

OECD Services Trade Restrictiveness Index (STRI)

LITHUANIA – 2020

Key findings

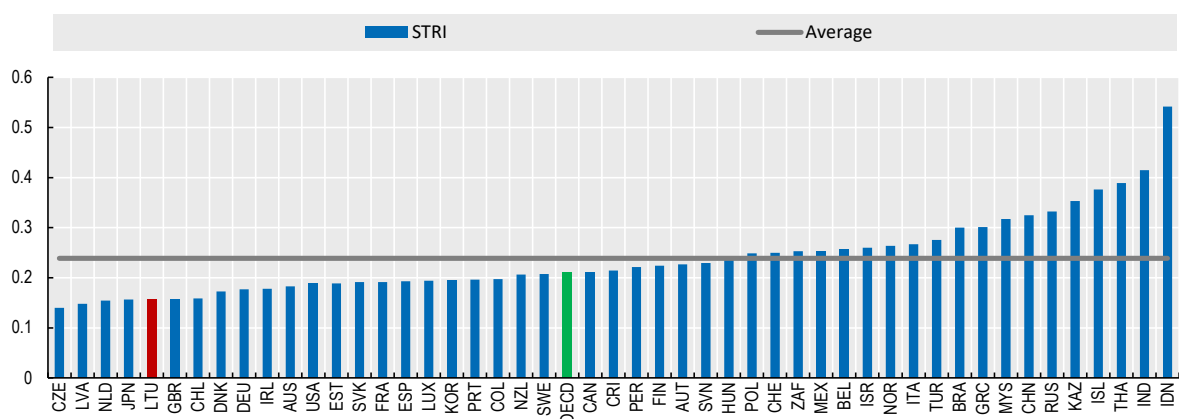
- The 2020 STRI of Lithuania is well below the OECD average and low compared to other countries in the STRI sample.
- Lithuania’s regulatory environment for services was relatively stable over the past years. It has not changed from 2019 to 2020.
- Some progress in liberalisation of services industries can be observed in Lithuania, in particular in terms of movement of professionals and recognition of foreign qualifications.
- Despite progress on trade liberalisation efforts, there is still some space for continued liberalisation of regulations applicable to movement of professionals and market entry.

Recommendation

- Innovation and adoption of technology relies on access to knowledge and to the networks, people, goods and services that carry the knowledge around the world. In this context, Lithuania could benefit from more open markets for services trade.

The 2020 STRI of Lithuania is well below the OECD average and low compared to other countries in the STRI sample (Figure 1), unchanged compared to 2019.

Figure 1. Average STRI across countries, 2020



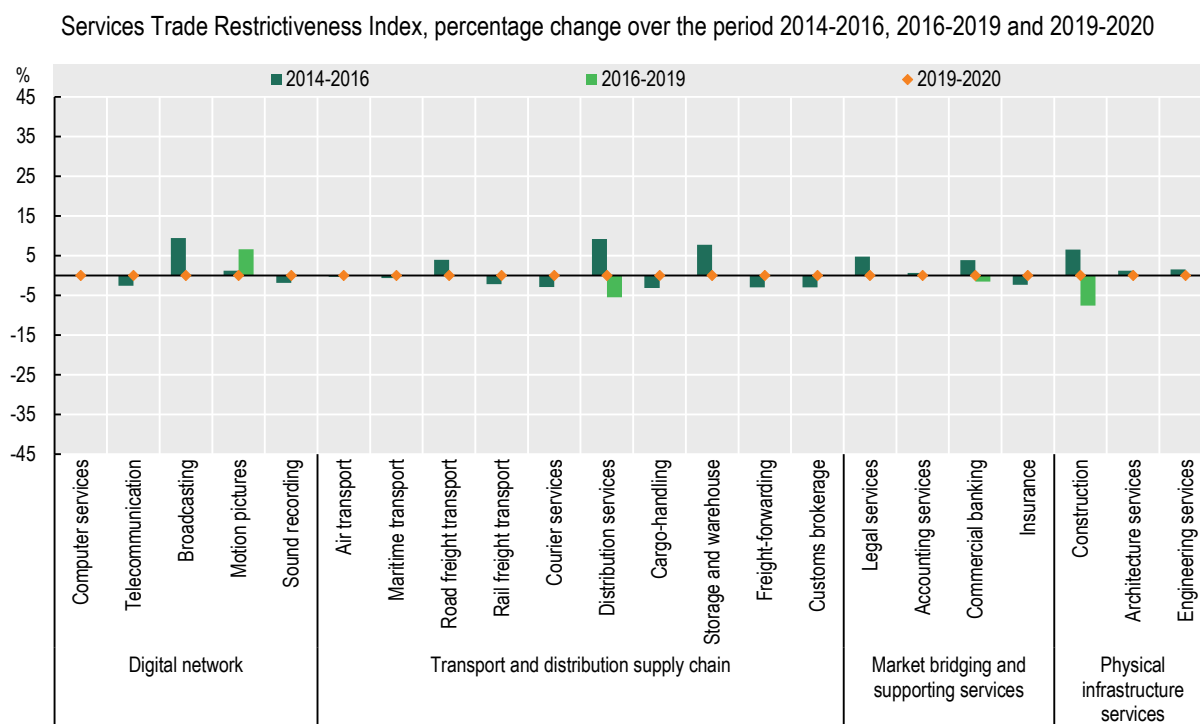
Note: The STRI indices take values between zero and one, one being the most restrictive. The STRI database records measures on a Most Favoured Nations basis. Air transport and road freight cover only commercial establishment (with accompanying movement of people). The indices are based on laws and regulations in force on 31 October 2020. The STRI regulatory database covers the 37 OECD countries, Brazil, China, Costa Rica, India, Indonesia, Kazakhstan, Malaysia, Peru, Russia, South Africa, and Thailand.
Source: OECD STRI and TIVA databases (2020).

The 2020 index reflects restrictions that apply on key strategic services sectors such as legal services and air transport services. Trade in these sectors are limited through burdensome requirements of recognition of foreign qualification in order to provide legal services in domestic law and foreign equity restrictions and trade restrictive competition measures in air transport services.

Moreover, stringent economy-wide regulations include limitations on the acquisition of real estate by foreigners, except nationals from EEA and OECD countries. Wage parity requirements apply to foreign intra-corporate transferees and the duration of stay for contractual services suppliers and independent services suppliers is limited to 12 months on their first entry permit. A minimum amount of capital must be deposited in a bank or with a notary in order to register a limited liability company 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 take place when these ensure an adequate level of data protection or, in the absence of this, appropriate safeguards (e.g., binding corporate rules or standard data protection clauses) are in place. Finally, the mandatory period to publish adopted laws prior to entry into force is significantly less than best practice.

Over the past years, Lithuania has eased the conditions for trade and investment in several sectors (Figure 2). The highest levels of liberalisation were recorded in construction and distribution services.

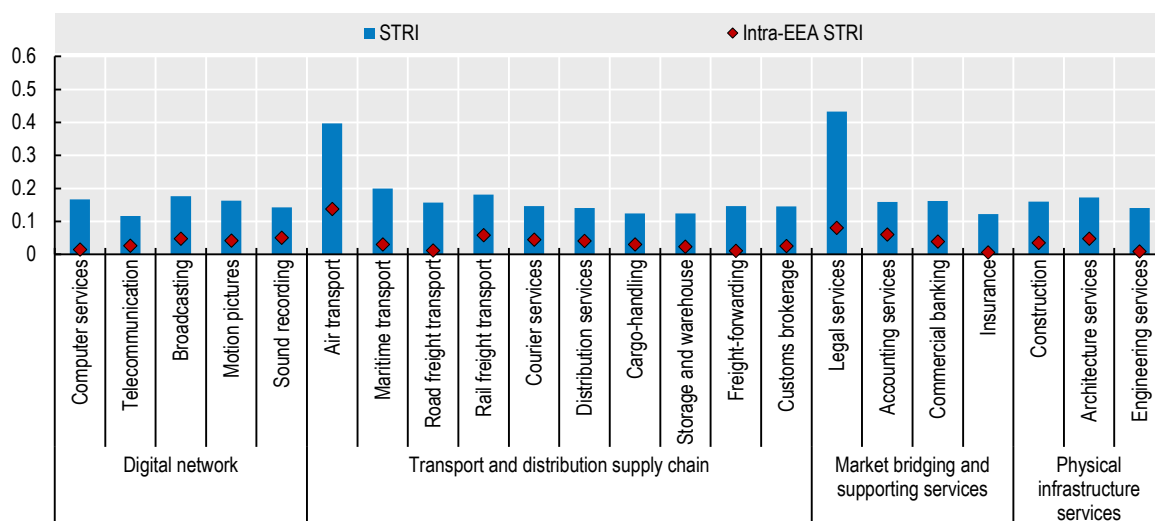
Figure 2. Evolution of STRI scores by sector in Lithuania



Source: OECD STRI database (2020).

Services trade regulations are much less stringent with the European Economic Area, especially in road freight transport services, insurance and engineering services (Figure 2b).

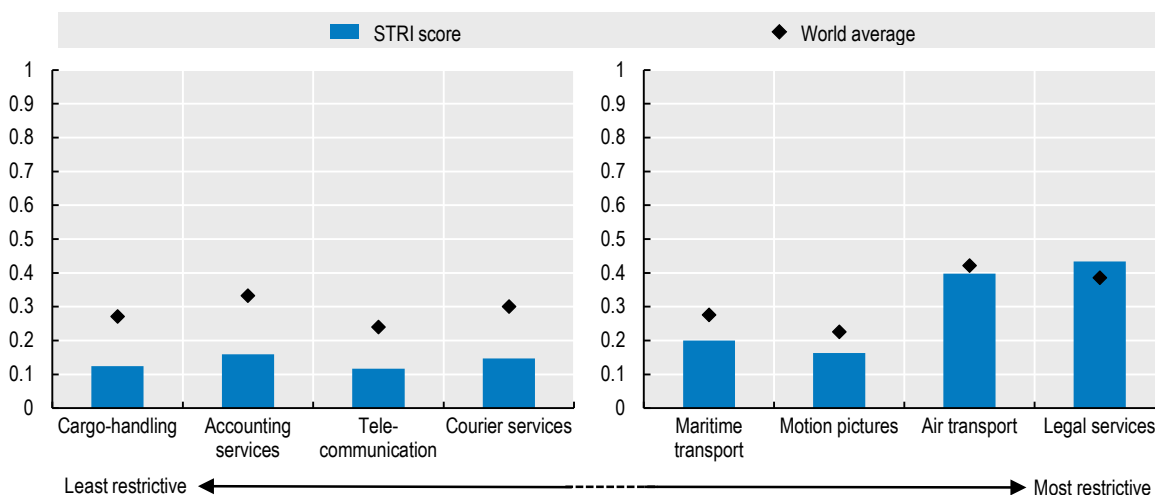
Figure 2b. Regulatory barriers affecting services trade within the European Economic Area (EEA)



Note: The traditional STRI indicates the level of restrictiveness on Most-Favoured Nation basis towards third countries, and the intra-EEA STRI indicates the level of restrictiveness towards EEA members. Intra-EEA STRI covers 24 countries (Austria, Belgium, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Iceland, Italy, Latvia, Lithuania, Luxembourg, Netherlands, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden).
Source: OECD STRI database (2020).

Logistics cargo-handling, accounting services, telecommunications and courier services are the sectors with the lowest score relative to the average STRI across all countries (Figure 3). Maritime transport, motion pictures, air transport and legal services are the sectors with the highest score relative to the average STRI across all countries.

Figure 3. Sectoral breakdown – The least and most restricted sectors in Lithuania



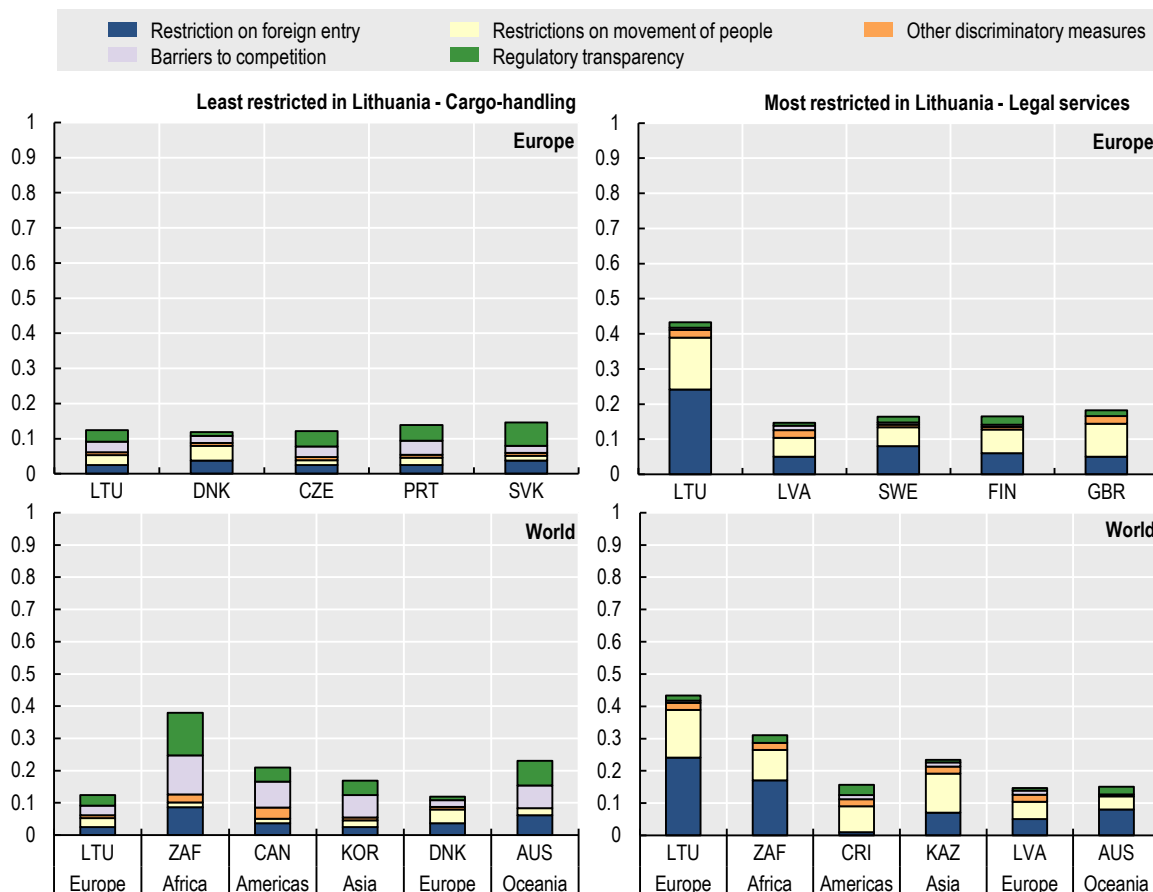
Note: Selection was made based on how far the sectors' score were from the world average score, as a percentage difference

i.e. $(STRI_{country, sector} - STRI_{world average, sector}) / STRI_{world average, sector}$

Source: OECD STRI database (2020).

Logistics cargo-handling are the least restricted services sector in Lithuania compared to Europe and the other best performers elsewhere while legal services are the most restricted (Figure 4).

Figure 4. Lithuania compared to Europe and World's best performers

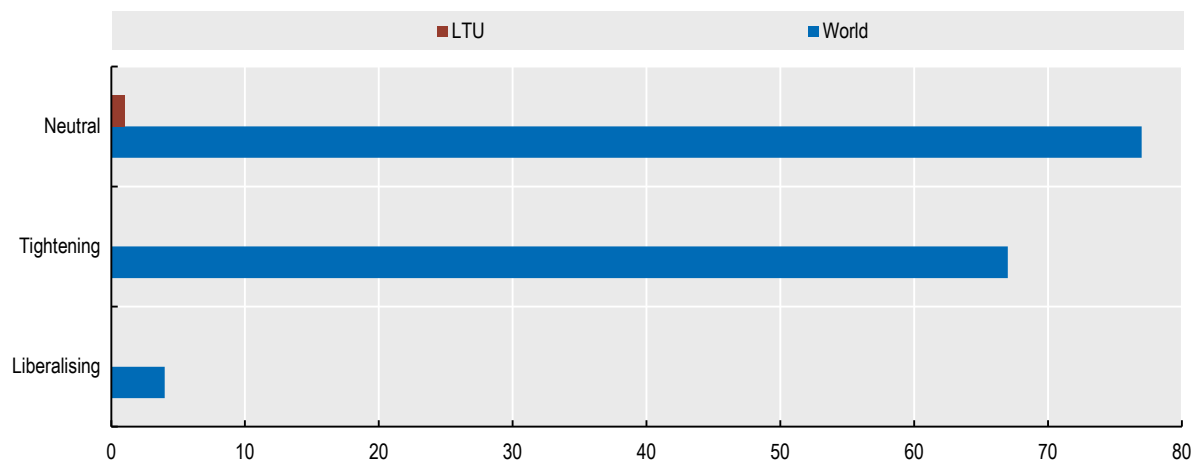


Source: OECD STRI database (2020).

Special focus: Impact of COVID-19-related measures on the stringency of services regulations

While Lithuania has adopted several measures in response to the COVID-19 crisis, these were either temporary in nature or not directly relevant for the measures considered in the STRI database. The exception is the extension of partial exemption of certain anti-competitive agreements from competition law in the maritime transport sector, following a 2020 EU regulation. Many countries have tightened their regulatory framework following the COVID-19 shock, by tightening their investment screening process or their visas requirements (Figure 5).

Figure 5. COVID-19 related measures in Lithuania and in the world



Source: OECD STRI database (2020).

Key reforms

In 2018, new conditions were introduced for obtaining subsidies for movie production. As of June 2017, the market for fixed telephony has been deregulated. In the same year, to become a licensed auditor in Lithuania, foreign professionals are no longer required to take a local examination. Until 28 November 2017, at least one person of the administration of company providing banking services had to live in Lithuania.

Recent changes affecting Lithuania were due to changes in EU law. Regulation 2019/452 allows EU Member States to maintain, amend or adopt mechanisms to screen foreign direct investments in their territory on grounds of security or public order. It applies from 11 October 2020. In the context of the COVID-19 pandemic, Regulation 2020/459 waived the 80/20 grandfathering rule for airport slot allocations between 1 March 2020 and 27 March 2021. Accordingly, airport coordinators are required to consider slots allocated for this period as having been operated by the air carrier to which they were initially allocated. In maritime transport, Regulation 2020/436 extended the existing block exemption to liner shipping consortia from competition law until April 2024. The new EU General Data Protection Regulation (Regulation 2016/679) entered into force on 25 May 2018 providing a comprehensive update on the EU data protection regime.

More information

- » Access all country and sector notes, and interactive STRI tools on the OECD website at <http://oe.cd/stri>
- » Read more about services trade policies and their impact in [Services Trade Policies and the Global Economy](#)
- » Contact the OECD Trade and Agriculture Directorate with your questions at stri.contact@oecd.org