

## Lithuania: Market Profile

### Major Economic Indicators

|                                       | 2015   | 2016   | 2017**  |
|---------------------------------------|--------|--------|---------|
| Population (000)                      | 2,905  | 2,871  | 2,838   |
| GDP (US\$ bn)                         | 41.423 | 42.749 | 42.826  |
| Real growth (%)                       | 1.8    | 2.3    | 2.8     |
| GDP per capita (US\$)                 | 14,260 | 14,890 | 15,090  |
| Inflation – CPI index                 | -0.7%  | 0.7%   | 2.8%    |
| Unemployment rate                     | 9.1%   | 7.9%   | 7.4%    |
| Exports (US\$ bn)                     | 25.412 | 24.946 | N.A.    |
| YoY growth (%)                        | -21.5  | -1.8   | N.A.    |
| Imports (US\$ bn)                     | 28.181 | 27.196 | N.A.    |
| YoY growth (%)                        | -18.1  | -3.5   | N.A.    |
| Average exchange rate (Euro per US\$) | 0.902  | 0.904  | 0.916## |

Note: ## Jan-Jul 2017, \*\* forecast

Source: IMF, WTO

- Bordered by Latvia to the north and Poland to the south, Lithuania is the largest country among the Baltic States in terms of population, territory and economy. Located at the crossroads of three huge markets of almost 800 million consumers in total, Lithuania is a springboard to the Western markets of the EU and Scandinavia, and the Eastern markets of Russia and the other former Soviet states.
- Over the last couple of years, Lithuania has seen a growing presence of shared service and business process outsourcing (BPO) activities. With an impressive roster of multinational companies providing services for the European market in English, German, Russian, Polish and Scandinavian languages, Lithuania is an attractive location for near-shoring services and BPO. It is a leader among the Baltic States in the number of BPO projects and has been named one of the best, pioneering outsourcing destinations in Europe by Cushman & Wakefield's rating for 2016.
- Lithuania has also established a reputation as the banking service hotspot in the Nordic region for support functions. Lithuania has been attracting increasing interest from the banking industry. A number of major banks have established different business support functions in Vilnius, from payment processing to IT operations.
- While tension between Russia and Lithuania has been escalating since the Ukrainian Crisis began in 2013, economic co-operation between China and Lithuania has been deepening. Aside from the 16+1 formula promoting regional co-operation between Central and Eastern Europe and China, the expressed interest of Chinese participation in the Rail-Baltic project looks set to enhance regional connectivity and bring Sino-Lithuanian relations to a new, higher level. The EU-backed railway will connect Lithuania with the other Baltic States, Finland and Poland.



- To boost the development of four targeted industries, namely shared service and business process outsourcing (BPO) activities, manufacturing, technology and life sciences, the Lithuanian government offers a wealth of incentives such as relief from corporate income tax, possibility to establish micro companies with no statutory capital and reduction of taxable profit up to 50% for new investment incentive project. More information can be found at the [Invest Lithuania](#).
- The inflows of foreign direct investment (FDI) to Lithuania amounted to US\$874 million in 2015. As of the end of 2015, China's total stock of FDI to Lithuania exceeded US\$12 million, up from US\$4 million in 2006. Hong Kong's investment in Latvia, however, is far from significant.

### Hong Kong's Trade with Lithuania

| (US\$ million)   | 2015    |        | 2016    |        | Jan-Jun 2017 |        |
|------------------|---------|--------|---------|--------|--------------|--------|
|                  | Value   | Growth | Value   | Growth | Value        | Growth |
| Total Exports    | 84.379  | -13.9  | 95.918  | +13.7  | 52.971       | +24.1  |
| Domestic exports | 0.340   | -69.3  | 0.348   | +2.4   | 0.142        | -23.9  |
| Re-exports       | 84.039  | -13.2  | 95.570  | +13.7  | 52.828       | +24.3  |
| Imports          | 27.797  | -34.1  | 24.879  | -10.5  | 18.055       | +43.6  |
| Total Trade      | 112.175 | -19.9  | 120.797 | +7.7   | 71.026       | +28.5  |

Source: Hong Kong Trade Statistics, Census & Statistics Department

### More Information

More information on the Belt and Road countries' economic and investment environment, tax and other subjects that are important in considering investment and doing business are available in [The Belt and Road Initiative: Country Business Guides](#).

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