

Lithuania

1. EU Competitiveness

Question 1	To what extent do you consider the European Commission's overall policy stance supportive of competitiveness and growth compared to 12 months ago?	Slightly better
Question 2	In light of the legislative changes introduced and implemented by the European Commission, how would you evaluate the evolution of administrative burden compared to a year ago?	Unchanged
Question 3	How do you think the EU investment environment is seen by global firms compared to 12 months ago?	Slightly worse
Question 4	What does your federation see as the three main challenges threatening the attractiveness of the EU as an investment environment vis-a-vis international competitors?	<ol style="list-style-type: none"> 1. Regulatory environment 2. Energy prices 3. Tax regime

2. National Recovery and Resilience Plans

Question 8	How satisfied or dissatisfied are you with the way your country is implementing the national recovery and resilience plan?	Dissatisfied
Question 9	How satisfied or dissatisfied are you with the involvement of social partners in the implementation so far of your national recovery and resilience plan?	Satisfied
Question 10	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

3. Assessment of Country Specific recommendations 2023 in detail

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 1	Wind down the emergency energy support measures in force, using the related savings to reduce the government deficit, as soon as possible in 2023 and 2024. Should renewed energy price increases necessitate new or continued support measures, ensure that such support measures are targeted at protecting vulnerable households and firms, are fiscally affordable and preserve incentives for energy savings. While maintaining a sound fiscal position in 2024, preserve nationally financed public investment and ensure the effective absorption of grants under the Facility and of other Union funds, in particular to foster the green and digital transitions. For the period beyond 2024, continue to pursue investment and reforms conducive to higher sustainable growth and preserve a prudent medium-term fiscal position. Strengthen the adequacy of healthcare and social protection, and improve general public services	Extremely important	Satisfactory	The energy support measures are winded down. No specific support remains an issue for businesses or vulnerable households. However, even if the spike of energy cost is over, the energy prices remain relatively high and higher than before the pandemic. Fiscal prudence is important in Lithuania and in 2024 Lithuania's budget deficit won't exceed 3% and the country's total debt will be lower than 40%. All these budgetary and fiscal management decisions will provide rather stable environment for further long term investments (public) in to green and digital transformation. Due to rather limited effectiveness of preventive health care services and actions as well as due to still failing (not obvious) results of healthcare sector reform healthcare services are not enough adequate. Social protection services are rather developed and still continue to improve; however, aging society and increasing share of older people threaten the financial stability of the system.

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 2	Continue the steady implementation of its recovery and resilience plan and swiftly finalise the REPowerEU chapter with a view to rapidly starting the implementation thereof. Proceed with the speedy implementation of cohesion policy programmes, in close complementarity and synergy with the recovery and resilience plan.	Extremely important	Unsatisfactory	We consider the speed of implementation of REPowerEU is to be improved significantly. The year of 2023 was a year of discussions on the design of concrete investment measures; however, these discussions took too much time and the implementation is lagging. Especially in the face of economic slowdown (and already statistically proven recession in Euro zone and Lithuania). The implementation of cohesion policy program is also lagging behind.
CSR 3	Strengthen primary care and expand preventive care in order to, inter alia, make the healthcare system more resilient. Improve the planning and delivery of social services. Improve access to, and the quality of, social housing.	Extremely important	Satisfactory	Lithuania is currently implementing the healthcare reform that focusses on primary care. It is too early to evaluate results of the reform. However, the reform was needed and we hope the system will be more effective in the future. It also should be noted that Lithuanian healthcare system is struggling with the shortage of employees and that problem has no fast-track solutions. The delivery of social services is constantly improving. The faster pace could be preferable, but improvements are visible. The social housing is still an issue in Lithuania. People should wait for a social housing more than 5 years and that's a huge problem (renting is an option, but still underdeveloped).

		Q1: The recommendation is:	Q2: implementation on effort is:	Detailed comments
CSR 4	Further reduce reliance on fossil fuels and imported energy by accelerating the deployment of renewables, in particular by ensuring sufficient grid capacity and access, ensuring the transformation and decarbonisation of industrial production, and increasing the uptake of public and sustainable transport, as well as by making buildings more energy-efficient with a view to, inter alia, reducing energy poverty. Ensure sufficient capacity of electricity interconnections in order to increase security of supply, continuing the timely synchronisation with the Union electricity grid. Step up policy efforts aimed at the provision and acquisition of skills and competences needed for the green transition.	Extremely important	Mixed	Lithuania is developing renewable energy capacities, however, lower electricity prices and high costs are slowing it down. Imported cheap solar modules from China are overloading the European Union's market and threatens local solar module supply chains and producers. Grid capacities and its networks development is still lagging. Decarbonization of industry, transport and housing is also slow due to lagging investment support and regulatory inadequacy. The supply of green economy skills is under development, but not yet a solved problem.

4. Reform Progress in your Member State in 2023

How would you assess reform progress in 2023, for the following broad areas:

Taxation and Public Finances	No reform necessary
Business environment (regulation/access to markets)	Satisfactory
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 2024 Reform Barometer?

No. Except the fact, that there is a discussion started about the need to introduce a specific tax for defense (or its resources). Labour (skills) supply management is a permanent problem with no strategic and systemic solution. The measures are in place, however, their scope and effectiveness are to be doubted as businesses/ companies constantly indicate the shortage of employees and specific skills as one of business development barriers.

5. Reform priorities for 2024

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 1	Bank lending conditions	To decrease bank sector concentration (the solution is known, but difficult to implement tdu to the size of the market). To develop European Union's single capital market.	yes
Priority 2	Long term investment instruments	To increase long term investment concrete measures' design development capacities (in terms of numbers of employees and their competencies/skilss). To ensure social partners are involved in the process of the design development.	yes
Priority 3	R&D and Innovation	To simplify the administrative burden while accounting R&D investments and activities in business organizations. To develop effective cooperation between business and science institutions. Ensure the scaling up financing in the process of strat-ups or any other business innovative capacities. Bigger attention to not only breaking through technologies, but application of existing technologies and scaling up their utilization.	yes
Priority 4	Competition policy framework	Complicated regulatory framework, high energy prices, high labour costs (due also to the lack of employees) have contributed to the European Union's and Lithuania's losses in global competitiveness. The competititon policy should be developed in a way to reflect not only high environmental standards, social standards, but also to ensure the economic competitiveness. We somehow lost economics and our economy in regulating.	no

I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
<p>Priority 5</p> <p>Public sector efficiency</p>	<p>The share of employees engaged in public sector in Lithuania is higher than on average in OECD countries. And that share do not change significantly even public e-services are being developed rather significantly. We do notice ill distribution and usage of public sector employees and due to that lagging efficiency of the public sector. Public sector reforms are needed; however, reforms implemented till now provided little economic effect. The real public sector reform needed with quantifiable gains in efficiency, effectiveness and cost/benefits.</p>	<p>no</p>
