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## Lithuania

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### Lithuania Exporter Guide

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**Report Highlights:**

Over the next few years Lithuania is expected to continue to achieve solid economic growth. Despite the recent European financial crisis Lithuania showed that it is capable of a remarkable adjustment capacity. Lithuania adopted the Euro currency on January 1, 2015. Investment and domestic demand are expected to be increasingly important drivers of the economy. Lithuania is in a good position to serve as a distributor for all three Baltic Countries (Lithuania, Latvia and Estonia) for agro-food products from the United States. In 2015 Lithuania imported agricultural and fish products worth U.S. \$4 billion with U.S. sourced imports worth U.S. \$75 million. Products from the U.S. that have good sales potential on the Lithuanian market include: fish and seafood products, nuts, wines and distilled spirits, highly processed and functional ingredients.

## General Information:

### SECTION I. MARKET SUMMARY

During 2015 Lithuania's economy recovered from the 2012-13 economic slowdown, growing by 1.6 percent thanks to continuously increasing domestic demand. Further increase in real GDP growth to 2.6 percent is expected in 2016. Disposable income per capita in 2015 amounted to U.S. \$8,932. Lithuanian GDP per capita exceeds that of the other two Baltic States, standing at 73 percent of the European Union (EU) average.

Unemployment in Lithuania in 2015 was at 9.1 percent in 2015 and it is forecast to fall to 8.4 percent in 2016. Both employment and the number of vacancies are climbing. Skill shortages are emerging as Lithuania moves up the technological chain. The Lithuanian Central Bank expects wages to rise by nearly 5 percent in 2016.

Working-age population numbers are decreasing due to negative population growth especially a high level of emigration. Experts predict that unless this trend is reversed by return migration or new immigration, a tighter labor market and a slowdown in productivity gains could negatively affect Lithuania's long-term economic growth.

**Table 1. Basic Economic Indicators**

	2015 <sup>a</sup>	2016 <sup>b</sup>	2017 <sup>b</sup>	2018 <sup>b</sup>	2019 <sup>b</sup>	2020 <sup>b</sup>
<b>Real GDP growth</b>	1.6	2.6	3.2	3.4	3.3	2.9
<b>Population (m)</b>	3.1	3.0	3.0	2.9	2.9	2.8
<b>Unemployment rate (av)</b>	9.1	8.4	8.0	7.6	7.3	7.0
<b>Consumer price inflation (av. National measure)</b>	-0.7	0.9	1.9	2.4	2.4	2.4
<b>Exports of good fob (U.S. \$)</b>	28.2	27.6	28.7	30.5	32.0	32.99
<b>Imports of goods fob (U.S. \$)</b>	30.9	30.7	31.7	33.3	34.8	35.9
<b>Exchange rate Euro:U.S. \$ (av)</b>	0.90	0.94	0.92	0.90	0.87	0.85

Source: Economist Intelligence Unit <sup>a</sup> estimates and <sup>b</sup> forecasts.

In 2014 the disposable income for a single person household in Lithuania was Euro 585 (U.S. \$778); as compared with Euro 572 (U.S. \$760) in Latvia and Euro 858 (U.S. \$1,141) in Estonia.

**Table 2. Household expenditures 2014 (%), EU 28 average/Lithuania**

<b>Household expenditures, 2014 (%)</b>	<b>EU28</b>	<b>Lithuania</b>
Food and non-alcoholic beverages	15.8	23.7
Alcoholic beverages and tobacco	4.5	8.6
Clothing and footwear	6.2	6.7
Housing, water, electricity, gas and other fuels	15.9	12.3
Furnishings, household equipment, maintenance	6.3	6.2
Health	4.2	5.4
Transport	14.9	14.7
Communications	3.1	2.6
Recreation and culture	10.1	6.9
Education	1.2	1.2
Restaurants and hotels	9	5.2
Miscellaneous goods and services	8.8	6.5

*Source: Harmonized consumer price index, Eurostat*

The population of Lithuania has been decreasing since the early 1990s. In 2015 Lithuania had 3.1 million inhabitants, which is almost 600,000 less than recorded in 2000; further decreases to 2.8 million are expected by the year 2020.

Lithuanian society is also ageing as population declines. The median age was 42.7 years in 2015, 5.9 years greater than in 2000. The number of those 65 and over was 18.9 percent of total population in 2015 and the share will rise to 24.7 percent by 2030.

The proportion of urban residents is rising as the population declines. For the past 20 years the country's major population and commercial centers have gained influence, prompting growing numbers to move from rural to urban areas. The privatization of many state-owned collective farms was another factor encouraging the move to urban centers. City dwellers enjoy a much higher standard of living and unemployment rates in cities are lower than in rural areas.

In 2015 Lithuania imported agricultural and fish products worth U.S. \$4 billion with imports worth U.S. \$75 million originating from the United States; a 1.6 percent share.

In 2015 Lithuanian imports of consumer oriented food products amounted to nearly U.S. \$3 billion, with imports worth U.S. \$19 million originating from the United States, up from U.S. \$13 million in 2014. Lithuanian imports of consumer oriented food products in 2016 are forecast to remain on similar level, but to further increase by 10 percent over 2017-2020 period.

Lithuania's import of fish and seafood products also continues to develop and reached U.S. \$438 million in 2015, with U.S. \$25 million (5.8 percent market share) originating from the United States.

***Table 3. Lithuania - Imports of agricultural and fish products 2015, in Million U.S. \$***

Agricultural Total, total imports	4,726
Agricultural Total, imports from U.S.A.	75 (1.6%)
Intermediate Agricultural Products, total imports	575
Intermediate Agricultural Products, imports from U.S.A.	1 (0.2%)
Consumer-Oriented Agricultural Products, total imports	2,848
Consumer-Oriented Agricultural Products, imports from U.S.A.	19 (0.75%)
Fish and Seafood Products, total imports	438
Fish and Seafood Products, imports from U.S.A.	25 (5.8%)

Source: *Global Trade Atlas*

Lithuania views the United States positively and U.S. products are considered to be of high quality. Product that has been imported into the EU can be transported to Lithuania without additional tariffs and without meeting additional regulatory requirements aside from required labeling in Lithuanian language.

Food processing and catering industries in Lithuania are increasingly interested in importing ingredients such as: nuts (almonds), fish and seafood products, dry fruit (cranberries) as well as flavors and aromas, sweeteners, food additives, food colors and enzymes. The food processing industry is developing successfully and there is a demand for novelty inputs.

**Table 4. Lithuania - Consumption of selected consumer goods per capita**

Consumer goods	Unit of measure	2012	2013	2014
Meat and meat products	kg	73	77	83
Milk and milk products	kg	30	30	31
Eggs	pcs	3	7	2
Sugar	kg	20	21	22
Potatoes	kg	0	2	4
Vegetables	kg	30	36	33
Fruit	kg	95	93	96
Cereal products ( bread, pasta, flour, groats)	kg	10	10	10
Fish and fish products	kg	1	1	0
Consumption of alcohol	pure (100 %) alcohol, litres	58	67	79
		11	11	12
		6	9	1
		19	20	18
		13	.9	.7

Source: *National Statistical Office of Lithuania*

**Table 5. Lithuania - Sales of Packaged Food by Category: Value 2010-2015**

EUR million	2010	2011	2012	2013	2014	2015
Baby Food	13.14	12.63	12.70	13.22	13.65	14.19
Baked Goods	169.90	176.69	179.69	188.94	187.23	190.15
Biscuits and Snack Bars	24.60	24.75	26.20	27.69	29.04	30.59
Breakfast Cereals	15.28	15.61	16.25	16.85	17.36	18.14
Confectionery	132.37	140.09	151.57	163.21	172.91	183.90
Dairy	278.61	315.65	325.26	337.60	346.80	344.92
Ice Cream and Frozen Desserts	39.77	41.06	44.65	48.49	51.46	51.88
Oils and Fats	119.76	132.81	129.66	141.71	146.56	151.35
Processed Fruit and Vegetables	32.09	32.90	32.84	33.70	34.65	35.64
Processed Meat and Seafood	256.84	277.54	285.56	299.38	318.60	336.76
Ready Meals	36.52	40.74	46.19	48.81	51.92	55.65
Rice, Pasta and Noodles	39.63	41.45	43.13	44.87	46.50	48.00
Sauces, Dressings and Condiments	137.45	139.80	141.56	144.89	149.38	153.14
Soup	5.99	6.16	6.33	6.62	6.79	6.82
Spreads	14.34	18.29	17.63	18.70	19.82	21.04
Sweet and Savoury Snacks	29.94	32.22	32.68	34.72	36.13	37.82
Packaged Food	1,346.22	1,448.40	1,491.90	1,569.39	1,628.81	1,679.99

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

During the last twenty years the Lithuanian food industry has been restructured and privatized to a large extent. Large multinational corporations were active from the very beginning of privatization process in Lithuania: Coca-Cola, Nestle, Danone, Bonduelle, Heinz, Kraft, Cadbury Schweppes.

**Table 6. Advantages and challenges for American products in the Lithuanian market.**

Advantages	Challenges
Despite the recent European financial crisis Lithuania showed that is capable of a remarkable adjustment capacity.	U.S. products face high transportation costs as compared to many European competitors.
A strategic location offering re-export potential to neighbor Baltic States, The Russian Federation, Ukraine, and the Balkans.	Complicated system of product registration in some cases delaying or even preventing the product from entering the Lithuanian market.

Transshipment of US products from other EU countries possible with Lithuania's EU integration.	Lithuania's EU Accession puts United States products at a competitive disadvantage versus EU-28 duty-free EU internally traded products. This situation might change when TTIP agreement is implemented.
A very productive, young, and skilled labor force therefore, good potential for finding trading partners and favorable conditions for establishing joint ventures.	Given the current economic conditions Lithuanian consumers indicate that price is still the primary purchasing factor for food and beverage products.
Local consumers associate United States products with good quality.	Food recalls in the EU have had a negative impact on Lithuanian consumer's views of imported products and GMO issues hamper imports of U.S. products.
Market niches exist in consumer ready food products - i.e. fish and seafood, nuts, wines and microwavable products.	Foreign investment in the Lithuanian food processing industry results in local production of many high quality products that were previously imported. Especially in chocolate and breakfast cereal sectors.
As the economies catch up after economic slowdown sales of high end goods increase.	European exporters tend to offer credit term (30-90 days) payments; while many of the U.S. exporters require pre- payment.

## SECTION II – EXPORTER BUSINESS TIPS

The Lithuanian market offers good opportunities for U.S. exporters of consumer-oriented agricultural products. U.S. suppliers of consumer-ready foods and beverages interested in developing Lithuanian market should make sure that their product meets Lithuanian/EU food law; including packaging and labeling requirements.

The best way to understand the Lithuanian market is to visit and speak to importers and distributors in order to prepare the best entry strategy for your products. Trade Shows organized within the European Union which have large U.S. Company presence turn to attract many regional buyers and offer great introductory opportunity for U.S. exporters. A listing of USDA/FAS endorsed shows can be located at [www.fas.usda.gov](http://www.fas.usda.gov) – *Exporting Trade Shows link*.

Personal contact is considered very important when conducting business in Lithuania as most purchases are made after meeting an exporter or their representative in person. English is increasingly common as the language of commerce, but it is important to check in advance to see if translation service may be necessary. It is customary for business people to shake hands upon meeting.

Lithuania is a rather formal and hierarchical culture. As a result first names are rarely used initially in the business context. Address people with Mr. and Mrs. followed by their surname. A relationship may warm up to the degree where first names can be used but the Lithuanian party signals that this is the case. Business cards are the norm and are generally given to each person at a meeting; therefore U.S. visitors should bring plenty of business cards to a meeting, although cards printed in Lithuanian are not necessary. Business attire is formal, including a suit and tie for men and a suit or dress for women.

Technical regulations including documentation, sanitary and phytosanitary requirements, and labeling have changed since Lithuania's EU-28 accession when Lithuania amended most of its import requirements to conform to EU regulations. For detailed information on product import certificates please refer to the EU 28 Food and Agricultural Regulations and Standards (FAIRS) Report available via [www.fas.usda.gov](http://www.fas.usda.gov) – *Data and Analysis* link – *GAIN Reports Category*.

For details on Lithuania specific regulations, such as labeling, refer to Lithuania's Food and Agricultural Regulations and Standards (FAIRS) Report available via [www.fas.usda.gov](http://www.fas.usda.gov) – *Data and Analysis* link – *GAIN Reports Category*.

Lithuanian consumers are becoming more sophisticated and increasingly value variety and availability of food products. Imports are rising steadily to cater to such demands and compensate for Lithuania's seasonal production. EU Member States satisfy the majority of this demand. Lithuania sources products from Non-EU member states including Ukraine, Argentina and Turkey.

### **SECTION III – MARKET SECTOR STRUCTURE AND TRENDS**

#### **Wholesale Sector**

Lithuania's wholesale market structure includes national chains and regional wholesalers. The national chains are most centralized and operate several branches throughout Lithuania with central management.

Many of the food producers based in Lithuania deliver their products directly to retailers and food service.

Major Lithuanian import companies also tend to merge into this channel of distribution working directly with major retailers through their central storage operations.

Sanitex and Eugesta Companies are good examples of import/wholesale operators. Both companies are leading distributors of processed food products for Lithuanian retail and hotel, restaurant, institutional (HRI) sector.

#### **Retail Sector**

The distribution system for consumer ready food products, as with all other branches of the Lithuanian economy, is still undergoing a rapid transformation and remains one of the most dynamic and fastest growing areas of the Lithuanian economy.

The sector ranges from small family operated stores, through medium-sized stores to large distribution centers which can be easily compared with those found in other countries in Western Europe and the United States.

As Lithuanian consumer income grows, Lithuanians are becoming more fastidious buyers, which forces retailers to pay more attention to issues such as quality of product and customer service, the availability of additional services as well as store design, to make shopping more pleasant and convenient.

Modern grocery retailers, such as [Maxima](#), [Iki](#) and [Rimi](#), continue to dominate sales of packaged food in Lithuania. The arrival of Lidl (German based discounter operating in 26 countries of EU) is anticipated in 2016, what will likely disrupt the current order in grocery retailers. At the same time rapid development of the [Aibe](#) group of grocery stores proves Lithuania's provinces also offer good sales opportunities.

The role of private labeling is increasing in Lithuania as consumers seek value. Their confidence in private label products is growing due to quality improvements made by retailers.

In Lithuania, the cash and carry format has gained popularity quickly, as small, traditional retailers appreciate the wide selection of products sold at competitive prices. Indeed, most of the major chains in the cash and carry channel target small, traditional retailers, HRI outlets, and institutions. [Sanitex](#), a U.S.-Lithuanian joint venture, was the first company to introduce the cash and carry format in Lithuania in 1997. In 2015, there were 10 cash and carry outlets in the country.

Maxima was the first Lithuanian grocery retailer to engage in internet retailing launching a trial program in 2010. Lithuanian consumers appreciate the convenience of shopping, lower prices, and home delivery. The expansion of various internet retailers and increasing number of internet users (in 2014 the share of households equipped with internet access was 66 percent) translates to growing opportunities in this market channel. Eurostat data reports that 26 percent of Lithuanians made an online purchase in 2014, up from 8 percent recorded in 2009.

For additional information on the Lithuanian wholesale and retail sectors please refer to the FAS/Warsaw GAIN report available via [www.fas.usda.gov](http://www.fas.usda.gov) – *Data and Analysis* link – *GAIN Reports Category*.

## **Food Processing Sector**

The sector is varied with both domestic and international companies represented on the market. There are also a number of small companies operating in the fruit, vegetable, meat processing, and baking sectors located throughout Lithuania. The most important sectors of the food processing industry are dairy, confectionary, alcohol, followed by food concentrates, fruits and vegetables, juices and non-alcoholic beverages production. The proportion of food industry products considered to be value-added increases constantly.

Appendix A of this report contains link to a list of leading Lithuanian food processing companies.

For additional information on Lithuania's processing sector please refer to FAS/Warsaw GAIN report available via [www.fas.usda.gov](http://www.fas.usda.gov) – *Data and Analysis* link – *GAIN Reports Category*.



## Hotel, Restaurant & Institutional Sector (HRI)

During 2014 more than 2 million tourists visited Lithuania, an increase of 8.3 percent over the previous year. International hotel chains such as Radisson, Kempinski and Ramada are present in Lithuania, mostly in the capital Vilnius. Many local entrepreneurs have invested heavily in this sector. In 2014 nearly 300 hotels operated in Lithuania, with majority of hotels offering restaurant services.

Despite the fact that Lithuanians still prefer home-made meals, they are gradually moving towards ready meals and American style quick service outlets. This is particularly true for the young professional crowd. A hectic lifestyle combining intensive professional duties with household chores allows little free time which is preferred to be spent in leisure rather than in the kitchen.

Consequently, sales by food outlets offering traditional meals are increasing. Furthermore, exotic meals offered by restaurants and other food outlets are gaining in popularity as an outcrop of the increasing interest in foreign cuisine by well-travelled Lithuanians.

Several larger domestic producers and wholesalers (Sanitex), have set up separate distribution channels specifically for this sector. While the other sectors of Lithuanian food distribution are already very competitive, the HRI sector still holds excellent opportunity for growth. An HRI-targeted promotion campaign may offer U.S. exporters good opportunities for sales to Lithuania.

For addition information on Lithuania's HRI sector please refer to FAS/Warsaw reports available via [www.fas.usda.gov](http://www.fas.usda.gov) – *Data and Analysis* link – *GAIN Reports Category*.

## Import of High Value Products

In 2014 Lithuanian imports of consumer oriented food products amounted to over U.S. \$2 billion with imports worth U.S. \$19 million originating from the United States.

**Table 7. Lithuania Import of consumer oriented food products (U.S. \$ Million)**

Lithuania Import Statistics							
Commodity: Consumer Oriented Agric. Total, Group 32 (2012)							
Year To Date: January - December							
Partner Country	Millions United States Dollars			% Share			% Change
	2013	2014	2015	2013	2014	2015	2015/2014
World	3308	3189	2484	100.00	100.00	100.00	- 22.12
United States	10	13	19	0.29	0.40	0.75	46.53

Source: *Global Trade Atlas*

**Table 8. Lithuania Export of consumer oriented food products (U.S. \$ Million)**

Lithuania Export Statistics							
Commodity: Consumer Oriented Agric. Total, Group 32 (2012)							
Year To Date: January - December							
Partner Country	Millions United States Dollars			% Share			% Change
	2013	2014	2015	2013	2014	2015	2015/2014
World	3686	3499	2527	100.00	100.00	100.00	- 27.77
United States	14	27	50	0.39	0.78	1.97	83.84

Source: Global Trade Atlas

Domestic producers and exporters from the European Union (mainly Poland, The Netherlands, Spain, Latvia, Germany, Italy, Estonia, Belgium constitute over 50 percent of total Lithuanian food imports) are the main competitors for American food exporters.

Dynamic development of Lithuanian producers and foreign investors in the Lithuanian food industry resulted in an increased variety of high quality product being produced locally. Even classic American products like Coca-Cola are produced in Lithuania. It should also be noted that Lithuanian customers prefer Lithuanian products over imported ones, influencing shoppers to purchase products made in Lithuania. Many chains advertise the fact that they offer Lithuanian vegetables or other products to increase sales.

**Table 9. Examples of import of consumer food products and ingredients to Lithuania in 2015.**

Product Category	HS code	Total imports of agri-food products by Lithuania (U.S. \$ million)	Direct imports from the USA (U.S. \$ million)	Share of US imports in total imports (%)	Main Foreign competitors	Strengths of Key Supply Countries	Advantages and disadvantages of Local Suppliers
Frozen Fish	0303	96	1	1.36	1.Norway, 2.Russia 3.Spain, 4.Chile, 5.Latvia,	1-3, 5. Distance, availability and regional products. 4.Price/quality	Developed fish processing industry.
Fish Fillets	0304	102	23	23	1.Sweden 2.Norway, 3.Kazahstan, 4.Poland,	1.2.Price/quality. 3,4,5 Distance, availability and regional	Developed fish processing industry.

					5.Russia,	products.	
Almonds	08021 2	10	6	58	1.Spain, 2.The Netherland s, 3.Germany	1.Distance, availability and regional products. 2.3. Traditional re- exporters.	No local production due to unfavorable climate conditions.
Wine	2204	21	0.5	0.5	1.Italy, 2.France, 3.Spain, 4.Germany	Distance, availability and regional products.	Limited local production due to unfavorable climate conditions.
Alcohol Beverage s	2208	94	5	5.5	1.France, 2.Germany , 3.Latvia 4.United Kingdom	Distance, availability and regional products.	Developed local production industry.
Mixtures of Odoriferou s Substance s	3302	38	4	10.2	1.Ireland 2.France, 3.Italy	Most of the product is imported from within the European Union.	Increasing production of high quality Lithuanian components.
Peptones and Derivativ es	35040 0	6	0.3	2.5	1.China, 2.The Netherland s 3.Denmark	Chinese producers are actively promoting their product on the Lithuanian market.	Lithuanian food processing industry as well as producers of supplies for body building are interested in the U.S. products.
Food enzymes	3507	12	5	44	1.The Netherland s 2.Denmark 3.Germany	U.S. product is considered to be expensive. Active competition exists from European	Lithuanian food processing industry is becoming increasingly interested in

						Union producers.	using high quality product from the U.S.
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Source: Global Trade Atlas Data

**SECTION IV. BEST HIGH-VALUE PRODUCT PROSPECTS**

**Products in the market that have good sales potential**

- Fish and Seafood: salmon, lobster and other miscellaneous fish products
- Nuts: almonds, peanuts, pecans, pistachios, walnuts
- Wine
- Distilled Spirits
- Highly processed ingredients: protein concentrates dextrin, peptones, enzymes, lecithin
- Dried & Processed Fruit: cranberries, prunes
- Fruit juice concentrates: Cranberry, prune
- Organic products

**Products not present in significant quantities, but which have good sales potential**

- High quality spices and mixes (tex-mex)
- Beef: Hormone-free beef
- Ingredients for the natural and healthy foods industry
- Dairy products (whey)
- Vegetable fats for bakery industry

**Products not present because they face significant boundaries**

- Food additives not approved by the European Commission

## SECTION V. KEY CONTACTS AND FURTHER INFORMATION

One of the goals of the Foreign Agricultural Service (FAS) office in Warsaw is to assist in market development and promotion of U.S. food and agricultural products in Lithuania. There are a wide variety of ways in which to approach this market and many key contacts such as importers, distributors and retailers. Suppliers of U.S. food products and ingredients can contact FAS Warsaw if additional information regarding selling U.S. food and beverage products to Lithuania is required.

There are several U.S. commodity groups, called cooperators/regional groups, who partner with FAS to promote U.S. agricultural products in Lithuania. Those cooperators who are particularly active in Lithuania include: Food Export USA Northeast and Southern United States Trade Association.

For additional information regarding the Lithuanian market please contact:

American Embassy

Foreign Agricultural Service

Al. Ujazdowskie 29/31

00-540 Warsaw, Poland

Phone number: +48 22 504 23 36

E-mail: [AgWarsaw@fas.usda.gov](mailto:AgWarsaw@fas.usda.gov)

Website: <https://pl.usembassy.gov/embassy-consulate/government-agencies/foreign-agricultural-service-fas/>

Please also visit the Foreign Agricultural Service home page ([www.fas.usda.gov](http://www.fas.usda.gov) – *Data and Analysis* link – *GAIN Reports Category*) for more information about exporting U.S. food products to Lithuania, including “The HRI Food Service Sector Report”, ”Food Processing Sector”, “Retail Sector”.

For information on exporting U.S agricultural products to other countries please visit the Foreign Agricultural Service home page: <http://www.fas.usda.gov> – *Countries and regions* link.

**Appendix A.** Additional contacts in Lithuania:

ASSOCIATION LITHUANIAN FOOD INDUSTRY

Directory of leading food processing companies in Lithuania

Lithuanian Association of Hotels and Restaurants

End of the Report.