

INVEST IN

Lithuania

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Forewords

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- Evaldas Gustas
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SECTION 1: INVESTING IN LITHUANIA

WELCOME TO LITHUANIA

An introduction to one of Europe's fastest-growing economies, exploring the country's recent history since it regained its independence in 1991, including its membership of the World Trade Organization in 2001 and accession to the European Union in 2004. Featuring a country map and essential data.

THE CASE FOR INVESTMENT

This feature explores the many reasons why foreign investors find Lithuania an attractive and beneficial location in which to do business. These include the country's geo-strategic position in the Baltic region, which offers gateways for trade with both the European Union and the Commonwealth of Independent States.

With the third most-educated talent pool in the European Union and with almost all young professionals proficient in English (along with high levels of fluency in German, Russian, Romanic and Nordic languages), companies are able to serve their clients worldwide. Support and incentives for staff recruitment and training also add to the benefits of utilising Lithuania's talented and cost-effective workforce.

Foreign direct investment in Lithuania is increasing rapidly. Among the major contributors to this growth are Scandinavian countries, from which direct investment has doubled in the past five years, reaching more than €5 billion. Sweden and Norway are among the top five investors in Lithuania, along with Germany, the Netherlands and Poland.

Lithuania's Minister of the Economy, Evaldas Gustas, recently announced the allocation of €10 million of funding for foreign investors that carry out R&D activities in the country or develop their company's infrastructure and introduce innovation.

DOING BUSINESS IN LITHUANIA – A GUIDE FOR INVESTORS

Lithuania has made great efforts to develop a highly business-friendly environment and is placed in the top 20 of 189 countries in the World Bank's 2016 Doing Business rankings. This article looks at the facilities and incentives on offer to assist foreign investors in developing their businesses in Lithuania. Investors can also take advantage of Lithuania's seven Free Economic Zones, located in the country's economic centres, which offer ready-to-build industrial sites, support services and attractive tax incentives.

SECTION 2: PRIORITY INVESTMENT SECTORS

A series of comprehensive guides to Lithuania's fastest-expanding sectors, including case studies and success stories from some of the major foreign companies that have expanded their operations in Lithuania in recent years.

SHARED SERVICES

Lithuania is widely regarded as the regional leader for shared service centres and business process outsourcing. Since 2010, the country's shared services sector has doubled in size.

Including articles on:

■ Asset servicing and analytics

Lithuania is at the forefront within the CEE for the outsourcing of sophisticated business services, drawing on the country's growing pool of talent. Fund accounting, management reporting and risk assessment are among the many areas of Lithuanian expertise.

■ Finance and accounting

A look at why several major banks and corporations have relocated their finance operations to Vilnius, taking advantage of the impressive cost-to-quality ratio of staff in aspects including accounting, cash management and financial planning.

■ Human resources

Lithuanian companies provide a wealth of HR services to their international clients, ranging from payroll and time administration to recruiting and staffing administration. Thousands of graduates with HR-related education are produced each year, meaning the sector has enormous potential for expansion.

■ Legal

Lithuania boasts 7,000 professionals in the legal sector and is producing 2,000 new law graduates each year. This rapidly expanding pool of talent and knowledge is poised to expand a wide range of services that includes paralegal, document management, contract drafting, litigation and due diligence.

■ ICT support services

Every year more ICT professionals enter the workforce in Lithuania than in any other Baltic state, and the country's education system is focused on the importance of ICT skills – Lithuania ranks in the top three for students' digital competence among EU countries, ensuring that the country has the right workforce skills for its expanding ICT support sector.

MANUFACTURING

Lithuania ranks among the world's most attractive locations for investment in manufacturing and plays host to a growing number of manufacturing and engineering companies. With double the EU average number of students graduating from engineering, production and construction courses, Lithuania can offer a highly trained and cost-effective supply of expertise in these fields.

German companies are currently the largest foreign direct investors in Lithuania's manufacturing industry, with the sector accounting for more than a third of the country's recent investments.

Including articles on:

■ Mechanical engineering

This sector has seen a production increase of 18 per cent per annum since 2009, accompanied by multiple increases in annual turnover for foreign-controlled mechanical engineering and electronics companies.

■ Automotive

Lithuania has a growing automotive industry, focused on the manufacturing of electronic components. BMW, Mercedes-Benz, Renault, Volkswagen and Volvo are among the major brands taking advantage of the country's high level of electronics expertise.

■ Energy

As the only Baltic state with a nuclear power station, Lithuania has developed a thriving energy industry, supply 70% of its energy needs. It has also become an important hub for the transport of oil and gas from the east to western Europe due to its strategic location on the Baltic coast.

■ Lasers

Across almost half a century, Lithuania's laser industry has built an enviable reputation for its expertise and award-winning products. The sector has also developed a sound R&D base to create one of the world's most vibrant laser industries.

■ Robotics

A diverse range of engineering skills, established science and technology infrastructure and value for money make Lithuania well positioned to provide services at every stage of robotic technology development.

TECHNOLOGY

Boasting the most advanced ICT infrastructure in the CEE region and the fastest broadband speeds in the EU, Lithuania enjoys a fast-growing reputation for software development, data centres, cloud computing and game development. The sector has experienced rapid growth, with the number of staff employed in ICT-related industries doubling over the past decade. Lithuania leads the way in the Baltic region for producing highly skilled ICT professionals and the country is ranked third in the EU for students' digital competence.

Including articles on:

■ Software development

Lithuania's talent pool of highly trained ICT professionals has made the country one of the key locations for the creation of new software products.

■ Data centres

Lithuania is regarded as a highly attractive location for setting up data centres, due to the high number of trained ICT professionals, its geographic location and the country's region-leading digital infrastructure.

■ Game development

Game developers have turned to Lithuania as a source of talent for creating new innovations in this fast-moving and competitive industry.

LIFE SCIENCES

Lithuania's life sciences industry has global reach and is one of the most advanced in the CEE region. The biotechnology and pharmaceutical research and production sector has experienced enormous growth, averaging 22% annually, and exports 80% of its output. The success of the Lithuanian biotechnology industry is derived from its academic institutions and R&D centres, as well as a pool of 22,000 researchers and specialists. The capital, Vilnius, has one of the region's most advanced laboratories, the Joint Life Science Centre, with access to hospitals and university facilities.

Including articles on:

■ Pharmaceuticals

Recent developments in this sector include the announcement that Sicor Biotech/Teva Baltic, the country's biggest pharmaceuticals producer, is to begin production of a new cancer treatment. Exports of pharmaceuticals from Lithuania saw a year-on-year increase of 45.3% in 2015.

■ Industrial biotech

Lithuanian expertise attracts investment from companies producing biobased products in sectors such as chemicals, food and feed, detergents, paper and pulp, textiles and bioenergy.

■ Medical devices

From bandages to the most sophisticated life-support equipment, the medical devices sector boasts numerous companies producing a wide range of products.

SECTION 3: STRATEGIC INFRASTRUCTURE OPPORTUNITIES AND PPP PROJECTS

Building on its position as an East-West transport corridor, Lithuania has plans for a new deep-sea port, a rail route linking Estonia and Poland, and extensive road construction.

In energy, the country is planning a combined heat and power plant in Vilnius and exploring the potential for shale gas extraction.

Lithuania has a long-standing reputation for supporting public-private partnerships (PPPs), ranking first in Eastern Europe for its PPP regulatory framework. The Central Project Management Agency co-operate to provide comprehensive assistance with PPP development, helping investors to find attractive projects.

Including articles on:

- Road
- Rail
- Aviation
- Ports
- Oil and gas
- Renewable energy

SECTION 4: TOURISM

Lithuania has plenty to offer an increasing number of tourist visitors. Attractions include the Old Town of Vilnius (added to the UNESCO World Heritage List in 1994); the medieval towers of Trakai Island Castle; the Baltic coast, including the idyllic Curonian Spit Oasis; numerous resorts, spas and leisure facilities; and traditional food and drink.

Lithuania was recently announced as joint leader, along with Switzerland and Montenegro, of the United Nations World Tourism Organisation (UNTWO) Commission for Europe, with a term of office of four years. Lithuania will also host the organisation's 60th meeting in Vilnius during 2016.

SECTION 5: INTERNATIONAL PARTNERSHIPS

Examining Lithuania's most prominent international partnerships, with examples of recent trade and investment developments, including:

- European Union
- United States

SECTION 6: ESSENTIAL CONTACTS

A directory of official investment agencies, chambers of commerce, embassies and associations relevant to foreign investors.