

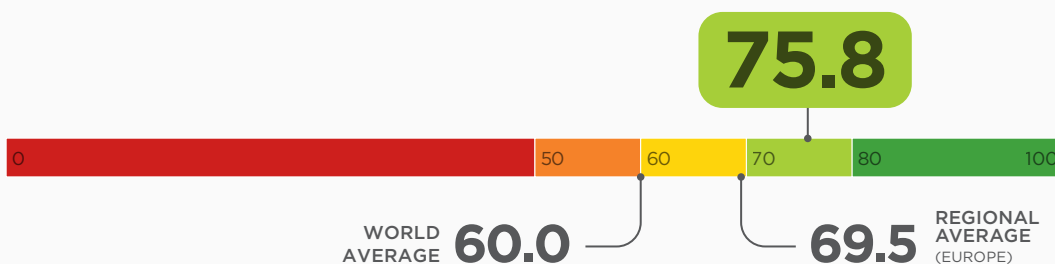
# LITHUANIA

Lithuania's economic freedom score is 75.8, making its economy the 17th freest in the 2022 *Index*. Lithuania is ranked 12th among 45 countries in the Europe region, and its overall score is above the regional and world averages.

Lithuania's economic growth was volatile from 2017 through 2019, turned negative in 2020, and resumed in 2021. Economic freedom in Lithuania has moved somewhat erratically during the same period. With improved scores for **property rights** and **judicial effectiveness** balanced by lower scores for **fiscal health** and **monetary freedom**, the level of economic freedom is now exactly the same as it was in 2017, and Lithuania remains in the top half of the "Mostly Free" category. Business freedom is strong, but **labor freedom** would benefit from additional reforms.

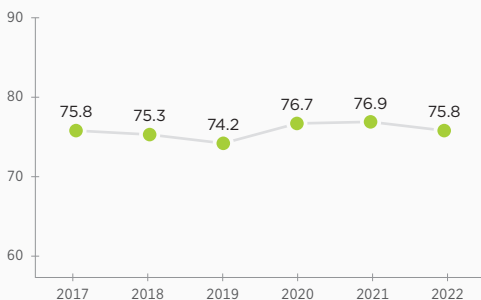
**IMPACT OF COVID-19:** As of December 1, 2021, 6,759 deaths had been attributed to the pandemic in Lithuania, and the government's response to the crisis ranked 69th among the countries included in this *Index* in terms of its stringency. The economy contracted by 0.8 percent in 2020.

## ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +26.1

## RECENT FREEDOM TREND



## QUICK FACTS

**POPULATION:**  
2.8 million

**GDP (PPP):**  
\$108.6 billion  
-0.8% growth in 2020  
5-year compound annual growth 2.9%  
\$38,824 per capita

**UNEMPLOYMENT:**  
8.4%

**INFLATION (CPI):**  
1.1%

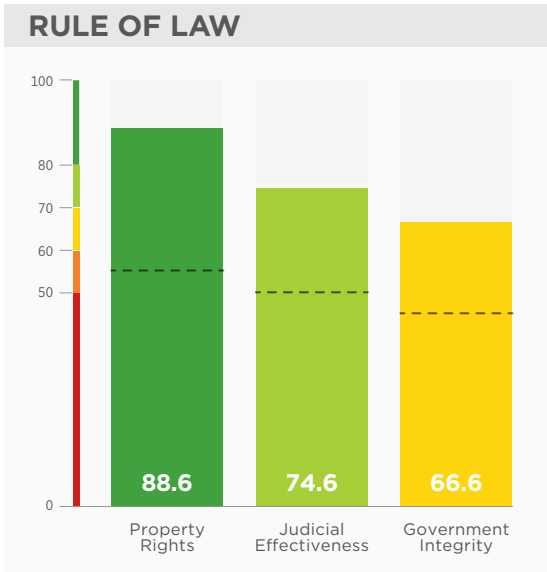
**FDI INFLOW:**  
\$479.0 million

**PUBLIC DEBT:**  
47.0% of GDP

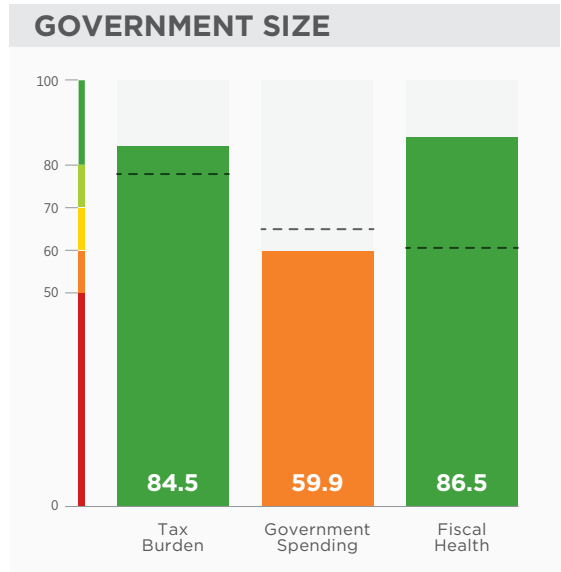
2020 data unless otherwise noted. Data compiled as of September 2021

**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 2019. The center-right Homeland Union–Lithuanian Christian Democrats (TS–LKD) won the most seats in the October 2020 parliamentary elections. TS–LKD's Ingrida Šimonytė became prime minister in December. Her coalition partners are the economics-focused Liberal Movement and centrist Freedom Party. The privatization of most state-owned enterprises helped to encourage years of growth, but youth emigration continues to be a problem. Lithuania's offshore liquefied natural gas terminal at Klaipėda has helped to diversify the country's energy imports.

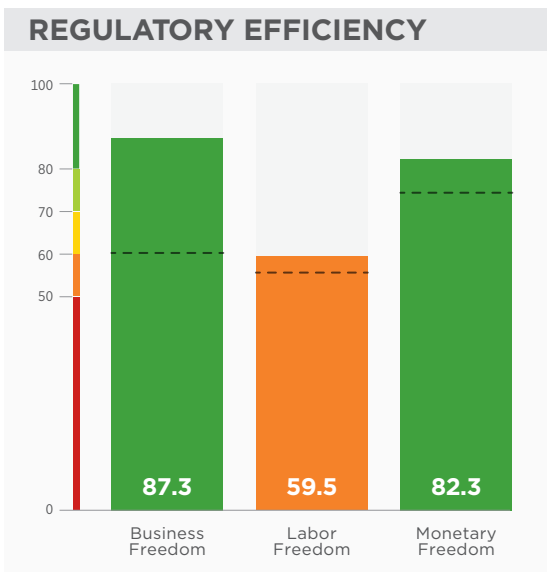
# 12 ECONOMIC FREEDOMS | LITHUANIA



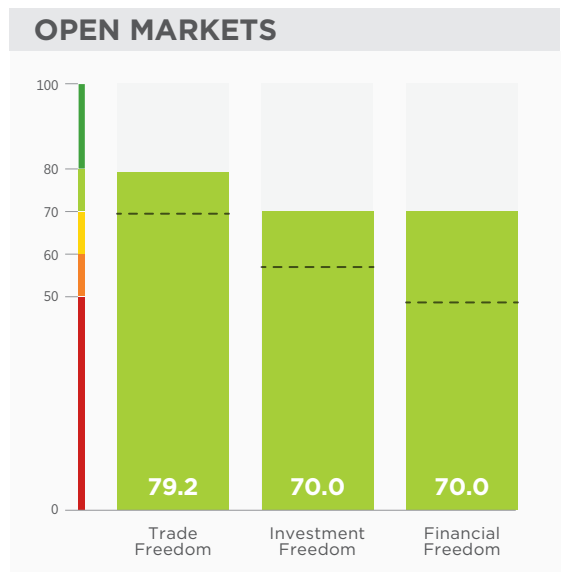
Lithuania's constitution protects private property from nationalization. In the event of justified expropriation, applicable law entitles investors to compensation equivalent to the fair market value of the expropriated property. The judiciary is separate and independent but susceptible to influence from the executive and powerful business interests. A recent Eurobarometer study shows that corruption is becoming less of an obstacle to the conduct of business.



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 36.6 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.4 percent of GDP. Public debt is equivalent to 47.0 percent of GDP.



The new government elected at the end of 2020 maintains that it will continue its efforts to improve the business climate. Wages are low compared to most of the European Union, but employment regulations are stricter. Sectors with the highest government subsidies include electricity, natural gas, transportation, and extractive industries.



As a member of the EU, Lithuania has 46 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 2.9 percent with 640 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.