

## 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).



**Location:** Northern Europe

**Capital City:** Vilnius (+2 GMT)

**Chief of State:** President Dalia Grybauskaitė

**Head of Govt.:** Prime Minister Saulius Skvernelis

**Currency:** Euro (EUR)

**Major Languages:** <p>Lithuanian (official) 82%, Russian 8%, Polish 5.6%, other 0.9%, unspecified 3.5%</p>

**Primary Religions:** <p>Roman Catholic 77.2%, Russian Orthodox 4.1%, Old Believer 0.8%, Evangelical Lutheran 0.6%, Evangelical Reformist 0.2%, other (including Sunni Muslim, Jewish, Greek Catholic, and Karaite) 0.8%, none 6.1%, unspecified 10.1%</p>

**Calling Code:** 370

**Voltage:** 220

## Key Websites

Main Government Page: [lv.lt](http://lv.lt)

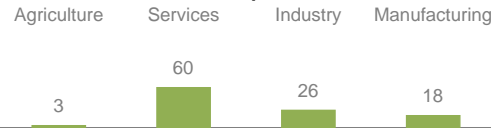
Commerce Ministry: [ukmin.lv.lt](http://ukmin.lv.lt)

Investment Promotion Agency: [investlithuania.com](http://investlithuania.com)

## Key Economic Facts

Income Level (by per capita GNI):	High Income
Level of Development:	Developed
GDP, PPP (current international \$):	\$90.75 billion (2017)
GDP growth (annual %):	3.83% (2017)
GDP per capita, PPP (current international \$):	\$32,092.50 (2017)
External debt stocks, total (DOD, current US\$):	\$29,988,119,000.00 (2011)
Manufacturing, value added (% of GDP):	17.56% (2017)
Current account balance (BoP, current US\$):	\$0.42 billion (2017)
Inflation, consumer prices (annual %):	3.72% (2017)
Labor force, total:	1,458,336 (2017)
Unemployment, total (% of total labor force) (modeled ILO estimate):	7.07% (2017)
Imports of goods and services (current US\$):	\$37.40 billion (2017)
Exports of goods and services (current US\$):	\$38.35 billion (2017)

## GDP Composition %



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

## Rankings

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

## 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. Debt collection is reasonably efficient. 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

## U.S. Embassy

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