

## Lithuania Facts and figures



**Political capital:** Vilnius  
**Top business cities:** Vilnius, Kaunas, Klaipėda  
**Business languages:** Lithuanian, English and Russian  
**Business currency:** Euro (EUR)  
**Working days:** Monday through Friday, 8:00–18:00  
**Time-lag with Luxembourg:** +1:00 hour  
**Surface:** 65,300 square km (25 times the surface of Luxembourg)  
**Population:** 2.85 million people (July 2016 est.)  
**GDP per capita:** \$29,900 (2016 est.), 63<sup>rd</sup> in the world ranking (Luxembourg is 2<sup>nd</sup>)  
**Growth rate:** 2.6% (2016 est.)  
**Inflation rate:** 1.5% (2016 est.)  
**Unemployment rate:** 8.2% (2016 est.)  
**Ease of doing business:** 21 among 190 countries ranked by World Bank (Luxembourg is 59)  
**Literacy rate:** 99.8%  
**Internet users:** 71.4% of the population (2015 est.)  
**Mobile phone usage:** 4.18 million subscriptions  
**Logistic performance index:** 3.63/5 (29<sup>th</sup> out of 160 countries ranked by World Bank (Luxembourg is 2<sup>nd</sup>)  
**Corruption indicator:** 59 on a scale of 0 (highly corrupt) to 100 (very clean); 38<sup>th</sup> out of 176 countries ranked by Transparency International (2016)  
**Main economic sectors:**  
 Services: 66.4% (2016 est.)  
 Industry: 30.4% (2016 est.)  
 Agriculture: 3.3% (2016 est.)  
**Country commercial risk classification (ODL):** A (Luxembourg is A) – the scale goes from A (no risk) to C (very risky)

**Sources:** CIA, World Bank, Transparency International, OECD, European Commission

LITHUANIA

## A BALTIC CHAMPION THAT SPEAKS FLUENT BUSINESS

The southernmost and largest of the Baltic States is famous for its vast amber reserves. But the country in which the geographic centre of Europe is situated has a lot more to offer: strategically situated between Russia, Poland, Belarus and Latvia, the Republic of Lithuania – with a land area almost equal to its Latvian neighbor to the North – is striving to become the hotspot for commercial exchange between Eastern Europe, Western Europe and beyond.

Text: International Affairs, Chamber of Commerce

Lithuania's prime geographic situation has allowed the country to tie a strong network with its Baltic and Scandinavian neighbours but also to think big and beyond the Baltic Sea. Opportunities between the geographic center of Europe and Luxembourg, otherwise known as the heart of Europe, could be plentiful.

### A BRIEF HISTORY

Formerly known as the Grand Duchy of Lithuania, the country has experienced numerous shifts and revolutions: from being the largest country in Europe throughout the 14<sup>th</sup> century, forming a two-state union with Poland, returning to independence, having been annexed by the Soviet Union to becoming the first Soviet Republic to declare itself independent, Lithuania is nowadays a country fully integrated in the European Union.

### KEY ECONOMIC FACTORS

Severely affected by the 2008 economic crisis due to its size and economic openness, making it easily susceptible to international financial slowdowns, the country bounced back in a remarkable way. Not only is Lithuania fully integrated in the EU, but it is among its ten fastest growing economies today, with a growth rate of 2.6%. Although it is a late adopter of the euro (2015), the entry in the European Union strengthened the country's engagement to practical and sustainable economic policies. The gross domestic product of the former planned economy is largely based on a service sector reinforced by educated talents and nearly 100% English proficiency amongst young professionals. Yet its business sector portfolio is rich in diversity: ICT, life sciences, chemicals, textiles, logistics, renewables, laser technologies, furniture, and the wood/paper industry form just the tip of the iceberg. Take logistics for example: the famous Port

of Klaipėda remains free of ice during the coldest winters and thus guarantees uninterrupted navigation. This factor and its geographic situation provide Lithuania an unrivalled advantage and strategic importance in conjunction with the New Silk Road, the multinational economic overland and maritime corridor between China and Europe. The New Silk Road is likely to lead to a national investment boom followed by major infrastructure development, as well as to a deepening of the region's existing relations with the easternmost part of Eurasia. Lithuania's digital infrastructure is also developing very well: a worldwide leading broadband speed and one of Europe's highest fibre penetration are amid the key factors leading to Lithuania's quick development (download speeds, particularly in urban areas, are among the fastest on the continent). "Thinking green" is another essential part of the country's economic policy that focuses specifically on solar batteries and wastewater treatment while promoting research focused on hydro-, wind-, and biomass power.

### DOING BUSINESS WITH LITHUANIA

In the past years, Lithuania's economic growth has been one of the highest in the European Union, having swiftly recovered from the global financial crisis thanks to the economy's high flexibility. Market-friendly institutional regulations have helped ranking Lithuania as the 21<sup>st</sup> in the World Bank *Ease of Doing Business Index* this year. Simultaneously, financial and fiscal frameworks have been strengthened with the adoption of the European Fiscal Compact and the participation in European system of financial supervision.

Due to the available tech-savvy and English proficient talents, developing shared services and BPO (business process outsourcing) such as finance, accounting, HR, legal and IT, could benefit Luxembourg-based companies looking



Palace of the Grand Dukes of Lithuania, Vilnius.

for a relay point in the North-East. Manufacturing, electronic and mechanical engineering capacities are prolific, as well as software and video game development – hinting that connectivity leads to creativity (but also to ever-growing digital infrastructure, another opportunity for Luxembourg-based ICT companies). Creativity also leads to inventive research, a field in which scientific cooperation could yield positive results specifically in disciplines such as life sciences and innovative technologies. In its pursuit to foster the development of the cleantech industry, the Lithuanian government provides grants for many companies actively partaking in ecotech R&D. With over 1,500 start-up employees and 320 active tech start-ups last year, Lithuania seems to have set itself the goal to become the most start-up-friendly and innovative nation in its particular area. However, Lithuania is a business-oriented and friendly country not merely for young start-ups and skilled professionals. It is also trusted by traditional companies such as IBM, Barclays, Western Union, AIG, Nasdaq, Uber, Wix.com and many more...

To further explore the Lithuanian market and its business opportunities, the Chamber of Commerce of the Grand Duchy of Luxembourg will organise an official mission to Vilnius, Kaunas and Klaipėda. The mission will be led by several officials and will last from the 25<sup>th</sup> to the 27<sup>th</sup> of October 2017 ●

#### Useful contacts

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#### Official mission to Lithuania:

From 25 to 27 October 2017

in Vilnius, Kaunas and Klaipėda

Information: lithuania2017@cc.lu



#### INTERVIEW

PIERRE GIRAULT

CEO,

PG Investments International (PGII)

#### Quelles sont vos relations commerciales avec la Lituanie ?

« Ma société PGII a une filiale 'holding' en Lituanie, qui elle-même a des filiales spécialisées dans différents métiers : fiduciaire, conseil en développement et investissement commercial et relais opérationnel / contact / gestion.

#### Quelles opportunités le marché lituanien présente-t-il ?

« La Lituanie, et en particulier sa capitale Vilnius, s'est organisée afin d'offrir de nombreuses opportunités pour la création de centres de services partagés. Un effort majeur, réalisé notamment grâce aux fonds européens, a été entrepris pour doter le pays d'infrastructures de haut niveau, en particulier en ce qui concerne le stockage et le transfert de données via internet.

De nombreux acteurs internationaux, notamment dans le milieu bancaire, ont déjà fait le choix d'ouvrir dans ce pays de grands centres de soutien ou d'appels opérant au niveau global. Un vivier de population jeune, éduquée, polyglotte et, pour le moment encore, à coût compétitif, renforce l'attractivité de cette destination pour ce type d'investissements.

Il convient de souligner que la Lituanie bénéficie encore de fonds structurels européens dans de nombreux domaines, ce qui offre des possibilités intéressantes d'effets de levier aux investisseurs.

#### Quels sont les risques afférents à ce marché ?

« La Lituanie ayant réussi son intégration dans l'Union européenne, notamment en mettant en place des normes correspondant aux standards d'Europe occidentale, le risque rencontré correspond en fait à celui que rencontrerait tout investisseur ou entrepreneur s'installant dans un pays étranger dont il ne maîtrise pas la langue. Pour le reste, l'appartenance à l'Union européenne, à la zone euro et à l'Otan, ainsi que l'expérience d'une vie démocratique saine semblent promettre la stabilité de ce pays, malgré le voisinage de la Russie, ancienne puissance occupante du temps de l'Union soviétique.

#### Quels conseils donneriez-vous aux entrepreneurs qui voudraient travailler avec ce pays ?

« Les autorités lituaniennes ont mis en place des agences pour orienter les investisseurs étrangers. Elles le font de façon compétente et fournissent des informations pertinentes à se procurer avant de se lancer dans l'aventure de l'investissement en Lituanie.

Je conseille par ailleurs de s'appuyer sur une société fiduciaire locale francophone ou anglophone qui sera à même de guider les entrepreneurs intéressés dans leurs démarches. »