European Investment Bank

Lithuania

Overview

EIB INVESTMENT SURVEY

2022

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Lithuania

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EIB Investment Survey Country Overview 2022: Lithuania

About the EIB Investment Survey (EIBIS)
The EIB Group Survey on Investment, which has been administered since 2016, is a unique, annual survey of some 13 000 firms. It covers firms in all European Union Member States and also includes a sample of firms in the United States.

The survey collects data on firm characteristics and performance, past investment activities and future plans, sources of finance, financing issues and other challenges that businesses face, such as climate change and digital transformation. The EIBIS, which uses a stratified sampling methodology, is representative across all 27 EU Members States and the United States, as well as across four classes of firm size (micro to large) and four main economic sectors (manufacturing, construction, services and infrastructure). The survey is designed to build a panel of observations, supporting the analysis of time-series data. Observations can also be linked back to data on firm balance sheets and profit and loss statements. The EIBIS was developed by the EIB Economics Department. It is managed by the department with the support of Ipsos MORI.

About this publication
These reports provide an overview of data collected for the 27 EU Member States and the United States. They are intended to provide a snapshot of the data. For the purpose of these publications, data are weighted by value-added to better reflect the contribution of different firms to economic output. Contact: eibis@eib.org.

Download the findings of the EIB Investment Survey for each EU country or explore the data portal at www.eib.org/eibis.

About the Economics Department of the EIB
The mission of the EIB Economics Department is to provide economic analyses and studies to support the Bank in its operations and in the definition of its positioning, strategy and policy. The department and its team of 40 economists is headed by Debora Revoltella, director of economics.

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EIBIS 2022 – Lithuania Overview

KEY RESULTS

Investment Dynamics and Focus

EIBIS 2022 shows that on average, at the time of interviews (April-July 2022), Lithuanian firms were recovering from COVID-19 in a relatively good shape and with an, on balance, positive outlook. The share of Lithuanian firms having invested in 2021 remained relatively stable compared to 2020 (78%). Lithuanian firms had positive expectations on investment for the whole of 2022, with a net balance of 16% of firms expecting to increase rather than decrease investment.

Investment Needs and Priorities

Whilst two thirds of firms did not signal major investment gaps, with 68% of them claiming their investment activities over the last three years as having been the right amount, a higher share of Lithuanian firms believe they invested too little in the last 3 years than in the EU as a whole (28% vs 14%). Looking ahead to the next three years, investment in capacity expansion is the most commonly cited priority of Lithuanian firms (38%).

Covid-19 Impact

The pandemic was a major shock for Lithuanian firms, but the impact was uneven across firms and sectors. Almost half of firms did not see a year-on-year sales loss due to COVID-19 and at the time of the interview around two thirds of firms expected higher sales in 2022 than before the pandemic. On the other side of the spectrum, about 38% of firms experienced losses in 2020 and/or 2021, with 9% of firms not expecting to recover from the pandemic-era loss of business in 2022.

Overall, roughly 57% of Lithuanian firms have received some form of financial support in response to COVID-19, mostly in the form of subsidies or some type of financial support that does not need to be paid back. About 5% of firms report that they are still receiving financial support – around half the level seen across the EU as a whole.

Firms' Transformation, Innovation and Digitalisation

Just over half of firms (54%) have taken action in response to COVID-19, below the EU average (63%). The most commonly reported action/investment taken by Lithuanian firms is becoming more digital (cited by 38%), lower than the EU as a whole (53%). On average, 56% of Lithuanian firms used at least one advanced digital technology, lower than across the EU as a whole (69%).

Around three in ten (29%) Lithuanian firms developed or introduced new products, processes or services as part of their investment activities, similar to the share reported in EIBIS 2021 (33%).

International Trade

Around 82% of Lithuanian firms have faced international trade-related disruptions since 2021, lower than the EU average (87%). Nearly as many see the Russia-Ukraine conflict and/or COVID-19 as creating obstacles to international trade. Overall, among firms facing disruptions due to international trade, 70% report to have taken actions to mitigate the impact of these disruptions, more than the EU average (57%).

Drivers and Constraints

At the time of interviews, Lithuanian firms were already expecting a deterioration in the economic and political climate, with prospects in their own sectors also worsening. On balance, firms pointed at the availability of external finance as getting worse in the short-term, even more so than at the height of the pandemic. The outlook for the availability of internal finance for investment was also worsening. Overall, the short-term outlook in Lithuania follows a similar pattern to that in the EU as a whole.

Looking at long term impediments to investment, uncertainty and skills continue to play an important role, with around three quarters of firms mentioning each of these as constraints. The share of firms expressing concerns about energy costs as a constraint to investment has increased from 57% to 71%.

EIBIS 2022 – Lithuania Overview

Investment Finance
The share of financially constrained firms in Lithuania (16%) is far higher than the share of financially constrained firms in the EU as a whole (6%). The main constraint reported by Lithuanian firms is rejection of external finance, which at 10% is more than twice the EU average.

Climate Change and Energy Efficiency
Around 55% of Lithuanian firms see themselves as affected by physical climate change risks, a decline from EIBIS 2021 (65%). Only 38% of Lithuanian firms report having taken actions for building resilience against these risks, which broadly in line with the EU as a whole (33%). The most common action taken was investing in or developing solutions to reduce/avoid exposure to physical climate risks.

Firms in Lithuania are far more likely to see the transition to a net zero emission economy as a risk (43%) than an opportunity (19%). This is in contrast to the picture seen across the EU as a whole, where the risk versus opportunity balance is relatively even. About 88% of Lithuanian firms have already taken actions in this respect, with the aim to reduce Greenhouse Gas (GHG) emissions.

Looking at investment in tackling the impact of climate change more broadly, Lithuanian firms are forging ahead of the EU as a whole. About 61% of Lithuanian firms have already invested, compared with 53% in the EU. Furthermore, 70% of Lithuanian firms have plans to invest in tackling the impact of climate change over the next three years, higher than the EU (51%).

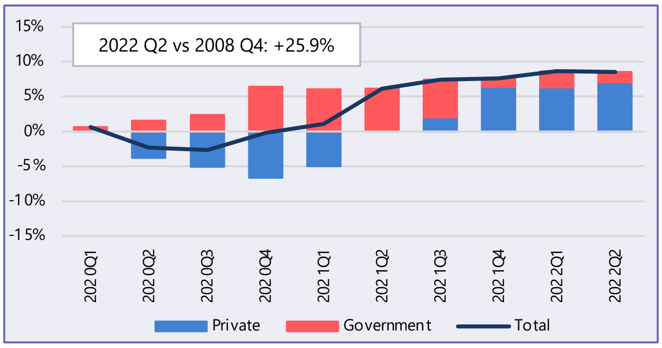
Firm Management, Gender Balance and Employment
In 2021, 43% of Lithuanian firms used a strategic monitoring system, below the levels seen across the EU. Similarly, when it comes to striving for gender balance, Lithuanian firms lag behind the EU (38% vs 58%).

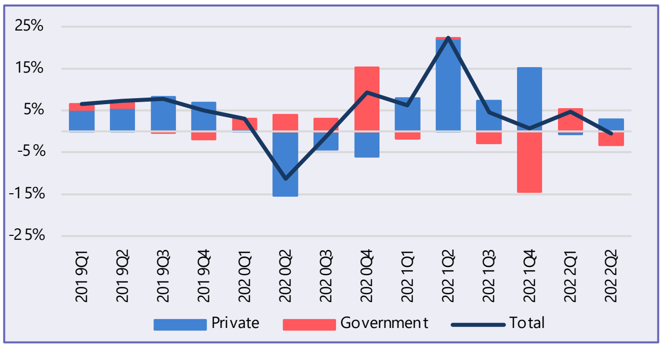
About 40% of Lithuanian firms have increased their employment since 2019, in line with the EU as whole (38%).

Investment dynamics and focus

INVESTMENT DYNAMICS BY INSTITUTIONAL SECTOR

- During the first year of the pandemic, aggregate investment fell modestly relative to the pre-pandemic level. It began recovering already in Q4 2020, on the back of higher government investment.
- Between Q4 2020 and Q2 2022, aggregate investment levels followed an upward trajectory, as a result of a rebound in private sector investment, particularly in Q2 2021. The pre-pandemic investment level in Lithuania was already surpassed in Q1 2021.
- Nevertheless, growth aggregate investment began to loose momentum in Q3 2021 as a result of the declining, although still positive, contribution from government investment to the overall level. This downward trend in investment growth was further sustained in Q1 and Q2 2022 by lower growth in private sector investment. As a result, aggregate investment levels remained fairly stable during the first half of 2022 (close to +8.5% relative to the pre-pandemic level).

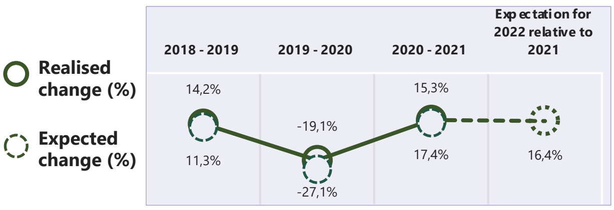


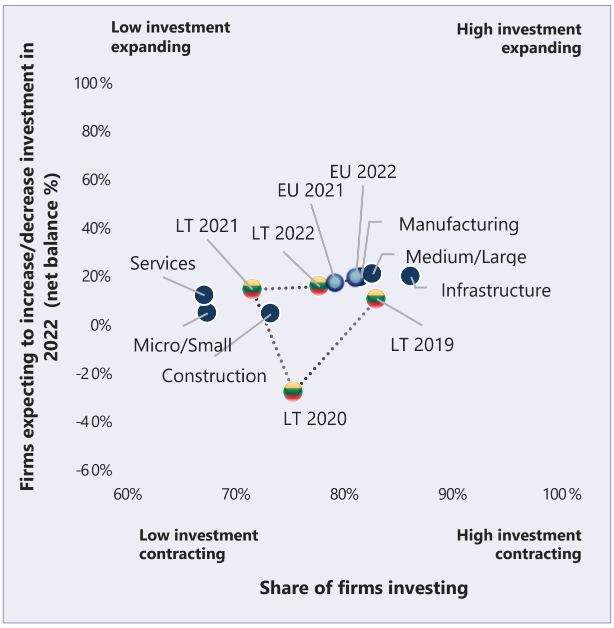


The LHS chart shows the evolution of total gross fixed capital formation (GFCF) by institutional sector, in real terms and non seasonally nor calendar adjusted. The nominal GFCF source data was transformed into four-quarter sums and deflated using the implicit deflator for total GFCF (2015=100 euro). The four-quarter sum of total GFCF in 2019Q4 is normalised to 0.
The RHS chart shows the y-o-y % change in total real GFCF by institutional sector. The implicit deflator for total GFCF (2015=100 euro) was used for deflating the nominal GFCF source data.
Source: Eurostat, authors' own calculations.

INVESTMENT CYCLE AND EVOLUTION OF INVESTMENT EXPECTATIONS

- The share of of Lithuanian firms investing in 2021 (78%) was in line with the EU average (81%) and back up to pre-pandemic levels.
- On balance, firms hold a positive outlook for 2022, consistent with the EU in bouncing back from low investment expectations in 2020.
- Firms in the manufacturing and infrastructure sectors and medium/large businesses were more likely to invest and were also more optimistic about investment levels in 2022.





'Realised change' is the share of firms who invested more minus those who invested less; 'Expected change' is the share of firms who expect(ed) to invest more minus those who expect(ed) to invest less.

Base: All firms

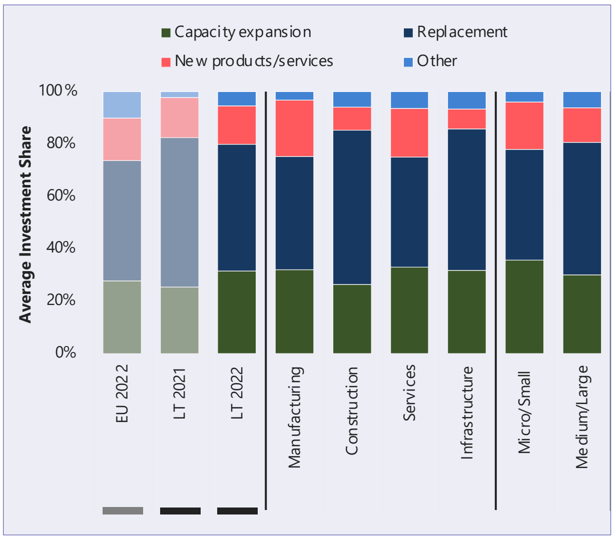
Share of firms investing shows the percentage of firms with investment per employee greater than EUR 500.

Base for share of firms investing: All firms (excluding don't know/refused responses)

Investment dynamics and focus

PURPOSE OF INVESTMENT IN LAST FINANCIAL YEAR (% of firms' investment)

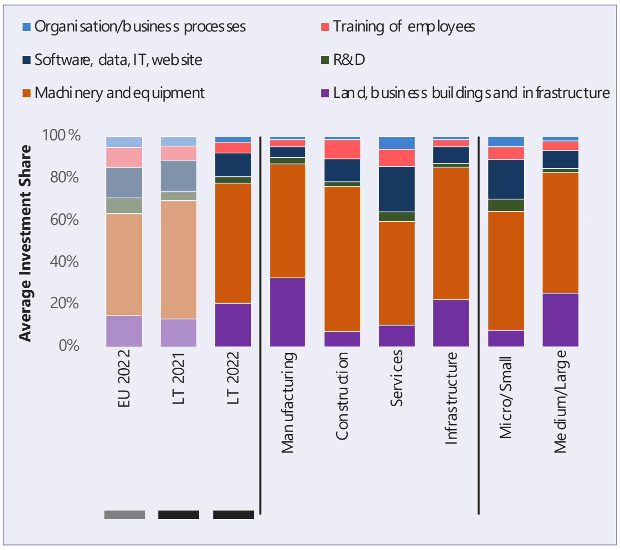
- On average, firms in Lithuania spent 48% of their investment on capacity replacement in 2021 and 32% on expanding capacity. This was broadly in line with the previous financial year.
- Investment in new products, processes and services accounted for 15% of firms' total investment. Firms in the manufacturing (21%) and services (19%) sectors on average spent a higher proportion of their investment on this area than those in infrastructure (8%) or construction (9%).



Q. What proportion of total investment was for (a) replacing capacity (including existing buildings, machinery, equipment, IT) (b) expanding capacity for existing products/services (c) developing or introducing new products, processes, services?

Base: All firms who have invested in the last financial year (excluding don't know/ refused responses)

INVESTMENT AREAS



- Investment in intangible assets (such as R&D, software, training and business processes) accounted for around 22% of total investment. This was lower than across the EU as a whole (37%).
- Investment activities varied depending on the size and sector of the business. Firms in services sector and micro/small firms invested higher proportions than average in intangible assets.
- Firms in manufacturing and construction, and medium/large firms, spent a higher proportion of their investment on tangible assets (such as land, buildings, machinery and equipment) than average, and a lower proportion on intangible assets.

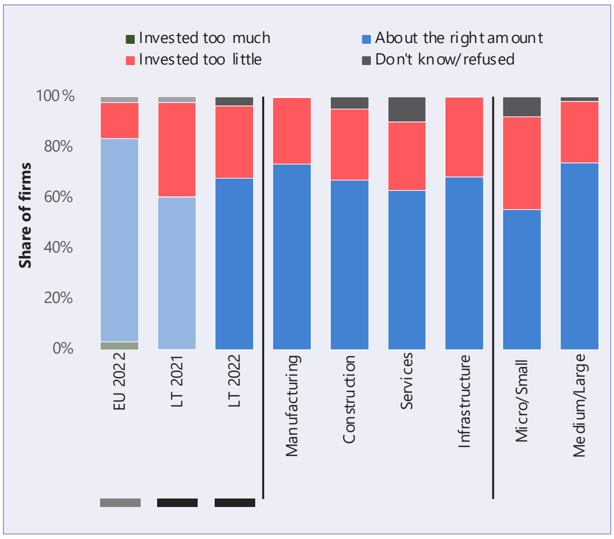
Q. In the last financial year, how much did your business invest in each of the following with the intention of maintaining or increasing your company's future earnings?

Base: All firms who have invested in the last financial year (excluding don't know/refused responses)

Investment needs and priorities

PERCEIVED INVESTMENT GAP

- Despite difficult circumstances, 68% believe their investment activities over the last three years were about the right amount. This is far lower than the 80% seen across the EU.
- A higher share of Lithuanian firms believe they invested too little in the last three years than in the EU as a whole (28% versus 14% for the EU). This does however represent a reduction to figures reported in EIBIS 2021 (37%).
- Small/micro firms are the most likely to think they invested too little over the last three years (37%) whereas medium/large firms are most likely to think they invested about the right amount (74%).

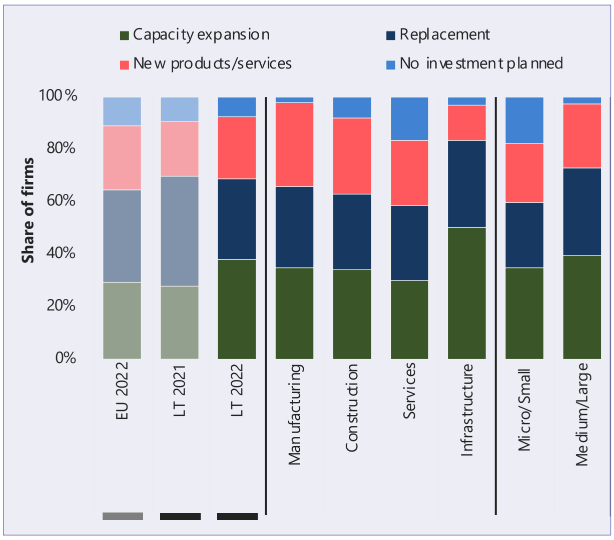


Q. Looking back at your investment over the last 3 years, was it too much, too little, or about the right amount?

Base: All firms (excluding 'Company didn't exist three years ago' responses)

FUTURE INVESTMENT PRIORITIES

- In contrast to EIBIS 2021, investment in capacity expansion is the most commonly cited priority for the next three years (38%) by Lithuanian firms.
- The share of firms prioritising replacement has fallen compared to EIBIS 2021, from 42% to 31%.
- The pattern of investment priorities is slightly different between Lithuania and the EU as a whole, with more Lithuanian firms citing capacity expansion (38% vs. 29%) as a priority.
- Firms in the services sector (16%) and SMEs (18%) had the highest share of firms with no investment planned over the next three years.

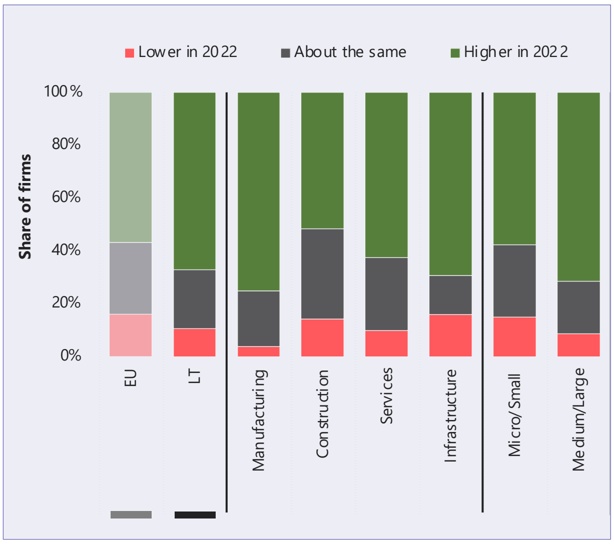


Q. Looking ahead to the next three years, which is your investment priority (a) replacing capacity (including existing buildings, machinery, equipment, IT) (b) expanding capacity for existing products/services (c) developing or introducing new products, processes, services?

Base: All firms (excluding don't know/refused responses)

Impact of COVID-19

IMPACT OF COVID-19 ON SALES OR TURNOVER BY END OF 2022 COMPARED TO 2019



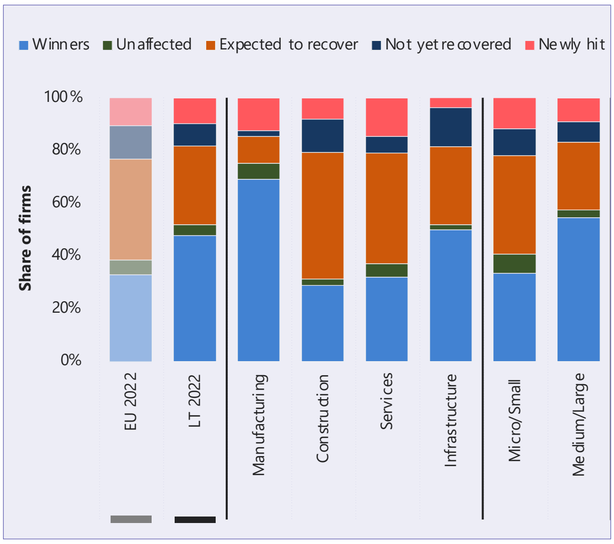
- With regards to the persistent impact of COVID-19 on sales, around 11% of Lithuanian firms expected their sales in 2022 to be lower compared to 2019, while 67% expected an increase. This contrasts with the EU as a whole, where firms hold a less positive outlook.
- Within Lithuania, medium/large firms hold a more positive outlook as opposed to micro/small firms, with 72% of medium/large firms expecting higher revenue in 2022 compared with 2019, compared with 58% of micro/small firms.
- There are also differences by sector, with firms in manufacturing (75%) holding a more positive outlook than in other sectors (51% to 69%).

Q. Compared to 2019, do you expect your sales or turnover in 2022 to be higher, lower or about the same?

Base: All firms (excluding don't know/refused responses)

IMPACT ON FIRMS' SALES OR TURNOVER AND EXPECTED RECOVERY

- About 38% of firms in Lithuania were negatively impacted by COVID-19. Nevertheless, 30% expected to recover in 2022 by coming back to, at least, their 2019 sales' level.
- Around 10% of Lithuanian firms expected a sales drop in 2022, back to or below pre-pandemic levels, in spite of not having experienced any year-on-year sales decline during the COVID-19 crisis ("newly hit" firms).
- Lithuania has more COVID-19 "winners" than the EU as a whole (nearly half of firms never experienced a loss of sales/turnover in 2020-2021 and expected 2022 sales to be higher than in 2019, compared with 33% in the EU). In the manufacturing sector this category is even larger, accounting for 69% of firms.



Q. Compared to 2019, before the pandemic started, did your companies sales and turnover in 2020 decline, increase or stay the same?
Q. Compared to 2020, did your companies sales and turnover in 2021 decline, increase or stay the same?

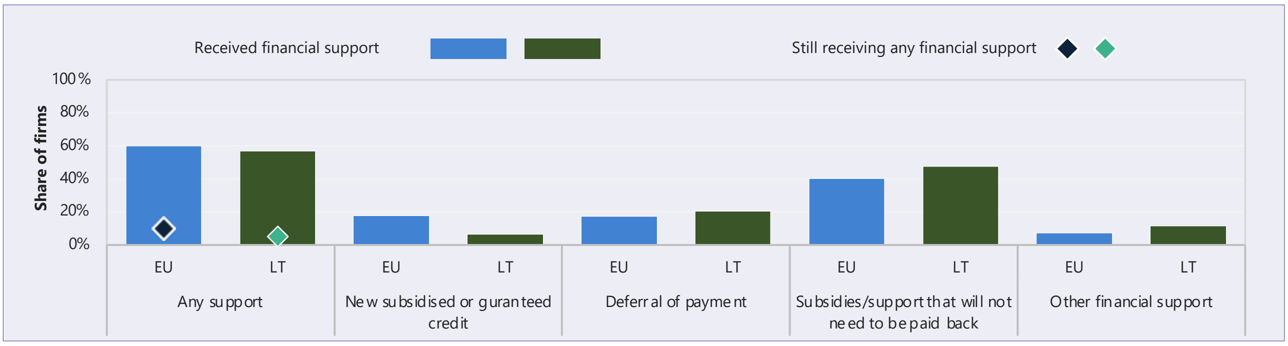
Q. Compared to 2019, do you expect your sales or turnover in 2022 to be higher, lower or about the same?

Base: All firms (excluding don't know/refused responses)

Impact of COVID-19

FINANCIAL SUPPORT RECEIVED IN RESPONSE TO COVID-19

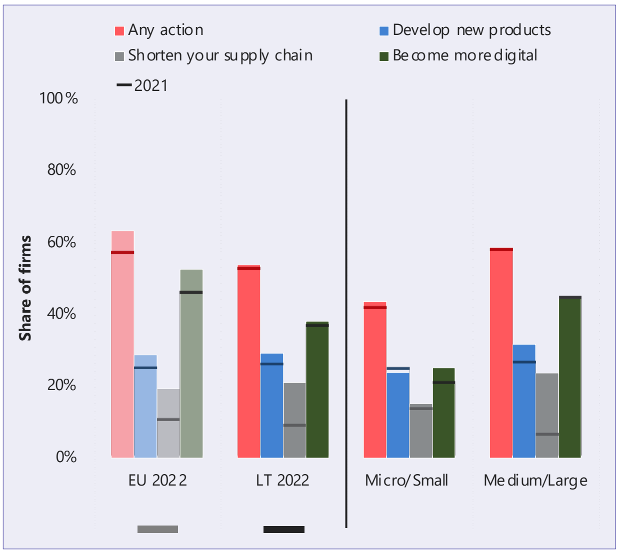
- Around 57% of Lithuanian firms have received some form of financial support in response to COVID-19, in line with the EU average (60%).
- The most frequent type of support received by Lithuanian firms is subsidies and other support that will not need to be paid back (48%).
- Just 7% of firms in Lithuania received new subsidised or guaranteed credit, lower than the EU average (18%).
- A lower share of Lithuanian firms (5%) are still receiving financial support than across the EU as a whole (10%).



Q. Since the start of the pandemic, have you received any financial support in response to COVID-19? This can include finance from a bank or other finance provider, or government-backed finance?
Q. Are you still receiving (any of) this financial support?

Base: All firms (excluding don't know/refused responses)

ACTIONS AS A RESULT OF COVID-19



- Around 54% of firms report having taken at least one short-term action as a result of COVID-19, falling below the EU average (63%).
- The most commonly reported action/investment taken by Lithuanian firms is becoming more digital (cited by 38%), lower than the share of firms reporting this action in the EU as a whole (53%).
- A higher share of medium/large firms had taken any action than micro/small firms (59% versus 44%); this difference was particularly pronounced for becoming more digital (44% versus 25%).

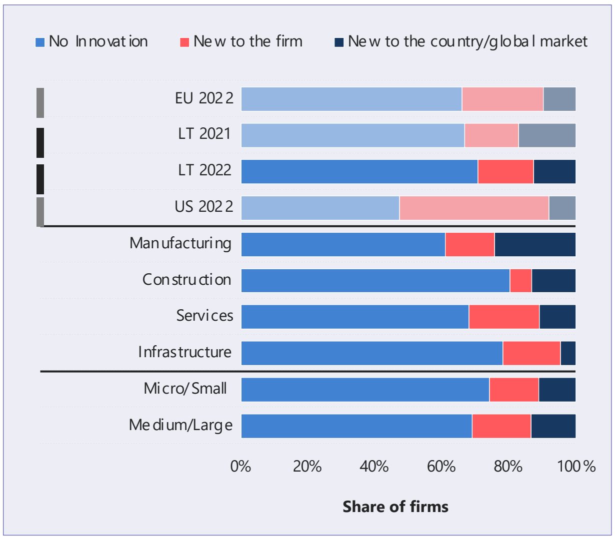
Q. As a response to the COVID-19 pandemic, have you taken any actions or made investments to...?

Base: All firms (excluding don't know/refused responses)

Innovation activities

INNOVATION ACTIVITY

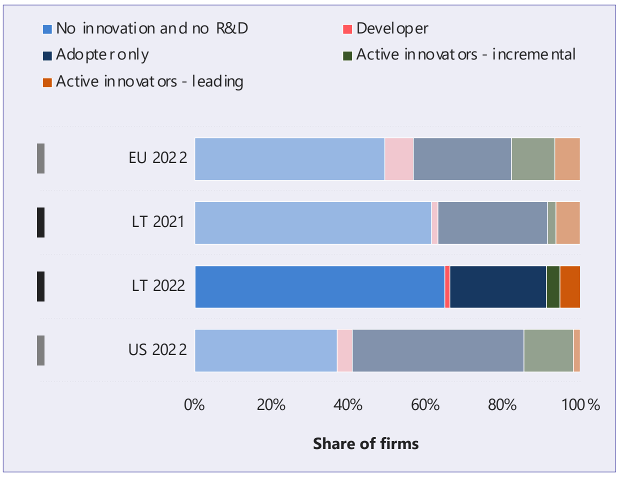
- About 29% of Lithuanian firms developed/ introduced new products, processes or services as part of their investment activities, a similar share compared to EIBIS 2021 (33%) and in line with the EU average (34%).
- Furthermore, around 13% have developed or introduced products, processes or services that are new to the country or global market. This was driven by firms in the manufacturing sector, where 24% have done so.



Q. What proportion of total investment was for developing or introducing new products, processes, services?
Q. Were the products, processes or services new to the company, new to the country, new to the global market?

Base: All firms (excluding don't know/refused responses)

INNOVATION PROFILE



- Less than 10% of Lithuanian firms can be classified as active innovators – that is, as firms that invested significantly in research and development and introduced a new product, process or service. This is in line EIBIS 2021, but lower than across the EU as a whole (18%).
- Among active innovators, more Lithuanian firms are leading innovators (5%) than incremental innovators (3%).
- On the other hand, almost two thirds (65%) of firms in Lithuania did not innovate or invest in R&D at all, similar to EIBIS 2021 but far higher than the EU average (49%).

Q. What proportion of total investment was for developing or introducing new products, processes, services?
Q. Were the products, processes or services new to the company, new to the country, new to the global market?
Q. In the last financial year, how much did your business invest in Research and Development (including the acquisition of intellectual property) with the intention of maintaining or increasing your company's future earnings?

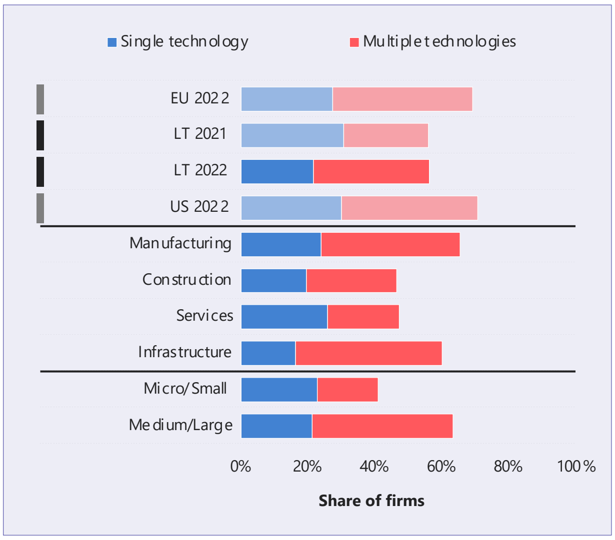
Base: All firms (excluding don't know/refused responses)

The 'No innovation and no R&D' group comprises firms that did not introduce any new products, processes or services in the last financial year. The 'Adopter only' introduced new products, processes or services but without undertaking any of their own research and development effort. 'Developers' are firms that did not introduce new products, processes or services but allocated a significant part of their investment activities to research and development. 'Incremental' and 'Leading innovators' have introduced new products, processes and services and also invested in research and development activities. The two profiles differ in terms of the novelty of the new products, processes or services. For incremental innovators these are 'new to the firm'; for leading innovators' these are new to the country/world'.

Innovation activities

USE OF ADVANCED DIGITAL TECHNOLOGIES

- Overall, 56% of Lithuanian firms used at least one advanced digital technology, a lower share than seen across the EU as a whole (69%).
- Firms in the manufacturing and infrastructure sectors are the most likely to have adopted at least one advanced digital technology (65% and 60% respectively).
- Large firms are more likely than smaller ones to have adopted multiple technologies (42% versus 18%).
- Compared to the EU, Lithuanian firms are strong in the implementation of drones, but fewer use platforms, 3D printing or the Internet of Things.



EIBIS 2022
Q. To what extent, if at all, are each of the following digital technologies used within your business? Please say if you do not use the technology within your business?

EIBIS 2021
Q. Can you tell me for each of the following digital technologies if you have heard about them, not heard about them, implemented them in parts of your business, or whether your entire business is organised around them?

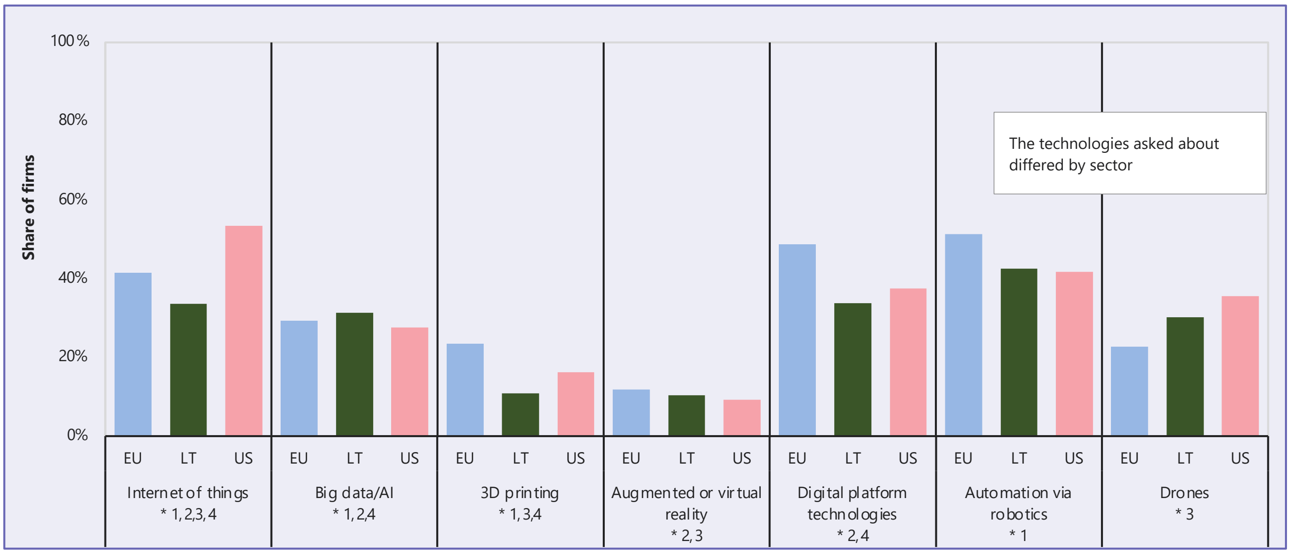
Base: All firms (excluding don't know/refused responses)

Please note: question wording changed between 2021 and 2022, comparisons between the two waves should not be made.

Reported shares combine used the technology 'in parts of business' and 'entire business organised around it'

Single technology is where firms have used one of the technologies asked about. Multiple technologies is where firms have used more than one of the technologies asked about

ADVANCED DIGITAL TECHNOLOGIES



*** Sector: 1 = Asked of Manufacturing firms, 2 = Asked of Services firms, 3 = Asked of Construction firms, 4 = Asked of infrastructure firms**

Reported shares combine used the technology 'in parts of business' and 'entire business organised around it'

Q. To what extent, if at all, are each of the following digital technologies used within your business? Please say if you do not use the technology within your business?

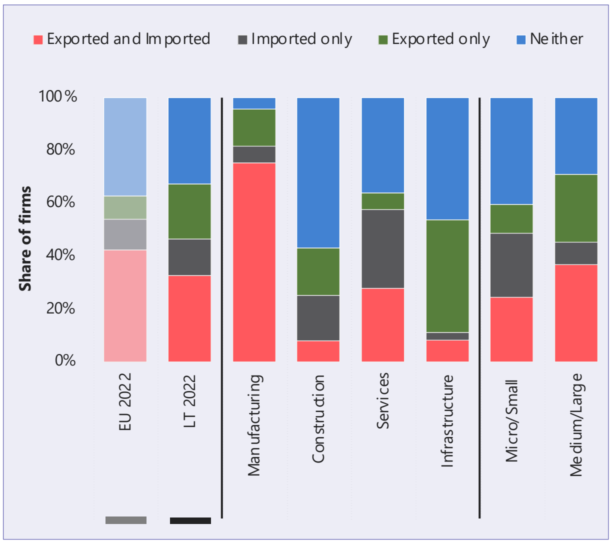
Please note: question wording changed between 2021 and 2022, comparisons between the two waves should not be made.

Base: All firms (excluding don't know/refused responses);
Sample size LT: Manufacturing (104); Construction (100); Services (95); Infrastructure (102)

International trade

ENGAGEMENT IN INTERNATIONAL TRADE

- More than half of firms in Lithuania exported goods or services in 2021 (53%, in line with 51% in the EU as a whole) and 47% imported (slightly lower than the EU average of 54%).
- However Lithuania has a lower share of firms both importing and exporting (33%) than the EU as a whole (42%).
- Nearly all firms in the manufacturing sector (96%) engaged in international trade, with 75% involved in both importing and exporting.

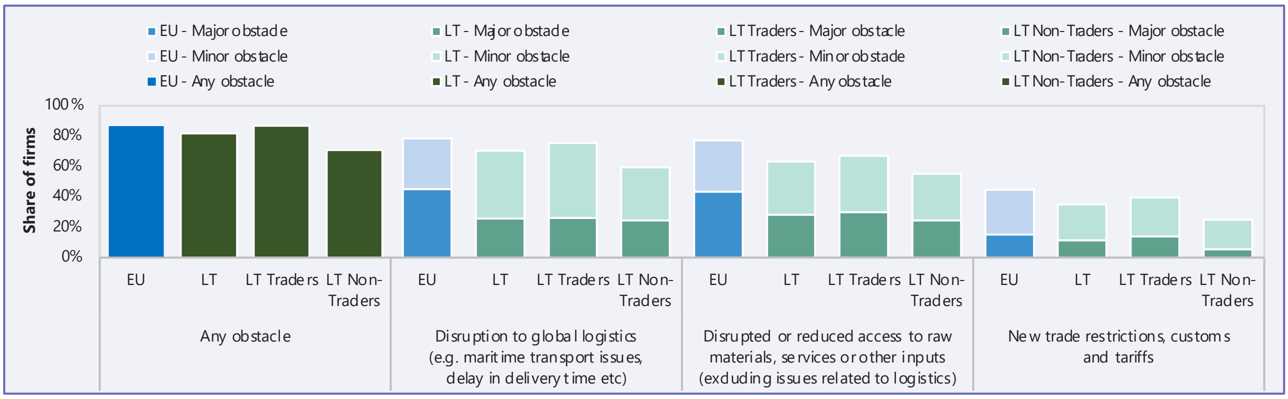


Q. In 2021, did your company export or import goods and/or services?

Base: All firms (excluding don't know/refused responses)

DISRUPTIONS RELATED TO INTERNATIONAL TRADE

- About 82% of Lithuanian firms face disruptions related to international trade, lower than across the EU as a whole (87%).
- Disruption to global logistics (70%) and reduced access to raw materials, services or other inputs (63%) are the most common barriers faced by Lithuanian firms; fewer are affected by new trade restrictions (35%).
- For each barrier, the share of firms reporting an impact is lower than across the EU as a whole.
- Traders are more likely to be affected by each barrier than non-traders.



Q. Since 2021, did any of the following present an obstacle to your business's activities?

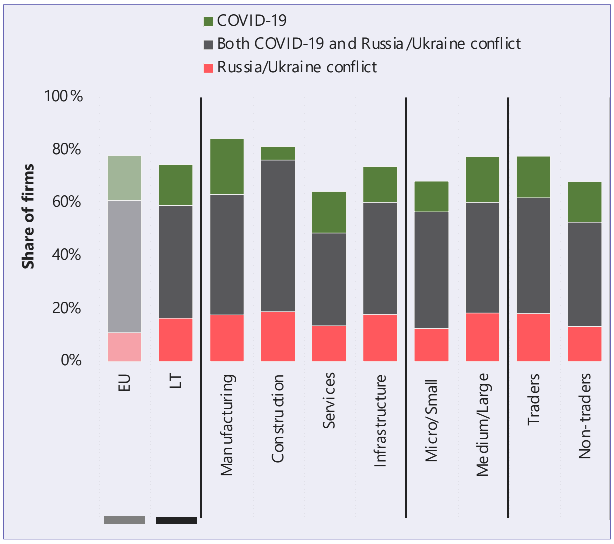
Any obstacle combines 'minor' and 'major' obstacles into one category

Base: "Any obstacle" - All firms (excluding those who said don't know/refused/not applicable responses to all three international trade obstacles)
Base: Individual obstacles - All firms (excluding those who said don't know/refused/not applicable)

International trade

EXTERNAL FACTORS IMPACTING INTERNATIONAL TRADE

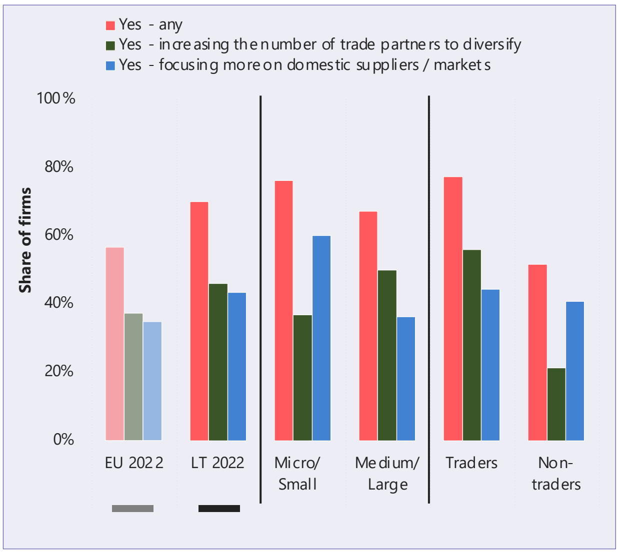
- Three quarters of firms in Lithuania state they were impacted by at least one of the external factors impacting international trade.
- The Russia/Ukraine conflict alone is having more of an impact on Lithuanian firms than across the EU as a whole. As a standalone, this factor impacts 17% of firms in Lithuania compared with 11% in the EU.
- Around 43% of Lithuanian firms state that both the Russia-Ukraine conflict and COVID-19 contributed to international trade obstacles that they faced, in line with the 50% seen across the EU.
- Firms in the services sector have the lowest share of firms impacted by these external factors (64%).



Q. You have just said that you experienced {an obstacle/obstacles} to your business activities since 2021. Did Covid-19 and/or the Russia-Ukraine conflict, including the sanctions imposed by the International community, contribute to this in anyway?

Base: All firms (excluding don't know/refused responses)

ACTIONS TO MITIGATE INTERNATIONAL TRADE DISRUPTIONS



- Overall, Lithuanian firms who are facing disruption are more likely to be taking actions to mitigate the impact of international trade disruption (70%) than the EU average (57%).
- Lithuanian firms are more likely than EU firms as a whole to be increasing their number of trade partners to diversify (46% versus 37%) and to be focusing more on domestic suppliers and markets (44% versus 35%).
- Traders are more likely to be taking action than non-traders, in particular with regards to increasing their number of trade partners to diversify.

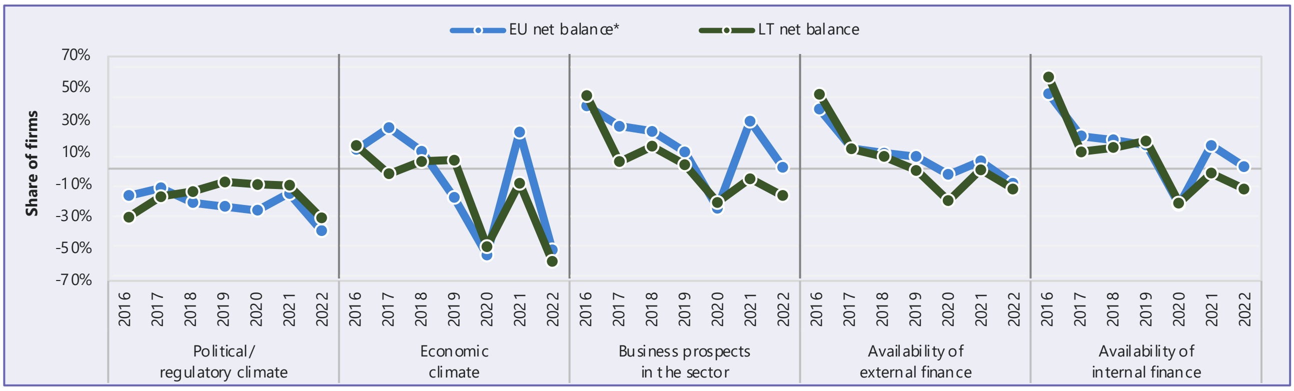
Q. Is your company taking any actions to mitigate the impact of these disruptions?

Base: All firms (excluding don't know/refused responses)

Drivers and constraints

SHORT-TERM FIRM OUTLOOK

- Reversing the upward trend in the outlook seen across all measures asked about in EIBIS 2021, firms are again more pessimistic about the investment conditions for next year.
- Expectations have remained negative in net terms across all five measures, but in particular regarding expectations on the economic climate, declining from -8% to -60%.
- Overall, the short-term outlook in Lithuania follows a similar pattern to that in the EU as a whole, although on balance Lithuanian firms are slightly less positive about business prospects in their sector and the availability of internal finance than EU firms as a whole.



Q, Do you think that each of the following will improve, stay the same, or get worse over the next 12 months?

**Net balance is the share of firms seeing improvement minus the share of firms seeing a deterioration*

Base: All firms

SHORT-TERM FIRM OUTLOOK BY SECTOR AND SIZE (net balance %)

	Political / regulatory climate	Economic climate	Business prospects	External finance	Internal finance
Lithuania	31%	60%	16%	12%	12%
Manufacturing	25%	55%	7%	20%	8%
Construction	35%	68%	33%	16%	14%
Services	37%	69%	29%	20%	14%
Infrastructure	29%	54%	6%	6%	12%
Micro/Small	28%	61%	24%	17%	10%
Medium/Large	33%	60%	13%	9%	13%

Please note: green figures are positive, red figures are negative

- Firms in Lithuania are consistently more negative than positive about all five areas covered by EIBIS 2022 across different sectors and firm sizes.
- The only exception is the outlook for external finance in the infrastructure sector, which is marginally positive at 6%.

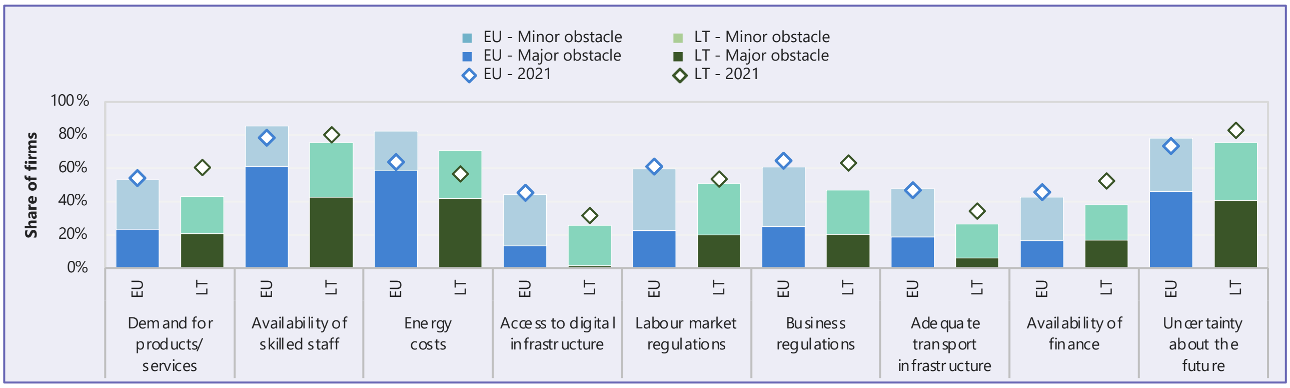
Q. Do you think that each of the following will improve, stay the same, or get worse over the next twelve months?

Base: All firms

Drivers and constraints

LONG-TERM BARRIERS TO INVESTMENT

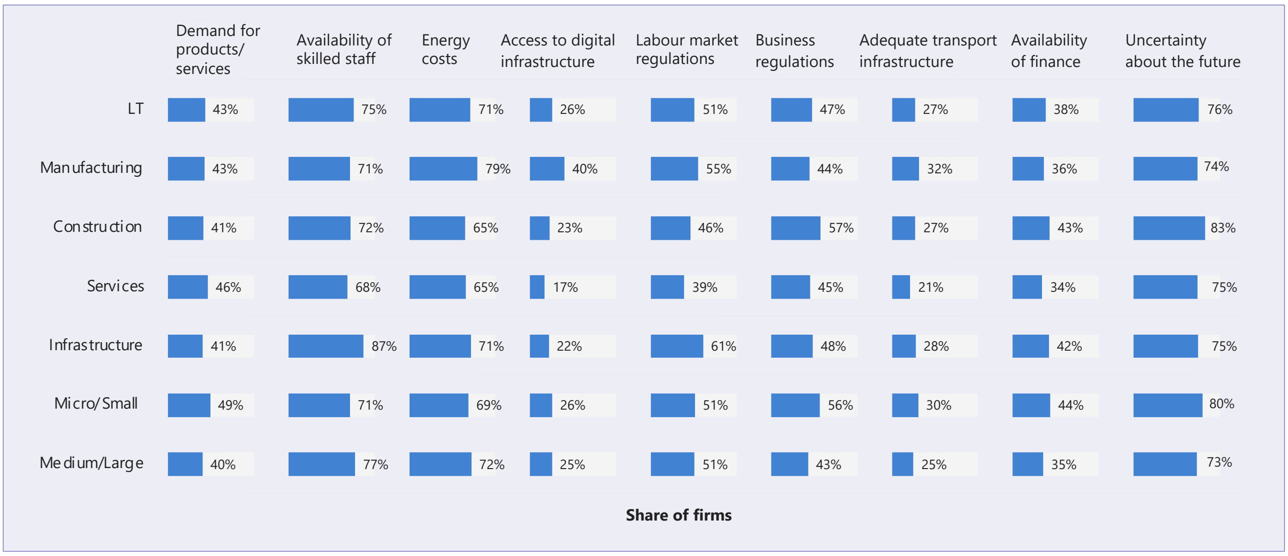
- The most frequently cited long-term barriers to investment in Lithuania are uncertainty about the future (76%), availability of skilled staff (75%) and energy costs (71%).
- Compared to EIBIS 2021, fewer firms are seeing demand for products and services or business regulations as an obstacle, however more firms this year are concerned about energy costs (rising from 57% to 71%).
- Firms in Lithuania are less likely to perceive each factor as an obstacle than firms in the EU as a whole – with the exception of availability of finance and uncertainty about the future, which are in line with EU averages.



Q. Thinking about your investment activities, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all?

Base: All firms (data not shown for those who said not an obstacle at all/don't know/refused)

LONG-TERM BARRIERS BY SECTOR AND SIZE



Reported shares combine 'minor' and 'major' obstacles into one category

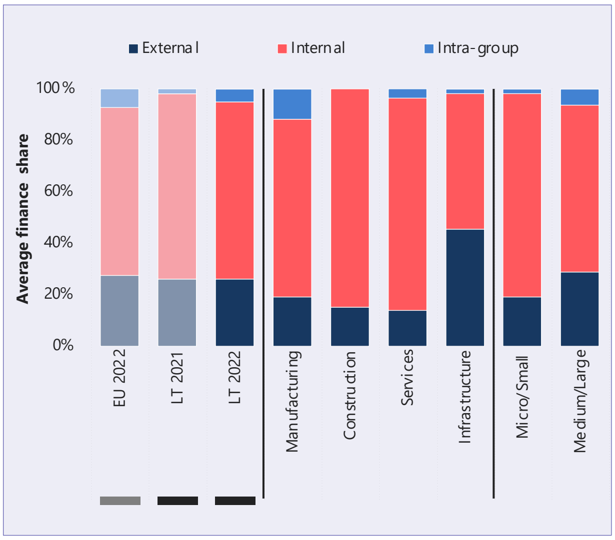
Q. Thinking about your investment activities, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all?

Base: All firms (data not shown for those who said not an obstacle at all/don't know/refused)

Access to finance

SOURCE OF INVESTMENT FINANCE

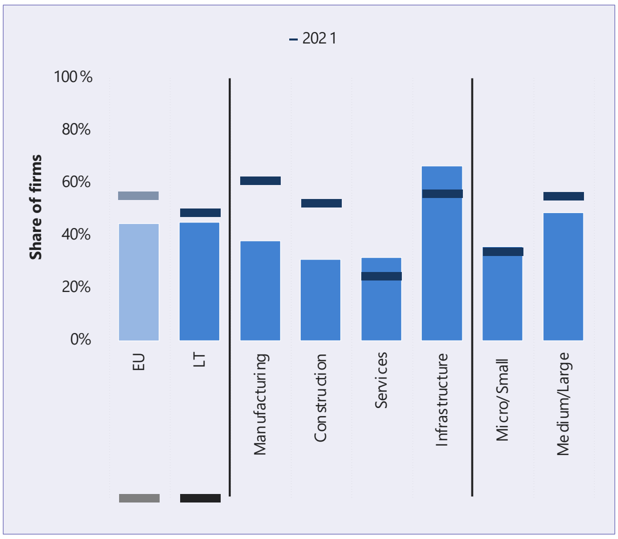
- As in EIBIS 2021 (72%), internal sources currently account for the large majority of Lithuanian firms' investment finance (69%). The share currently financed from external sources is broadly consistent with EIBIS 2021 (both 26%) and the EU average (28%).
- Sources of finance differs by sector. Firms in the infrastructure sector (45%) receive a higher share of their funding from external finance than in other sectors, whilst those in the construction and services sectors finance the majority of their investment from internal funds (85% and 83% respectively).
- Micro/small firms rely more on internal funds to finance their investment (79% of total investment) than medium/large firms (65%).



Q. What proportion of your investment was financed by each of the following?

Base: All firms who invested in the last financial year (excluding don't know/ refused responses)

USE OF EXTERNAL FINANCE



- About 45% of firms who invested in the last financial year had financed some of their investments through external finance. This was in line with the EU as a whole (also 45%).
- The infrastructure sector had the highest share of firms who used external finance in the last financial year (67%).

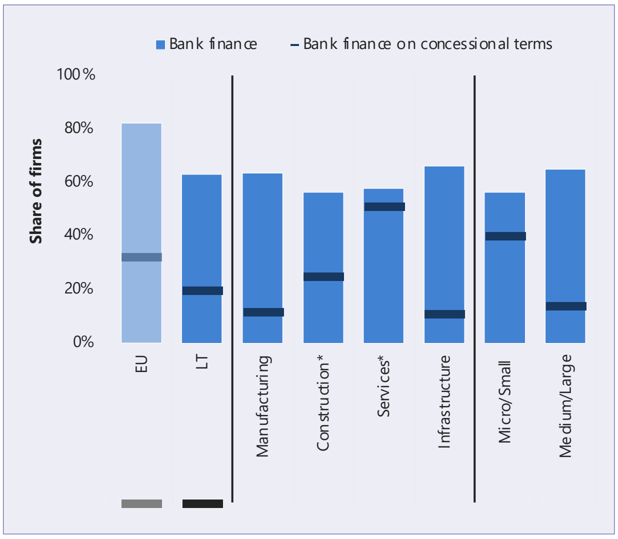
Q. Approximately what proportion of your investment in the last financial year was financed by each of the following

Base: All firms who invested in the last financial year (excluding don't know/ refused responses)

Access to finance

ACCESS TO BANK FINANCE AND CONDITIONS

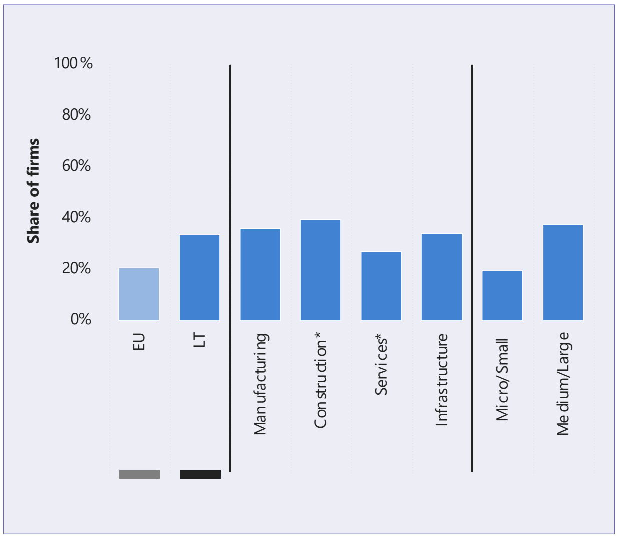
- Overall, 63% of firms who used external finance, had received bank finance.
- About 20% of Lithuanian firms using external finance received bank finance on concessional terms.
- This is considerably less than across the EU as a whole, where 32% of firms using external finance received bank finance on concessional terms.
- Micro and small firms who had used external finance are considerably more likely to have received bank finance on concessional terms (40%) than medium and large firms (14%).



Q. Which of the following types of external finance did you use for your investment activities in the last financial year?
Q. Was any of the bank finance you received on concessional terms (e.g. subsidised interest rates, longer grace period to make debt payments)?

Base: All firms who used external finance (excluding don't know/refused responses)
** Caution base size <30*

SHARE OF FIRMS WITH FINANCE FROM GRANTS



- Around 34% of firms using external finance in Lithuania received grants. This is higher than the EU average of 21%.
- Firms in Lithuania receiving grants funded 30% of their investment in that way. This is in line with the EU average.
- Medium and large firms are more likely to have received grants (38%) than micro and small firms (20%).

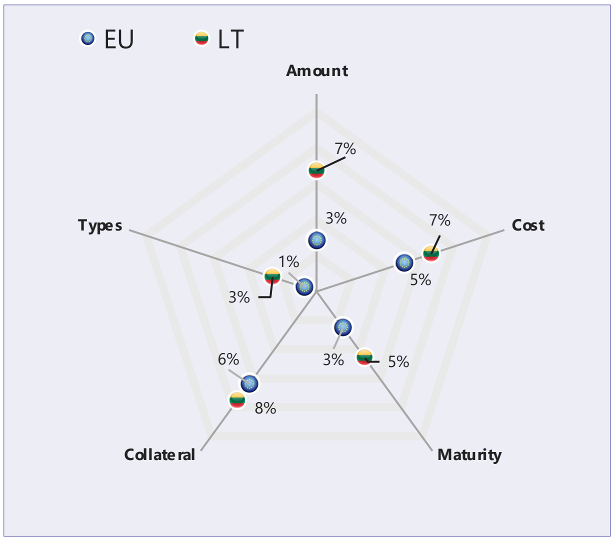
Q. What proportion of your total investment in your last financial year was financed by grants?

Base: All firms using external finance (excluding don't know/refused responses)
** Caution base size <30*

Access to finance

DISSATISFACTION WITH EXTERNAL FINANCE RECEIVED (% of firms)

- A small share of Lithuanian firms that used external finance in 2021 are dissatisfied with the attached finance conditions.
- Lithuanian firms report higher levels of dissatisfaction across the board than their EU counterparts.
- Lithuanian firms are most dissatisfied with the collateral requirements (8%), with the amount of finance obtained (7%) and with the cost of the finance (also 7%).



Q. How satisfied or dissatisfied are you with ...?

Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)

DISSATISFACTION BY SECTOR AND SIZE (% of firms)

	Amount	Cost	Maturity	Collateral	Type
LT	7%	7%	5%	8%	3%
Manufacturing	15%	4%	2%	7%	1%
Construction*	13%	17%	5%	14%	10%
Services*	11%	14%	14%	9%	7%
Infrastructure	0%	4%	2%	6%	1%
Micro/Small	6%	5%	2%	10%	3%
Medium/Large	7%	7%	5%	7%	3%

- Overall dissatisfaction levels are low, however there are some variations by sector.
- Firms in the infrastructure sector consistently display the lowest levels of dissatisfaction.
- There is very little difference in dissatisfaction levels by size of firm.

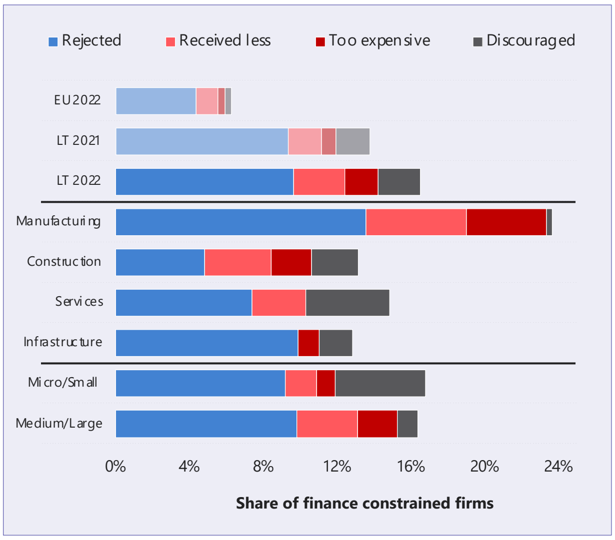
Q. How satisfied or dissatisfied are you with ...?

Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)
** Caution base size <30*

Access to finance

SHARE OF FINANCE CONSTRAINED FIRMS

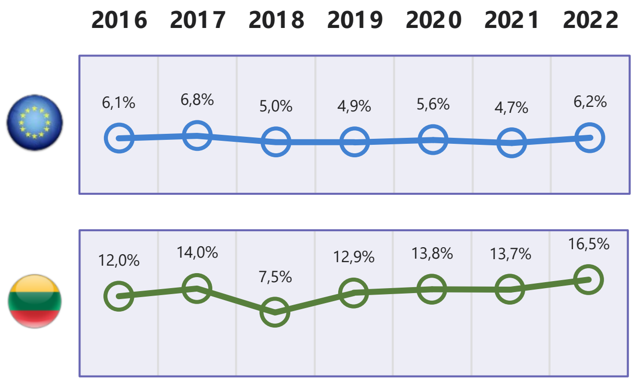
- The share of financially constrained firms in Lithuania (16.5%) is far higher than the share of financially constrained firms in the EU as a whole (6.2%).
- The main constraint reported by Lithuanian firms is rejection of external finance, which at 9.6% is more than twice the level seen in the EU as a whole (4.3%).
- Firms in manufacturing are the most finance constrained (23.6%).
- Micro and small firms are most likely to report being discouraged to seek external finance (4.9%).



Finance constrained firms include: those dissatisfied with the amount of finance obtained (received less), firms that sought external finance but did not receive it (rejected) and those who did not seek external finance because they thought borrowing costs would be too high (too expensive) or they would be turned down (discouraged)

Base: All firms (excluding don't know/refused responses)

FINANCING CONSTRAINTS OVER TIME



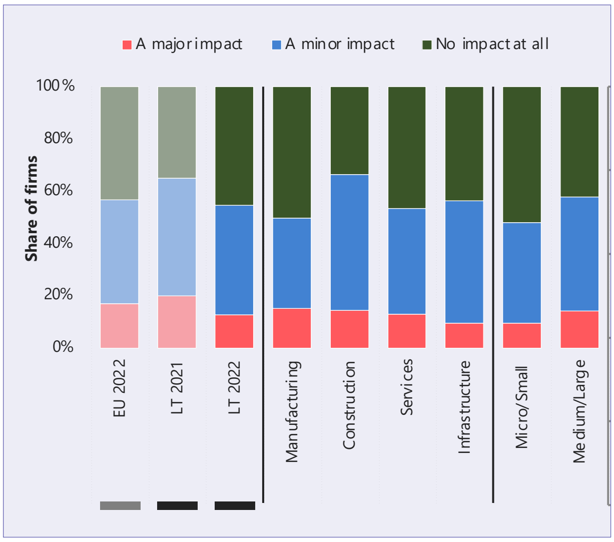
- The share of financially constrained firms in Lithuania has increased slightly since EIBIS 2021, from 13.7% to 16.5%.
- This is similar to the pattern seen across the EU as a whole, where there has also been a slight increase.
- The share of financially constrained firms in Lithuania is the highest it has been since the EIBIS was initiated in 2016.

Base: All firms (excluding don't know/refused responses)

Climate change and energy efficiency

IMPACT OF CLIMATE CHANGE – PHYSICAL RISK

- The proportion of firms in Lithuania reporting that weather events are currently having an impact on their business has decreased since EIBIS 2021 (declining from 65% to 55%).
- The overall share of firms reporting an impact is in line with the EU as a whole (55% versus 57%).
- The construction sector has the highest share of firms reporting that weather events are impacting their business (66%).
- A higher share of medium and large firms (58%) report an impact than micro and small firms (48%).

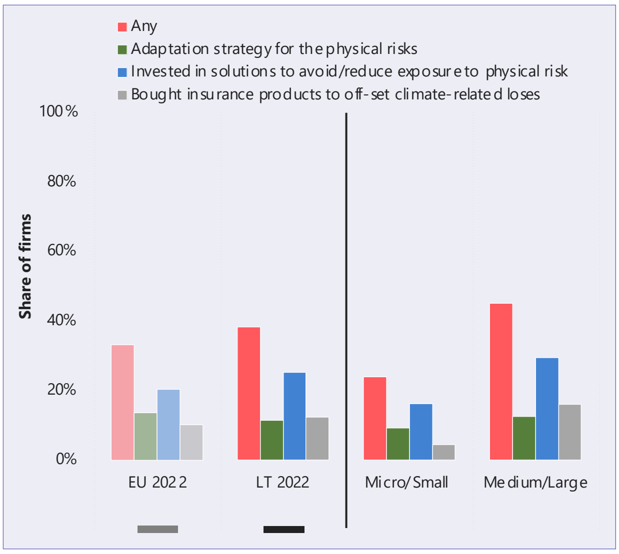


Q. Thinking about the impact of climate change on your company, such as losses due to extreme climate events, including droughts, flooding, wildfires or storms or changes in weather patterns due to progressively increasing temperature and rainfall. What is the impact, also called physical risk, of this on your company?

Base: All firms (excluding don't know/refused responses)

Please note: question wording changed between 2021 and 2022. Comparisons should be treated with caution.

BUILDING RESILIENCE TO PHYSICAL RISK



Q. Has your company developed or invested in any of the following measures to build resilience to the physical risks to your company caused by climate change?

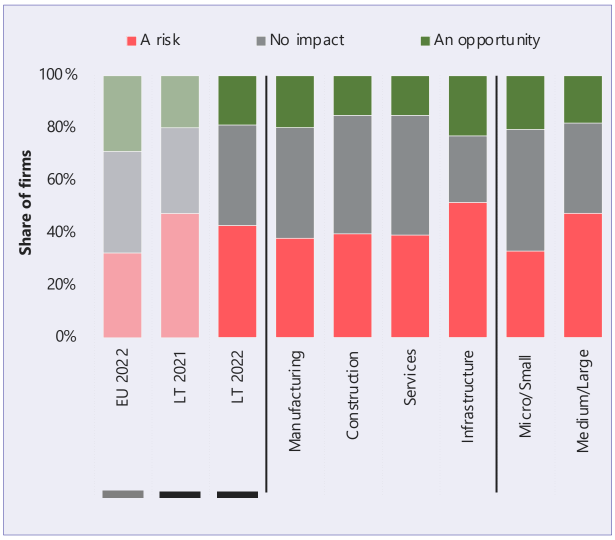
Base: All firms (excluding don't know/refused responses)

- Overall, 38% of Lithuanian firms have already developed or invested in measures for building resilience to physical risk caused by climate change. This is broadly in line with the EU as a whole (33%).
- Lithuanian firms have mainly invested in solutions to avoid or reduce exposure to physical climate risks, similar to the EU average (25% and 20% respectively).
- Medium and large firms are more likely to have taken action to build resilience to physical risk, in particular with regards to investing in solutions to avoid or reduce exposure to physical climate risks (30% versus 16%) and purchasing insurance to offset climate-related losses (16% versus 5%).

Climate change and energy efficiency

IMPACT OF CLIMATE CHANGE – RISKS ASSOCIATED WITH THE TRANSITION TO A NET ZERO EMISSION ECONOMY OVER THE NEXT FIVE YEARS

- In Lithuania 38% of firms do not yet see the climate transition as a risk or as an opportunity. This is in line with the EU as a whole.
- Firms in Lithuania are far more likely to see the transition as a risk (43%) than an opportunity (19%). This is in contrast to the picture seen across the EU as a whole, where the risk versus opportunity balance is relatively even (32% and 29% respectively).
- Only 25% of infrastructure firms think that the climate transition will have no impact on them, much lower than across other sectors (42% to 46%).
- Medium and large firms are more likely to perceive the transition as a risk than micro and small firms (47% versus 33%).

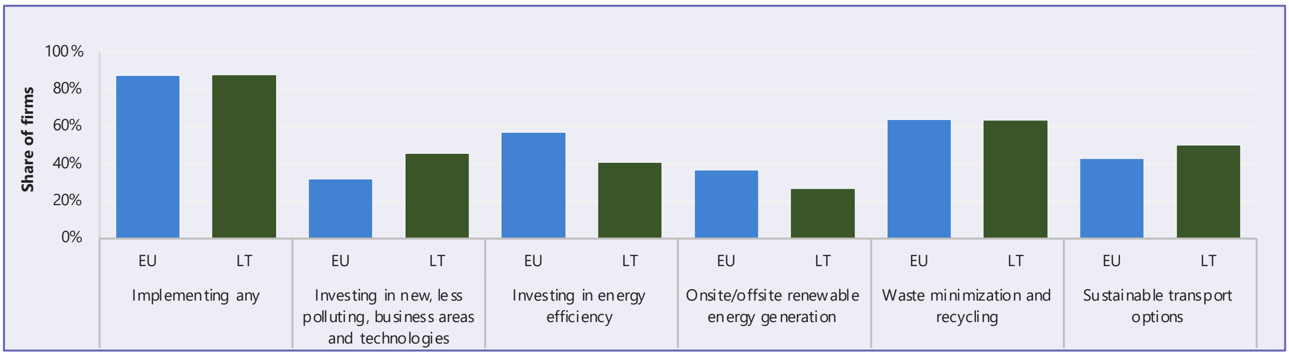


Q. Thinking about your company, what impact do you expect this transition to stricter climate standards and regulations will have on your company over the next five years?

Base: All firms (excluding don't know/refused responses)

ACTIONS TO REDUCE GHG EMISSIONS

- 88% of Lithuanian firms have taken actions in order to reduce greenhouse gas (GHG) emissions, in line with the EU as a whole.
- The main actions in Lithuania are waste minimization and recycling (64%) and sustainable transport options (50%).
- Firms in Lithuania are more likely than those in the EU as a whole to be investing in new, less polluting, business areas and technologies (46% versus 32%). However, Lithuanian firms are less likely than their EU counterparts to be investing in energy efficiency (41% versus 57%) or onsite/offsite renewable energy generation (27% versus 37%).



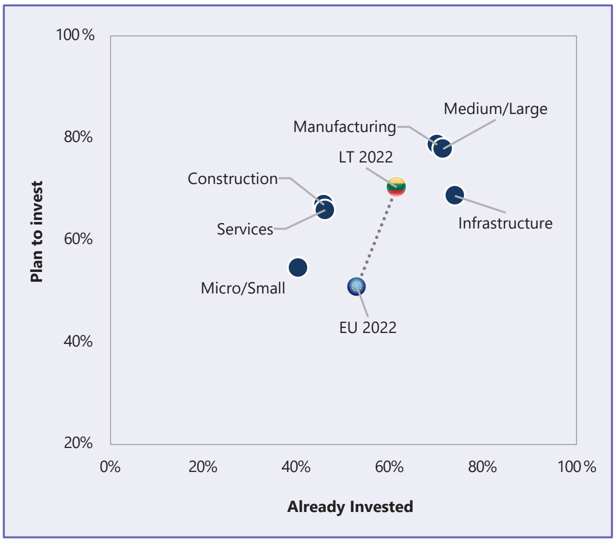
Q. Is your company investing or implementing any of the following, to reduce Greenhouse Gas (GHG) emissions?

Base: All firms (excluding don't know/refused responses)

Climate change and energy efficiency

INVESTMENT PLANS TO TACKLE CLIMATE CHANGE IMPACT

- Overall, 61% of firms in Lithuania have already invested in tackling the impacts of weather events and in dealing with the process of reducing carbon emissions. This is higher than across the EU as a whole (53%).
- Firms in Lithuania are also more likely than across the EU as a whole to plan to invest in these areas over the next three years (70% versus 51%).
- Medium and large firms are most likely to have already invested (71%), as are those in the infrastructure and manufacturing sectors (74% and 70% respectively).



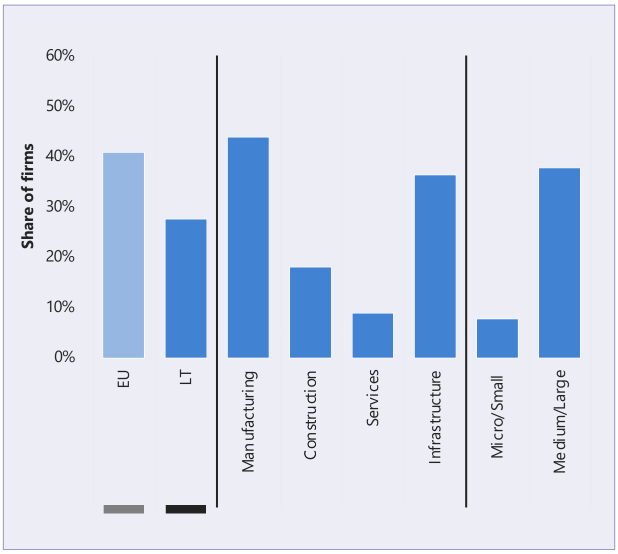
EIBIS 2022
Q. Which of the following applies to your company regarding investments to tackle the impacts of weather events and to help reduce carbon emissions?

EIBIS 2021
Q. Now thinking about investments to tackle the impacts of weather events and to deal with the process of reduction in carbon emissions, which of the following applies?

Base: All firms (excluding don't know/refused responses)

Please note: question change and an additional answer option was included in 2022, this may have influenced the data. Treat comparison to previous waves with caution.

CLIMATE CHANGE TARGETS FOR OWN GREENHOUSE GAS (GHG) EMISSIONS



- Around 28% of Lithuanian firms report that they set and monitor targets for their own greenhouse gas (GHG) emissions, far lower than the 41% seen across the EU as a whole.
- Firms in the manufacturing and infrastructure sectors (44% and 37% respectively) and large firms (38%) are the most likely to set and monitor these targets.

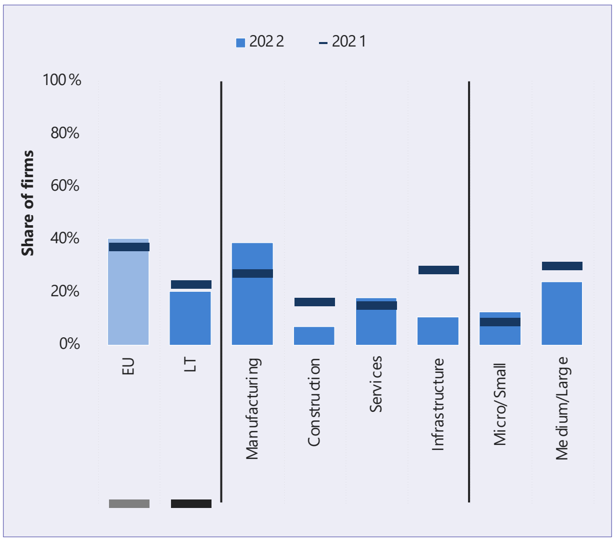
Q. Does your company... set and monitor targets for its own Greenhouse Gas (GHG) emissions

Base: All firms (excluding don't know/refused responses)

Climate change and energy efficiency

SHARE OF FIRMS INVESTING IN MEASURES TO IMPROVE ENERGY EFFICIENCY

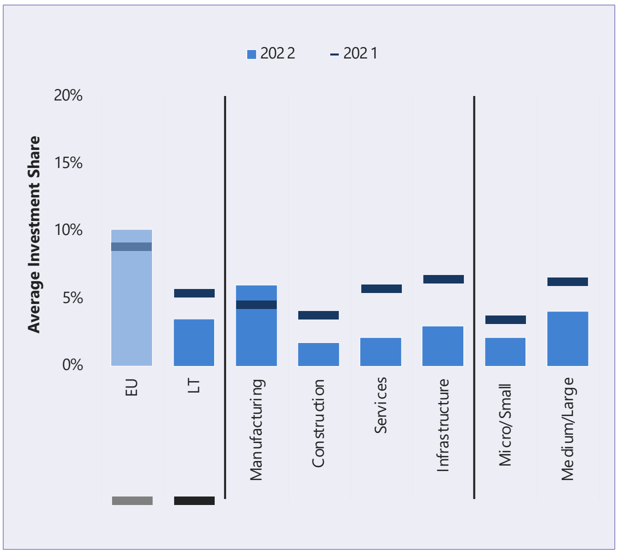
- Overall, just 20% of Lithuanian firms have invested in measures to improve energy efficiency in 2021, around half the level seen across the EU as a whole (40%).
- There is considerable variation by sector, with a far higher share of firms in the manufacturing sector investing in improving energy efficiency (39%) than in the construction or infrastructure sector (7% and 11% respectively).
- Medium and large firms are more likely than micro and small firms to be investing in energy efficiency (24% versus 13%).



Q. What proportion of the total investment in the last financial year was primarily for measures to improve energy efficiency in your organisation?

Base: All firms

AVERAGE SHARE OF INVESTMENT IN MEASURES TO IMPROVE ENERGY EFFICIENCY



- Overall, the average share of investment in measures to improve energy efficiency in Lithuania was 3% in the last financial year, slightly lower than in EIBIS 2021 (5%) and far lower than across the EU as a whole (10%).
- Firms in the manufacturing sector spent a higher share of their investment on energy efficiency than those in other sectors (6% versus 2% to 3% in other sectors).
- The share of investments spent on energy efficiency within the other three sectors (construction, services and infrastructure) have all fallen since EIBIS 2021.
- Medium and large firms allocated a slightly higher share of investment to energy efficiency than micro and small firms (4% versus 2%).

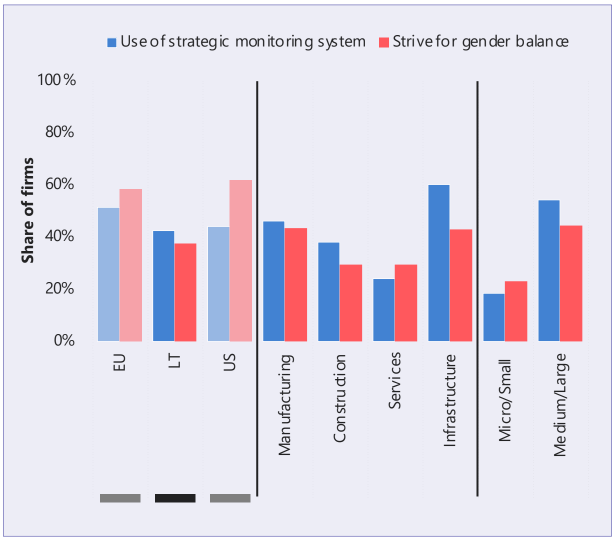
Q. What proportion of the total investment in the last financial year was primarily for measures to improve energy efficiency in your organisation?

Base: All firms who have invested in the last financial year (excluding don't know/refused responses)

Firm management, gender balance and employment

FIRM MANAGEMENT AND GENDER BALANCE

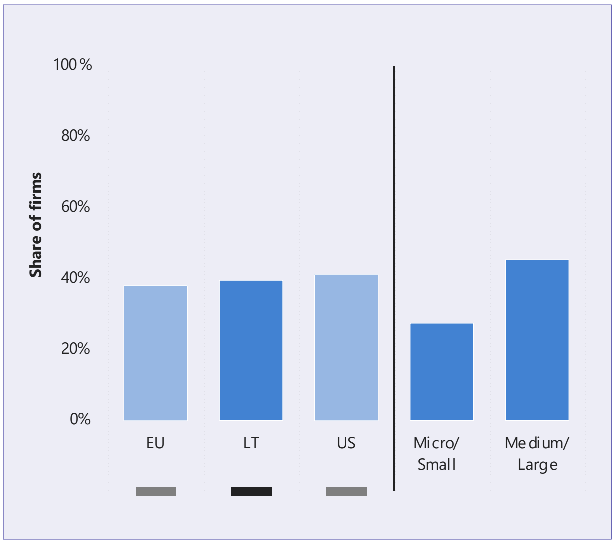
- Overall, 43% of Lithuanian firms use a strategic monitoring system, a lower proportion than across EU as a whole (51%).
- When it comes to striving for gender balance, the proportion of firms in Lithuania is considerably below that seen in the EU as a whole (38% versus 58%).
- Firms in the infrastructure sector more commonly used strategic monitoring systems than those in other sectors (60% versus 24%-46%).
- The construction and services sectors are the least likely to be striving for gender balance (30% versus 43%-44% in other sectors).
- Medium and large firms are more likely to use strategic monitoring systems and strive for gender balance than micro and small firms.



Q Does your company…?

Base: All firms (excluding don't know/refused responses)

FIRMS WHO HAVE INCREASED EMPLOYEE NUMBERS SINCE 2019



- About 40% of Lithuanian firms have increased their employment since 2019.
- This is in line with the EU as a whole, where about 38% of firms have done so.
- A higher share of medium and large firms have increased employee numbers since 2019 than micro and small firms (45% versus 27%).

Q. How many people does your company employ either full or part time at all its locations, including yourself?

Q. How many people did your company employ either full or part time at all its locations at the beginning of 2019, before the COVID-19 pandemic?

Base: All firms (excluding don't know/refused/did not exist in 2019 responses)

EIBIS 2022 – Country technical details

SAMPLING TOLERANCES APPLICABLE TO PERCENTAGES AT OR NEAR THESE LEVELS

The final data are based on a sample, rather than the entire population of firms in Lithuania, so the percentage results are subject to sampling tolerances. These vary with the size of the sample and the percentage figure concerned.

	EU	US	LT	Manufact-uring	Construction	Services	Infrastructure	SME	Large	EU vs LT	Manuf vs Constr	SME vs Large
	(12021)	(800)	(404)	(104)	(100)	(95)	(102)	(376)	(28)	(12021 vs 404)	(104 vs 100)	(376 vs 28)
10% or 90%	1.1%	4.1%	4.0%	8.1%	8.0%	5.5%	8.5%	3.2%	9.5%	4.1%	11.4%	10.0%
30% or 70%	1.7%	6.2%	6.0%	12.4%	12.2%	8.5%	13.0%	4.8%	14.5%	6.3%	17.4%	15.3%
50%	1.8%	6.8%	6.6%	13.5%	13.3%	9.2%	14.2%	5.3%	15.8%	6.8%	18.9%	16.6%

GLOSSARY

Investment	A firm is considered to have invested if it spent more than EUR 500 per employee on investment activities with the intention of maintaining or increasing the company's future earnings.
Investment cycle	Based on the expected investment in current financial year compared to last one, and the proportion of firms with a share of investment greater than EUR 500 per employee.
Manufacturing sector	Based on the NACE classification of economic activities: firms in group C (Manufacturing).
Construction sector	Based on the NACE classification of economic activities: firms in group F (Construction).
Services sector	Based on the NACE classification of economic activities: firms in group G (wholesale and retail trade) and group I (accommodation and food Services activities).
Infrastructure sector	Based on the NACE classification of economic activities: firms in groups D and E (utilities), group H (transportation and storage) and group J (information and communication).
Micro/Small	Firms with between 5 and 49 employees.
Medium/Large	Firms with at least 50 or more employees.

Note: the EIBIS 2022 country overview refers interchangeably to 'the past/last financial year' or to '2021'. Both refer to results collected in EIBIS 2022, where the question is referring to the past financial year, with the majority of the financial year in 2021 in case the financial year is not overlapping with the calendar year 2021.

EIBIS 2022 – Country technical details

The country overview presents selected findings based on telephone interviews with 404 firms in Lithuania (carried out between April and July 2022).

BASE SIZES *(*Charts with more than one base; due to limited space, only the lowest base is shown)*

Base definition and page reference	EU 2022/2021	US 2022	LT 2022/2021	Manufacturing	Construction	Services	Infrastructure	Micro/ Small	Medium/ Large
All firms, p. 3, p.12, p.13, p. 21 (top)	12021/11920	800	404/400	104	100	95	102	241	163
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 4 (top)	9704/9670	668	336/331	88	82	72	91	188	148
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 4 (bottom)	9501/9523	668	343/337	90	82	74	94	191	152
All firms (excluding 'Company didn't exist three years ago' responses), p. 5 (top)	11735/11648	778	390/390	101	95	91	100	233	157
All firms (excluding don't know/refused responses), p. 5 (bottom)	11814/11765	780	401/391	104	98	95	101	238	163
All firms (excluding don't know/refused responses), p. 6 (top)	11810/NA	795	394/NA	104	96	90	101	236	158
All firms (excluding don't know/refused responses), p. 6 (bottom)	11725/NA	784	391/NA	103	95	90	100	234	157
All firms (excluding don't know/refused responses), p. 7 (top)	11945/11857	762	403/398	104	100	95	101	240	163
All firms (excluding don't know/refused responses), p. 7 (bottom)	11989/11891	796	404/399	104	100	95	102	241	163
All firms (excluding don't know/refused responses), p. 8 (top)	11735/11648	778	390/390	101	95	91	100	233	157
All firms (excluding not applicable/don't know/refused responses to all 3 questions), p. 8 (bottom)	8728/8780	615	320/317	85	77	66	89	178	142
All firms (excluding don't know/refused responses), p. 9	11980/NA	800	404/NA	104	100	95	102	241	163
All firms (excluding don't know/refused responses), p. 10 (top)	11975/NA	798	403/NA	104	99	95	102	241	162
All firms (excluding those who said don't know/refused/not applicable responses to all three international trade obstacles) p. 10 (bottom)	11382/NA	790	399/NA	104	98	95	99	238	161
All firms (excluding don't know/refused responses), p. 11 (top)	9339/NA	680	305/NA	88	77	71	68	177	128
All firms facing trade disruptions (excluding don't know/refused responses), p. 11 (bottom)	9265/NA	707	300/NA	85	76	71	67	174	126
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 14	10051/8675	665	341/317	89	82	74	93	190	151
All firms who used external finance (excluding don't know/ refused responses), p. 15 (top)	4107/4059	275	148/134	42	29	20	54	70	78
All firms who used external finance (excluding don't know and refused) p. 15 (bottom)	4155/4100	280	150/137	42	29	20	56	71	79
All firms who used external finance in the last financial year (excluding don't know/refused responses) , p. 16	3988/3964	270	130/112	38	25	15	49	56	74
All firms (excluding don't know/refused responses), p. 17	11504/11518	715	393/393	102	95	92	101	231	162
All firms (excluding don't know/refused responses), p. 18 (top)	11911/11849	790	401/396	103	99	94	102	239	162
All firms (excluding don't know/refused responses), p. 18 (bottom)	11909/NA	784	400/NA	103	100	94	100	239	161
All firms (excluding don't know/refused responses), p. 19 (top)	11172/11384	759	381/376	97	94	91	96	226	155
All firms (excluding don't know/refused responses), p. 19 (bottom)	11964/NA	794	403/NA	104	100	94	102	240	163
All firms (excluding don't know/refused responses), p. 20 (top)	11685/NA	763	392/NA	101	97	92	99	235	157
All firms (excluding don't know/refused responses), p. 20 (bottom)	11712/NA	783	395/NA	100	98	95	99	241	154
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 21 (bottom)*	9752/9617	677	331/323	86	79	74	89	188	143
All firms (excluding don't know/refused responses) p. 22 (top)	11696/11616	785	394/387	102	96	95	98	235	159
All firms (excluding don't know/refused/did not exist in 2019 responses) p. 22 (bottom)	11662/11718	783	388/382	99	92	94	100	232	156

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Lithuania

Overview

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