

2015 SBA Fact Sheet

Lithuania

Key points

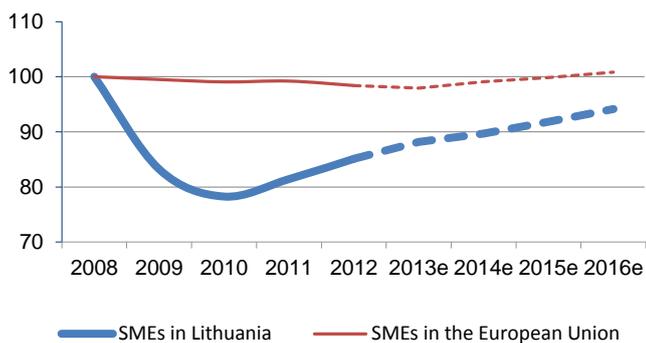
Past & future SME performance¹: SMEs have largely recovered from the crisis. Their value added increased by 8 % from 2008 to 2014. However, SME employment is still around 10 % below its 2008 level. In 2014, there were 12 146 new company registrations, a rise of 3 % compared to 2013. The outlook for SMEs until 2016 sees a strong increase in value added of 7.4 % annually. SME employment is expected to grow by 2.4 % in 2015 and by 2.5 % in 2016.

Implementing the Small Business Act for Europe (SBA): Lithuania has a strong SBA profile. In seven out of nine areas it scores above the EU average. Only on skills & innovation is it below the EU average. Since 2008, it has continuously improved its entrepreneurship and single market scores, while its skills & innovation and 'second chance' have steadily declined. Its scores for the rest of the principles remained stable. In 2014, the government adopted two important policy documents related to the implementation of the SBA — the Innovation Action Plan 2014-2017 and the Entrepreneurship Action Plan 2014-2020.

SME policy priorities: Its low level of innovation is the major challenge for Lithuania. This is compounded by the low level of private sector investment. The low level of innovation is also due to the lack of skills. As in other Member States the working age population is shrinking due to an increasing ageing population. The net emigration of young people has also contributed to the skills shortage. Vocational training should be targeted to the needs of the labour market. The 'SME test' needs to be used systematically. Interinstitutional cooperation could be improved.

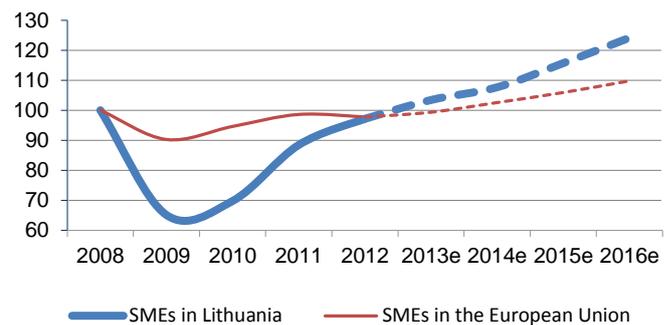
Number of persons employed in SMEs

(Index: 2008=100, estimates as from 2013 onwards)



Value added of SMEs

(Index: 2008=100, estimates as from 2013 onwards)



About the SBA fact sheets

The Small Business Act for Europe (SBA) is the EU's flagship policy initiative to support small and medium-sized enterprises (SMEs). It comprises a set of policy measures organised around 10 principles ranging from entrepreneurship and 'responsive administration' to internationalisation. To improve the governance of the SBA, the 2011 review of it called for better monitoring. The SBA fact sheets, published annually, aim to improve the understanding of recent trends and national policies affecting SMEs. Since 2011, each EU Member State has appointed a high-ranking government official as its national SME envoy. SME envoys spearhead the implementation of the SBA agenda in their countries.

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1. SMEs — basic figures

| | Number of enterprises | | | Number of persons employed | | | Value added | | |
|--------------|-----------------------|----------------|----------------|----------------------------|----------------|----------------|-------------|----------------|----------------|
| | Lithuania | | EU-28 | Lithuania | | EU-28 | Lithuania | | EU-28 |
| | Number | Share | Share | Number | Share | Share | Billion € | Share | Share |
| Micro | 132 276 | 91.0 % | 92.7 % | 231 687 | 26.6 % | 29.2 % | 2 | 15.3 % | 21.1 % |
| Small | 10 752 | 7.4 % | 6.1 % | 223 531 | 25.7 % | 20.4 % | 3 | 24.1 % | 18.2 % |
| Medium-sized | 2 057 | 1.4 % | 1.0 % | 211 326 | 24.3 % | 17.3 % | 4 | 29.2 % | 18.5 % |
| SMEs | 145 085 | 99.8 % | 99.8 % | 666 544 | 76.7 % | 66.9 % | 9 | 68.5 % | 57.8 % |
| Large | 280 | 0.2 % | 0.2 % | 202 851 | 23.3 % | 33.1 % | 4 | 31.5 % | 42.2 % |
| Total | 145 365 | 100.0 % | 100.0 % | 869 395 | 100.0 % | 100.0 % | 13 | 100.0 % | 100.0 % |

These are estimates for 2014 produced by DIW Econ, based on 2008-2012 figures from the Structural Business Statistics Database (Eurostat). The data cover the 'non-financial business economy', which includes industry, construction, trade and services (NACE Rev. 2 sections B to J, L, M and N), but not enterprises in agriculture, forestry and fisheries and the largely non-market service sectors such as education and health. The advantage of using Eurostat data is that the statistics are harmonised and comparable across countries. The disadvantage is that for some countries the data may be different from those published by national authorities.

SMEs in Lithuania play an important role in the 'non-financial business economy'. They generate 69 % of value added versus the EU average of 58 %. They also account for more than three quarters of all employment, compared with the EU average of just over two thirds. Microcompanies play a comparatively smaller role. Firms with under 10 employees generate approximately 15 % of value added, whereas the EU average is 21 %. The *wholesale and retail trade* and *transportation and storage* sectors are particularly important for SMEs, generating 31 % and 13 % of value added respectively. The corresponding EU averages are 22 % and 6 %.

SMEs have largely, if not fully, recovered from the crisis. Their value added increased by 8 % from 2008 to 2014 and has increased by almost two thirds since 2009. This more than compensated for the substantial drop of 35 % in value added from 2008 to 2009. However, SME employment, at slightly more than 10 % below its 2008 level, has far from fully recovered.

SMEs in the *real estate* sector have performed particularly well, with a 13 % increase in value added from 2008 to 2014. This was fuelled by a growing demand for housing because of a rise in disposable income and improved consumer confidence.² From 2009 to 2014, value added generated by SMEs in the *wholesale and retail trade* sector increased significantly. For example, the *retail trade without automobiles* subsector fully recovered from its crisis low, showing annualised growth rates of 10.7 % in value added. SME employment in this subsector also increased by 7 % from 2011 to 2014. Both sectors benefited from the recovering economy, characterised by a fall in unemployment and an increase in average earnings and purchasing power.

Unemployment fell to 10.7 % in 2014, after rising from 13.8 % in 2009 to 17.8 % in 2010.³ From 2009 to 2014, average monthly earnings rose by 13.6 % in nominal terms,⁴ while average real earnings started to rise in 2012, increasing by about 9.5 % up to 2014.⁵ Another reason for the increase in

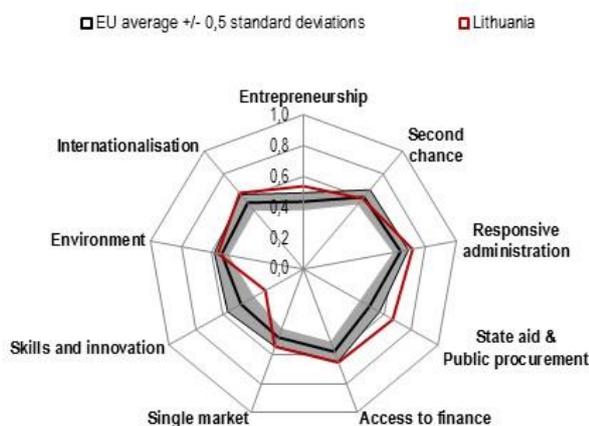
purchasing power is the increase in remittances from Lithuanians living abroad to support their families. From 2009 to 2013, these remittances increased by approximately 15 % a year. This is almost half the value paid out for pensions.⁶

In 2014, there were 13 837 new company registrations, a rise of 3 % compared to 2013 according to the State Enterprise Centre of Registers.⁷ The number of de-registrations increased by 20 %, to 5 232⁸, resulting in a net increase of 8 600 registrations. Most of the 12 146 new companies were SMEs, an increase of 4 % from 2013. In 2014, there were 4 950 SME de-registrations, an increase of about one fifth.⁹ One reason for the positive net development was the continuation and expansion of government measures promoting entrepreneurship, particularly the Entrepreneurship Promotion Fund. This fund addresses the market gap in access to finance for start-ups by providing loans combined with training.¹⁰ Historically, most registered and de-

registered companies have operated in wholesale and retail trade (2 221 registered and 1 336 de-registered), followed by construction (661 and 616). The increase in the number of active enterprises was especially high in the *wholesale and retail trade* sector with a rise of 9.4 %. It was even higher in *construction* (14 %) and *real estate* (13.6 %).¹¹

The outlook for SMEs in the 'non-financial business economy' sees a strong increase in value added, equivalent to 7.4 % annually. SME employment is expected to increase by 2.4 % in 2015 and by 2.5 % in 2016, boosting the job market. SME value added is projected to increase the most in *transportation and storage, information and communication, professional activities and administrative activities*. In each of these sectors it is predicted to increase by approximately 20 % from 2014 to 2016, with a corresponding 10 % increase in employment.

2. SBA profile¹²



Lithuania has a strong SBA profile. It scores above the EU average on entrepreneurship, 'responsive administration', state aid & public procurement, access to finance, the single market and internationalisation. Only on skills & innovation is it below the EU average. Since 2008, the country has continuously improved its entrepreneurship and single market scores, while its skills & innovation and 'second chance' scores have steadily declined. Its scores for the rest of the principles remained stable.

In 2014 and in the first quarter of 2015, which is the reference period for policy measures in this year's fact sheets, it implemented 19 new measures addressing eight out of the 10 SBA policy areas. It also announced nine policy measures in relation to entrepreneurship, skills & innovation and internationalisation. The most significant progress in policy

implementation concerned skills & innovation, internationalisation and access to finance. SMEs will more easily be able to improve their skills through training, advice and consultancy. This will also help them to innovate more. They will be able to certify their export products at affordable costs, enabling them to increase their exports. They may also receive support for participating in exhibitions, fairs and trade missions. Financing was also made easier for SMEs willing to invest in smaller towns and villages. Two important policy documents related to the implementation of the SBA, the Innovation Action Plan 2014-2017 and the Entrepreneurship Action Plan 2014-2020 were adopted. The least progress was made in the single market and the environment, where no new measures were implemented. However, new environment measures are planned.

The government has not adopted a specific national strategy to implement the SBA. However, the Entrepreneurship Action Plan 2014-2020 takes into account many issues mentioned in the SBA. The Ministry of the Economy is coordinating the plan's implementation. It is planned to finance it from the state budget and other financial sources.

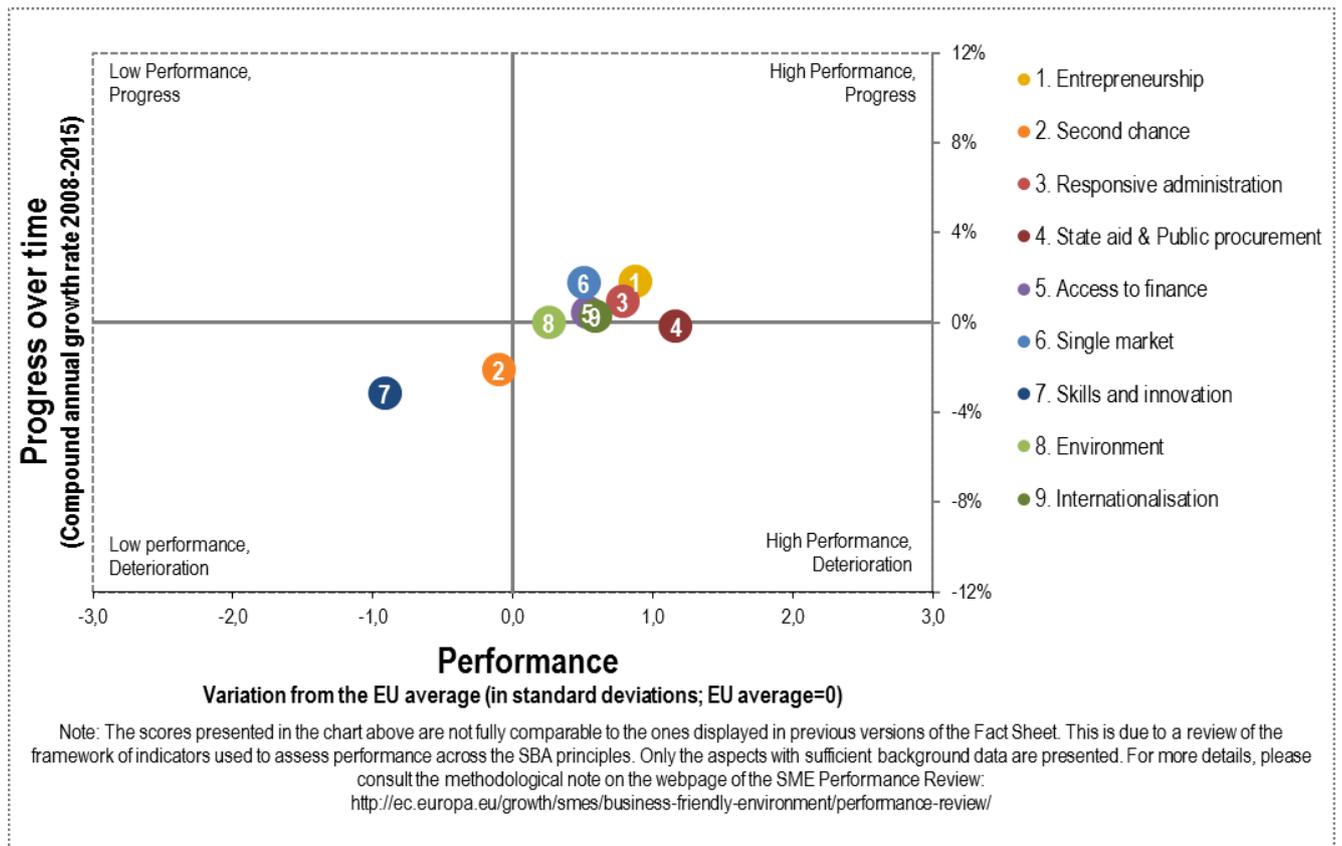
Lithuania is a small, open, export-driven economy. Many exports went to Russia. Recent deteriorations in Lithuanian relations with Russia have had a significant impact on some sectors. In response to this situation, the government approved measures to support the diversification of exports and improve cash flow for affected companies.

SMEs need more support from the government and parliament. Some activities related to the 'think small first' and 'responsive administration' principles, launched as pilot projects, lack an integrated methodology. The main barriers to progress are insufficient interinstitutional cooperation and a lack of human resources and information. The proposed measures often overlap in terms of areas of responsibility. Cooperation has

progressed since last year, but there is still room for improvement. In some cases stakeholders' lack of information may be a barrier.

The stakeholders regard the SBA implementation process in a positive light. They think the area of burdensome regulations deserves more attention and that compliance costs and the administrative burden for SMEs need to be reduced.

SBA performance of Lithuania: state of play and development from 2008 to 2015¹³



3. SBA principles¹⁴

3.0 'Think Small First'

The 'think small first' principle is meant to be a guiding principle for all policy- and law-making activities. It requires policy-makers to take SME interests into account at the early stages of the policy-making process. The principle also calls for newly designed legislation, administrative rules and procedures to be made simple and easy to apply.

Previously adopted mechanisms were put in place. The Commission for the Supervision of Better Regulation, consisting of representatives of public institutions and business associations (one member is from the SME Council), became operational in 2014. It drafts the action plans for reducing the administrative burden, monitors their implementation, suggests improvements to existing regulations and reviews proposed legislative acts. At the end of 2013 the Lithuanian Small Business Council, consisting of representatives of business associations and the Ministry of the Economy, signed a memorandum. The memorandum advocates better collaboration in the areas of entrepreneurship and SME development and on improving the business environment. The Council now regularly receives information on regulatory issues and other developments of interest to SMEs and proposes amendments and actions to relevant institutions. The SME community would like to see more progress in addressing the needs of microcompanies by simplifying regulations and reducing the administrative burden.

In the reference period, two new measures were introduced, simplifying procedures and reducing the administrative burden. The first is the new free electronic signature service, launched by the State Enterprise Centre of Registers in January 2014. It makes it possible to sign and exchange electronic documents, check the validity of the signature on signed documents and initiate the multi-party signing of documents. The second is a

measure allowing certain groups of self-employed people (owners of sole proprietorships and limited partnerships, members of small partnerships) to pay social security only when cash is withdrawn for personal use. This measure is meant to improve the cash flow of microcompanies, especially start-ups.

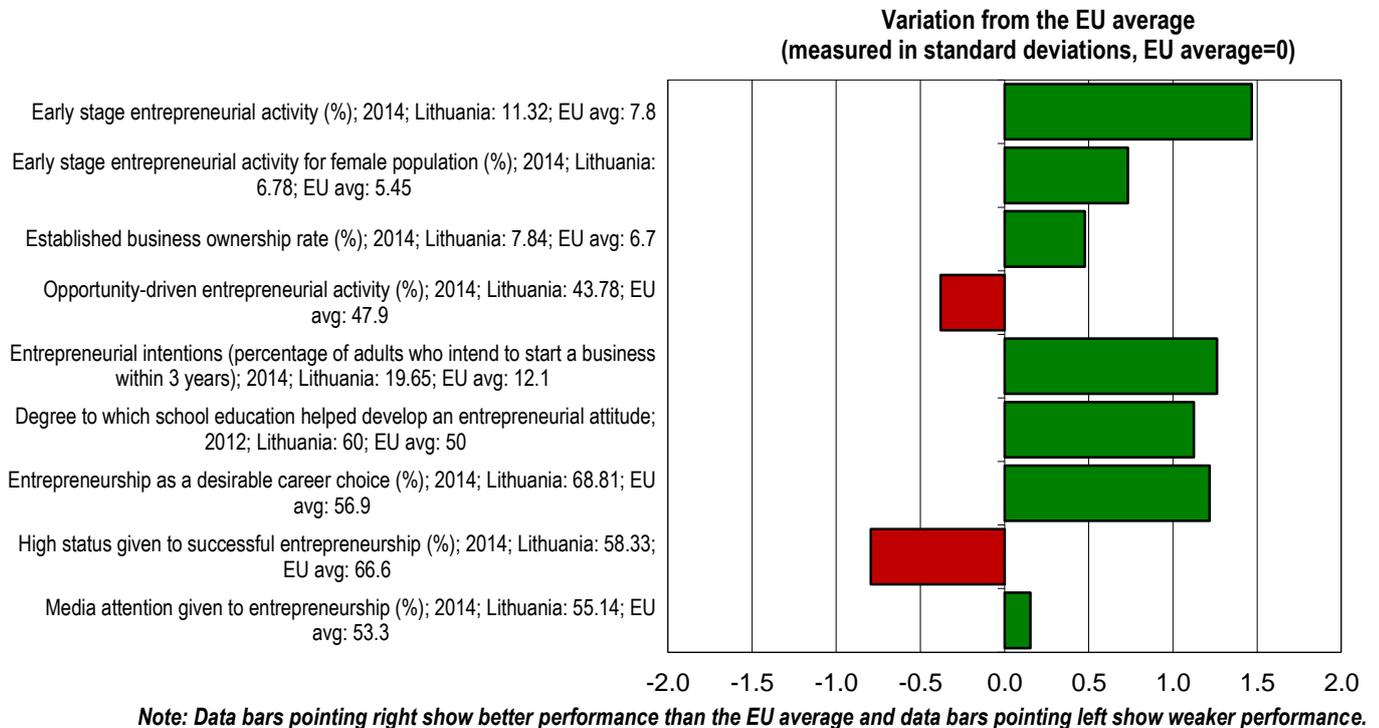
The 'SME test' is in place, but not used systematically. As a result, many legislative initiatives are not assessed.

Regulatory impact assessments are in place, but the process is often delayed. This is because it takes time to consolidate changes, it takes longer than planned to prepare legal acts and there is a lack of human resources. Competitiveness impact assessments are not done systematically. Existing legislation is usually revised and evaluated in connection with adopting the (new) government programme. With regard to reducing the administrative burden, public institutions are obliged to evaluate administrative burdens arising from draft legal acts. The Ministry of the Economy is also coordinating the SME-related activities of other government institutions. The challenge is to coordinate activities and provide sufficient staff in all corresponding institutions.

The Law on Legislative Framework, which came into effect in November 2013, brought in common commencement dates. According to the law, any new regulations or requirements affecting businesses should come into effect either on 1 May or 1 November. They should be published at least three months before coming into effect.

The newly appointed SME envoy is the head of the department in the Ministry of the Economy responsible for SME-related issues. This department works closely with the Small Business Council.

3.1 Entrepreneurship



Lithuania scores above the EU average on entrepreneurship. Compared to last year, the country's performance has declined. This is particularly the case for opportunity-driven entrepreneurial activity. It fell from 55.2 % to 43.78 % from 2013 to 2014. The established business ownership rate was also down, from 8.3 % to 7.84 %, as was early stage entrepreneurial activity to a lesser extent. The high status given to entrepreneurs rose from 57.2 % to 58.33 % and media attention given to entrepreneurship increased from 47.6 % to 55 %. In recent years, the number of microcompanies has increased considerably. As a result, more enterprises are registered than before the crisis. However, the sinking scores in the indicators on entrepreneurial activity seem to suggest that the time of the highest growth rate for start-ups has passed. Another issue that negatively affects the desire to run one's own business is the underdeveloped area of business transfers. This will be even more of a problem in the near future, when the first generation of entrepreneurs (i.e. those who set up businesses in the 90s after Lithuania became independent) needs to transfer their companies to the next generation, in or outside their family.

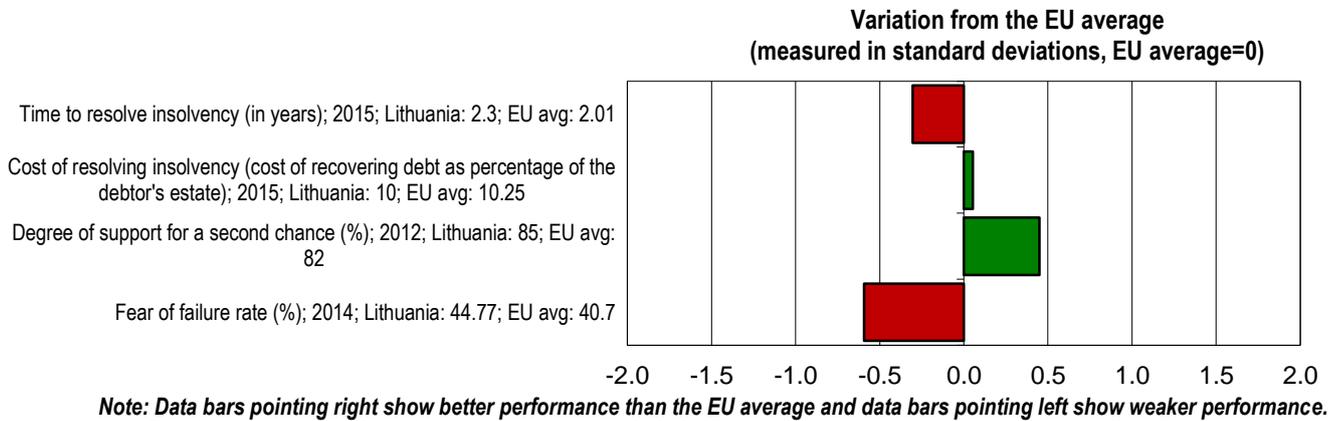
On the policy side, the government has aimed to improve the business environment since 2008 by means of a comprehensive

set of measures to promote entrepreneurship. They include the introduction of entrepreneurship curricula in secondary and tertiary education and involving the business community in education. They target young people, researchers and women in particular. Two measures were adopted in the reference period.

The first, the Entrepreneurship Action Plan 2014-2020, was adopted by the Ministry of the Economy on 26 November 2014. It takes the SBA and the EU Entrepreneurship Action Plan 2020 into account. Although its emphasis is on promoting entrepreneurship (in particular among young people and women), it is a comprehensive plan, with measures aimed at better regulation and 'second chance'. Its actions include promoting entrepreneurship through education and creating a favourable environment for business start-ups. Their aim is to make it easier for small businesses to access public services and improve the image of entrepreneurs in society.

The second was an initiative supporting female entrepreneurship launched in 2014. It included the organisation of a series of seminars on successful business start-ups.

3.2 ‘Second chance’

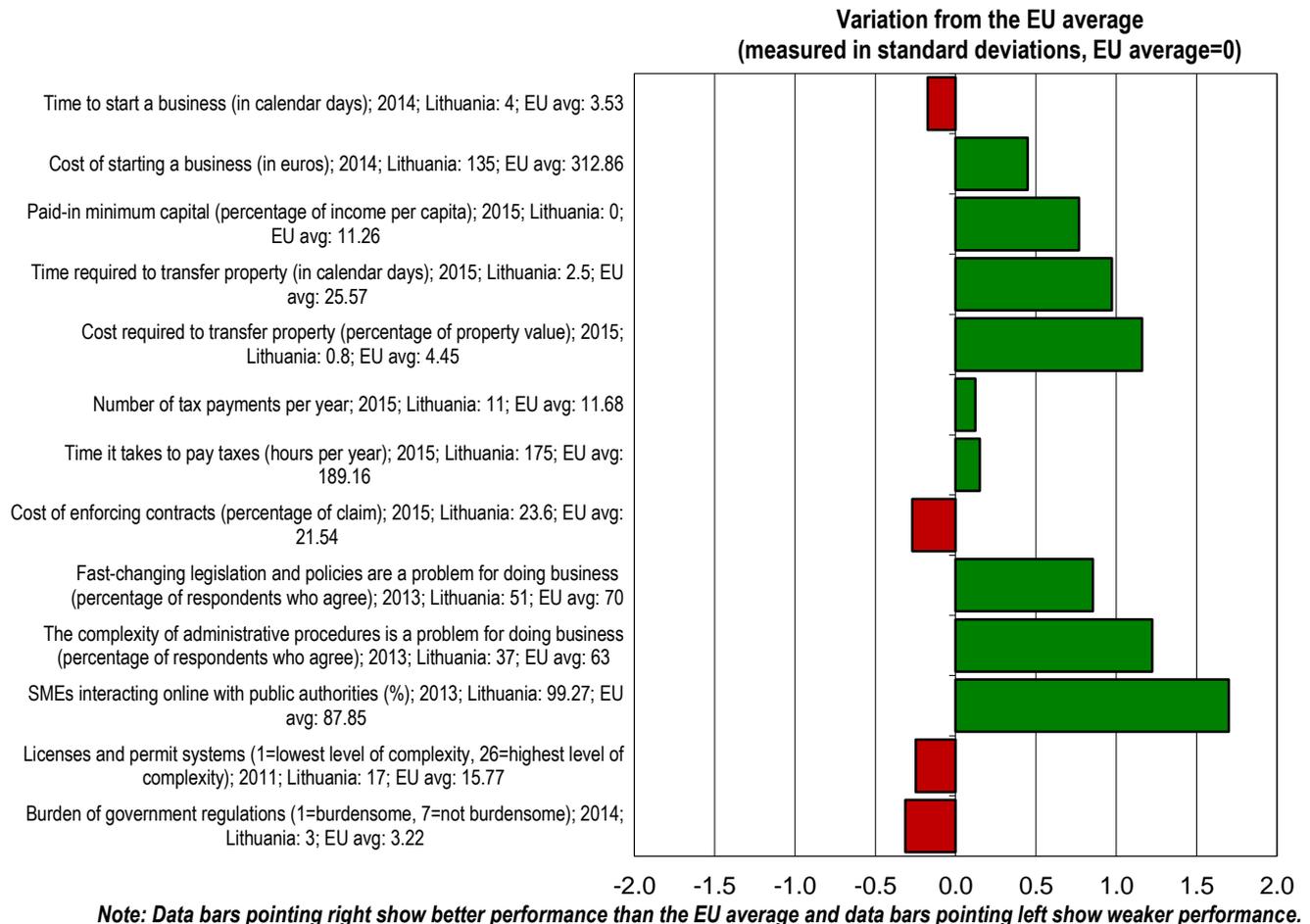


‘Second chance’ refers to ensuring that honest entrepreneurs who have gone bankrupt get a second chance quickly. Lithuania is on a par with the EU average in this area. However, during the last seven years, its performance has been constantly declining. The time it takes to resolve insolvency has risen from 1.9 last year to 2.3 years. The cost of resolving insolvency has also increased from 7 % to 10 % of the debtor’s estate. The fear of failure also increased, from 41.7 % in 2013 to 44.77 % in 2014.

On the policy side, over the past few years the public agency Enterprise Lithuania has been telling the success stories of entrepreneurs who started a new business for the second time. Given the difficulties in this area, some ‘second chance’ activities are included in the Entrepreneurship Action Plan 2014-2020. They are awareness-raising, mentoring, training and giving

‘second chance’ entrepreneurs access to business networks. Measures aimed at improving the public image of honest failed entrepreneurs are also in place. Since the beginning of 2015 the courts appoint the bankruptcy administrators in bankruptcy proceedings using a computer programme. The purpose of these changes is to ensure a transparent process of appointment of bankruptcy administrators and shorten bankruptcy proceedings. In the reference period, the bankruptcy regulation on the sale of assets by public auction in bankruptcy proceedings was modified. The amended regulation will come into force on 1 September 2015. It allows the sale of assets by electronic auctions, to make the bankruptcy procedure faster and more transparent.

3.3 'Responsive administration'



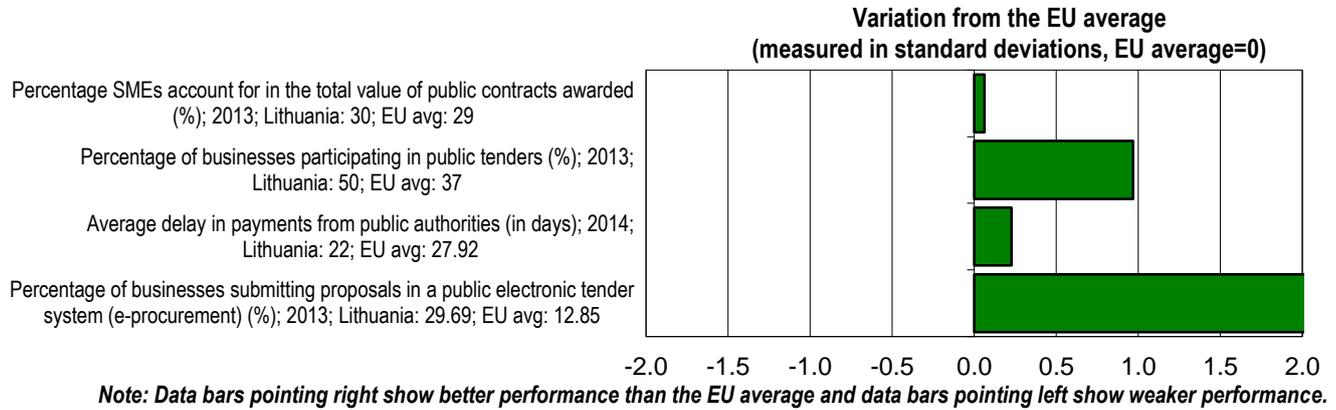
'Responsive administration' refers to public administration being responsive to the needs of SMEs. Lithuania has performed well above the EU average in this area over the last seven years. There have been no major changes in its scores since 2014. It has the best score of all the EU countries for the online interaction of SMEs with public authorities (99.27 %). Following the adoption of the law on reducing the administrative burden, the country took new steps to implement it nationally and regionally. In particular, the methodology for evaluating the administrative burden on business was adopted in 2012, administrative practices are under review and the government has adopted two-year plans for reducing the administrative burden. Initial results are encouraging. For example, some measures have significantly reduced the time it takes to start a business and the cost of doing so (from 6 to 4 days and from €210 to €135 from 2007 to 2014). The number of public electronic services for businesses (registering a business, obtaining licenses and paying taxes) is constantly increasing. The country has managed to reduce the administrative burden significantly.

Three measures were adopted in the reference period.

The first is a plan for consolidation the activities of the institutions responsible for supervising businesses (*Priežiūros funkcijų konsolidavimas*). The second is a risk assessment-based supervision model (*Rizikos vertinimu grįsta priežiūra*) introduced in 2014. The approach was tested on six supervising institutions. The analysis of risk management and management systems should result in recommendations for improving the performance of other institutions in these areas.

The third measure is the review of licensing practices (*Ūkinės veiklos licencijavimo supaprastinimas*) that the government approved in December 2014. The measure includes eliminating 9 licenses. A further 45 will be substituted by declarations. This will make it possible to start business operations one day after the declaration.

3.4 State aid & public procurement



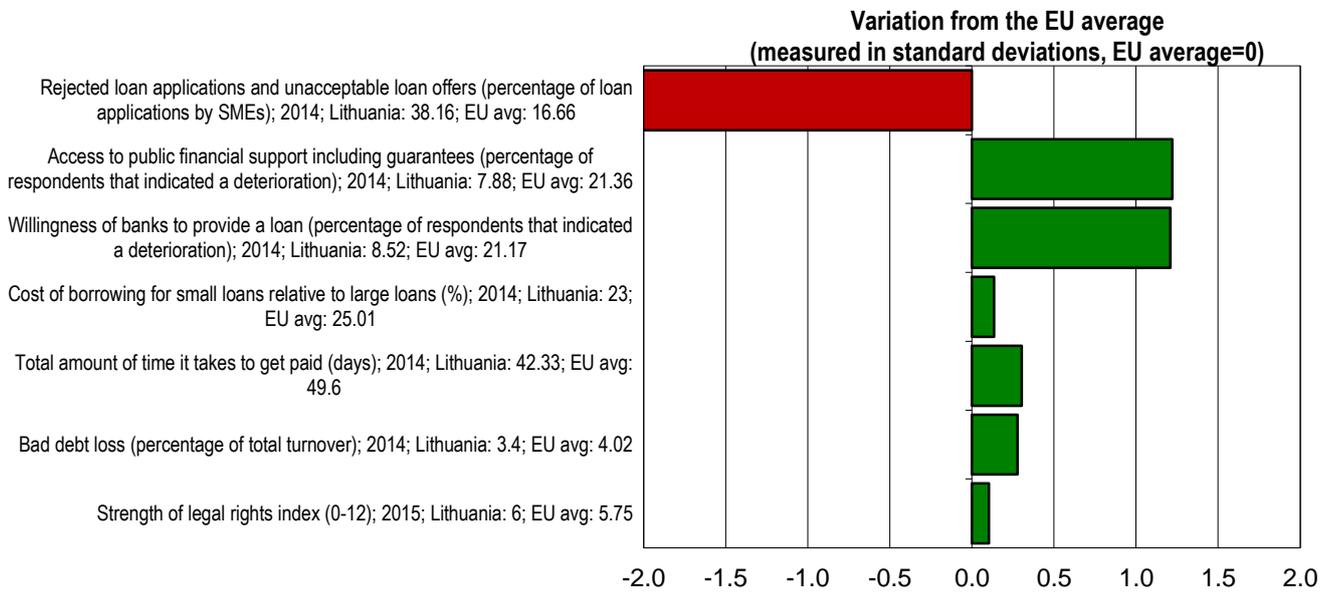
Over the last seven years Lithuania has scored well above the EU average in this area. The main reason for this is the high level of internet usage by public administrative bodies. This also makes it easier for SMEs to participate in public procurement. Lithuanian SMEs participate more often in public tenders than their EU peers. Their participation in electronic tender procedures is among the highest in Europe, only topped by Ireland by a very small margin.

In addition to introducing electronic procurement, the government has changed public procurement rules to the benefit of SMEs. The changes include transparency and low-value thresholds. Two new measures were adopted in the reference period.

The first is the Innovative Procurement Guidelines, published in December 2014. They describe how procuring organisations can purchase goods or services of better quality, adapted to their needs. Another benefit of innovative procurement will be to stimulate demand for innovation on the market.

The second is the Ministry of Finance’s e-account information system. It enables Lithuanian public institutions to use electronic invoices instead of paper billing while implementing public procurement contracts. The system is integrated into other public procurement programmes, further digitalising the whole public procurement process.

3.5 Access to finance



Note: Data bars pointing right show better performance than the EU average and data bars pointing left show weaker performance.

Since 2008, Lithuania has scored above the EU average in this area. There was some decline last year however. This is mainly due to the deterioration in the indicator relating to the loan applications rejected by private banks. In 2013 28 % of companies indicated a deterioration, increasing to 38.16 % in 2014. This is one of the worst scores in Europe, surpassed only by the Netherlands and Greece. On the positive side, the availability of public financial instruments has improved. Banks have enough liquidity at their disposal and are more willing than before to give loans, but they appear to focus on large companies and companies with lower risks. They therefore impose stricter lending conditions on SMEs.

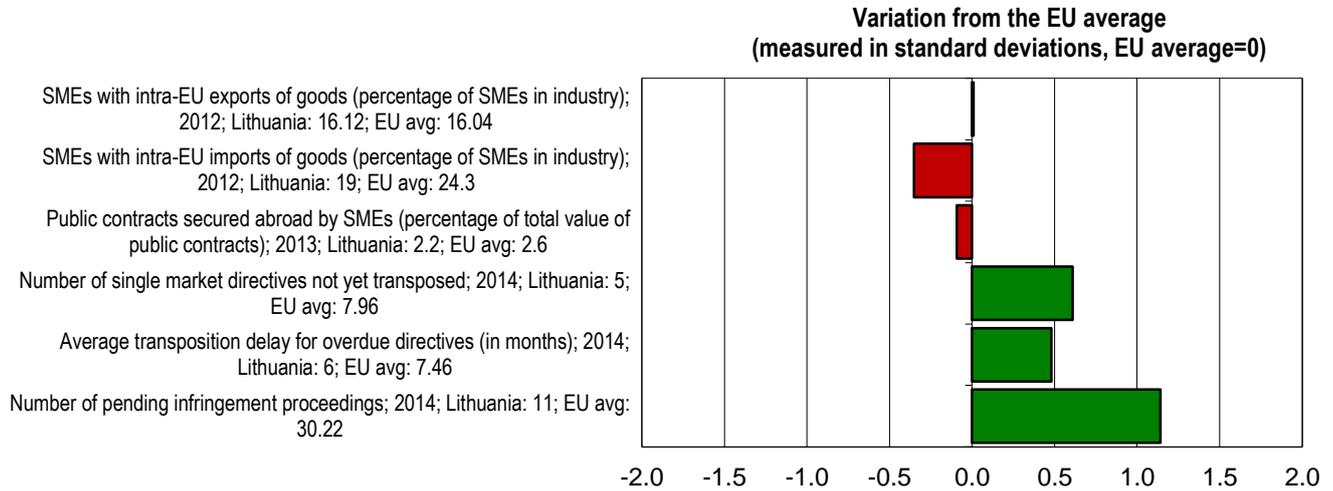
Access to finance has been a priority for the government over the past seven years. As a result, the availability of financing options has significantly improved. Several financial instruments for SMEs have been strengthened, such as microcredits, loan guarantees and subsidies to partially cover interest. From 2010 to 2013 other instruments addressing the specific financing needs of start-ups, such as loans and equity finance, were introduced. Several risk capital funds for early stage financing were set up with the assistance of the European Investment

Fund. These forms of venture financing were previously almost non-existent. Amendments to the law on profit tax and VAT have improved the conditions for companies to invest using their own financial resources. Subsidies for investors, partly funded from structural funds, have stimulated investment in less developed regions. Finally, tax incentives for enterprises carrying out R&D were introduced. Two measures were implemented in the reference period.

The first is REGIO-INVEST LT+, expected to stimulate the introduction of modern technologies by adapting existing capacities to the development of new production methods. The first call for investment projects in Lithuanian regions was launched in January 2015. Subsidies are provided for new buildings, reconstructions and/or the acquisition of new equipment of a value of up to maximum €2.1 million. The overall budget is around €87 million.

The second is a reduced VAT rate for accommodation services. At first parliament planned to bring in a 5 % rate, but after a second reading it adopted a 9 % rate. The measure came into effect on 1 January 2015. Companies are expected to directly benefit to the tune of €6 million.

3.6 Single market



Note: Data bars pointing right show better performance than the EU average and data bars pointing left show weaker performance.

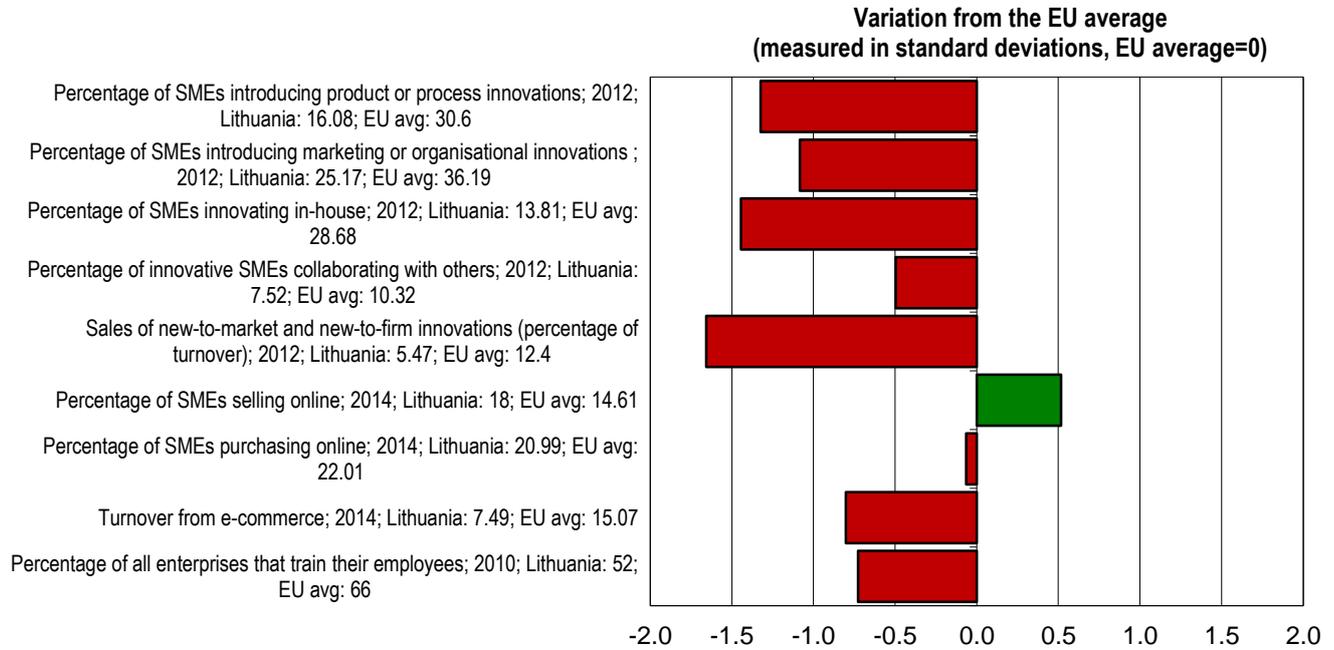
Over the past seven years, Lithuania's score in this area has improved, particularly last year. This is due to the big reduction in the average delay in transposing directives the transposition of which is overdue. This fell from 10.8 months in 2013 to 6 months in 2014. In contrast, the number of directives that still need to be transposed has increased from 4 to 5. The number of pending infringement procedures also went up from 8 to 11 from 2013 to 2014. However, on the latter, Lithuania is still among the best performers in Europe, surpassed only by Estonia.

SMEs' trade activity in the single market has declined. This is because the country depends so much on foreign markets,

making it more susceptible to external shocks. Against this backdrop, from 2011 to 2012 the share of SMEs in exports declined from 19.35 % to 16.12 % and in imports from 21.64 % to 19 %.

Since 2008 the government's focus has been on policy actions with a long-term effect. No new measures were introduced in the reference period. However, the use of previously adopted measures is increasing (e.g. SOLVIT and the Product Contact Centre).

3.7 Skills & innovation



Note: Data bars pointing right show better performance than the EU average and data bars pointing left show weaker performance.

Lithuania scores below the EU average on skills & innovation and the situation is not getting any better. Compared to last year, nearly all national values for the indicators have deteriorated. However, the corresponding EU average for introducing marketing innovations, innovating in-house and purchasing online deteriorated even more. But it did not deteriorate as fast as in Lithuania for innovative SMEs collaborating with others and sales of innovative products. The proportion of SMEs selling online is the only indicator with a score above the EU average and an additional improvement compared to last year. The remaining indicators deteriorated at equal speed nationally and on average in the EU.

The scores show that the low innovation rate is a major problem for Lithuania. It is compounded by the low investment rate of the private sector due to the banks' aversion to risk. Another reason is a lack of skills. As in other Member States population ageing is reducing the size of the working age population. The net emigration of young people has also contributed to the skills shortage. This will lead to considerable difficulties in the future. Vocational training does not always meet labour market needs.

The government tried to tackle this situation with measures to stimulate R&D and innovation in companies. They include subsidising feasibility studies and the protection of intellectual property. Specific measures promote cooperation on R&D, such as innovation vouchers to stimulate cooperation between SMEs and public research organisations, and provide support for

cluster activity. Some skills measures provide subsidies for companies to train employees. The Enterprise Europe Network is helping companies participate in international networks, cluster and innovation activities. These measures are very popular. Their real impact has yet to be assessed, but SMEs are clearly making use of them. Three measures were adopted in the reference period.

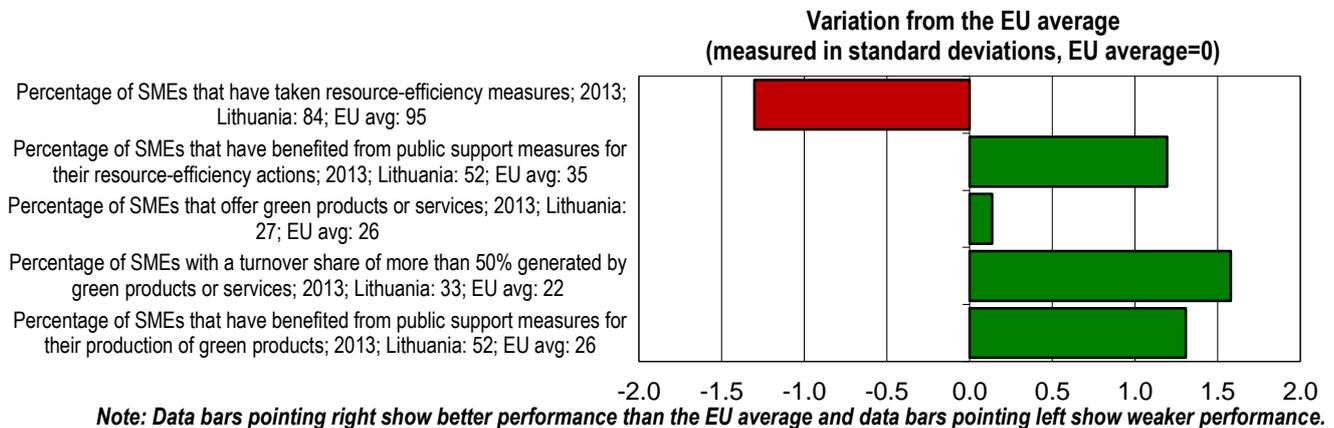
The first is the Innovation Action Plan 2014-2017. It provides innovation support services to SMEs, electronic information on R&D capabilities, support for R&D cooperation with relevant partners abroad, increases the level of qualifications of R&D workers in SMEs, incubator services, etc.

The second is the Lithuanian cluster development concept, approved in February 2014. It includes an analysis of the current situation and recommendations for developing and organising clusters.

The third is the Lithuanian science and technology park development concept. It aims to strengthen the role of science and technology parks. It highlights the key role of science and technology parks in implementing the smart specialisation strategy, by aiming to foster the development of products/services with greater value added.

Apart from these three measures, several new measures were announced to promote the development of skills and competences in R&D with international partnerships.

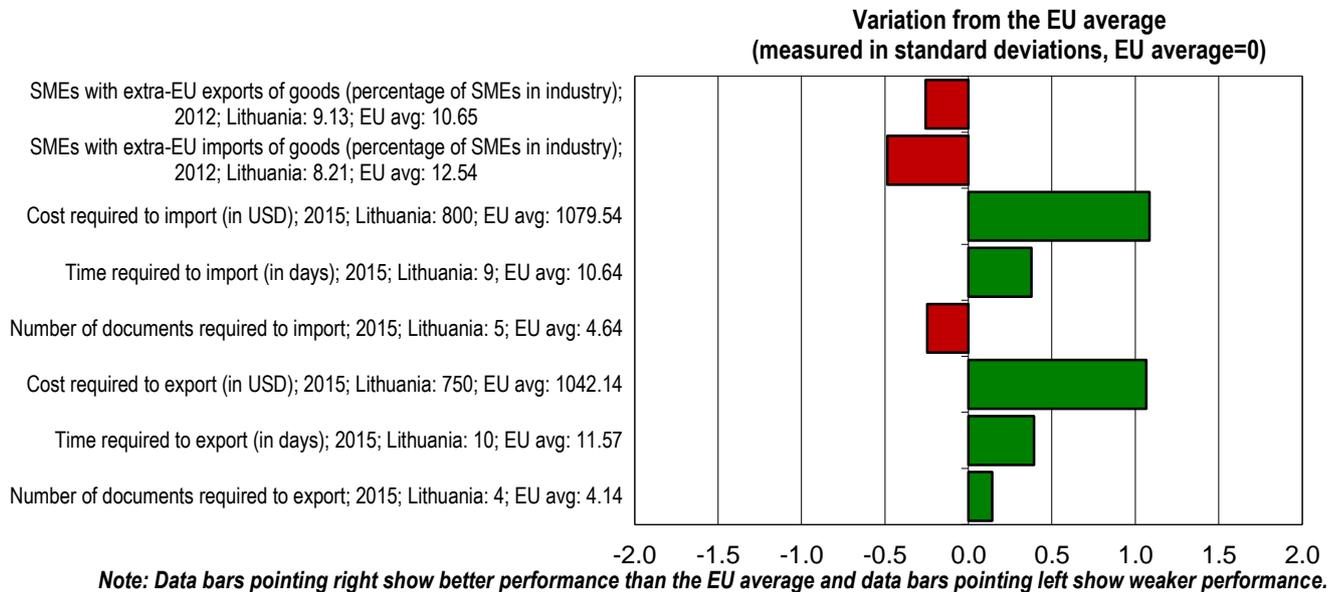
3.8 Environment



Lithuania is on a par with the EU average in this area according to 2013 data. The government has done a lot to help SMEs produce more green products and services. However, the outcomes did not meet expectations. Compared to the 52 % of SMEs that received public support to help them do so, only 27 % generate business from green services or products. More investment in waste management and recycling could help SMEs create new market solutions and find new market niches.

No new policy measures were launched. However, a package of six new measures is being prepared to support the introduction of environmentally innovative technology and the implementation of environment management systems in SMEs, in line with international standards. Accompanying measures will support the use of consulting services in the area of environment-related innovation and the uptake of renewable and efficient energy by industry.

3.9 Internationalisation



Since 2008, Lithuania has consistently scored above the EU average on internationalisation. Compared to the edition of this fact sheet from last year, its score fell slightly, mainly due to the reduced trade activity of SMEs with non-EU countries. Only 9.13 % of all manufacturing SMEs exported in 2012, while 10.95 % did so in 2011. The import figures have also dropped from 9.46 % to 8.21 %. This is because the country is more vulnerable to external shocks than other countries. All other indicators remained stable. Trade costs are relatively low in Lithuania, putting it among the top performers on this indicator. Since the Commonwealth of Independent States (i.e. the former Soviet Republics) is Lithuania's second biggest export trading partner, the crisis in the Ukraine is expected to have a considerable impact on the activity of SMEs. In response to EU economic sanctions, in August 2014 the Russian Federation banned the import of agricultural products and foodstuffs from the EU. Lithuania, first on the list of countries, was affected the most.

Some policy measures are already in place. They include training, providing information and consultation. Other measures promote participation in fairs, exhibitions and missions, providing subsidies to cover participation costs and promotional materials. The focus regularly changes to different sectors and markets.

Recently, the latest developments in trade relations with the Russian Federation have meant that this area has received more attention, with the fast-track implementation of new measures and increasing budgets. Against this backdrop, two measures were implemented in the reference period.

The first, implemented in 2014, is the Export Development Guidelines from the Ministry of the Economy. They focus on the increasing competitiveness of businesses, especially SMEs and start-ups. Various support measures are planned, including skills development, partner search and participation in fairs, business missions, international cluster activity and international networks.

The second is the Expo Certificate LT. It aims to increase the internationalisation of SMEs by supporting the certification of exported products and services. It envisages subsidies for the certification process, including research and the transportation of products and services for export. The subsidy covers up to 50 % of eligible costs (from €1 500 to €144 810). The measure came into effect on 21 January 2014 with an overall budget of approximately €1.5 million.



4. Interesting new initiative

Below is an example of a new initiative from Lithuania to show what governments can do to support SMEs.

Promoting innovative businesses (INOVEKS)

The Agency for Science, Innovation and Technology (MITA) leads an initiative encouraging the setting up of businesses that use innovative technology. The initiative aims to encourage students and young researchers to develop their ideas into successful businesses. It combines various support measures, such as free incubation services, training, intensive professional consultancy support in product and business development and research partnerships. The best participants will be given the opportunity to visit business accelerators in other countries. Business ideas are assessed and selected. Afterwards, teams are formed around winning concepts.

The assessment experts who help select winning concepts come from Lithuanian academic and research institutions, science and technology parks. Afterwards they work together with project teams on product and business concept development. They help them prepare investment proposals and put them in touch with potential business partners.

There was a lot of interest in this initiative, with 411 applications submitted and 71 companies set up in different sectors (engineering, biomedicine, energy and robotics) within a short period of time.

References:

<http://www.mita.lt/en/general-information/projects/inoveks/>

Important remarks

The European Commission Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs (DG GROW) produces the SBA fact sheets as part of the SME Performance Review (SPR), its main vehicle for economic analysis of SME issues. They combine the latest available statistical and policy information for the 28 EU Member States and 7 non-EU countries that also contribute to the COSME programme. Produced annually, they help to organise the available information to facilitate SME policy assessments and monitor SBA implementation. They take stock and record progress. They are not an assessment of Member State policies. Rather, they should be regarded as an additional source of information to improve evidence-based policy-making. For example, they cite only policy measures national SME policy experts consider relevant. They do not and cannot reflect all measures the government has taken over the reference period. There is more policy information on a database accessible from the SPR website.

SME Performance Review:

http://ec.europa.eu/growth/smes/business-friendly-environment/performance-review/index_en.htm

grow-spr@ec.europa.eu

Small Business Act:

http://ec.europa.eu/growth/smes/business-friendly-environment/small-business-act/index_en.htm

European Small Business Portal:

http://ec.europa.eu/small-business/index_en.htm

Endnotes

¹ The two graphs below present the trend over time for the variables. They consist of index values for the years since 2008, with the base year 2008 set at a value of 100. As from 2013, the graphs show estimates of the development over time, produced by DIW Econ on the basis of 2008–2012 figures from Eurostat's Structural Business Statistics Database. The data cover the 'non-financial business economy', which includes industry, construction, trade and services (NACE Rev. 2 sections B to J, L, M and N). They do not cover enterprises in agriculture, forestry and fisheries or largely non-market service sectors such as education and health. A detailed methodology can be consulted at: http://ec.europa.eu/growth/smes/business-friendly-environment/performance-review/index_en.htm

² INREAL: http://www.inreal.lt/media/editor/inreal/rinkos-apzvalgos/INREAL_RLN_2014-2015_rinkosapzvalga_LT_6.pdf, last accessed 20.3.2015.

³ Statistics Lithuania: <http://osp.stat.gov.lt/en/statistiniu-rodikliu-analize?id=1770&status=A>, last accessed 20.03.2015

⁴ Statistics Lithuania: <http://osp.stat.gov.lt/en/statistiniu-rodikliu-analize?portletFormName=visualization&hash=77bcd661-ae99-4828-9809-e158baf3bf3e>, last accessed 20.3.2015.

⁵ Statistics Lithuania: <http://osp.stat.gov.lt/en/statistiniu-rodikliu-analize?portletFormName=visualization&hash=3f69b460-709b-424a-877b-8d028096845f>, last accessed 20.3.2015.

⁶ <https://osp.stat.gov.lt/services-portlet/pub-edition-file?id=3032>, p. 63, last accessed 20.3.2015.

⁷ State Enterprise Centre of Registers: <http://www.registrucentras.lt/naujienos/index.php?mod=news&act=view&id=18915>, last accessed 25.2.2015.

<http://osp.stat.gov.lt/informaciniai-pran-esimai?eventId=51419>, last accessed 25.2.2015.

⁸ Lithuanian Department of Statistics: <http://osp.stat.gov.lt/informaciniai-pranesimai?eventId=51419>, last accessed 25.2.2015.

⁹ Ibid.

¹⁰ INVEGA: <http://www.invega.lt/lt/menu-top/invega-aktualijos-naujienos-verslo-startuoliu-gretas-toliau-sparciausiai-augina-jaunimas.htm>; <http://www.invega.lt/lt/paslaugos/lengvatines-paskolos-verslumo-skatinimo-fondas/igyvendinimas.htm>, last accessed 28.2.2015.

¹¹ Lithuanian Department of Statistics: <http://osp.stat.gov.lt/statistiniu-rodikliu-analize?id=6141&status=A>, last accessed, last accessed 25.2.2015.

¹² The 2015 SBA fact sheets benefited substantially from input from the European Commission's Joint Research Centre (JRC) in Ispra, Italy. The JRC made major improvements to the methodological approach, statistical work on the dataset and the visual presentation of the data.

¹³ The quadrant chart combines two sets of information. Firstly, it shows current performance based on data for the latest available years. This information is plotted along the X-axis measured in standard deviations of the simple, non-weighted arithmetical average for the EU-28. Secondly, it shows progress over time, i.e. the average annual growth rates from 2008 to 2015. These are measured against the individual indicators which make up the SBA area averages. Hence, the location of a particular SBA area average in any of the four quadrants provides information not only about where the country is located in this SBA area relative to the EU average at a given point in time, but also about the extent of progress made between 2008 and 2015. All SBA principles, with the exception of the 'think small first' principle for which there is not enough statistical data available, are calculated as composite indicators following the OECD/JRC Handbook guide. For more information on the methodology see Saisana and Dominguez-Torreiro 2015 on the webpage of the SME Performance Review: http://ec.europa.eu/growth/smes/business-friendly-environment/performance-review/index_en.htm

¹⁴ The policy measures presented in this SBA fact sheet are only a selection of the measures the government took in 2014 and the first quarter of 2015. The national SME policy expert that CARSA Spain (DG GROW's lead contractor for the 2015 SBA fact sheets) contracted made the selection. The experts were asked to select only the measures they considered the most important, i.e. the ones expected to have the highest impact in the SBA area in question. The complete range of measures the experts compiled in producing this year's fact sheets will be published alongside the fact sheets in the form of a policy database on the DG GROW website.