

LITHUANIA

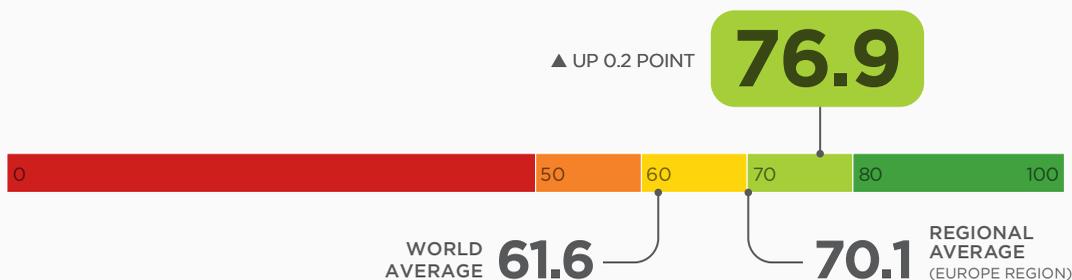
Lithuania's economic freedom score is 76.9, making its economy the 15th freest in the 2021 *Index*. Its overall score has increased by 0.2 point, primarily because of an improvement in **government integrity**. Lithuania is ranked 8th among 45 countries in the Europe region, and its overall score is above the regional and world averages.

The Lithuanian economy remains in the upper reaches of the mostly free category. For the country to enter the ranks of the economically free, the government would have to focus more intently on efforts to reform and strengthen the independence of the judiciary and undertake a comprehensive and sustained campaign to fight corruption.

IMPACT OF COVID-19: As of December 1, 2020, 519 deaths had been attributed to the pandemic in Lithuania, and the economy was forecast to contract by 1.8 percent for the year.

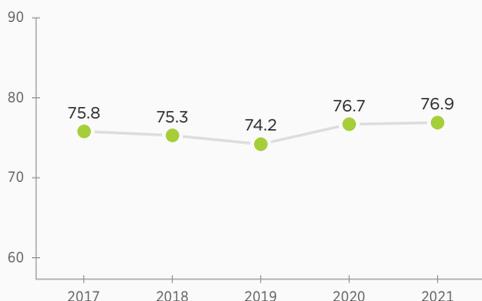


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +27.2

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
2.8 million

GDP (PPP):
\$103.0 billion
3.9% growth in 2019
5-year compound annual growth 3.3%
\$38,214 per capita

UNEMPLOYMENT:
6.4%

INFLATION (CPI):
2.2%

FDI INFLOW:
\$975.2 million

PUBLIC DEBT:
37.7% of GDP

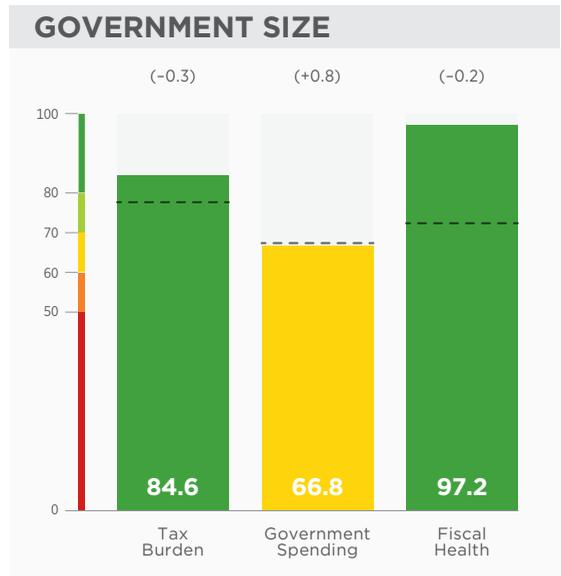
2019 data unless otherwise noted. Data compiled as of September 2020

BACKGROUND: Lithuania regained independence in 1991, joined the European Union in 2004, and joined the Organisation for Economic Co-operation and Development in 2018. Political independent Gitanas Nausėda was elected president in May 2019. Prime Minister Saulius Skvernelis of the centrist Lithuanian Peasants and Green Union, who has been in office since 2016, heads a coalition government with the center-left Lithuanian Social Democratic Labor Party, Order and Justice (TT), and the LLRA-KŠS party. The privatization of most state-owned enterprises helped to encourage years of growth, but youth emigration remains a problem. In July, Lithuania issued Europe's first state-backed digital collector coin. Lithuania's offshore liquefied natural gas terminal at Klaipėda has helped to diversify the country's energy imports.

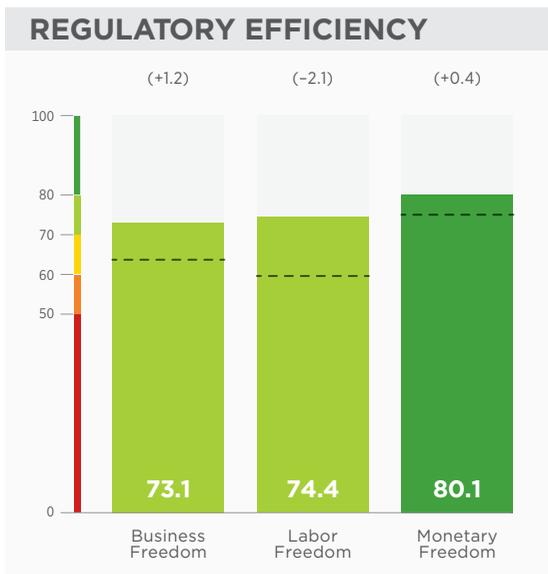
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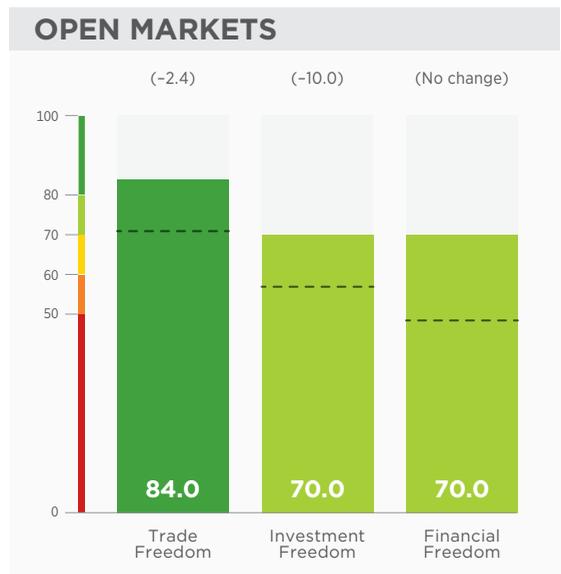
Lithuanian law respects and protects property rights. Enforcement of intellectual property rights has improved significantly in recent years. The judiciary is separate and independent but susceptible to influence by the executive and powerful business interests. Reforms are underway to improve the efficiency and timeliness of court decisions. Transparency International ranked Lithuania 35th out of 180 countries in its 2019 *Corruption Perceptions Index*.



The top individual income tax rate is 20 percent, and the top corporate tax rate is 15 percent. Other taxes include inheritance and value-added taxes. The overall tax burden equals 30.3 percent of total domestic income. Government spending has amounted to 33.3 percent of total output (GDP) over the past three years, and budget surpluses have averaged 0.5 percent of GDP. Public debt is equivalent to 37.7 percent of GDP.



Lithuania has launched an integrated digital application that makes it easier to obtain electricity and reduces the cost of new electricity connections. The value added per worker relative to the minimum wage has decreased. In 2020, the European Union approved a budget with higher agricultural subsidies for Lithuania and direct payments to Lithuanian farmers.



As a member of the EU, Lithuania has 45 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 3 percent, with 639 EU-mandated nontariff measures in force. Lithuania has an additional seven country-specific nontariff barriers. The relatively sound regulatory framework facilitates foreign investment flows. The financial sector offers a full range of services, and the banking system is stable.