

**Voluntary Report** – Voluntary - Public Distribution

**Date:** January 22,2021

**Report Number:** LH2021-0005

**Report Name:** Direct Versus Indirect Trade--The Hidden Market for US Food and Agriculture in the Baltic States

**Country:** Lithuania

**Post:** Warsaw

**Report Category:** Agricultural Situation

**Prepared By:** Piotr Rucinski

**Approved By:** Jonn Slette

**Report Highlights:**

According to U.S. Census Bureau database for tracking bulk, intermediate, and consumer-oriented (BICO) exports, 2019 exports of U.S.-origin food and agricultural products to the three Baltic countries reached \$279 million. However, combined 2019 import data from the three countries' National Statistical Offices (NSOs) reflect that 2019 U.S. food and agriculture imports were \$166 million. The Baltic States are increasingly important transshipment hubs for U.S. products to markets throughout the former Soviet Union and as a result, BICO data overvalues them as markets for some U.S. food and agricultural exports. Conversely, BICO undervalues the Baltic markets for other U.S. products, which are shipped to the Baltic States via Western European ports of entry and are therefore counted as U.S. exports to those countries. Post expects that the NSOs' data provides a more accurate reflection of the true value of U.S. trade.

## General Information:

U.S. [BICO](#) export data only measures U.S. exports to the European Union's (EU) until the port of entry within the common market. As a result, BICO does not reflect the final destinations within the EU for significant volumes of U.S. trade. For the Baltic Countries, these dynamics are evident when directly comparing BICO export data with import data from each of the three countries' NSOs. Moreover, while the Baltics States receive significant indirect U.S. trade, which transits western EU ports of entry en route to the Baltic markets, they also serve as European ports of entry for U.S. exports bound for other markets in the former Soviet Union. As a result, BICO data both undervalues the Baltics States for some U.S. exports, and significantly overvalues them for others.

According to BICO, the combined total of U.S. food and agricultural trade to the Baltic States in 2019 totaled about \$279 million, an 18-percent increase over 2018 (Table 1). Conversely, the combined import data from the three NSOs for U.S. food and agricultural imports indicate \$166 million, an eight-percent increase over 2018 data from the NSOs. Post analysis indicates that the gap between BICO data and the combined imports reported by the NSOs stems from transshipments of U.S.-origin products through the Baltic States to non-EU markets in Eastern Europe and Central Asia.

**Table 1: U.S. Food and Ag Trade Exports to Baltic Countries 2017-19 (\$ million)**

	2017	2018	2019
BICO (U.S. exports to Baltic Countries)	210.3	238.7	278.7
- Lithuania	91.6	100.8	120.3
- Latvia	68.0	72.0	88.5
- Estonia	50.7	65.9	69.9
NSO* (Direct and indirect imports from the United States to Baltic Countries)	131.1	152.6	165.6
- Lithuania	74.5	91.9	96.5
- Latvia	24.1	25.9	29.6
- Estonia**	32.5	34.8	39.5

\*National Statistical Offices of Baltic Countries (NSO)

\*\* Data from Estonian NSO were recalculated from euro to dollars using official U.S. Internal Revenue Service ([IRS](#)) exchange rate \$1.0 = €0.893

## Lithuania

Lithuania is the largest Baltic importer of U.S. agricultural, fishery, and forestry products. According to BICO, 2019 U.S. food and agricultural trade to Lithuania reached \$120.3 million (Table 2). According to [Lithuania's NSO](#), 2019 U.S. food and agricultural imports were \$96.5 million. The primary difference between the two is due to transshipments of U.S. products through Lithuania to non-EU markets. Lithuania continues to maintain the wider Russian/former-Soviet railroad track gauge from the Port in Klaipeda on the Baltic Sea, which provides regular rail freight to Russia, Belarus, and other former-Soviet countries in Eastern Europe and Central Asia. U.S. food and agriculture products shipped through Lithuania and then transshipped by Lithuanian traders is usually shown as U.S. exports to Lithuania, although they never enter the Lithuanian value chain. This trade is not captured by the Lithuanian NSO. Conversely, significant volumes of other U.S. products exported to Lithuania through

Rotterdam, Antwerp, Bremerhaven, and other European ports of entry ultimately do enter into Lithuanian commerce and are captured by NSO as U.S. trade. However, BICO counts that trade as exports to the Netherlands, Belgium, and Germany, respectively, those products only land and transit in those countries, and not the destination market (i.e. Lithuania or other Baltic and Eastern European markets). Interesting examples of this dynamic are varieties U.S.-origin fish products. Lithuania is an increasingly important market for some U.S. fish, chiefly sockeye salmon, fish from the *Bregmaceotidae* family, and Alaskan pollock (see Table 3). Because significant quantities of these species arrive in Lithuania via other EU ports of entry, BICO significantly undervalues Lithuania as a market for these products. Conversely, BICO overvalues the Lithuania market for frozen surimi, salmon roe, and frozen whiting/hake by tens of millions of dollars (Table 3). These products are not consumed or processed in Lithuania and shipped to other destinations.

**Table 2: U.S. Food and Ag Trade Exports to Lithuania 2017-19 (\$ million)**

Agricultural and Ag Related Products	2017	2018	2019
BICO	91.6	100.8	120.3
Total NSO*	74.5	91.9	96.5
- Indirect (NSO)	19.7	20.8	24.4
- Direct (NSO)	54.8	71.1	72.1
Percentage of indirect in total (NSO)	26	23	25

\*Lithuanian National Statistical Office (NSO) and BICO

Table 3 below shows direct versus indirect U.S. exports to Lithuania for selected food products. The following list is not exhaustive but attempts to capture the most relevant U.S. products:

**Table 3: 2019 Direct vs. Indirect U.S. Food and Agricultural Trade to Lithuania (\$ 000)**

Imports to Lithuania in 2019	HS Code	U.S. Exports BICO (U.S. Census Bureau)	Lithuanian Imports from the United States (NSO*)			
			Total NSO	Indirect	Direct	% indirect trade per NSO
Frozen surimi of fish	030499	18,018	0	0	0	0
Almonds	080212	15,925	9,365	1,912	7,453	20
Sockeye salmon	030311	13,802	11,073	0	11,073	0
Pistachios	080251	11,961	12,901	4,920	7,981	38
Fish of the family Bregmaceotidae	030495	8,889	20,326	0	20,326	0
Salmon roe, frozen	030391	8,217	0	0	0	0
Whiting hake, frozen	303660	4,886	0	0	0	0
Surimi, frozen	030499	4,862	0	0	0	0
Flue-cured tobacco	240120	4,016	0	0	0	0
Whiskies	220830	2,577	5,296	2,533	2,763	48
Pecans	080290	2,242	0	0	0	0
Alaska pollock, frozen excl. fillets	030494	1,977	9,627	0	9,627	0

Flower seed	120930	1,699	0	0	0	0
Protein concentrates	210610	1,593	0	0	0	0
Oak wood	440791	1,459	1,695	4	1,691	0
Lumber, walnut	440799	1,378	0	0	0	0
Sauces and preparations	210390	693	619	618	1	100
Wine & Beer	220421	458	535	499	36	93
Walnuts, dried	080232	396	783	6	777	1
Enzymes and prepared enzymes	350790	307	4,803	2,660	2,143	55
Beer made from malt	220300	58	166	164	2	1
Food preparations	210690	39	7,692	7,100	592	92

Source: Lithuanian National Statistical Office (NSO) and BICO

2019 BICO data undervalued U.S. food preparation trade to Lithuania by \$7.7 million, when compared with NSO data. U.S. origin food preparations bound for Lithuania were mostly offloaded in German, Dutch, and Belgian ports of entry. According to 2019 NSO data, Lithuania indirectly imported 92 percent of U.S. food preparations, 20 percent of U.S. almonds, 38 percent of U.S. pistachios, 48 percent of U.S. whiskey, 100 percent of U.S. sauces and preparations, and 93 percent of wine and beer of U.S. origin (Table 3).

## Latvia

According to 2019 BICO data, Latvian imports of U.S. food and agricultural products reached \$88.5 million (Table 4). Conversely, [Latvia's NSO](#) shows 2019 U.S. imports at \$29.6 million. This gap primarily stems from BICO's reported \$50 million U.S. whiskey exports to Latvia, while Latvia's NSO shows U.S. whiskey imports at only about \$8.0 million dollars in 2019 (Table 5). Post analysis indicates that most of U.S. whiskey which landed in Latvia did not enter the Latvian market and was transshipped to non-EU countries. The Port of Riga, like the Port of Klaipeda in Lithuania, also has the wide-gauge railroad tracks gauge that are compatible with Russian and other former-Soviet rail systems. Riga is also used as a transshipment hub for U.S.-origin agricultural and food products to Russia, Belarus, Ukraine, Afghanistan, Kazakhstan, and other countries in Eastern Europe and Central Asia. Conversely, according to 2019 Latvian NSO data, 64 percent of U.S. food and agricultural products ultimately bound for the Latvian market were shipped indirectly through other EU Member States.

**Table 4: U.S. Food and Ag Trade Exports to Latvia 2017-19 (\$ million)**

Agricultural and Ag Related Products	2017	2018	2019
BICO	68.0	72.0	88.5
Total NSO	24.1	25.9	29.6
- Direct (NSO)	10.0	8.6	10.5
- Indirect (NSO)	14.1	17.3	19.1
Percentage of indirect in total (NSO)	58	67	64

Source: Latvian NSO and BICO

Table 5 below shows direct versus indirect U.S. food and agricultural trade to Latvia. The following list is not exhaustive but attempts to capture the most relevant U.S. products. Whiskies, wines, rum and

tafia, and almonds are major U.S. product shipped to Latvia. According to NSO data, in 2019 over two-thirds of U.S. whiskey was imported indirectly to Latvia. In 2019, indirect imports of U.S. wines, almonds, rum and tafia, pistachios, and food preparations amounted to 21, 43, 78, 77, and 74 percent, respectively (Table 5). According to 2019 NSO data, all U.S. beef, cranberries, and blueberry preparations were shipped indirectly to Latvia. BICO data also reflects almost worth \$11 million of U.S. ethanol, while Latvian NSO does not report any U.S. ethanol imports, meaning that it did not enter Latvian commerce and was transshipped to other markets (Table 5).

**Table 5: 2019 Direct vs. Indirect U.S. Food and Agricultural Trade to Latvia (\$ 000)**

Imports to Latvia in 2019	HS Code	U.S. Exports	Latvian Imports from the United States (NSO*)			
		BICO	Total (NSO)	Indirect	Direct	% of indirect
Whiskies	220830	50,007	7,933	5,500	2,433	69
Ethanol, biofuels	220710	10,906	0	0	0	0
Grape wines	220421	6,569	1,364	284	1,080	21
Almonds	080212	4,233	2,612	1,115	1,497	43
Rum and Tafia	220840	812	2,461	1,912	549	78
Pistachios	080251	101	1,646	1,274	372	77
Sugar confectionary	170490	1,769	0	0	0	0
Food preparations	210690	1,493	1,361	1,009	353	74
Nuts, mixtures	200819	0	1,268	1,258	10	99
Instant coffee	210111	1,262	0	0	0	0
Tea, mate extract	210120	0	721	721	0	100
Soft drinks, carbonated	220210	980	0	0	0	0
Fish roe	030520	0	970	0	970	0
Liqueurs and cordials	220870	870	423	402	22	95
Other food preparations	210690	1,435	0	0	0	0
Protein concentrates	210610	795	0	0	0	0
Beef and beef products	020130	0	412	412	0	100
Dog and cat food	230910	553	331	1	331	0
Bovine semen	051110	505	582	40	541	7
Cod fillets, frozen	030471	0	492	0	492	0
Condiments and sauces	210390	106	438	324	114	74
Cranberry preparations	200893	0	282	282	0	100
Salmon, frozen	030312	168	279	18	261	6
Blueberry preparations	200899	0	272	272	0	100

Source: Latvian NSO and BICO

2019 BICO data undervalues U.S. rum and tafia exports to Latvia by \$1.6 million, when compared with NSO data. In 2019, 78 percent of the U.S. rum and tafia trade to Latvia arrived through other EU Member States. 2019 BICO data undervalues the U.S. pistachio trade to Latvia by \$1.5 million, versus Latvian NSO data. Many U.S. pistachios arrive in Latvia through Western European intermediaries,

especially food retail supply chains. In 2019, BICO data also undervalued U.S. fish roe, beef, cod fillets, condiments and sauces, cranberry and blueberry preparation, and frozen salmon trade to Latvia, when compared with NSO data.

## Estonia

According to 2019 BICO data, U.S food and agricultural trade to Estonia reached \$69.9 million (Table 6). [Estonian NSO](#) data shows U.S. imports at \$39.5 million. This gap mainly results from BICO's reported \$36.7 million of U.S. almond exports to Estonia in 2019, while Estonian NSO data show only \$2.3 million of U.S. almond imports (Table 7). Post analysis indicates that most U.S. origin almonds shipped to Estonia in 2019 were transshipped onward to non-EU countries. According to Estonia's 2019 NSO data, 44 percent of U.S. food and agricultural products intended for the Estonian market were initially shipped to Estonia through other EU ports of entry.

**Table 6: U.S. Food and Ag Trade Exports to Estonia 2017-19 (\$ million)**

Agricultural and Ag Related Products	2017	2018	2019
BICO	50.7	65.9	69.9
Total NSO*	32.5	34.8	39.5
- Indirect (NSO)	13.6	16.4	17.3
- Direct (NSO)	18.9	18.4	22.2
Percentage of indirect in total (NSO)	42	47	44

Source: Estonian NSO and BICO

\* Data from Estonian NSO were recalculated from euro to dollars using official U.S. Internal Revenue Service ([IRS](#)) exchange rate \$1.0 = €0.893

Table 7 below shows the direct versus indirect U.S. food and agricultural exports to Estonia. The following list is not exhaustive but attempts to capture the most relevant U.S. products. Almonds, ash and oak wood, cocoa powder, and sauces are major U.S. products imported by Estonia. According to 2019 NSO data, all U.S.-origin sauces, roasted coffee, pet food, and chocolate were indirectly imported into Estonia via other EU ports of entry. Around 90 percent of U.S. whiskey and wine were also indirectly imported. In 2019, indirect imports of U.S. almonds, food preparations, and frozen Alaskan pollock, reached 41, 82, and 47 percent, respectively (Table 7).

**Table 7: 2019 Direct vs. Indirect U.S. Food and Agricultural Trade to Estonia (\$ 000)**

Imports to Estonia in 2019	HS Code	U.S. Exports	Estonian Imports from the United States (NSO*)			
		BICO	Total (NSO)	Indirect	Direct	% of indirect
Fresh or dried almonds, shelled	080212	36,676	2,307	953	1,354	41
Ash "Fraxinus spp.", sawn or chipped lengthwise	440795	6,362	7,322	0	7,322	0
Oak "Quercus spp.", sawn or chipped lengthwise	440791	0	5,657	212	5,445	4
Cocoa powder	180500	4,841	0	0	0	0

Preparations for sauces and prepared sauces	210390	0	3,108	3,107	1	100
Food preparations	210690	1,983	1,787	1,463	324	82
Whiskies	220830	211	1,460	1,340	120	92
Roasted coffee (excl. decaff.)	090121	0	1,126	1,126	0	100
Dog or cat food, put up for retail sale	230910	0	1,005	1,005	0	100
Sheets for veneering,	440890	0	988	3	985	0
Fish livers and roes, dried, smoked, salted or in brine	030520	454	947	219	728	23
Chocolate and other preparations containing cocoa	180631	0	819	818	1	100
Wine of fresh grapes	220421	58	812	723	89	89
Nuts and other seeds, incl. mixtures, prepared or preserved	200819	280	765	765	0	100
Bluegrass seed	120924	719	0	0	0	0
Waters, incl. mineral and aerated, with added sugar	220210	508	682	79	603	11
Frozen meat, whether or not minced, of Alaska pollock (excl. fillets)	030494	0	668	317	351	47
Vodka	220860	681	634	2	632	0
Frozen fillets of Alaska pollock	030475	303	612	0	612	0
Inactive yeasts	210220	717	562	21	541	4
Soya sauce	210310	0	538	538	0	100

Source: Estonian NSO and BICO

\* Data from Estonian NSO were recalculated from euro to dollars using official U.S. Internal Revenue Service ([IRS](#)) exchange rate \$1.0 = €0.893

**Attachments:**

No Attachments.