



# Investing in Lithuania:

## A Comprehensive Report



### INTRODUCTION

Lithuania, the southernmost of the Baltic States, is a thriving European nation that offers immense opportunities for foreign investment. With a population of approximately 2.8 million (2023 estimate) and a GDP of over \$75 billion, Lithuania has become one of the fastest-growing economies in the European Union (EU). Its strategic location, robust infrastructure, and skilled workforce make it an attractive investment destination for industries such as fintech, manufacturing, life sciences, and renewable energy.

As a member of the European Union (EU), Eurozone, Schengen Area, and Organisation for Economic Co-operation and Development (OECD), Lithuania provides businesses with seamless access to a market of over 450 million consumers within the EU. Known for its innovative spirit, Lithuania is a leader in digital transformation, ranking among the top countries in Europe for ease of doing business, internet connectivity, and government support for startups.

### BACKGROUND

Lithuania, located in Northern Europe, is strategically positioned along key trade routes connecting Western Europe, Scandinavia, and Eastern Europe. Its capital, Vilnius, is a vibrant hub for business, culture, and technology.

Lithuania's economy has undergone significant transformation since its independence in 1990, evolving into a highly diversified and open-market economy. Key industries driving growth include fintech, manufacturing, logistics, life sciences, and renewable energy. The country's Innovation Index and digital capabilities are among the highest in Europe, reflecting its commitment to fostering advanced technologies and entrepreneurship.

Lithuania is also home to a well-developed logistics network, including three international airports, an ice-free seaport in Klaipėda, and the Rail Baltica project, which connects the country to major European markets. These assets, combined with a highly educated workforce and business-friendly policies, make Lithuania a prime destination for foreign direct investment (FDI).

### BENEFITS OF INVESTING IN LITHUANIA

#### Strategic Location

Lithuania's location at the crossroads of Western Europe, Scandinavia, and Eastern Europe provides businesses with easy access to major markets. Its proximity to the Baltic Sea and the Trans-European Transport Network (TEN-T) ensures efficient logistics and trade.

#### Access to the EU Market

As a member of the European Union, Lithuania offers investors tariff-free access to the EU's single market of over 450 million consumers. Additionally, its integration into the Eurozone ensures currency stability and eliminates exchange rate risks.

#### Highly Skilled Workforce

Lithuania boasts a highly educated and multilingual workforce, with over 90% of Lithuanians under 30 fluent in at least one foreign language (most commonly English, Russian, or German). The workforce is known for its technical expertise, innovation, and productivity.

#### Business-Friendly Environment

Lithuania consistently ranks among the top countries globally for ease of doing business. Its efficient regulatory framework, low bureaucracy, and supportive government policies create a favorable environment for investors.

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### Thriving Fintech Ecosystem

Lithuania is a global leader in fintech, with over 265 fintech companies operating in the country. It has the second-highest number of electronic money institution (EMI) licenses in the EU, making it a prime location for fintech businesses.

### Advanced Infrastructure

Lithuania offers world-class infrastructure, including state-of-the-art IT networks, modern transportation systems, and reliable energy supplies. The country is a leader in digital connectivity, with some of the fastest internet speeds in the world.

### Innovation and Technology Hub

Lithuania is a center for technological innovation, with significant investments in research and development (R&D). The government actively supports startups and innovation-driven industries through grants and tax incentives.

### Competitive Tax Environment

Lithuania's tax system is one of the most competitive in the EU, with a 15% corporate income tax rate and 0% tax on reinvested profits, encouraging businesses to reinvest in growth and innovation.

### Stable and Growing Economy

Lithuania has a stable economy with consistent GDP growth, supported by its export-oriented industries, sound fiscal policies, and integration with the Eurozone.

### RELEVANT AGENCIES

Several government agencies and organizations are dedicated to supporting investment and economic development in Lithuania:

#### Invest Lithuania:

The official investment promotion agency, providing market insights, guidance, and support for foreign investors entering Lithuania.

#### Ministry of Economy and Innovation:

Oversees economic policies, innovation programs, and investment promotion in key sectors.

#### Lithuanian Business Support Agency (LBSA):

Provides financial support, grants, and co-financing for businesses in R&D and innovation.

#### Startup Lithuania:

Facilitates the growth of the startup ecosystem by connecting startups with investors, accelerators, and government support programs.

#### Enterprise Lithuania:

Supports businesses through export promotion, trade facilitation, and entrepreneurship development.

#### Klaipėda Free Economic Zone (FEZ):

Offers tax incentives, modern infrastructure, and support services for businesses operating in the free economic zone.

#### Baltic Innovation Fund:

A regional fund-of-funds initiative supporting venture capital investments in innovative businesses.

#### Lithuanian Confederation of Industrialists:

Represents the interests of businesses in Lithuania, offering networking opportunities and advocacy support.

## INCENTIVES FOR INVESTORS

Lithuania offers a wide range of incentives to attract foreign investment:

### Tax Benefits

0% Corporate Income Tax on reinvested profits.

### Reduced corporate tax rates for small and medium-sized enterprises (SMEs).

Tax exemptions in Free Economic Zones (FEZs) for up to 10 years.

### R&D Incentives

300% Tax Deduction for R&D expenses, making Lithuania an attractive location for innovation-driven industries.

Grants and co-financing for research and product development projects.

### Financial Support

EU structural funds and government grants for investments in priority sectors such as manufacturing, IT, and renewable energy.

Low-interest loans for infrastructure development and green energy projects.

### Fast-Track Procedures

Simplified business registration and licensing processes, allowing companies to start operations quickly and efficiently.

### Customs Duty Exemptions

Exemptions on import duties for machinery, equipment, and materials used in production or infrastructure projects.

### Startup Incentives

Reduced social security contributions and tax exemptions for eligible startups.

Access to government-backed accelerator programs and venture capital funds.

### Investment Protection

Legal protections under Lithuania's Investment Law and bilateral agreements, ensuring long-term security for foreign investors.

### Public-Private Partnerships (PPPs):

Opportunities to collaborate with the government on infrastructure, healthcare, and renewable energy projects.

## OPPORTUNITIES FOR INVESTORS

### Fintech and Financial Services

Lithuania is one of the top fintech hubs in Europe, offering opportunities in electronic payments, blockchain, and digital banking.

### Information Technology and Cybersecurity

With its strong IT talent and innovative ecosystem, Lithuania is a leader in software development, cybersecurity, and artificial intelligence.

### Biotechnology and Life Sciences

Lithuania's life sciences sector is one of the fastest-growing in Europe, with opportunities in biotechnology, pharmaceuticals, and medical devices.

### Renewable Energy and Green Technologies

Lithuania is committed to sustainability, creating opportunities in wind energy, solar power, and energy efficiency projects.

### Manufacturing and Industrial Production

Lithuania's competitive labor costs and advanced logistics make it an ideal location for manufacturing industries, including automotive components and electronics.

### Logistics and Transportation

Lithuania's strategic location and modern infrastructure support investments in logistics hubs, warehousing, and supply chain management.

## Tourism and Hospitality

Lithuania's rich cultural heritage, UNESCO-listed sites, and scenic landscapes create opportunities for investments in luxury hotels, eco-tourism, and travel services.

## Agriculture and Food Processing

Lithuania's fertile land and access to EU markets make it a prime location for organic farming, dairy production, and food processing industries.

## CONCLUSION

Lithuania is a land of immense opportunity, offering investors a stable and business-friendly environment with access to world-class infrastructure and highly skilled talent. From fintech and life sciences to renewable energy and logistics, Lithuania provides fertile ground for businesses seeking growth and profitability in Europe.

The government's commitment to fostering foreign investment through incentives, streamlined regulations, and innovation-driven policies ensures a secure and supportive environment for investors. With its strategic location, competitive tax system, and thriving economy, Lithuania is poised to become a leader in Europe's economic landscape.

Now is the time to invest in Lithuania and be part of its journey toward sustainable development and global competitiveness.

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