LITHUANIA – 2021

Key findings

- The 2021 STRI of Lithuania is below the OECD average and low compared to all countries in the STRI sample, and remains unchanged compared to 2020.
- Telecommunications, insurance and distribution services are the most open sectors in Lithuania, whereas legal services and air transport are the most restricted.

Recommendations

- Innovation and adoption of technology relies on access to knowledge and to the networks, people, goods and services that carry the knowledge around the world. In this context, Lithuania could benefit from more open markets for services trade.
- Despite the overall very favourable environment for services trade, there is space for liberalisation of regulations applicable to movement of professionals and foreign entry.

The 2021 STRI of Lithuania is relatively low compared to other countries in the STRI sample (Figure 1).

Figure 1. Average STRI across countries, 2021

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 2021. The STRI regulatory database covers the 38 OECD countries, 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 STRI and TiVA databases (2021).
The 2021 STRI reflects restrictions that apply on key strategic services sectors such as legal services and air transport services. Trade in these sectors are 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 across many sectors. 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 a number of 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. No significant change was recorded in the STRI from 2020 to 2021.

Figure 2. Evolution of STRI indices by sector in Lithuania

Services Trade Restrictiveness Index, percentage change over the period 2014-2017, 2017-2020 and 2020-2021


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

Note: The traditional STRI indicates the level of restrictiveness on 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).


Accounting services, courier services, logistics cargo-handling and telecommunications are the sectors with the lowest score relative to the average STRI across all countries (Figure 3). Maritime transport, computer services, 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. (STRIcountry, sector - STRIworld average, sector) / STRIworld average, sector


Accounting services are the least restricted service sectors in Lithuania compared to Europe and the other best performers elsewhere while legal services are the most restricted (Figure 4). For this sector, restrictions on movement of people and on foreign entry are particularly high relative to regional peers.
Figure 4. Lithuania compared to Europe and World’s best performers


Key reforms

Recent reforms in Lithuania include those due to changes in EU law. In particular, from the 1st of July 2021, the EU abolished the VAT de minimis regime for goods valued under 22 EUR. The STRI database reflects this reform through policy changes under distribution, courier and logistics services.

In the context of the COVID-19 pandemic, Regulation 2020/459 waived the 80/20 grandfathering rule for airport slot allocations between 1 March 2020 and 27 March 2021. Accordingly, airport coordinators are required to consider slots allocated for this period as having been operated by the air carrier to which they were initially allocated. In maritime transport, Regulation 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 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>