

LITHUANIA

By Interfax-CNA

Lithuania's GDP grew by 5.9% in 2002, the same as in 2001. The Bank of Lithuania forecasts GDP of 4.9% in 2003, 5.4% in 2004, and 5.6% in 2005. Direct foreign investment in Lithuania totalled about Lt13 billion in 2002, up 22% year-on-year. Most investment went into the manufacturing industry, finance sector, trade, postal and other services. The foreign trade deficit reached Lt7.94 billion in 2002, up 12% from Lt7.08 billion in 2001. The balance of payments current account deficit reduced to Lt2.24 billion, or 4.4% of GDP.

In February 2003, Standard & Poor's Ratings Services raised its long-term foreign currency rating on Lithuania to BBB+ from BBB and its long-term local currency ratings on Lithuania to A- from BBB+. In the same month, the US acknowledged Lithuania as a country with a market economy. The EU acknowledged Lithuania as a market economy in 2001.

Lithuania's mining industry does not play an important role in the economy. The country extracts only peat and some industrial minerals. The country does possess oil reserves, however, and experts consider that reserves amount to about 46 Mt. The Lithuanian Geological Service puts them at nearer 60 Mt. Oil production fell by 36,700 t or 7.8% last year, to 434,300 t. The Geological Service does not consider the 2002 results as representing a slump in the industry, as the aim of the national economic strategy is to maintain oil production at 300,000-500,000 t/y for as long as possible. In order to continue with this level of production it will be necessary to announce new tenders and explore new fields. Almost all of the oil produced in Lithuania is exported. Only Minijos Nafta sells some of its crude, to Mazeikiu Nafta.

Most oil in 2002 was produced by the Lithuanian-Danish company Minijos Nafta, with 264,000 t, down 11% from 2001. The Lithuanian geological exploration and oil production company Geonafta owns 50% of shares in Minijos Nafta (Danish companies own the remaining shares) and 50% of shares in Genciu Nafta (the other half is owned by Sweden's Svenska Petroleum).

Geonafta produced 86,500 t of oil in 2002, up 21% year-on-year. Geonafta was the only oil company in Lithuania to increase production, although profits fell. The company operates 13 oil wells, invested Lt2.4 million in prospecting for new fields in 2002, and plans to invest Li5.2 million for this purpose during 2003. Geonafta was privatised in October 2000 and 92.36% of the shares are now held by a consortium comprising the Polish companies Petrobaltic and Energopol Oil, Western Lithuanian Industrial-Financial Corp. and the Lithuanian financial company Vivum.

Genciu Nafta reduced production by 20% last year, to 63,600 t, and Manifoldas reduced production by 15% to 20,400 t.