

LITHUANIA

Business Conditions Snapshot

- Located in the north-eastern part of the European Union, Lithuania is the largest of the Baltic States. Lithuania's location makes it a gateway to both the western markets of the EU and Scandinavia, and the eastern markets of Russia and other former Soviet states, including Belarus and Ukraine.
- Lithuania's GDP grew by 4.1 per cent in 2017, 3.5 per cent in 2018 and 3.4 per cent in 2019.
- Like other EU countries, Lithuania's economy has been negatively affected by the COVID-19 pandemic. Unemployment was 9.6 per cent in August 2020. However, according to the European Commission, Lithuania was forecast to have the least severe recession in the EU, with GDP declining by 2.2 per cent in 2020.
- Population growth is very low or declining, with low birth rates and levels of inward migration, and considerable outflows of migrants to other EU countries. Lithuania was allocated EUR8.39 billion from EU structural funds over the period 2014–2020, which will shore up investment in infrastructure and community services.
- Business conditions are good, and Lithuania is ranked 11 in the world in the World Bank's Ease of Doing Business Index. The country is also in the top 35 of Transparency International's Corruption Perception Index.

Key facts and figures

- Population: 2.8 million (2018)
- GDP growth: 3.4% (2019)
- GDP per capita: US\$19,267
- Political system: parliamentary democracy
- Two way merchandise trade: A\$122 million (2018)
- Key exports: animal feed, perfumery and cosmetics, mechanical equipment, alcoholic beverages
- Key imports: fertilisers, wood, furniture, chemicals

Trade and Investment Opportunities

- The economic and commercial relationship between Australia and Lithuania is modest. Australian companies operating in Europe typically service Lithuania from another country.
 - Two-way trade between Australia and Lithuania (goods and services) in 2019 was A\$160 million.
- Merchandise exports from Australia to Lithuania in 2019 totalled A\$7 million.
 - This includes animal feed, perfumery and cosmetics, and mechanical handling equipment and parts.
 - Merchandise imports to Australia from Lithuania in 2019 were A\$114.6 million, including fertilisers, wood and wood manufactures, and furniture.



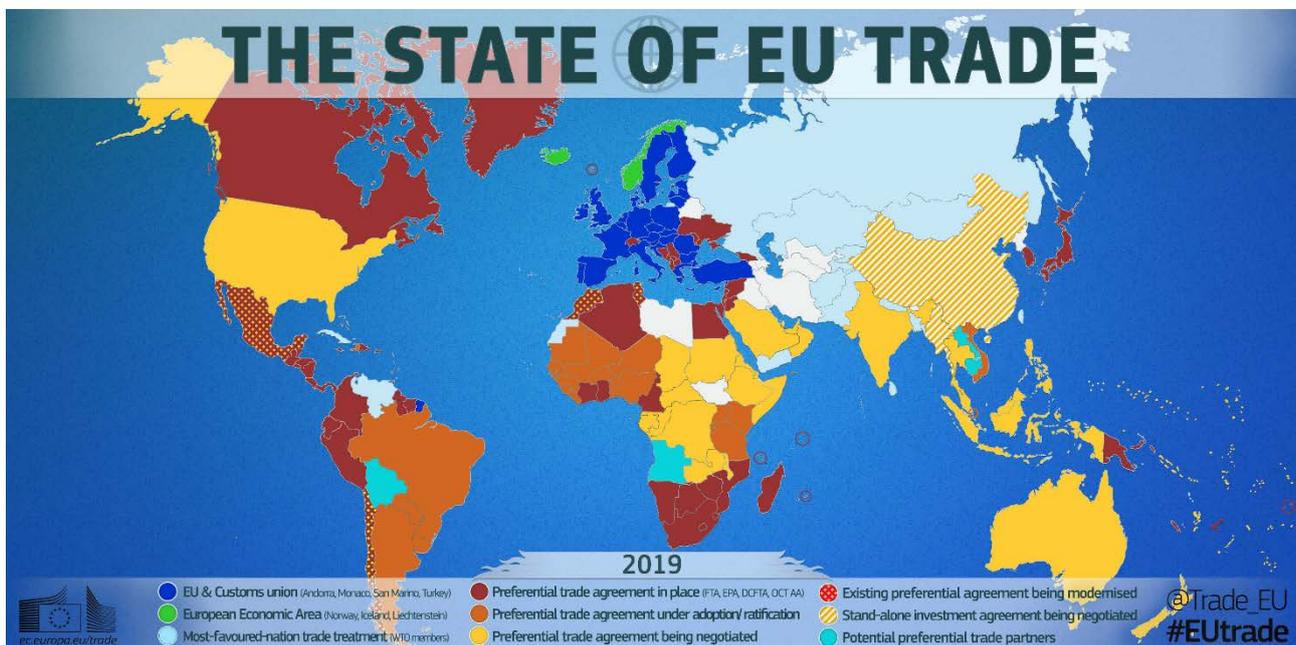
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- Niche opportunities could exist in several sectors.
 - Laser/optics, life sciences and financial technologies are in demand – Lithuania has a significant and growing Fintech sector and the sector is a priority for the Lithuanian government.
 - Given the geostrategic situation in the Baltic Sea region, the defence and energy sectors could also provide strategic solutions to Lithuania.
- Major infrastructure projects—including the Rail Baltica railway project and the expansion of the port in Klaipeda—are examples of opportunities for major international investors.

Trade Policy and Negotiations

- Lithuania is a member of the European Union, which has a wide range of preferential trade agreements (see below).
- Australia is currently negotiating a free trade agreement with the European Union, with solid progress already made towards an ambitious outcome that will open new opportunities for Australian businesses.



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