



Lithuania

Overview

EIB INVESTMENT SURVEY

2020

EIB Group survey on investment
and investment finance 2020
Country overview

Lithuania

EIB Group survey on investment and investment finance 2020.

Country overview: Lithuania

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About the EIB Investment Survey (EIBIS)

The EIB Group Survey on Investment and Investment Finance, which has been administered since 2016, is a unique, annual survey of some 13 500 firms. It covers firms in all European Union Member States and also includes a sample of firms in the United Kingdom and 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. The EIBIS, which uses a stratified sampling methodology, is representative across all 27 EU Member States, the United Kingdom 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

The series of reports provide an overview of data collected for the 27 EU Member States, the United Kingdom and the United States. The reports 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 European Investment Bank

The mission of the EIB Economics Department is to provide economic analyses and studies to support the Bank in its operations and in 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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Disclaimer

The views expressed in this publication are those of the authors and do not necessarily reflect the position of the EIB.

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For further information on the EIB's activities, please consult our website, www.eib.org. You can also contact our InfoDesk, info@eib.org.

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EIBIS 2020 – Lithuania

KEY RESULTS

Investment Dynamics

With the COVID-19 crisis affecting the economy, investment in Q2 2020 is 13% below the pre-crisis 2019 level. COVID-19 has affected firms' investment strategies for 2020 with more than two out of five firms (42%) stating that they will invest less than planned. This is in line with the EU average (45%).

Investment Focus

One-quarter (25%) of firms with investment plans for 2020 report to abandon or delay at least some of their investment plans for the current financial year because of COVID-19, below the EU average of 35%.

The most frequently cited long term impact of COVID-19 in Lithuania is perceived to be the increased use of digital technologies (64%) followed by a perceived impact on the firms' service or product portfolio (58%).

Investment Needs and Priorities

The share of firms in Lithuania working at or above full capacity was 53% in 2019, compared to 40% EIBIS 2019. However, it remained below the EU average of 61%.

Firms in Lithuania which have been impacted by COVID-19 are most likely to prioritise investment in capacity expansion over the next three years (41%). This is nearly twice as high as the EU average (23%).

Innovation Activities

44% of all firms developed or introduced new products, processes or services as part of their investment activities.

Three fifths of firms in Lithuania have implemented, either fully or partially, the digital technologies they were asked about (60%).

Drivers and Constraints

Compared to EIBIS 2019, firms are much less optimistic about the economic climate (from a positive net balance of 8% to a negative balance -50%, similar to the EU average -56%).

In the long term, the availability of skilled staff (75%) and the uncertainty about the future (75%) are the two most frequently cited barriers to investment.

Investment Finance

The overall pattern of investment is the same as in EIBIS 2019 with two-thirds (67%) of the investment activity in Lithuania financed by internal sources.

Approximately three out of four firms in Lithuania (76%) report that they made a profit in 2019, in line with figures reported for 2018 in EIBIS 2019 (77%) and the EU average (80%).

Access to Finance

14% of all firms could be considered as financially constrained in 2019, which is in line with EIBIS 2019 (13%) and above the EU average (6%). Firms in Lithuania remained more likely to be finance constrained than firms across the EU overall (14% versus 6%).

Energy Efficiency

Around a quarter (26%) of firms were investing in measures to improve energy efficiency. This is comparable to EIBIS 2019 (33%) but much lower than the EU average (47%).

The average share of investment in measures to improve energy efficiency in Lithuania was similar to EIBIS 2019 (both at 7%) and close to the average across the EU (12%).

Climate Change

Three out of five firms in Lithuania (60%) feel that their business has been impacted by climate change and the related changes in weather patterns, including 17% which report a major impact.

More firms in Lithuania are expecting the transition to a low-carbon future to be positive rather than negative for their reputation (13%) and market demand (1%) but more firms expect a negative rather than positive impact on their supply chain (-18%) over the next five years.

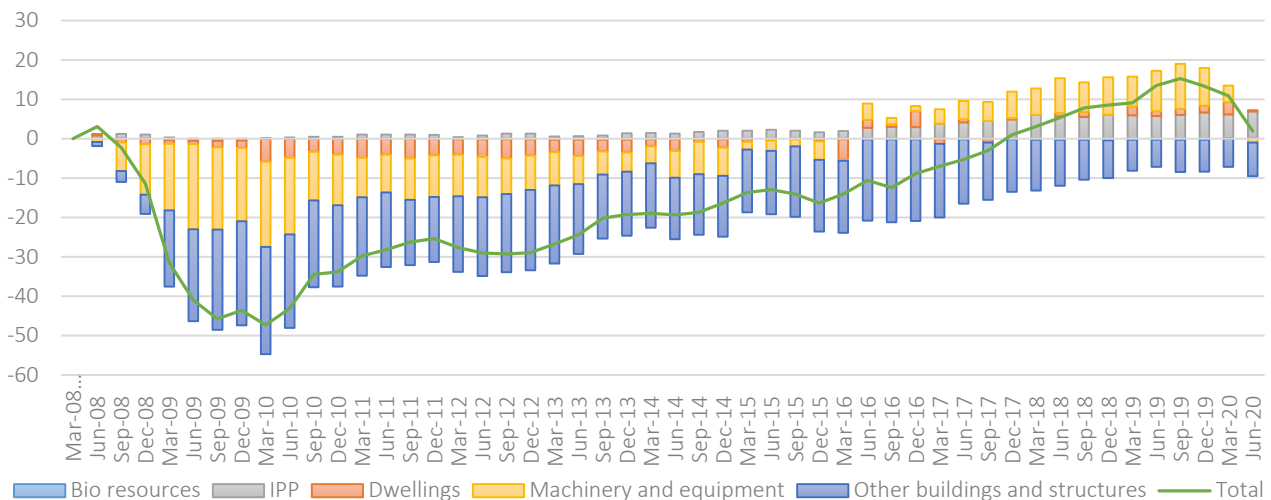
55% of all firms in Lithuania have already invested or plan to invest in the next three years in measures to tackle the impact of weather events and reduction in carbon emissions. This is below the EU average (67%).

Investment Dynamics

INVESTMENT DYNAMICS BY ASSET TYPE

With the COVID-19 crisis abruptly affecting the economy, investment in Q2 2020 is 13% below the pre-crisis 2019 level.

Investment levels seem to follow a similar path as during the Global financial crisis. At that time, investment dropped by almost 50% overall versus pre-crisis levels, reaching its trough after eight quarters.

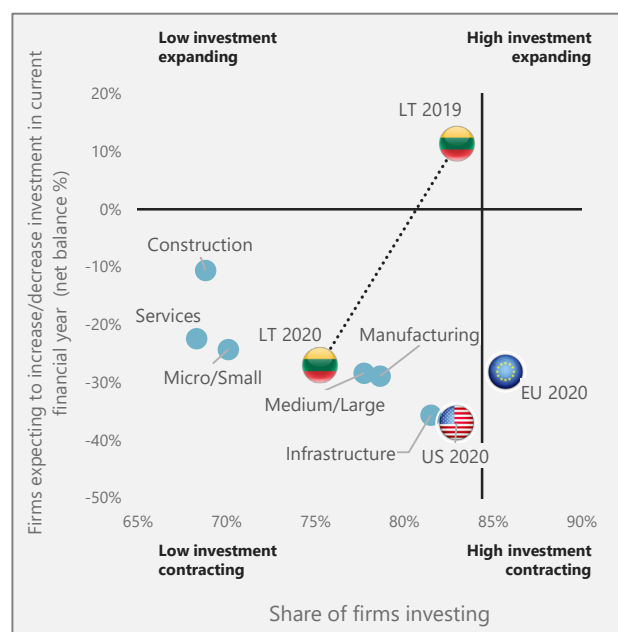


The graph shows the evolution of total Gross Fixed Capital Formation (in real terms); by asset type. The data has been indexed to equal 0 in 2008. Source: Eurostat.

INVESTMENT CYCLE

In line with the EU, Lithuania has moved to the 'low investment contracting' quadrant of the investment cycle. Compared to EIBIS 2019, the net balance of firms expecting to increase rather than decrease investment in the current financial year declined by 38 percentage points to -27%. The net share of firms investing (75%) moved further below the EU average (86%).

On balance, fewer construction firms (-11%) expect to decrease investments in the current financial year than firms in other sectors (ranging with a net of -22% for firms in the service sector to -36% of firms in infrastructure).



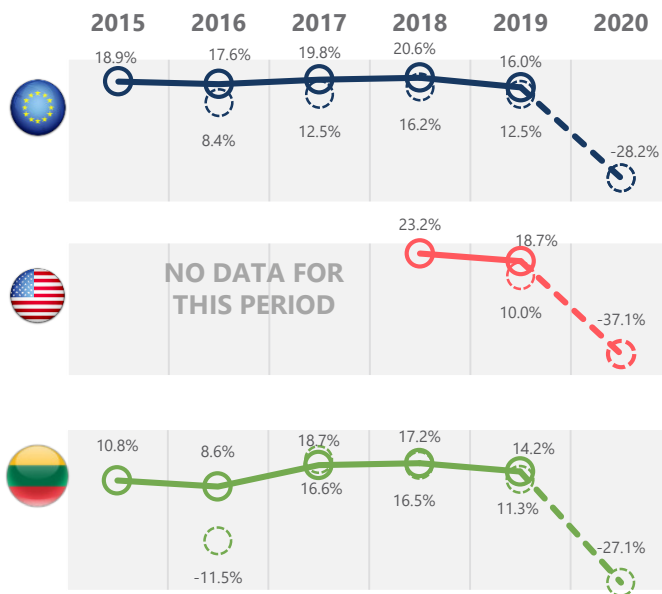
Share of firms investing shows the percentage of firms with investment per employee greater than EUR 500. The y-axis line crosses x-axis on the EU average for 2016.

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

Investment Dynamics

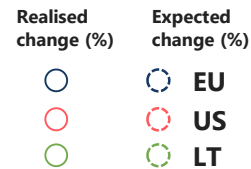
EVOLUTION OF INVESTMENT EXPECTATIONS

Realised/expected change in investment



In the last financial year, the share of firms reporting an increase of investment was higher than the share reporting a reduction (a net balance of 14%). Investment activities were above expectations from EIBIS 2019 (net balance of 11%).

The outlook for 2020 is much more negative, with 27% of firms expecting a decline rather than increase of investment on balance, close to 28% of firms for the EU as a whole.



'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.

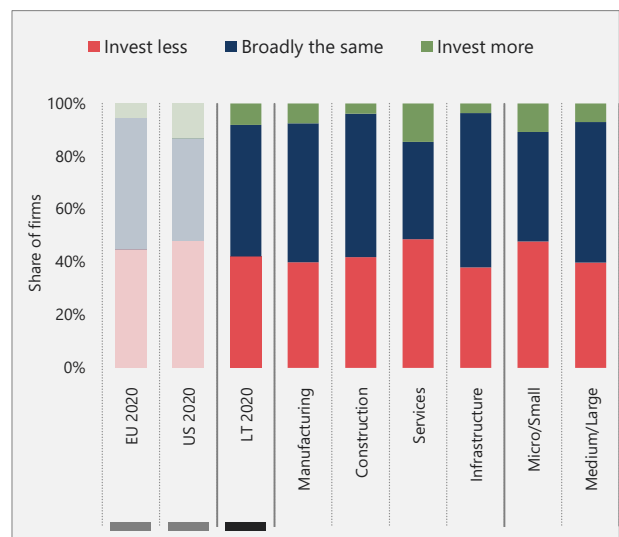
Base: All firms

IMPACT OF COVID-19 ON INVESTMENT

COVID-19 has affected firms' investment strategies for 2020. More than two out of five firms (42%) expect to invest less than planned. This is close to the EU average of 45%.

The share of firms that changed their investment plans due to the pandemic is the highest in the services sector, with only 37% of firms reporting that their investment expectations for 2020 remained broadly the same. This compares to more than half of firms in other sectors.

Slightly more micro and small firms report that COVID-19 has an impact on their investment expectations compared to their medium and large counterparts (59% versus 47%).



Q. Have your company's overall investment expectations for 2020 changed due to coronavirus?

Base: All firms with investment plans for the current financial year (excluding don't know/refused responses)

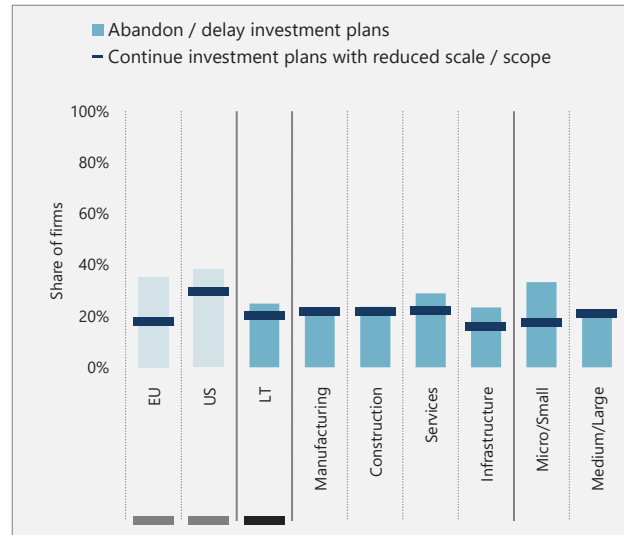
Investment Focus

ACTIONS AS A RESULT OF COVID-19

One-quarter (25%) of firms with investment plans for the current financial year report to abandon or delay at least some of their investment plans for the current financial year because of COVID-19, below the EU average of 35%.

One-fifth (20%) of firms with investment plans, report they will continue with their investment plans with a reduced scale/scope which is comparable to the EU average (18%).

A larger share of micro and small firms reports to abandon or delay at least some of their investment plans as a result of COVID-19 than of medium and large firms (33% versus 21%).

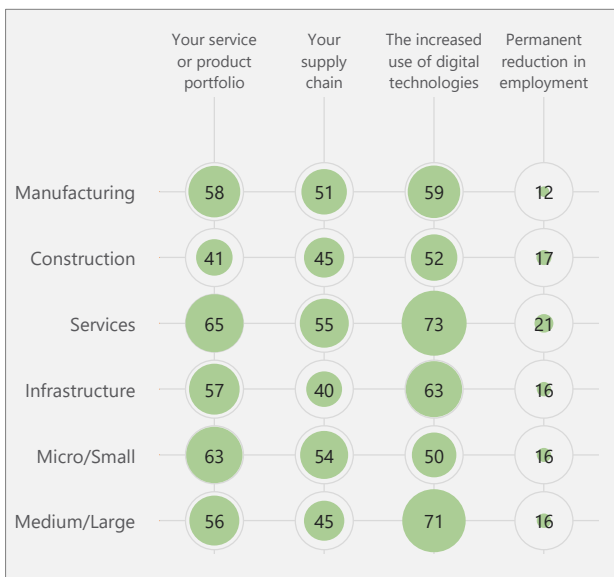


Q. You said you will invest less due to coronavirus. Can I just check which of the following actions will your company undertake?

Please note some firms may be taking multiple actions i.e. abandoning/delaying some investment plans whilst continuing with other plans at a reduced scale or scope.

Base: All firms with investment plans for the current financial year (excluding don't know/refused responses)

LONG TERM IMPACT OF COVID-19 BY SECTOR AND SIZE



The most frequently cited long term impact of COVID-19 in Lithuania is the increased use of digital technologies (64%) followed by firms' service or product portfolio (58%). Around half of firms expect a long term impact on their supply chain (48%). 16% expect that the pandemic would result in a permanent reduction of employment.

Firms operating in services expect the greatest impact regarding the use of digital technologies (73%) as well as on their service or product portfolio (65%).

Micro and small firms are less likely than medium and large firms to expect an increased use of digital technologies (50% versus 71%) due to the pandemic.

Q. Do you expect the coronavirus outbreak to have a long-term impact on any of the following?

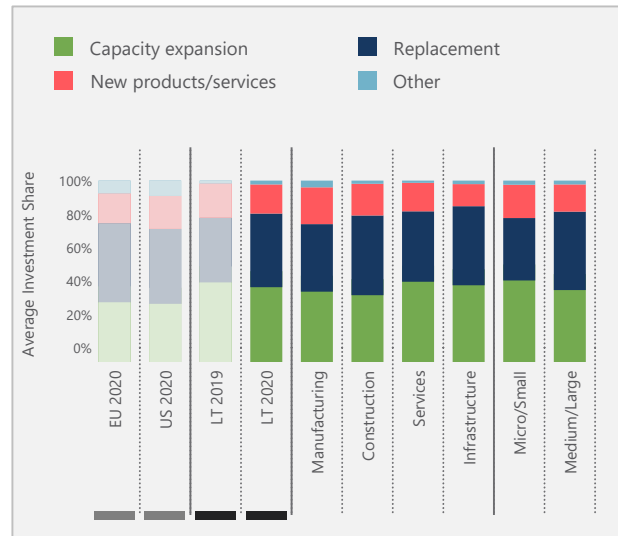
Base: All firms

Investment Focus

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

The largest share of investment in the last financial year was for replacing existing buildings, machinery, equipment and IT (44%). This is similar to EIBIS 2019 (39%) and to the EU average (47%). This is followed by capacity expansion for existing products and services (36%), which is in line with the results of EIBIS 2019 (39%), but higher than the EU average (27%).

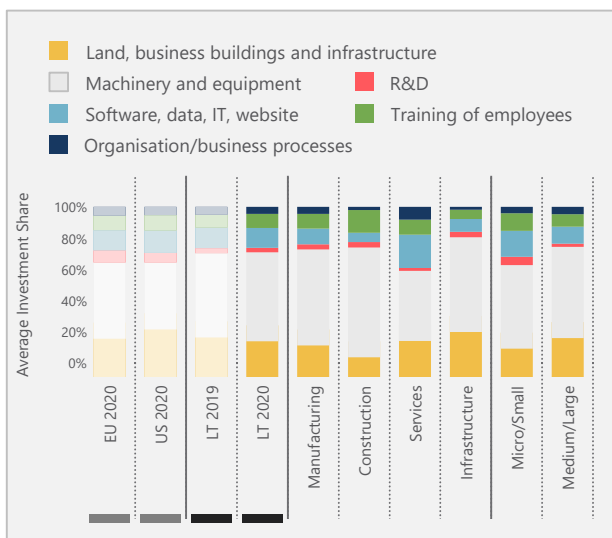
Micro and small firms report a lower share of investment than medium and large firms in replacement (37% compared with 47%, respectively).



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



Out of the six investment areas considered, the highest share of investment in Lithuania in the last financial year was in machinery and equipment (57%), above the EU average (49%). It was distantly followed by land, business buildings and infrastructure (14%) as well as software, data, IT and web (13%). The pattern is broadly in line with the EIBIS 2019 findings.

Construction firms tended to allocate the largest share of their investment to machinery and equipment (70%), firms in services the lowest share (45%).

Vice versa, service sector firms allocated a higher proportion of their overall investment to software, data, IT and web (21%) than other sectors (7% to 10%).

Medium and large businesses allocated a greater share of their investment to land, business buildings and infrastructure than small and micro firms (16% versus 9%).

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?

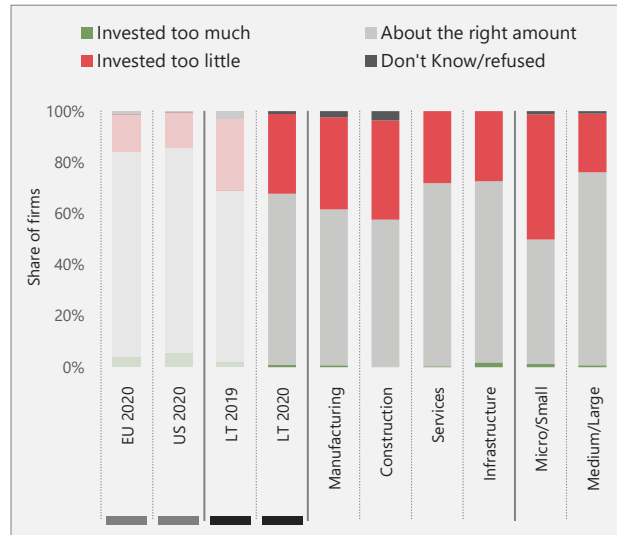
Base: All firms who have invested in the last financial year (excluding don't know/refused responses)

Investment Needs and Priorities

PERCEIVED INVESTMENT GAP

Almost one out of three firms in Lithuania (31%) report investing too little over the last three years, which is double the EU average (15%). This is similar to the findings in EIBIS 2019.

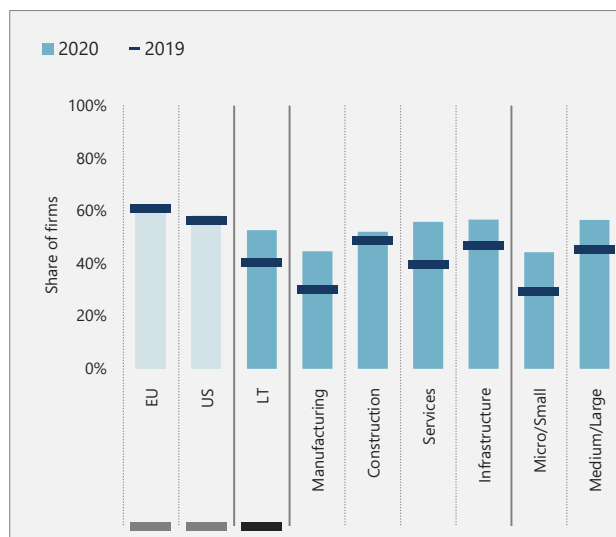
The share of micro and small firms that report having invested too little (49%) is more than double the share of medium and large firms (23%).



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)

SHARE OF FIRMS AT OR ABOVE FULL CAPACITY



Full capacity is the maximum capacity attainable under normal conditions e.g. company's general practices regarding the utilization of machines and equipment, overtime, work shifts, holidays etc.

Q. In the last financial year, was your company operating above or at maximum capacity attainable under normal circumstances?

Base: All firms (data not shown for those operating somewhat or substantially below full capacity)

The share of firms in Lithuania operating at or above full capacity in the last financial year has increased to 53%, compared to 40% in EIBIS 2019. However, it remains below the EU average of 61%.

Infrastructure firms have the highest share operating at or above full capacity in 2019 (57%), manufacturing firms the lowest (45%).

Micro and small firms were less likely to be operating at or above full capacity than medium and large businesses (44% compared to 57%).

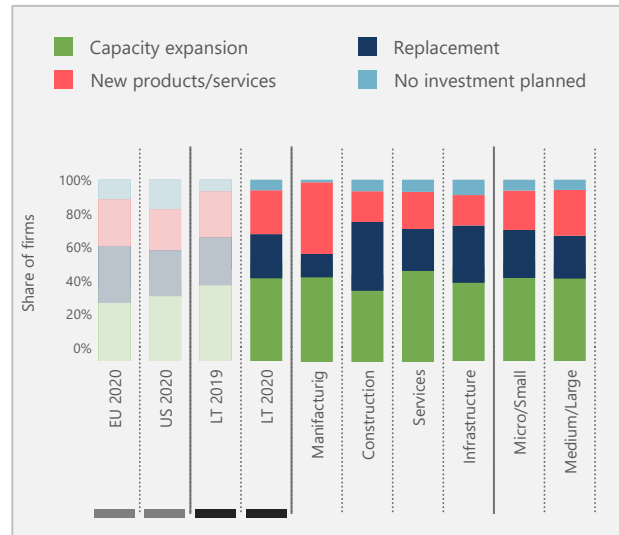
Investment Needs and Priorities

FUTURE INVESTMENT PRIORITIES (% of firms)

Looking ahead to the next three years, investments in capacity expansion are the most commonly cited priority among firms in Lithuania (41%). This is above the EU average (26%) and remains comparable to the reported share in EIBIS 2019 (37%).

Fewer firms in Lithuania say that replacement is a priority over the next three years (27%) relative to the EU average (34%).

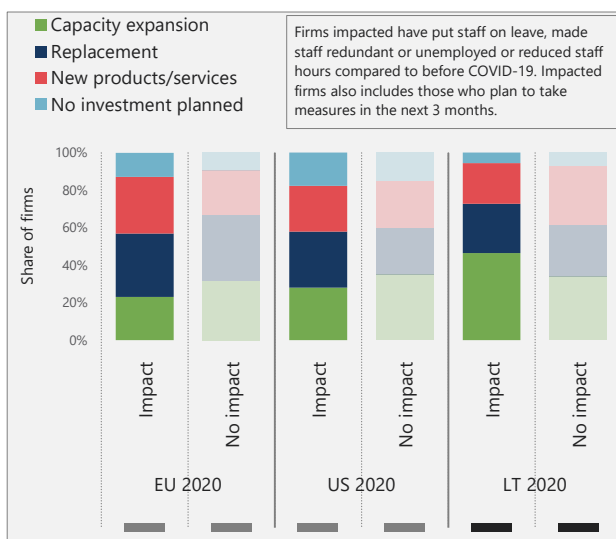
Manufacturing firms are more likely to prioritise developing or introducing new products, processes or services (43%) compared to other sectors. Conversely, manufacturing firms are less likely to prioritise replacement (14%).



Q. Looking ahead to the next 3 years, which is your investment priority (a) replacing 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)

COVID-19 IMPACT ON PRIORITIES



Q. Looking ahead to the next 3 years, which is your investment priority (a) replacing existing buildings, machinery, equipment, IT; (b) expanding capacity for existing products/services; (c) developing or introducing new products, processes, services?

Q. Thinking about the impact of coronavirus, have you had to put staff temporarily on leave, make staff redundant or unemployed or reduce the number of hours they work compared to before the coronavirus pandemic?

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

Firms in Lithuania which have been impacted by COVID-19 are the most likely to prioritise investment in capacity expansion over the next three years (47%). This is twice as high as the EU average (23%).

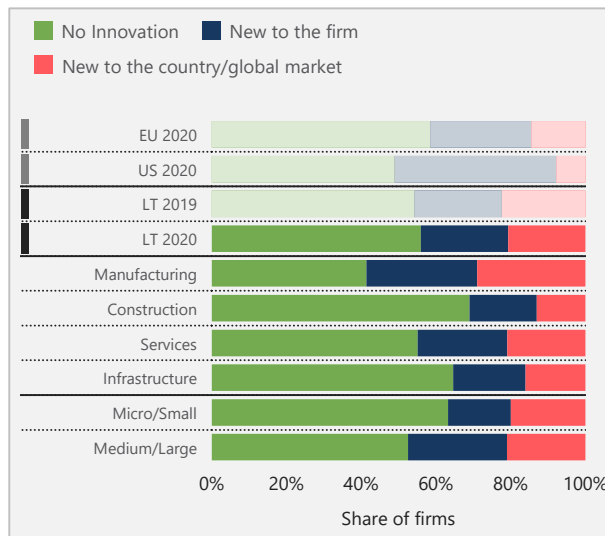
Among firms impacted by the pandemic, only 6% have no investment planned over the next three years, compared to an EU average of 12%.

Innovation Activities

INNOVATION ACTIVITY

More than two fifths (44%) of all firms developed or introduced new products, processes or services as part of their investment activities. This includes 21% of firms which invested in innovation that is new to the country or the global market, above the average EU share of 15%. Overall, the share of firms innovating in Lithuania and the EU is comparable (44% versus 42%).

Manufacturing has the highest share of firms with investment in innovation (59%). Manufacturing firms are the most likely to have introduced a new product, process or service that was new to the global market (21%), compared to 7% among infrastructure firms, 5% in services and 4% in construction.

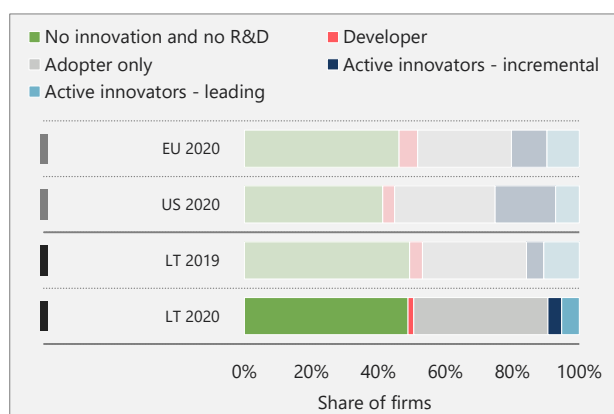


Q. What proportion of total investment was for developing or introducing new products, processes, services?

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



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)

When firms' innovation and research and development behaviour is profiled more widely, 9% of firms in Lithuania are classified as 'active innovators', and a further 2% of firms are 'developers'.

This breakdown is comparable to EIBIS 2019 (in which 16% of firms classified as 'active innovators' and 4% of firms as 'developers') but remains below the average for the EU (with 20% 'active innovators' and 6% 'developers').

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

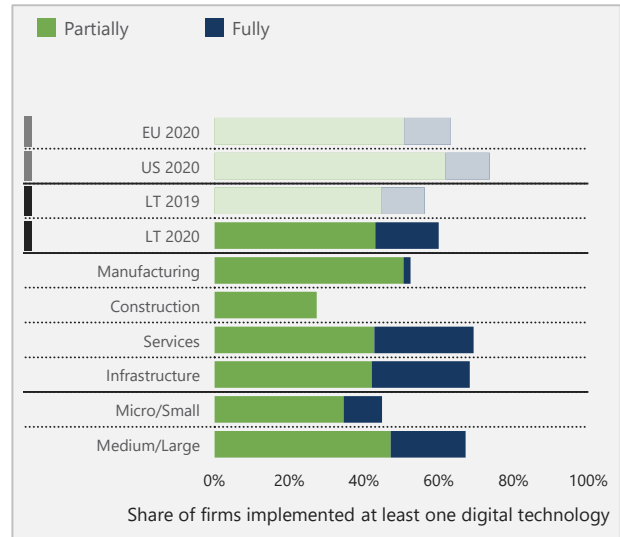
IMPLEMENTATION OF DIGITAL TECHNOLOGIES

Three fifths of firms in Lithuania have implemented, either fully or partially, the digital technologies they were asked about (60%). This is similar to both EIBIS 2019 (56%) and the EU average (63%).

Firms in the services (69%) and infrastructure (68%) sectors are more likely to have implemented digital technologies, either fully or partially, within their business than those in construction (27%). No construction firms had implemented digital technologies fully.

Medium and large firms are more likely than micro and small firms to have implemented at least one digital technology (67% versus 45%).

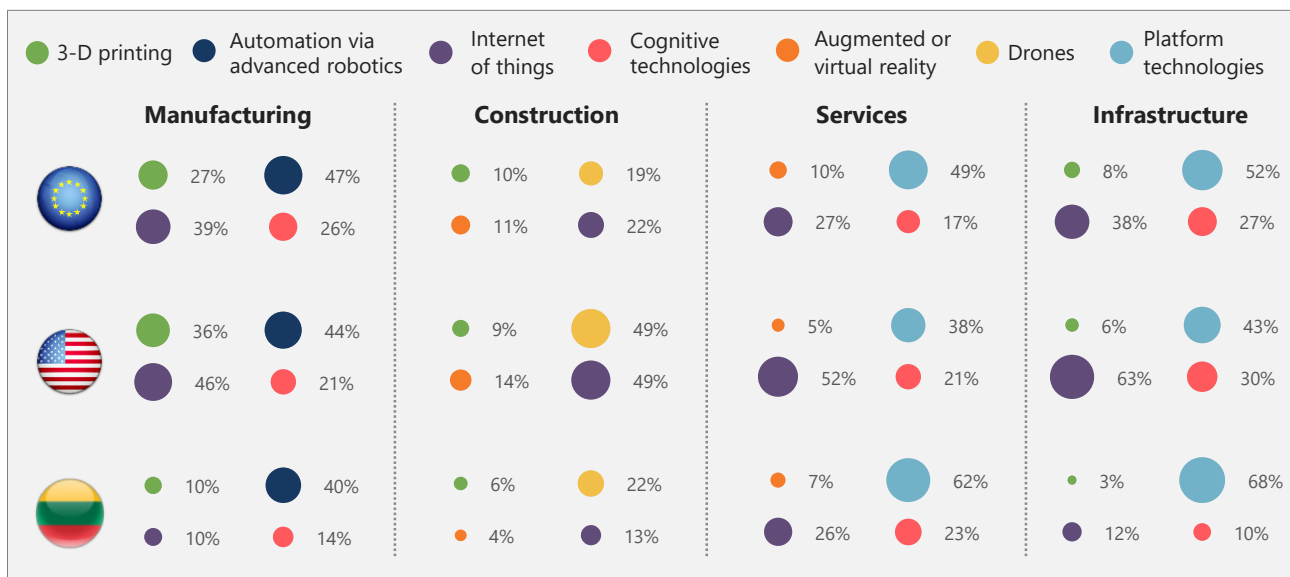
Services and infrastructure firms in Lithuania report a higher take-up of platform technologies (62% and 68%, respectively) when compared to the EU average (49% and 52%, respectively).



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)

DIGITAL TECHNOLOGIES BY SECTOR



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?

Reported shares combine implemented the technology 'in parts of business' and 'entire business organized around it'

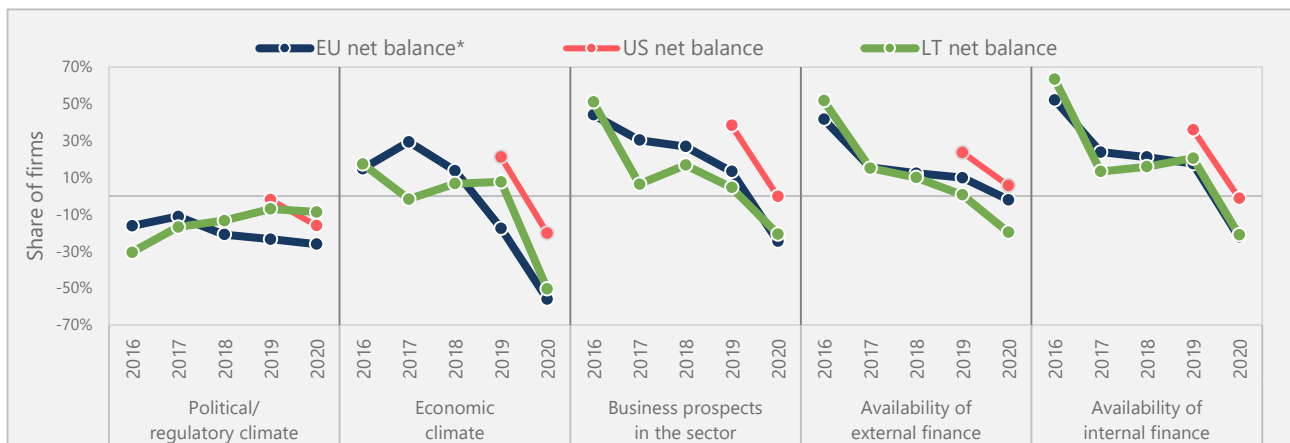
Base: All firms (excluding don't know/refused responses)

Drivers And Constraints

SHORT TERM FIRM OUTLOOK

On balance, firms in Lithuania are less negative than their EU counterparts in their expectations for the political and regulatory climate (a net share of -9% compared to -26%) but more negative in their expectations for the availability of external financing (a net balance of -20% compared to -2%).

Levels of pessimism for the economic climate, the business prospects and the availability of internal financing have declined and are now in line with the EU average. However, compared to EIBIS 2019, firms are much less optimistic about the economic climate (from positive net balance of 8% to a negative balance of -50%).

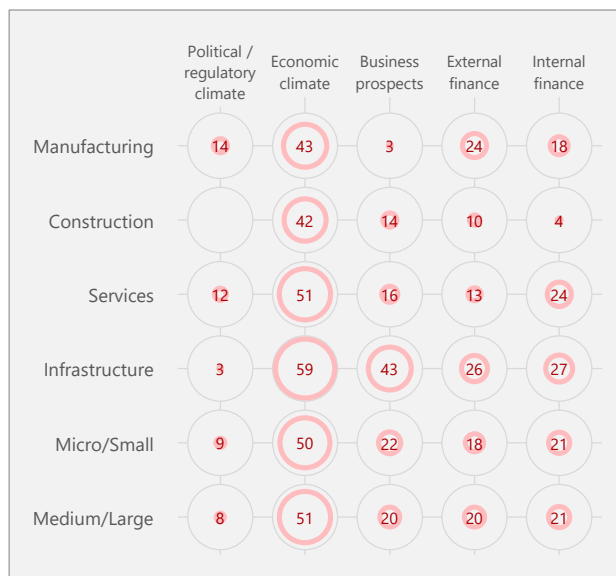


Q. Do you think that each of the following will improve, stay the same, or get worse over the next twelve months?

*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 %)



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

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

On balance, firms across sectors and size classes in Lithuania are more negative than positive in their short term outlook.

Infrastructure firms are more pessimistic than firms in other sectors about both the economic climate (-59%) and business prospects (-43%).

Construction firms are less pessimistic than firms in other sectors about the political and regulatory climate with the same share of firms expecting it to have a positive or negative affect on their ability to carry out planned investment (20% both).

Drivers And Constraints

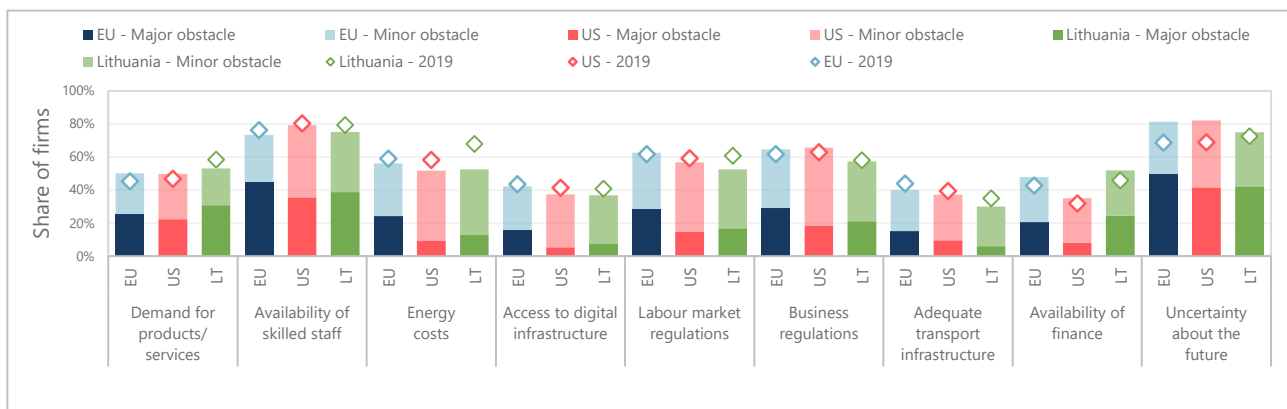
LONG TERM BARRIERS TO INVESTMENT

The availability of skilled staff (75%) and the uncertainty about the future (75%) are the two most frequently cited long term barriers to investment in Lithuania. The share of firms citing uncertainty about the future is lower than across the EU (75% versus 81%).

Energy cost is perceived to be less of a barrier than

in EIBIS 2019 (53% versus 68%) and is now comparable to the EU average (56%).

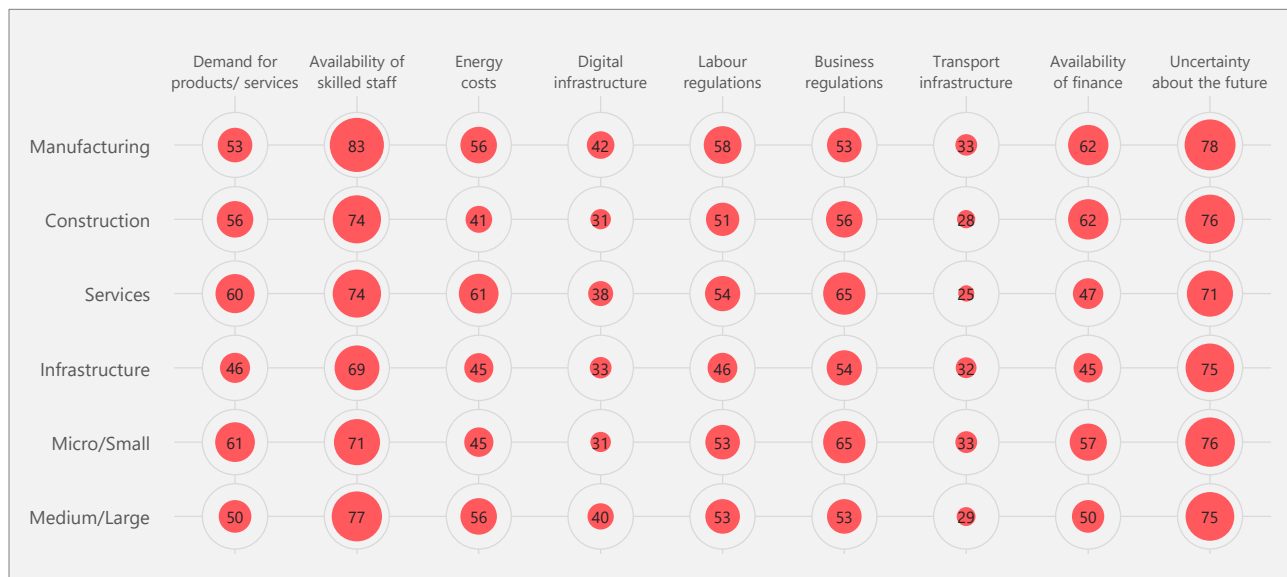
Fewer firms cited business regulations (57%) and labour market regulations (53%) as a long term barrier to investment than in the EU as a whole (65% and 63%, respectively).



Q. Thinking about your investment activities in Lithuania, 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



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

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

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

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

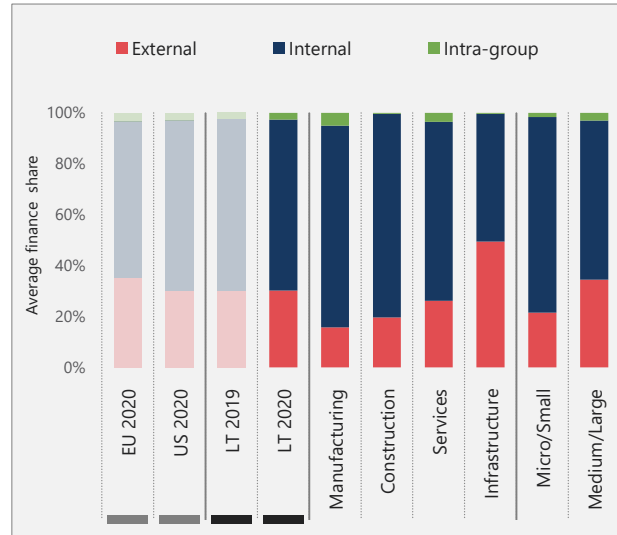
Investment Finance

SOURCE OF INVESTMENT FINANCE

Two-thirds (67%) of the investment activity in Lithuania was financed by internal sources in the last financial year. This is in line with EIBIS 2019 (68%) but higher than the EU average (62%).

Infrastructure firms report a higher share of external finance usage (49%) than firms in other sectors (16% to 26%).

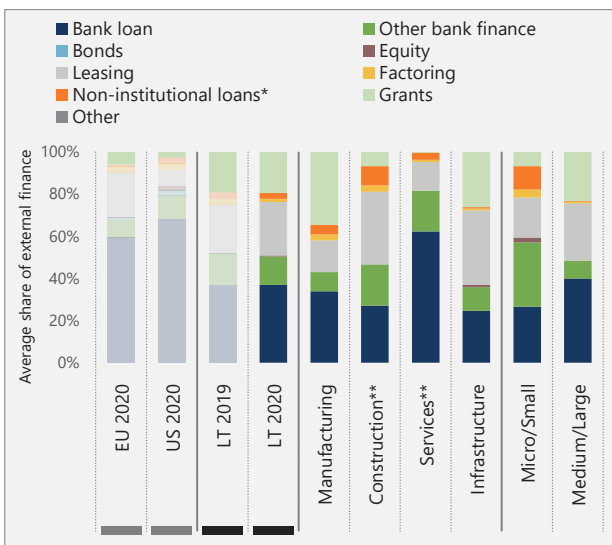
Micro and small firms report a higher share of internal financing than medium and large firms (77% versus 62%).



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)

TYPE OF EXTERNAL FINANCE USED FOR INVESTMENT ACTIVITIES



Bank loans continued to make up the highest share of external finance (37%) in Lithuania. This is in line with EIBIS 2019 (37%), but above the EU average (59%).

The share of external finance attributed to grants is much higher in Lithuania than across the EU (20% compared to 6%). The use of grants was most prominent among manufacturing (34%) and infrastructure (26%) firms.

Micro and small firms were more likely to use other bank finance (30%) than medium and large firms (9%).

Q. Approximately what proportion of your external finance does each of the following represent?

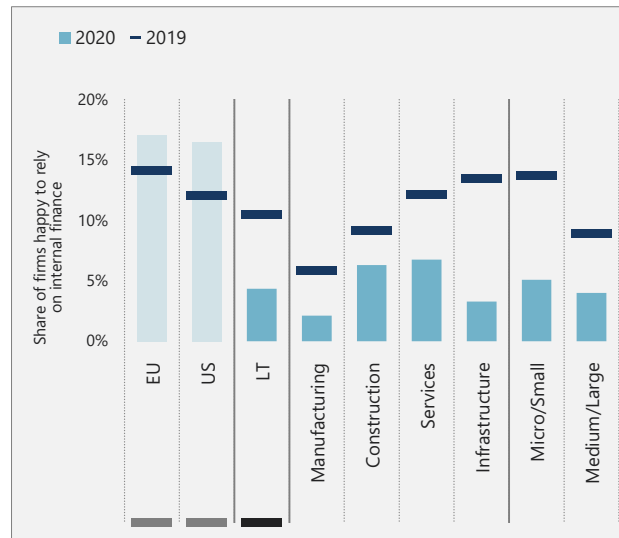
*Loans from family, friends or business partners

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

Investment Finance

SHARE OF FIRMS HAPPY TO RELY EXCLUSIVELY ON INTERNAL SOURCES TO FINANCE INVESTMENT

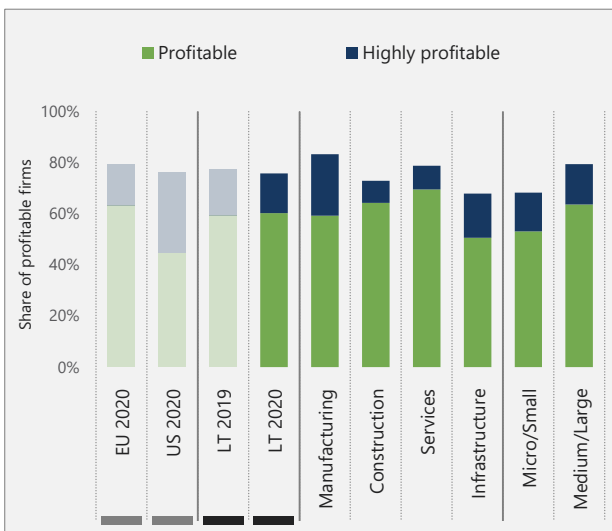
Among all firms in Lithuania, only 4% report that the main reason for not applying for external finance in 2019 is because they were happy to use internal funds or did not need external finance. This is slightly lower than in EIBIS 2019 (10%) and lower than the EU average (17%). This slight decline can be seen across all sectors and size classes of firms.



Q. What was your main reason for not applying for external finance for your investment activities? Was happy to use internal finance/didn't need the finance

Base: All firms

SHARE OF PROFITABLE FIRMS



Approximately three out of four firms in Lithuania (76%) report to have made a profit in the last financial year, in line with EIBIS 2019 (77%) and the EU average (80%).

In more detail, 16% of firms classified themselves as highly profitable over the last financial year, with profits of 10% or more. This is similar to EIBIS 2019 (18%) and to the EU average (16%).

Manufacturing firms (24%) are more likely to be highly profitable than construction and services (9% both).

Q. Taking into account all sources of income in the last financial year, did your company generate a profit or loss before tax, or did you break even? Highly profitable is defined as profits/turnover of 10% or more

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

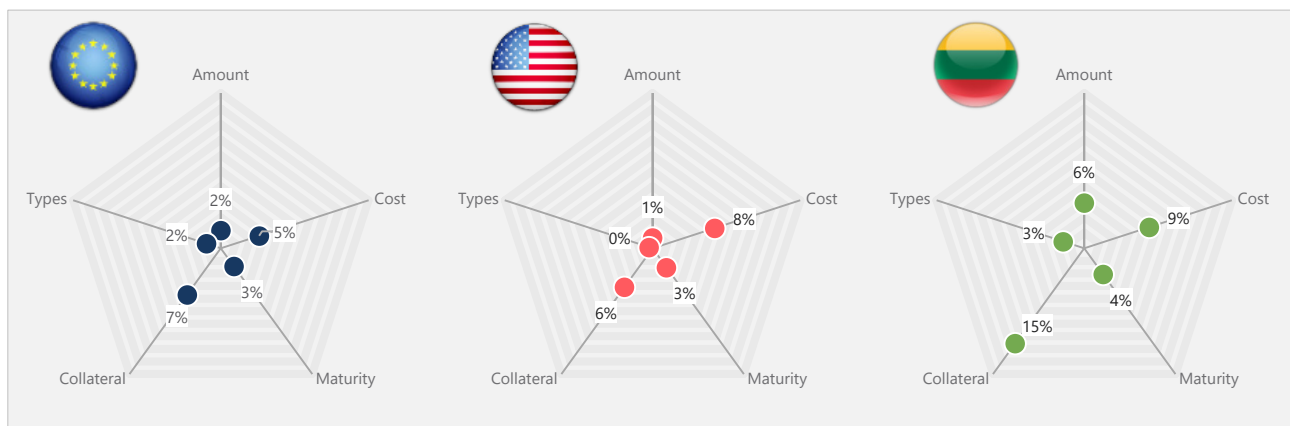
Access To Finance

DISSATISFACTION WITH EXTERNAL FINANCE RECEIVED

Firms that were using external financing in 2019 are on balance satisfied with the amount, cost, maturity, collateral or the type of financing received.

The highest dissatisfaction recorded among firms in Lithuania is with the collateral requirements (15%) and cost (9%).

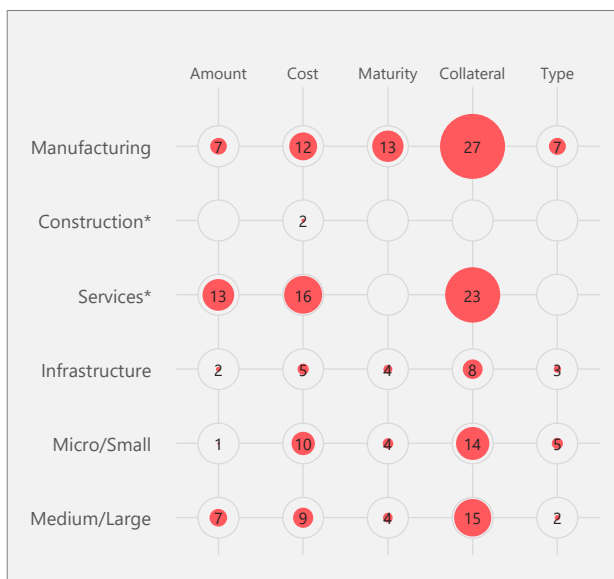
Share of dissatisfied firms



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 (%)



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

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 very small base size less than 30

While overall levels of dissatisfaction with external finance are low, among manufacturing and service the highest levels of dissatisfaction were with the cost and the collateral requirements of external finance.

The size of firms does not influence the levels of dissatisfaction.

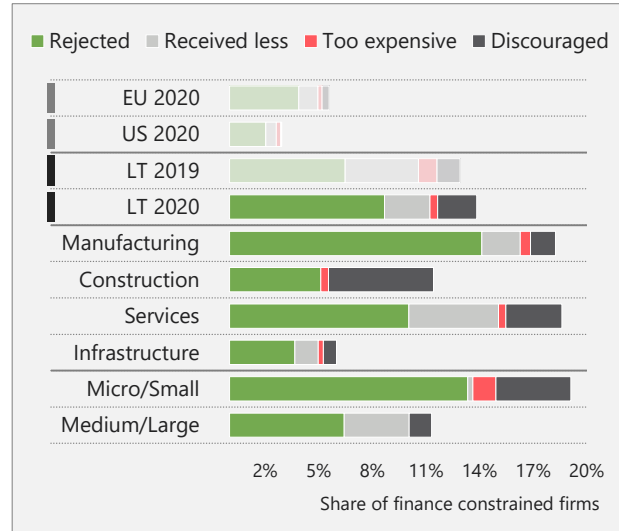
Access To Finance

SHARE OF FINANCE CONSTRAINED FIRMS

14% of all firms could be considered as financially constrained by external financing in 2020, which is in line with EIBIS 2019 (13%) and above the EU average (6%).

The highest shares of finance constrained firms were in the manufacturing (18%) and services (19%) sectors as well as among micro and small businesses (19%).

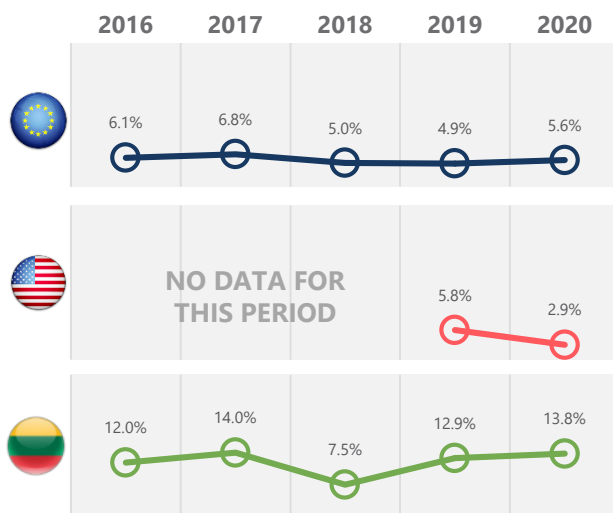
The main reason highlighted by financially constrained firms in Lithuania is rejection of external finance (9%).



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

FINANCING CONSTRAINTS OVER TIME



Firms in Lithuania remained more likely to be finance constrained (14%) than the EU average (6%).

The share of finance constrained firms in Lithuania in the last financial year is similar to EIBIS 2019 (13%).

Base: All firms

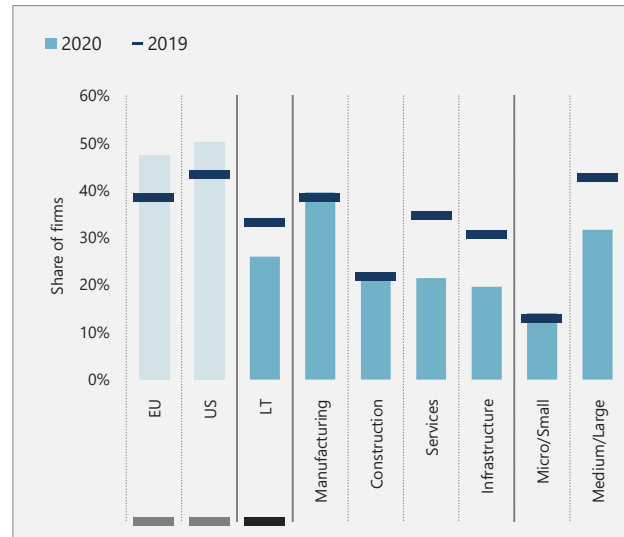
Energy Efficiency

SHARE OF FIRMS INVESTING IN MEASURES TO IMPROVE ENERGY EFFICIENCY

Around a quarter (26%) of firms were investing in measures to improve energy efficiency. This is broadly similar to EIBIS 2019 (33%) but much lower than the EU average (47%).

Firms in the manufacturing sector were more likely than in all other sectors to be investing in measures to improve energy efficiency (40%), compared to 23% in construction, 21% in services and 20% in infrastructure).

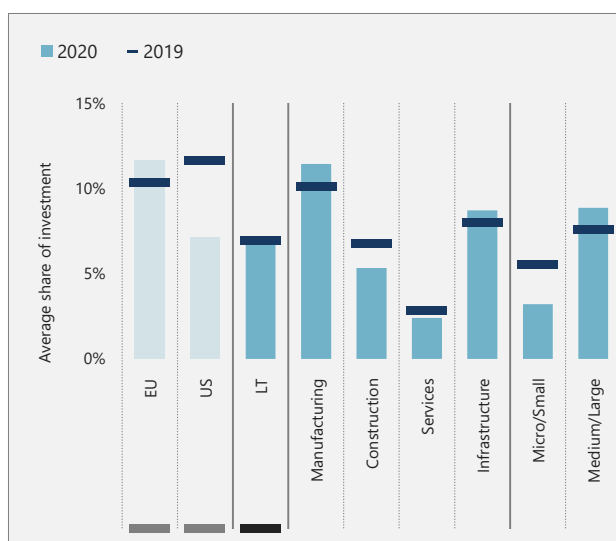
Fewer micro and small firms were investing in measures to improve energy efficiency than medium and large firms (14% versus 32%).



Q. What proportion of 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



The average share of investment in measures to improve energy efficiency in Lithuania was similar to EIBIS 2019 (both at 7%) and close to the EU average (12%).

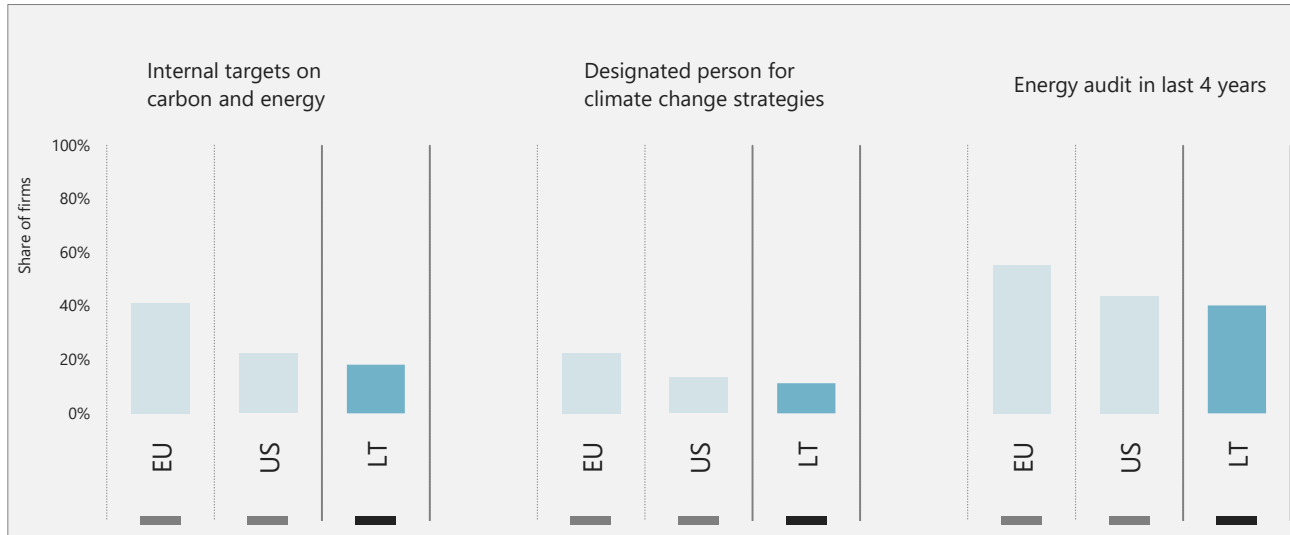
Firms in the manufacturing sector reported the highest share of investment in energy efficiency (11%), those in services the lowest (2%).

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

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

Energy Efficiency

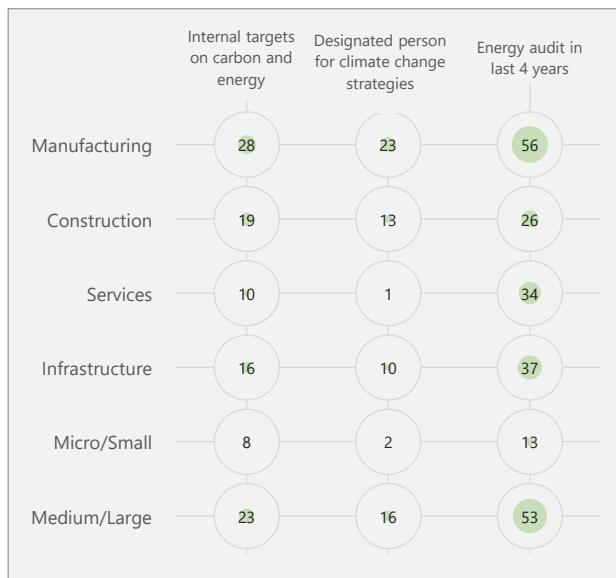
ENERGY TARGETS, MANAGEMENT AND INTERNAL AUDIT



Q. In 2019 and under normal conditions, did your company set and monitor internal targets on carbon emissions and energy consumption?
 Q. In 2019 and under normal conditions, did your company have a designated person responsible for defining and monitoring climate change strategies?
 Q. And can I check, in the past four years has your company had an energy audit? By this, I mean an assessment of the energy needs and efficiency of your company's building or buildings

Base: All firms

ENERGY TARGETS, MANAGEMENT AND INTERNAL AUDIT BY SECTOR AND SIZE



Firms in Lithuania are less likely than the EU average to have set internal targets for carbon and energy (18% versus 41%). They are also less likely to have a designated person for climate change strategies (11%) than firms across the EU (23%). Fewer firms in Lithuania had an energy audit in the past four years (40%) than the EU average (55%).

Medium and large businesses are more likely than micro and small firms to have set internal targets on carbon and energy (23% versus 8%). Medium and large firms are more likely to have a designated person for climate change strategies than micro and small firms (16% versus 2%) and more likely to have had an energy audit in the past 4 years (53% versus 13%).

Manufacturing firms were more likely to have had an energy audit (56%) than other sectors (26% to 37%).

Q. In 2019 and under normal conditions, did your company set and monitor internal targets on carbon emissions and energy consumption?
 Q. In 2019 and under normal conditions, did your company have a designated person responsible for defining and monitoring climate change strategies?
 Q. And can I check, in the past four years has your company had an energy audit? By this, I mean an assessment of the energy needs and efficiency of your company's building or buildings

Base: All firms

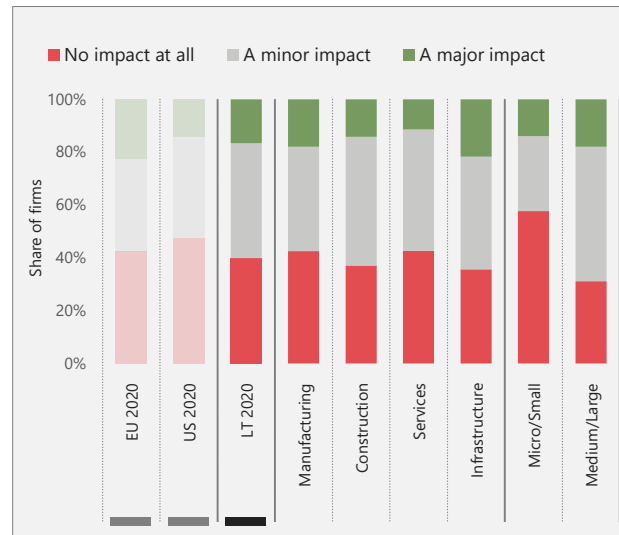
Climate Change

CLIMATE CHANGE IMPACT

Three out of five firms in Lithuania (60%) feel their business has been impacted by climate change and the related changes in weather patterns, including 17% which report a major impact. This is in line with the EU averages (58% and 23% respectively).

Medium and large firms are more likely to say that their business has been impacted (either a minor or major impact) than micro and small firms (69% compared with 42%).

There are no significant differences in the share of firms impacted by sector.



Q, Thinking about climate change and the related changes in weather patterns, would you say these weather events currently have a major impact, a minor impact or no impact at all on your business?

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

REDUCTION IN CARBON EMISSIONS OVER NEXT FIVE YEARS BY SECTOR AND SIZE (NET IMPACT %)



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

More firms in Lithuania are expecting the transition to a low-carbon future to be positive rather than negative for their reputation (13%) and market demand (1%) but more firms expect a negative rather than positive impact on their supply chain (-18%) over the next five years.

Infrastructure firms expect the impact to be more negative than positive on market demand (-11%), whereas all other sectors feel that the impact will be more positive than negative (3% to 16%).

Service firms are the least likely to expect a negative impact on their supply chain (-4%), compared to -17% to -27% across other sectors.

Infrastructure and micro and small firms are the least optimistic about the impact on their reputation (5% both).

Q. What impact will the transition to a reduction of carbon emissions have on the following aspects of your business over the next five years?

*Net balance is the share of firms seeing positive impact minus the share of firms seeing a negative impact

Base: All firms

Climate Change

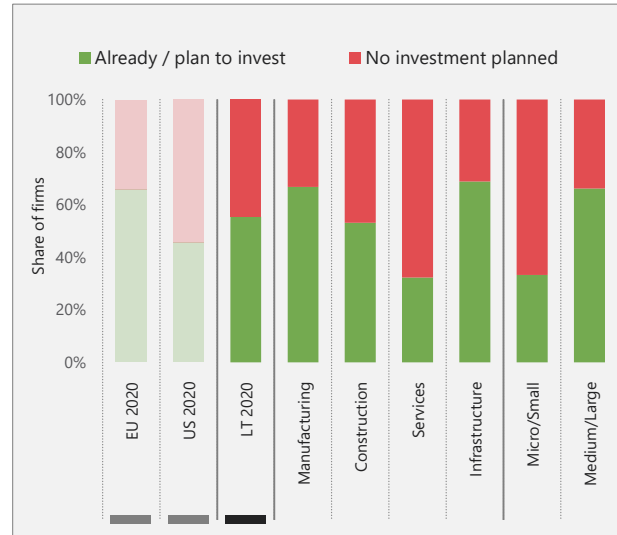
INVESTMENT PLANS TO TACKLE CLIMATE CHANGE IMPACT

55% of all firms in Lithuania have already invested or plan to invest in the next three years in measures to tackle the impact of weather events and reduction in carbon emissions. This is below the EU average (67%).

Medium and large firms are twice as likely to have invested or plan to invest in respective measures (66%) than micro and small firms (33%).

Firms in the services sector are the least likely to have invested or plan to invest (32%) compared with other sectors (53% to 69%).

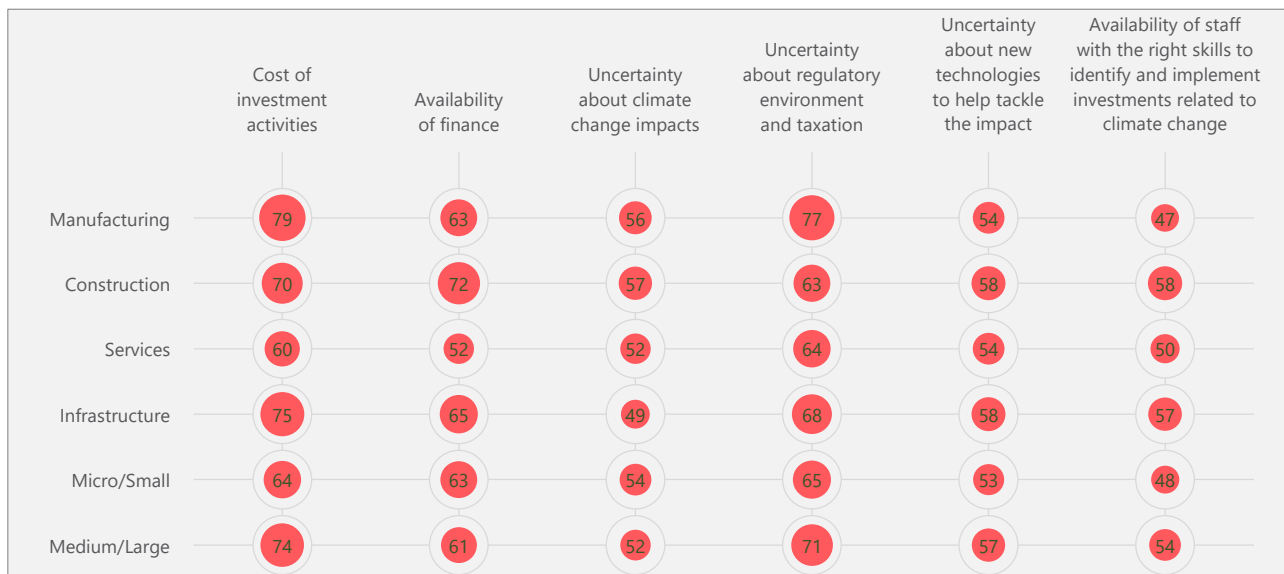
The cost of investment activities (71%), the uncertainty about the regulatory environment (69%) and the availability of finance (61%) are reported as the top three barriers to investing in activities to tackle climate change.



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

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

BARRIERS TO INVESTING IN ACTIVITIES TO TACKLE CLIMATE CHANGE BY SECTOR AND SIZE



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

Q. To what extent is the following an obstacle to investing in activities to tackle weather events and emissions reduction? Is it a major obstacle, minor obstacle or not at obstacle at all?

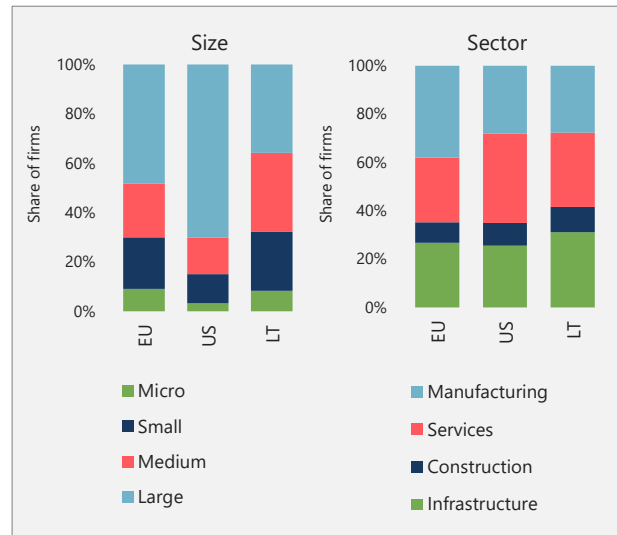
Base: All firms (data not shown for those who said not at obstacle at all / don't know / refused)

Profile of Firms

CONTRIBUTION TO VALUE ADDED

Large firms with 250+ employees account for the largest contribution to value-added in Lithuania (36%). This is lower than the average share of large firms across the EU (48%). Medium size firms in Lithuania contribute slightly more (32% of value-added) than the EU average (22%).

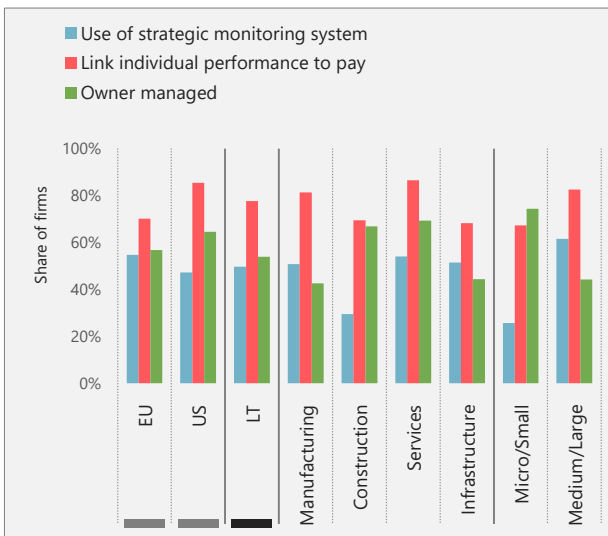
In terms of sectors, manufacturing firms contribute a slightly lower share of value-added (28%) compared to the EU average (38%), whereas the contributions of all other sectors are marginally higher in Lithuania.



The charts reflect the relative contribution to value-added by firms belonging to a particular size class / sector in the population of firms considered. That is, all firms with 5 or more employees active in the sectors covered by the survey. Micro: 5-9 employees; Small: 10-49; Medium: 50-249; Large: 250+

Base: All firms

FIRM MANAGEMENT



More firms in Lithuania report linking individual performance to pay than in the EU overall (78% compared with 70% EU-wide). Infrastructure and construction firms (68% and 70%, respectively) are less likely than manufacturing and services (81% and 87%, respectively) to link individual performance to pay.

50% of firms in Lithuania use a formal strategic business monitoring system, in line with the EU average (55%). Construction firms (30%) are the least likely to use a formal strategic business monitoring system.

More than half of firms in Lithuania report being owner-managed (54%) which is comparable with the EU average (57%).

Q. And does your company (a) use a formal strategic business monitoring system (that compares the firm's current performance against a series of strategic key performance indicators) (b) link individual performance with pay?
Q. Does the CEO/ company head of your firm own or control the firm, or have a family member that owns/controls it?

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

EIBIS 2020 – 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	Manufacturing	Construction	Services	Infrastructure	SME	Large	EU vs LT	Manuf vs Constr	SME vs Large
	(11971)	(800)	(400)	(112)	(85)	(93)	(102)	(351)	(49)	(11971 vs 400)	(85 vs 112)	(351 vs 49)
10% or 90%	1.1%	3.5%	3.3%	5.6%	6.4%	6.5%	6.3%	3.0%	7.3%	3.4%	8.5%	7.9%
30% or 70%	1.7%	5.3%	5.0%	8.5%	9.8%	10.0%	9.6%	4.6%	11.2%	5.2%	12.9%	12.1%
50%	1.9%	5.8%	5.4%	9.3%	10.7%	10.9%	10.4%	5.0%	12.2%	5.7%	14.1%	13.2%

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).
SME	Firms with between 5 and 249 employees.
Large firms	Firms with at least 250 employees.
EIBIS 2019	The previous wave of the EIB Investment Survey, with interviews carried out between April-July 2019.
EIBIS 2020	The current wave of the EIB Investment Survey, with interviews carried out between May-August 2020.

Note : the EIBIS 2020 overview refers interchangeably to 'the past/last financial year' or to '2019'. Both refer to results collected in EIBIS 2020, where the question is referring to the past financial year, with the majority of the financial year in 2019 in case the financial year is not overlapping with the calendar year 2019.

EIBIS 2020 – Country Technical Details

The country overview presents selected findings based on telephone interviews with 400 firms in Lithuania (carried out between May and August 2020).

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

Base definition and page reference	EU 2020/2019	US 2020/2019	LT 2020/2019	Manufacturing	Construction	Services	Infrastructure	Micro/Small	Medium/Large
All firms, p. 3, p. 4, p. 6, p. 10, p.11, p. 13, p. 15, p. 16, p. 17, p. 18, p. 19, p. 20	11971/12071	800/803	400/413	112	85	93	102	227	173
All firms (excluding don't know/refused responses), p. 2	11634/11417	748/711	392/403	109	84	90	101	222	170
All firms with investment plans for the current financial year (excluding don't know/refused responses), p. 3	9606/NA	643/NA	314/NA	91	63	71	82	164	150
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 5 (top)	10138/9716	682/624	351/354	100	76	76	91	187	164
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 5 (bottom)	9874/9506	683/620	359/354	104	76	81	90	194	165
All firms (excluding 'Company didn't exist three years ago' responses), p. 6	11949/12042	799/802	398/411	112	85	91	102	225	173
All firms (excluding don't know/refused responses), p. 7 (top)	11727/11757	787/775	386/403	108	84	89	98	219	167
All firms (excluding don't know/refused responses), p. 7 (bottom)	11608/0	780/0	382/0	106	83	88	98	217	165
All firms (excluding don't know/refused responses), p. 8 (top)	11720/11770	769/772	385/398	107	83	90	98	219	166
All firms (excluding don't know/refused responses), p. 8 (bottom)	9039/8380	600/516	331/323	94	72	72	86	178	153
All firms (excluding don't know/refused responses), p. 9	11938/11937	799/800	399/413	111	85	93	102	227	172
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 12	9255/9008	648/587	330/333	92	71	71	88	187	143
All firms who used external finance in the last financial year (excluding don't know/ refused responses), p. 12	4354/4369	314/252	145/141	36	24	27	53	61	84
All firms (excluding don't know/refused responses), p. 13	10711/10490	637/605	365/350	98	82	84	93	206	159
All firms who used external finance in the last financial year (excluding don't know/refused responses), p. 14*	4310/4292	314/245	119/121	26	22	26	43	45	74
All firms (excluding don't know/refused responses), p. 18	11898/NA	794/NA	396/NA	109	85	93	101	227	169
All firms (excluding don't know/refused responses), p. 19	11739/NA	772/NA	395/NA	111	84	92	100	225	170
All firms (excluding don't know/refused responses), p. 20*	11740/11627	777/762	392/399	109	83	92	100	224	168



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Lithuania

Overview

EIB INVESTMENT SURVEY

2020