



General Lithuania's Automotive industry overview

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Business friendly and cost-efficient environment

- 1st in European Economic Recovery Index (Euromonitor Recovery Index, 2021)
- 3rd lowest corporate tax in CEE region (KPMG, 2020)
- Optimal cost and quality ratio: ranked alongside Ireland, Germany, Sweden for its business environment with fast-track business establishment programs, at the same time offering the cost-levels comparable to Poland, Hungary, Romania, Bulgaria (Eurostat, 2020 / World Bank's Doing Business 2020)
- Individual free of charge Government assistance through Invest Lithuania
- Lithuania's manufacturing industry is the backbone of the country's economy, generating 20% of the total GDP

Available talented workforce and flexible labor conditions

- 2,8M population
- 1,7M labor pool, 200.000 working in manufacturing, 105.000 students, 36% study STEM-related programs, 20.000 study mechanics and electronics
- 60% of population with higher education
- 52% speak at least two languages (most commonly used: English, German, Russian, Danish, Norwegian)
- 10% attrition rate
- One of the lowest unionization levels in the EU (10%)

▪ One of the lowest saturation rates in CEE

- Lithuania still has one of the least saturated manufacturing labour markets in CEE. With 12% of the entire workforce (residents aged 15 to 64) working in manufacturing, Lithuania is second in the region. Such a moderate level of saturation, combined with strong industry expertise and a business-friendly environment, brings tangible value to newcomers. It allows companies to both quickly establish an initial team and to rapidly ramp up.

Favorable logistics infrastructure

- Three airports and ice-free sea port
- 12% of Lithuania's GDP comes from transportation and warehousing (EU average 5%) (Statistics Lithuania, 2019)
- 11% export growth in 2019 (Eurostat, 2020)
- 2nd in CEE for quality of roads (Eurostat, 2020)
- ~2500 warehousing and logistics companies (Logistics Market Overview, Verslo Zinios, 2020)
- Ongoing initiative for brownfield development
- Natural gas supply is stable (LNG Terminal)

Strong Government support

- Green Corridor for large-scale projects with 0% corporate profit tax for 20 years and VIP services
- 7 Free Economic Zones with ready-to-use infrastructure and significant tax exemptions
- Up to 50% coverage for capital investment and job creation costs (previously up to 25%)
- Coverage for training costs (scheme to become available in 2022)
- Coverage for R&D costs available
- Coverage for apprenticeship costs

Automotive industry

- **Automotive components remains a leading sector to invest in CEE**

- **Key investing countries:**
Germany and Japan

- **Top 2 sub-sectors*:**

- Other motor vehicle parts
- Motor vehicle electrical & electronic equipment

*Year 2016-2022

Automotive industry opportunities:

- **Components**

- Key automotive components will be nearshored to Europe
- Nearshored production must maintain comparable operational cost level

- **Energy**

- Consumers will shift to HEV and EV cars faster
- European electrification will accelerate with Green+ energy generation investments

- **Politics**

- NATO identifies China as a systemic security Challenge
- Reevaluation of political stability and proximity as a site selection-criteria

- **Technology**

Software defined car:

- More features (AI, ADAS)
- More components (HPC)
- New business models (shared mobility)
- White label cars (Foxconn)

Success stories – Automotive and E-mobility

- **Leading tier-1 automotive suppliers expanding in Lithuania with significant investments (Continental, Hella)**
- **Dancer Bus** - the first-generation “made in Lithuania” Dancer bus received EU-wide certificate for passenger transportation in 2019 and is expanding in Europe
- **Altas Auto and Elinta Motors** - manufacturing high-tech electric minibuses
- **Arrival** - testing prototypes and producing components for electric cars
- **AKO Technical** - Electric high-end three-wheeled “spaceship”, developed in Lithuania
- **Rubbee** - leading all-in-one bike E-conversion kit, engineered in Lithuania
- **Mobility solution companies** - Citybee and Spark are locally born shared-vehicle platforms, Trafi started in Vilnius, and now delivers MaaS for cities around the globe with Jelbi Berlin being their largest deployment

Key rankings

- **1st in the EU | Greenfield FDI Performance Index**

The Greenfield FDI Performance Index measures the appeal of countries as destinations for greenfield FDI relative to their GDP

(Source: fDi Intelligence, 2021)

- **2nd in the CEE | Manufacturing Risk Index**

The Manufacturing Risk Index addresses changes in the manufacturing sector output, assessing how political, economic, technological, and environmental risks are managed during portfolio assessment and site selection

(Source: Cushman & Wakefield, 2021)

- **8th out of 165 | Economic Freedom Ranking**

The Economic Freedom Ranking assesses how attractive the investment environment is for businesses (tax system, legal framework and property rights, monetary policy, international trade conditions, business regulations, industrial relations, etc.)

(Source: Fraser Institute, 2021)

- **15th out of 165 | Energy Transition Index**

The Energy Transition Index (ETI) benchmarks countries on the performance of their energy system, as well as their readiness to transition to a secure, sustainable, affordable, and reliable energy future

(Source: World Economic Forum, 2021)

- **5th out of 64 | Digital Skills**

The IMD World Digital Competitiveness Ranking measures countries' capacity to use digital technologies for transformation in the face of health-related and economic crises

(Source: World Digital Competitiveness Ranking (IMD), 2021)