6	34.6	2.7	17.0	26.6

(1) Reporter: EU-12 in 1993; EU-15 in 1996 and 1997. Source: Eurostat (Comext).



The reduction (-4.4%) in Community exports of agricultural products in 1997 confirmed the downward trend of this product group in the total flows of sales to Latvia, since in the final year of the reference period, this heading accounted for only 13.9% of the volume of exports, compared with 30.2% and 20% in 1993 and 1996 respectively.

In 1997, at product group level, it was exports of transport equipment (Section XVII) which increased the most (+73.2%).

At two-digit level of the Harmonised System, road vehicles, tractors and cycles (HS 87) alone accounted for 11.3% of total EU sales. Like imports, EU sales of mineral fuels (HS 27) to Latvia were relatively high, with 9.4% of total exports. The EU had a deficit of ECU 201 million in mineral products. Paper and paperboard represented 3.7% of EU sales to Latvia.

EU exports to Latvia by products ⁽¹⁾

Product groups and products HS	1993	1996	1997	1997 Share	97/96	97/93
	(million ECU)			(%)	(% annual change)	
Total	311.0	1109.8	1533.5	100.0	38.2	49.0
G1 Agricultural products	94.0	222.3	212.5	13.9	-4.4	22.6
G2 Mineral products and fuels	2.7	90.8	145.9	9.5	60.6	171.3
27 Mineral fuels	2.4	89.6	143.4	9.4	60.0	179.4
G3 Chemical and plastics	18.8	126.2	215.8	14.1	71.0	84.0
G4 Leather and textiles	34.2	119.8	148.8	9.7	24.2	44.4
G5 Wood, stones, metal products	14.7	123.2	175.9	11.5	42.8	85.9
48 Paper and paperboard	1.4	47.8	57.5	3.7	20.4	153.1
G6 Machinery and equipment	56.7	226.6	363.1	23.7	60.2	59.1
84 Machinery, mechanical appliances	39.5	122.3	198.6	12.9	62.4	49.8
85 Electrical machin., equipment	11.8	82.6	137.2	8.2	66.0	84.5
87 Road vehicles, tractors, cycles	55.8	101.3	174.0	11.3	71.7	32.9
G7 Vehicles	56.4	103.6	179.4	11.7	73.2	33.5
G8 Other products	32.3	81.6	57.5	3.7	-29.6	15.5

⁽¹⁾ Reporter: EU-12 in 1993; EU-15 in 1996 and 1997.

Source: Eurostat (Comext).

Among the main products traded by the two partners, mineral fuels are the only ones involved in major intra-branch transactions. Considering all products, the trade between the

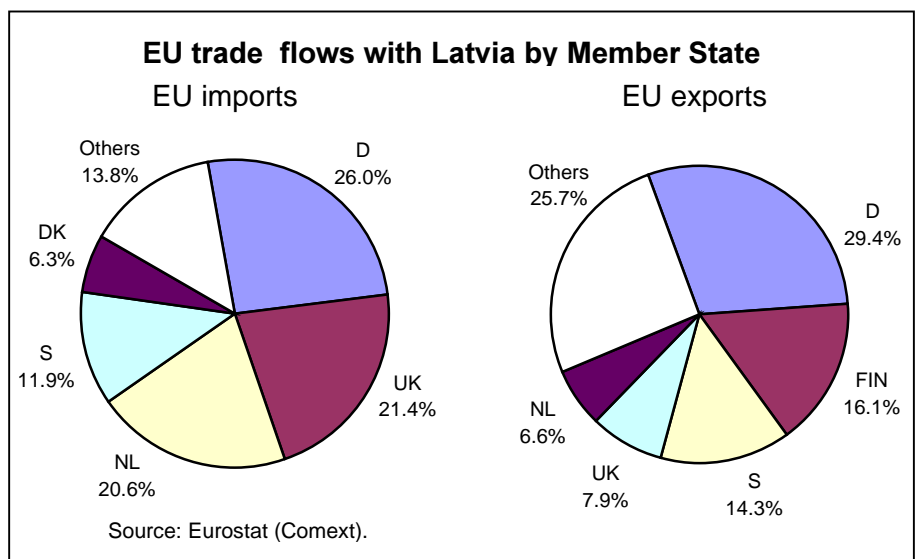
two partners is mostly inter-branch trade, since the Grubel-Llyod index calculated on the basis of 1997 data at four-digit level of the Harmonised System is 23.8.

2.3. EU trade with Latvia by Member State

With 27.9% of Community transactions, Germany was Latvia's main European trading partner in 1997, ahead of the United Kingdom (14.1%), Sweden (13.2%) and the Netherlands (13%). Of these four Member States, it was the United Kingdom whose trade increased the most (+54.5%) in 1997, while the Netherlands saw a decrease (-12%).

The enlargement of the EU in 1995 led to an increase of 31.4% in trade with Latvia, with Sweden alone accounting for 17.1% of Community transactions.

In 1997 the Member States which contributed most to the ECU 255.1 million EU trade surplus with Latvia were: Finland (ECU 216.1 million), Germany (ECU 119.6 million) and Italy (ECU 72.5 million). Finland's



performance was due to a particularly low level of imports (ECU 30.1 million). In the same year, it was the Netherlands and the United Kingdom which had the largest deficits, ECU 162.2 million and ECU 152.3 million respectively. However, while

the deficit of the Netherlands with Latvia fell in 1997, the United Kingdom's more than doubled.

EU trade with Latvia by Member State ⁽¹⁾

(million ECU)

Country	EU imports					EU exports					Balance			
	1993	1996	1997	1997 Share (%)	97/96 Change (%)	1993	1996	1997	1997 Share (%)	97/96 Change (%)	1993	1996	1997	97/96 Value
EU	617.5	1125.3	1278.4	100.0	13.6	311.0	1109.8	1533.5	100.0	38.2	-306.5	-15.5	255.1	270.6
BLEU	14.5	42.1	57.9	4.5	37.6	15.1	47.7	84.4	5.5	76.8	0.6	5.6	26.5	20.8
DK	70.4	61.0	80.6	6.3	32.1	25.4	73.5	85.5	5.6	16.4	-45.0	12.5	4.9	-7.5
D	149.5	251.1	331.9	26.0	32.2	180.6	320.6	451.5	29.4	40.8	31.2	69.6	119.6	50.1
EL	0.2	0.7	1.0	0.1	37.7	0.6	4.0	5.0	0.3	25.8	0.4	3.3	4.0	0.8
E	4.6	9.1	11.0	0.9	21.2	2.1	11.1	20.8	1.4	87.4	-2.5	2.0	9.8	7.8
F	51.4	60.0	35.6	2.8	-40.7	31.1	37.9	77.5	5.1	104.4	-20.3	-22.1	41.9	64.0
IRL	0.3	14.8	14.8	1.2	0.3	0.7	10.8	8.9	0.6	-17.3	0.4	-4.0	-5.9	-1.9
I	26.1	14.7	18.3	1.4	24.7	13.4	62.6	90.9	5.9	45.1	-12.7	47.9	72.5	24.6
NL	218.5	329.9	263.8	20.6	-20.0	21.6	85.4	101.6	6.6	19.0	-196.9	-244.5	-162.2	82.2
A	:	2.9	6.2	0.5	116.6	:	14.3	19.2	1.2	33.9	:	11.5	13.0	1.5
P	1.9	6.7	1.9	0.1	-72.2	0.1	1.0	1.9	0.1	96.5	-1.8	-5.7	0.0	5.7
FIN	:	28.7	30.1	2.4	4.9	:	185.8	246.2	16.1	32.5	:	157.1	216.1	59.0
S	:	139.7	151.6	11.9	8.5	:	163.5	218.7	14.3	33.8	:	23.7	67.1	43.3
UK	80.3	164.1	273.7	21.4	66.8	20.4	91.7	121.5	7.9	32.5	-59.9	-72.4	-152.3	-79.8

⁽¹⁾ Reporter: EU-12 in 1993; EU-15 in 1996 and 1997.

Source: Eurostat (Comext).

➤ ESSENTIAL INFORMATION – METHODOLOGICAL NOTES

Latvia's trade agreements

After regaining its independence, Latvia re-established diplomatic relations with the European Union in 1991. It signed trade agreements which came into force in the following order: *Cooperation Agreement with the EC* (1993), *Free-Trade Agreement with the Baltic States* (1994), *Free-Trade Agreement with the EC* (1995) and *Europe Agreement with the EU* (1998). In accordance with the Europe Agreement, all quantitative restrictions on imports and measures with equivalent effect were abolished by both partners; customs duties on imports and measures with equivalent were abolished by the EU as soon as the Agreement was signed and by Latvia gradually to 1999. The Europe Agreement with Latvia was published in *Official Journal of the European Communities* N° L 26 of 2 February 1998. Latvia's application for membership of the World Trade Organisation (WTO) was accepted in 1998.

Methodological note

Country aggregates: EU: 93-94: EU-12, 95-96: EU-15; NIS (Newly Independent States): Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Uzbekistan, Russia, Tajikistan, Turkmenistan, Ukraine; CECs (Central European Countries): Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Estonia, FYROM, Hungary, Latvia, Lithuania, Poland, Romania; Czech Republic, Serbia Montenegro, Slovakia and Slovenia.

Statistical systems: special trade.

Data sources: For Latvia's "world" data: Latvian Central Statistical Office; in addition to customs statistics, the following data have been included: monthly statistical surveys on electricity and natural gas, quarterly information on extra-territorial fishing vessels, an adjustment of the value of mineral fuel imports based on the consumption

of fuels. Trade does not include temporary imports and exports, repairs, leasing, goods for the diplomatic corps, and humanitarian aid. For bilateral trade between the Union and Latvia: Eurostat; customs statistics.

The marked differences between the two sources can be partly explained by the use of different methodologies and concepts. 60.6% of the divergence between Latvian exports to the EU (source Latvia, ECU 6 million) and EU imports from Latvia (source Eurostat, ECU 344.4 million) is due to fuels (HS 27). This is explained in part by the major expansion of customs warehouses for fuels in Latvia. Thus, under the statistical system of special trade, exports of Russian fuels via Latvia are not included in Latvian exports but are recorded as EU imports from Latvia.

Statistical values: CIF values for imports and FOB values for exports. They are expressed in current ecus.

Classification: the product groups have been defined according to the sections of the Harmonised System as follows: G1: I-IV; G2: V; G3: VI-VII; G4: VIII, XI, XII; G5: IX, X, XIII, XIV, XV; G6: XVI, XVIII; G7: XVII; G8: XIX, XX, XXI.

The Grubel-Lloyd intra-branch trade index shows whether the trade specialisation between partners relates to different branches (inter-branch trade) or to the same branch (intra-branch trade). A value in the region of 100 shows that trade is concentrated within a branch,

$$\frac{\sum (X_i + M_i) - \sum |X_i - M_i|}{\sum (X_i + M_i) - |\sum X_i - \sum M_i|} * 100,$$

while a value in the region of 0 shows that there is strong inter-branch specialisation. The index is calculated as follows: where X_i is exports and M_i is imports for branch i .

Further information:

➤ Data bases

Comext - Domains: EEC special trade ;
Comtrade SITC-Rev-3.

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