



LITHUANIA – 2023

Key findings

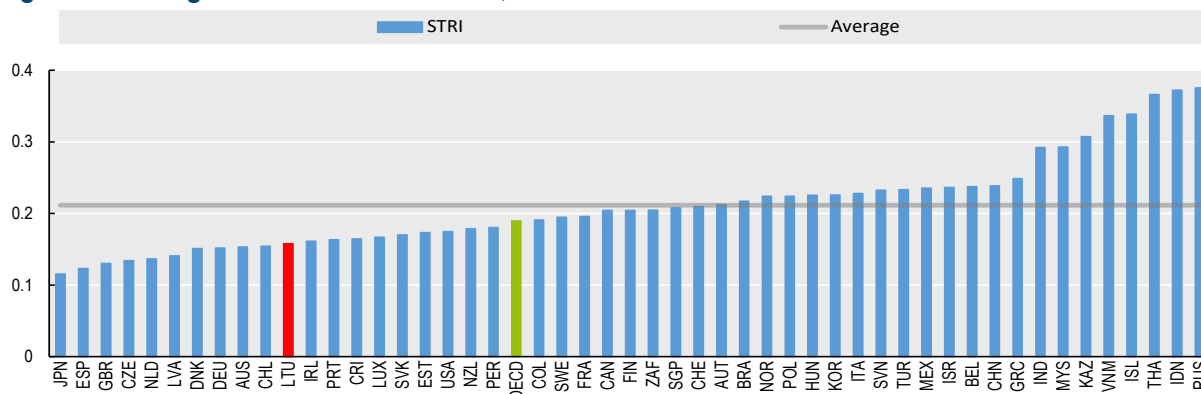
- The 2023 STRI of Lithuania is below the OECD average and relatively low compared to all countries in the STRI sample. The index has decreased slightly compared to 2022.
- Courier services is the most open sector in Lithuania compared to the sectoral world average, whereas legal services are the most restricted.
- Despite the overall favourable environment for services trade, some restrictions remain related to the movement of professionals and foreign entry.

Recommendation

- Trade in services strengthens resilience across supply chains, facilitating environmental sustainability and promoting greater inclusiveness. To ensure the benefits of open markets and a rules-based international trading system, national and multilateral action is needed to lower barriers and reduce trade costs, promote greater regulatory interoperability, and facilitate the digital transformation of economies

The 2023 STRI of Lithuania is below the OECD average, and relatively low compared to other countries in the STRI sample (Figure 1).

Figure 1. Average STRI across countries, 2023ⁱ



OECD (2023). STRI and TIVA databases.

The 2023 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 qualifications in order to provide legal services in domestic law, as well as foreign equity restrictions, and trade restrictive competition measures, particularly in air transport services.

Moreover, stringent economy-wide regulations include limitations on the acquisition of real estate by foreigners, except nationals from European Economic Area (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 are in place, e.g. binding corporate rules or standard data protection clauses. Finally, the mandatory period to publish adopted laws prior to their entry into force is significantly less than best practice.

Figure 2a highlights a slight decrease in the 2023 STRI for motion pictures due to the liquidation of a state-owned enterprise in the sector.

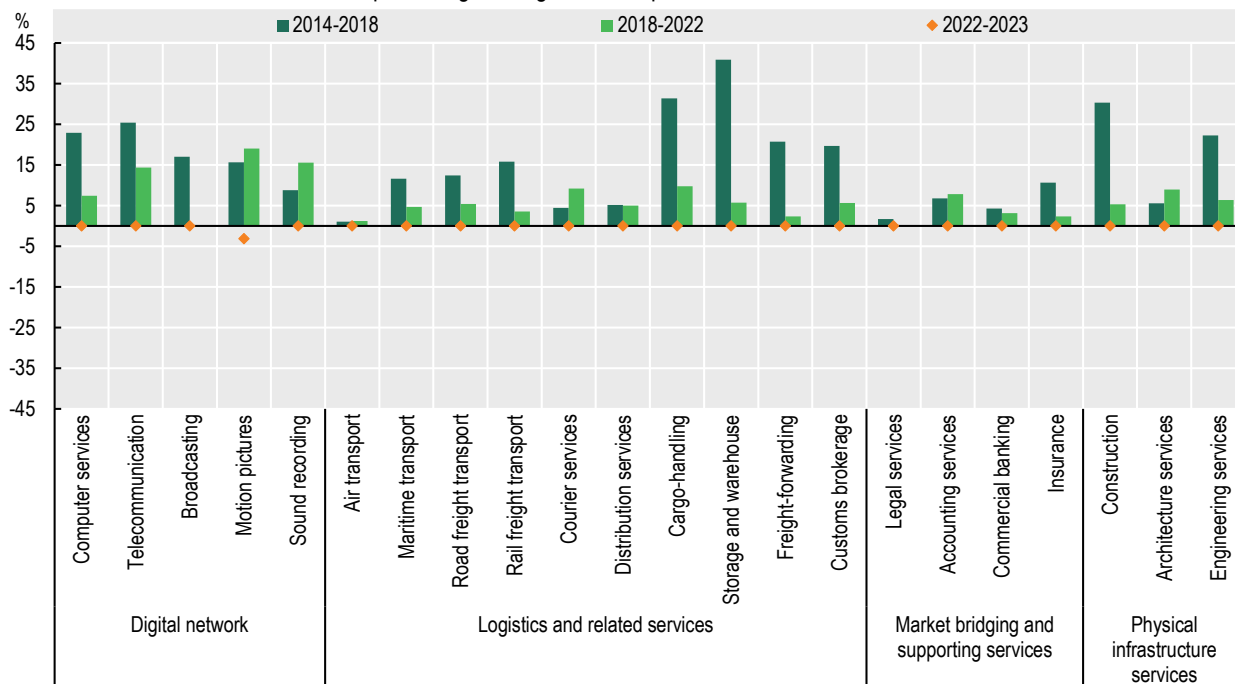
Overall, the past pattern of policy changes depicts a moderate reduction in the openness to services trade and investment in Lithuania. This mostly reflects the decrease (from 36 to 12 months) in the limit imposed to the duration of stay for contractual services suppliers in 2016 and the implementation of screening mechanisms to foreign direct investment in several sectors since 2018. In 2017, Lithuania also introduced local examinations for holding managerial positions as a construction engineer. Moreover, since 2019, certain tax breaks in the motion pictures sector were available only for producers that have permanent residency in Lithuania.

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

A 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 2a. Evolution of STRI indices by sector in Lithuania

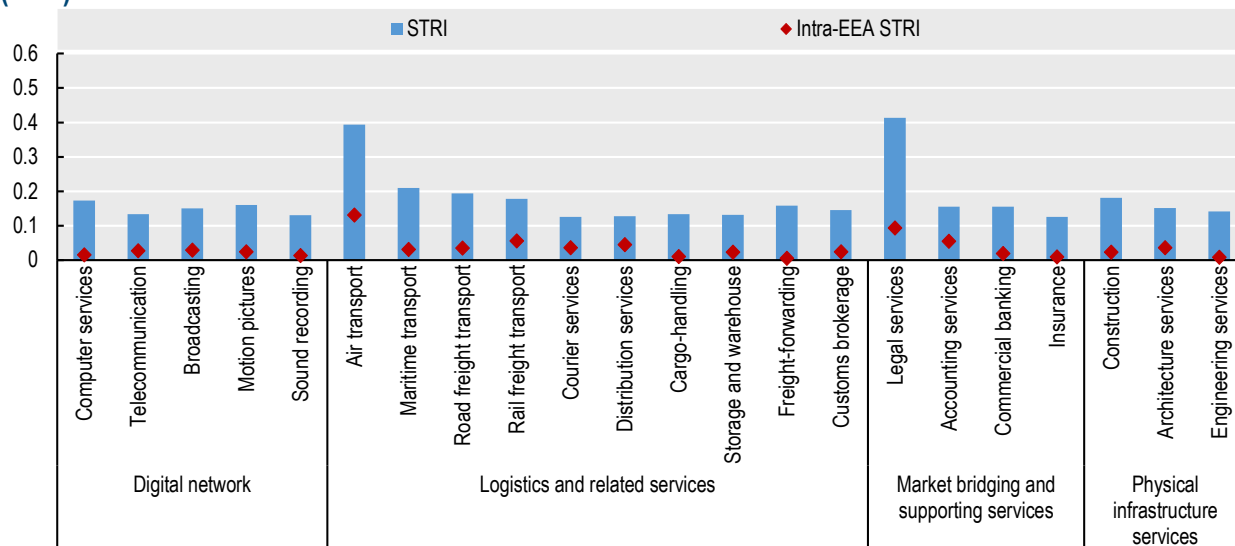
Services Trade Restrictiveness Index, percentage change over the period 2014-2018, 2018-2022 and 2022-2023



OECD (2023). 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)

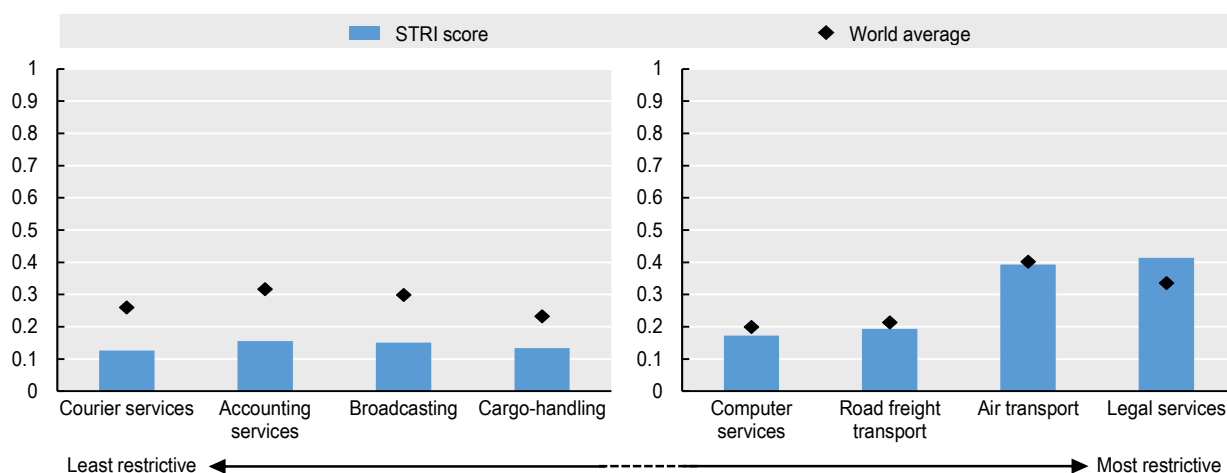


Note: The traditional STRI indicates the level of restrictiveness on a most favoured nation (MFN) basis towards third countries, and the intra-EEA STRI indicates the level of restrictiveness towards EEA members. Intra-EEA STRI covers 24 countries (Austria, Belgium, Czech Republic, Denmark, Estonia, Finland,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

Source: OECD (2023). STRI database.

Figure 3 ranks Lithuania's sectors relative to the respective sector's world average. Courier services, accounting services, broadcasting, and logistics cargo-handling are the sectors with the relatively lowest scores. Conversely, computer services, road freight transport, air transport and legal services are the sectors with the relatively highest scores.

Figure 3. Sectoral breakdown - The least and most restricted sectors in Lithuania compared to world average



Note: Selection was made based on how far the sectors' score were from the world average score, as a percentage difference

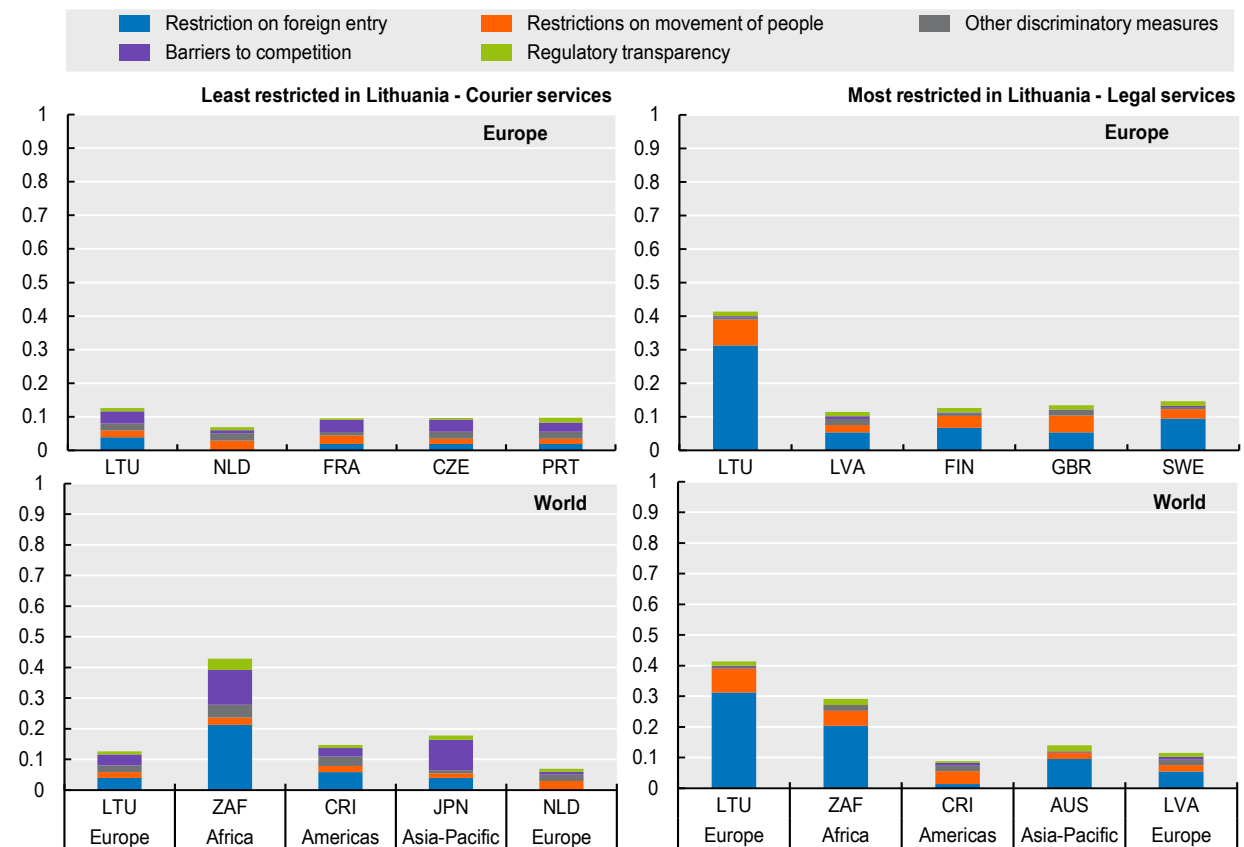
i.e. $(\text{STRI}_{\text{country, sector}} - \text{STRI}_{\text{world average, sector}}) / \text{STRI}_{\text{world average, sector}}$

Source: OECD (2023). STRI database.

Courier services are the least restricted in Lithuania compared to the average STRI across all countries. The composition of the indices suggests that relatively few restrictions on foreign entry and low barriers to competition have had an impact compared to other countries. For instance, in Lithuania, the designated postal operator providing universal postal services does not obtain preferential tax treatment.

On the other hand, legal services are the most restricted services sector in Lithuania compared to the average STRI across all countries. The restrictions on foreign entry are significant compared to best performers. Some of the measures that contribute the most to the index 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 (2023). STRI database.

Recent policy changes

In 2023, the government of Lithuania initiated and completed the liquidation of *UAB Lietuvos kinas*, a state-owned enterprise in the motion pictures services sector.

Several recent changes affecting Lithuania were due to changes in EU law. In August 2022, Regulation 2022/1031 (EU) entered into force, aiming to regulate access of third-country (non-EU) goods and services to the EU's public procurement and concession markets. At this stage, no implementing act restricting access to the EU procurement market has been adopted by the European Union. The Regulation applies to public procurement and concessions where the EU has not undertaken market access commitments in an international agreement.

In air transport, a series of temporary rules allowing airlines to retain historic slots, despite not using their slots according to the 80/20 grandfathering rule, were in place from 1 March 2020 to 25 March 2023 on grounds of reduced air traffic levels due to the COVID-19 pandemic. As of 26 March 2023, such slot relief rules are no longer in force.

In telecommunications, maximum Union-wide voice termination rates defined by Commission Delegated Regulation (EU) 2021/654 took effect on 1 July 2021. These maximum termination rates do not, however, generally apply to calls originating from countries outside the EU.

From 1 July 2021, the EU abolished the VAT de minimis regime for goods valued under EUR 22. In maritime transport, Commission Regulation (EU) 2020/436 extended the existing block exemption to liner shipping consortia from competition law until April 2024.

More information

- » Access all country notes, sector notes, and interactive STRI tools at <http://oe.cd/stri>
- » Read more about [Services Trade Policies and the Global Economy](#)
- » More information about measuring the regulatory environment for services trade in the Intra-EEA region: oe.cd/intraeeaSTRI
- » Contact the OECD Trade and Agriculture Directorate with your questions at stri.contact@oecd.org

¹Note: 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 2023. 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.