

SPRING 2010 REFORM BAROMETER - LITHUANIA

1. SUMMARY TABLE

<u>Lithuania</u>				<u>Rank among 29 **</u>			<u>Relative Gap</u>	
	2008	2009	Change	2008	2009	Change	EU 5 top performers 2009	Gap to EU 5 top performers 2009
GDP per capita (Purchasing Power Parity - PPP)	15410	12536	-18.7%	25	26	-1	LU, IE, NL, AT, BE	-63%
GDP per capita (€ at 2000 prices)	6529	5384	-17.5%	27	27	0	LU, DK, SE, IE, UK	-84%
Labour Utilisation (Annual hours worked per capita)	846	762	-9.9%	9	15	-6	CY, SI, GR, CZ, PL	-14%
Annual hours worked per person employed	1907	1858	-2.5%	8	9	-1	GR, HU, PL, SI, CZ	-8%
Employment as % of labour force (100-unemployment rate)	94.2	85.5	-8.7	13	27	-14	NL, DK, AT, CY, LU	-10
Labour participation (labour force as % of active population)	68.4	69.2	0.8	20	20	0	NL, DK, SE, DE, UK	-11
Dependency ratio (working age population as % of total population)	68.9	69.3	0.4	9	7	2	SK, PL, CY, CZ, RO	-3
Labour Productivity (GDP per hour worked, in PPP)	17.8	16.1	-9.7%	24	26	-2	LU, BE, NL, FR, DE	-63%
Labour Productivity (GDP per hour worked, € at 2000 prices)	7.6	6.9	-8.4%	26	26	0	LU, SE, BE, DK, FR	-85%
Capital deepening (capital stock per hour worked)*	N/A	N/A	N/A	N/A	N/A	N/A	IE, FR, LU, AT, SE	N/A
Total Factor Productivity (level of economic efficiency per hour worked)*	N/A	N/A	N/A	N/A	N/A	N/A	LU, UK, DK, SE, BE	N/A
Corporate Investment (private investment excluding non-residential, % GDP)	6.5	1.6	-5.0	29	29	0	BE, RO, AT, DK, SK	-11.5
Current Account Balance (as % GDP)	-12.4	0.1	12.5	25	13	12	LU, SE, LV, DE, EE	-6.2
Export market share measured in volume relative to main 35 trading partners (from 2000)	58.0	53.8	-4.2	2	2	0	RO, LT, HU, CZ, PL	-1.0
Unit labour Costs relative to main 35 trading partners (from 2000)	11.1	12.8	1.7	19	20	-1	DE, PL, AT, SE, GR	19.9
Government gross debt (as % GDP)	15.6	29.9	14.3	5	5	0	EE, LU, BG, RO, LT	12.1
Net lending/net borrowing of general government (as % GDP)	-3.2	-9.8	-6.6	19	25	-6	BG, DK, SE, LU, FI	-7.8
Required budgetary adjustment related to ageing (as % GDP)	N/A	2.0	N/A	N/A	13	N/A	PL, EE, HU, BG, SE	1.9
Public Investment (as % total public expenditure)	15.5	12.3	-3.2	4	6	-2	BG, RO, EE, CZ, PL	-4.0
Tax burden (as % GDP)	30.3	29.4	-0.9	6	6	0	LV, RO, IE, SK, LT	1.5

Note: Labour utilisation and productivity are a product of its sub-components.

* Rank refers to EU15 ** EU 27, Norway and Switzerland

Source : European Commission, Eurostat

A methodological note can be found in the report or [here](#).

2. PRIORITIES FOR REFORM: : ANSWERS FROM LPK (LITHUANIA)

	1. Priority areas	2. Concrete Recommendations	3. Are the proposed recommendations already in the agenda of your Government?	
			Yes	No
Priority 1	Active labour market policies	Submit as extensive information as possible regarding all the processes needed to open a business for people who are currently unemployed but who would like to start their own enterprise, i.e. want to become self-employed	x	
Priority 2	Sector specific regulation (telecom, energy)	Implement The Commission's third energy liberalisation package - ensure effective separation between the operation of electricity and gas transmission networks from supply and generation activities	x	
Priority 3	Financial markets and access to finance	In order to avoid the negative credit crowding out effect for business, the government must not borrow in the domestic market and should focus extensively on savings policy, i.e. on decreasing of public expenditures, especially on the implementation of public expenditure reforms. Moreover, efficiency of the financial engineering schemes financed from the EU structural funds must be improved and administrative burden for the banks participating in the financial engineering schemes must be decreased	x	
Priority 4	R&D and Innovation	Develop favorable innovation environment, i.e. more efficient consulting on the issues of innovation, more efficient innovation promotion strategy, reorientate science and education system from theory-driven to one that is more applied and practice-driven	x	
Priority 5	Orientation and sustainability of public finances	Create clear exit strategy on how to progress from macroeconomic imbalances to sustainable macroeconomic environment, prepare and implement structural reforms of the public expenditure system. Public expenditures (and especially public investments) must be focused on financially justified items, i.e. those that are of economic value		x