Lithuania: The Start-up Nation
Dr. Žygimantas Pavilionis
Ambassador of Lithuania to the United States
“The US of the Middle Ages”

- 1009: First record of the name ‘Litua’
- Grand Duchy of Lithuania (12th C.-1795): tradition of ecumenism, tolerance, ethnic and cultural diversity
- 1791: First written Constitution in Europe
Non-Recognition Policy:
Chicago, Marquette Park
Startup nation

• During the recent years Lithuanian startup ecosystem has been expanding rapidly and we even have people coming from abroad to establish their startups in Lithuania

• Expansion is seen horizontally across all the stages of startup development starting from participation in the events to team formation and launch of the actual products and companies followed by attributable investments
Most Successful Example of Transformation: Facts and Figures

- Territory - 65 300 km²
- Population – 3.0 million
- Capital - Vilnius
- Official language – Lithuanian
- Currency – EURO

Recent milestones:
- 2004: EU & NATO Membership
- 2009: Lithuania’s Millennium Celebration
- 2010: Presidency of the Community of Democracies
- 2011: OSCE Chairmanship
- 2013: EU Presidency
- 2014: UN Security Council
- 2015: Eurozone OECD
ROAD: FROM FIGHT FOR FREEDOM TO INTERNATIONAL RECOGNITION TO A WORLD PLAYER

Restoration of Independence

Admission to the United Nations


03 11 1990
09 17 1991
10 17 2013

Baltic Rally in front of the U.N. in New York, 1965

Join LTUworld.com on Facebook and Twitter
Consistent Growth, Promising Future

- Average **GDP growth** 1995-2007: **9.8% per year**, 2014-2015: 3.1% GDP per capita has doubled since the EU accession: 4\textsuperscript{th} in the world for real GDP growth per capita **#1 for GDP growth in EU**
- Share of the **private sector**: from ~0% GDP to more than **80%** in the last 20 years, more than 80% GDP for export. **21\textsuperscript{rd} freest economy** in the World (Heritage Found.)
- **#1 in the EU** for use of eGovernment solutions
- **#11** for ease of starting businesses
- **#1** globally for conditions for Business Process Outsourcing
- **0% tax rates** for 6 years in special Economic zones and **50% profit tax deduction** afterwards, **triple tax deduction for R&D**

### Remarkable Leap\textsuperscript{1}

<table>
<thead>
<tr>
<th></th>
<th>1995</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP ($ billion)</td>
<td>6.3</td>
<td>39.6</td>
</tr>
<tr>
<td>GDP per capita ($)</td>
<td>1,716</td>
<td>12,230</td>
</tr>
<tr>
<td>Cumulative FDI ($ million)</td>
<td>326</td>
<td>13,225</td>
</tr>
<tr>
<td>FDI per capita ($)</td>
<td>88</td>
<td>4,110</td>
</tr>
</tbody>
</table>

### Credit Rankings

<table>
<thead>
<tr>
<th></th>
<th>Moody's</th>
<th>Standard &amp; Poor's</th>
<th>Fitch</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Moody's</strong></td>
<td>A3</td>
<td><strong>Standard &amp; Poor's</strong></td>
<td>A-</td>
</tr>
<tr>
<td><strong>Fitch</strong></td>
<td>A-/ stable</td>
<td><strong>Standard &amp; Poor's</strong></td>
<td></td>
</tr>
</tbody>
</table>

\textsuperscript{1}Consistent Growth, Promising Future Credit Rankings

Moody's: A3

Standard & Poor's: A-

Fitch: A-/ stable
Lithuania – 19th member of € zone:

All three Baltics - at the core of European family
GDP per person
% change, 2004-14, (date joined Euro)

<table>
<thead>
<tr>
<th>Country</th>
<th>2004-2014 Change</th>
<th>2014 GDP (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td></td>
<td>35,000</td>
</tr>
<tr>
<td>France</td>
<td></td>
<td>33,000</td>
</tr>
<tr>
<td>Italy</td>
<td></td>
<td>26,500</td>
</tr>
<tr>
<td>Lithuania</td>
<td></td>
<td>12,250</td>
</tr>
<tr>
<td>Poland</td>
<td></td>
<td>10,350</td>
</tr>
<tr>
<td>Slovakia (2009)</td>
<td></td>
<td>13,750</td>
</tr>
<tr>
<td>Latvia (2014)</td>
<td></td>
<td>12,150</td>
</tr>
<tr>
<td>Estonia (2011)</td>
<td></td>
<td>14,750</td>
</tr>
<tr>
<td>Czech Republic</td>
<td></td>
<td>13,750</td>
</tr>
<tr>
<td>Malta (2008)</td>
<td></td>
<td>17,750</td>
</tr>
<tr>
<td>Hungary</td>
<td></td>
<td>9,750</td>
</tr>
<tr>
<td>Slovenia (2007)</td>
<td></td>
<td>17,300</td>
</tr>
<tr>
<td>Cyprus (2008)</td>
<td></td>
<td>17,650</td>
</tr>
</tbody>
</table>

Source: IMF
Countries with the best public WiFi

- **Avg. download speed, Mbps**
- **Avg. upload speed, Mbps**
- **Avg. clients’ satisfaction rank (1-10)**

<table>
<thead>
<tr>
<th>Country</th>
<th>Avg. Download Speed, Mbps</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lithuania</td>
<td>15.40</td>
</tr>
<tr>
<td>Croatia</td>
<td>14.05</td>
</tr>
<tr>
<td>Estonia</td>
<td>13.75</td>
</tr>
<tr>
<td>Ireland</td>
<td>11.43</td>
</tr>
<tr>
<td>Romania</td>
<td>11.32</td>
</tr>
<tr>
<td>UK</td>
<td>10.97</td>
</tr>
<tr>
<td>Denmark</td>
<td>10.52</td>
</tr>
<tr>
<td>Hungary</td>
<td>10.37</td>
</tr>
<tr>
<td>Belgium</td>
<td>10.07</td>
</tr>
<tr>
<td>Slovenia</td>
<td>9.72</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>9.67</td>
</tr>
<tr>
<td>Singapore</td>
<td>9.49</td>
</tr>
<tr>
<td>Finland</td>
<td>8.69</td>
</tr>
<tr>
<td>Switzerland</td>
<td>8.67</td>
</tr>
<tr>
<td>Latvia</td>
<td>8.46</td>
</tr>
<tr>
<td>Germany</td>
<td>7.96</td>
</tr>
<tr>
<td>Sweden</td>
<td>7.90</td>
</tr>
<tr>
<td>Portugal</td>
<td>7.43</td>
</tr>
<tr>
<td>Canada</td>
<td>7.16</td>
</tr>
<tr>
<td>USA</td>
<td>6.89</td>
</tr>
</tbody>
</table>

Data source: [www.rottenwifi.com](http://www.rottenwifi.com)
U.S. Trade with Baltic States

ECONOMIC TIES GET STRONGER

LITHUANIA

U.S. IMPORTS

$637 million (2010) - $1.5 billion (2013)

MAJOR IMPORTS:
• furniture and fixtures
• chemicals
• fuels

U.S. EXPORTS


MAJOR EXPORTS:
• transportation
• processed food
• machinery

U.S. FOREIGN DIRECT INVESTMENT (FDI)

$186 MILLION*

MAJOR U.S. INVESTORS
Thermo Fisher, Moog Inc., Kraft, IBM, Philip Morris, Mars Inc.

*FDI data for cumulative stock by the end of 2011.
Sources: U.S. Census Bureau, U.S. Department of State
U.S. Trade with Baltic States

ECONOMIC TIES GET STRONGER

- **Estonia**: $716 million
- **Latvia**: $767 million
- **Lithuania**: $2.4 billion

*FDI data for cumulative stock by the end of 2011.
Sources: U.S. Census Bureau, U.S. Department of State
US business presence and new entries

US investors created the **most jobs of all FDIs (2011-2014)**/
No1 investor in 2014 (service centers, manufacturing, life sciences) top performers:
Thermo Fisher (biotech) $290M – 430 jobs
Moog Inc. (medical devices) $200M – 100 jobs
Philip Morris (tobacco products) $130M – 430 +40% increase
Kraft (confectionary) $60M – 550 jobs
Kinze Manufacturing (planting equipment $10M - 270 jobs
Intermedix (health care technologies) – $8M - 200 jobs
Latest: AIG – 400 jobs

http://www.amlithbc.org/
twitter: @AmLithBC
International success stories – LT star-ups

- GetJar
  - $42 million raised

- yPlan
  - $13,7 million raised

- Eskimo
  - 10 million users
Transatlantic Trade and Investment Partnership (T-TIP)

- **Significant economic gains**: EU (€119 billion a year), US (€95 billion euro a year) or €545 per family in EU and €655 per family in US;
- **GDP increase**: up to 1% for both sides (for Lithuania – 0.58%);
- **Increasing trade**: global trade increase by almost €100 billion;
- **Overall increase of wages, new employment opportunities**;
- **Innovation growth**.
- **Alaska**: TTIP would increase exports to the EU by 9.3%, could boost net employment by 1770 jobs (in 2011 EU purchased 17% of goods exports, 30% of services exports).
Europe Whole and Free: Enlargement + Europe’s East

- **Enlargement back on agenda?**
  - **Croatia** joined on July 1, 2013
  - Accession talks w/ **Turkey** restarted (after 3 year break)?
  - Thessaloniki agenda?

- **November 28-29, 2013: Vilnius Eastern Partnership Summit:**
  - June 27, 2014: signing of **Association Agreements** (Ukraine, Moldova, Georgia)
  - Visa free with Moldova

- **May 21-22, 2015: Riga Eastern Partnership Summit**
  - Visa free with Ukraine and Georgia in 2016?
  - Membership perspective?
Europe Whole and Free: life after Vilnius: Kyiv versus Moscow?

12/10/2013 @carlbildt: “Eurasia versus Europe in streets of Kiev tonight. Repression versus reform. Power versus people”
Russia: Putin-led KGB coup?

- Back to 1930-1940? North Korea or revisionist Germany before WWII?
- Back to dictatorship, empire reconquering “near abroad” till 2016?
- Destruction of Association Agreements / killing reform process in neighboring countries?
- Ukrainian economic default / reactionary forces back?
- Corrupting and diverting the West.
- Killing NATO, TTIP transatlantic links?
Main Lessons learned:
Do we have security agenda?

- NATO/US brigade in the Baltics/Poland?
- NATO / EU enlargement?
- Sectorial sanctions?
- Defensive aid to Ukraine?
- Russia policy: accommodation containment?
- Defending democracy: fighting Putin’s cleptocracy?
Main lessons learned: 
Energy Security

Lithuania became the first Central/Eastern Europe nation to have its own LNG import terminal (floating storage and regasification unit).

It has been christened “Independence”.

**Independence by numbers:**
- ≤4 Billion cubic meters / y (1.5 bcf)
of regasification capacity, or 75% of combined demand in Lithuania, Latvia, and Estonia.
- 2- 4 Weeks of emergency gas supply for Lithuania’s priority customers (citizens, hospitals, etc.).

Lithuania has secured a contract with Norway’s Statoil for the minimum volume of LNG needed.

**Lithuania still needs US gas - why US has to do it? (LNG exports)**
- LNG exports to support EU allies who are bearing the burden of economic sanctions by Russia; support the NATO allies; create global gas market; Ensure alternative and reliable supply route and thus help allies to diversify from Russia.

**EU has to continue: alternative infrastructure, interconnections, unbundling.**
War for hearts and minds
Public diplomacy / Cyber

Main lessons learned:
the fight for the *harts&minds* in CEE

- Funding
- Existing programs
  (cultural and educational exchanges, grants, scholarships, etc.)
- Media
- Nation branding efforts

*Русский Мир*
*Fulbright*
*VOA*
*RT*
Follow on Social Media

- Embassy in Washington DC - [http://usa.mfa.lt](http://usa.mfa.lt)
- On Twitter: @ZygisPavilionis
- President @Grybauskaite_LT
- Foreign Minister @LinkeviciusL

- On Facebook: Zygimantas Pavilionis
  (in Lithuanian)