

## THIRTY YEARS OF BELARUSIAN-LITHUANIA TRADE RELATIONS

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**Annotation.** This research paper provides a description of Belarusian-Lithuanian trade relations from 1994 to 2022, analyzed exports and imports of these countries, made conclusions and gave a forecast for future relations of the states under consideration.

**Keywords:** Belarus, Lithuania, trade relations, export, import, economy.

Belarusian-Lithuanian trade relations, evolving over the last three decades, are emblematic of the complex interplay between neighboring countries transitioning from a shared Soviet past to distinctly divergent political and economic paths. The Republic of Belarus and the Lithuanian Republic, both with rich historical ties and a significant shared border, have navigated through a landscape shaped by political changes and economic reforms.

For Belarus, a developing country, its foreign trade volume, especially with neighboring countries like Lithuania, is crucial for its economic growth and integration into the broader European market. This is particularly notable since Belarus' trade policy is characterized by strong government interference, in contrast to Lithuania's free trade policies post its EU accession in 2004. This paper seeks to explore these aspects, analyzing how trade policies, and external economic factors have shaped the Belarusian-Lithuanian economic relationship. Through an analysis of trade volumes, the paper aims to understand the impact of these relations on both countries' economies.



**Figure – dynamics of exports and imports of Belarus to Lithuania in 1994-2022, million US\$**

Note – Source: [1-4]

Based on Figure, in 1994, the export from Belarus to Lithuania stood at 98.5 million US\$, while imports were at 133 million US\$. This initial stage reflected the nascent trade relations between two newly independent states navigating the complexities of establishing their market economies.

The year 1995 witnessed a substantial increase in trade, with exports growing by approximately 35.1% and imports by a remarkable 118.8%. This surge can be attributed to the opening of markets and the establishment of new trade channels after the dissolution of the Soviet Union. The countries were adapting to the new economic realities, where trade barriers were reduced, and market-based exchanges began to take precedence.

However, in 1996, a decline in export growth was observed (-18.7%), while import growth remained positive (17.5%). This decline in exports might be indicative of the challenges faced by Belarus in diversifying its economy and its export base. On the other hand, the sustained growth in imports could reflect Lithuania's increasing demand for goods and services, possibly fueled by its more aggressive market reforms and integration with Western economies.

The year 1997 saw a rebound in Belarusian exports (25.7% growth) and a continued increase in imports (16.1%). This recovery could be linked to temporary stabilization in Belarus' economy and possibly some successful export initiatives. However, this was not a lasting trend, as seen in the subsequent years.

The years 1998 and 1999 were marked by decreases in both exports and imports. The Russian financial crisis of 1998, which had significant repercussions in the region, likely contributed to this downturn. Belarus' economy, being more closely tied to Russia, would have been more adversely affected, leading to a decrease in its export capability. Meanwhile, Lithuania, striving for integration with Western Europe, might have experienced a shift in its trade focus away from Belarus.

In 2000, the trade figures showed exports from Belarus to Lithuania at 98.6 million US\$ and imports at 110.7 million US\$. This relatively balanced trade situation was likely a residual effect of the 1990s' economic instabilities and the ongoing adjustments in both countries' trade policies.

By 2001, a significant growth in trade was observed. Exports increased by about 22.6% and imports by an even more substantial 61.3%. This spike in trade volumes could be attributed to several factors. Lithuania's accelerated efforts towards European Union (EU) integration, culminating in its accession in 2004, likely stimulated economic growth and increased demand for imports. Belarus, meanwhile, may have started to stabilize its economy and improve its export capacity, though its trade policies remained more conservative compared to Lithuania's aggressive market reforms.

In 2002, there was a slight decline in Belarusian exports (-5.4%) and imports (-2.9%). This fluctuation could reflect market corrections after the substantial growth in the previous year, adjustments in trade policies, or the impact of global economic trends.

The years 2003 to 2005 marked a period of robust growth in trade. Exports from Belarus grew significantly, reaching a peak of 271.6 million US\$ in 2005, marking an increase of 64.9% in 2004 and 12.6% in 2005. Similarly, imports followed an upward trajectory, with increases of 30.9% in 2004 and 28.4% in 2005. This period coincides with Lithuania's EU accession, which not only opened up new markets for Lithuanian goods but also made the country an attractive destination for Belarusian exports. The EU integration process brought about regulatory changes, infrastructure development, and increased foreign investment, benefiting the trade environment.

Starting in 2006, the trade figures showed a considerable increase, with Belarusian exports to Lithuania at 344.7 million US\$ and imports at 536.4 million US\$. This was a period of economic growth for both countries, coming after their recovery from the early 2000s' global economic slowdown.

In 2007, there was a remarkable growth in Belarusian exports to Lithuania, increasing by about 40.3% to 483.7 million US\$, and imports grew by 28.6% to 689.6 million US\$. This growth can be attributed to the continued economic stability in the region and the strengthening of trade ties. Lithuania's full integration into the EU and its growing economy have increased its demand for imports, while Belarus has found new opportunities for its exports in the expanding Lithuanian market.

The year 2008 saw a continued increase in trade, though at a slower pace, with exports growing by 9.9% and imports by a significant 53.7%. The dramatic increase in imports could be indicative of Lithuania's robust economic performance and its diversification of trade sources. The global financial crisis of 2007-2008 began to impact the trade dynamics towards the end of 2008, although the full effects were more pronounced in subsequent years.

In 2009, the impact of the global financial crisis was clearly visible. Belarusian exports to Lithuania dropped significantly by 42.6% to 305.2 million US\$, and imports decreased by 26.5% to 779.2 million US\$. This decline reflects the broader economic downturn that affected global trade, investment, and economic growth. Both countries faced reduced demand for exports and constraints on their economic activities.

However, the recovery was quick, as seen in 2010 and 2011. In 2010, there was a recovery in exports by 30.0% and in imports by 39.7%. The year 2011 saw a dramatic increase in trade, with exports almost doubling, indicating a strong rebound from the crisis. This recovery can be attributed to the resumption of global trade, economic stimulus measures, and the resilience of the regional economies. Establishment of relations between the countries and recovery growth in the post-crisis period continued until 2014, as evidenced by the dynamics of foreign trade turnover shown in the figure.

However, 2014 saw a slight downturn in trade, with a 1.9% decrease in exports and an 11.0% decrease in imports. This decline could be linked to the geopolitical tensions in the region, particularly the Eastern

European conflict and its economic repercussions, which might have impacted trade confidence and economic activities in neighboring countries, including Belarus and Lithuania.

The year 2015 witnessed a further decline in trade, with exports decreasing by 1.8% and imports by a significant 22.3%. This continued downturn could be a result of sustained geopolitical tensions and economic sanctions impacting the region, as well as global economic slowdowns.

In 2016, the trade volumes decreased further, with exports dropping by 20.6% and imports by 17.8%. This decline might be reflective of the ongoing economic challenges in the region, including the impact of economic sanctions on Belarus and the adjustments in Lithuania's economy as it further integrated into the EU market.

However, from 2017 onwards, there was a recovery and growth in trade. In 2017, a slight decrease in exports (-4.1%) was accompanied by an increase in imports (17.9%). This recovery continued into 2018, with exports growing by 21.4% and imports by 11.9%. The year 2019 saw a minor decrease in exports (-2.7%) but a slight increase in imports (0.9%). The variations in these years could be due to the stabilization of regional politics, economic policy adjustments, and the evolving global economic climate.

The year 2020, marked by the COVID-19 pandemic, saw a minimal decrease in exports (-0.3%) and a more substantial decrease in imports (-8.3%). The pandemic's impact on global and regional trade, disruptions in supply chains, and economic downturns contributed to these changes.

In 2021, there was a significant increase in exports (33.4%) and a modest increase in imports (2.6%). This rebound might be indicative of the post-pandemic economic recovery, the resumption of trade activities, and the adaptation to the new economic realities.

In 2022, the trade dynamics between Belarus and Lithuania experienced notable shifts. According to the provided data, Belarusian exports to Lithuania decreased significantly to 820.3 million US\$, marking a 29.6% decline from the previous year. Conversely, imports from Lithuania saw a substantial increase of 24.2%, reaching 1.5 billion US\$. This divergence in trade patterns could be influenced by several factors, including geopolitical tensions, economic sanctions, and shifts in regional trade policies.

Looking to the future, the prospects for Belarus-Lithuania trade are closely tied to the evolving geopolitical landscape and economic policies. For Belarus, navigating the impact of economic sanctions and its political alignment, especially in relation to Russia and the EU, will be crucial. The country's ability to diversify its trade partners and stimulate domestic economic growth in the face of sanctions will significantly influence its future trade potential. For Lithuania, its continued integration into the EU and participation in the single market presents opportunities for expanding its trade relations. Lithuania's economic policies, infrastructural development, and focus on technological innovation will play a vital role in shaping its export capabilities and trade partnerships.

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