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# Economic Report 2023

## LITHUANIA

June 2024

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### Executive Summary

**In 2023, the Lithuanian GDP mildly decreased by 0.3%.** As in the previous year Lithuanian economy was not as strong as the EU average, which grew by 1.0% in 2023.

Lithuania's economic growth was severely affected by the break-down of relationships with two of its most important trade partners - neighbouring Belarus and particularly the Russian Federation - after the start of Russia's war of aggression in Ukraine, and the associated multiple-tier sanctions that followed.

After being hit by one of the highest inflation rates (19.7%) in the European Union in 2022, **the average inflation rate in 2023 remained high but decreased to 9.1%.**

Lithuania's real **GDP is expected to grow by 2% in 2024**, supported by a strong increase in private consumption, continued investment growth and a gradual improvement in trade. In 2025, real GDP is projected to grow faster, by 2.9%, as the EU and euro area economy picks up speed and trade resumes more vigorously. **Inflation is forecasted to slow down substantially to 1.9% in 2024** following the fast decline in energy prices, before stabilising at 1.8% in 2025 as services inflation eases. In 2024, the general government deficit is projected to increase to 1.8% of GDP, mainly due to increases in social spending, public wages, and current transfers paid by the government. In 2025, it is forecast to further increase to 2.2%.

As its economic projection is essentially oriented towards western Europe and the Baltic Sea region, Lithuania's **main trading partners remain its direct neighbours** (Latvia, Poland) as well as Germany. The overall volume of bilateral trade with Switzerland, very limited in scope, stayed on roughly the same level as in 2022. **Switzerland has had a negative trade balance, as in previous years, with Lithuania, resulting in a trade deficit of €64.46 million.**

**Foreign direct investments (FDI) stocks** in Lithuania have **increased by 10.98%** in 2023, coming almost exclusively from EU countries (Germany, Sweden, Estonia and the Netherlands), former EU member state United Kingdom (ranking 5th) and the United States of America.

The signing of the implementation agreement of the **Second Swiss Contribution** by the Swiss Ambassador and Lithuanian Minister of Finance in May 2023 enabled new projects with a value of CHF 45.2 million to be implemented in the country.

## Table of Contents

<b>1</b>	<b>ECONOMIC OUTLOOK AND ECONOMIC POLICY DEVELOPMENTS</b>	<b>3</b>
<b>2</b>	<b>PRIORITY SECTORS AND OPPORTUNITIES FOR SWISS COMPANIES</b>	<b>4</b>
<b>3</b>	<b>FOREIGN ECONOMIC POLICY</b>	<b>5</b>
3.1	Lithuania’s policy and priorities	5
3.2	Outlook for Switzerland (potential for discrimination or comparative advantage)	6
<b>4</b>	<b>FOREIGN TRADE</b>	<b>6</b>
4.1	Developments and general outlook	6
4.1.1	<i>Trade in goods</i>	7
4.1.2	<i>Trade in services</i>	7
4.2	Bilateral trade	7
<b>5</b>	<b>DIRECT INVESTMENTS</b>	<b>7</b>
5.1	Developments and general outlook	7
5.2	Bilateral investment	8
<b>6</b>	<b>ECONOMIC AND TOURISM PROMOTION</b>	<b>8</b>
6.1	Swiss foreign economic promotion instruments	8
6.2	Lithuania’s interest in Switzerland	9
	ANNEX 1 – Economic structure	10
	ANNEX 2 – Main economic data	11
	ANNEX 3 – Trade partners	12
	ANNEX 4 – Bilateral trade	13
	ANNEX 5 – Main investing countries	14

## 1 ECONOMIC OUTLOOK AND ECONOMIC POLICY DEVELOPMENTS

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Lithuania's economy has had turbulent last years. In 2020, the first year of the COVID pandemic, the small country experienced a mild recession of -0.1%, benefiting from a relatively strong starting position of the economy, resilient macroeconomic fundamentals and a decisive policy response. The following year saw a recovery with a GDP growth of 6%, mainly driven by a domestic demand supported by double-digit wage growth, low unemployment, renewed investment confidence as well as loose monetary conditions and the unwinding of savings accumulated since the onset of the pandemic. However, the first signs of the economy overheating were already evident at the end of 2021 when inflation reached 4.6%. The start of Russia's war of aggression against Ukraine in February 2022 and the associated uncertainty and supply bottlenecks led to an inflation rate of over 20%. **In 2023, the inflation rate decreased to an annual average of 9.1%, while the GDP growth rate was negative with -0.3%** compared to 2022 when it was 2.4%. Lithuania and its Baltic neighbors Latvia and Estonia still have one of the highest inflation rates of the whole Eurozone.

After a fast recovery from the COVID Pandemic related hike in unemployment in 2022, **the unemployment rate grew by 0.9% to 6.8% in 2023**. As already forecasted in the last prognosis 2022, it is set to stabilize at around 6% over the next years. As in previous years, it is important to mention that the unemployment rate of young persons (aged 15- 29) is, depending on the season, around 2-3 times higher than the general unemployment rate.<sup>1</sup> The government (Lithuanian Employment Services) offer several programs for jobseekers to (re-)integrate in the labor market, such as vocational training and (in-)formal training.<sup>2</sup>

As in previous years, **Foreign Direct Investments (FDI) grew by over 10% to over €33 billion** in 2023. Similar to the last years, Germany ranked first (€5.7 billion, 17.21% share), while Estonia (€3.7 billion, 11.30%) took over the second place from Sweden (€3.3 billion, 10.02%), which is now on third place. Switzerland's (€811 million, 2.45%) investments decreased by over 8%, resulting in the 12<sup>th</sup> rank.

After growing significantly (import by +39.4% and export by 28.5%) in 2022, **the trade volumes of Lithuania decreased in 2023 by -14.7% (imports) and -11.0% (exports)**.

**In 2023 foreign and domestic tourists spent a total of €953.1 million in Lithuania**, which is an increase of 17% compared to the last year.<sup>3</sup> After already recovering from the pandemic in 2022, the number of trips of arriving foreign tourists increased by 19.1% in 2023 (compared to 2022) reaching 1.37 million tourists. A total of over 8 million overnight stays were registered, of which around a third were booked by foreigners, a number more than twice as big as last year. The highest number of visitors originated from neighboring Poland, Latvia, Belarus, Germany, United Kingdom, USA, Ukraine.<sup>4</sup>

In its latest *Article IV Consultation* (September 2023), the International Monetary Fund (IMF) has drawn the attention of the Lithuanian authorities to several aspects requiring further and more sustained consideration in order to deal with rising inflation and the prospect of an economic slowdown. In general terms, the **IMF stressed that the authorities should strive to preserve stability in the short term while implementing structural reforms over the medium term**. Additionally, it is noted that *“short-term challenges should not be addressed by introducing long-term distortions that reduce the structural flexibility of the economy.”*<sup>5</sup> In May and June 2024, IMF experts visited Lithuania and met with the management of the Bank of Lithuania, representatives of the Finance Ministry and other state institutions, as well as the private sector. In their final remarks, the experts conclude that **the biggest challenge for the Lithuanian economy is the ageing population** and propose a structural reform of the pension system.<sup>6</sup>

<sup>1</sup> Official Statistics Portal – [Unemployment Rate](#), last accessed: June 2024

<sup>2</sup> Lithuanian Employment Services – [Situation in Labour Market](#), last accessed: June 2024

<sup>3</sup> Official Statistics Portal - [Expenditure of inbound tourists](#), last accessed: June 2024

<sup>4</sup> Lithuania Travel- [Tourism Dashboard](#), last accessed: June 2024

<sup>5</sup> International Monetary Fund (IMF), [Article IV Consultation – Country Report No. 2023/316](#), last accessed: June 2024

<sup>6</sup> Lithuanian National Radio and Television, [IMF advises Lithuania to expand corporate, real estate taxation, remove some tax breaks](#), last accessed: June 2024

Key policy recommendations:<sup>7</sup>

- **Fiscal policy needs to take a disinflationary stance.**  
This will require a lower-than-budgeted deficit this year, notwithstanding a weakening economy and a contractionary stance going forward in line with the domestic fiscal rule.
- **Financial policies should address risks from higher interest rates and volatile markets.**  
Potential non-systemic vulnerabilities need to be proactively monitored.
- **Implement long-overdue structural reforms to strengthen education and healthcare and to address risks associated with climate change.** Utilize EU funds efficiently to enhance private sector productivity.

In 2022, Lithuania ranked as follows in **international rankings**:

- Global Gender Gap Index 2023, WEF<sup>8</sup>: 9<sup>th</sup> /146
- Ease of Doing Business, IMF<sup>9</sup>: 11<sup>th</sup>/190
- Corruption Perceptions Index, Transparency International 2023<sup>10</sup>: 34<sup>th</sup>/180
- Global Innovation Index 2023, WIPO<sup>11</sup>: 34<sup>th</sup> /132
- Index of Economic Freedom 2023<sup>12</sup>: 20<sup>th</sup> /184

## **2 PRIORITY SECTORS AND OPPORTUNITIES FOR SWISS COMPANIES**

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With a population of 2.7 million, Lithuania has a small domestic market and saw a strong economic growth until the recent deterioration of the world economy (COVID-19) and the war of aggression by the Russian Federation on Ukraine. After these challenging years, the inflation is set to decrease and the GDP to moderately grow in 2024. Although limited, opportunities for investment or business exist and are particularly well encouraged by the authorities, which make them a priority of their foreign economic policy agenda. The country is strategically situated at the crossroads of Europe and Eurasia. It offers investors a diversified economy, EU rules and norms, a well-educated multilingual workforce, advanced IT infrastructure and a stable democratic government. The government provides equal treatment to foreign and domestic investors and sets few limitations on their activities. Foreign investors have the right to repatriate or reinvest profits without restrictions and can bring disputes to the International Centre for the Settlement of Investment Disputes. Moreover, special incentives such as tax concessions are offered to both small companies and strategic investors.

Since the end of 2021, two assets traditionally attributed to the Lithuanian business climate, low overall inflation rates and the downward trend in its energy costs, have abruptly disappeared and are now the country's main handicaps. Though still high (9.1%), the inflation rate decreased in 2023, after averaging at 19.7% in 2022. At a more operational and micro level, cumbersome procedures for obtaining business and residency permits, as well as some cases of low-level corruption within the government, are generally cited as possible impediments to foreign investment. A lack of access to open, transparent information on tax collection and government procurement remain a hindrance to investment.<sup>13</sup>

However, despite neighbouring the sanctioned Belarus and Russian Federation, the Lithuanian business climate can still count on strong assets to attract foreign investments and companies over the medium/long term. Hereafter the main elements likely to attract Swiss companies:

<sup>7</sup> International Monetary Fund (IMF), [Article IV Consultation – Country Report No. 2023/316](#), last accessed: June 2024

<sup>8</sup> World Economic Forum (WEF), [Global Gender Gap Index – Lithuania](#), last accessed: June 2024

<sup>9</sup> International Monetary Fund (IMF), [Doing Business](#), last accessed: June 2024

<sup>10</sup> Transparency International, [Corruption Perceptions Index](#), last accessed: June 2024

<sup>11</sup> World Intellectual Property Organization (WIPO), [Global Innovation Index](#), last accessed: June 2024

<sup>12</sup> The Heritage Foundation, [Index of Economic Freedom](#), last accessed: June 2024

<sup>13</sup> U.S. Department of State - [2022 Investment Climate Statements: Lithuania](#), last accessed: June 2024

- Lithuania had one of the **lowest labour costs** in the EU in 2023. Although it has been steadily increasing over the past decade (2012: 5.9 €/h on average, compared to 24.5 for the EU), particularly due to the country's accession to the euro zone in 2015, Lithuanian labour costs remain an important factor of attractiveness for foreign companies due to the significant competitiveness gap with the rest of the European Union (2023: 14.7 €/h on average, compared to 30.5 for the EU).<sup>14</sup>
- Lithuania has a larger **manufacturing sector** share in the economy's structure (21.4%) than the other Baltic countries (*excluded energy supply*: 14.7% in Latvia and 14.9% in Estonia<sup>15</sup>). In this regards Lithuania is closer to some Central European countries like the Czech Republic or Germany. The successful industrial landscape relies on the presence of highly qualified specialists in many innovative fields, close links and collaboration between business and education, and strong government commitments to creating a practical infrastructure that encourages growth in this field.
- A major factor of Lithuania's attractiveness also lies in the framework conditions offered by its **Free Economic Zones (FEZ)**, providing developed infrastructure, services and tax incentives. A company established in a FEZ is exempt from corporate tax for its first six years, as well as from dividend tax and property tax. According to the latest UN report on the subject<sup>16</sup>, Lithuania is ranked third among developed economies by the quantity (16) of special economic zones - after the United States (256) and Poland (21). In addition to its 7 official FEZs (Marijampolė Free Economic Zone, Kaunas Free Economic Zone, Klaipėda Free Economic Zone, Panevėžys Free Economic Zone, Akmenė Free Economic Zone, Šiauliai Free Economic Zone, Kėdainiai Free Economic Zone),<sup>17</sup> there are nine so-called “industrial parks” in Lithuania, which can also provide additional benefits by having a well-developed infrastructure, offering consulting services and tax incentives.
- Closely linked to the Baltic Sea countries, Lithuania offers good **transit logistics** to the Commonwealth of Independent States (CIS) countries and the EU, notably through its port of Klaipėda. The port saw a high increase in container volumes (+57% compared to 2021) across the Baltic region in the last two years and exceeded pre-pandemic levels, while the general cargo turnover has decreased in the last years.<sup>18</sup> The importance of the port has grown further since Oct. 2023 as Ukrainian goods, particularly grain, are directly transported to the port. The port has hereby (over-)compensated the effects of the sanctions against the Russian Federation and Russian companies, which used to hold a big share in the port's turnover.
- As part of its 2010-2020 strategy to become an **innovation hub**, Lithuania has implemented numerous framework conditions to attract foreign investors to value-added sectors, including IT services, software development, consulting, finance and logistics. Well-known international companies such as Microsoft, IBM, Transcom, Barclays, Siemens, SEB, TeliaSonera, Paroc, Wix.com, Philip Morris, Thermo Fisher Scientific have established a presence in the country during that period.

### 3 FOREIGN ECONOMIC POLICY

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#### 3.1 Lithuania's policy and priorities

With its accession to the **EU (and NATO)** in 2004, Lithuania had achieved its most important foreign policy goals. As part of its EU membership, Lithuania benefits from some 40 free trade agreements that the EU has concluded, which encompass around 70 countries worldwide. The country has been a member of the **Schengen zone** since December 2007 and joined the euro zone in January 2015. Lithuania is a member of the **Council of Baltic Sea States** and the **Baltic Council**. Lithuania has also

<sup>14</sup> Eurostat - [Labor Cost Levels](#), last accessed: May 2024

<sup>15</sup> Official Statistics Portals - 2022 GDP by economic activity: [Lithuania](#), [Latvia](#), [Estonia](#), last accessed: January 2024

<sup>16</sup> United Nations Conference on Trade and Development (UNCTAD), [World Investment Report 2019 – Special economic zones](#), last accessed: June 2024

<sup>17</sup> Invest Lithuania - [Free economic Zones](#), last accessed: June 2024

<sup>18</sup> Port of Klaipėda - [Statistics](#), last accessed: June 2024

been a member of the **WTO** since 2004 and the **Anti-Corruption Convention** since July 2017. In June 2018 Lithuania joined the **OECD** and is a partner in the regional Three Seas Initiative.

Together with the other Baltic states and neighbouring Poland, Lithuania is one of Ukraine's strongest supporters in its ongoing war against the Russian attack since February 2022. This support has a strong impact on the country's economic interests, primarily due to its geographical proximity and Russia's decreasing importance as a trading partner.<sup>19</sup>

Lithuania's **foreign trade priorities** include attracting foreign investment and skilled workers, promoting exports, developing and rebuilding transport and energy infrastructure, promoting transit traffic and encouraging innovation and technologic development.

**Regional cooperation** is primarily oriented towards the Baltic Sea region. These geopolitical and economic ties with Baltic (Latvia and Estonia), Nordic (Sweden, Finland) and Polish neighbours have become even tighter since Russia invaded Ukraine in February 2022, bringing security issues (strengthening and enlargement of NATO) and energy issues (need for a coordinated supply policy to get rid of the previous reliance on Russian gas) to the forefront of Lithuanian concerns.

### 3.2 Outlook for Switzerland (potential for discrimination or comparative advantage)

The economic relations between Switzerland and Lithuania are overall exempt from problems. Switzerland is generally a reputable trading partner - not primarily thanks to the volume of trade which is quite modest, but rather because of the high quality of its products and reliability of its companies. The Swiss companies in Lithuania are, as far as known, not subject to discrimination.

In 2020, President of the National Council Isabelle Moret and delegation consisting of leaders of all parliamentary factions visited Lithuania, Estonia and Latvia.

In July 2021, Federal Councillor Ignazio Cassis visited Lithuania and possibilities to promote economic cooperation were among the discussed topics.

In November 2023, a delegation of the foreign affairs committee of the National Council, headed by Mr. Franz Grüter, visited Lithuania, Estonia and Latvia. Economic cooperation and opportunity for Swiss companies in the Baltic market were discussed during the visit.

Despite the rather small size of the market, there are niche opportunities for Swiss companies. Lithuanian authorities are notably setting up favourable framework conditions and are striving to foster opportunities in the areas of railway, airport and port infrastructure development, as well as biotechnology, fintech and precision instruments.

## 4 FOREIGN TRADE

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### 4.1 Developments and general outlook

Trade openness in Lithuania is high in general. Exports consists mainly of low-medium technology, resource-intensive goods and less-knowledge intensive services.

Despite the tense situation in the region and the associated 'trade break-down' with the Russian Federation (RF), Lithuania benefitted in 2022 from the post-pandemic recovery trend in international trade. This has changed in 2023, resulting in **decreasing exports (-11.0) and imports (-14.7%) compared to the previous year** mostly due to a high inflation and a general economic uncertainty.

Different to recent years, the RF is since 2022 not the main buyer of Lithuanian product anymore (Rank 6, 5.4% share of total exports). The top three countries receiving goods from Lithuania are **Latvia** (1, 10.8%), **Poland** (2, 9.3%) and **Germany** (3, 7.8%).

The falling back of the RF to the 6<sup>th</sup> rank with a decrease in export volume from €3.75 billion in 2021 to €2.14 billion in 2023 is mainly due to sanctions imposed by the international community and the strong Lithuanian support for Ukraine. However, the volume of exports to neighboring Belarus (8, 4.3%), an ally of the RF, increased by 17.3% and amounted to €1.70 billion. The top three countries, Germany (1, 13.8%), Poland (2, 13.2%) and Latvia (3, 8.1%), importing to Lithuania are the same as the ones from last year. Lithuania's **external trade deficit in 2023** amounted to **€5.35 billion**, decreasing by around €3 billion compared to last year.

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<sup>19</sup> See Annex 3

### 4.1.1 Trade in goods

Machinery and mechanical appliances, electrical equipment, mineral products, products of chemical industries and manufactured articles (furniture, foodstuff and beverages) account for the largest share of **Lithuania's good exports**. The *Lithuanian National Progress Plan for 2021-2030* aims to promote exports of higher added value products, including high-tech goods and knowledge-intensive services.

**Imports of goods** in 2023 mainly consisted of mineral products (crude petroleum), machinery and electrical equipment, products of the chemical industries and vehicles. In 2021, Russian oil and gas supplies accounted for a major share of Lithuania's foreign purchases. However, 2022 marked a turning point as Lithuania decided in early April, 2 months after the beginning of the Russian aggression in Ukraine, to completely stop importing gas and oil from Russia, becoming the first Gazprom partner to do so. As an alternative, Lithuania relies more intensively on liquefied natural gas delivered to its terminal in Klaipeda and has also diversified its oil import sources. The LNG (liquid natural gas) terminal at the port of Klaipeda is able to fulfill the gas demand of the whole country and is currently ran by Höegh LNG. Until the end of 2024 Höegh LNG is contractually bound to keep up the operations, state owned KN (Klaipėdos nafta) has announced to take over full control of the terminal after the contract's termination. In addition, a strategic interconnection pipeline (GIPL) with Poland was inaugurated on May 5, 2022 and will deepen the integration of Lithuania (but also Latvia and Estonia) into the Western European gas market.

### 4.1.2 Trade in services

The **transport sector** plays an important role in both the **export and import of services**, covering for more than 50% of Lithuania's exchange of services with foreign partners. Other business services and telecommunications, computer and information services rank second and third respectively, varying between 5-10%, followed by residual shares for travel, financial services and construction.<sup>20</sup>

## 4.2 Bilateral trade <sup>21</sup>

Although the **Swiss-Lithuanian trade in goods is rather modest in volume**, it is nevertheless still higher than that with the other Baltic states Latvia or Estonia. **Swiss exports to Lithuania** amounted to **CHF 193.95 million** in 2023 and thereby **increased by 19.1%** compared to 2022. As in previous years, Switzerland mostly exported pharmaceutical products (share of 19.3%), machinery (electric = 18.9%; non-electric = 11.1%) and optical/medical instruments (12.5%).

In 2023, **Swiss imports from Lithuania decreased by 5.4%** compared to previous year, amounting to **CHF 277.84 million**. Same as in past years, products from the furniture and beddings category were responsible for the highest share of imports (23.8%). On the 2<sup>nd</sup> rank are wood and articles of wood (9.0%), and optical/medical instruments (8.1%) and non-electric machinery (6.3%)

The **overall volume of bilateral trade increased by 3.29 % in 2023**, while the **trade balance was negative for Switzerland** (CHF -83.89 million), as it has been the case since 2016.

## 5 DIRECT INVESTMENTS <sup>22</sup>

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### 5.1 Developments and general outlook

The total volume of **foreign direct investments (FDI)** in Lithuania in 2023 **has increased by 10.98%** to **€33.1 billion**. Main investing country was Germany, whose investments accounted for 17.2% of total FDI stocks (€5.7 billion), followed by Estonia (11.3%; €3.7 billion) Sweden (10.0%; €3.3 billion), and the Netherlands (9.6%; €3.1 billion). Being a less important investing country in recent years, the United States of America increased their investments in Lithuania by striking 350% to €1.6 billion in 2023.

<sup>20</sup> Lietuvos Bankas – [Exports and imports of services – Q4/2023](#), last accessed: June 2024

<sup>21</sup> See Annex 4

<sup>22</sup> See Annex 5

In infrastructure construction, the **"Rail Baltica" line**, which encompasses rail construction and the expansion of intermodal terminals, remains the most important project for the coming years and will eventually connect the Baltic States to the Western European rail network. The 870-km long project, aimed at reducing travel time between Tallinn and Vilnius down to 3.5 hours (currently: 8.5 hours by bus), was initially planned to be completed by the end of 2025, but was held back by different factors. The whole route, spanning Lithuania, Latvia and Estonia, is now expected to be operational not before 2030. In June 2024 a joint report of auditors from all Baltic states concluded that additional €19 billion (€8.7 billion in Lithuania) are needed to finish the project. The estimated costs of implementing the Rail Baltica project has thus increased more than 4 times.<sup>23</sup> According to several sources, the project is also of major importance for the national economies in terms of employment, since it is estimated that it will create 13 000 full-time equivalent construction jobs and over 24 000 indirect and induced ones in related industries during the construction phase. In November 2023 it was announced that a train connection, ran by the Lithuanian railroad company "LTG Link", not connected to "Rail Baltica", between Vilnius and Riga starts operating end of 2023.

Next to the above-mentioned LNG terminal in the port of Klaipeda, Lithuania is building and investing in infrastructure to get **more integrated in the European energy market**. By February 2025 Lithuania, and the other Baltic states, will be integrated in the European grid system via Poland and cut all ties to the BRELL network connecting the Baltics with Russia and Belarus.<sup>24</sup>

## 5.2 Bilateral investment

In 2023, **Switzerland ranked 12<sup>th</sup> among investors** in Lithuania with a total amount of €811.04 million (an decrease by 8.52% compared to 2022) and held 2.45% of all investments in the country.

Switzerland is present in Lithuania **mainly through global companies** such as Roche, Nestlé, Novartis, Spirig Pharma, ABB, Schindler, Alpiq, Bertschi and SGS. Other Swiss companies are also present in Lithuania, mainly in the form of joint ventures, representing Swiss products such as watches, knives, optical equipment, food and chocolate. Klaipeda is home to a factory owned by Philip Morris International.

## 6 ECONOMIC AND TOURISM PROMOTION

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### 6.1 Swiss foreign economic promotion instruments

In addition to the Swiss Embassy in Riga and the Lithuanian Embassy in Berne (since September 2023), another point of contact for any interested parties is the Swiss Baltic Chamber of Commerce in Lithuania and the Chamber of Commerce Switzerland-Lithuania, which was founded in 2008 and is based in Zug.

The second Swiss contribution<sup>25</sup> was approved by the Swiss Parliament on 3 December 2019 and released on 30 September 2021. On June 30 2022, Switzerland and the EU signed in Brussels a memorandum of understanding (MoU) specifying key parameters of the contribution such as the amount, its distribution among the partner countries, thematic priorities and principles for cooperation and implementation.

On 22 May 2023, the Ambassador of Switzerland Martin Michelet and the Lithuanian Minister of Finance Gintarė Skaistė signed the implementation agreement for the Swiss-Lithuanian Cooperation Programme under the Swiss-Europe Contribution. The contribution to Lithuania amounts to CHF 45.2 million and will support strategic reforms undertaken by Lithuania in the fields of health, vocational education and civic participation.

The implementation agreement marks an important milestone for the new Swiss-Lithuanian Cooperation Programme. An amount of CHF 30 million has been earmarked for improving maternal and child health and wellbeing. The civic engagement programme will receive CHF 10 million, and

<sup>23</sup> Lithuanian National Radio and Television - [Baltic auditors say Rail Baltica faces €19 billion cost overruns and delays](#), last accessed: June 2024

<sup>24</sup> Lithuanian National Radio and Television - [EC, Baltics, Poland agree on grid synchronisation by February 2025](#), last accessed: June 2024

<sup>25</sup> Swiss Embassy in Riga – [Lithuania - A partner country](#), last accessed: June 2024



vocational education programme will be supported with CHF 4.5 million.

The maternal and child health and wellbeing programme will contribute to Lithuania's health care reform by improving quality and accessibility of maternal, infant and child healthcare and social services in the country with an emphasis on outpatient care. The civic engagement programme will focus on strengthening civic participation in the decision-making process by developing tools aimed in particular at first-time participants – youth, migrants and refugees. Moreover, it seeks to increase the quality of volunteering by developing an organizational standard for quality volunteer management, including development of the e-volunteering activities. The vocational education programme will help validate professional competences acquired in the workplace improve their recognition. The programme thereby responds to the requirements of the labour market and seeks to enhance the availability of highly skilled professionals.

## 6.2 Lithuania's interest in Switzerland

**Switzerland enjoys an excellent reputation in Lithuania.** Interest in tourism (especially winter sports) is traditionally high in Eastern Europe. Air Baltic last flew directly from Vilnius to Zurich in 2008. Since then, there have only been indirect connections between Lithuania and Switzerland. The direct route from Vilnius to Zurich was planned to become operational again from spring 2020, but this plan was derailed by the Covid-19 pandemic and is so far not foreseen to be resumed.<sup>26</sup>

Switzerland is known and appreciated in Lithuania as a financial centre. The problem of tax evasion - as well as the problems encountered in the relations with the EU in this connection - has been closely followed.

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<sup>26</sup> Air Baltic Press Office; Inquiry via Mail

## ANNEX 1 – Economic structure

**Economic structure of Lithuania**

(newest data available)

	2017	2022
<b>Distribution of GDP</b>		
<b>Primary sector</b> Agriculture, Forestry and Fishing (A)	<b>3.9%</b>	<b>4.4%</b>
<b>Secondary sector</b>	<b>28.8%</b>	<b>28.3%</b>
Industry and energy supply (B, C, D, E)	22.1%	21.4%
Construction (F)	6.7%	6.9%
<b>Services</b>	<b>68.3%</b>	<b>67.3%</b>
Trade, repairs, transportation, storage, accommodation, food services (G, H, I)	31.7%	28.7%
Information, communication (J)	3.7%	4.4%
Financial and insurance (K)	2.2%	3.5%
Real estate (L)	6.9%	6.4%
Professional, scientific, support services (M, N)	7.2%	7.7%
Public administration, defence, education, health, social work (O, P, Q)	14.3%	14.6%
Entertainment and other services (R, S, T)	2.3%	2.0%

Source: OECD - [Country statistical profiles: Lithuania 2023/4](#), last accessed in June 2024<sup>27</sup>

	2018	2023
<b>Distribution of employment</b>		
<b>Primary sector</b> Agriculture, Forestry and Fishing (A)	<b>7.18%</b>	<b>5.01%</b>
<b>Secondary sector</b>	<b>25.76%</b>	<b>25.81%</b>
Industry and energy supply (B, C, D, E)	18.30%	17.96%
Construction (F)	7.46%	7.85%
<b>Services</b>	<b>67.05%</b>	<b>69.06%</b>
Trade, repairs, transportation, storage, accommodation, food services (G, H, I)	26.77%	24.49%
Information, communication (J)	2.35%	4.32%
Financial and insurance (K)	1.39%	2.02%
Real estate (L)	1.11%	1.02%
Professional, scientific, support services (M, N)	8.34%	10.05%
Public administration, defence, education, health, social work (O, P, Q)	22.42%	22.82%
Entertainment and other services (R, S, T)	4.67%	4.0%

Source: Lithuania Official Statistics Portal – [Employed Persons](#), February 2024<sup>27</sup> The numbers for 2023 are not yet available.

## ANNEX 2 – Main economic data

## Lithuania's main economic data

	2022	2023	2024 Forecast
<b>GDP (EUR bn)*</b>	66.79	71.98	
<b>GDP per capita (EUR)*<sup>1</sup></b>	23'815	25'065	
<b>Growth rate (% of GDP)*</b>	2.4	-0.3	2.0
<b>Inflation rate (%)*</b>	19.7	9.1	1.9
<b>Unemployment rate (%)**</b>	5.9	6.8	6.3
<b>Fiscal balance (% of GDP)***</b>	-0.6	-0.8	N/A
<b>Current account balance (% of GDP)****</b>	-5.1	1.9	N/A
<b>Total external debt (% of GDP)***</b>	61.0	57.5	N/A
⇒ public	38.3	36.5	N/A
⇒ private	22.7	21.0	N/A
<b>Debt-service ratio (% of exports)**</b>	93.9	78.2	89.6
<b>Reserves (months of imports)****</b>	1.25	1	N/A

\* Source: Lithuania Official Statistics Portal, [Business in Lithuania \(edition 2023\)](#), last accessed: June 2024

\*\* Source: Lithuania Official Statistics Portal, [Unemployment Rate](#), last accessed: June 2024

\*\*\* Source: Lithuania Official Statistics Portal, [General government deficit and debt](#), last accessed: June 2024

\*\*\*\* Source: Eurostat, [Balance of payment statistics](#), last accessed: June 2024

1 Numbers for GDP per capita have not taken into account the depreciation of the euro due to inflation. GDP (EUR bn.) is thus better suitable for direct comparison between two terms.

## ANNEX 3 – Trade partners

## Trade partners of Lithuania Year: 2023

Rank	Country	Exports from Lithuania (EUR million)	Share	Change 2022 vs 2023	Rank	Country	Imports to Lithuania (EUR million)	Share	Change 2022 vs 2023
1	Latvia	4,242.3	10.8	-25.6%	1	Germany	6,172.1	13.8	1.1
2	Poland	3,649.5	9.3	-8.9%	2	Poland	5,934.5	13.2	-3.2
3	Germany	3,063.0	7.8	-12.8%	3	Latvia	3,650.3	8.1	-11.8
4	Netherlands	2,338.7	5.9	-3.0	4	United States	2,876.9	6.4	-27.6
5	Estonia	2,149.8	5.5	-15.2	5	Netherlands	2,417.8	5.4	2.3
6	Russia	2,142.8	5.4	-21.6	6	Norway	2,263.0	5.1	-11.0
7	United States	1,885.9	4.8	-19.4	7	Saudi Arabia	2,006.3	4.5	-8.1
8	Belarus	1,701.1	4.3	17.3	8	Sweden	1,799.4	4.0	-34.9
9	Sweden	1,571.1	4.0	-13.8	9	Italy	1,761.5	3.9	-8.5
10	United Kingdom	1,498.7	3.8	-2.9	10	Estonia	1,731.1	3.9	0.9
11	Ukraine	1,231.2	3.1	7.6	11	China	1,707.1	3.8	-14.1
...					...				
25	Switzerland	228.96	0.6%	-25.2%	35	Switzerland	164.5	0.4%	+61.4%
	EU-27	23,921.4	60.6%	-13.3%		EU-27	31,419.2	70.1%	-5.5%
	<b>Total</b>	<b>39,443.5</b>	<b>100%</b>	<b>-11.0%</b>		<b>Total</b>	<b>44,799.3</b>	<b>100%</b>	<b>-14.7%</b>

Source(s) :

- Lithuania Official Statistics Portal: [International trade in goods in December 2023](#), last accessed: June 2024
- For Switzerland: Lithuania Official Statistics Portal: [Imports](#) and [Exports](#), last accessed: June 2024

## ANNEX 4 – Bilateral trade

## Bilateral trade between Switzerland and Lithuania

	<b>Export to CH</b> (CHF million)	<i>Change (%)</i>	<b>Import from CH</b> (CHF million)	<i>Change (%)</i>	<b>Balance</b> (in million)	<b>Volume</b> (in million)
2019	204.73	-2.6	142.54	0.2	62.19	347.27
2020	189.97	-7.2	130.74	-8.3	59.23	320.71
2021	263.72	38.8	157.99	20.8	105.73	421.71
2022	293.84	11.4	162.89	3.1	130.95	456.73
<b>2023</b>	<b>277.84</b>	<b>-5.4</b>	<b>193.95</b>	<b>19.1</b>	<b>83.89</b>	<b>471.79</b>
<b>2024</b> (I-IV)**	60.94	-11.0	40.46	-1.3	20.48	101.40

\*) 'Economic' total (total 1): not including gold bars and other precious metals, currencies, precious stones and gems, works of art and antiques

\*\*\*) Change (%) from the previous year's first quartal (I – IV: January-April)

! The numbers of the export volume to Switzerland provided by the Swiss Custom authority differs to the one of the Lithuanian National Bank

Source: [Federal Office for Customs and Border Security - SwissImpex](#), last accessed: June 2024

<b>Exports</b>	<b>2022</b> (% of total)	<b>2023</b> (% of total)
1. Furniture, bedding etc.	21.4	23.8
2. Wood and articles of wood	9.5	9.0
3. Optical/medical instruments	6.3	8.1
4. Nuclear Reactors, boilers, machinery (non-electric)	5.0	6.3

<b>Imports</b>	<b>2022</b> (% of total)	<b>2023</b> (% of total)
1. Pharmaceutical products	18.8	19.3
2. Machines (electrical)	13.7	18.9
3. Optical/medical instruments	12.5	12.5
4. Nuclear Reactors, boilers, machinery (non-electric)	12.8	11.1

Source: [Federal Office for Customs and Border Security - SwissImpex](#), last accessed: June 2024

## ANNEX 5 – Main investing countries

**Main investing countries in Lithuania**      **Year: 2023**  
*(Inward foreign direct investment)*

Rank	Country	Direct investment (EUR millions, stock)	Share	Variation from 2022 (stock)	Inflows over past year (2022) (EUR millions)
1	Germany	5,706.90	17.21%	+0.9%	5,654.36
2	Estonia	3,746.89	11.30%	+19.32%	3,140.17
3	Sweden	3,324.42	10.02%	+2.67%	3,237.97
4	Netherlands	3,182.47	9.59%	+26.51%	2,515.45
5	Latvia	2,037.35	6.15%	+22.64%	1,661.28
6	USA	1,696.09	5.15%	+350.92%	483.33
7	UK	1,667.25	5.03%	-19.48%	2,070.56
8	Cyprus	1,543.77	4.65%	+6.19%	1,453.77
9	Poland	1,530.26	4.61%	+5.85%	1,445.67
10	Luxembourg	1,431.96	4.32%	+4.60%	1,368.96
12	Switzerland	811.04	2.45%	-8.52%	886.54
	<b>Total</b>	<b>33,151.29</b>	<b>100%</b>	<b>+10.98%</b>	<b>29,871.11</b>

Source(s): [Lithuania Official Statistics Portal - Foreign direct investment at the end of the period](#),  
last accessed: June 2024