Introduction

Lithuania is a country in Northern Europe. Situated on the southeastern shore of the Baltic Sea, it shares a border with Latvia, Belarus, Poland, and the Russian enclave of Kaliningrad. Across the Baltic Sea lies Sweden and Denmark. The government system is a parliamentary democracy; the chief of state is the president, and the head of government is the prime minister. Lithuania has transitioned from a command economy to a market economy in which the private sector accounts for the majority of GDP, and government regulation is transparent and efficient. Lithuania is a member of the European Union (EU).

Key Economic Facts

Income Level (by per capita GNI):
Level of Development: Developed
GDP, PPP (current international $): $94.05 billion (2017)
GDP growth (annual %): 4.14% (2017)
GDP per capita, PPP (current international $): $33,252.68 (2017)
External debt stocks, total (DOD, current US$): $29,988,119,000.00 (2011)
Manufacturing, value added (% of GDP): 17.19% (2017)
Current account balance (BoP, current US$): $0.46 billion (2017)
Inflation, consumer prices (annual %): 3.72% (2017)
Labor force, total: 1,461,213 (2018)
Unemployment, total (% of total labor force) (modeled ILO estimate): 5.96% (2018)
Exports of goods and services (current US$): $38.47 billion (2017)

GDP Composition %

<table>
<thead>
<tr>
<th>Sector</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>Agriculture</td>
<td>3%</td>
</tr>
<tr>
<td>Services</td>
<td>60%</td>
</tr>
<tr>
<td>Industry</td>
<td>26%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>17%</td>
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</tbody>
</table>

*Although Manufacturing is included in the Industry figures, it is also separately reported because it plays a critical role in economy.

Rankings

<table>
<thead>
<tr>
<th>Index</th>
<th>Rank</th>
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</thead>
<tbody>
<tr>
<td>Corruption Perceptions Index</td>
<td>38 / 178</td>
</tr>
<tr>
<td>Global Competitiveness Index</td>
<td>40 / 139</td>
</tr>
<tr>
<td>Global Enabling Trade Index</td>
<td>29 / 136</td>
</tr>
<tr>
<td>Global Services Location Index</td>
<td>27 / 55</td>
</tr>
<tr>
<td>Index of Economic Freedom</td>
<td>21 / 179</td>
</tr>
<tr>
<td>International Logistics Performance Index (LPI)</td>
<td>54 / 160</td>
</tr>
<tr>
<td>Inward FDI Potential Index</td>
<td>38 / 139</td>
</tr>
<tr>
<td>KOF Index of Globalization</td>
<td>32 / 185</td>
</tr>
<tr>
<td>Networked Readiness Index (NRI)</td>
<td>29 / 139</td>
</tr>
</tbody>
</table>

Risk Assessment (Provided by Coface)

Country rating: A3 - Changes in generally good but somewhat volatile political and economic environment can affect corporate payment behavior. A basically secure business environment can nonetheless give rise to occasional difficulties for companies. Corporate default probability is quite acceptable on average.

Business Climate rating: A2 - The business environment is good. When available, corporate financial information is reliable. Institutions generally perform efficiently. Intercompany transactions usually run smoothly in the relatively stable environment rated A2.

Strengths

- Member of the eurozone since 2015 and the OECD since May 2018
- Sound public and external accounts
- Banking system dominated by three Scandinavian institutions
- Transit zone between the EU and Russia/Kaliningrad enclave
- Diversification of energy supply (Klaipeda gas terminal, shale gas potential, electricity links with Poland and Sweden)

Weaknesses

- Tight labor market: shrinking workforce (emigration of skilled young people) and high structural unemployment
- Large underground economy (26% of GDP)
- Wide income disparity between the capital and the regions – particularly in the northeast, where poverty persists
- Limited value added of exports (mineral products, timber, agri-food, furniture, electrical equipment)
- Competitiveness eroded by insufficient productivity gains

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