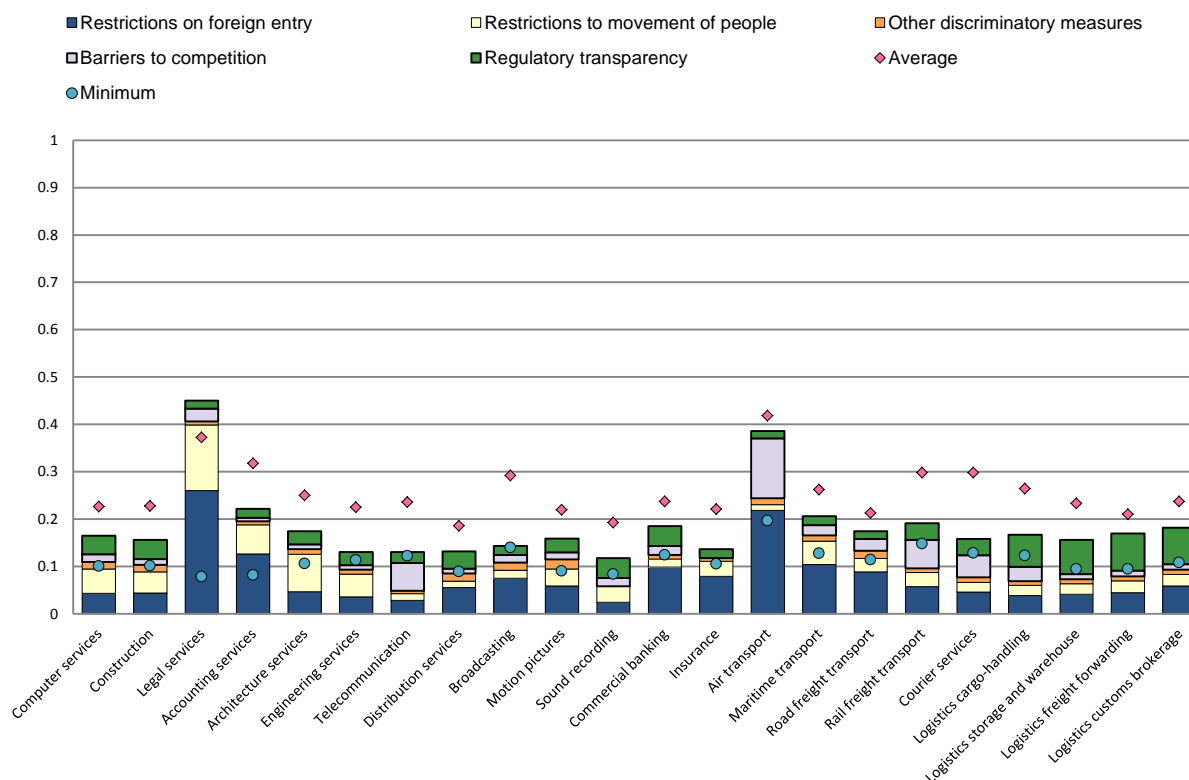


OECD Services Trade Restrictiveness Index (STRI): Lithuania

Lithuania exported services worth USD 6.6 billion and its services import value was USD 4.6 billion in 2015. Transport services are the largest exporting and importing services sectors. Lithuania's score on the STRI the 22 sectors covered by the STRI project is shown below, along with the average and the lowest score among the 44 countries included in the STRI database for each sector.

STRI by sector and policy area



Note: The STRI indices take values between zero and one, one being the most restrictive. They are calculated on the basis of the STRI regulatory database which contains information on regulation for the 35 OECD Members, Brazil, China, Colombia, Costa Rica, India, Indonesia, Lithuania, Russia and South Africa. The STRI database records measures on a Most Favoured Nations basis. Preferential trade agreements are not taken into account. Air transport and road freight cover only commercial establishment (with accompanying movement of people)

Horizontal policy measures

Lithuania scores below average for 21 out of 22 sectors. As far as the horizontal measures are concerned, Lithuania applies restrictions to acquisition of real estate by foreigners, although a number of trading partners, including EEA and OECD Members are exempted. Lithuania also applies labour market test for contractual services suppliers and intra-corporate transferees through a wage party requirement with local employees, and the duration of permitted stay for independent services suppliers is relatively short compared to best practice. Lithuania imposes a minimum capital requirement for limited liability companies and comparative advertising is regulated. The standards for cross-border transfer of personal data are set at the EU level. Transfers to non-EEA economies can only take place when these ensure an adequate level of protection that is substantially similar to that required in the EU or when private data processors, both senders and receivers, establish various safeguards approved by the data protection authorities. Finally, the STRI database reveals some gaps in regulatory transparency and efficiency. For example, the legal obligation to publish final and voted law prior to entry into force (one day) is significantly less than best practice. Also, it takes on average 15 days to process a business

visa, which may incur considerable costs on services providers in a business environment where timeliness is an important factor for competitiveness.

The sectors with the relatively lowest STRI scores

Broadcasting, courier services and telecommunication are the three sectors with the lowest score relative to the average in Lithuania. In broadcasting services, three channels are owned by Lithuanian National Radio and Television. Subsidies and tax breaks for audio-visual work are subject to cultural test and the dubbing or subtitling in Lithuanian language is required for television programs and films and videos exhibited in public. In courier services, a dominant services provider in letter post items is state-owned, services providers outside universal services has to apply specific quality standards, but the sector is otherwise subject to the general regulatory framework. In telecommunication, the State owns a major fixed line telecommunication supplier.

The sectors with the relatively highest STRI scores

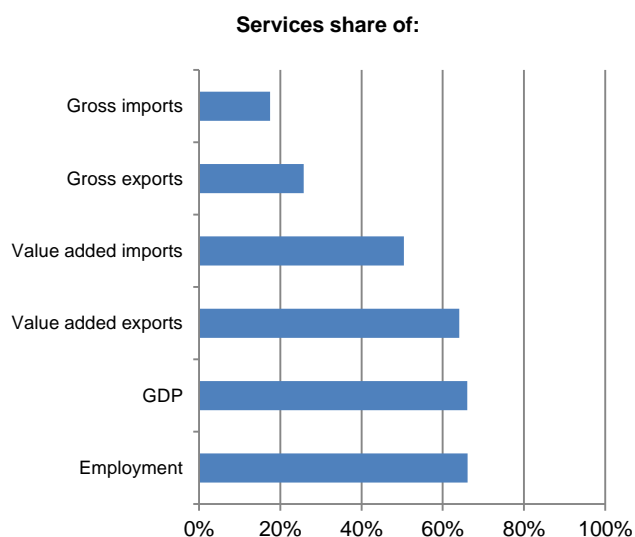
Legal services, road transport and air transport services are the three sectors with the highest score relative to the average in Lithuania. In legal services, to practice domestic law, only licensed lawyers may own, manage or sit on the board of law firms. To obtain a license to practice, nationality of a member of the European Union or European Economic Area is required. Foreign lawyers are limited to providing legal advice on foreign and international law through associations with a local attorney or law firm and cannot establish a law firm.

Road freight transport is subject to EU regulation that requires EU residence for the manager of a road transport operator and partly exempts road carrier agreements from anti-trust regulation. In the air transport services sector, Lithuania employs foreign equity restrictions as a result of common European Union (EU) regulation on air services. Pursuant to this regulation, non-EU nationals cannot own more than 49% in Lithuanian airlines. The EU-wide exemption of certain airline arrangements from competition law and regulations on airport slot allocation and slot trading further contribute to the score in this sector.

Recent policy changes

No significant policy changes are recorded for the period 2015-16.

Efficient services sectors matter



Services account for 26% of gross exports but for 64% in value added terms. This indicates that Lithuania's exports of goods rely intensively on services inputs. Cost effective state of the art services are therefore of utmost importance for the competitiveness of the Lithuanian industrial sector. Open, diversified and competitive services markets improve productivity both in the services sectors in question and downstream industries using services as inputs. Lithuania could further improve the efficiency of its economy by prioritising reforms that enhance competition in services markets, particularly by focusing on the remaining horizontal measures that affect all types of services and the few sectors where a higher STRI is observed.

More information

- » Access all of the country notes, sector notes and interactive STRI tools on the OECD website at <http://oe.cd/stri>
- » Contact the OECD Trade and Agriculture Directorate with your questions at stri.contact@oecd.org