



LITHUANIA – 2022

Key findings

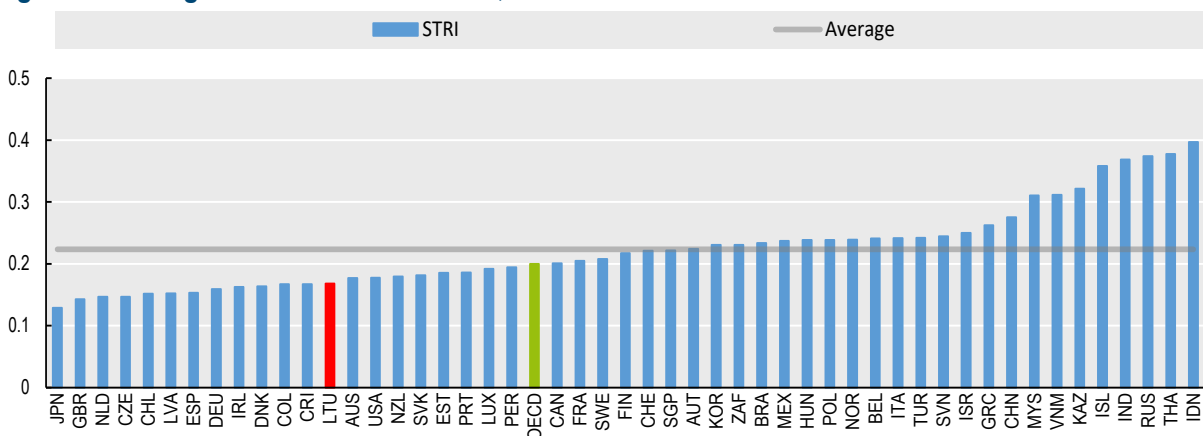
- The 2022 STRI of Lithuania is below the OECD average and low compared to all countries in the STRI sample. The indices have increased slightly compared to 2021.
- Accounting services are the most open sectors in Lithuania compared to the sectoral world average, whereas legal services are the most restricted.
- Despite an overall favourable environment for services trade, restrictions remain related to movement of professionals and foreign entry.

Recommendations

- Open and well-regulated services markets are essential to facilitate economic recovery, strengthen resilience to future shocks, and promote a more sustainable trading system. To ensure that the benefits of open markets and a rules-based international trading system are preserved, policy makers should focus on minimising barriers that increase trade costs for services providers, weaken the gains from digital transformation and undermine competitiveness.

The 2022 STRI of Lithuania is relatively low compared to other countries in the STRI sample (Figure 1).

Figure 1. Average STRI across countries, 2022



Note: The STRI indices take values between zero and one, one being the most restrictive. The STRI database records measures on a Most Favoured Nation basis. Air transport and road freight cover only commercial establishment (with accompanying movement of people). The indices are based on laws and regulations in force on 31 October 2022. The STRI regulatory database covers the 38 OECD Members, Brazil, China, India, Indonesia, Kazakhstan, Malaysia, Peru, Russia, Singapore, South Africa, Thailand and Viet Nam. The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law. Source: OECD (2022). STRI and TiVA databases.

The 2022 STRI reflects restrictions that apply on key strategic services sectors such as legal services and air transport services. Trade in these sectors is limited through burdensome requirements of recognition of foreign qualification in order to provide legal services in domestic law and foreign equity restrictions and trade restrictive competition measures in air transport services.

Moreover, stringent economy-wide regulations include limitations on the acquisition of real estate by foreigners, except nationals from EEA and OECD countries. Wage parity requirements apply to foreign intra-corporate transferees and the duration of stay for contractual services suppliers and independent services suppliers is limited to 12 months on their first entry permit. A minimum amount of capital must be deposited in a bank or with a notary in order to register a limited liability company and comparative advertising is regulated. The standards for cross-border transfer of personal data are set at the EU level. Transfers to non-EEA economies can take place when these ensure an adequate level of data protection or, in the absence of this, appropriate safeguards (e.g. binding corporate rules or standard data protection clauses) are in place. Finally, the mandatory period to publish adopted laws prior to entry into force is significantly less than best practice.

Figure 2 highlights a pattern of policy changes that slightly reduce the openness to services trade and investment. This mostly reflects the decrease (from 36 to 12 months) in the limit imposed to the duration of stay for contractual services suppliers in 2016 and the implementation of screening mechanisms to foreign direct investment in several sectors since 2018.

Over the past years, Lithuania has also eased the conditions for trade and investment in commercial banking, including by lifting residency requirements on board of directors in 2017.

The tightening of the STRI for the telecommunication sector in 2021 captures the introduction of EU-wide termination rates which generally do not apply to calls originating from countries outside of the EU. Finally, the STRI increased for all sectors except broadcasting and legal services in 2022 due to new EU-wide measures affecting access to procurement markets.

Figure 2. Evolution of STRI indices by sector in Lithuania

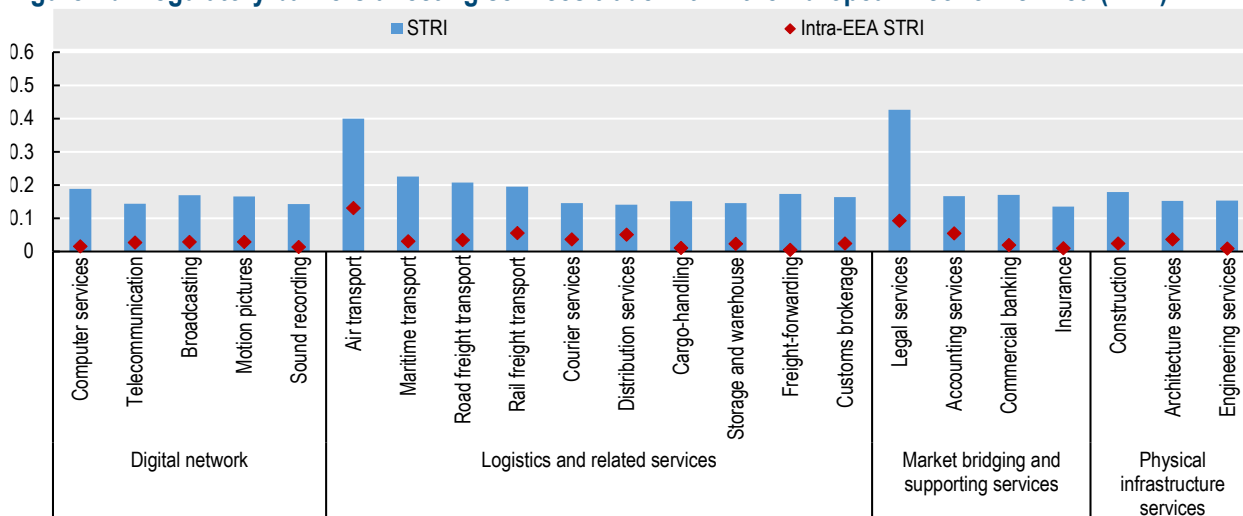
Services Trade Restrictiveness Index, percentage change over the period 2014-2018, 2018-2021 and 2021-2022



Source: OECD (2022). STRI database.

Services trade barriers are significantly lower within the European Economic Area across all services sectors (Figure 2b). Lithuania maintains an open market for services suppliers from other EU Member States.

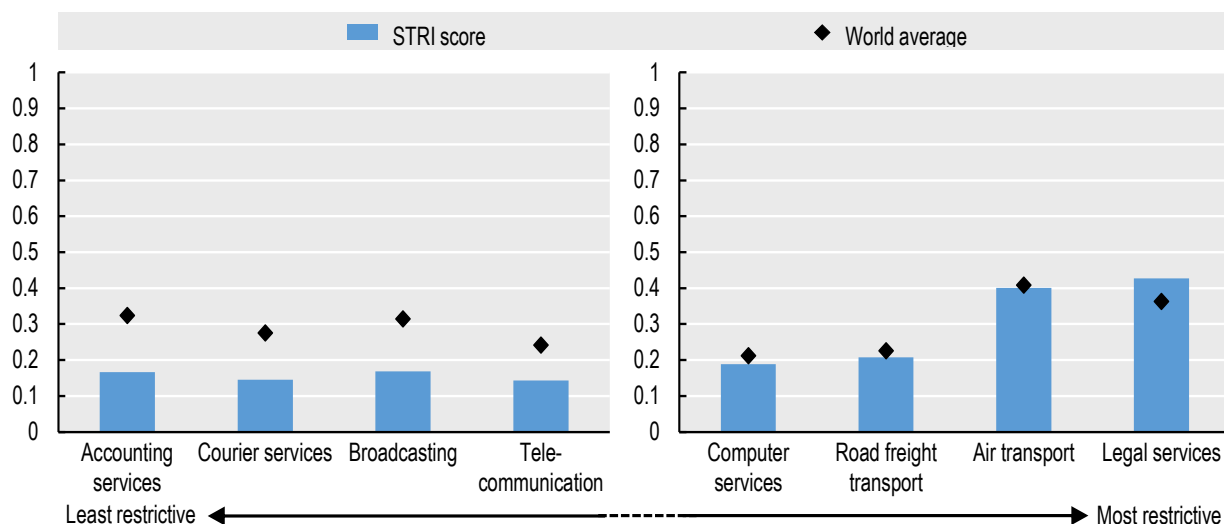
Figure 2b. Regulatory barriers affecting services trade within the European Economic Area (EEA)



Note: The traditional STRI indicates the level of restrictiveness on a Most-Favoured Nation basis towards third countries, and the intra-EEA STRI indicates the level of restrictiveness towards EEA members. Intra-EEA STRI covers 24 countries (Austria, Belgium, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Iceland, Italy, Latvia, Lithuania, Luxembourg, Netherlands, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden).
Source: OECD (2022). STRI database.

Accounting services, courier services, broadcasting and telecommunications are the sectors with the lowest score relative to the average STRI across all countries (Figure 3). Computer, road freight transport, air transport and legal services are the sectors with the highest score relative to the average STRI across all countries.

Figure 3. Sectoral breakdown - The least and most restricted sectors in Lithuania

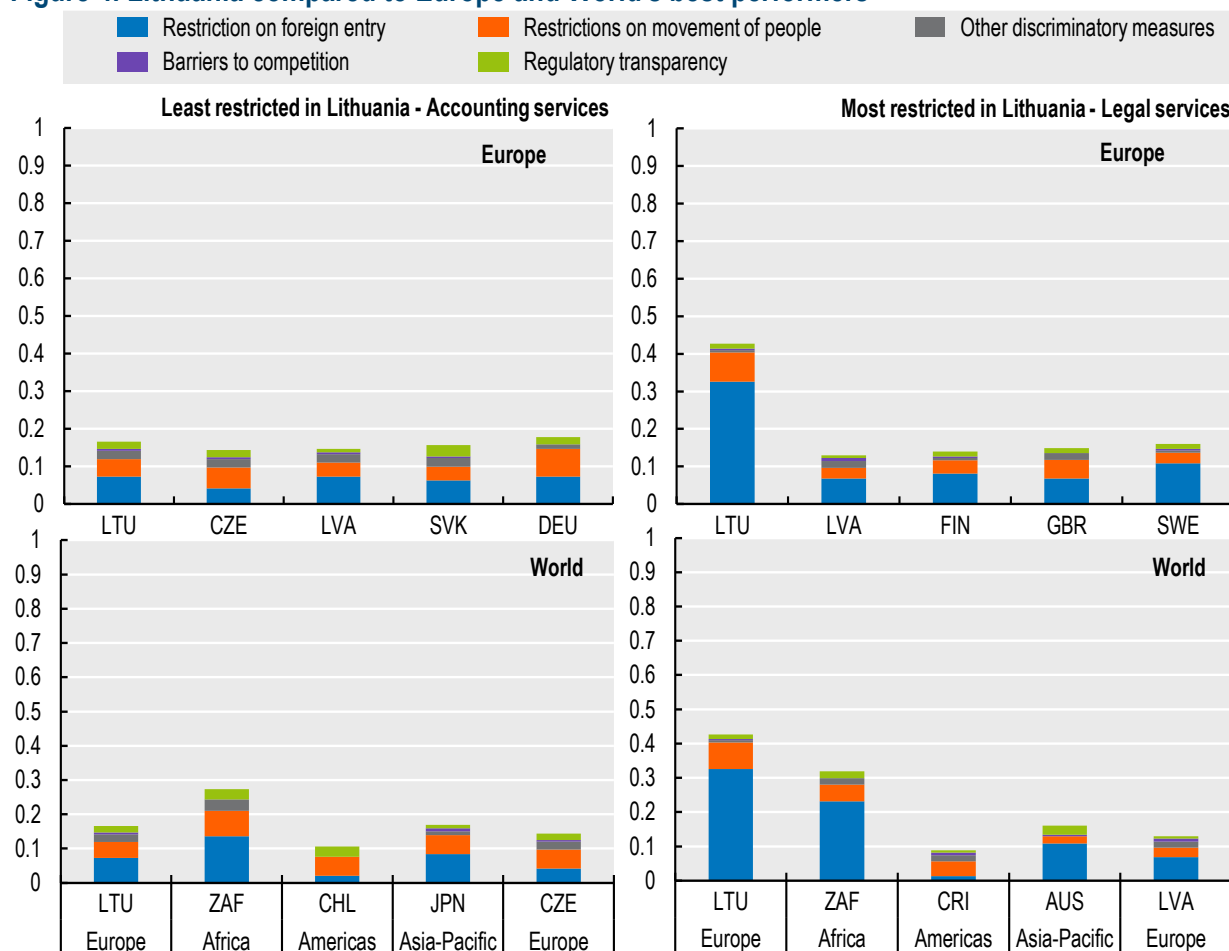


Note: Selection was made based on how far the sectors' score were from the world average score, as a percentage difference
i.e. $(STR I_{country, sector} - STR I_{world average, sector}) / STR I_{world average, sector}$
Source: OECD (2022). STRI database.

Accounting services are the least restricted in Lithuania compared to the sample average. The composition of the scores suggests that relatively low restrictions on movement of people have had an impact compared to other countries. The policies that contributed to keep the score relatively low include that domicile in Lithuania is not required as a condition to obtain a license to practice, and that no local examination is mandated for foreign providers. Foreign suppliers in the accounting sector are also not required to practice locally for at least one year as in other European countries. Legal services are the most restricted services sector in Lithuania in comparison to the sample average. The restrictions on

foreign entry are significant compared to best performers. Some of the measures that contribute the most to the score include equity restrictions applying to individuals or firms without a license, and local presence requirements to engage in cross-border supply (Figure 4).

Figure 4. Lithuania compared to Europe and World's best performers



Source: OECD (2022). STRI database.

Recent policy changes

Recent reforms in Lithuania include those due to changes in EU law. From the 1st of July 2021, the EU abolished the VAT de minimis regime for goods valued under 22 EUR. This reform is reflected in STRI policy changes under distribution, courier, and logistics services. On 18 December 2020, the European Commission adopted a Delegated Regulation setting single maximum Union-wide voice termination rates in line with the European Electronic Communications Code. The rates generally do not apply to calls originating from country numbers outside of the EU. The Regulation has been effective from 1 July 2021.

In the context of the COVID-19 pandemic, EU Regulation 2020/459 waived the 80/20 grandfathering rule for airport slot allocations. In December 2021, the Commission adopted an extension to the slot relief rules to cover the 2022 summer scheduling season, running from 28 March 2022 until 29 October 2022. In maritime transport, Regulation 2020/436 extended the existing block exemption to liner shipping consortia from competition law until April 2024.

Finally, EU Regulation 2022/1031 entered into force in August 2022 aiming to regulate access of third country (non-EU) goods and services to the EU's public procurement and concession markets. No relevant measure has been adopted by the European Union at this stage. The regulation applies to public procurement and concessions where the EU has not undertaken market access commitments in

an international agreement.

More information

- » Access all country notes, sector notes, and interactive STRI tools at <http://oe.cd/stri>
- » Read more about services trade policies and their impacts in [Services Trade Policies and the Global Economy](#)
- » Contact the OECD Trade and Agriculture Directorate with your questions at stri.contact@oecd.org>