

Lithuania

1. National Recovery and Resilience Plans

Question 1	How satisfied or dissatisfied are you with the way your country is implementing the national recovery and resilience plan?	Very dissatisfied
Question 2	How satisfied or dissatisfied are you with the involvement of social partners in the implementation so far of your national recovery and resilience plan?	Very dissatisfied
Question 3	How effective do you think the European Commission is being in ensuring strong implementation of the reforms in the national recovery and resilience plans across the EU?	Somewhat confident

2. Assessment of Country Specific recommendations 2022 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	<p>In 2023, ensure that the growth of nationally-financed current expenditure is in line with an overall neutral policy stance, taking into account continued temporary and targeted support to households and firms most vulnerable to energy price hikes and to people fleeing Ukraine. Stand ready to adjust current spending to the evolving situation. Expand public investment for the green and digital transition and for energy security, including by making use of the RRF, RePowerEU and other EU funds. For the period beyond 2023, pursue a fiscal policy aimed at achieving prudent medium-term fiscal positions. Foster co-operative public procurement at central government and municipality levels.</p>	Helpful (but not a priority)	Mixed	<p>It is not very concrete, LPK agrees with the recommendation and recognises its importance, however, we are not confident yet, if the Government will distribute the funds to achieve best efficiency in regards of business and industry sector.</p>

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 2	<p>Proceed with the implementation of its recovery and resilience plan, in line with the milestones and targets included in the Council Implementing Decision of 20 July 2021. Swiftly finalise the negotiations with the Commission of the 2021-2027 cohesion policy programming documents with a view to starting their implementation.</p>	<p>Helpful (but not a priority)</p>	<p>Unsatisfactory</p>	<p>Most of the funds are for digitalisation of the public sector, but it does not have a wider effect on the LT industry. RRF is absolutely oriented to the Public sector. It is not clear yet, if the adjustments of the plan will allow to create conditions for the better impact on the industry. Federation agrees that public sector needs the reform; however Lithuanian industry sector creates 1/5 GDP. It is important to invest into energy efficiency solutions, robotisation and green transition of the industry. Current RRF plan does not have a horizontal effect needed for Lithuanian economy post crisis. Lithuania overcame the Covid challenge quite successfully, yet the new crises - China's economic policy towards Lithuania, Russian war in Ukraine, unstable supply chains, prices of raw materials - threatens to make wide-ranging negative effects on the Lithuania's economy. LPK is convinced that changes to National RRF implementation plan are essential to correspond new realities.</p>
CSR 3	<p>Strengthen primary and preventive care. Reduce fragmentation in the planning and delivery of social services and improve their personalisation and integration with other services. Improve access to and quality of social housing.</p>	<p>Extremely important</p>	<p>Mixed</p>	<p>LPK recognizes the importance of the recommendation. We do not see sufficient, balanced attention to the implementation.</p>

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 4	Reduce overall reliance on fossil fuels by accelerating the deployment of renewables, increasing energy efficiency and decarbonisation of industry, transport and buildings, and ensure sufficient capacity of energy interconnections.	Extremely important	Mixed	It is appropriate recommendation, the core of the problem was identified here - the dependency on the gas and fossil fuels. However, the reform effort should focus on the question "how" to decrease that dependency. The companies and government are putting effort for green transformation and diversify energy sources. The implementation is yet problematic.

3. Reform Progress in your Member State in 2022

How would you assess reform progress in 2022, for the following broad areas:

Taxation and Public Finances	Unsatisfactory
Business environment (regulation/access to markets)	Mixed
Labour market	Mixed
Innovation and skills	Mixed
Access to finance and Financial stability	Unsatisfactory

Is there any example of an economic reform, specific to your country that BusinessEurope could highlight in its 2023 Reform Barometer?

<p>Energy market regulatory module reform: remote renewable energy purchasing : https://www.interregeurope.eu/good-practices/remote-renewable-energy-power-plants-for-prosumers https://ceenergynews.com/renewables/lithuania-residents-first-in-the-world-to-rent-remote-wind-turbines/ https://renewablesnow.com/news/lithuania-pursuing-energy-independence-through-renewables-based-strategy-617518/</p>	<p>Excellent</p>
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4. Reform priorities for 2023

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
<p>Priority 1</p>	<p>Business Environment - Regulatory barriers to entrepreneurship</p>	<p>Less " business as usual" regulation, more incentives are needed for entrepreneurship and industry, as the overall business environment objectively has changed in the course of few years, especially overcoming crisis (Covid-19, China trade embargo, War in Ukraine and post energy crisis). It changed the structure of business costs, therefore business environment needs to adjust and be far more flexible and restrictive, state aid measures are needed for core industries to maintain production.</p>	<p>no</p>
<p>Priority 2</p>	<p>R&D and Innovation</p>	<p>The European funds implemented through calls for proposals so far estimates a very limited amount of funds (98 M EUR) for the digitalisation and robotization of the businesses/companies. It is insufficient funds to boost innovation.</p>	<p>no</p>

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 3	ICT	Even though according to the digital economy and society index (DESI), Lithuania ranks 14th among the 27 EU member states in 2022. In the field of digital public services, the country performs very well, human capital and integration of digital technologies are in line with the EU average, however connectivity, especially in the area of 5G, performs worse. Lithuania's digital development has slowed down, and the rate of catch-up of the best developed EU countries in the last five years has not been as fast as it could have been, therefore government needs to step up and put more effort in Digitalisation to have a horizontal effect on the industry and business environment.	no
Priority 4	Labour market mismatch and labour mobility	The labour market is still greatly challenged by labour shortages. Despite a slight slowdown in production, we believe that the labour market will absorb very quickly those workers who lose their jobs. Of course, there may be a need for reskilling and upskilling. Overall unemployment in Lithuania remains low. Therefore, we continue to foresee great challenge for industry to reduce labour shortage. The education system needs to adjust to the needs of businesses and industry, especially when it gets to technical education. It is also an opportunity for the regions to grow some competences locally to boost regional investments. The education system needs to be adjusted in line with the investment facilities development, sectoral priorities and municipal/ regional development plans.	yes

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 5	Tax reforms	<p>LPK has a long-standing position, that Lithuanian tax system requires complex reform. Our analysis showed that it is possible to achieve both – economy growth as well as increasing state budget compared to GDP. That could only be achieved by introducing complex changes.</p> <p>On the employers' side, we are disappointed that tax reform remains fragmented; a holistic approach is still missing. There was optimism in 2021 when the Working Group on Tax reform under the Ministry of Finance was formed and completed its work at the end of 2021. However, the results have not been publicly presented.</p> <p>There is still the issue of distributed profits tax - neighbouring countries in the region have the incentive for the reinvested profits, so we see it as Lithuania's competitive disadvantage.</p>	yes