



KLAIPEDA REGION SITUATION ANALYSIS REPORT within the project Inter Ventures

INTRODUCTION

This report describes the situation of the internationalization of small and medium enterprises (SME) in the Klaipeda region (county), Lithuania. The report has been prepared according to INTER VENTURES project requirements. INTER VENTURES promotes the internationalization of SMEs in EU border regions, thus contributing to their growth and increased competitiveness. INTER VENTURES aims to deliver recommendations regarding sectors, SME types, project activities to be supported and review assessment criteria based on outcomes of the interregional learning process. INTER VENTURES will also deliver recommendations for the post-2020 period on the preferred support mechanisms promoting the internationalization of SMEs.

Klaipeda region situation analysis report has been prepared by the research and consulting company UAB “Marketologai”. This company was chosen to conduct the study and prepare the report after winning the service provision tender organized by Klaipeda city municipality administration (service provision agreement signed on 2020.03.05).

Donatas Jonikas, CEO of UAB “Marketologai”, took the lead and management of situation analysis. Donatas Jonikas holds a Ph.D. in Economics and a Master’s in Marketing Management with more than 14 years of experience in the field. He has developed and helped to implement winning marketing strategies for more than 50 businesses in different industries around the globe. He is the author of ‘*Startup Evolution Curve*’, one of the top5 best-selling books on Amazon in startup and business innovation categories. In order to write it, he did a global research surveying 1,447 startup founders and running close to 500 in-depth interviews on how to successfully develop a startup business. His marketing manual for startups was featured on FORBES and highly evaluated by more than 30 international experts, including CEOs of startup ecosystems, serial entrepreneurs, angel, and VC investors. California State University chose ‘*Startup Evolution Curve*’ as a textbook for a new course ‘Technology and startups’ in one of their MBA programs.

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1.1. Desk Research

Information for desk research was gathered from three types of data sources: official statistics, scientific publications, national and regional news.

Official Statistics Portal (the main source of statistical information) provides aggregated data from:

- Bank of Lithuania;
- Customs of the Republic of Lithuania;
- Employment Services;
- Environmental Protection Agency;
- Fisheries Service;
- Government strategic analysis center;
- Information Technology and Communications Department;
- Institute of Hygiene;
- Lithuanian Institute of Agrarian Economics;
- Martynas Mazvydas National Library of Lithuania;
- Migration Department;
- Ministry of Education and Science;
- Ministry of Finance;
- National Agency for Education;
- State Border Guard Service;
- State enterprise Agricultural Information and Rural Business Centre;
- State Forest Survey Service;
- State Labour Inspectorate;
- Statistics Lithuania;
- The State Patent Bureau of the Republic of Lithuania.

Scientific publications and research papers were searched and accessed via these online databases:

- EBSCO Publishing;
- Emerald Management;
- Taylor & Francis;
- Academic Search Complete;
- Business Source Complete;
- ERIC;
- GreenFILE;

- Health Source: Nursing/Academic Editon;
- Health Source - Consumer Editon;
- Library, Information Science & Technology Abstracts;
- MasterFILE Premier;
- MEDLINE;

Keywords used for research were in English (mainly for scientific publications) and Lithuanian (mainly for national and regional news as well as official documents and announcements of related organizations). List of keywords was build related to these topics:

- SME internationalization in Klaipeda / Lithuania
- SME in Klaipeda / Lithuania
- Support schemes for SMEs in Klaipeda / Lithuania
- Governance models for SMEs in Klaipeda / Lithuania

The list of keywords in Lithuanian included but was not limited to:

- *SVV, Klaipėdos SVV, SVV Klaipėdoje, SVV parama, SVV skatinimas, SVV internacionalizacija, SVV globalizacija;*
- *smulkiojo ir vidutinio verslo politika, SVV poitika, SVV programa;*
- *SVV kliūtys, SVV problemas, SVV iššūkiai, SVV plėtros barjerai;*
- *eksporto skatinimas, parama eksportui,*
- *tiesioginės užsienio investicijos,*
- *verslo tarptautinė plėtra,*
- *parama / pagalba smulkiam verslui*

Google Analytics Keyword Tool and *Keywords Everywhere* browser add-on tool were used to identify the most popular (most often used in search) keywords and additional search keyword ideas related to the topic. Only respectable and credible sources of information (national news outlets, news portals, newspapers, official organization websites) were used for content analysis.

We also directly contacted with organizations and institutions related to entrepreneurship support activities in country and region to get additional data about the effectiveness of different measures that might have an impact on SME internationalization:

- INVEGA - <https://invega.lt/en/>
- VšĮ “Versli Lietuva” (Enterprise Lithuania) - <https://www.enterpriselithuania.com/en/>
- Business Consultant Network (Verslo konsultantų tinklas) - <https://vkt.verslilietuva.lt/>
- Klaipeda Chamber of Commerce, Industry, and Crafts - <http://www.kcci.lt/en/>
- Agency for Science, Innovation, and technology (MITA) - <https://mita.lrv.lt/en/>
- Lithuanian Business Support Agency (LVPA) - <http://lvpa.lt/en>
- Klaipeda ID - <https://www.klaipedaid.lt/>

- Ministry of the Economy and Innovation of the Republic of Lithuania <http://eimin.lrv.lt/en/> (this ministry administrates www.esgalimybes.lt – special website that helps companies identifying what support could be available in their particular case).

During the analysis of secondary data, we encountered few significant issues that put some limitations on the depth of this research:

1. Quarantine was announced in Lithuania due to the COVID-19 pandemic, and many businesses were locked down; most SMEs focused on survival and became dramatically less interested in internationalization possibilities; SME internationalization support measures that were used and worked well before might not be the most suitable solution in the current situation.
2. National SME support organizations (especially INVEGA and Enterprise Lithuania) had to focus their human resources on implementing new special support measures for business entities to reduce the risk of economic recession caused by pandemic lockdown. Most measures are administrated separately (different employees are in charge), and there is no practice to track data based on specific regions (only national wide statistics were available). These institutions were very helpful and tried to support this feasibility study as much as it was possible. But due to the current situation, they had no possibility to prepare detailed statistical reports for our request related to this feasibility study (collect data on separate measures, their scope, and effectiveness in Klaipeda region).
3. We saw Klaipeda Chamber of Commerce, Industry, and Crafts as one of the key stakeholders in Klaipeda SME internationalization, but this organization refused to provide more detailed information than it is publically available. We had to draw conclusions related to measures of this organization only based on publically available inaccurate data subjective indications from SME representatives and stakeholders. The main issue was that Klaipeda Chamber of Commerce, Industry, and Crafts officially announced their results grouped in periods of two years (2017-2018 and 2018-2019), which means that results for 2018 were duplicated.

1.2. Online Survey

There were two main goals of the online survey:

1. *to evaluate the current state of SME internationalization in the region;*
2. *to estimate the importance and collect feedback on public support on SME internationalization.*

Restrictions were taken:

1. the target group has to consist only SMEs – micro, small and medium-sized enterprises;
2. micro-enterprises with 0 employees were excluded from the research;

- even though the survey had to be anonymous, we did our best to assure that there is only one response per SME. We set a limit on survey (Google forms) to 1 response per user. Most respondents were invited through personalized messages via LinkedIn network, sending invitation to only one person from the same company.

Pilot survey. The first pilot survey introduction was written in Lithuanian, but all survey questions were in English (Annex 2) as per the initial requirement. The survey was tested with a pilot group of 11 respondents, and critical feedback received. Some questions and specific expressions were unclear for most respondents in a pilot group, and we received a suggestion to translate questions to Lithuanian.

The second pilot survey (17 respondents) indicated that suggested ranking interval was misleading, especially the „Not so hard“ option in 2.7 and 2.8 questions. This option was put at the end of all options (after „very hard“), but in general, it was understood as „less hard“ than „hard“ or „less easy“ than „easy“. Therefore we changed possible answer options into the ascending order.

Suggested answer options	Updated answer options
<ul style="list-style-type: none"> • Easy • Hard • Very hard • Not relevant to my business • Not so hard 	<ul style="list-style-type: none"> • Very easy • Easy • Hard • Very hard • Not relevant

Question 2.8 had a non-obvious abbreviation („IPR protection“). Therefore we translated it and wrote in full “intellectual property rights protection”.

Question 2.2 (“In which phase of internationalization you are?”) also provided misleading answer options – most pilot survey respondents didn’t understand the difference between “we are expanding” and “we are exploring”. Therefore we made an adjustment to clarify.

Suggested answer options	Updated answer options
<ul style="list-style-type: none"> • Early stage of internationalization • We are expanding • We are exploring • We are in the mature phase 	<ul style="list-style-type: none"> • Early stage (just collecting info) • First real tries • We are expanding • We are in the mature phase

Possible answer options were also updated for 3.6 and 3.7 questions by adding an option „other“, because suggested options didn’t cover all possible cases.

Invitation to the survey was sent out through different channels:

- nearly 300 personal messages to SMEs in Klaipeda region were sent through LinkedIn by UAB “Marketologai” (authors of this feasibility study);

- Klaipeda city municipality administration asked partners (Klaipeda ID, Enterprise Lithuania Klaipeda branch, Klaipeda Science and Technology Park, co-working space Lighthouse, and representatives of associations that participate in SME activities) to share the link to survey with their mailing list and members. A significant burst of responses was noted within the period of 2-3 days after the reported mailing.

Data analysis was done in three steps:

1. data cleaning: checked if all the respondents are SMEs, having one or more employees and if the company is engaged or plans to engage in any internationalization activity. In case these requirements were not met, the responses were deleted;
2. going by question and grouping the answers together based on the size of the SME;
3. looking for patterns and consistencies.

Sample size. 271 survey responses were collected during the period of 2020.03.06 – 04.09. The survey was open till April 17th, but no new responses were received. All responses were provided by SME companies (1-249 employees). 15 respondents indicated that their business is currently not involved in any aspects of internationalization. Therefore, these responses were eliminated from further analysis. Conclusions were done based on 256 responses.

Figure 1. Survey responses by company size

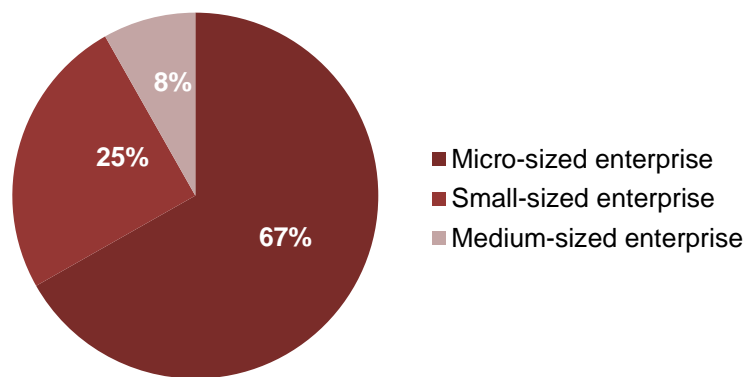


Figure 2. Survey responses by stage of internationalization

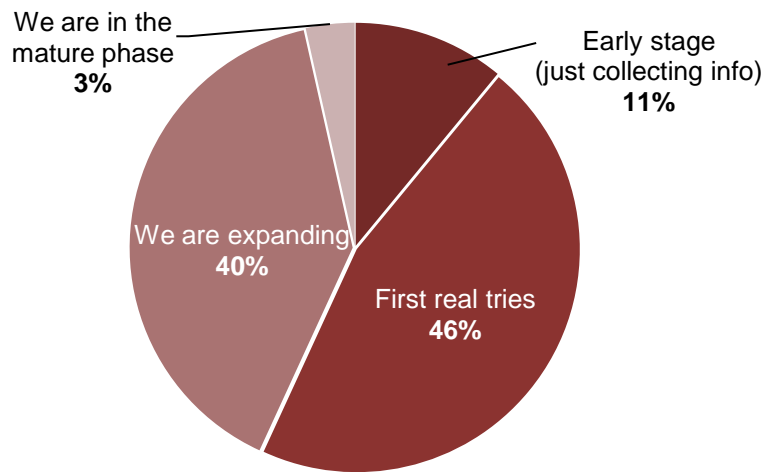
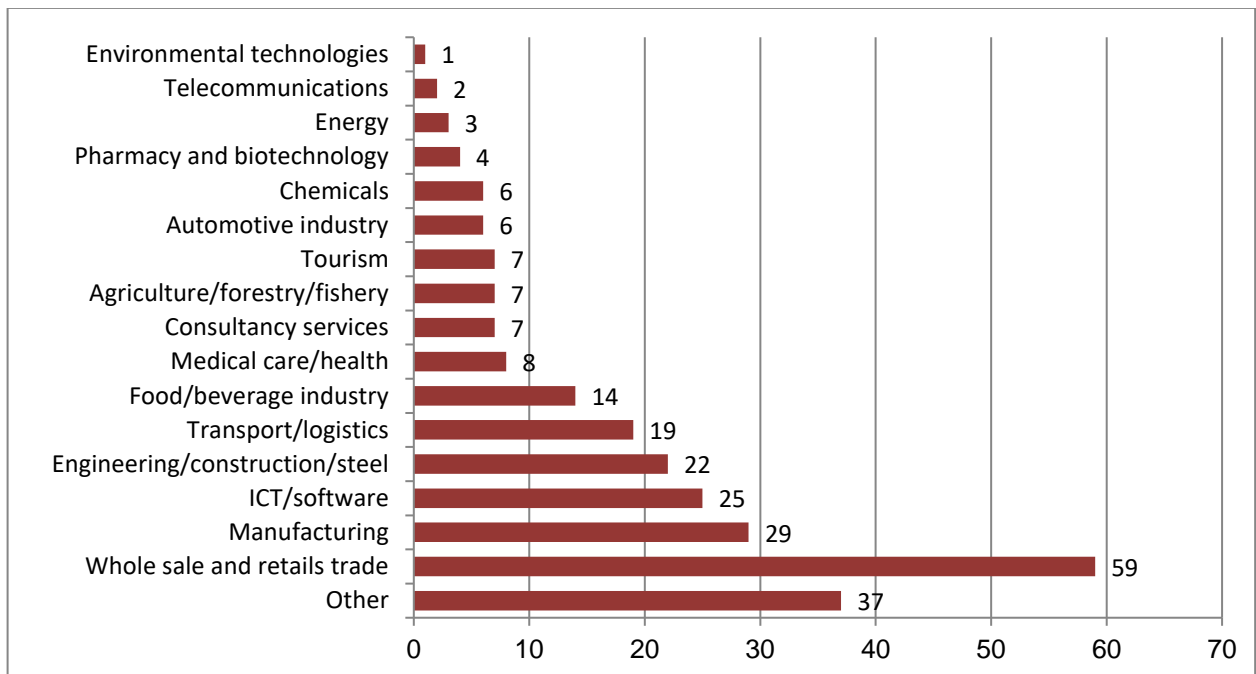


Figure 3. Survey responses by industry



Source: survey results

Survey responses quite well represent the overall situation in the region because key parameters (company size and industry) of respondents are quite similar to the parameters of SMEs in the region. There is a significant difference only in the ICT/software industry – only 1.9% of SMEs work in this industry in Klaipeda region, but there were 9.8% such companies among the respondents. This can be explained by two reasons: (1) authors of this feasibility study had better access to companies in ICT/software industry ([the author of this report](#), Donatas Jonikas is well known and has many connections with Lithuanian startups, including ICT and software startups); (2) companies in this industry by default are more prone to internationalization activities because of scalability and digital deliverability of products.

Company size	Survey respondents	SMEs in the region
• Micro-sized enterprise (1-9 employees)	67%	82%
• Small-sized enterprise (10-49 employees)	25%	15%
• Medium-sized enterprise (50-249 employees)	8%	3%
• Wholesale and retails trade	23%	24.4%
• Transport / logistics	7.4%	13.4%
• Engineering/construction/steel	8.6%	12.7%
• Manufacturing	11.3%	10%
• ICT/software	9.8%	1.9%

Reliability. There were 9.977 SMEs in Klaipeda region at the beginning of 2020. We received 256 qualified responses from SME representatives. It means that survey results have *6.05% confidence interval* and *95% confidence level*. To achieve 5% confidence interval at the same 95% confidence level, we should have collected 370 responses. We've used all possible means and approaches to inviting SMEs to participate in the survey. Even if there was a way to get an additional 105 qualified responses to the survey (370 in total), it would increase the confidence interval just by 1%. Therefore we decided not to spend more time on the survey but to proceed with the analysis of survey results and arrange personal in-depth interviews with stakeholders.

1.3. Interviews

Initially, it was planned to conduct a focus group research to get direct feedback from SMEs and other stakeholders. But due to extreme coronavirus situation, Lithuania announced quarantine on 2020.03.14, which stayed in force till the beginning of May. Therefore in-depth interviews were conducted using Zoom and Skype calls with each stakeholder individually.

Representatives of stakeholders and SME support organizations:

1. **Kazys Pupinis**, Head of Business at Klaipeda ID, interviewed on 2020.04.16. This organization is one of the key stakeholders for the economic development and representation of Klaipeda, especially among foreign investors.
2. **Reda Švelniūtė**, Head of Economic Development Group at Klaipeda city municipality administration, interviewed 2020.04.30. Klaipeda city municipality is the largest in the region, and it is one of the key stakeholders for region development, including SVV support.
3. **Indrė Kazlauskienė**, the Regional Coordinator at Enterprise Lithuania, interviewed on 2020.04.24. Enterprise Lithuania is a national organization focused on supporting SME incorporation and business development. Indrė Kazlauskienė also is the Head Manager of

Klaipeda Spiečius, a co-working space for newly established SMEs. Therefore she has direct contact and a tremendous amount of feedback from micro-sized enterprises.

4. **Monika Glinskytė**, Head of Team (High technology sector) at Enterprise Lithuania, phone interview on 2020.04.23. We had a chance to ask her about national SME support measures that have been newly announced or even yet to be announced. Monika Glinskytė was also recommended by Enterprise Lithuania to talk about export support measures.
5. **Andrius Sutnikas**, Development Manager at Klaipeda Science and Technology Park, interviewed on 2020.04.27. This organization focuses on support to technology-based businesses and cooperation, including a large pool of international partners for R&D activities.
6. **Ignas Aničas**, Coordinator at Baltic Maritime Digital Innovation Hub, interviewed 2020.05.01. Baltic Maritime Digital Innovation Hub (BM DIH) is a non-profit organization that is a digital innovation support platform that helps companies, institutions, and organizations in the region of Klaipeda to create added value through digital technology, better business, and production processes. This innovation center tends to provide subsidized digital R&D and prototyping services for local companies strongly focusing on SMEs. Additionally, Ignas Aničas also coordinates some activities of co-working space “Light House”, where more than 100 SMEs and freelancers operate.

Representatives of SMEs:

7. **Kęstutis Igaris**, Founder and CEO of UAB "Pabaltijo pirklys". It's a very young startup company (established just 4 months ago, has only one employee). The company has created a high-quality online auction platform (www.kupcius.lt), started operation in Lithuania, but now is looking for possibilities to expand internationally (sell or rent the code of the platform, establish a joint venture, etc.). UAB “Pabaltijo pirklys” was chosen for the interview because it represents typical young micro-sized enterprises of the region and has interest but no actual engagement in internationalization activities.
8. **Edita Valinčienė**, Founder and CEO at VšĮ „Media Dia“, interviewed on 2020.04.24. The company is more than 5 years old and has a huge pool of freelancers and subcontractors. The company provides public relations and communication services, as well as photo and video services. Annual turnover is around 50.000 – 100.000 EUR, few projects were implemented in foreign countries (Germany, Netherlands, Sweden, Norway). VšĮ „Media Dia“ was chosen for the interview because it represents small-sized enterprises that already have some experience in internationalization activities. An additional reason for choosing this company for the interview was the fact that Edita Valinčienė is well-known public relations and communication

professional in the region with good knowledge and great insights on public opinion and current situation in mass media channels.

9. **Gediminas Ūsas**, CEO at UAB „IPS Baltic“, interviewed on 2020.04.27. It is a well established company (more than 6 years old) and strongly engaged in internationalization activities. UAB „IPS Baltic“ provides staffing and crewing solutions working with companies and candidates around the world. The company has 21 employees and reached an annual turnover of more than EUR 2 million in 2017. It already helped foreign companies to hire thousands of highly skilled employees not only from Lithuania, but Baltic States, Poland, Ukraine, and other countries. UAB „IPS Baltic“ was chosen for the interview because it quite well represents small-sized and medium-sized enterprises that are already highly engaged in internationalization activities.

Questions discussed with stakeholders (support organizations):

- What kind of services are SMEs looking for?
- What kind of support can't they find or lack?
- What did the SME gained or will be able to gain from your organization?
- Which of your services/measures were most popular? Why?
- What does your organization do to be efficient in providing support for SMEs?
- What do you think are the barriers to SME internationalization?
- What do you think are the drivers for SME internationalization?
- Which industry sectors in Klaipeda region do you see as the most potential for internationalization?
- As far as we see based on survey results, SME representatives say that support related to sales and marketing (generally, finding first clients/customers abroad) is most needed. How do you think where this help can be found now and in the future? What could be improved?
- What other support measures you see as needed for SMEs internationalization?
- What could be done at a regional level to encourage SMEs' internationalization?
- Other questions were also discussed that naturally flow during the interview.

Questions discussed with SME representatives:

- What do you think are the barriers to your company's internationalization?
- What do you think are the drivers of your company's internationalization?
- Where and how do you look for support?
- What support measures do you see as most helpful? Why?
- What roadblocks to efficient internationalization support you've personally faced?

- What roadblock do you see other SMEs are facing when talking about support measures?
- How much your business activity is related to foreign markets and organizations?
- How did you get your first clients/customers/investors from abroad?
- How did you go to foreign markets? What were the best practices?
- If you could ask for any support from the government or municipality, what would that be?
- Other questions were also discussed that naturally flow during the interview.

2 PORTRAIT OF THE REGION

2.1. The Region

Klaipeda region (county) is situated in the western part of Lithuania and consists of 7 municipalities. The total area of Klaipeda region is 5,222 km² (8% of Lithuania territory). The total size of population is 320,014, which is 11.45% of the total population in Lithuania. Population density – 61.2 pop./km². More detailed information about the municipality area and population in an urban and rural area are provided in tables (1-4).

Figure 4. *Klaipeda region in Lithuania*



Source: [https://commons.wikimedia.org/wiki/File:Klaipeda County in Lithuania.svg](https://commons.wikimedia.org/wiki/File:Klaipeda_County_in_Lithuania.svg)

Table 1. *Area at the beginning of the year (km²)*

	2015	2016	2017	2018	2019
Klaipėda county	5,222	5,223	5,222	5,222	5,222
Klaipeda city mun.	99	98	98	98	98
Klaipeda district mun.	1,340	1,324	1,323	1,323	1,323
Kretinga district mun.	989	989	989	989	989
Neringa mun.	90	139	139	139	139
Palanga mun.	79	79	79	79	79
Skuodas district mun.	911	911	911	911	911
Šilute district mun.	1,714	1,683	1,683	1,683	1,683

Source: Official Statistics Portal (<https://osp.stat.gov.lt/>)

Table 2. Resident population at the beginning of 2020

	Total	Urban areas	Rural areas
Republic of Lithuania	2,794,329	1,882,028	912,301
Klaipėda county	320,014	222,439	97,575
Klaipėda c. mun.	149,157	149,157	-
Klaipėda d. mun.	60,139	15,633	44,506
Kretinga d. mun.	37,427	17,942	19,485
Neringa mun.	3,530	3,530	-
Palanga t. mun.	16,046	16,046	-
Skuodas d. mun.	16,078	5,163	10,915
Šilutė d. mun.	37,637	14,968	22,669

Source: Official Statistics Portal (<https://osp.stat.gov.lt/>)

Klaipeda city municipality is the largest in the region (46,6% population of the region). Most residents of Klaipeda district municipality work in Klaipeda city. These two municipalities together have 209,296 residents (65.4% population of the region). The population density in Klaipeda city municipality – 1,522 pop./km², while in Klaipeda district municipality – 45.4 pop./km². It's important to note that Palanga and Neringa municipalities are summertime tourism destinations. Even though there are only 19,576 residents, the number of actual population (and total purchasing power) increases during the summertime season.

Table 3. Resident population in Klaipeda county at the beginning of the year

	Total	Urban areas	Rural areas
2016	324,618	231,111	93,507
2017	320,507	226,140	94,367
2018	317,252	222,119	95,133
2019	317,722	221,289	96,433
2020	320,014	222,439	97,575

Source: Official Statistics Portal (<https://osp.stat.gov.lt/>)

The resident population increased by 4,068 in a rural area during the last five year period (2016-2020). While the population in urban areas decreased by 8,672 during the same period, but it doesn't mean that people move to the countryside and change to a rural lifestyle. It became a trend to work in Klaipeda city but own a house in Klaipeda district where house prices are lower. Some residents prefer choosing a house (even a modest one) in the district over a flat in a city.

Table 4. Population density at the beginning of the year (persons/km²)

	2016	2017	2018	2019	2020
Republic of Lithuania	44.2	43.6	43.0	42.8	42.8
Klaipeda county	62.2	61.4	60.8	60.8	61.3

Source: Official Statistics Portal (<https://osp.stat.gov.lt/>)

14.6% of total and 16.7% of international immigrants chose Klaipeda region in 2018. Having in mind that Klaipeda region has only 8% of Lithuania territory and 11.45% of the Lithuanian population, the higher relative number of immigrants might be an indicator of slightly better living conditions compared to most other regions. We should keep in mind that Klaipeda is the third-largest city in Lithuania after capital Vilnius and Kaunas city.

Table 5. Arrivals and immigrants

	2015	2016	2017	2018
Republic of Lithuania	83,556	88,734	89,785	105,090
Klaipeda county	10,948	11,926	12,774	15,336
Klaipeda c. mun.	4,225	4,253	4,454	5,325
Klaipeda d. mun.	2,796	3,698	4,315	5,096
Kretinga d. mun.	1,115	1,364	1,369	1,622
Neringa mun.	299	273	313	405
Palanga mun.	862	719	765	943
Skuodas d. mun.	472	452	430	518
Silute d. mun.	1,179	1,167	1,128	1,427

Source: Official Statistics Portal (<https://osp.stat.gov.lt/>)

Table 6. Departures and emigrants

	2015	2016	2017	2018
Republic of Lithuania	105,959	118,905	117,342	108,382
Klaipeda county	13,120	15,206	15,186	14,163
Klaipeda c. mun.	5,867	6,965	6,532	6,081
Klaipeda d. mun.	2,182	2,517	2,839	2,847
Kretinga d. mun.	1,615	1,758	1,856	1,863
Neringa mun.	189	208	197	195
Palanga mun.	623	742	729	588
Skuodas d. mun.	796	851	927	798
Silute d. mun.	1,848	2,165	2,106	1,791

Source: Official Statistics Portal (<https://osp.stat.gov.lt/>)

The number of departures from Klaipeda region doesn't indicate any exclusive trends as it is more or less around the country average. Yet a slightly interesting fact was noticed in 2018 when net migration in Klaipeda region became positive while in Lithuania it was still negative. No significant proofs or explanations were found on this situation.

Table 7. Net migration

	2015	2016	2017	2018
Republic of Lithuania	-22,403	-30,171	-27,557	-3,292
Klaipeda county	-2,172	-3,280	-2,412	1,173
Klaipeda c. mun.	-1,642	-2,712	-2,078	-756
Klaipeda d. mun.	614	1,181	1,476	2,249
Kretinga d. mun.	-500	-394	-487	-241
Neringa mun.	110	65	116	210
Palanga mun.	239	-23	36	355
Skuodas d. mun.	-324	-399	-497	-280
Silute d. mun.	-669	-998	-978	-364

Source: Official Statistics Portal (<https://osp.stat.gov.lt/>)

Table 8. Net international migration

	2015	2016	2017	2018	2019
Republic of Lithuania	-22,403	-30,171	-27,557	-3,292	10,794
Klaipeda county	-2,949	-3,997	-3,414	61	1,808
Klaipeda c. mun.	-1,706	-2,063	-1,511	27	1,289
Klaipeda d. mun.	-306	-356	-181	421	512
Kretinga d. mun.	-274	-378	-506	-132	46
Neringa mun.	-18	-14	-30	-2	3
Palanga mun.	-67	-209	-197	-4	47
Skuodas d. mun.	-135	-213	-281	-61	-25
Silute d. mun.	-443	-764	-708	-188	-64

Source: Official Statistics Portal (<https://osp.stat.gov.lt/>)

The dependency ratio shows the percentage of population which is dependent on the working population. This ratio in Klaipeda region is close to the country average and equals 55 in 2019. The only concern is that dependency ration grows (from 50 in 2015 up to 55 in 2019).

The index of aging is the population aged 65 and older per 100 children aged under 15. While in Klaipeda region this indicator is better than Lithuania average, it still shows that population is getting old.

Table 9. Dependency ratio at the beginning of the year (%)

	2015	2016	2017	2018	2019
Republic of Lithuania	50	51	52	53	53
Klaipeda county	50	51	53	54	55
Klaipeda c. mun.	51	52	54	56	57
Klaipeda d. mun.	47	47	47	47	47
Kretinga d. mun.	51	52	53	54	55
Neringa mun.	37	38	40	39	38
Palanga mun.	53	55	57	60	61
Skuodas d. mun.	54	55	57	59	60
Silute d. mun.	50	51	52	54	55

Source: Official Statistics Portal (<https://osp.stat.gov.lt/>)

Table 10. Indexes of ageing at the beginning of the year

	2015	2016	2017	2018	2019
Republic of Lithuania	129	129	130	131	131
Klaipeda county	118	119	119	120	119
Klaipeda c. mun.	120	119	119	119	118
Klaipeda d. mun.	89	91	91	91	90
Kretinga d. mun.	123	126	128	127	127
Neringa mun.	91	91	95	96	96
Palanga mun.	161	163	168	173	169
Skuodas d. mun.	164	167	168	171	174
Silute d. mun.	118	120	122	125	125

Source: Official Statistics Portal (<https://osp.stat.gov.lt/>)

Table 11. Number of full-time and part-time employees by age group

	2014	2015	2016	2017	2018
Total by age	109.163,0	109.813,0	111.283,0	111.779,0	111.967,0
Less than 25 years	8.669,0	8.114,0	7.942,0	7.547,0	6.646,0
25 - 29	10.719,0	10.956,0	11.090,0	10.800,0	10.410,0
30 - 39	22.497,0	22.642,0	23.014,0	23.391,0	23.795,0
40 - 49	27.937,0	27.551,0	27.329,0	27.251,0	27.267,0
50 - 59	28.797,0	29.008,0	29.410,0	29.394,0	29.394,0
60 and more	10.544,0	11.542,0	12.498,0	13.396,0	14.455,0

Source: Official Statistics Portal (<https://osp.stat.gov.lt/>)

Table 12. Number of full-time and part-time employees in different municipalities of the region

	2014	2015	2016	2017	2018
Klaipėda county	109.163,0	109.813,0	111.283,0	111.779,0	111.967,0
Klaipėda c. mun.	68.786,0	69.113,0	70.184,0	69.494,0	68.864,0
Klaipėda d. mun.	14.015,0	14.123,0	14.860,0	15.633,0	17.087,0
Kretinga d. mun.	8.501,0	8.544,0	8.545,0	8.720,0	8.027,0
Neringa mun.	1.093,0	1.137,0	1.110,0	1.167,0	1.166,0
Palanga t. mun.	4.518,0	4.609,0	4.818,0	4.902,0	4.953,0
Skuodas d. mun.	2.648,0	2.644,0	2.453,0	2.399,0	2.372,0
Šilutė d. mun.	9.602,0	9.643,0	9.313,0	9.464,0	9.498,0

Source: Official Statistics Portal (<https://osp.stat.gov.lt/>)

The number of full-time and part-time employees in Klaipėda region has grown by 2.56% during 2014 – 2018. We should not be surprised that during recent years (2016-2018) the number of employees in Klaipėda city municipality has decreased by 1,320, but the number of employees in Klaipėda district municipality has increased by 2,227. It is explained by the trend to live in Klaipėda district but have “full life” (work, study, school, entertainment and etc.) in Klaipėda city.

Another important trend to be noted is related to older age employees. The number of 60 years and older employees has increased by 3,911 during 2014 - 2018. It is a 37% growth of employees in this age category. Even though there are no studies done directly related to this issue but it is most likely, such shift happened because of emigration of younger workforce. More detailed statistics on the number of employees in different municipalities of the region is provided in Annex 2.

2.2. Economy

Key economic indicators (Table 13) show that the unemployment rate in Klaipėda region is lower than the country average (Table 14), and GDP per capita is constantly growing, at least during the economic growth period.

Table 13. Key economic indicators of Klaipėda region

	2015	2016	2017	2018	2019
Unemployment rate (%)	7,9%	7%	6,6%	7%	6,5%
GDP per capita (at current prices), EUR	13,200	13,800	15,100	15,600	N/A
Economic growth (%)	0.35%	3.12%	7.16%	3.60%	N/A
Growth of export (%)	-9.7%	7.8%	14.9%	17.9%	-2%

Source: Official Statistics Portal (<https://osp.stat.gov.lt/>)

Table 14. Unemployment rate in Klaipeda and Lithuania (%)

	2015	2016	2017	2018	2019
Lithuania	8.7	8.1	7.9	8.5	8.4
Klaipeda region	7.9	7	6,6	7	6.5
Klaipeda city	7.2	6.4	6.4	7.3	7.1
Klaipeda district	6.8	6	5.4	6	4.7

Source: Official Statistics Portal (<https://osp.stat.gov.lt/>)

Table 15. GDP in Klaipeda region, at current prices

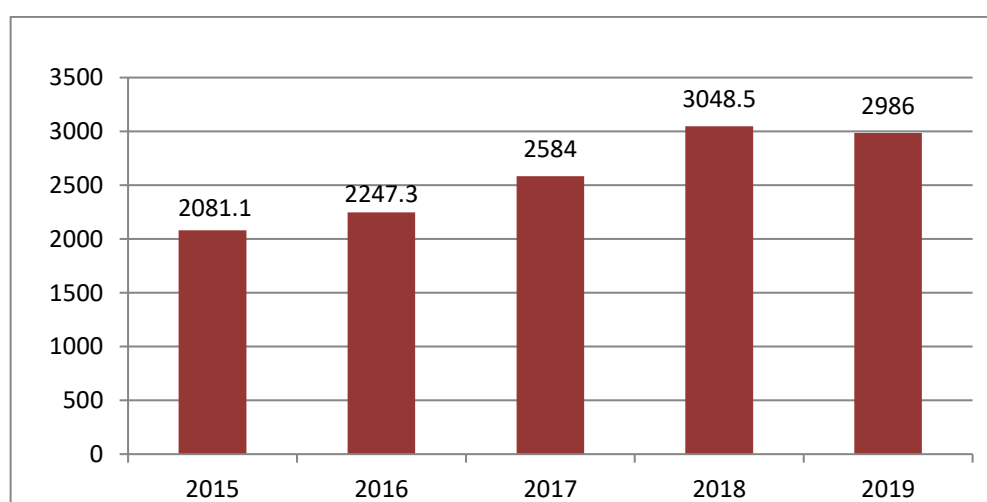
	2014	2015	2016	2017	2018
EUR million	4,300,6	4,315,2	4,450,7	4,769,7	4,941
% of Lithuania GDP	11.8	11.6	11.4	11.3	10.9

Source: Official Statistics Portal (<https://osp.stat.gov.lt/>)

Not all statistical data for 2019 was available yet at the time of conducting this analysis report (March 2020). Companies are obligated to provide some statistical reports until the 1st May. Therefore, GDP per capita and economic growth during 2019 are not available.

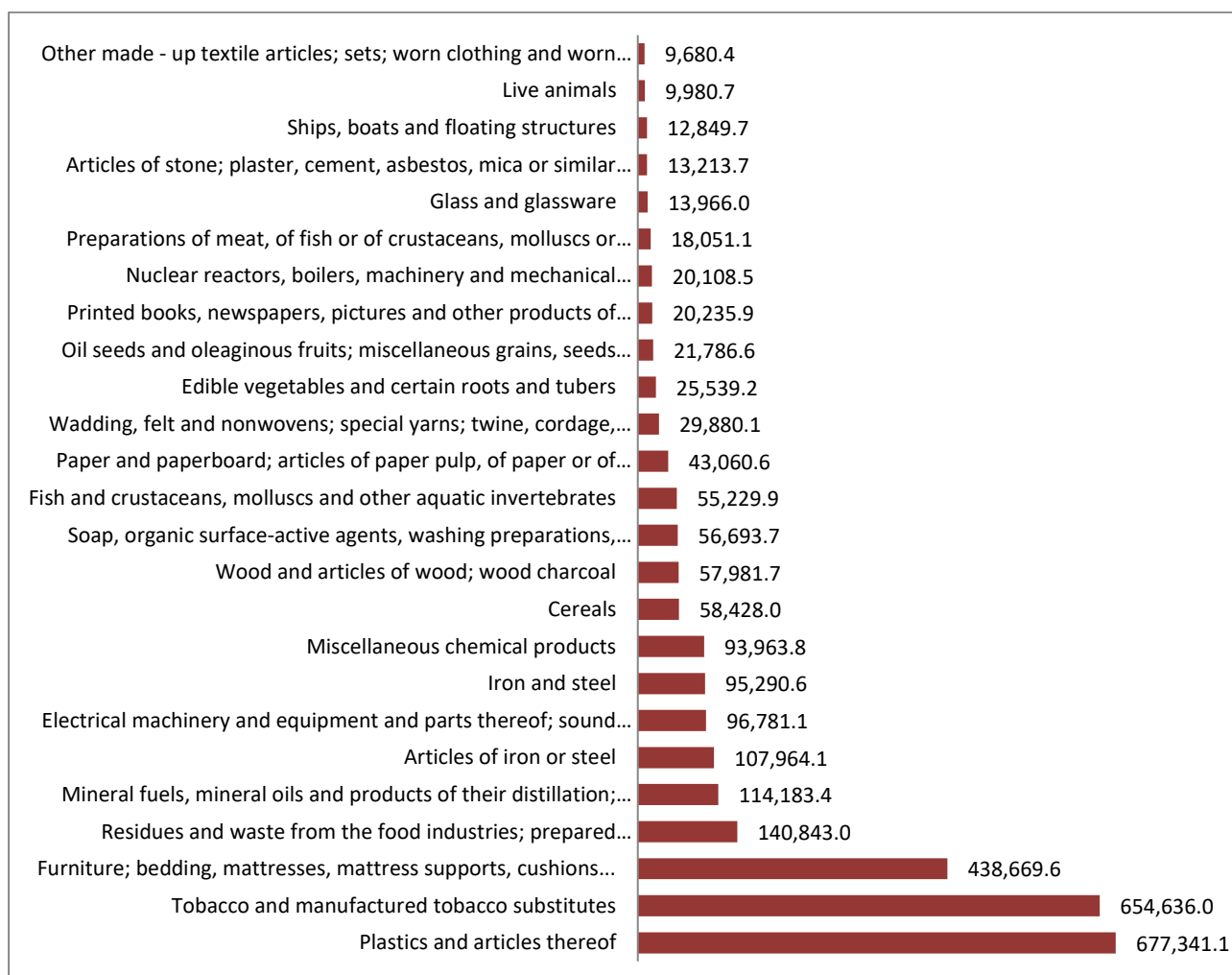
The dynamics of export growth is slightly more complicated. Even though the export volume grew 14.9% and 17.9% during 2017 and 2018 accordingly, we see a slight decrease in 2019 (Figure 5). But export volume in 2019 remained still higher than any year prior to 2018. This 2% decrease can be further analysed and explained by slight changes in the structure of goods and export destinations (Annex 3 and 4).

Figure 5. Exports of goods of Lithuanian origin (EUR million)



Source: Official Statistics Portal (<https://osp.stat.gov.lt/>)

Figure 6. *Exports of goods of Lithuanian origin in Klaipeda region (EUR thousand)*



Source: Official Statistics Portal (<https://osp.stat.gov.lt/>)

More detailed statistics of export goods is provided in Annex 3 (by category of goods) and Annex 4 (by export destination country). To better understand the economy of Klaipeda region, it's necessary to note that the largest export categories are dominated by a few large companies:

- *Plastics and articles thereof* – UAB “Orion Global PET” produces PET material and generates more than 100 million EUR annual revenue.
- *Tobacco and manufactured tobacco substitutes* – UAB “Philip Morris Lietuva” produces cigarettes, has 624 employees, and 50 – 100 million EUR annual revenue.
- *Furniture; bedding, mattresses, mattress supports, cushions, etc.* – AB “Klaipedos baldai” makes furniture mainly for IKEA, has 820 employees and generates 50 -100 million EUR annual revenue.
- *Residues and waste from the food industries; prepared animal fodder* – UAB “Mars Lietuva” produces pet food; it has 782 employees and generates more than 100 million EUR annual revenue.

Table 16. Top 20 export countries of goods from Klaipeda region (EUR thousand)

		2015	2017	2018	2019
1	Poland	199,135.7	230,285.3	289,354.7	292,813.7
2	Germany	239,028.7	185,231.6	251,210.7	254,244.6
3	Sweden	214,792.8	295,681.9	305,012.0	249,940.1
4	United Kingdom	123,498.7	194,727.0	221,803.6	227,190.8
5	Norway	114,034.5	123,169.3	142,044.7	166,842.0
6	Belgium	41,960.9	49,428.6	92,359.8	130,825.2
7	Japan	21,500.7	80,214.9	251,156.9	116,433.3
8	Czech Republic	38,809.5	77,101.0	84,413.1	115,302.1
9	Denmark	62,125.4	86,949.3	152,123.6	115,238.7
10	Turkey	83,521.1	147,217.5	117,865.9	113,822.8
11	France	61,594.2	88,569.3	96,727.8	112,232.6
12	Netherlands	138,182.1	167,995.8	75,568.2	101,960.5
13	Finland	79,173.0	102,642.1	84,703.7	81,086.6
14	Latvia	67,640.7	70,601.0	75,128.5	77,380.8
15	Italy	41,748.1	67,931.5	68,159.1	69,323.2
16	Austria	18,620.1	31,859.7	29,829.5	69,111.7
17	Spain	51,297.2	68,652.6	64,134.2	64,005.5
18	Ukraine	61,339.0	42,590.4	48,764.4	60,960.9
19	Russia	27,494.7	25,088.7	27,239.7	39,217.8
20	Hungary	39,438.4	47,225.9	49,313.6	34,509.1

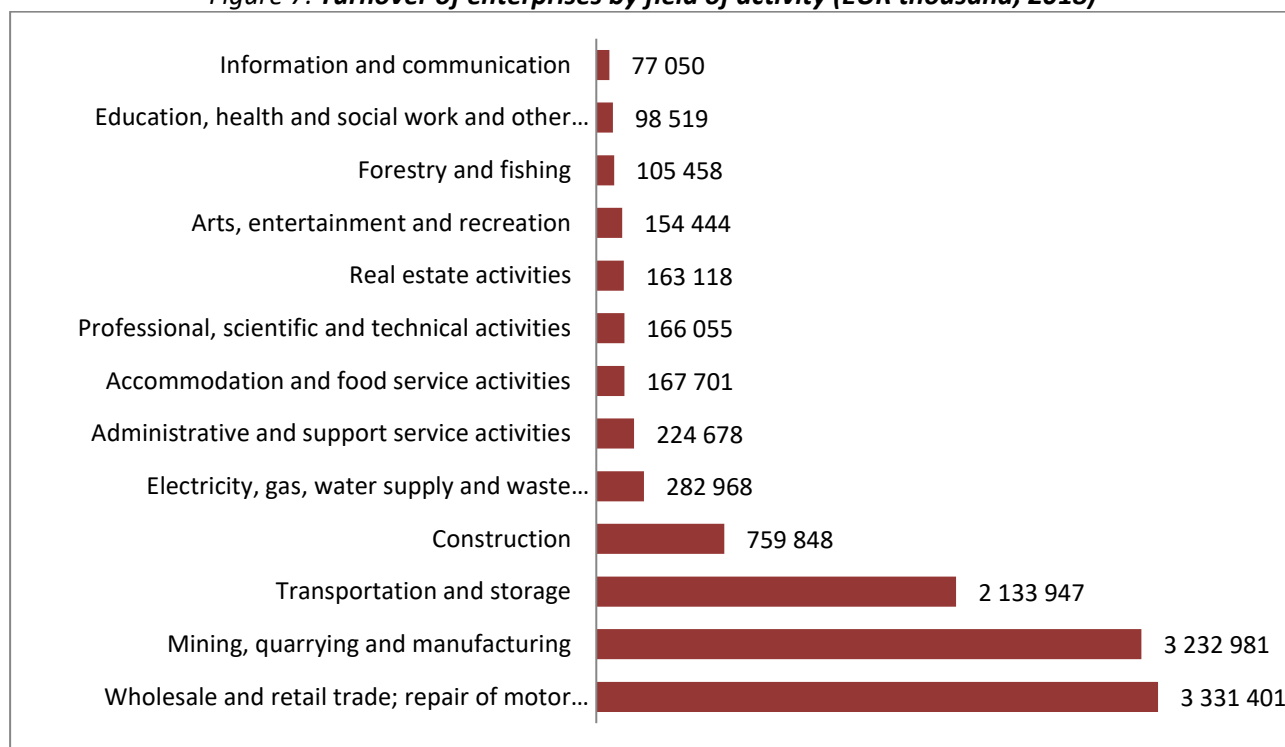
Source: Official Statistics Portal (<https://osp.stat.gov.lt/>)

EU countries are the main export trade partners for companies in Klaipeda region. Japan, Turkey, Ukraine, and Russia are the main export markets outside the EU. Even though there are some changes in export volume by destination country and ranking slightly changes year by year, these countries are the main export markets for several recent years.

Classification of export good categories and company main activities has some differences. First of all, every company can declare a few main activities. Secondly, the classification of company activities is structured in quite large categories (All NACE branches), while the export of goods is classified by combined nomenclature (4 digits). Nevertheless, we can clearly see that the main categories of export goods in Klaipeda region differ from the main categories of enterprise field of activity (Figure 6). Most of the retail trade companies sell their goods in Klaipeda and Lithuania. Mining, quarrying, and manufacturing categories might be slightly misleading in this situation. Klaipeda region doesn't have a large pool of valuable resources (mainly gravel, sand, peat) that can be mined. Therefore, most companies in this category are manufacturing companies. A large volume of turnover generated by transportation and

storage companies should not be surprising because Klaipeda is a port city with a free economic zone and well-developed transport infrastructure suitable for transit cargoes.

Figure 7. Turnover of enterprises by field of activity (EUR thousand; 2018)



Source: Official Statistics Portal (<https://osp.stat.gov.lt/>)

Table 16. Turnover of enterprises by field of activity (EUR thousand; 2018)

	2014	2015	2016	2017	2018
All NACE branches	8,644,416	8,677,228	8,931,116	10,179,897	10,898,168
Wholesale and retail trade; repair of motor vehicles and motorcycle	2,836,388	2,870,251	3,047,419	3,475,251	3,331,401
Mining, quarrying and manufacturing	2,386,177	2,412,872	2,520,861	2,786,303	3,232,981
Transportation and storage	1,727,127	1,727,768	1,686,612	1,967,554	2,133,947
Construction	564,459	531,524	474,470	611,647	759,848
Electricity, gas, water supply and waste management activities	306,522	269,202	277,619	288,883	282,968
Administrative and support service activities	192,526	225,858	223,350	218,296	224,678
Accommodation and food service activities	108,339	114,614	125,079	147,542	167,701
Professional, scientific and technical activities	117,560	121,525	132,449	158,630	166,055
Real estate activities	96,040	98,179	110,803	137,997	163,118
Arts, entertainment and recreation	68,162	99,659	101,372	142,308	154,444
Forestry and fishing	133,684	87,400	98,955	97,169	105,458
Education, health and social work and other social service activities	51,399	59,140	68,717	80,276	98,519
Information and communication	56,033	59,237	63,410	68,039	77,050

Source: Official Statistics Portal (<https://osp.stat.gov.lt/>)

If we pay attention to added value but not only the turnover of companies, we'll see the same five main categories: (1) mining, quarrying and manufacturing, (2) transportation and storage, (3) wholesale and retail trade; repair of motor vehicles and motorcycle, (4) construction, (5) electricity, gas, water supply and waste management activities.

Table 17. Value-added at factor cost by economic activity in non-financial enterprises (EUR thousand)

	2014	2015	2016	2017	2018
All NACE branches	1,868,264	2,004,962	2,120,224	2,371,158	2,637,422
Mining, quarrying and manufacturing	493,187	536,192	589,835	624,707	724,574
Transportation and storage	478,047	534,479	497,218	606,231	691,060
Wholesale and retail trade; repair of motor vehicles and motorcycle	320,422	319,233	345,180	347,551	380,123
Construction	150,399	157,173	164,769	215,295	232,306
Electricity, gas, water supply and waste management activities	106,420	94,572	118,759	122,749	114,674
Administrative and support service activities	91,775	116,787	111,433	117,736	112,371
Professional, scientific and technical activities	53,729	58,194	70,073	83,888	80,682
Real estate activities	33,708	40,634	51,485	54,021	80,116
Accommodation and food service activities	42,369	47,975	52,228	64,928	71,062
Education, health and social work and other social service activities	28,427	33,624	38,577	45,807	59,332
Arts, entertainment and recreation	15,923	19,713	23,844	26,879	31,588
Forestry and fishing	28,693	20,562	30,335	33,853	30,325
Information and communication	25,162	25,825	26,488	27,512	29,207

Source: Official Statistics Portal (<https://osp.stat.gov.lt/>)

Added value and export are just one side of the economic picture of the region. It's important to measure the sustainability of business sectors as well because the same or even larger economy value in the same sector can be created by different companies if there is a high bankruptcy rate in the region. Tables 18 and 19 show a number of bankruptcy processes completed in different business activity categories and the overall bankruptcy rate. Unpleasantly, the bankruptcy rate and the total number of bankrupt companies are growing. Most bankrupt processes in 2018 were completed in wholesale and retail trade category (27.3% of all bankrupts), construction (17.5%), transportation and storage (14.6%) and manufacturing (10.3%).

Table 18. Number of bankruptcy processes completed during the corresponding year

	2014	2015	2016	2017	2018
All NACE branches	235	286	299	372	418
Wholesale and retail trade; repair of motor vehicles and motorcycle	61	72	84	115	114
Construction	52	47	59	64	73
Transportation and storage	25	32	42	36	61
Manufacturing	26	24	23	32	43
Administrative and support service activities	9	26	23	25	33
Accommodation and food service activities	19	26	19	34	31
Professional, scientific and technical activities	10	20	10	15	25
Real estate activities	14	19	14	13	12
Other service activities	4	1	6	16	9
Arts, entertainment and recreation	7	4	3	2	6
Information and communication	2	4	4	9	4
Agriculture, forestry and fishing	4	3	4	3	3
Financial and insurance activities	-	-	1	2	2
Water supply; sewerage, waste management and remediation activities		3	2	3	1
Education	1	-	2	1	1
Electricity, gas, steam and air conditioning supply	1	4	2	2	-
Human health and social work activities	-	1	1	-	-

Source: Official Statistics Portal (<https://osp.stat.gov.lt/>)

Table 19. Bankruptcy rate in Klaipeda region

	2016	2017	2018	2019	2020
Total companies in region	9,104	9,424	9,542	9,686	9,991
Bankruptcy rate (%)	3.28%	3.94%	4.38%	N/A	N/A

Source: Official Statistics Portal (<https://osp.stat.gov.lt/>)

Table 20 shows all economic entities in the region, including SMEs, large enterprise, non-profit organizations, municipal budgetary institutions and etc. There are three most popular legal forms for business incorporation (9,991 entities among 12,119 in the region belong to SME category):

- private company (UAB) is a limited liability company with requirement of starting capital of at least 2,500 EUR, equity is divided into stocks;
- individual enterprise (IJ) is unlimited personal liability entity without minimal starting capital;

- small partnership (MB) has limited liability, minimal starting capital is 1 EUR, but stocks can't be issued.

Table 20. Economic entities by a legal form in operation at the beginning of the year

	2017	2018	2019	2020
Total by legal form	11,620	11,746	11,797	12,119
Private company	7,471	7,607	7,679	7,978
Individual enterprise	1,454	1,368	1,291	1,188
Small partnerships	412	474	627	744
Association	767	752	665	657
Partnership	556	575	580	583
Public institution	366	367	372	404
Municipal budgetary institutions	312	310	309	310
Partnership of gardeners	50	50	47	49
Cooperative partnership/company	37	36	35	35
Charity organization and fund	24	32	34	31
Public company	30	30	30	28
Agricultural company	25	26	27	26
Budgetary institution	46	46	34	24
Subsidiary of foreign company (since 2000.07.19)	16	20	19	18
Traditional religion community, center	15	16	16	16
Trade union	11	11	10	8
Religion community, center	9	9	9	7
General partnership	3	3	3	3
Municipal enterprise	4	4	2	2
Political organization, political party	3	2	2	2
Family	3	2	2	2
State owned company	4	4	1	1
Commandite partnership	1	1	1	1
Chamber of commerce, industry and crafts	1	1	1	1
Lawyers Professional Partnership			1	1

Source: Official Statistics Portal (<https://osp.stat.gov.lt/>)

Internationalization of SMEs includes not only export of goods but tourism services as well. Therefore, we should take a look at potential of tourism sector in Klaipeda region, even though the analysis of added value and export structure didn't indicate it as a significant economic sector. Statistics of accommodation establishments includes hotels and similar accommodation, holiday and other short-stay accommodation, camping grounds, recreational vehicle parks and trailer parks. There are only two municipalities (Palanga and Neringa) in Klaipeda region that have status of resort. Therefore these municipalities can boast about better established tourism infrastructure and traction compared to other municipalities in the region.

Table 21. Number of accommodation establishments and rooms in Klaipeda region

	2015	2016	2017	2018	2019
Establishments	783	899	913	1.077	1.393
Rooms	8,216	8,695	8,810	9,786	12,902

Source: Official Statistics Portal (<https://osp.stat.gov.lt/>)

Table 22. Room and bed occupancy rate in Klaipeda region hotels and motels (%)

	2014	2015	2016	2017	2018	2019
Hotels and similar accommodation						
Rooms	41.8	40.6	41.5	46.7	49.5	49
Beds	32.4	31.1	33.8	36.6	39.7	38.6
Hotels and guest houses						
Rooms	41.7	40.6	41.7	47	49.8	49.4
Beds	32.4	31.1	34.1	36.8	40.1	38.9
Motels						
Rooms	64.2	53.1	20.5	19.4	26	26.4
Beds	37	33.7	9.9	15	14.9	18.2

Source: Official Statistics Portal (<https://osp.stat.gov.lt/>)

Table 23. Number of tourists in accommodation establishments in Klaipeda region

2014	2015	2016	2017	2018	2019
Total tourists					
530,261	542,624	614,187	684,214	764,929	788,970
Lithuanian residents					
335,229	353,716	410,147	470,078	531,311	553,049
Foreigners					
195,032	188,908	204,040	214,136	233,618	235,921

Source: Official Statistics Portal (<https://osp.stat.gov.lt/>)

Table 24. Number of visitors of tourism information centers and employees in travel agencies

	All visitors	Lithuanians	Foreigners	Employees in travel agencies	Number of agencies and tour operators
2019 Q4	16,443	8,861	7,582	-	-
2019 Q3	156,130	34,770	121,360	116	29
2019 Q2	75,133	21,823	53,310	115	30
2019 Q1	15,029	10,194	4,835	118	30
2018 Q4	12,801	7,386	5,415	116	28
2018 Q3	106,763	21,384	85,379	122	29
2018 Q2	44,623	7,025	37,598	123	29
2018 Q1	5,169	3,191	1,978	128	30

Source: Official Statistics Portal (<https://osp.stat.gov.lt/>)

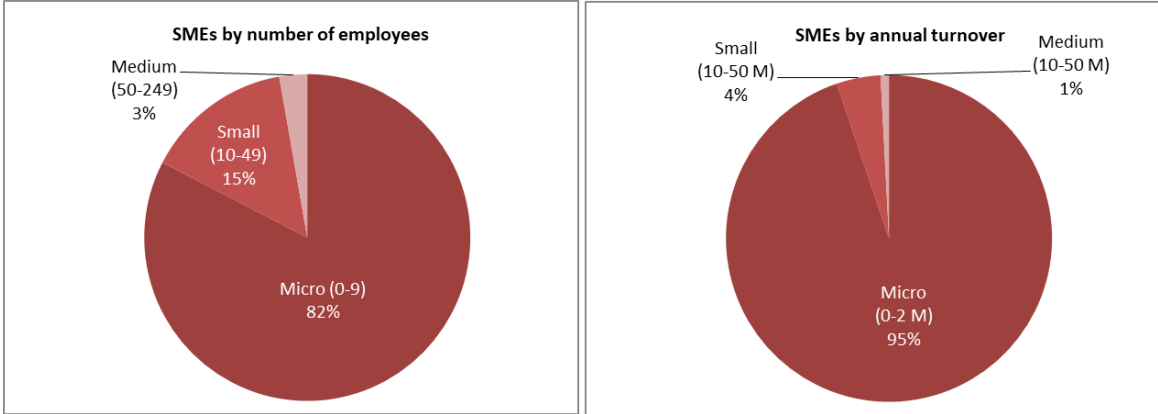
Even though we see a growing number of accommodation establishments and rooms in Klaipeda region (77.9% growth of a number of accommodation establishments during the period of 2015 - 2019), the occupancy rate remains lower than 50%. Technically, Klaipeda region has accommodation infrastructure that would allow accommodating at least twice more tourists. However, there are a couple of issues: (1) Klaipeda region doesn't have strong international positioning as a destination place for foreign tourists, (2) climate zone makes Klaipeda region to be mainly just summertime destination.

Accommodation establishments make up 13.9% of all SMEs in the region, and it is an important part of the economy, but more than 70% of tourists are Lithuanian residents. Foreign tourists make up quite a modest part (29.9%) of total tourists in accommodation establishments and quite a modest part of Klaipeda region economy. Tourism agencies and tour operators make up only 0.3% of all SMEs in the region (and major part of them focus on selling services to Lithuanian residents willing to travel abroad). So, in the context of SME internationalization, travel agency and tour operator sector seems to be totally insignificant. But if Klaipeda could build a strong positioning of attractive travel destinations, this could bring more tourists (especially foreigners) and could boost the growth of agencies and tour operators as well as emerging of new accommodation businesses.

2.3. SMEs in the Region

There were 10.024 enterprises in operation in Klaipeda region at the beginning of 2020. The absolute majority of enterprises in the region are SMEs: 9.977 companies (99.5%) have less than 50 million EUR turnover, and 9.991 companies (99.7%) have less than 250 employees. Figure 8 shows the distribution of SMEs based on the number of employees and annual turnover. 82% of all SMEs in the region are micro enterprises having no more than 9 employees. If we check the turnover criteria, the segment of micro enterprise is even larger – 95% of companies in the region do not exceed 2 million EUR annual turnover.

Figure 8. Distribution of SMEs based on number of employees and turnover



Source: Official Statistics Portal (<https://osp.stat.gov.lt/>)

More detailed statistics on the number of companies is provided in Table 25 (grouping by annual turnover) and Table 26 (grouping by the number of employees).

Table 25. Number of SMEs in operation at the beginning of the year

	2016	2017	2018	2019	2020
Total SMEs in region	9,093	9,414	9,533	9,674	9,977
up to 9.999 EUR	1,854	1,934	1,963	1,842	1,804
10.000 – 49.999 EUR	2,580	2,684	2,644	2,610	2,703
50.000 – 99.999 EUR	1,104	1,113	1,149	1,174	1,224
100.000 – 499.999 EUR	2,251	2,343	2,378	2,519	2,607
500.000 – 999.999 EUR	558	606	616	670	704
1.000.000 – 1.999.999 EUR	329	321	351	371	417
2.000.000 – 4.999.999 EUR	259	263	266	301	317
5.000.000 – 9.999.999 EUR	87	83	95	103	118
10.000.000 – 19.999.999 EUR	39	44	42	54	52
20.000.000 – 49.999.999 EUR	32	23	29	30	31
50.000.000 EUR and more	11	10	9	12	14

Source: Official Statistics Portal (<https://osp.stat.gov.lt/>)

Table 26. Number of SMEs in operation at the beginning of the year

	2016	2017	2018	2019	2020
Total SMEs by employees	9,104	9,424	9,542	9,686	9,991
0–4 employees	5,446	5,680	5,773	5,940	6,460
5–9 employees	1,904	1,964	1,993	1,947	1,791
10–19 employees	980	985	978	989	934
20–49 employees	527	533	520	534	530
50–99 employees	150	171	179	179	174
100–149 employees	63	56	64	63	63
150–249 employees	34	35	35	34	39
250 and more employees	34	33	31	29	33

Source: Official Statistics Portal (<https://osp.stat.gov.lt/>)

Table 27. Number of small and medium enterprises registered over the year

	2015	2016	2017	2018	2019
Total by employees	744	777	875	955	1,040
0–4 employees	681	713	806	885	982
5–9 employees	45	50	48	50	39
10–19 employees	14	10	19	17	12
20–49 employees	4	3	2	3	6
50–99 employees	-	1	-	-	-
100–149 employees	-	-	-	-	1
150–249 employees	-	-	-	-	-

Source: Official Statistics Portal (<https://osp.stat.gov.lt/>)

The number of SME's steadily grows at an annual rate of 1.5-3.5%. Every year more and more new SMEs are registered - the number of SMEs registered over the year grew by 39.7% during the period of 2015 – 2019 (average annual growth 8.8%).

As Table 28 indicates, 88% of employees work in SMEs and only 12% in large enterprise. Such ration is almost the same year by year. It only confirms the importance of SMEs to the economy of Klaipeda region. It's important to note that even though 82% of SME companies are MICRO enterprise, total number of employees in SME's is distributed almost equally among all three categories:

- 30% employees work in MICRO enterprise
- 36% employees work in SMALL enterprise
- 34% employees work in MEDIUM enterprise

Table 28. Number of employees of enterprises in operation at the beginning of the year

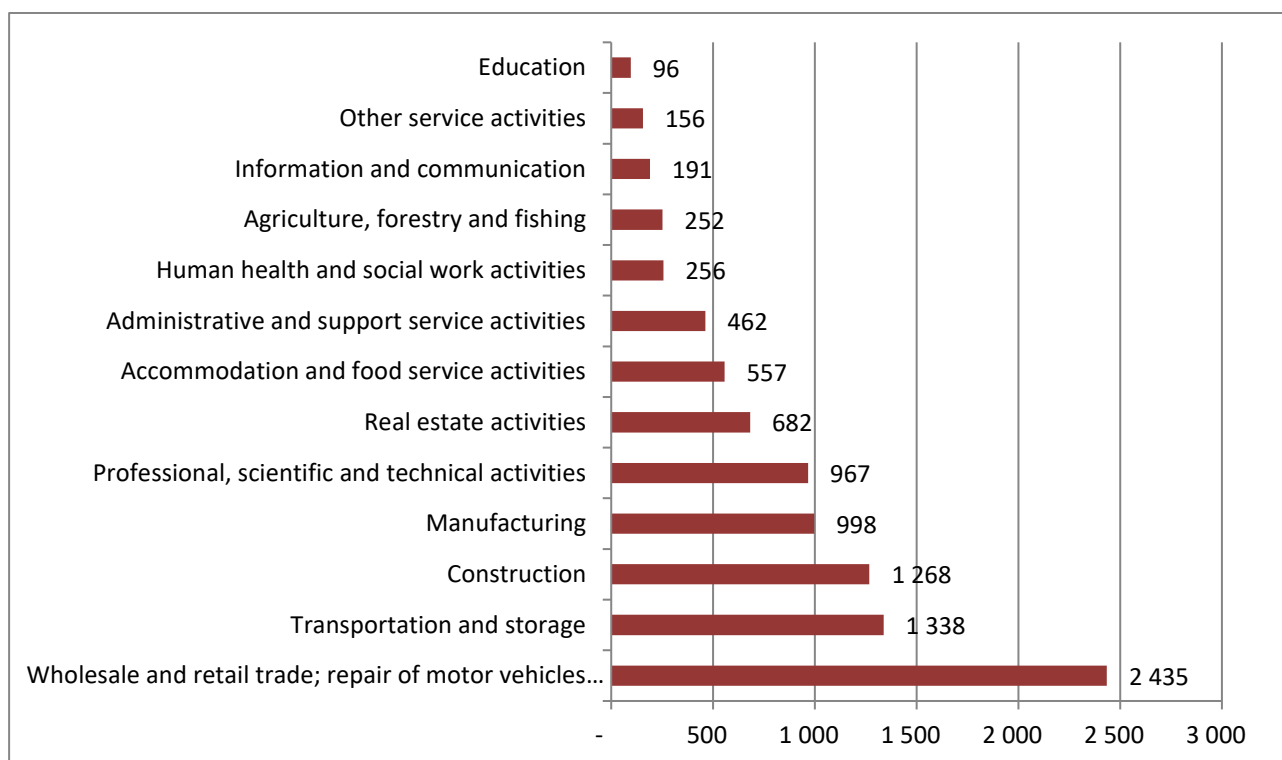
	2016	2017	2018	2019	2020
Total of employees in SME	77,591	78,295	79,605	79,596	79,683
0–4 employees	11,185	11,070	11,195	11,444	12,233
5–9 employees	12,472	12,825	13,003	12,738	11,823
10–19 employees	13,163	13,093	13,072	13,017	12,324
20–49 employees	15,887	15,762	15,504	15,926	15,997
50–99 employees	10,518	11,990	12,455	12,559	12,389
100–149 employees	7,811	6,871	7,668	7,614	7,614
150–249 employees	6,555	6,684	6,708	6,298	7,303
Total of employees in large enterprise	17,297	17,110	17,357	15,809	18,345
250–499 employees	7,433	7,186	6,775	5,010	5,891
500–999 employees	7,553	6,113	6,224	7,264	7,949
1 000 and more employees	2,311	3,811	4,358	3,535	4,505

Source: Official Statistics Portal (<https://osp.stat.gov.lt/>)

Statistics Lithuania (government institution) groups data about SMEs economic activity based only on one criteria - number of employees (criteria for annual turnover is skipped for this particular classification). Therefore there is a marginal error of 0.14% when we make conclusions on SMEs economic activity.

Most SMEs in Klaipeda region work in wholesale and retail trade and repair of motor vehicles including motorcycle (24.4%), transportation and storage (13.4%), construction (12.9%), manufacturing (9.9%), professional, scientific and technical activities (9.7%), real estate activities (6.8%). These categories steadily keep leading position for continues period (Figure 9 and Table 29).

Figure 9. Number of SMEs by economic activity



Source: Official Statistics Portal (<https://osp.stat.gov.lt/>)

Table 29. Number of SMEs by economic activity

	2016	2017	2018	2019	2020
All NACE branches	9,104	9,424	9,542	9,686	9,991
Wholesale and retail trade; repair of motor vehicles and motorcycle	2,408	2,420	2,415	2,408	2,435
Transportation and storage	1,270	1,305	1,314	1,310	1,338
Construction	1,022	1,062	1,105	1,159	1,268
Manufacturing	943	973	957	985	998
Professional, scientific and technical activities	804	904	917	951	967
Real estate activities	598	628	649	668	682
Accommodation and food service activities	515	504	507	514	557
Administrative and support service activities	408	410	430	443	462
Human health and social work activities	200	224	232	249	256
Agriculture, forestry and fishing	241	255	256	250	252
Information and communication	151	170	180	182	191
Other service activities	138	153	153	151	156
Education	70	75	74	87	96
Arts, entertainment and recreation	81	87	96	88	95
Electricity, gas, steam and air conditioning supply	111	100	101	99	91
Financial and insurance activities	73	77	82	83	84
Water supply; sewerage, waste management and remediation activities	43	48	47	37	40
Mining and quarrying	28	29	27	22	23

Source: Official Statistics Portal (<https://osp.stat.gov.lt/>)

3.1. Legal Background

Main national and regional laws, regulations, acts related to the internationalization of SMEs

- *Law on Small and Medium-Size Business Development* (Lietuvos Respublikos smulkaus ir vidutinio verslo plėtros įstatymas, 1998-11-24, No. VIII-935).
- *Law on Foreign Capital Investments in the Republic of Lithuania* (Lietuvos Respublikos užsienio kapitalo investicijų Lietuvos Respublikoje įstatymas, 1995-06-13, No. I-938)
- *Law of the Republic of Lithuania on State Special Guarantees for Export Credit Insurance* (Lietuvos Respublikos valstybės specialiųjų garantijų dėl eksporto kredito draudimo įstatymas, 2011-06-22, No. XI-1499).
- *Law of the Republic of Lithuania Amending the Law on Import, Transit and Export Control of Strategic Goods and Technologies* (Lietuvos Respublikos strateginių prekių ir technologijų importo, tranzito ir eksporto kontrolės įstatymo pakeitimo įstatymas, 2002-07-05, No. IX-1051)
- *Law on Stock Companies in Republic of Lithuania* (Lietuvos Respublikos akcinių bendrovių įstatymas, 1994-07-05, No. I-528).
- *Law on Corporate Income Tax of The Republic of Lithuania* (Lietuvos Respublikos pelno mokesčio įstatymas, 2001-12-20, Nr. IX-675)
- *Law on Value Added Tax of the Republic of Lithuania* (Lietuvos Respublikos pridėtinės vertės mokesčio įstatymas, 2002-03-05, No. IX-751). The law indicates that any company with a turn over of 45.000 EUR and more, has to become a VAT payer. Currently the main VAT rate in Lithuania is 21%.
- *Law on National Promotional Institutions* (Lietuvos Respublikos nacionalinių plėtros įstaigų įstatymas, 2018-06-05, No. XIII-1257).
- *Law on Regional Development of the Republic of Lithuania* (Lietuvos Respublikos regioninės plėtros įstatymas, 2000-07-20, No. VIII-1889).
- *Law of the Chamber of Commerce, Industry and Crafts of the Republic of Lithuania* (Lietuvos Respublikos prekybos, pramonės ir amatų rūmų įstatymas, 1995-11-14, No. I-1093).
- *Law of the Framework of the Free Economic Zones of The Republic of Lithuania* (Lietuvos Respublikos laisvųjų ekonominių zonų pagrindų įstatymas, 1995-06-28, No. I-976).
- There are about 30 laws similar to this one *Law of the Republic of Lithuania on the Ratification of the Additional Protocol to the Agreement between the Republic of Lithuania and the State of Kuwait on the Promotion and Reciprocal Protection of Investments* (Lietuvos Respublikos įstatymas dėl Lietuvos Respublikos ir Kuveito Valstybės sutarties dėl investicijų skatinimo ir abipusės apsaugos papildomo protokolo ratifikavimo). Laws on protection of investment are signed with these countries: Kuwait, India, Macedonia, Tajikistan, Bosnia and Herzegovina, Kyrgyzstan, Croatia, Albania, Armenia, Georgia, Azerbaijan, Serbia, Mongolia, USA, Hungary, Moldova, Jordan, Iceland, Vietnam, Uzbekistan, Slovenia, Portugal, Belarus, Russia, Greece, Austria, Argentina, Latvia, Estonia, Israel.

National and regional strategies and strategic objectives about SME internationalization, improvement of support to SMEs and overall business environment

- *Klaipeda 2030: Economic Development Strategy and Plan of Implementation Actions* (Klaipėda 2030: ekonominės plėtros strategija ir įgyvendinimo veiksmų planas¹). This is the main strategic document related to economic development of Klaipėda region.
- *Klaipeda City Tourism Marketing and Communication Strategy for 2016–2020* (Klaipėdos miesto turizmo rinkodaros ir komunikacijos 2016–2020 m. strategija).
- *Development Study of Tourism and Agricultural Sectors in Klaipeda Region* (Klaipėdos regiono turizmo ir žemės ūkio sektorių plėtros studija²).
- *Klaipeda State Seaport Operational Strategy and Vision of Economic Identity: General Plan* (KVJUD veiklos strategija ir Ekonominio identiteto vizija: bendrasis planas).
- *Klaipeda 2030: Economic Development Strategy and Plan of Implementation Actions* also indicates linking to development strategies of university based in the region. Therefore following strategies should be taken into account:
 - *Klaipeda University Vision and Guidelines for 2019 – 2024* (Klaipėdos universiteto vizija ir veiklos gairės 2019 – 2024 metams³).
 - *Klaipeda State University of Applied Science Strategic Action Plan for 2018 – 2020* (Klaipėdos valstybinės kolegijos 2018-2020 metų strateginis veiklos planas⁴).
 - *Klaipeda State University of Applied Science Integrated Development Strategy for 2011 – 2021* (Klaipėdos valstybinės kolegijos integruotos plėtros strategija 2011–2021 metams⁵).
 - *SMK University of Applied Social Science Integrated Development Strategy for 2011-2020* (Socialinių mokslų kolegijos integruotos plėtros strategija 2011–2020 m.⁶)

Operational Programme for EU Cohesion Policy concerning SME internationalization

The Lithuanian multi-fund Operational Programme brings together several key EU investment funds aimed at helping Lithuania's economic development as well as tackling social exclusion, unemployment and vital issues like energy security. It reflects the goals of the Europe 2020 strategy with a clear emphasis on boosting research and innovation, SME competitiveness, the shift to a low-carbon economy, the promotion of human capital, especially of young people, and the fight against poverty⁷.

- Cohesion Fund: 2.048.917.626,00 €
- Regional Development Fund: 3.501.411.767,00 €
- European Social Fund (ESF): 1.095.501.471,00 €

Total OP budget: 7.887.798.523,00 €.

Total EU contribution: 6.709.396.130,00 €.

¹ <https://www.klaipeda.lt/lt/klaipeda2030>

² <https://klaipedaregion.lt/turinys/klaipedos-regiono-pletros-studija/>

³ <https://www.ku.lt/taryba/wp-content/uploads/sites/28/2019/01/KU-vizija-ir-veiklos-gair%C4%97s.pdf>

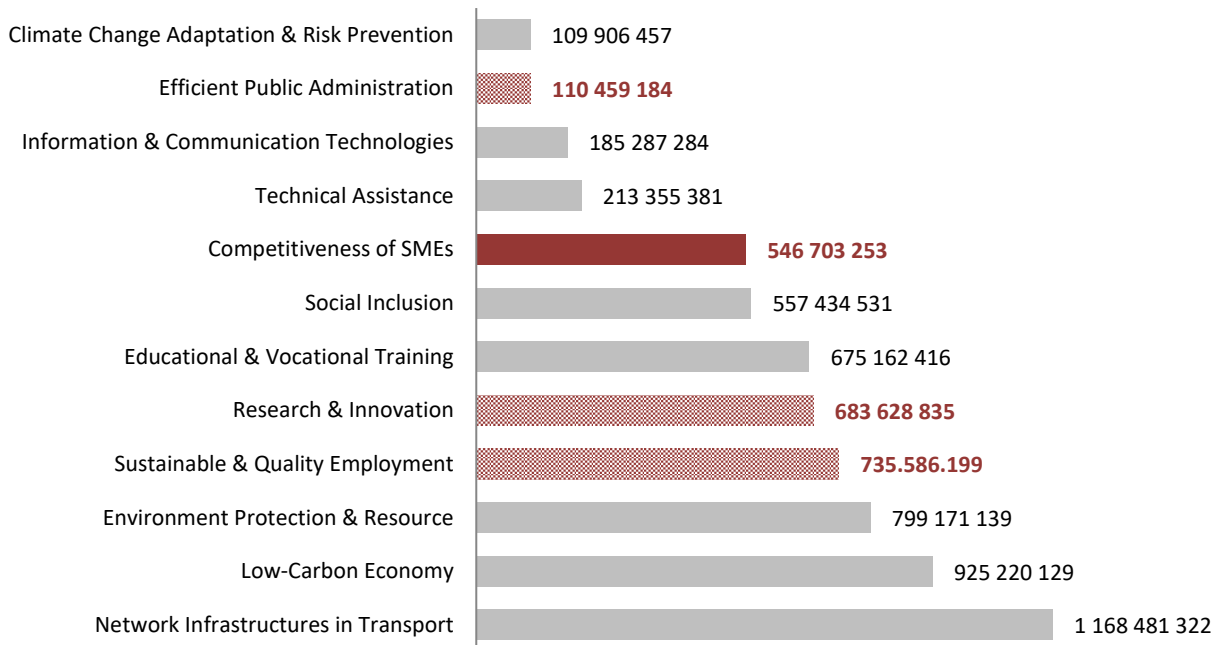
⁴ <https://www.kvk.lt/file/manual/VR/2018-2020%20METU%CC%A8%20STRATEGINIS%20VEIKLOS%20PLANAS.pdf>

⁵ https://www.kvk.lt/file/manual/integruotos_pl%C4%97tros_strategija_2011-2021.pdf

⁶ https://www.smk.lt/file/manual/Dokumentai/SMK_Strategija_LT_46psl.pdf

⁷ https://ec.europa.eu/regional_policy/en/atlas/programmes/2014-2020/lithuania/2014lt16maop001

Figure 10. Operational Programme Thematic Priorities (EUR)



Source: European Commission (2020)

Operational Programme for EU Structural Funds Investments for 2014-2020 priorities directly or partly related to SME internationalization⁸:

- 7.92 % of the Operational Programme resources are allocated to support SMEs' competitiveness and innovation;
- 10.86 % of the Operational Programme resources are dedicated to promoting sustainable and quality employment and supporting labour mobility, thus contributing to the attainment of the national Europe 2020 target of 72.8 % of 20-64 year-olds to be employed (68.7 % in 2012) and reducing the number of young people not in employment, education or training;
- 10.18% of the Operational Programme resources are planned to be used for research and innovation.
- 2.24% of the Operational Programme resources are aimed at improving the Lithuanian business environment by reducing the administrative burden for businesses and improving the quality and efficiency of public services in general.

⁸ https://ec.europa.eu/regional_policy/en/atlas/programmes/2014-2020/lithuania/2014lt16maop001

Figure 11. Operational Programme Achievements



FIRMS: advised

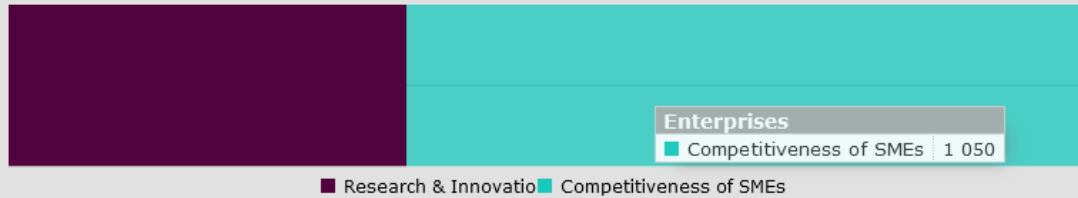
Firms receiving non-financial support (advice)

Planned: 1 670 Enterprises

Decided: 598 Enterprises

Implemented: 499 Enterprises

Overview of programme targets



FIRMS: New Enterprises

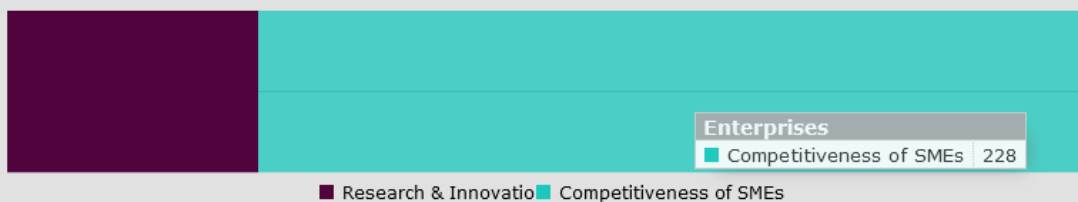
Startups supported

Planned: 298 Enterprises

Decided: 1 539 Enterprises

Implemented: 1 269 Enterprises

Overview of programme targets



FIRMS: Private match grant aid

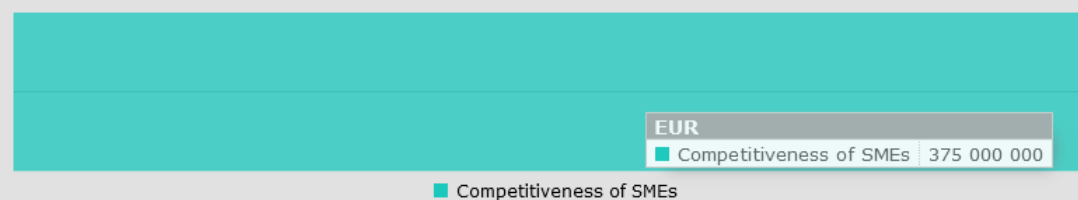
Private investment matching public support to enterprises (grants)

Planned: 375 000 000 EUR

Decided: 293 950 880 EUR

Implemented: 87 653 137 EUR

Overview of programme targets



FIRMS: Private match non-grant

Private investment matching public support to enterprises (non-grants)

Planned: 138 160 000 EUR

Decided: 243 654 000 EUR

Implemented: 118 532 714 EUR

Overview of programme targets



FIRMS: New direct jobs

Direct employment increase in supported enterprises

Planned: 1 640 Full time equivalents

Overview of programme targets



RTDI: Firms working with Ris

Research, Innovation: Number of enterprises cooperating with research institutions

Planned: 380 Enterprises

Decided: 489 Enterprises

Implemented: 318 Enterprises

Overview of programme targets



RTDI: Private match investment

Research, Innovation: Private investment matching public support in innovation or R&D projects

Planned: 175 000 000 EUR

Decided: 172 705 225 EUR

Implemented: 29 802 247 EUR

Overview of programme targets



■ Research & Innovation

RTDI: New to market products

Research, Innovation: Number of enterprises supported to introduce new to the market products

Planned: 130 Enterprises

Decided: 164 Enterprises

Implemented: 163 Enterprises

Overview of programme targets



■ Research & Innovation

Source: European Commission (latest update 2020.01.13)⁹

3.2. Main National and Regional Stakeholders

Enterprise Lithuania (VšĮ “Versli Lietuva”) (<https://www.enterpriselithuania.com/en/>) is a non-profit agency under Ministry of Economy and Innovation established to promote entrepreneurship, support business development and foster export. The team at Enterprise Lithuania seeks to be a reliable adviser and assistant for start, growth and export of national businesses with focus on SME’s. Enterprise Lithuania vision - to be the most effective business-promoting agency in Lithuania, valued by our clients and partners.

Agency seeks to support the establishment and development of competitive businesses in Lithuania and to foster the country’s exports by facilitating cooperation with agency partners’ networks and providing quality training, consultancy, market analysis, and business-partner search services. Enterprise Lithuania supports the development of competitive businesses in the country and fosters the country’s

⁹ <https://cohesiondata.ec.europa.eu/programmes/2014LT16MAOP001#>

exports by facilitating cooperation with partners' networks and providing quality training, consultancy, market analysis, and business-partner search services for businesses.

Enterprise Lithuania is also like a one-stop-shop for entrepreneurs across EU because it provides information on regulations, requirements, licenses as well as quality support to establish business in Lithuania. Analytical and research team of the agency has created a number of valuable informational resources on national macroeconomic trends and developments, including but not limiting to ongoing sector analysis, export prognosis, bilateral trade relations.

Main services to business:

- maintaining Lithuanian Exporters Database (<https://edb.versli Lietuva.lt>) which is a free online platform tailored for companies that are looking for a reliable business partner in Lithuania;
- coordinating Startup Lithuania (www.startuplithuania.lt) community which is a one stop shop for startups in Lithuania;
- administrating Business Consultant Network (Verslo konsultantų tinklas - <https://vkt.versli Lietuva.lt>) – a special program for SMEs under 3 years providing a subsidy for business consulting services;
- participation in international trade fairs and exhibitions;
- organizing trade missions;
- supporting SME's establishment and development by consulting businesses and providing them with e-tools and services.

Startup Lithuania (www.startuplithuania.com) is powered by Enterprise Lithuania and acts as a one stop shop for current and future startups in Lithuania. Startup Lithuania facilitates national startup ecosystem between fast growing business, venture capital funds, accelerators, startup friendly enterprises, and the government. It also publishes startup ecosystem news, provides startups database, job marketplace, sends weekly newsletter that cover the ecosystem, organize events (hackathons, barcamps, workshops and Startup Fair – main startup event of the year), consults and makes introductions.

INVEGA (<https://invega.lt/en/>) INVEGA is a financial entity incorporated by the State. The main objectives of the operations of the entity are as follows: provision of financial services and implementation and administration of financial and other support measures for SMEs. On 17 October 2018, the Government of the Republic of Lithuania granted the status of a national promotional institution to INVEGA; by decision of the Supervision Service of the Bank of Lithuania, INVEGA was included on the List of National Promotional Institutions starting from 3 December 2018.

The operations of INVEGA are aimed to implement State-financed measures intended to support SMEs at the stages of activity commencement, implementation and development, to create and/or retain jobs and improve competitiveness. Over the reporting period, some of the INVEGA's measures and activities were implemented and financed using State budget funds, monies returned to the controlling funds managed by INVEGA and monies from the 2014–2020 European structural and investment funds.

UAB “Kofinansavimas” (www.koinvest.lt) subsidiary of INVEGA which is engaged in the incorporation and management of venture capital funds, investment of venture capital and investment and financial consultancy. The public venture capital fund **KŪB “Koinvesticinis Fondas”**, which is aimed to develop the Lithuanian venture capital market, educate new participants of the venture capital market and in this manner ensure a better access to capital to new promising Lithuanian companies that have limited access to business financing instruments offered by banks.

KŪB “Koinvesticinis fondas” in cooperation with groups of business angels or private venture capital funds, Koinvesticinis fondas invests in star-ups and companies undergoing business development and growth. 2,7 million EUR invested so far, network of 121 private investors and total fund size of 28 million EUR. Applications for investment can only be submitted by a company together with private investors approved by the Fund. When submitting an application for investment, the investors must provide justification why, in their opinion, the investment is viable and potentially profitable, and also provide the main terms of the investment agreed with the company. If a company has not yet been established, the persons representing it must also provide the future company structure to be formed after a positive decision by the Fund.

Agency for Science, Innovation and technology (MITA) (<https://mita.lrv.lt/en>) is the main governmental institution, responsible for implementation of innovation policy in Lithuania. Briefly, it is a national innovation agency. MITA provides free of charge services for clients from business, science and public sectors, interested in possibilities to develop strong cooperation relations with international partners and get financial support for research and innovation projects.

The main activity is the coordination of national activities and international programs (HORIZON2020, EUREKA, EUROSTARS) of research, technological development and innovation and other financial schemes (innovation vouchers, protection of industrial property rights). MITA provides national financial support for projects participants. MITA also promotes business and science cooperation, commercialization of research and protection of intellectual property rights. MITA welcomes innovators, inventors, entrepreneurs, businessmen, intellectuals, researchers and other individuals, which have innovative ideas and are not afraid of risk.

Lithuanian business support agency (LVPA) (<http://lvpa.lt/en/>) strives that every euro invested would create the greatest value for Lithuanian business innovation, competitiveness and economic growth. TLVPA promotes the development and competitiveness of the Lithuanian economy through targeted investments of the European Union in business, R&D, innovation, energy and tourism with a special focus on Lithuanian regions. Agency participates in the implementation of national strategies, programmes and other initiatives aimed at developing the Lithuanian economy and increasing its international competitiveness. LVPA administers projects financed by national and EU structural funds. It also provides

services and information to natural and legal persons related to the use of national and EU structural funds to implement projects.

National Paying Agency under the Ministry of Agriculture of the Republic of Lithuania (www.nma.lt) is the only accredited institution managing the measures of support for agriculture, rural development and fisheries. The Agency manages over 200 support measures and activities. Its customers are more than 150,000 applicants and beneficiaries who receive over EUR 800 million of support each year¹⁰.

Central Project Management Agency (CPVA) (www.cpva.lt/en) is participating in planning and implementation of Development Cooperation policy, as well as managing EU Twinning and other international projects while ensuring wider uptake of good practices of Lithuanian public sector. While CPVA doesn't directly put efforts on the internationalisation of SMEs, it works to ensure the successful implementation of public and private partnership projects.

Invest Lithuania (<https://investlithuania.com/>) is the official agency for Foreign Direct Investment and Business Development. Invest Lithuania partners with companies to get their business set up and off to the best start possible.

- tailored in-depth market and industry insights, advice on business costs;
- information concerning the local labour and legal framework;
- site visits (introduction to peer companies, universities, government authorities, preparation of tailor made, detailed site visit agendas for location assessment process;
- intros and meetings with key market players and relevant governmental institutions;
- project assessment to identify financial support opportunities from local government and EU;
- assistance with PR and marketing strategies before, during and after the project announcement;
- lobbying for greater governmental support;
- Helping businesses to find the right employees through „Work in Lithuania“ programme.

Work in Lithuania (<https://workinlithuania.lt/>) aims to encourage professionals from abroad to pursue their careers in Lithuania, reveal the qualities of living here and connect professionals looking for career opportunities with international companies looking for talented people.

MIC “I Choose Lithuania” (www.renkuosilietuva.lt/en/) is a migration information centre which was established in 2015 in cooperation of the International Organization for Migration and the Government of the Republic of Lithuania. The centre, using the method of single point of contact, provides consultations to those Lithuanians who are returning from abroad or anyone thinking of moving to Lithuania. The MIC provides information about immigration, the labour market, education, healthcare, and many other aspects related to living in Lithuania. “I Choose Lithuania” actively collaborates with Lithuanian communities abroad

¹⁰ <https://www.nma.lt/index.php/about-us/activities/687>

and already visited the communities in the UK, Ireland, Norway, Denmark, Belgium and Russia. The project has a wide network of partners and implements common activities together with the Global Lithuanian leaders, Invest Lithuania, Association of Local Authorities in Lithuania, Create Lithuania programme, participates in the network “Global Lithuania”.

Klaipeda city municipality administration (www.klaipeda.lt/en/) sets taxation tariffs¹¹ (real estate tax, state owned land ret tax, fixed tax for self-employed), provides useful information and links to SME supporting organisations and initiatives. Municipality also has some of its own measure for SME support, i.e., subsidy (up to 80% but no more than 5.000 EUR) of costs for projects representing Klaipeda.

Small and medium business council (Smulkaus ir vidutinio verslo taryba, **SVVT**) is a public advisory body established under the Klaipeda City Municipal Council for the term of its term of office. SVVT aims to ensure the participation of members of the public in the processes of Klaipeda City SME development, SME environment improvement and entrepreneurship promotion. SVVT's operational objectives:

- to promote SME development, improvement of SME business environment and entrepreneurship in Klaipeda city;
- to ensure co-operation between SME representatives and SME associations representing them, Municipal institutions and bodies, business information centers and economic development agencies.

SVVT structure:

- one delegated representative of the mayor of the municipality;
- one delegated representative of the Urban Development and Strategic Planning Committee of the Municipal Council;
- one delegated representative of the Finance and Economics Committee of the Municipal Council;
- three delegated representatives of the director of the municipal administration;
- one delegated representative of Invest Lithuania;
- one delegated representative of Enterprise Lithuania;
- one delegated representative of Klaipeda ID;
- six delegated representatives of Small and Medium Business associations, at least 2/3 of the members of which are SME entities and which represent the interests of Klaipeda SMEs.

Klaipeda ID (www.klaipedaid.lt) is a non-profit city development agency founded by Klaipeda Municipality. Its mission is to support both international and local businesses by providing information and on the ground advice. It is also dedicated to attracting more top-tier talent to the city. Klaipeda ID together with partners implements few international projects:

¹¹ <https://www.klaipeda.lt/lt/verslui/smulkiajam-verslui/mokesciu-tarifai-ir-lengvatos/6647>

- SB BRIDGE Project for bringing students and the green and blue labour market closer together. The project is jointly developed by partners from 5 Baltic Sea countries (Denmark, Germany, Lithuania, Sweden and Poland).
- INTER VENTURES project aims to help SMEs located along national borders to internationalise their activities. The project brings together partners from 5 European border regions (Hungary, Italy, Poland, Spain, Lithuania and Germany as an advisory partner), representing various stages of evolution of SME ecosystems.

Klaipeda Chamber of Commerce, Industry and Crafts (<http://www.kcci.lt/en/>) consolidates more than 230 members among which are the biggest companies of the region and representatives of small and medium-size businesses. The Chambers of Commerce, Industry and Crafts of Lithuania are non-state, non-profit self-governing entrepreneurial organizations that effectively participate in the international system of chambers of industry and commerce. Chambers of commerce, industry and crafts operate in five major Lithuanian cities: Vilnius, Kaunas, Klaipeda, Siauliai and Panevezys. They are united under the Association of Lithuanian Chambers of Commerce, Industry and Crafts, which is a member of the Association of European Chambers of Commerce and Industry ("Eurochambers") and the Baltic Sea Chambers of Commerce Association. The Chambers of Commerce, Industry and Crafts in Lithuania operate in compliance with the law adopted in 1995; it is the only self-governing entrepreneurial organization operating under a separate law. According to the provisions of the law, the membership in the Chamber is voluntary. The principal objective of a Lithuanian Chamber of Commerce, Industry and Crafts is to represent the interests of its members, and render them necessary services.

The Chamber promotes the development of small and medium enterprises, and also export, taking an active part in various international projects and programs:

- promotes foreign trade;
- influences the development of small and medium enterprises;
- provides information of business offers received from foreign companies;
- searches for foreign partners at the request of the members of the Chamber;
- distributes information about the members of the Chamber and their businesses to embassies and counterpart chambers abroad;
- provides information about exhibitions, trade fairs and conferences held in Lithuania and abroad;
- makes arrangements for business missions, visits to companies, and meetings with foreign businessmen;
- organizes seminars, training courses for businessmen, conferences, and presentations
- renders assistance to organizers of vocational training in the region;
- issues Certificates of Origin of Goods, ATA Carnets, GS1 bar codes;

- certifies certificates confirming the force-majeure circumstances, and the authenticity of international operation documents.

Klaipeda Science and Technology Park (KMTP) (www.kmtp.lt/en/) is a centre focused on promoting an innovative environment in the Klaipeda Region, with the aim of establishing close and focused cooperation between the science and business sectors, ensuring greater economic competitiveness and creating favourable conditions in the ecosystem for start-ups. KMTP provides specialised services in the areas of green and blue (marine) technologies, which we have established as our leading priorities. We are also actively involved in gathering a “critical mass” of innovation systems in the region and in forming partnerships as well as clusters.

Currently, KMTP has united almost 80 companies, public institutions and divisions of international companies. With a modern infrastructure, dynamic project activities in the international scene, an extensive network for establishing cooperation and the competence of the KMTP team members, we ensure that versatile services are provided for the creators of new technologies and those who wish to install them, working with both those businesses that are already established and the ones that are only taking their first steps.

Baltic Maritime Digital Innovation Hub (BM DIH) is a non-profit organisation which is a digital innovation support platform that helps companies, institutions and organisations in the region of Klaipeda to create added value through digital technology, better business and production processes. The BM DIH functions as a one stop shop service provider when it comes to digital services in the Klaipeda region.

Vision - to develop progress in the Baltic Sea region through digital technology and networking.

The main strategic objectives are to initiate and develop public sector, business and scientific cooperation in the field of digital innovation, using the most advanced means of communication. Mobilise the necessary infrastructure for research and experimental development (R&D), initiate the development of new products and services, implement product prototyping and testing, quality assurance (validation), standardisation, certification for the management of digital innovation projects, to participate in EU and national programmes. Current members of our Digital Innovation Hub include Klaipeda city municipality, AB “Klaipedos nafta” (oil and LNG terminal operator), AB “Klaipedos energija”, UAB “Klaipedos autobusų parkas”, Klaipeda ID, UAB “IAMUS inovacijos”, University of applied social sciences, Klaipeda university, Digital innovation institute, Klaipeda association of industrialists, Vilnius academy of arts, Lithuanian maritime museum and various IT solution providers / consultants.

Baltic Maritime DIH is providing digitization audit services to manufacturing SMEs operating in Klaipeda region. Services include current situation analysis, provision of recommendations, match-making as well as visits to other companies which have already implemented recommended solutions. During 2019 Baltic Maritime DIH has conducted the mentioned audits in more than 14 enterprises and provided detailed recommendations to 7 of them. Scope of recommendations include hardware and software solutions (e.g.

computer vision systems for quality control, production planning software implementation, realisation of integrations between ERP software and production equipment, warehouse automation solutions and others) as well as operational improvement measures (LEAN, balanced scorecard, project management, risk management, process management best practices implementation). During the course of providing services, an Industry 4.0 conference as well as various workshops on specific topics were organized with the involvement of ICT solution providers in order to facilitate sharing of best practices.

Baltic Maritime DIH is also facilitating local startup ecosystem through provision of various acceleration services, organization of events. During the year of 2019, Baltic Maritime DIH has organized two hackathons, ran one pre-acceleration program and provided ongoing support to local startups through tailor made acceleration services and mentoring. One of the hackathons was focused on developing solutions through the use of open data, the second one (Delta Navy) was organized with the aim of developing solutions (laser communications, ship personnel location tracking, use of drones for search and rescue missions) for Naval Forces of the Republic of Lithuania. Each of the events attracted more than 50 participants each, were organized in partnership with Lithuanian universities, risk capital funds, large local enterprises, entrepreneurship support agencies and well known mentors. At the end of the year, in partnership with EIT InnoEnergy Baltic Maritime DIH has also organized and hosted a pre-acceleration module aimed at helping local startups develop their investor pitches. A demo day was organized on the last day of the program where 18 startups had the opportunity to present their pitches to representatives of venture capital funds and private investors.

Klaipeda Free Economic Zone (www.fez.lt) focuses on renting land for companies engaged in manufacturing and assembly activity. Klaipeda FEZ business community consists of 100+ businesses with 5,400+ employees. Companies situated in Klaipeda FEZ can get complete corporate tax exemption for the first 10 years, reduced corporate tax of 7.5% (regular rate is 15%) for up to 6 years, 0% tax rate on dividends and no real estate taxation¹². Klaipeda FEZ can provide customized and tailored solutions that include:

- the option of providing business site or premises with a ready to use infrastructure;
- hands on assistance to help company set up and achieve the softest landing possible;
- connecting company with the best business partners to help you build the business;
- ongoing client care services throughout business journey at Klaipeda FEZ;
- an attractive neighborhood of diverse business community and 100+ global business suppliers.

Klaipeda Industrialist Association (www.kpa.lt) has 51 members with more than 8.000 employees and turnover of 1 billion EUR in total. This organization is not specifically created for SME support and only part of members are SME. Association seeks to build meaningful partnership between members, city and state authorities as well as foreign entities.

¹² <https://www.klaipedaid.lt/incentives/>

Klaipeda Tourism and Information Center (KTIC) (www.klaipedainfo.lt/en/) provides information about places of interest, entertainment facilities, travel agencies, exhibitions etc. It also arranges trips for individuals and groups around Klaipeda and Lithuania. This activity is very important for SMEs in hospitality industry because for large part of foreign tourists KTIC serves as the first source of information thus generating valuable leads for local businesses. KTIC is taking part in joined project, which is co-financed by the European Union by The Lithuania-Poland-Russia ENPI Cross-border Cooperation Programme 2007-2013. Results of the project can have important influence on hospitality SMEs in the region:

1. local TICs are permanently updated about tourism news within the Programme area;
2. inbound and local tourists are better informed about tourism facilities of the Programme area;
3. the Region is promoted as a unique tourist destination within and outside the Programme area;

There are few more organisations that might be considered as possible stakeholders in SME internationalisation in Klaipeda region: **Ekspeditorių asociacija** (“Forwarders Association”) is registered in Klaipeda, **Smulkių ir vidutinių vežėjų asociacija** (“Small and Medium Transporters Association”) and **Smulkiųjų verslininkų ir prekybininkų asociacija** (“Small and Medium Entrepreneurs and Traders Association”) are registered in Vilnius. But none of these organisations do any publically visible activity towards supporting SMEs.

3.3. Measures Offered to SME Internationalization Support

An extensive list of measures offered to SME internationalization support is provided in Annex 1. There is a centralized gateway where each SME could check possibilities for support measures www.esgalimybės.lt. But the problem is that absolute majority of SMEs simply don't know this website. It is not publically promoted or advertised. Furthermore, the website name is easy to understand and it represents the essence (www.esgalimybės.lt – means “EU opportunities”), but there are few other websites with very similar names (www.esinvesticijos.lt – means “EU investments”; www.esparama.lt – means “EU support”) which makes the first one less memorable.

*The Lithuanian multi-fund Operational Program*¹³ brings together several key EU investment funds aimed at helping Lithuania's economic development as well as tackling social exclusion, unemployment and vital issues like energy security. It reflects the goals of the Europe 2020 strategy with a clear emphasis on boosting research and innovation, SME competitiveness, the shift to a low-carbon economy, the promotion of human capital, especially of young people, and the fight against poverty. 7.92 % of the Operational Program resources (EU amount: EUR 546,7 million; national amount: EUR 96,47 million; total: EUR 643,18 million) are allocated to support *SMEs' competitiveness and innovation* (priority axis 3).

¹³ https://ec.europa.eu/regional_policy/en/atlas/programmes/2014-2020/lithuania/2014lt16maop001

*Interreg V-A - Poland-Denmark-Germany-Lithuania-Sweden (South Baltic)*¹⁴ cooperation program addresses some of the important cross-border challenges which are linked to the implementation of Europe 2020 in coastal regions of the participating member states. A strong focus of the program is on support of SMEs internationalization and transfer of innovation (EUR 9,7 million). It also supports cross-border labor mobility and helps making transport service in the South Baltic region more efficient and more environmentally friendly. Expected impacts:

- Increased presence of blue and green sector SMEs from the South Baltic area in international markets; increased innovation capacity of blue and green sector SMEs.
- More involvement of the local community actors in cross-border cooperation networks.
- Increased use of green technologies, decrease of pollution discharges into the Baltic Sea, better developed and more attractive destinations for sustainable tourism, more visitors to the region.
- Improved and more environmentally sustainable passenger and intermodal cargo services in the South Baltic area.

3.3.1. National financial support measures

Corporate income tax reduction. On 2018 January 1st amendments to the Law on Corporate Income Tax of the Republic of Lithuania came into force.

- Companies with an average number of listed employees not exceeding 10 people and income for the tax period not exceeding EUR 300,000, taxable profit for the first tax period is taxed at 0%. Corporate income tax rate for other periods is 5%.
- The costs of R&D works for enterprises operating in this field are calculated differently. This increases costs and reduces corporate income tax accordingly: when calculating income tax, expenses incurred in performing R&D are deducted 3 times from income in the tax period in which they are incurred; possible minimum depreciation or amortization period of equipment used in R&D activities, depending on the asset group is 2 years.
- Profits earned from the commercialization of inventions or copyrighted computer programs are taxed at a rate of 5% income tax rate instead of the standard 15%. Two conditions need to be met: the income from the use, sale or other transfer of ownership of the property is received only by the Lithuanian unit or permanent establishment that created it and only they incur all expenses due to the earning of the said income, and the property is a copyrighted computer program or an invention that meets the criteria of patentability (novelty, inventive step, industrial applicability), protected by patents or supplementary protection certificates.

¹⁴ https://ec.europa.eu/regional_policy/en/atlas/programmes/2014-2020/lithuania/2014tc16rfcb013

- Taxable profits may be reduced by 100% the amount of investment project expenses (until 2018, the taxable profit could be reduced by up to 50% the amount of investment project expenses). The unused portion of the benefit may be carried forward to subsequent four tax periods.
- At the beginning of 2020 the government approved the proposal of the Ministry of Economy and Innovation to exempt Lithuanian and foreign capital investment project promoters, who will invest at least EUR 30 million and create at least 200 new jobs. This amendment to the Law on Corporate Income Tax will facilitate the development of large local and foreign capital investment projects throughout the country, including free economic zones.

Soft loan instruments. INVEGA manages financial instruments financed by the European Structural and Investment Funds and resources returned allowing small and medium-sized enterprises to start or expand their activities with a soft loan. Different types of loans provided by financial institutions are offered under different conditions. The best option to enhance SME's access to finance is chosen according to the amount of the financial support needed and payment provisions.

- Soft loans under the instrument *Entrepreneurship Promotion Fund 2014–2020* offers the best conditions for newly established and young businesses with financing up to EUR 25,000. Loans will be provided for a maximum term of 120 months. The interest rate is 3-months EURIBOR (only for 10% of the loan) + a fixed interest margin of 3% (margin of the credit union). Applications are required to be submitted to the credit unions, [members of the Lithuanian Central Credit Union \(LCCU\)](#). Document forms are available on the website of the Lithuanian Central Credit Union (LCCU). In need of assistance with the business plan, the applicant can register for a consultation. In case the guarantee lack, the credit union can apply to INVEGA for individual guarantee. In addition, borrowers of soft loans under the EPF2 can benefit from global grant instrument Business Start-up Subsidies and receive a compensation of labour costs for every employee working under an employment contract.
- Soft loans provided under the instrument *Open credit fund 2* are designed for business development (both investment and working capital loans) and offers SMEs financing of up to EUR 600,000 with a maximum loan term of 120 months for loans and leasing and 36 months for facility of credit limit. Maximum amount of the financing may be increased depending on the proportional share of bank funding. In order to use the financial instrument under the Open Credit Fund 2, enterprise or entrepreneur is required to apply, firstly, to the credit institution with which a cooperation agreement was formed. Currently, soft loans under Open Credit Fund 2 are provided by Citadele bank and Medicinos bankas. Medicinos bankas provides leasing transaction services as well.
- Instrument *Risk-shared loans* financed by the European Regional Development Fund offers loans for SMEs of up to EUR 4 million. Funding can be provided in the form of a loan or credit line. When

providing funding in the form of a loan, a loan may be granted for a period not exceeding 120 months and, in case of a credit line, for 36 months. The instrument is based on the principle of lending with the proportion of 45:55, under which the RSL Manager contributes by 55% of its own funds to 45% of the RSL loan/credit line share. The total amount of EUR 84,07 million is earmarked for the implementation of the RSL measure from the Business Financing Fund funded by the European Regional Development Fund.

- *Crowd funding loans Avietė* enable small and medium-sized enterprises to borrow through crowd funding platforms. The maximum amount per loan is EUR 10,000 and funding can be provided up to 40% of the total loan amount. A loan may be granted for a period not exceeding 36 months and it is intended to finance both investments and circulating capital, except for the refinancing of financial obligations, financial activities and residential real estate. Avietė loans are granted through crowd funding platforms. Crowd funding platform operators, which have signed cooperation agreement for the implementation of Avietė loans, will select those business projects which will be co-funded under the measure Avietė. The number of crowd funding platform operators is not limited, therefore, contracts can be made during all the period of implementation and until all funds of the measure are used. The total amount earmarked for financing of Avietė loans is EUR 4,615 million of the funds repaid and/or to be repaid to the INVEGA fund.

Table 30. Soft loans for SMEs by INVEGA 2014 – 2020.03.30 (national data)

	Amount of subsidies paid, EUR	Number of enterprises
Entrepreneurship Promotion Fund	17.481.931	902
Risk-shared loans	54.113.875	172
Open credit fund 2	<i>info is not available</i>	400

Source: INVEGA, 2020

Loan guarantees. Businesses applying to banks and other credit institutions for loans to start or grow their business often face the challenge of collateral not being attractive or adequate enough for the bank or credit institution. INVEGA helps to overcome this challenge by offering individual and portfolio guarantees to financial intermediaries covering up to 80% of the credit.

Export credit guarantees issued by INVEGA help expand export markets in countries of non-marketable risk and grow export volumes by minimizing the potential risks stemming from default by a buyer by covering up to 90% of the actual losses when a buyer fails to pay as provided for in the contract. The maximum amount of all export credit guarantees per one exporter cannot exceed €2,000,000. The maximum amount of all export credit guarantees per one buyer chosen by the exporter cannot exceed €750,000. The aggregate of all export credit guarantees per one buyer across all exporters cannot exceed

€2,000,000. A fee payable for the export credit guarantee will depend on the risk profile of a foreign buyer, risk group of the country of destination and the due date of deferred payments. This instrument is available for micro, small and medium-sized enterprises that have been operating for more than one year with an annual income of over €100,000 according to the approved annual financial statements for the past financial year.

Portfolio Guarantee can facilitate access to funding for small and medium size enterprises (SMEs) when an SME is unable to provide a collateral that is attractive or sufficient to a financial institution. A portfolio guarantee secures the repayment of 80% of the principal amount of loan/leasing to a financial institution. With Portfolio guarantees financial institutions require a smaller down payment and apply a lower interest rate as compared to market conditions. Portfolio guarantees are issued as de minimis aid as defined in the Commission Regulation (EU) 1407/2013. The instrument *Portfolio Guarantees for Leasing Transactions* Funded from the European Regional Development Fund secures the repayment of 80% of the principal amount of leasing to a financial institution.

The instrument *Portfolio Guarantees for Leasing Transactions* Funded from the European Regional Development Fund is aimed at facilitating access to funding for small and medium size enterprises (SMEs) when an SME is unable to provide a collateral that is attractive or sufficient to a financial institution. The maximum guaranteed amount of a leasing transaction can be EURO 1,875,000, or €937,000 in the case of organizations involved in the carriage of freight by road. Funding under the instrument cannot extend beyond 120 months.

The instrument *Portfolio Guarantees for Loans* Funded from the European Regional Development Fund is aimed at facilitating access to funding for SMEs when an SME is unable to provide a collateral that is attractive or sufficient to a financial institution. The maximum guaranteed amount of loan is EUR 1,875,000, or EUR 937,000 in the case of organizations involved in the carriage of freight by road. Funding under the instrument cannot extend beyond 120 months or 36 months for facility of credit limit. The instrument *Portfolio Guarantees for Leasing Transactions* is worth EUR 13,48 million. Guaranteed loans shall be granted only to potentially economically viable activities related to the establishment of SME, its development or strengthening or development of new projects, facilitate access to new markets or carry out new activities of companies that are already established.

INVEGA may guarantee the repayment of losses arising from the investments made by financial institution in SMEs for loans with an intensity of 30-80%, by offering individual guarantees. INVEGA can provide a leasing guarantee to a financial lease company financing the purchase of equipment if a company incorporated and operating in Lithuania which meets the requirements applicable to small and medium-sized business intends to acquire new (unused) production equipment and/or new (unused) installations under financial lease (leasing).

Table 31. National guarantees issued by INVEGA 2014 – 2020.03.30

Guarantee type	Number of guarantees issued	Number of enterprises	Amount of guaranteed transactions, Eur	Amount of guarantees, Eur
Special guarantees	1	1	1.696.571	1.357.257
SME loan guarantees	2759	2036	363.943.069	246.556.654
Export guarantees	59	12	2.904.450	2.391.215
Portfolio guarantees (lease, loans, factoring)	2283	1465	300.597.382	240.477.905
Total	5102	3514	669.141.471	490.783.031

Source: INVEGA, 2020

We've contacted directly with INVEGA to get statistical data about support measures for SMEs in Klaipeda region. The problem is that INVEGA doesn't sort their data by region or city. It means each case should be manually checked if company is based in Klaipeda region. Therefore we have only national (country wide) data on guarantees issued by INVEGA. More detailed statistics based on years and banks is provided online <https://invega.lt/en/statistics-of-the-investments/soft-loans-2016-2017/>.

Global grants. INVEGA offers global grants aimed to facilitate SME's market take-up and development, especially at the initial stage of self-employment, as well as help businesses save on daily expenses:

- With the instrument *Partial financing of Loan Interest* INVEGA provides businesses compensations of up to 100% of the interest paid.

Table 32. Conditions of Partial financing of Loan Interest

Eligible applicant	Amount of compensation	Form of compensation	Availability period
SMEs operating in the manufacturing and services sectors	Up to 95 %	an investment loan / financial lease (leasing) transaction covered or not covered by an individual guarantee of INVEGA from the financial institution's own funds or the state budget to increase productivity; an investment loan under the debt financial instrument funded by the EU structural funds (risk-shared loan with <i>de minimis</i> aid) or investment loans of the portfolio guarantee / under the financial lease (leasing) to increase productivity; an investment loan granted under the crowdfunding platform to increase productivity.	Up to 36 months
SMEs operating in the manufacturing and services sectors	Up to 50 %	an investment loan under the debt financial instrument funded by the EU structural funds (risk-shared loan with <i>de minimis</i> aid) to increase productivity	Up to 36 months
Industrial companies (SMEs and large ent.)	100 %	an investment loan and leasing to finance the installation of equipment and technology (technological solutions) enabling to increase energy efficiency of companies	Up to 60 months

Source: INVEGA, 2020

- Borrowers of soft loans under the financial instrument Entrepreneurship Promotion Fund 2014–2020 are eligible for compensation of up to 75% (for a priority group; 50% for others) of labour costs for every employee working under an employment contract with the instrument *Business Start-up Subsidies*. The fixed monthly rate of partial compensation of labour costs is set at EUR 498.48 and the minimum availability period is 12 months. A priority group is a group of persons encountering labour market or business organisation difficulties, i.e. unemployed persons registered with the territorial labour exchange for at least 6 months, disabled persons, persons under 29 years of age, persons above 54 years of age, women and those who create and/or will create “green” jobs. In total, EUR 16 million has been allocated for the implementation of these projects from the European Social Fund.
- Partial financing of staff training under the instrument *Competence Voucher* offers compensations of up to EUR 4,500 for training over a period of 12 months. Micro small, small and medium enterprise can get 80% reimbursement at fixed hourly rate EUR 7.81. Applications for partial compensation of staff training can be submitted to INVEGA. A list of training providers and training programs is available on the website of Enterprise Lithuania.
- *Consultation Services Reimbursement*. Businesses can receive compensation of their counselling expenses on export, business start-up and development or more efficient use of resources and conservation of natural resources with the instruments:
 - Expo Consultant LT - up to EUR 4,000 in compensation of costs of consultations on export-related topics over a period of 6 months. Consultation topics include export preparedness action plan, export strategy, target export market selection and external communication, legal aspects of international trade and certification on foreign markets, technical and manufacturing aspects of export, export risk management. SMEs up to 3 years in operation get 85% reimbursement, SMEs over 3 years (inclusive) in operation 50%.
 - Eco Consultant LT - up to EUR 4,000 in compensation of costs of consultation on more efficient use of resources and conservation of natural resources.
 - Business Consultant LT - up to EUR 2,000 in compensation to cover the costs of business consultations over a period of 6 months. There were three calls for this support measure but currently it is not available.

Table 33. **National subsidies for SMEs by INVEGA 2014 – 2020.03.30**

	Amount of subsidies paid, EUR	Number of enterprises
Export Consultant LT	2.231.045,72	428
Business Consultant LT #1	962.885,49	282
Business Consultant LT #2	1.492.915,02	742
Business Consultant LT #3	1.467.766,85	682
Competency Voucher	480.960,23	322
Entrepreneurship Promotion Fund	3.478.350,33	487
Open Credit Fund 2	66.984.280,00	578

Source: INVEGA, 2020

EU subsidies. Lithuanian business support agency (LVPA) at the moment of conducting this analysis administrated these EU support programs having a possibility to serve for SME's internationalization. Most of these support measures are not valid anymore because of the end of support period. A new program for 2021-2027 is yet being developed.

- *INNOCONECT* aims to promote international partnerships and networking by seeking opportunities to participate in international EU research, experimental development and innovation initiatives and to establish contacts with international partners through the Enterprise Europe Network, thus increasing research and experimental development in the Republic of Lithuania; expenditure, exports of R&D services and attracting foreign investment. Funded activities: participation in events of international R&D initiatives, information about which is provided by EWC organizations. A list of international R&D initiatives reported by EWC organizations is available on the European Commission's website. Call budget: EUR 1 448 100. Maximum amount and intensity of funding: EUR 10,000.
- *Smart FDI* aims to support foreign direct investment in R&D activities, R&D infrastructure of an existing or new existing enterprise, activities related to the implementation of process and organizational innovations. Potential applicants: private entities (a private legal entity established by a foreign investor/company over which a foreign investor has a decisive influence, or a branch established by a foreign investor/company in the Republic of Lithuania). Call budget: EUR 15 million. The call is already stopped.
- *Expo Certificate LT* (Eksporto sertifikatas LT). Funding is provided for the certification activities of the companies' products, which are planned to be exported to foreign countries, including tests, research, expert consultations. The purpose of the measure is to encourage the internationalization of companies by providing support for the certification of products intended for export. Funded activities - certification of products to be exported, including the necessary tests and studies. Calls for applications are published on the websites www.esinvesticijos.lt, www.lvpa.lt. Projects to be

funded are selected through a competition. The budget of the measure is EUR 1,448,100. The call was published in 2019.

- *New Opportunities LT* (Naujos galimybės LT) supports the participation of companies in international exhibitions, business missions, fairs is financed, including the costs of preparation for these events, travel and accommodation, event fees, stand and preparation of promotional materials. Calls for applications are published on the websites www.esinvesticijos.lt, www.lvpa.lt. Projects to be funded are selected through a competition. The budget of the measure is EUR 28,962,002. These investments are a partial subsidy. The published call for proposals was valid until 2019.03.04.
- *Renewable Energy for Industry LT* is targeted to installation of energy production capacity using renewable energy resources. Development of new technologies for more efficient use of renewable energy resource and installation in industrial plants. Funded activities: installation of renewable energy resource using energy production capacities, development and implementation of new renewable energy resource efficient technologies in industrial enterprises in order to use energy to meet the internal needs of enterprises and, if possible, to supply surplus energy to other industrial enterprises or transfer to centralized energy networks. Maximum amount of funding is EUR 500,000. Call budget: EUR 1,65 million.
- *Eco-Innovation LT*. The aim of the measure is to encourage SMEs to adopt technological eco-innovations in order to reduce the negative effects of climate change and the greenhouse effect. Supported activities: implementation and promotion of technological eco-innovation. In order to reduce the negative consequences of climate change and the greenhouse effect, investments in tangible assets (equipment, technologies) are envisaged, the implementation of which reduces the negative impact of economic activities on the environment, promotes industrial symbiosis and ensures a continuous environmental protection effect. The maximum possible amount of funding is EUR 1,5 million. The planned amount of funding for the call is EUR 22 million
- *Design LT* (Dizainas LT). The purpose of the measure: to encourage companies to invest in product (service) design solutions in order to increase the attractiveness of the company's products or services, as well as the demand and productivity of the company. Supported activities: development and / or implementation of non-technological innovations - original product (service) design solutions. Eligible applicants: micro, small and medium-sized enterprises. The maximum amount of funding available for a project was EUR 30,000. The maximum possible amount for the creation and implementation of one design solution is 10,000 Eur. Planned funding for the call: EUR 1,5 million. The call was closed in 2020.03.02.
- *Experiment LT* (Eksperimentas LT). The purpose of the measure is to encourage companies to invest in research and/or experimental development (R&D) for the development of innovative

products, services or processes, and to encourage business development by investing in the creation and development of R&D and innovation infrastructure. Funded activities: R&D; initial investments of enterprises, which create a new or expand the R&D and innovation infrastructure of an existing enterprise and which are not publicly available or in clusters. The maximum possible amount of funding depends on condition and varies between EUR 200,000 - 900,000. The planned amount of funding for the call is EUR 22,7 million.

- *Digital Innovation Centres*. The aim of the measure is to encourage companies to invest in digital innovation by providing industry with up-to-date information, expertise and infrastructure and technology to test digital innovations with their products, processes or business models, thus enabling companies to carry out research, development and innovation activities, increased access to technology and equipment. Supported activities: investments in the development of infrastructure for a digital innovation center that is not publicly available or in clusters; operation of the innovation cluster; innovation advisory and innovation support services. Eligible applicants are the innovation cluster coordinator operating the digital innovation center. Therefore SME as stand-alone is able to use this measure but can join efforts with other stakeholders in the region. The maximum possible amount of funding is EUR 6 million. The planned amount of funding for the call is EUR 18,322,815.
- *Industry Digitization LT*. The aim of the measure is to encourage SMEs to provide technological audits to help them assess the potential and prospects of digitization of production processes, thus ensuring the purposefulness, efficiency and effectiveness of their investment in digitalization of production processes. It enables companies to increase productivity, as well as stimulate SME change and increase productivity through the introduction of industrial process digitization technologies in production processes. The maximum possible amount of financing is EUR 1 million for micro and small-sized enterprises, EUR 2,9 million for medium-sized enterprises, and EUR 20,000 for technological audits and maintenance of industrial SMEs. The planned amount of funding for the call is EUR 15,350,882.

Table 34. Confirmed EU funding for supporting SMEs' competitiveness (priority axis 3)

Municipality	Confirmed projects	Total amount of projects, EUR	Total support amount, EUR
Klaipeda city	194	6,249,435	3,599,333
Klaipeda district	97	5,466,273	2,709,403
Kretinga	44	11,112,422	4,390,059
Neringa	5	3,224,030	1,460,601
Palanga	23	3,079,195	1,274,356
Silute	42	1,233,045	668,468
Skuodas	6	34,551	33,845

Source: www.esinvesticijos.lt

Venture capital funds. INVEGA aims to grow Lithuanian venture capital market and broaden the availability of capital for start-ups and growing private Lithuanian companies. Venture capital funds together with partners-private investors provide investments and financial advices. Baltic Innovation Fund launched by the EIF in close co-operation with the Governments of Lithuania, Latvia and Estonia aims to boost equity investments made into SMEs with high growth potential. Currently, the Fund invested into 5 funds: BaltCap Private Equity Fund, BaltCap Private Equity Fund II, BPM Mezzanine Fund, Livonia Partners Fund and Karma Ventures Fund I. Venture Capital Fund is intended to promote the transfer of ideas generated in research and higher education institutions to business (commercialization) and ensure greater availability of capital to micro, small and medium-sized enterprises developing products in high-technology sectors along with expert assistance in identifying innovative technology ideas having commercial potential.

Venture capital funds established by INVEGA together with its subsidiary UAB “Kofinansavimas”: Co-investment Fund designed for micro and small enterprises operating for up to 5 years since their registration that have limited access to business financing offered by banks. Co-investment Fund II designed for the development of the Lithuanian venture capital market, growth of new participants of the venture capital market, thereby increasing capital availability to new prospective Lithuanian companies that have limited access to business financing offered by banks. Co-investment Fund RDI aims to help the commercialization of ideas generated in scientific and research institutions through the implementation of research, development and innovation (RDI) activities. Business Angels Co-Investment Fund is intended to finance the diversified portfolio of co-investments with business angels and other private investors made from the seed to the development stage.

- *The Accelerator Fund* is implemented through the fund of funds Business Financing Fund that is financed from the European Regional Development Fund. The manager of the fund of funds is INVEGA and its founders include the Ministry of Economy and Innovation, the Ministry of Finance and INVEGA. The Business Finance Fund is financed from the EU funds under the Operational Programme for the EU Funds’ Investments in Lithuania in 2014–2020. Accelerator funds are designed to invest in micro and small enterprises and provide mentoring, training and consulting services to such enterprises. The funding amount allocated by European Regional Development Fund (ERDF) equals EUR 13.47 million. In total, together with private investors, The Accelerator Fund amounts to EUR 15.66 million. Currently, there are 2 accelerator funds and 2 pre-seed venture capital funds operating under the instrument Accelerator Fund.

The team of Startup Wise Guys manages:

- The pre-seed venture capital fund Wise Guys Pre-seed Fund I, which provides training and knowledge of business development and invests in them later, and

- The seed fund Wise Guys Seed Fund I, which co-invests in young enterprises at an early stage.

The team of 70 Ventures manages:

- The pre-seed venture capital fund 70 Ventures Accel, which provides training and knowledge of business development to start-ups and invests in them later, and
 - The seed fund 70 Ventures Seed, which provides funding for young enterprises at the subsequent stages of their development.
- *The Co-investment Fund* is a venture capital instrument of the Ministry of Economy, managed through limited partnership (LP) fund Co-investment Fund II, which was established by UAB “Investicijų ir Verslo Garantijos” (Investment and Business Guarantees) together with its subsidiary UAB “Kofinansavimas” in 2017. UAB “Kofinansavimas”, the subsidiary set up by INVEGA, will participate in the activities of the LP as the general partner and INVEGA will be the investor of Co-investment Fund and the limited partner whose contribution to the LP is financed by the INVEGA Fund. The fund is designed for the development of the Lithuanian venture capital market, growth of new participants of the venture capital market, thereby increasing capital availability to new prospective Lithuanian companies that have limited access to business financing offered by banks. Together with private investors, Co-investment Fund will invest in micro and small enterprises operating for up to 5 years since their registration which have not allocated their profits. Investments shall be made into potentially viable projects able to create the expected investment return and ensuring easily predictable exit from investments. Private investors, including venture capital funds or at least three teams of business angels, will be investment initiators able to keep a regular flow of proposals to invest into prospective companies to the fund manager. The fund will participate as a silent investor in companies in which investments will be made. The relevant provision will be included in shareholder agreements concluded with private investors and will be negotiated on a case-by-case basis. The Ministry of Economy and Innovation earmarked EUR 11 million from the resources returning to INVEGA for the investment made by the Co-investment Fund.
 - *The Co-investment Fund RDI* is a venture capital instrument of the Ministry of Economy and Innovation, managed through limited partnership (LP) fund Co-investment Fund, which was established by INVEGA together with its subsidiary UAB “Kofinansavimas” in 2017. UAB “Kofinansavimas”, the subsidiary set up by INVEGA, will participate in the activities of the LP as the general partner and INVEGA will be the investor of Co-investment Fund and the limited partner whose contribution to the LP is financed by the Business Financing Fund. The fund’s purpose is to help the commercialisation of ideas generated in scientific and research institutions through the implementation of research, development and innovation (RDI) activities. The Fund together with

private investors will invest in micro and small enterprises that engage in economic activities in the areas of smart specialisation and are implementing RDI activities, and whose shareholders include a science and research institution. Investments are made only into potentially viable projects that can generate the expected return on investment and provide easy divesting options. Working together with science and research institutions, private investors – venture capital funds or teams of at least two business angels – will act as initiators of investments who will be providing regular inputs to the Fund manager regarding investments in high-potential companies. The Fund will act as a silent partner in the management of the companies receiving the investment. This role will be established in shareholder agreements to be concluded together with the private investors following negotiations with them in each case. The Ministry of Economy and Innovation earmarked for the investments made by the fund EUR 4 million from Business Financing Fund funded by the European Regional Development Fund.

- The financial instrument *Co-investment Fund for Transport and Communications* is implemented from the financial resources of the Cohesion Fund. The instrument will be managed by INVEGA together with UAB “Kofinansavimas”, a subsidiary of INVEGA established for the management and efficient implementation of venture capital funds. The instrument will be implemented through the existing limited partnership Koinvesticinis Fondas. This financial instrument is aimed at promoting the establishment of SMEs developing mobility services and products, intellectual transport systems (ITS) and innovative transport technologies reducing CO2 emissions produced by the transport sector. Together with private investors, the Co-investment Fund will invest in micro, small and medium-sized enterprises, which have not allocated their profits. Investments will be made only in potentially viable projects that can generate the target return on investment and ensure easily predicted exit from investments. Private investors, including venture capital funds or at least three teams of business angels, will be investment initiators able to keep a regular flow of proposals to invest in prospective companies to the fund manager. The Fund will participate as a silent investor in companies in which investments will be made. The relevant provision will be included in shareholder agreements concluded with private investors and will be negotiated with private investors on a case-by-case basis. The Ministry of Transport and Communications allocated a total of EUR 4 million from the Cohesion Fund for investments in micro, small and medium-sized enterprises.
- *The Co-investment Fund II* is a venture capital instrument of the Ministry of Economy and Innovation, managed through limited partnership (LP) fund Co-investment Fund II, which was established by INVEGA together with its subsidiary UAB “Kofinansavimas” in 2017. UAB “Kofinansavimas”, the subsidiary set up by INVEGA, will participate in the activities of the LP as the general partner and INVEGA will be the investor of Co-investment Fund and the limited partner

whose contribution to the LP is financed by the Business Financing Fund. The instrument is designed for the development of the Lithuanian venture capital market, growth of new participants of the venture capital market, thereby increasing capital availability to new prospective Lithuanian companies that have limited access to business financing offered by banks. The Ministry of Economy and Innovation earmarked for the investments made by the fund EUR 9,28 million from Business Financing Fund funded by the European Regional Development Fund.

- *Business Angels Co-Investment Fund* is intended to finance the diversified portfolio of co-investments with business angels and other private investors made from the seed to development stage. Micro, small and medium-sized enterprises can apply for investments directly to Business Angels Co-Investment Fund, managed by Ltd “Verslo angelų fondo valdymas”. Enterprises will be able to attract investments up to EUR 600.000 from the fund itself with an additional investment from business angel, which in total shall not be less than 50% of the total investment size. Business Angels Co-Investment Fund is funded by the European Regional Development Fund (ERDF). The preliminary funding amount allocated by the State equals EUR 10.23 million.
- Financial instrument *Venture Capital Fund* is intended to promote the transfer of ideas generated in research and higher education institutions to business (commercialisation) and ensure greater availability of capital to micro, small and medium-sized enterprises developing products in high-technology sectors. During the implementation of the measure micro, small and medium-sized enterprises will be offered expert assistance in identifying innovative technology ideas having commercial potential, financing and implementation support. It is estimated that the fund will invest the total of EURO 20 million. INVEGA will invest EURO 13.8 million in total of INVEGA funds, allocated for re-investing from previous ventures. Information on the fund is available on the Open Circle Capital website <http://opencirclecapital.lt>
- *Early Stage and Development Fund II* is intended to invest in the diversified portfolio of innovative micro, small and medium-sized enterprises with high growth potential in the early development stage which are engaged or plan to be engaged in the activities of scientific research and development and innovation in smart specialisation priority sectors. Furthermore, additional business acceleration activities will be offered under this instrument to final beneficiaries. Upon the completion of the first stage of attracting investment, the total amount of funds available at this Fund makes up EUR 16 million. Early Stage and Development Fund II is funded from the European Regional Development Fund (ERDF). A total of EUR 13.76 million of the public sector co-financing is allocated by INVEGA. The remaining amount is contributed by Iron Wolf Capital and other private investors. After the second stage of attracting of investment, the total amount of funds available at the Fund will make up EUR 25–30 million. Information about the Fund is provided on the website of Iron Wolf Capital at www.ironwolfcapital.com.

- *Development Fund I* is intended to provide capital for the development of the diversified portfolio of micro, small and medium-sized enterprises seeking to enter new markets or sectors or create new products and otherwise implement development plans. Development Fund I is funded by the European Regional Development Fund (ERDF). After the first investment fund increase of EURO 22 million: state funding – 15 million; the founders of the fund, Practica Capital, together with all local and foreign investors' divisions, have a capital of EURO 7 million. Currently, the selection of the Measure (Fund) Manager is being held. Enterprises will be able to receive funding after the Measure (Fund) Manager has been selected and a contract has been signed with the Manager, and the required amount of private funds has been attracted to the Fund being established. The companies are funded through the newly established venture capital fund Practica Venture Capital II. The main focus of this fund is early-stage venture capital investments in the Baltic States (Lithuania, Latvia, Estonia) and Baltic-related businesses in Europe. Further information on the venture capital fund is available on the website: <https://practica.vc>
- *Development Fund II* is intended to provide capital to the development of the diversified portfolio of micro, small and medium-sized enterprises seeking to enter new markets or sectors, create new products or otherwise implement their development plans. This financial instrument is aimed at increasing the supply of funding for micro, small and medium-sized enterprises and thus reduce the current shortage of alternative funding existing on the market. Enterprises will be able to receive funds necessary for business development, additional knowledge and required contacts, i.e. everything that will help them grow, from the investor. Development Fund II is funded by the European Regional Development Fund (ERDF). After the completion of the first stage of attracting investment, the total amount of funds available at the Fund makes up EUR 23.78 million. The funding allocated by the State amounts to EUR 16.18 million. LitCapital, the company implementing the instrument, together with other private investors earmarked EUR 7.6 million for funding. The investment amount per enterprise will be from EUR 2 to 4 million. Enterprises can apply to the venture capital fund manager LitCapital for investment. Investments will be made in Lithuanian fast-growing enterprises with a clear vision of business development the implementation of which requires additional external capital, which are engaged in the development of competitive and innovative products or services. For the purpose of investing in enterprises, LitCapital established the development capital fund LcX Opportunity Fund, the main investor of which is INVEGA together with other private investors. Further information on the venture capital fund is available on the website www.litcapital.lt
- *The Baltic Innovation Fund*, a Fund of Funds intended to promote the development of venture capital markets in the three Baltic States (Lithuania, Latvia and Estonia). It was set up by the European Investment Fund because individual venture capital markets in the Baltic countries are of

a very limited size and are unattractive to international investors. Baltic Innovation Fund investments are and will be oriented towards the companies with high growth potential operating in the Baltic region. Currently, investments have been already made in the following six funds: BaltCap Growth Fund, BaltCap Private Equity Fund II, BPM Mezzanine Fund, INVL, Livonia Partners Fund and Karma Ventures Fund I. Investments into the Funds will be made until the end of 2018. The planned amount of the Baltic Innovation Fund is EUR 130 million. INVEGA will invest 20 per cent of the total Baltic Innovation Fund amount from the INVEGA fund. Its Latvian and Estonian counterparts, namely, ALTUM (Latvia) and KredEx (Estonia) will also contribute 20 per cent each, and the EIF will invest the remaining 40 per cent portion of the total amount of funds available at this Fund.

According to the data received from INVEGA, there were only 7 enterprises that received venture capital investment from any of the above mentioned funds till 2020.04.20. None of these enterprises are registered in Klaipeda region. But UAB "Interactio" was founded by person from Klaipeda region and this startup has an office in Klaipeda, even though company is registered in Vilnius.

3.2.2. National non-financial support measures

Export leaders program "SPARNAI" by Enterprise Lithuania. It is a two-year export leaders program that encompasses a partnership between government and business in order to attain the same objective: to promote Lithuania's competitiveness in foreign markets and to develop high level export specialist meeting current market demands. For young people, this is an opportunity to acquire knowledge in the export process management, management and consulting and to take part in the implementation of international projects.

Enterprise Lithuania has identified the increase in the competitiveness of Lithuania's priority export markets and sectors as one of the key factors determining success of exporting companies. A focus group analysis, including 71 businesses seeking to expand their operations abroad, made at the end of 2017 has shown that lack of market knowledge and knowledge in the field of export is the main obstacle to the development of small- and medium-sized business abroad. Benefits for participants in SPARNAI Program:

- a unique opportunity to work with Lithuania's 12 priority foreign trade markets and to study 6 business sectors;
- the opportunity to initiative and take part in projects in the cities and regions of Lithuania in order to increase the competitiveness of Lithuanian business abroad;
- gaining of valuable professional experience of an export project manager, enabling a successful further career in small and medium businesses of Lithuania;

- Aa individual plan of activities and development is drawn up for each participant having regard to personal qualities and objectives.

SPARNAI young export leaders program has been included in the action plan of a program of the Government of the Republic of Lithuania as a measure aimed at developing high level export specialists through theoretical and practical experiences acquired in businesses. The program is being implemented in 2018-2020 for a second time; its first implementation took place in 2013-2015. SPARNAI young export leaders program was recognized as the best project in a conference organized by the International Trade Centre in Dubai in November 2014. It was also recognized as one of the best export initiatives in the world, in the developed countries category.

Lithuanian Exporters Database by Enterprise Lithuania – a tool designed for foreign companies that are looking for a reliable partner in Lithuania. Lithuanian Exporters Database contains information about Lithuanian manufacturers and service providers from various business sectors. Here you can find detailed company profiles, up-to-date contact information and convenient search engine. This tool gives foreign companies a possibility to directly contact potential Lithuanian partners, download company profiles in PDF, create public proposals or consult with Enterprise Lithuania industries' experts. All this is free of charge, as Enterprise Lithuania is a non-profit governmental agency, which aims to drive and foster entrepreneurship and export in Lithuania.

Export diagnostics by Enterprise Lithuania. It is a free service based on methodical and long-term business practice, consistently going through several stages: process management, market choice analysis, peculiarities of preparation of goods for export, export marketing steps, the basics of company or brand communication. Main goals:

- To get acquainted with the company's export processes;
- to evaluate the company's export process;
- to provide the company with knowledge on measures to improve the export process;
- to provide recommendations and conclusions to the company.

This support measure is available for micro, small and medium-sized enterprises operating in the service or manufacturing sectors. The consultation assesses the degree of maturity of companies seeking to export or already exporting. Currently, companies operating in the following sectors can register for export diagnostics: food and beverages; furniture; engineering (technology); IT services; pharmaceutical industry and biotechnology; scientific instruments and electronics.

10 steps towards export it's a digital publication for novice exporters prepared by Enterprise Lithuania. The publication provides basic information and advice on how to decide if a company is ready to export, how to choose suitable markets for export, how to prepare an export plan, how to choose a sales method, how to establish trade relations with foreign partners and present yourself properly at business

missions or exhibitions. The publication also reviews the main ways to determine the price of the exported goods, what to look for when concluding contracts, how to properly prepare the goods for shipment.

The Export Guide is one-stop information box for Lithuanian exporters. The portal contains all relevant information about the target Lithuanian export markets that creates export-friendly conditions and promotes export initiatives in a user-friendly way. The portal provides the information necessary for the business, on the basis of which the business can make optimal, reasonable decisions, choosing the market, positioning itself in the target market chosen by consumers / customers. Enterprise Lithuania implements this project together with partners - the Ministry of Economy and Innovation of the Republic of Lithuania, the Ministry of Foreign Affairs of the Republic of Lithuania, the Lithuanian Confederation of Industrialists, the Lithuanian Chamber of Commerce, Industry and Crafts Association, INFOBALT Association, Lithuanian Food Exporters Association (LITMEA), Global Lithuanian Leaders, Lithuanian Business and Support Agency, Lithuanian Land Economic and Innovation and Food Market Regulatory Agency, German-Baltic Chamber of Commerce in Estonia, Latvia, Lithuania, Norwegian-Lithuanian Chamber of Commerce.

General information on temporary/cross border services is provided for enterprises intending to provide temporary/cross border services in Lithuania. One of the objectives of the Services Directive is to make it easier for a service provider to provide services in a Member State without being established there. "Establishing" in a Member State, in effect, means having a permanent office or place of business there. Article 16 of the Services directive states that 'Member States shall respect the right of providers to provide services in a Member State other than in which they are established'.

National Mentors' Network by Enterprise Lithuania is a virtual platform where experienced business people meet with newcomers to share their experience, knowledge and skills. Mentorship is communication between experienced entrepreneurs and start-ups in order to help newcomers to obtain business management knowledge, improve personal communication skills or acquire other skills. This is a voluntary activity that is beneficial to both sides. Experience gained in successful foreign and Lithuanian projects shows that the activity is attractive and beneficial. While mentorship programs are usually adapted for communication between students and entrepreneurs, this project aims to promote, in an attractive form, collaboration between business people and targeted exchange of experiences. There were 58 officially registered mentors on this network at the time of writing this report (2020.04.29).

Consultations by Enterprise Lithuania are provided on starting and running business in Lithuania. Free of charge consultations are given on the following topics:

- choosing a business form;
- registration of a business form;
- business plan;
- taxes;

- financial support for business;
- requirements for products;
- requirements for construction products;
- requirements for business services;

The Startup Visa is a new talent attraction scheme that provides a streamlined entry process to the Lithuanian startup ecosystem for innovative non-EU entrepreneurs to build, grow and compete in our booming international community. Designed for innovative startup founders who wish to establish a startup in Lithuania, you no longer need to fulfil certain capital or employment requirements to obtain a residence permit.

- more than 580 applications received since beginning of the program;
- more than 270 founders accepted for relocation;
- 61% raised the investment during operation in Lithuania.

Startup Lithuania is the national startup ecosystem facilitator between fast growing business, venture capital funds, accelerators, startup friendly enterprises, and the government. Startup Lithuania provides multiple non-financial support measures for startups:

- startup ecosystem news - www.startuplithuania.lt/news;
- startups database - www.startuplithuania.lt/startup;
- job marketplace - www.startuplithuania.lt/marketplace;
- events: hackathons, workshops, Startup Fair - www.startuplithuania.lt/events;
- weekly newsletter that covers the ecosystem;
- consulting, advising, introducing, networking.

Spiečius Co-Working Space by Enterprise Lithuania is a non-traditional business development environment. It is intended for cooperation and development of small and medium-sized business that have been in operation for no longer than 5 years. Such co-working spaces, focused on representatives of digital and creative industries. Here entrepreneurs are provided with free workstations with equipment, consulting on the development of digital business and creative industries as well as social business is provided, practical mentor sessions and business development training (work with various programs, tools and platforms) are organized. In addition other business promotion and development initiatives are implemented. Business development consulting is provided by enterprises and organizations selected to the Business Consultants Network. Advantages of a co-working space:

- community: work among entrepreneurial professionals from different areas who raise various initiatives promotes both realization of ideas and mutual cooperation;
- source of inspiration: meaningful training relevant to businesses, mentoring, innovation laboratories, business workshops, information events, encouraging and motivating conversations with members of local business and creative communities;

- environment: convenient and modern, the environment helps SMBs to cut costs as space, meeting rooms and organizational equipment are shared;
- exceptional services: businesses are encouraged to implement state-of-the-art solutions of information and communication technologies, designed for optimization of business processes and creation of value added.

Services provided by Spiečius free of charge:

- mobile office;
- fast internet;
- organizational equipment;
- meeting room;
- expert training;
- assistance of a business mentor;
- services of the Business Consultant's Network.

Enterprise Lithuania survey of Klaipeda Spiečius members (2019) showed that:

- 9 of 29 provide services and/or products to foreign markets;
- 8 of 29 members had more than 1 employee;
- 4 of 29 received investment;
- 3 of 29 received additional support from other organizations/measures;
- Most often used Klaipeda Spiečius support services: business and educational events, mentoring, consultations, work space with convenient and flexible schedule, computers, community meetings.
- Members found most valuable: work space with computer, possibility to meet new people, educational events, consultations provided by Klaipeda Spiečius partners, possibility to use meeting room.

3.3.3. Regional financial and non-financial support measures

All municipalities in Klaipeda region have some measures for SME support. Most of them are quite general and not targeted specifically to SME internationalization. Measures offered by municipalities could be summarized as follows:

- *Klaipeda city municipality* offers up to 80% subsidy for SME projects representing Klaipeda city. Max size of subsidy – 5,000 EUR¹⁵. The municipality also had some initiatives for cost compensation. Subsidy up to 80%, but not more than EUR 200, of the costs related to the

¹⁵ <https://www.klaipeda.lt/lt/smulkiajam-verslui/parama-svv/dalinis-finansavimas/7154>

establishment of the company. SME preparing an investment project, business plan and/or application for funding from other funds could be reimbursed up to 80%, but not more than EUR 1500, of the costs of payment for documented services provided by consultants and/or experts. Reimbursement of website development/rental/ administration service costs for 1 calendar year up to 80%, but not more than EUR 1,000. Reimbursement of the costs of acquiring new job creation measures for SME entity up to 80%. The purchase of computer equipment is financed up to EUR 400. If more than one job is created, each purchase of tools for another job created is financed up to EUR 300. The maximum amount of financing for the purchase of work equipment is EUR 1500. SME entity submitting applications for patenting inventions and design registration at the national level could be reimbursed up to 100%, but not more than EUR 400 of the costs of payment for services provided by the State Patent Bureau of the Republic of Lithuania. All of these possibilities are limited because total budget for SME support Klaipeda city municipality is only 25.000 EUR.

- *Klaipeda district municipality* is ready to compensate up to 80% of SME incorporation expenses, up to 80% of expenditures for participating in trade show, up to 50% of equipment purchase expenses if it create new jobs, up to 80% for website development, up to 80% for market and scientific research, up to 50% for marketing material expenses, up to 80% of credit interest if it is aimed to grow the business, up to 80% for rent of premises if it is used for business activity.
- *Kretinga municipality* compensates SME incorporation expenditures up to 116 EUR, offers up to 40% subsidy but not more than 600 EUR for participating in trade shows. There is also a possibility to get up to 40% subsidy but not more than 1,000 EUR for equipment. Preparation of business plans, market and scientific research works can be subsidized up to 60% but not more than 500 EUR. Development of internet websites can be supported by financial aid of up to 300 EUR. Kretinga district municipality also provides support by real estate rent or tax reduction¹⁶ even up to 100% for up to three years. But there are requirements to invest certain amount into SME business and create certain number of jobs (min. 10,000 EUR and 3 jobs).
- *Neringa municipality* fosters local businesses to keep activity full year, not just during the summer time season. Municipality offers 40% or 100% rent or real estate tax reduction and some reduction on personal income tax if a business operates full year round. Neringa municipality also tries to encourage the development of tourism activities that fell into priority list (health, ecology, business and culture tourism). Municipality states they provide some funding to specific projects but public information is not very specific. Yet there are provided contacts of municipality administration for more detailed information if SME has particular project idea.
- *Silute district* municipality supports all sorts of SME except businesses that operates under licence and compensates SME incorporation expenditures up to 335 EUR. Municipality provides up to

¹⁶ <https://www.versli Lietuva.lt/verslausk/finansavimo-saltiniai/savivaldybiu-parama/>

100% subsidy (up to 3,000 EUR) for equipment if it creates new jobs in the municipality. It also compensates up to 50% of interest on credits that were used to create new jobs. There is an interesting support opportunity – Silute municipality is ready to compensate up to 2,000 EUR for expenditures related to EU funding applications. It is also possible to get a 100 EUR subsidy from local employment initiative for creating new jobs.

- *Skuodas municipality* tries to encourage the incorporation of new SMEs by providing consultations and training. Municipality also provides minor financial aid: up to 100 EUR for SME incorporation, up to 150 EUR (no more than 50%) for SME advertising expenses, up to 50% compensation for training that strengthens competitiveness. Skuodas municipality also has an initiative for new business ideas – the winner of the competition gets some funding but detailed information is not published.
- *Palanga municipality* financially supports youth initiatives, culture, health and social projects but competition must take place¹⁷ and each case is analysed individually. It also provides some reductions on municipality taxes but no details provided publically.

To improve the city's investment environment, Kaipeda City Municipality has approved an incentive model that should entice service sector investors to Klaipeda. This is the first time in Lithuanian when municipality endorses the incentive tailored to service sector investors. A reimbursement related to premises rent is to be given to all new and expanding service sector companies after a 12-month period. There are two major requirements: (1) more than 20 new workspaces created in Klaipeda city and (2) keeping them at least for 36 months.

The financial incentive program for service sector companies was initiated and created by Klaipeda city development agency Klaipeda ID in collaboration with the public enterprise Invest Lithuania and Klaipeda city municipality administration International affair and economic development department.

The incentive is aimed at foreign service sector investors and the already present companies in order to motivate them to expand and most of all - create new, well paid workspaces in Klaipeda. Service sector companies are one of the most desired employers in Lithuania that in combination with higher education schools provide an excellent environment for top-tier workers to learn and flourish. It is expected that this incentive will also contribute to the rejuvenation of the real estate office space supply. It is calculated, that taking in consideration only the collected income tax, the incentive will pay for itself in about 6 months' time, and with the added financial stream multiplicative effect - in 3 months' time.

Klaipeda Chamber of Commerce, Industry and Crafts currently implement three projects:

- *Enterprise Europe Network*. The project goal is to provide business information necessary for the development of companies on a one-stop-shop basis, to help companies find business and technological partners in Europe and to promote international and innovative business. It has been

¹⁷ <http://195.182.88.88/aktai/default.aspx?Id=3&DocId=33327>

9 years since the Enterprise Europe Network www.eenlietuva.eu was established in Lithuania. This network is the largest in the world in the field of business support. It is made up of more than 600 organizations in 60 countries around the world. In Lithuania, the network is represented by four organizations: Vilnius, Kaunas, Klaipėda Chambers of Commerce, Industry and Crafts and the Lithuanian Innovation Centre. The staff of the network provides public international and innovative business services (training, consultations, search for cooperation and technological partners, representation of companies at the EU level, etc.). The project value is EUR 899,310 in total, including EUR 152,884 for Klaipėda.

- *New Opportunities LT* aims to increase the awareness of the Lithuanian seaside as a tourist destination, to improve its image, to attract a larger flow of foreign tourists and thus to contribute to reducing the seasonality of tourism services and promoting exports. Main activities include participation of companies in events taking place abroad (exhibitions, fairs, business missions) in order to achieve export growth. In order to implement the activities envisaged in the project, 6 business missions and participation in 5 exhibitions will be organized within 2018-2020. It is expected to present the opportunities of Lithuanian coastal tourism and thus make them more known and visible in foreign markets. 7 tourism sector companies from Klaipėda and Palanga are participating in the project. The implementation of all project activities will help them to establish cooperation relations with Sweden, Norway, Denmark, Germany, the United Kingdom, Ukraine, Israel. In this way, it will be possible to expect further cooperation of the economic tourism business in the field of export development and after the implementation of the project. Total value of the project is EUR 298,708.
- *INTERMARE Internationalization of the South Baltic Maritime Economy*. The companies and institutions belonging to the network will be involved in joint activities for the development and integration of the maritime economy. More information: <http://intermare-southbaltic.eu>. Project implementation period 2017-2020. Total value of the project is EUR 1,859,625.
- *Partners search services*. Foreign Relations Department offers partner search service in Lithuania. If foreign company is interested in activity on Lithuanian market and in cooperation with local enterprises, Klaipėda Chamber of Commerce will help to contact new potential business partners. More detailed information about this service is provided at www.kcci.lt/en/partner-search-service.

Klaipėda Chamber of Commerce, Industry and Crafts refused to provide more detailed information about results of their implemented support measures for SME internationalization. Therefore we have to count on publically available but inaccurate data. The problem is that data is provided in periods of two years instead of annual statistics. It's impossible to identify what were annual and total results of the recent three years.

Figure 12. Internationalization-related activities of Klaipeda Chamber of Commerce, Industry and Crafts



Source: <http://www.kcci.lt/en/about-us/>

3.4. Barriers to and drivers for SME Internationalization

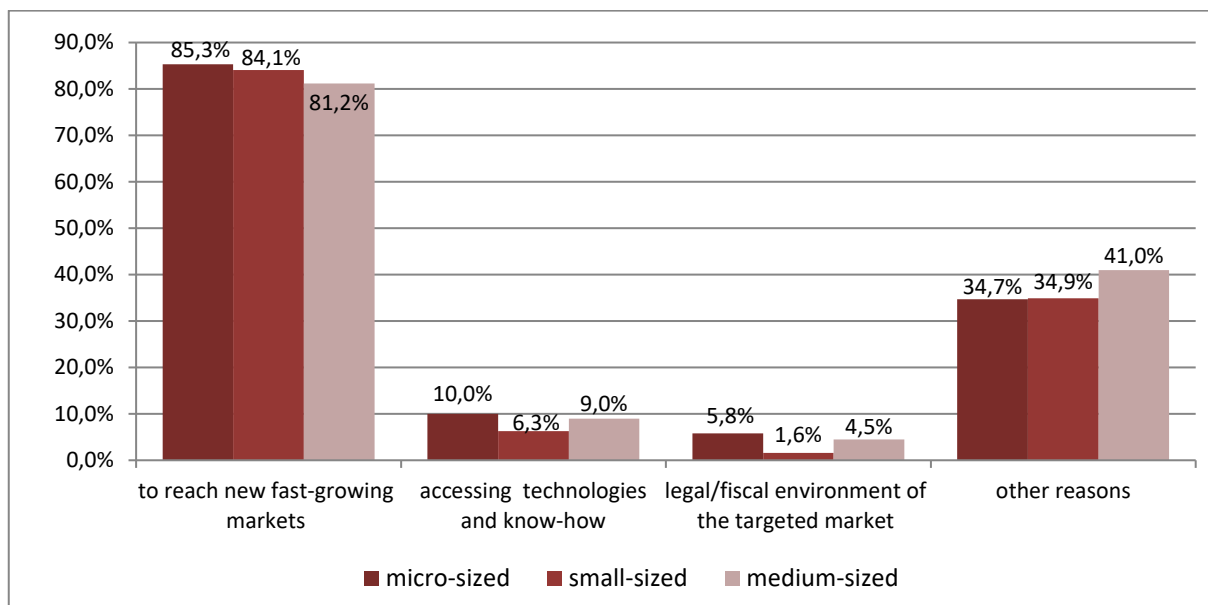
3.4.1. SMEs' view on drivers and barriers

The survey showed that sales revenue and getting more clients/customers is the main driver (85.3% respondents chose this answer) for internationalization in **micro-sized enterprises** (1-9 employees). Many respondents indicated more than one driver for internationalization. Even 34.7% of micro-sized enterprise representatives provided additional reasons that were grouped into few categories:

- additional clients, additional revenue,
- business specifics (products/services) require to enter larger markets,
- higher prices, higher purchasing power,
- larger projects and orders,
- less competition or stronger competitive advantage,
- better sales conversion rate,

- take advantage of global demand trends,
- more interesting projects,
- more specific market niches where we can specialize.

Figure 13. *Main drivers for internationalization*



Source: survey data, 2020

The similar situation regarding drivers for internationalization was noticed in **small-sized enterprises**.

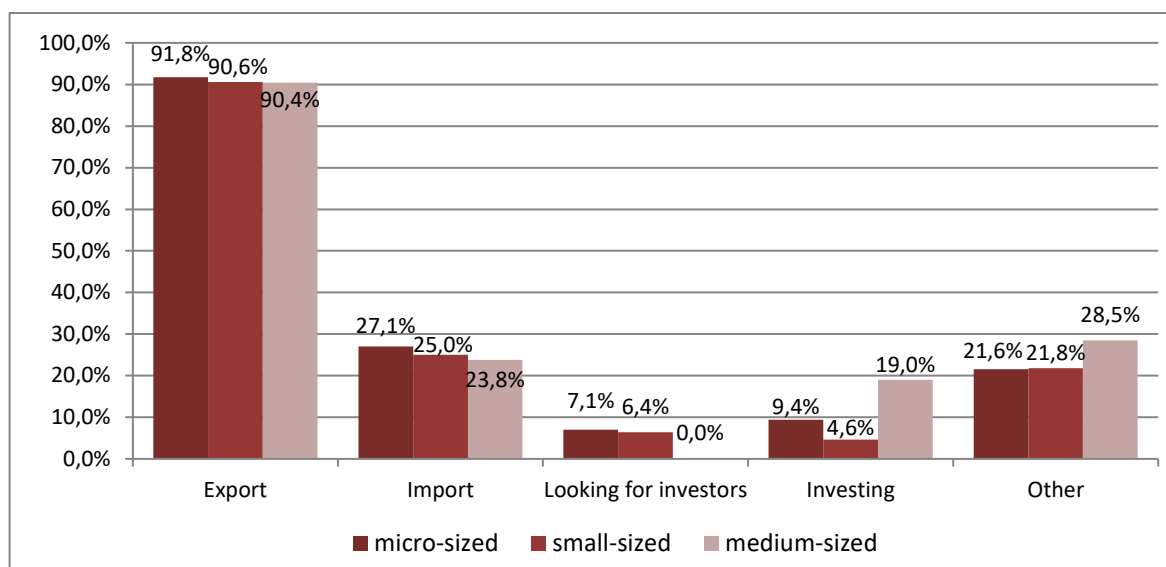
Additional reasons were also quite similar:

- additional revenue and profit,
- higher prices,
- diversify risk,
- Lithuanian market is too small,
- prestige of an international brand,
- cheaper materials,
- attract foreign tourists to Lithuania.

No major difference in drivers for internationalization in mid-sized enterprises was noticed. Main additional reasons for **mid-sized enterprise** internationalization:

- additional clients and profit,
- local market is too small, efficiently exploit production capacities,
- diversify risk.

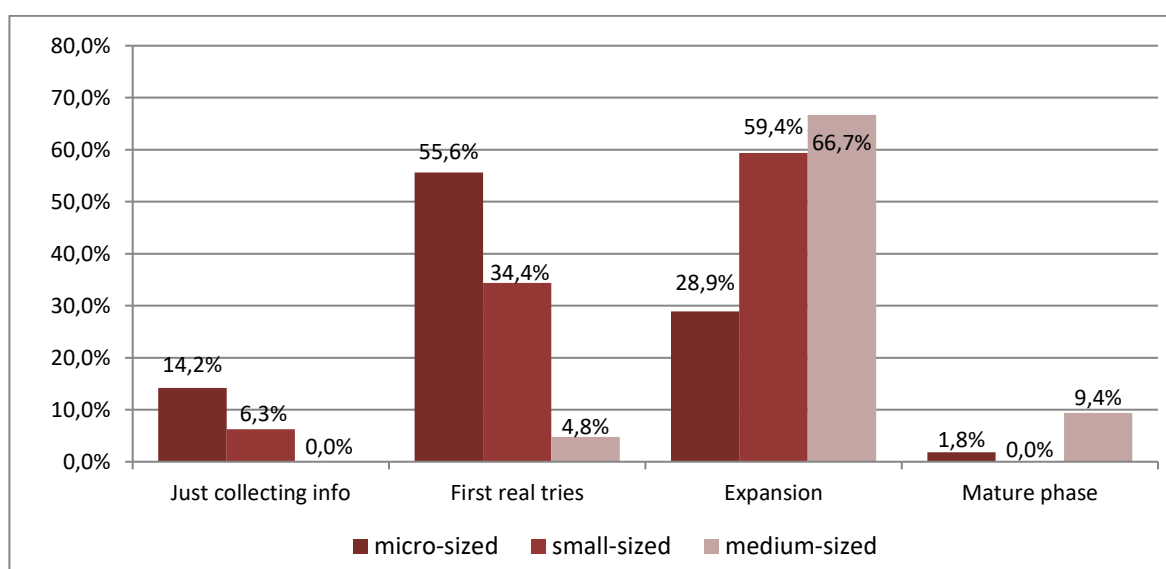
Figure 14. Main internationalization activities of SMEs



Source: survey data, 2020

Export is the most popular internationalization activity among all types SMEs. It's not surprising because the main drives for internationalization are related to entering new markets, increasing sales and revenue. Foreign investment-related activities are not popular among SMEs. Only medium-sized enterprises (19%) indicated their interest to invest abroad. But this fact shouldn't be perceived as statistically highly reliable one because sample size of medium-sized enterprises was only 64.

Figure 15. Phase of internationalization of micro-sized enterprises

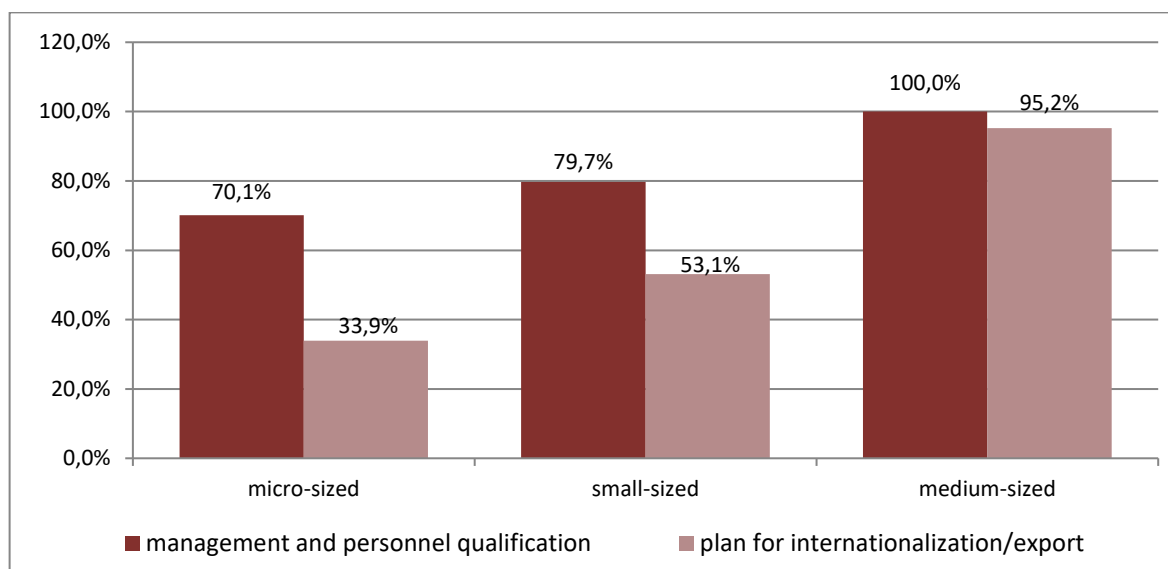


Source: survey data, 2020

Even though main drivers and activities are very similar to all sizes of SMEs, there is major difference in the phase of internationalization. There is direct correlation between SME size and phase of

internationalization: larger companies tend to be in a more advanced stage of internationalization. Almost none of micro-sized or small-sized enterprises (only 3 out of 256) indicated that they have reached mature stage of internationalization. Most micro-sized enterprises (55.6%) were in the “first real tries” stage, and most of small-sized companies (59.4%) were in expansion stage. There was a significant number of medium-sized enterprises in mature stage (9.4%) and even 66.7% were in expansion stage.

Figure 16. Qualification skills and actual plan for internationalization



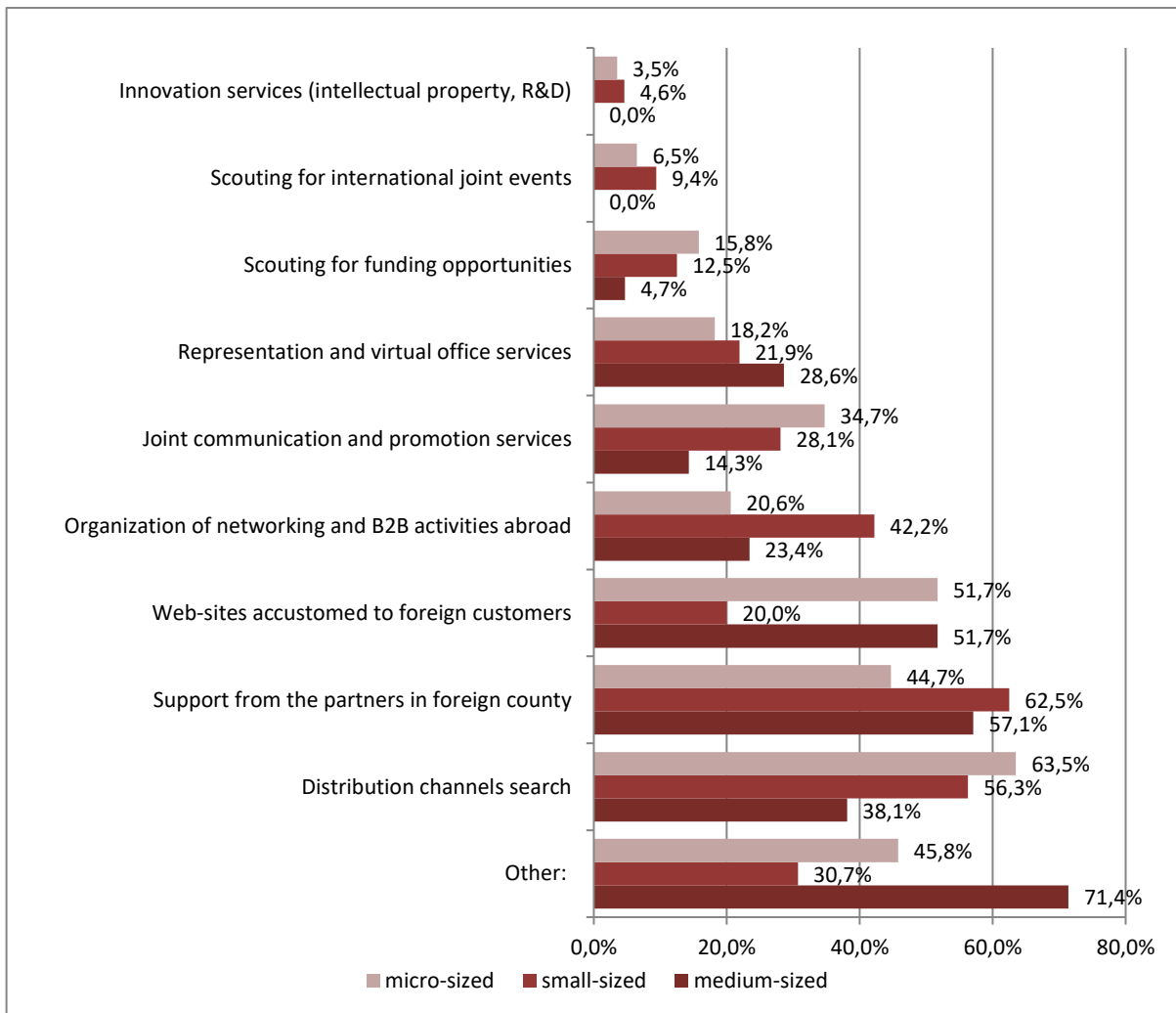
Source: survey data, 2020

Most SMEs (70.1% and more) believe that their management and personnel qualifications are adequate to develop internationalization activities, but not all of them have a plan for internationalization/export. Interesting correlation was noticed: enterprises with larger number of employees tend more often to have a plan for internationalization. Only 33.9% of micro-sized enterprises had such plan, while almost all (95.2%) mid-sized enterprises had a plan.

Micro-sized enterprises showed a strong focus on direct sales and internet marketing activities as initial step of internationalization. Among other factors these were listed:

- affiliate marketing partnerships,
- digital marketing and advertising,
- b2b and b2c trade platforms,
- trade agents and/or distribution partners in foreign countries,
- local partners who invest their time and/or money in joint venture,
- recommendations and warm introductions,
- direct sales, securing first clients in foreign market, build trust, case studies.

Figure 17. The most crucial factors for the first internationalization activities



Source: survey data, 2020

Small-sized enterprises named these activities as very important for start of internationalization:

- recommendations and personal intros,
- networking through LinkedIn and other online platforms,
- active direct sales,
- trade agents in foreign countries,
- attending trade fairs,
- solving logistic costs, advanced payment.

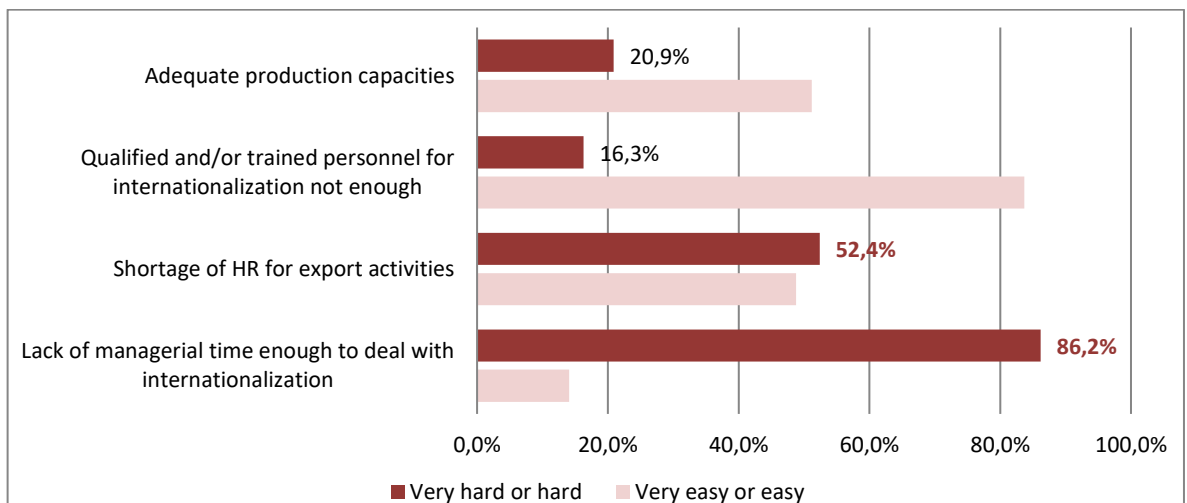
Among other key activities and tasks for initial steps medium-sized enterprises indicated:

- active sales, especially b2b sales,
- local trade agents,
- business networking and other online platforms
- localized marketing activities
- special pricing and product standards
- recommendations,

- participating in trade fairs,
- adjusting / solving financial flow

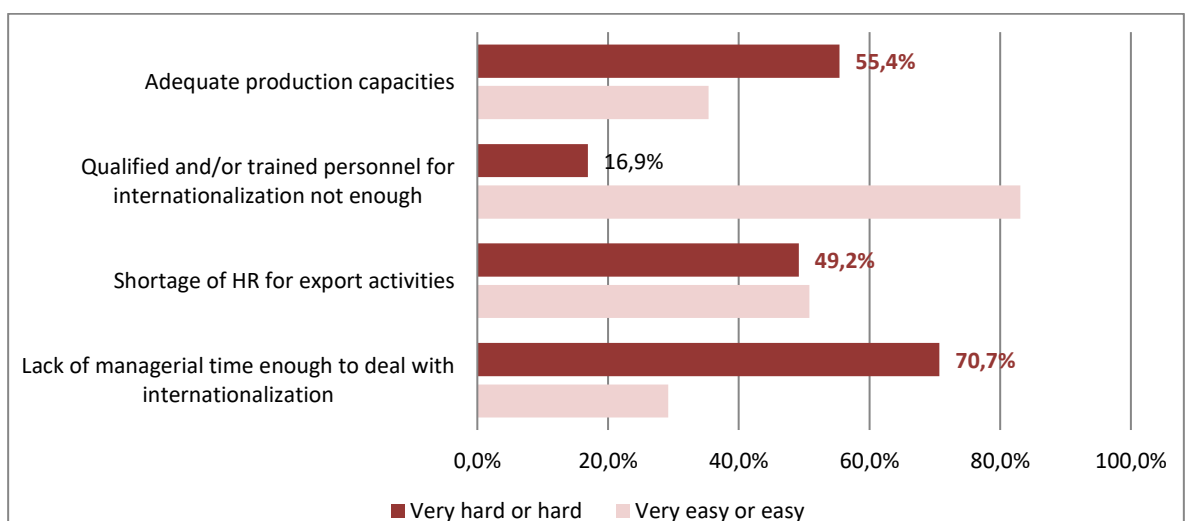
Quite significant difference was found among different size enterprises when talking about internal barriers. Micro-sized enterprises struggle on time (86.2%) and shortage of HR (52.4%). In most micro-sized enterprises founders and managers have to take care of too many things by themselves as their companies aren't big enough to afford hiring consultants, foreign market experts, agents and etc. Similar situation is in small-sized enterprises – shortage of time (70.7%), limited HR resources (49.2%). But situation in mid-sized enterprises is totally different: 61.9% of respondents who represent medium-sized companies, said that time or HR is not barrier for internationalization. In-depth interviews allow concluding that micro-sized and small-sized enterprises in often case are young and limited number of employees cause a lack of managerial time for internationalization. While mid-sized companies don't see an issue here – it's not a big financial burden for them to hire few extra employees if needed.

Figure 18. Internal barriers for internationalization in micro-sized enterprise



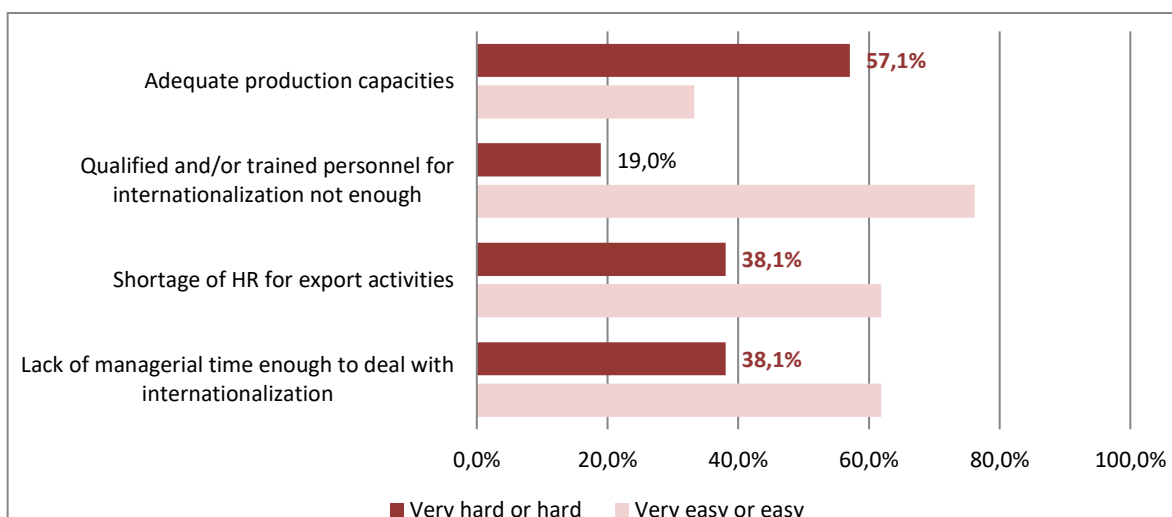
Source: survey data, 2020

Figure 19. Internal barriers for internationalization small-sized enterprise



Source: survey data, 2020

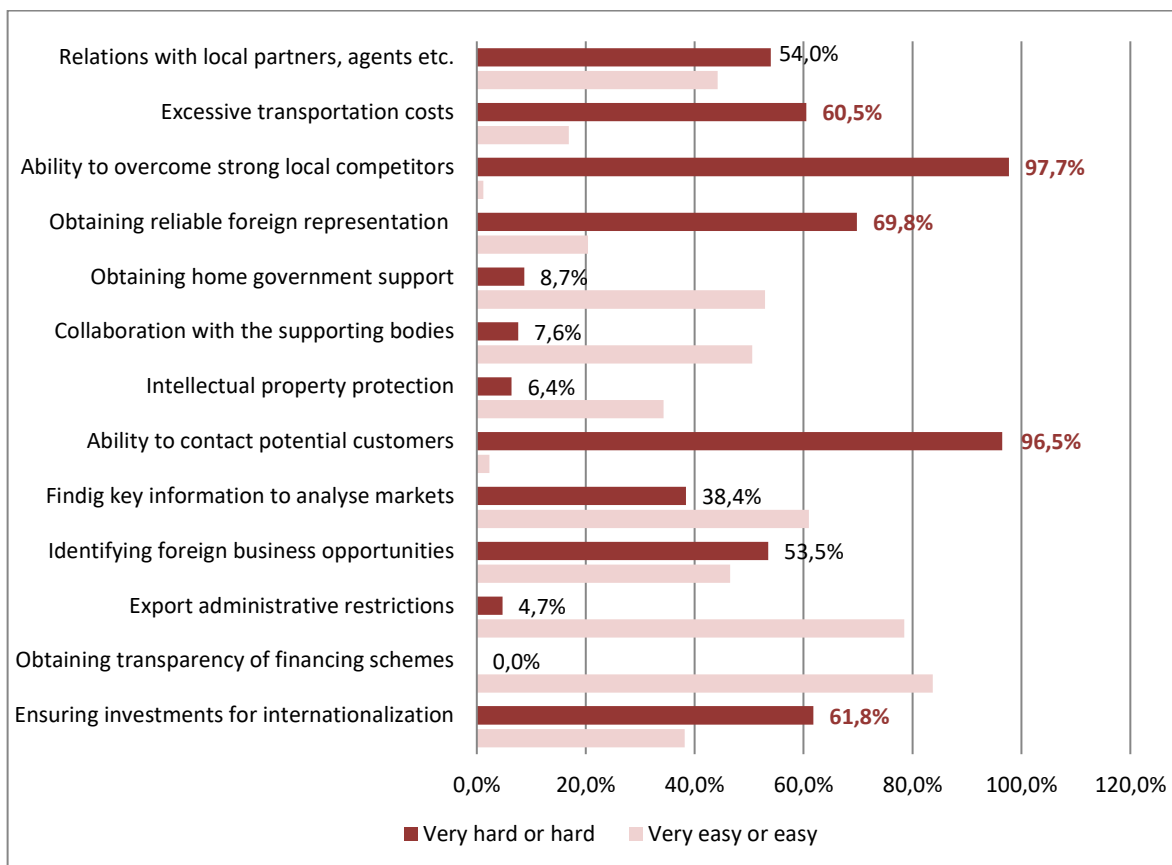
Figure 20. Internal barriers for internationalization medium-sized enterprise



Source: survey data, 2020

Another interesting difference is related to production capacities: micro-sized enterprises don't see any issues here (only 20.9% indicated that it is hard or very hard), but for small-sized (55.4%) and medium-sized enterprises (57.1%) looks like this might be one of major internal barriers for internationalization. Scaling production capacities is not as simple as hiring few additional employees.

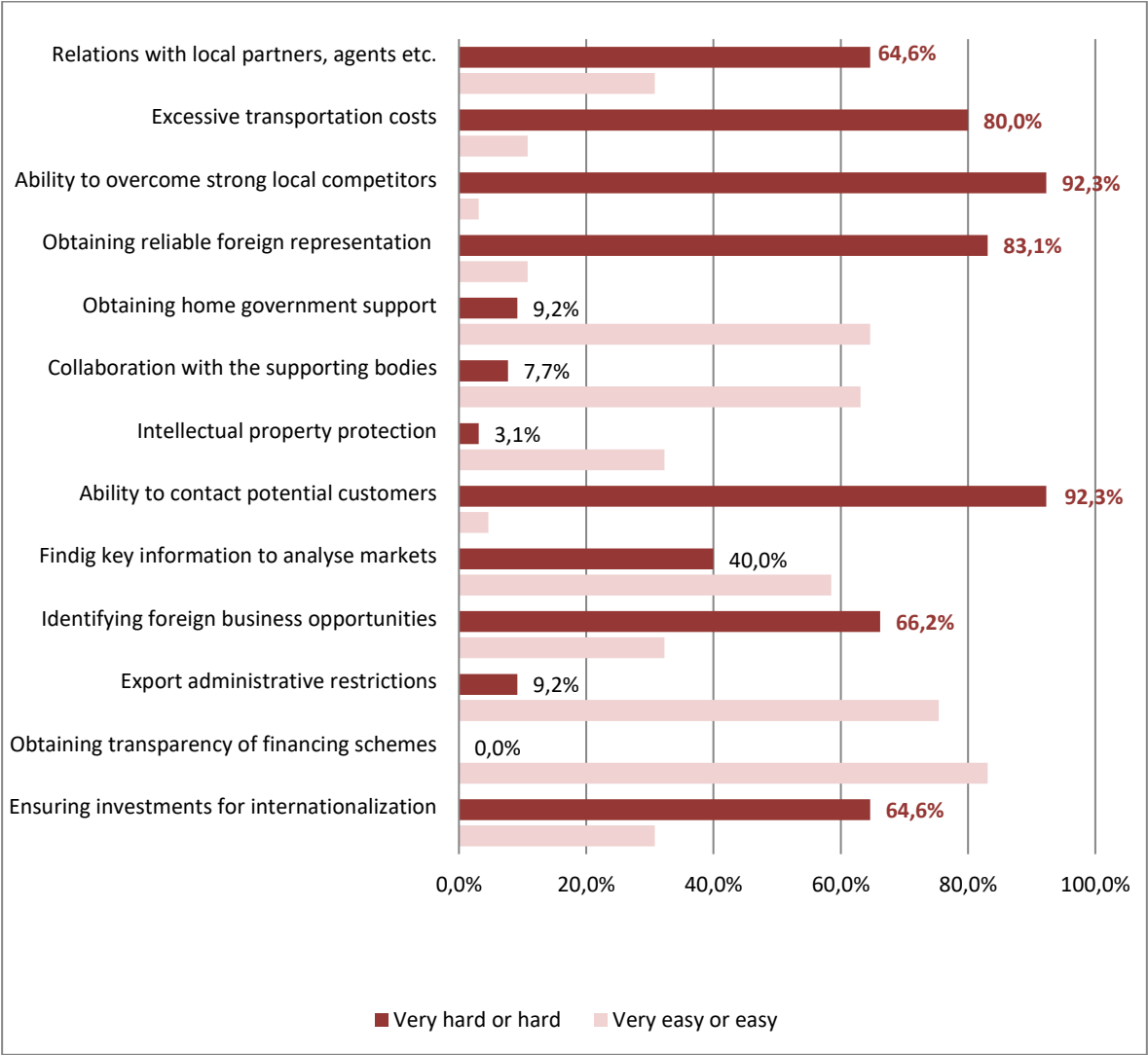
Figure 21. External barriers for internationalization in micro-sized enterprise



Source: survey data, 2020

Micro-sized enterprises find most difficulties in overcoming strong local competitors in foreign markets (97.7%) and efficiently contacting with potential customers (96.5%). There are few other significant external barriers: obtaining reliable foreign representation (69.8%), ensuring investments for internationalization (61.8%) and excessive transportation costs. It's good to notice that for most micro-sized enterprises don't see major problems obtaining transparency of financing schemes (83.7%) or with export administrative restrictions (78.5%). More than half companies indicated that it is easy or very easy to obtain home government support and collaborate with support bodies. But it is worth to note that collaboration with support bodies is not relevant for 41.8% respondents and 37.8% companies said that obtaining home government support also is not relevant. According to SMEs, more effort is needed to get support compared to the net value of that support. For those SME's it's more meaningful to go on their own instead of trying to figure out support possibilities and take all necessary bureaucratic procedures.

Figure 22. External barriers for internationalization in small-sized enterprise



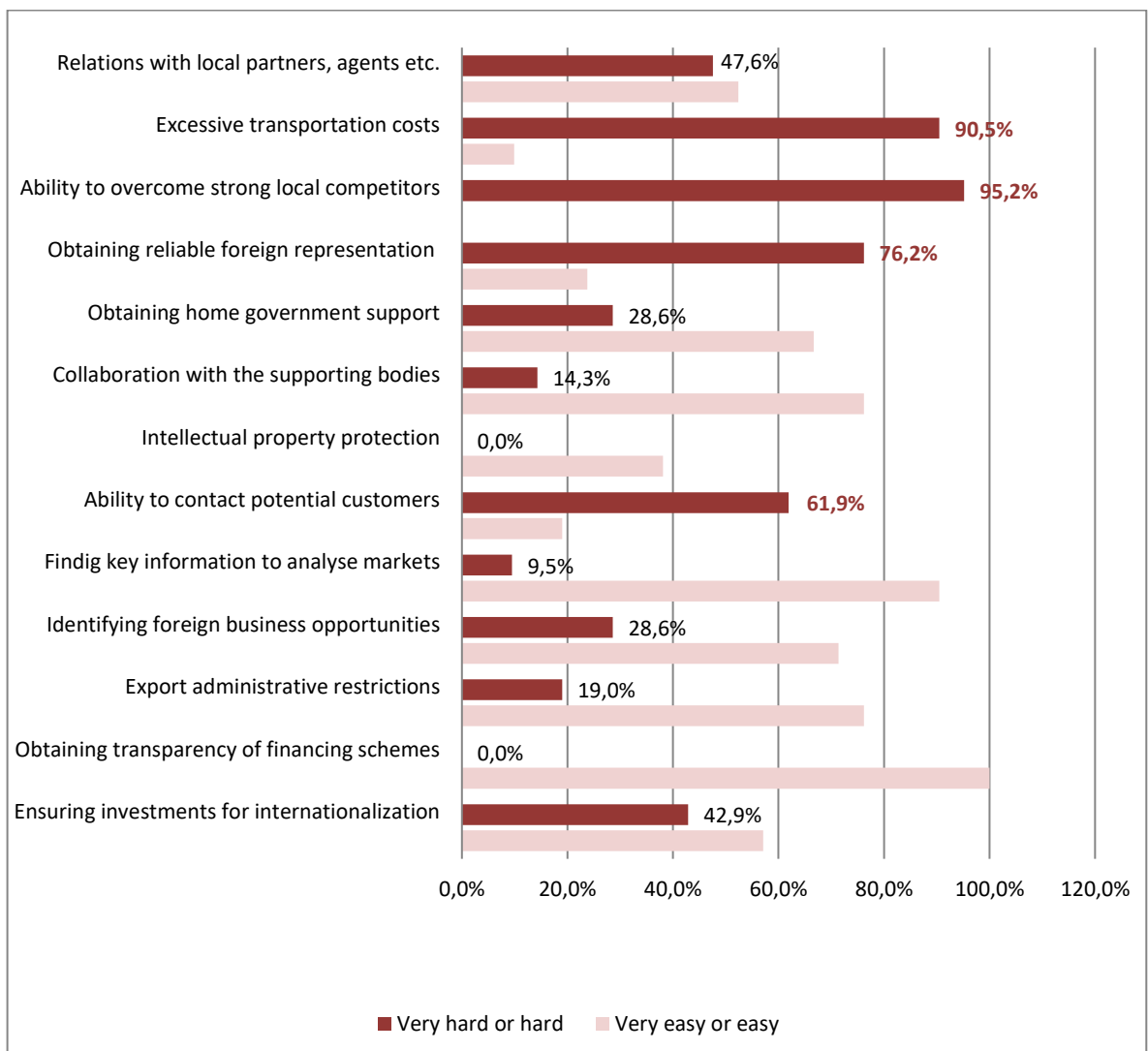
Source: survey data, 2020

Small-sized enterprises face quite similar external barriers, but there are few differences. More companies find it difficult or very difficult:

- obtaining reliable foreign representation – 83.1% compared to 69.8%,
- excessive transportation costs – 80% compared to 60.5%,
- relations with local partners, agents, etc. – 64.6% compared to 54%.

It doesn't mean small-sized enterprises are weaker than micro-sized. It's simply because small-sized enterprises have more employees and usually larger turnover and bigger goals for internationalization.

Figure 23. External barriers for internationalization in medium-sized enterprise



Source: survey data, 2020

Speaking about medium-sized enterprise barriers for internationalization, excessive transportation costs become even more important (90.5%). While competition related factors remain the major barrier, medium-sized enterprises have less struggles with reaching out potential customers and communicating

with them (61.9% compared to 96.5% in micro-sized and 92.3% in small-sized enterprises). Ability to identify foreign business opportunities is not a limiting factor for most medium-sized companies – only 28.6% find it hard or very hard, while in micro-sized and small-sized enterprises this was indicator was much higher: 53.5% and 66.2% respectively.

3.4.2. Stakeholders' view on barriers and drivers

In-depth interviews with stakeholders allow summing up these main barriers for SME development and internationalization in Klaipeda region:

1. ***Klaipeda is geographically distant from Vilnius (>300 km) and Kaunas (>200 km) dipoles.*** This was emphasized by Klaipeda ID, Enterprise Lithuania Export Department and few other stakeholders. As a result, some measures (i.e., long-term training) are not popular and attractive for SMEs in Klaipeda region. The same barrier is extremely important when it comes to attracting foreign investors: only 1 of 10 potential investors who arrive to Vilnius or Kaunas, take a deeper look at Klaipeda region.
2. ***Innovation loop of people-ideas-funding.*** Some stakeholders and large part of SMEs say that innovative ideas in the region don't get sufficient funding and descent attention from potential investors (especially in startup sector). But when it comes to putting real money, investors say there aren't many great ideas and teams standing behind those ideas.
3. ***Gap between science, business, and self-government.*** During the analysis we heard multiple times that most scientists in Klaipeda focus on research objects where they are experts, but in most cases investors and entrepreneurs have little or no interest at all in these research objects. Just as science has a hard time communicating with business, so do self-government institutions with business. Technology and science related stakeholders suggested that in order to have more innovative ideas (with possible impact on SME internationalization) Klaipeda region should consider how to attract well known scientists (even from abroad) to work on R&D project that are interesting for business and at least partly funded by business.
4. ***Lack of soft facilitation / coordination in support activities.*** Almost all stakeholders emphasized that there are quite many support measures, initiatives and projects going on, but there is little coordination and facilitation among stakeholders. This creates unnecessary confusion among SMEs when they turn to check what support measures are available and even to use them (i.e., there were multiple cases when few entrepreneurship events overlap – SMEs can't attend both events and/or trainings because they take place on the same dates). The good thing to note, that most stakeholders are aware of this problem and try to cooperate and coordinate actions (i.e., Klaipeda

city municipality administration signed a no-competing agreement with Baltic Technology Park for implementing digital innovation centre project).

5. **Regions are competing with each other, but some stakeholders still don't understand this and focus on their narrow activity without seeing a big picture.** Regional stakeholders have to understand that economic prosperity highly depends not only on infrastructure of the region but SME ecosystem as well. Klaipeda region has to find the ways for stakeholders start making collegial decisions much faster and seek for a common goal instead of competing.
6. **Lack of stakeholders' willingness to allocate more time and effort.** One of stakeholders offered to take a chances of participating in „Intelligent cities“ project. It would have allowed attracting high-level consultants from abroad to Klaipeda for sharing best practices on city development. But that would also have required to allocate more time from other stakeholders. The idea and the chances were skipped.
7. **Lack of SMEs initiative to take a chance and benefit from support measures.** Interview with stakeholders revealed that SMEs in the region are quite active to indicate problems related to entrepreneurship support, including SME internationalization. But when it comes to taking real actions to use one or another support measure, most SMEs complain about difficult procedures and stick to the old ways and project they already got used to. As for example, Klaipeda city municipality had a support measure that allows compensating up to EUR 5,000 for projects that represent Klaipeda, but contest didn't take place and subsidies were not given away because there were no applicants!
8. **Bureaucratic mind set is still very strong in national level.** We can say this is another side of the coin. This was stated and argued not only by all interviewed SMEs but most of stakeholders as well. Yes, most SMEs lack initiative to check what support measures are possible, but hands get down to majority of SMEs even those who managed to find information about available measures. Current situation requires spending significant amount of time and efforts to figure out if SME can apply for a specific measure and to follow all the procedures. Even if initially it looks good to go, later it becomes clear that because of some specific condition particular SME can't apply for support. SMEs feel that there is nobody whom they could consult regarding support measures unless hiring agency or consultant that costs money.
9. **The support programs are broken down into smaller programs, initiatives and projects.** The budget is reduced, therefore it's difficult to achieve significant and tangible results in each of those initiatives. Better there should fewer but more specific support programs. In such case budgets could be higher and attention of SMEs could be more focused on particular programs.

10. **Low quality of innovation-based SME projects.** Stakeholders confirmed that roughly 70% of innovation based SME projects that apply for support are very low quality, unrealistic, without market potential.
11. **Stereotype that Klaipeda is a province, a port, an industry region.** Stereotypical thinking that Vilnius is “cool” and everyone else outside Vilnius is a “province”. A lot is being done in Klaipeda, but it is not publicized, it is not praised, so it seems that we are a province. The city (and region) should strengthen its image by positioning more than just sea port and some industry.
12. **No industry where Klaipeda considers itself strong is considered a national priority.**
13. **SMEs are unfamiliar with legal base of foreign markets.**
14. **Significant share of SMEs have language and communication confidence barrier.**
15. **SMEs are full of too many stereotypes about foreign markets.**
16. **Mind set of “one-man-band” dominates among founders of micro-sized enterprises.**
17. **Most SMEs haven’t found their competitive advantage and unique selling proposition before trying to engage in export activities.**

Possible drivers and initiatives that could boost the internationalization of SMEs in Klaipeda region:

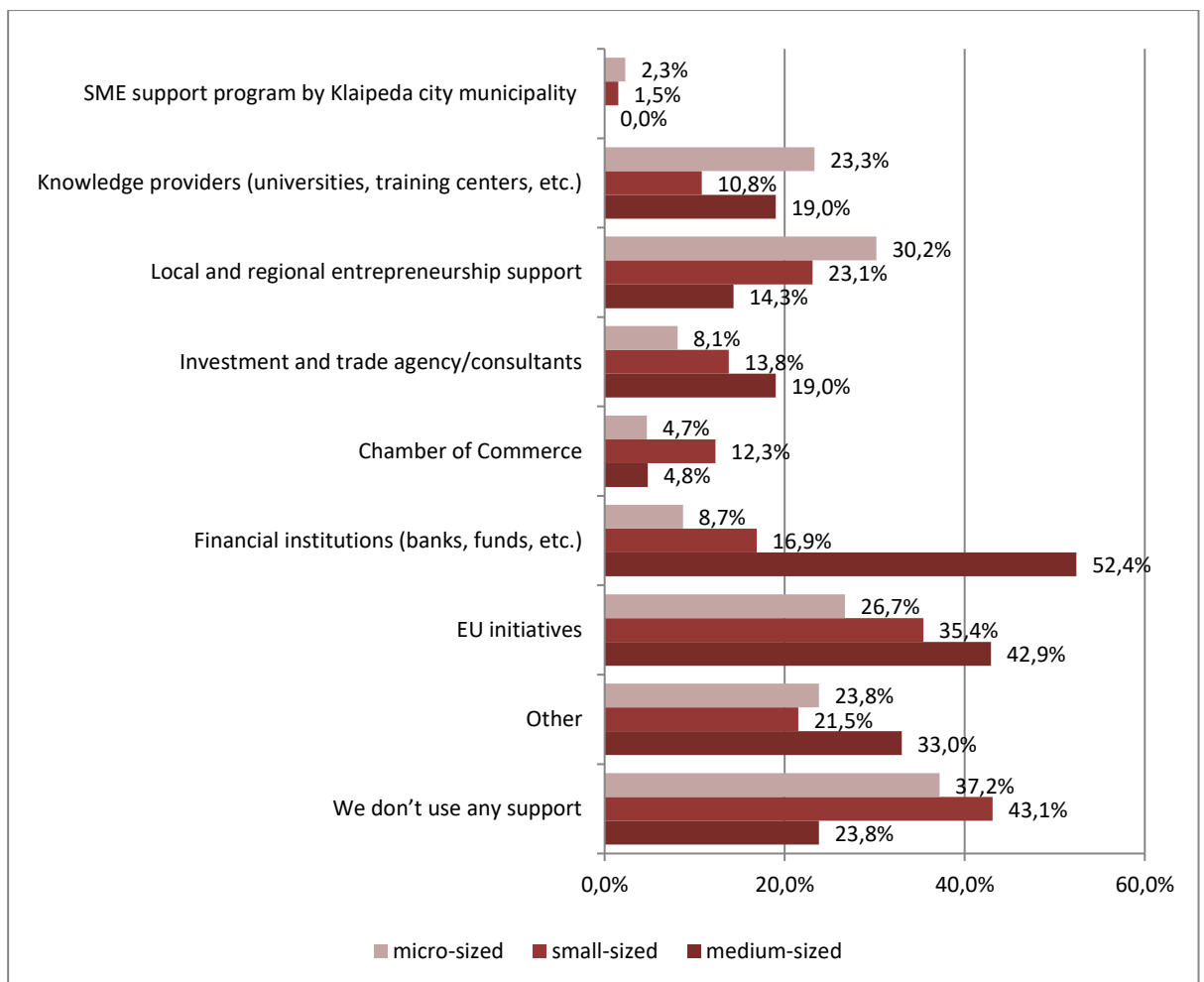
1. **Much could be solved if Klaipeda region had a larger talent base** (region would become more attractive for foreign investors and would have more capacity for innovation and high added value creation). Klaipeda University is very autonomous – roughly 30% of budget is received from state, the remaining part is earned by university. It’s a good start, but we need to strengthen the role of university in SME ecosystem. It could be a good boost if Klaipeda region could get national aid for talent development and more support for higher education institutions.
2. **Baltic Maritime Digital Innovation Hub initiates and participates in projects funded by the European Commission** (i.e., ODIN - Ocean Digital Innovation Hubs Network joining stakeholders from different countries including Lithuania, Netherlands, Norway, Sweden). An application is submitted to Digital Innovation Centres program. If it is confirmed, SMEs will be able to get EUR 60,000 vouchers for buying services from Baltic Maritime Digital Innovation Hub and related stakeholders. This might be a solid boost for SME internationalization based on digital innovations.
3. **Baltic Tech Park initiated the creation of investment fund** (supervised by Lithuanian bank) that will consolidate funds from private investors and will focus on investing in real estate and startup projects that might benefit from relationship with Baltic Tech Park stakeholders (stevedoring, ship building and repairing, wood processing companies, municipality companies like public city transport, electricity grid, centralized heat and water supply). This might serve a drive for SMEs willing to develop municipality related solutions: innovative products and services could be built

and tested in Klaipeda region and exported, sold or developed under joint venture with foreign partners in other countries.

4. **Export diagnostics service provided by Enterprise Lithuania is very popular.** Approximately 60 companies from the whole country used this support measure during 2019. Enterprise Lithuania said they analyse what support measures are most popular and effective, and plan to put more efforts to strengthen them. We saw that some measures (i.e., foreign market reviews/analysis actually is not very popular among SMEs and we see that these reports are not updated since 2018). It's good to notice that stakeholders realistically analyse the efficiency of measures and adjust their efforts accordingly. This allows hope that SMEs will get more efficient support in the future.
5. **Klaipeda ID works to attract service centers to Klaipeda.** Three people work to boost the development of service centers in Klaipeda (improvement of education, assistance in attracting specialists, initiatives to improve the investment environment).
6. **Startup accelerator is planned to be established by Klaipeda ID in 2021.**
7. **A lot of internationalization (especially in micro-sized enterprises) starts through online platforms like Etsy, Amazon** (e.g. producer of linen clothes found their first customer in Sweden through one of these platforms). There are some other online platforms (business-to-business data bases) that could be stronger used by SMEs
8. **Reimbursement of initial consultations is an effective tool.** It was confirmed by stakeholders and SMEs. There is a lack of understanding about marketing, sales and export. Therefore more consultations should be focused on these topics. Yet it's hard to tell what will be the future of Verslo konsultantas LT (Business Consultant LT) program. Quite many SMEs have used it and Enterprise Lithuania witnessed the actual effect of these consultations. But the institution has started the investigation of how this program was implemented if there were any violation. Most likely this support measure will be provided in the future, but it probably will be modified.
9. **Klaipeda region needs to focus where high added value can be created.** We should take into account current economic situation and look for further development directions. Most stakeholders agree that Klaipeda could have strong positions (even internationally) in maritime and transport, industry automation and digitalization, shipbuilding, offshore energy. Probably these sectors should be among those that policy makers will focus on.

Enterprises with more employees are more keen to use support from EU initiatives: medium-sized enterprises – 42.9%, while small-sized – 35.4% and micro-sized – 26.7%. Small companies don't have time, skills and knowledge to apply for these support initiatives. They also can't or don't want to risk investing in hiring consultants that could help applying to these initiatives (they will have costs of hiring but there is no guarantee if they get support from chosen initiative). Medium-sized enterprises also much more often (52.4%) use support from financial institutions (public and commercial banks, funds, etc.) compared to small-sized and micro-sized enterprises. It's very difficult for a young company to get a business credit, especially if the company is less than 2 years old and has no security for credit (i.e, fixed assets that could serve as a security for credit institution). It's less of a problem for mid-sized enterprises. But local and regional entrepreneurship support measures are less interesting to medium-sized enterprises. Maybe it's because majority of local and regional support measures are targeted to encourage creating new businesses and helping them during the first few years.

Figure 24. Main sources of support for internationalization activities

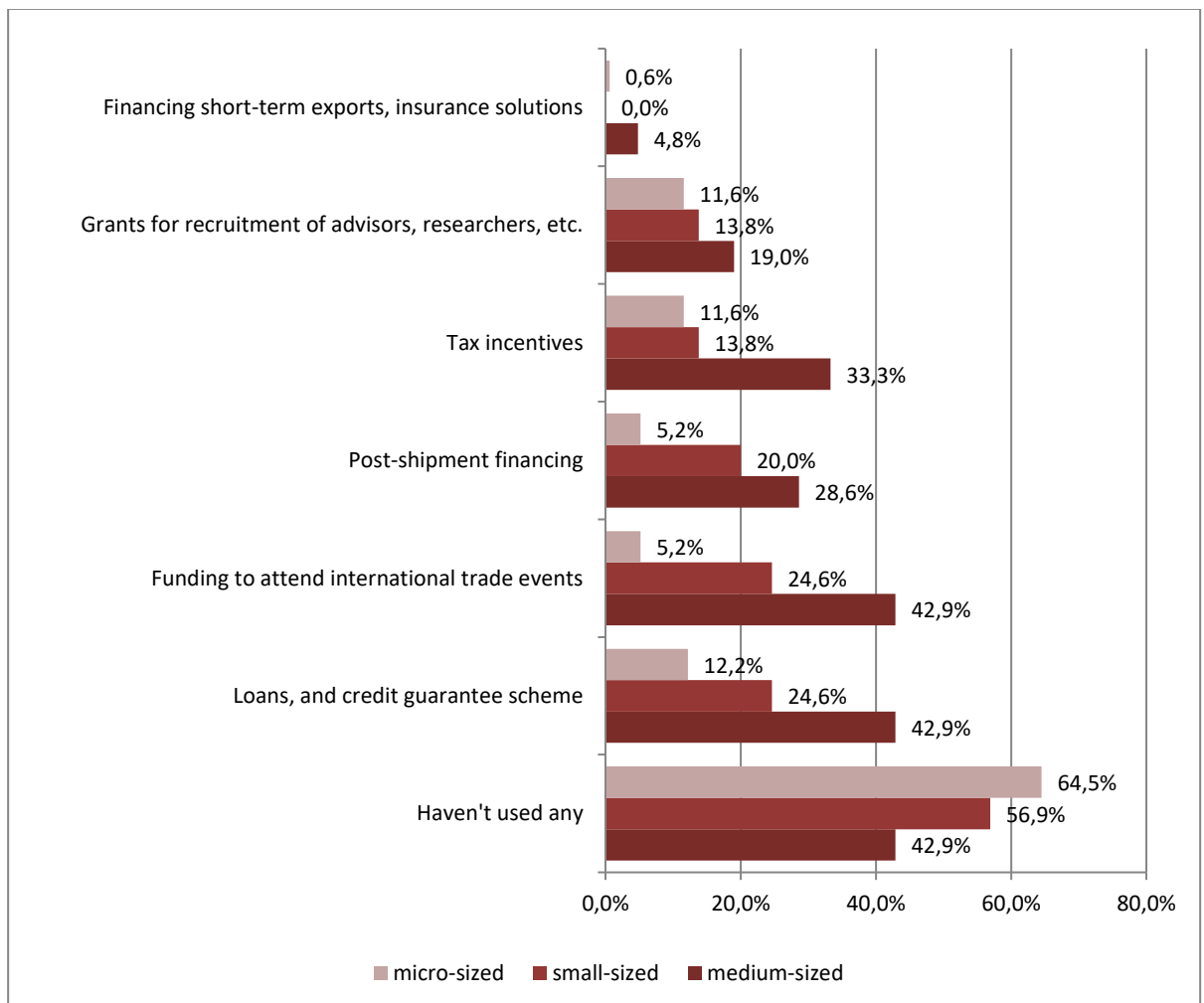


Source: survey data, 2020

An interesting trend was found: in most cases support measures are designed to help young and micro-sized or small-sized enterprises, but survey showed that larger companies are more capable to use support measures. 64.5% of micro-sized enterprises haven't used any support measure, while the same could be told about 56.9% small-sized and only 42.9% medium-sized enterprises.

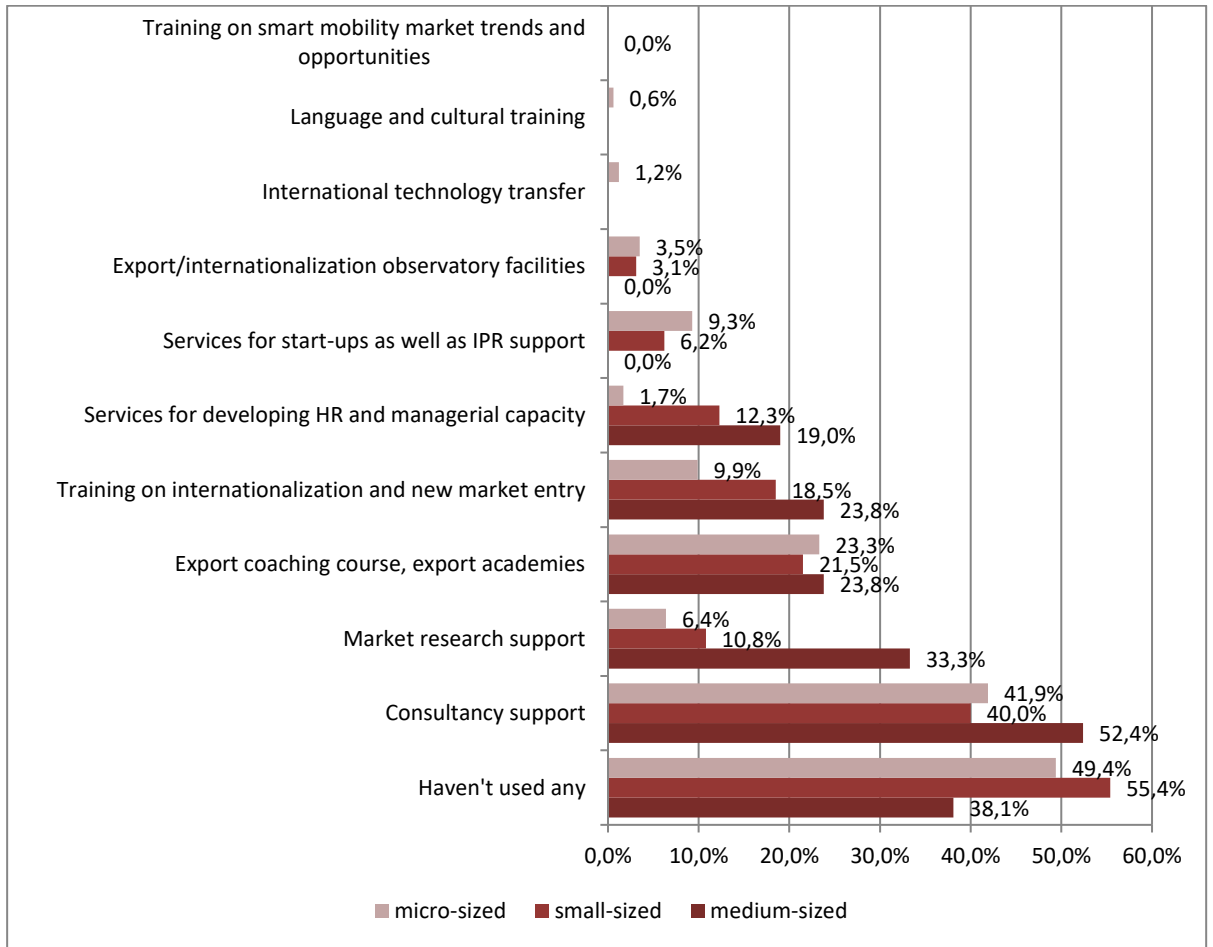
Financing short term exports, insurance solutions and risk management seems to be least interesting support measure for SMEs in Klaipeda region – only 4.8% of medium-sized enterprises confirmed using it and none of micro-sized and small-sized enterprises. Loans and credit guarantees are much more popular among small-sized (24.6%) and medium-sized (42.9%) enterprises. The exact same statistics is for funding to attend international trade events and exhibitions. Post-shipment financing is also more often used by small-sized (20%) and medium-sized (28.6%) enterprises.

Figure 25. Most popular financial support schemes



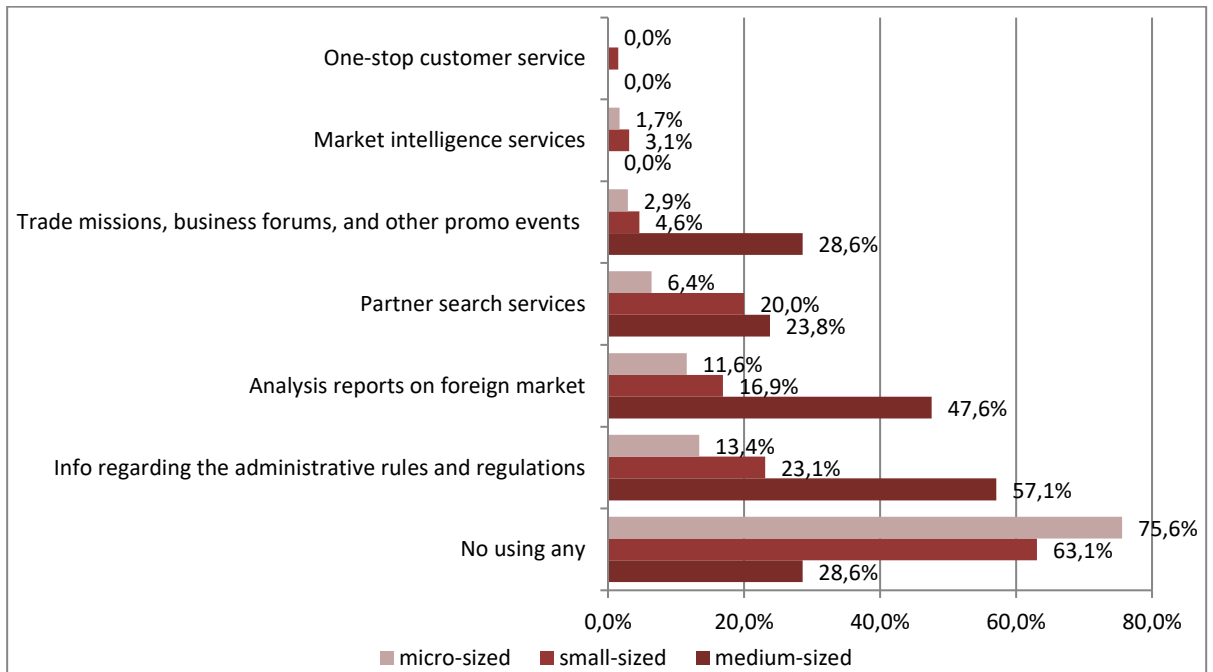
Source: survey data, 2020

Figure 26. Most popular non-financial support schemes



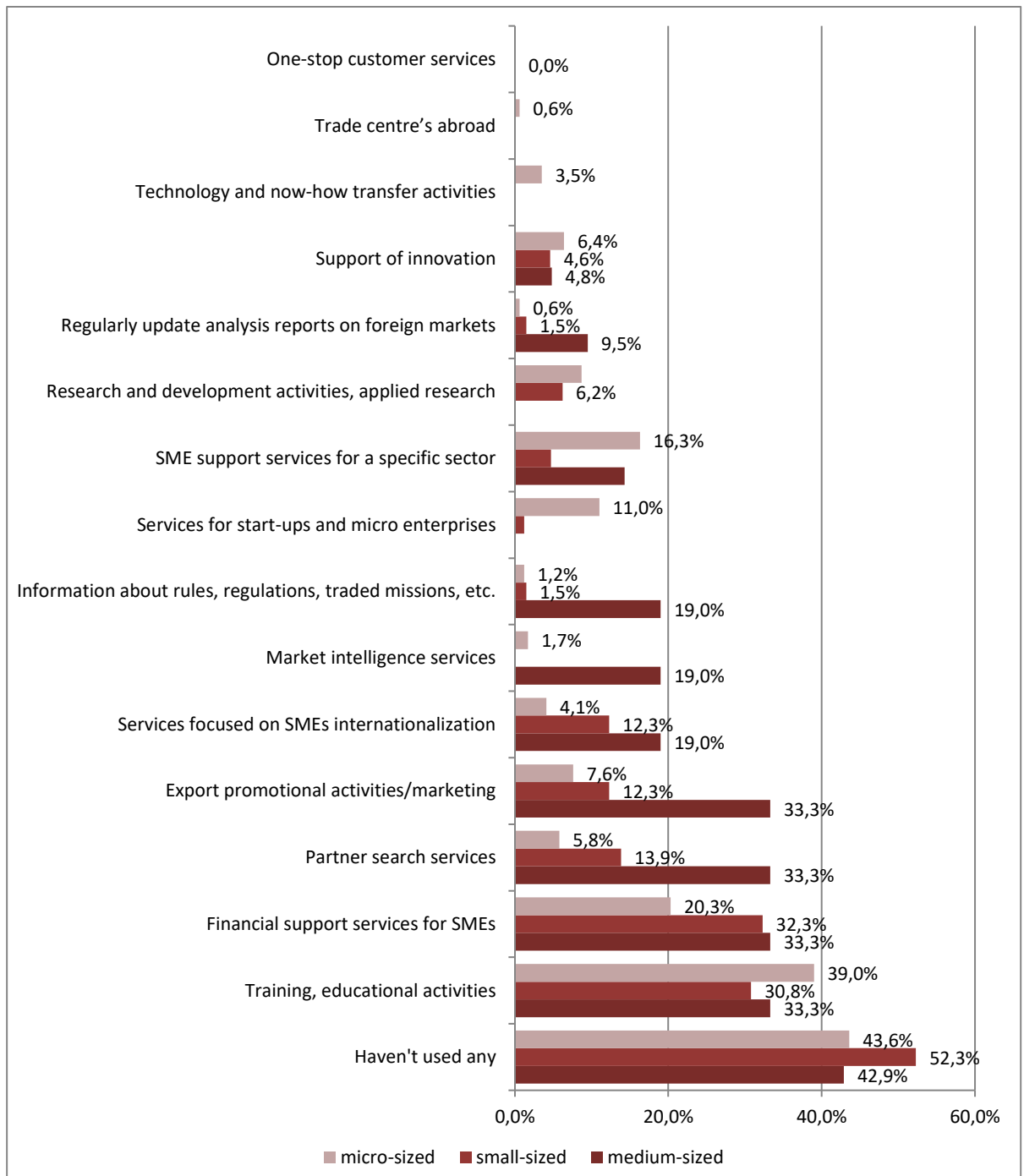
Source: survey data, 2020

Figure 27. Most used information provisions offered in supportive environment



Source: survey data, 2020

Figure 28. Most used measures during the last five years



Source: survey data, 2020

SMEs with fewer employees tend to use less information provision services. 75.6% of micro-sized enterprises don't use any information provision services as support measure at the moment, while this number among medium-sized enterprises is only 28.6%. As interviews with SMEs indicated, it requires time and effort to benefit from available support measures: SMEs need to find out all information (and it's not an easy task for them because information is scattered), check the requirements in details (make sure if their enterprise is eligible for particular support scheme), filling application and preparing necessary documents, and if support measure is confirmed, most SMEs are afraid of bureaucratic procedures to

provide reports and documentation. Larger companies sometime have internal employee who is responsible for support opportunities in his work domain. But most often small-sized and medium-sized enterprises consider hiring outside consultants or agencies to analyze support possibilities and prepare all necessary documentation. The problem is that most micro-sized enterprises have no resources for hiring such consultants or agencies.

An open ended question in the survey helped us identify the main reasons why SMEs choose particular support measures. Reasons could be grouped in :

- lack of working capital was the main reason for SMEs to look for soft loans, credit guarantees, and post-shipment financing solutions;
- particular support measure was proposed by consultant or agency that can help to prepare the application and follow required procedures;
- didn't know and couldn't find more suitable, more efficient support measures, therefore chose what was available, even if it was not so helpful;
- got a recommendation from local business organisation (i.e., association) or heard about it on seminar or other event;
- bureaucratic burden was one of the most often mentioned reasons why SMEs choose to apply or simply ignore particular support measure; in some cases entrepreneurs have to put more effort and time for bureaucratic procedures than do whatever is needed without any support;
- lack of specific knowledge, especially related to sales, marketing, export, fundraising;

As responses show, one question in the survey was pointless: *“what do you think are the most important public funds in internationalization of SME”*. 58.2% respondents couldn't objectively indicate and marked the answer “I don't know”. Remaining 42.2% chose EU cohesion funds. First of all, respondents are not experts in internationalization support funding. Therefore, asking for their opinion won't give us credible results any decision making. Secondly, EU fund promotion (information quantity and frequency) is tremendously stronger than any national, regional or local support activity, organisation or fund. Such publicity implies subjective opinion about EU funds.

Only 5 respondents (**less than 2%**) said they would not able to go international with a support. Almost all enterprises that took part in survey acknowledged that they are already working internationally or will go international anyway, even if they don't get a support. But it doesn't mean that SMEs are not in need of support for internationalisation activities. Some of respondents provided additional feedback on this question – yes, companies will go international, but without a support:

- they won't be able to start internationalization activities as fast as they could, if some support measures are provided;

- the internationalisation processes would be slower and require more time for companies to get their position in international arena;
- they would use fewer instruments and with less intensity (i.e., reduced number of trade fairs and business networking events to participate, as well as some trade exhibitions would be attended as ordinary visitor, without company booth in the showroom, etc.).

Contrarian Ventures, Startup Lithuania, Koinvesticinis fondas, TGS Baltic and Dealroom.co released a study¹⁸ about the state of the Lithuanian Startup & Venture Capital Ecosystem. The report is based on a data study concerning the period 2013 until now. It compares different countries in the Central Eastern European & Baltic region regarding Venture Capital, Startups and growth potential of the Technology ecosystem.

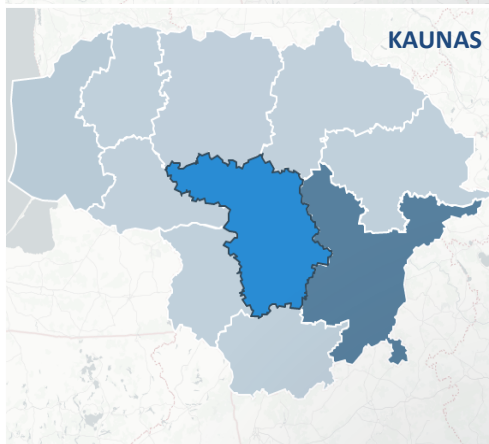
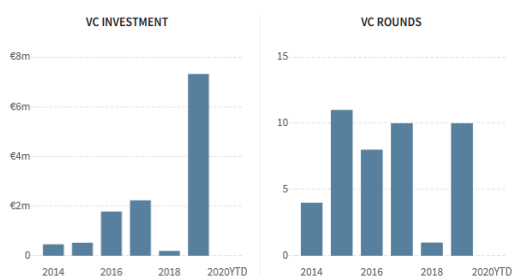
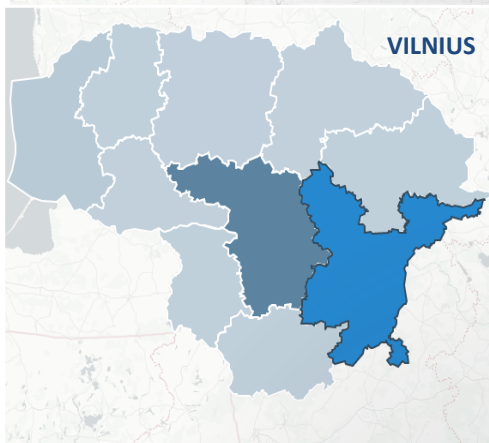
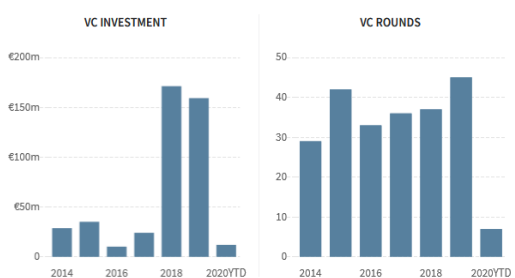
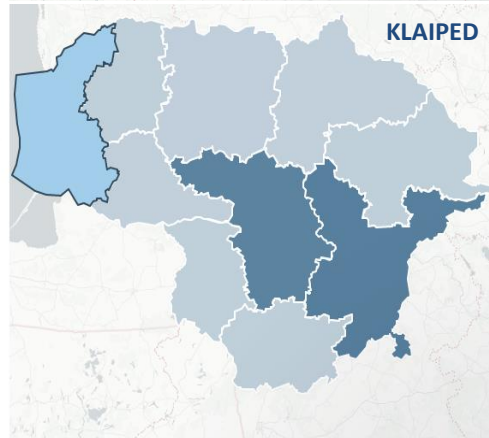
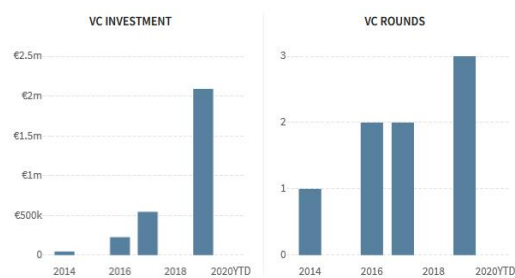
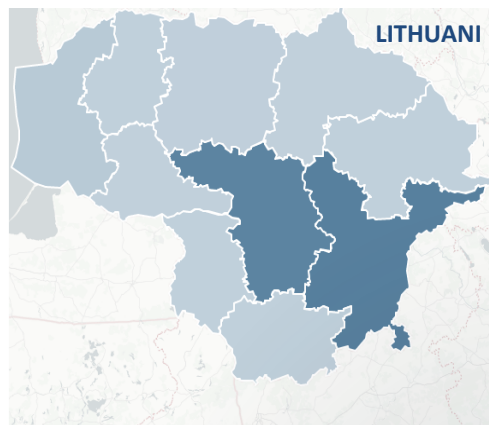
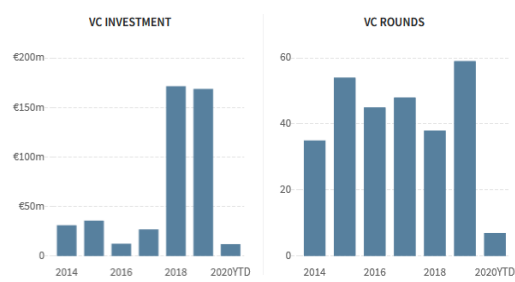
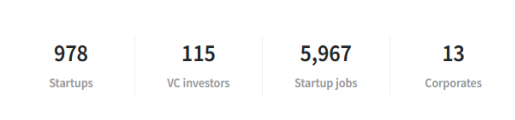
Figures reveal that 2018 was a record year for Venture Capital Investments in the Baltic states. The total amount of Venture Capital raised by companies in the Baltic States hit EUR 534 million in 2018, compared to EUR 411 million in 2017 and EUR 111 million in 2016. With an average year-to-year growth of 135%, Venture Capital invested since 2013 Lithuania shows the highest growth of all the Baltic States.

A notable insight is that compared to other countries in the CEE and Baltic region, Lithuania shows significant potential for foreign investors when looking at the investment amount per inhabitant (EUR 18EUR per capita on average since 2013, which is close to the European average of 21 EUR). Other highlights from the report:

- +900 Startups and Scale-ups in Lithuania to date.
- +300 million invested since 2013.
- Fintech startups flourish in the Lithuanian regulation-friendly environment. Lithuanian Fintech startups have raised more than 360 million EUR, and Lithuania is one of the most active countries in the world of ICOs.
- The Baltic region has created one-third of the total unicorns in Central & Eastern Europe, and 3% of the unicorns in total Europe.
- Increasing interest from foreign Investors in Lithuanian tech Startups, mainly from Western Europe and the USA. The percentage of rounds where foreign Investors have participated has increased from 10% in 2013 to 31% in 2019.
- Lithuania ranks among the top 15 countries globally for ease of doing business.
- Lithuania ranks 5th in Central and Eastern Europe by the number of software developers per labor force

Figure 29. The potential of startup ecosystem in Lithuania and Klaipeda region

¹⁸ <https://blog.dealroom.co/wp-content/uploads/2019/11/The-State-of-the-Lithuanian-Startup-Ecosystem-vFinal.pdf>



Source: <https://map.startuplithuania.lt/dashboard>

It's difficult to get statistical data about implementation of measures in specific region. Current state how these measures are administrated requires much manual work to sort data by region and sometimes even by separate measure. Most institutions track only national-wide results. Data based on regions is not available unless employees from different departments manually will check the registration address of each company and will structure data based on that. It would be more convenient and time-saving in the future if institution that provide support measures for SMEs, would automatically track region and date of support confirmation. It will allow making faster and more robust insights on how different measures work in different regions, and how situation changes in time.

Municipalities should be encouraged to set up and grow new businesses. More than 82% of SMEs' internationalization activities are focused on export, therefore support for internationalization should result in additional revenue for local SMEs. This would lead to more collected taxes (corporate and personal income). The municipalities should be given more tools and powers to support local business. According to Local Government Law municipalities now are not responsible for economic development. Municipalities also cannot directly support higher education. Another issue is related to the fact that Klaipeda is a donor city in terms of collected taxes. The more taxes through personal income tax is collected, the more goes to reallocation for other municipalities. If larger part of collected taxes would stay in Klaipeda city (the largest city of the region), municipalities would be more motivated to promote the business ecosystem and internationalization of SMEs.

It's worth to notice that innovation services (intellectual property, R&D), scouting for international joint events and even funding usually is not among the most important factors when talking about first internationalization activities. In-depth interview with SME representatives confirmed the assumption that companies first of all look for innovation, R&D and funding in their own country, not abroad. Most SMEs are motivated for internationalization as export possibility which brings extra revenue and profit. Therefore among main factors for first internationalization activity we see measures that are strongly focused on sales and marketing: distribution channel search (extremely important for micro-sized and small-sized companies accordingly 63.5% and 56.3%), support from partners in foreign country, website customization for foreign country customers, networking and b2b activities. SMEs are mainly focused on export goals and face major issues reaching their clients in foreign countries as well as dealing with strong local competition. Current set of support measures have only few and very limited instruments addressing these needs of SMEs.

Less than 2% of SMEs say they would not be able to go international with a support. Almost all enterprises that took part in survey acknowledged that they are already working internationally or will go international anyway, even if they don't get a support. But it doesn't mean that SMEs are not in need of

support for internationalisation activities. Yes, companies will go international anyway, but without a support:

- they won't be able to start internationalization activities as fast as they could, if some support measures are provided;
- the internationalisation processes would be slower and require more time for companies to get their position in international arena;
- they would use fewer instruments and with less intensity (i.e., reduced number of trade fairs and business networking events to participate, as well as some trade exhibitions would be attended as ordinary visitor, without company booth in the showroom, etc.).

There is a centralized gateway where each SME could check possibilities for support measures www.esgalimybės.lt. But the problem is that absolute majority of SMEs simply don't know this website. It is not publically promoted or advertised. Furthermore, the website name is easy to understand and it represents the essence (www.esgalimybės.lt – means “EU opportunities”), but there are few other websites with very similar names (www.esinvesticijos.lt – means “EU investments”; www.esparama.lt – means “EU support”) which makes the first one less memorable. The main website should be promoted with greater efforts.

While more than half of SMEs don't worry about difficulties of getting support (we should have in mind that 98% of SMEs would go international even without any support), most of them don't actively use any of support measures. Many SMEs are afraid of bureaucracy, do not have much knowledge on how to fill applications, how to select tools and worry about wasting time on reports if they get any support. There is no instrument that helps SMEs preparing application for support measures. That's why most micro-sized companies simply ignore available support measures – it's too much time consuming compared to expected benefit and probability of actually getting the support. It is important not only to consult (what support measure could be applied) but do the actual work – prepare the application and other related documents, including compulsory reports.

We would recommend considering an additional support measure (maybe even including public – private partnership) that would help SMEs to better understand different support measures and efficiently prepare applications. Maybe this could be done through manual online consultations or automated algorithms (some kind of application wizard). The question is who would fund it and would be practical enough. Possibly private sector consultants might commit to consulting in exchange for advertising, publicity and leads through such initiative.

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Internationalization measures

#	Measure	Description	Institution	N/R ¹⁹
1	Corporate income tax reduction	Tax tariff of 0% or 5% can be applied instead of regular 15% tariff. Taxable profits may be reduced by 100% the amount of investment project expenses	-	N
2	Soft loans under the instrument Entrepreneurship Promotion Fund 2014—2020	The best conditions for newly established and young businesses with financing up to EUR 25,000. Loans will be provided for a maximum term of 120 months. The interest rate is 3-months EURIBOR (only for 10% of the loan) + a fixed interest margin of 3% (margin of the credit union).	INVEGA	N
3	Soft loans provided under the instrument Open credit fund 2	Designed for business development (both investment and working capital loans) and offers SMEs financing of up to EUR 600,000 with a maximum loan term of 120 months for loans and leasing and 36 months for facility of credit limit.	INVEGA	N
4	Risk-shared loans	Financed by the European Regional Development Fund offers loans for SMEs of up to EUR 4 million. Funding can be provided in the form of a loan or credit line. When providing funding in the form of a loan, a loan may be granted for a period not exceeding 120 months and, in case of a credit line, for 36 months.	INVEGA	N
5	Crowd funding loans Avietė	Enable small and medium-sized enterprises to borrow through crowd funding platforms. The maximum amount per loan is EUR 10,000 and funding can be provided up to 40% of the total loan amount. A loan may be granted for a period not exceeding 36 months and it is intended to finance both investments and circulating capital, except for the refinancing of financial obligations, financial activities and residential real estate.	INVEGA	N
7	Export credit guarantees	Helps expanding export markets in countries of non-marketable risk and grow export volumes by minimizing the potential risks stemming from default by a buyer by covering up to 90% of the actual losses when a buyer fails to pay as provided for in the contract. The maximum amount of all export credit guarantees per one exporter cannot exceed €2,000,000. The maximum amount of all export credit guarantees per one buyer chosen by the exporter cannot exceed €750,000.	INVEGA	N
8	Portfolio Guarantee	Can facilitate access to funding for small and medium size enterprises (SMEs) when an SME is unable to provide a collateral that is attractive or sufficient to a financial institution. A portfolio guarantee secures the repayment of 80% of the principal amount of loan/leasing to a financial institution. With Portfolio guarantees financial institutions require a smaller down payment and apply a lower interest rate as compared to market conditions.	INVEGA	N

¹⁹ N – national, R - regional

9	Portfolio Guarantees for Leasing Transactions	Funded from the European Regional Development Fund is aimed at facilitating access to funding for small and medium size enterprises (SMEs) when an SME is unable to provide a collateral that is attractive or sufficient to a financial institution. The maximum guaranteed amount of a leasing transaction can be EURO 1,875,000, or €937,000 in the case of organizations involved in the carriage of freight by road. Funding under the instrument cannot extend beyond 120 months.	INVEGA	N
10	Portfolio Guarantees for Loans	Funded from the European Regional Development Fund is aimed at facilitating access to funding for SMEs when an SME is unable to provide a collateral that is attractive or sufficient to a financial institution. The maximum guaranteed amount of loan is EUR 1,875,000, or EUR 937,000 in the case of organizations involved in the carriage of freight by road. Funding under the instrument cannot extend beyond 120 months or 36 months for facility of credit limit.	INVEGA	N
11	Partial financing of Loan Interest	Provides businesses compensations of up to 100% of the interest paid.	INVEGA	N
12	Entrepreneurship Promotion Fund 2014–2020	SMEs are eligible for compensation of up to 75% (for a priority group; 50% for others) of labour costs for every employee working under an employment contract with the instrument Business Start-up Subsidies. The fixed monthly rate of partial compensation of labour costs is set at EUR 498.48 and the minimum availability period is 12 months.	INVEGA	N
13	Competence Voucher	Offers compensations of up to EUR 4,500 for training over a period of 12 months. Micro small, small and medium enterprise can get 80% reimbursement at fixed hourly rate EUR 7.81.	INVEGA	N
14	Expo Consultant LT	Up to EUR 4,000 in compensation of costs of consultations on export-related topics over a period of 6 months. Consultation topics include export preparedness action plan, export strategy, target export market selection and external communication, legal aspects of international trade and certification on foreign markets, technical and manufacturing aspects of export, export risk management. SMEs up to 3 years in operation get 85% reimbursement, SMEs over 3 years (inclusive) in operation 50%.	INVEGA	N
15	Eco Consultant LT	Up to EUR 4,000 in compensation of costs of consultation on more efficient use of resources and conservation of natural resources.	INVEGA	N
16	Business Consultant LT	Up to EUR 2,000 in compensation to cover the costs of business consultations over a period of 6 months. There were three calls for this support measure but currently it is not available.	INVEGA	N
17	INNOCONNECT	Aims to promote international partnerships and networking by seeking opportunities to participate in international EU research, experimental development and innovation initiatives and to establish contacts with international partners through the Enterprise Europe Network, thus increasing research and experimental development in the Republic of Lithuania; expenditure, exports of R&D services and attracting foreign investment. Funded activities: participation in events of international R&D initiatives, information about which is provided by EWC organizations. A list of international R&D initiatives reported by EWC organizations is available on the European Commission's website. Call budget: EUR 1 448 100. Maximum amount and intensity of funding: EUR 10,000.	LVPA	N
18	Smart FDI	Aims to support foreign direct investment in R&D activities, R&D infrastructure of an existing or	LVPA	N

		new existing enterprise, activities related to the implementation of process and organizational innovations. Potential applicants: private entities (a private legal entity established by a foreign investor/company over which a foreign investor has a decisive influence, or a branch established by a foreign investor/company in the Republic of Lithuania). Call budget: EUR 15 million. The call is already stopped.		
19	Expo Certificate LT	Funding is provided for the certification activities of the companies' products, which are planned to be exported to foreign countries, including tests, research, expert consultations. The purpose of the measure is to encourage the internationalization of companies by providing support for the certification of products intended for export. Funded activities - certification of products to be exported, including the necessary tests and studies.	LVPA	N
20	New Opportunities LT	Supports the participation of companies in international exhibitions, business missions, fairs is financed, including the costs of preparation for these events, travel and accommodation, event fees, stand and preparation of promotional materials. The budget of the measure is EUR 28,962,002. These investments are a partial subsidy. The published call for proposals was valid until 2019.03.04.	LVPA	N
21	Renewable Energy for Industry LT	Targeted to installation of energy production capacity using renewable energy resources. Development of new technologies for more efficient use of renewable energy resource and installation in industrial plants. Funded activities: installation of renewable energy resource using energy production capacities, development and implementation of new renewable energy resource efficient technologies in industrial enterprises in order to use energy to meet the internal needs of enterprises and, if possible, to supply surplus energy to other industrial enterprises or transfer to centralized energy networks. Maximum amount of funding is EUR 500,000. Call budget: EUR 1,65 million.	LVPA	N
22	Eco-Innovation LT	The aim of the measure is to encourage SMEs to adopt technological eco-innovations in order to reduce the negative effects of climate change and the greenhouse effect. Supported activities: implementation and promotion of technological eco-innovation. In order to reduce the negative consequences of climate change and the greenhouse effect, investments in tangible assets (equipment, technologies) are envisaged, the implementation of which reduces the negative impact of economic activities on the environment, promotes industrial symbiosis and ensures a continuous environmental protection effect. The maximum possible amount of funding is EUR 1,5 million. The planned amount of funding for the call is EUR 22 million.	LVPA	N
23	Design LT	The purpose of the measure: to encourage companies to invest in product (service) design solutions in order to increase the attractiveness of the company's products or services, as well as the demand and productivity of the company. Supported activities: development and / or implementation of non-technological innovations - original product (service) design solutions. Eligible applicants: micro, small and medium-sized enterprises. The maximum amount of funding available for a project was EUR 30,000. The maximum possible amount for the creation and implementation of	LVPA	N

		one design solution is 10,000 Eur. Planned funding for the call: EUR 1,5 million. The call was closed in 2020.03.02.		
24	Experiment LT	The purpose of the measure is to encourage companies to invest in research and/or experimental development (R&D) for the development of innovative products, services or processes, and to encourage business development by investing in the creation and development of R&D and innovation infrastructure. Funded activities: R&D; initial investments of enterprises, which create a new or expand the R&D and innovation infrastructure of an existing enterprise and which are not publicly available or in clusters. The maximum possible amount of funding depends on condition and varies between EUR 200,000 - 900,000. The planned amount of funding for the call is EUR 22,7 million.	LVPA	N
25	Digital Innovation Centres	The aim of the measure is to encourage companies to invest in digital innovation by providing industry with up-to-date information, expertise and infrastructure and technology to test digital innovations with their products, processes or business models, thus enabling companies to carry out research, development and innovation activities, increased access to technology and equipment. Supported activities: investments in the development of infrastructure for a digital innovation centre that is not publicly available or in clusters; operation of the innovation cluster; innovation advisory and innovation support services. Eligible applicants are the innovation cluster coordinator operating the digital innovation centre. Therefore SME as stand-alone is able to use this measure but can join efforts with other stakeholders in the region. The maximum possible amount of funding is EUR 6 million.	LVPA	N
26	Industry Digitization LT	The aim of the measure is to encourage SMEs to provide technological audits to help them assess the potential and prospects of digitization of production processes, thus ensuring the purposefulness, efficiency and effectiveness of their investment in digitalization of production processes. It enables companies to increase productivity, as well as stimulate SME change and increase productivity through the introduction of industrial process digitization technologies in production processes. The maximum possible amount of financing is EUR 1 million for micro and small-sized enterprises, EUR 2,9 million for medium-sized enterprises, and EUR 20,000 for technological audits and maintenance of industrial SMEs. The planned amount of funding for the call is EUR 15,350,882.	LVPA	N
27	Venture Capital Funds	The Accelerator Fund, The Co-investment Fund, The Co-investment Fund RDI, Co-investment Fund for Transport and Communications, The Co-investment Fund II, Business Angels Co-Investment Fund, Early Stage and Development Fund II, Development Fund I, Development Fund II, The Baltic Innovation Fund	INVEGA	N
28	Export leaders program "SPARNAI"	It is a two-year export leaders program that encompasses a partnership between government and business in order to attain the same objective: to promote Lithuania's competitiveness in foreign markets and to develop high level export specialist meeting current market demands. For young people, this is an opportunity to acquire knowledge in the export process management,	Enterprise Lithuania	N

		management and consulting and to take part in the implementation of international projects.		
29	Lithuanian Exporters Database	A tool designed for foreign companies that are looking for a reliable partner in Lithuania. Lithuanian Exporters Database contains information about Lithuanian manufacturers and service providers from various business sectors. Here you can find detailed company profiles, up-to-date contact information and convenient search engine. This tool gives foreign companies a possibility to directly contact potential Lithuanian partners, download company profiles in PDF, create public proposals or consult with Enterprise Lithuania industries' experts. All this is free of charge, as Enterprise Lithuania is a non-profit governmental agency, which aims to drive and foster entrepreneurship and export in Lithuania.	Enterprise Lithuania	N
30	Export diagnostics	It is a free service based on methodical and long-term business practice, consistently going through several stages: process management, market choice analysis, peculiarities of preparation of goods for export, export marketing steps, the basics of company or brand communication.	Enterprise Lithuania	N
31	10 steps towards export	A digital publication for novice exporters prepared by Enterprise Lithuania. The publication provides basic information and advice on how to decide if a company is ready to export, how to choose suitable markets for export, how to prepare an export plan, how to choose a sales method, how to establish trade relations with foreign partners and present yourself properly at business missions or exhibitions. The publication also reviews the main ways to determine the price of the exported goods, what to look for when concluding contracts, how to properly prepare the goods for shipment.	Enterprise Lithuania	N
32	The Export Guide	A one-stop information box for Lithuanian exporters. The portal contains all relevant information about the target Lithuanian export markets that creates export-friendly conditions and promotes export initiatives in a user-friendly way. The portal provides the information necessary for the business, on the basis of which the business can make optimal, reasonable decisions, choosing the market, positioning itself in the target market chosen by consumers / customers. Enterprise Lithuania implements this project together with partners - the Ministry of Economy and Innovation of the Republic of Lithuania, the Ministry of Foreign Affairs of the Republic of Lithuania, the Lithuanian Confederation of Industrialists, the Lithuanian Chamber of Commerce, Industry and Crafts Association, INFOBALT Association, Lithuanian Food Exporters Association (LITMEA), Global Lithuanian Leaders, Lithuanian Business and Support Agency, Lithuanian Land Economic and Innovation and Food Market Regulatory Agency, German-Baltic Chamber of Commerce in Estonia, Latvia, Lithuania, Norwegian-Lithuanian Chamber of Commerce.	Enterprise Lithuania	N
33	General information on temporary/ cross border services	Provided for enterprises intending to provide temporary/cross border services in Lithuania. One of the objectives of the Services Directive is to make it easier for a service provider to provide services in a Member State without being established there. "Establishing" in a Member State, in effect, means having a permanent office or place of business there. Article 16 of the Services directive states that 'Member States shall respect the right of providers to provide services in a Member State other than in which they are established'.	Enterprise Lithuania	N

34	National Mentors' Network	A virtual platform where experienced business people meet with newcomers to share their experience, knowledge and skills. Mentorship is communication between experienced entrepreneurs and start-ups in order to help newcomers to obtain business management knowledge, improve personal communication skills or acquire other skills. This is a voluntary activity that is beneficial to both sides.	Enterprise Lithuania	N
35	Consultations	Consultations on starting and running business in Lithuania. Free of charge consultations are given on the following topics: choosing a business form; registration of a business form; business plan; taxes; financial support for business; requirements for products; requirements for construction products; requirements for business services;	Enterprise Lithuania	N
36	The Startup Visa	A new talent attraction scheme that provides a streamlined entry process to the Lithuanian startup ecosystem for innovative non-EU entrepreneurs to build, grow and compete in our booming international community. Designed for innovative startup founders who wish to establish a startup in Lithuania, you no longer need to fulfil certain capital or employment requirements to obtain a residence permit.	Enterprise Lithuania	N
37	Startup Lithuania Ecosystem	It is a facilitator between fast growing business, venture capital funds, accelerators, startup friendly enterprises, and the government. Startup Lithuania provides multiple non-financial support measures for startups: startup ecosystem news; startups database; job marketplace; events: hackathons, workshops, Startup Fair - www.startuplithuania.lt/events ; weekly newsletter that covers the ecosystem; consulting, advising, introducing, networking.	Enterprise Lithuania	N
38	Spiečius Co-Working Space	A non-traditional business development environment. It is intended for cooperation and development of small and medium-sized business that have been in operation for no longer than 5 years. Such co-working spaces, focused on representatives of digital and creative industries. Here entrepreneurs are provided with free workstations with equipment, consulting on the development of digital business and creative industries as well as social business is provided, practical mentor sessions and business development training (work with various programs, tools and platforms) are organized. In addition other business promotion and development initiatives are implemented. Business development consulting is provided by enterprises and organizations selected to the Business Consultants Network	Enterprise Lithuania	N
39	Subsidy for project representing Klaipeda	Up to 80% subsidy for SME projects representing Klaipeda city. Max size of subsidy – 5.000 EUR	Klaipeda city municipality	R
40	Cost compensation	Subsidy up to 80%, but not more than EUR 200, of the costs related to the establishment of the company. SME preparing an investment project, business plan and/or application for funding from other funds could be reimbursed up to 80%, but not more than EUR 1500, of the costs of payment for documented services provided by consultants and/or experts. Reimbursement of website development/rental/ administration service costs for 1 calendar year up to 80%, but not more than EUR 1,000. Reimbursement of the costs of acquiring new job creation measures for SME entity up to 80%. The purchase of computer equipment is financed up to EUR 400. If more than one job is	Klaipeda city municipality	R

		created, each purchase of tools for another job created is financed up to EUR 300. The maximum amount of financing for the purchase of work equipment is EUR 1500. SME entity submitting applications for patenting inventions and design registration at the national level could be reimbursed up to 100%, but not more than EUR 400 of the costs of payment for services provided by the State Patent Bureau of the Republic of Lithuania. All of these possibilities are limited because total budget for SME support Klaipeda city municipality is only 25.000 EUR.		
41	Cost compensation	Up to 80% of SME incorporation expenses, up to 80% of expenditures for participating in trade show, up to 50% of equipment purchase expenses if it create new jobs, up to 80% for website development, up to 80% for market and scientific research, up to 50% for marketing material expenses, up to 80% of credit interest if it is aimed to grow the business, up to 80% for rent of premises if it is used for business activity.	Klaipeda district municipality	R
42	Cost compensation	SME incorporation expenditures up to 116 EUR, offers up to 40% subsidy but not more than 600 EUR for participating in trade shows. There is also a possibility to get up to 40% subsidy but not more than 1.000 EUR for equipment. Preparation of business plans, market and scientific research works can be subsidized up to 60% but not more than 500 EUR. Development of internet websites can be supported by financial aid of up to 300 EUR. Kretinga district municipality also provides support by real estate rent or tax reduction even up to 100% for up to three years. But there are requirements to invest certain amount into SME business and create certain number of jobs (min. 10.000 EUR and 3 jobs).	Kretinga municipality	R
43	Cost compensation	Municipality offers 40% or 100% rent or real estate tax reduction and some reduction on personal income tax if a business operates full year round. Neringa municipality also tries to encourage the development of tourism activities that fell into priority list (health, ecology, business and culture tourism). Municipality states they provide some funding to specific projects but public information is not very specific. Yet there are provided contacts of municipality administration for more detailed information if SME has particular project idea.	Neringa municipality	R
44	Cost compensation	Supports all sorts of SME except businesses that operates under licence and compensates SME incorporation expenditures up to 335 EUR. Municipality provides up to 100% subsidy (up to 3.000 EUR) for equipment if it creates new jobs in the municipality. It also compensates up 50% of interest on credits that were used to create new jobs. There is an interesting support opportunity – Silute municipality is ready to compensate up to 2.000 EUR for expenditures related to EU funding applications. It is also possible to get a 100 EUR subsidy from local employment initiative for creating new jobs.	Silute district municipality	R
45	Consultations	Skuodas municipality tries to encourage the incorporation of new SMEs by providing consultations and training.	Skuodas municipality	R
46	Cost compensation	Up to 100 EUR for SME incorporation, up to 150 EUR (no more than 50%) for SME advertising expenses, up to 50% compensation for training that strengthens competitiveness. Skuodas municipality also has an initiative for new business ideas – the winner of the competition gets some	Skuodas municipality	R

		funding but detailed information is not published.		
47	Financial support for youth initiatives	Financially supports youth initiatives, culture, health and social projects but competition must take place and each case is analysed individually.	Palanga municipality	R
48	Cost compensation	Municipality provides some reductions on municipality taxes but no details provided publically.	Palanga municipality	R
49	Cost compensation for service centre	A reimbursement related to premises rent is to be given to all new and expanding service sector companies after a 12-month period. There are two major requirements: (1) more than 20 new workspaces created in Klaipeda city and (2) keeping them at least for 36 months.	Klaipeda city municipality	R
50	Enterprise Europe Network.	The project goal is to provide business information necessary for the development of companies on a one-stop-shop basis, to help companies find business and technological partners in Europe and to promote international and innovative business. This network is the largest in the world in the field of business support. It is made up of more than 600 organizations in 60 countries around the world. The staff of the network provides public international and innovative business services (training, consultations, search for cooperation and technological partners, representation of companies at the EU level, etc.). The project value is EUR 899,310 in total, including EUR 152,884 for Klaipeda.	Klaipeda Chamber of Commerce, Industry and Crafts	R
51	Project under New Opportunities LT	Aims to increase the awareness of the Lithuanian seaside as a tourist destination, to improve its image, to attract a larger flow of foreign tourists and thus to contribute to reducing the seasonality of tourism services and promoting exports. Main activities include participation of companies in events taking place abroad (exhibitions, fairs, business missions) in order to achieve export growth. In order to implement the activities envisaged in the project, 6 business missions and participation in 5 exhibitions will be organized within 2018-2020. The implementation of all project activities will help them to establish cooperation relations with Sweden, Norway, Denmark, Germany, the United Kingdom, Ukraine, Israel. Total value of the project is EUR 298,708.	Klaipeda Chamber of Commerce, Industry and Crafts	R
52	INTERMARE Internationalization of the South Baltic Maritime Economy.	The companies and institutions belonging to the network will be involved in joint activities for the development and integration of the maritime economy. More information: http://intermare-southbaltic.eu . Project implementation period 2017-2020. Total value of the project is EUR 1,859,625.	Klaipeda Chamber of Commerce, Industry and Crafts	R
53	Partners search services	Foreign Relations Department offers partner search service in Lithuania. If foreign company is interested in activity on Lithuanian market and in cooperation with local enterprises, Klaipeda Chamber of Commerce will help to contact new potential business partners.	Klaipeda Chamber of Commerce, Industry and Crafts	R

SWOT Analysis

STRENGTH	WEAKNESSES
<ul style="list-style-type: none"> • There significant funding sources (venture capital) for innovation based startups and scale-ups is already available. • Almost 98% of SMEs do or plan to do internationalization activities even without any support (if internationalization makes sense based on their business model). • Klaipeda city has natural traction for entrepreneurship-minded people. City has different emotional vibe (it is less stressful and less in a hurry, compared to Vilnius or Kaunas). It just needs more effective public communication and purposely-focused positioning of the region (that it's not just a sea port or a province). • Startup accelerator is planned to be established by Klaipeda ID in 2021. • SMEs have a strong intention for internationalization through export. • Favourable investment environment in the Free Economic Zone, especially for logistics and production companies who require the transportation offered by Klaipeda by sea port. 	<ul style="list-style-type: none"> • Most SMEs aren't aware of support measures, can't find information and don't have time to analyse all the documents and get deep into specifics of each support measure. Lack of SMEs initiative to take a chance and benefit from support measures. • SMEs feel that there is nobody whom they could consult regarding support measures unless hiring agency or consultant that costs money. • Number of students in Klaipeda has decreased, and region became less attractive for investors due to modest talent pool. • Foreign tourists make up quite modest part (29,9%) of total tourists. Occupancy rate is quite low. There is a potential to accommodate more tourists, but it's not clear what the region could offer and how could attract foreign tourist. • Klaipeda is geographically distant from Vilnius • Klaipeda University IP policy is not bad, but not fully communicated. If university could overcome the stereotype that the scientist himself can sell invention at a higher price, it could lead to more fruitful partnership between university and SMEs, including international R&D order. • Low quality of innovation-based SME projects. Gap between science, business, and self-government. • Only 33,9% micro-sized enterprises have a plan for internationalization • Lack of soft facilitation / coordination in support activities. Lack of stakeholders' willingness to allocate more time and effort. • Significant share of SMEs have language and communication confidence barrier. • Most SMEs haven't found their competitive advantage and unique selling proposition before trying to engage in export activities.

OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • The European Investment Fund proposed to set up the Baltic Innovation Fund, a Fund of Funds intended to promote the development of venture capital markets in the three Baltic States (Lithuania, Latvia and Estonia). This should make region startups more attractive to foreign investors • Self-government held the position that it should not interfere in the business environment. But this attitude has changed a year ago and municipalities already pay some attention to the development of business ecosystem. • There is much that can be automated – a smart wizard for consulting on support measures could be created. If particular questions can't be answered, online consultations could be held via chat with a live person responding to requests. • National organizations evaluate the efficiency of support measures and adjust their plan of action (some measures were closed while others are planned to be strengthened). • Export diagnostics service provided by Enterprise Lithuania is very helpful. If Enterprise Lithuania will decide to strengthen this measure, more SMEs from Klaipeda region could benefit from it. • Reimbursement of initial consultations is an effective tool. This measure should be expanded at national level. 	<ul style="list-style-type: none"> • Economy downturn or even recession due to Coronavirus pandemic • Individual venture capital markets in the Baltic countries are of a very limited size and are unattractive to international investors. • EU cohesion support program is almost finished for this period. It will take time till calls for application for measures from next period will be activated. SMEs might not get actual support from EU funds for few upcoming years. • Most SMEs are looking for distribution channels and customers in foreign markets, but there are only handful measures to address this need. • Bureaucratic mind set is still very strong in national level. • The support programs are broken down into smaller programs, initiatives and projects. The budget is reduced, therefore it's difficult to achieve significant and tangible results in each of those initiatives. • No industry where Klaipeda considers itself strong is considered a national priority.

Questionnaire for the online survey (original text in Lithuanian)

KLAIPĖDOS SMULKAUS IR VIDUTINIO VERSLO INTERNACIONALIZACIJOS TYRIMAS

Sveiki,

Esu dr. Donatas Jonikas ir Klaipėdos miesto savivaldybės administracijos užsakymu atlieku šį tyrimą pagal Inter Ventures projektą. Tyrimo tikslas - įvertinti Klaipėdos smulkaus ir vidutinio verslo (SVV) internacionalizacijos potencialą ir pateikti rekomendacijas, kokiomis priemonėmis būtų galima stiprinti Klaipėdoje veikiančio verslo plėtrą tarptautiniame lygmenyje.

Jeigu jūsų įmonė registruota Klaipėdoje ir atitinka SVV kriterijų (darbuotojų skaičius - iki 249; apyvarta - iki 50 mln. Eur), būčiau nuoširdžiai dėkingas už Jūsų atsakymus šioje anketoje. Anketa anoniminė, o duomenys bus naudojami tik apibendrinti. Kilus bet kokiems klausimams ar pastaboms, galite su manimi susisiekti tiesiogiai tel. +370 670 47671 arba el. paštu donatas@marketologai.lt. Jei šią anketą kas nors iš Jūsų įmonės jau užpildė, prašome į ją nebeatsakinėti.

1.1. Kuriai kategorijai priklauso Jūsų įmonė:

- mikro įmonė (1-9 darbuotojai)
- maža įmonė (10-49 darbuotojai)
- vidutinė įmonė (50-249 darbuotojai)
- stambi įmonė (virš 249 darbuotojų)

1.2. Kuri verslo šaka labiausiai atitinka Jūsų įmonės veiklą:

- gėrimų ir maisto pramonė
- informacinės technologijos ir programinė įranga
- inžinerija, statyba, plieno pramonė
- konsultacijos
- automobilių pramonė
- chemijos pramonė
- vaistai ir biotechnologijos
- žemės ūkis, žuvininkystė, miškininkystė
- transportas ir logistika
- telekomunikacijos
- medicina ir sveikatos paslaugos
- didmeninė ir mažmeninė prekyba
- turizmas
- aplinkosaugos technologijos

- energetika
- gamyba
- kita

1.3. Ar vykdate verslo veiklą užsienyje?

- Taip
- Ne

1.4. Kokia tai veikla?

2.1. Kokie yra Jūsų pagrindiniai motyvai verslo plėtrai į užsienį?

- pasiekti naujas ir augančias rinkas
- sustiprinti konkurencingumą pasinaudojant naujomis technologijomis ir "know how"
- teisinė, finansinė aplinka užsienio šalyse
- kita: _____

2.2. Kurią internacionalizacijos stadiją labiausiai atitinka Jūsų verslas:

- visiškai pradinė (informacijos rinkimas)
- pirmieji realūs bandymai
- plėtros stadija (aktyviai veikiame tarptautiniu lygiu)
- brandos stadija (įsitvirtinę tarptautinėse rinkose)

2.3. Kokios Jūsų pagrindinės veiklos tarptautinėse rinkose?

- Eksportas
- Importas
- investicijų pritraukimas
- investuojame patys
- kita

2.4. Kaip manote, ar vadovybės ir personalo kvalifikacija Jūsų įmonėje yra pakankama verslo plėtrai užsienyje?

- Taip
- Ne

2.5. Ar turite plėtros į užsienį / eksporto veiksmų planą?

- Taip
- Ne

2.6. Kas Jums buvo / yra svarbiausia atliekant pirmuosius žingsnius plečiant verslą į užsienį?

- Užsienio partnerių palaikymas
- Internetinės svetainės pritaikymas užsienio vartotojams
- Finansavimo priemonių paieška
- Bendra su partneriais rinkodaros komunikacija
- Distribucijos kanalų paieška
- Tinklaveikos ir verslas-verslui renginių organizavimas užsienyje
- Atstovavimas ir virtualūs biurai
- Inovacijų paslaugos (intelektinė nuosavybė, moksliniai tyrimai)
- Tarptautinių verslo renginių radimas
- Kita: _____

2.7. Kiek stipriai Jus riboja šie vidiniai barjerai?

	Visiškai neriboją	Neriboją	Riboją	Labai riboją	Neaktualu
Laiko trūkumas					
Žmogiškųjų išteklių trūkumas					
Personalo kvalifikacija					
Gamybiniai pajėgumai					

2.8. Kiek stipriai Jus riboja šie išoriniai barjerai?

	Visiškai neriboją	Neriboją	Riboją	Labai riboją	Neaktualu
investicijų poreikis plėtrai į užsienį					
finansinio skaidrumo reikalavimai					
eksporto administraciniai apribojimai					
užsienio verslo galimybių identifikavimas					
informacijos apie užsienio rinkas trūkumas					
komunikacija su vartotojais užsienyje					
intelektinės nuosavybės apsauga					
bendradarbiavimas su palaikančiomis organizacijomis					
palaikymas iš Lietuvos valstybės institucijų					
patikimas atstovas užsienio rinkose					

stipri vietinė konkurencija užsienio rinkose					
transportavimo kaštai					
ryšiai su tiekėjais, partneriais ir agentais užsienyje					

3.1. Iš ko Jūs gaunate pagalbą verslo plėtrai?

- ES iniciatyvos ir parama
- Finansinės institucijos (bankai, fondai ir pan.)
- Pramonės, prekybos ir amatų rūmai
- Investicijų pritraukimo ir užsienio prekybos agentai / konsultantai
- Vietinės ir regioninės verslumo skatinimo organizacijos
- Žinių tiekėjai (universitetai, mokymų organizatoriai ir pan.)
- Klaipėdos miesto savivaldybės administracijos SVV paramos programos
- Kitur
- Pagalba nesinaudojame

3.2. Kuriais iš šių finansinių paramos priemonių Jūsų įmonė pasinaudojo per pastaruosius 5 metus?

- Dotacijos konsultantų, mokslininkų ir kitų specialistų samdymui
- Parama dalyvauti verslo parodose užsienyje
- Kitos dotacijos verslo plėtrai į užsienį
- Finansavimas prieš išsiunčiant prekes
- Finansavimas po prekių išsiuntimo
- Paskolos ir kreditų garantijos
- Trumpalaikio eksporto, draudimo ir rizikos valdymo finansavimas
- Mokestinės lengvatos
- Nesinaudojo

3.3. Kuriais iš šių nefinansinių paramos priemonių Jūsų įmonė pasinaudojo per pastaruosius 5 metus?

- Rinkos tyrimai
- Konsultacijos
- Fizinė darbo vieta skirta eksporto plėtros veikloms
- Paslaugos startuoliams ir intelektinės nuosavybės apsauga
- Paslaugos personalo ir vadybos pajėgumų stiprinimui
- Įėjimo į užsienio rinkas strategija
- Eksporto mokymai ir praktiniai užsiėmimai
- Sumanaus mobilumo mokymai
- Kalbų ir kultūrinių skirtumų mokymai

- Tarptautinis technologijų perdavimas
- Nesinaudojo
- Kita _____

3.4. Kuriais iš šių priemonių Jūsų įmonė dažniausiai naudojosi per pastaruosius 5 metus?

- Finansinė parama SVV įmonėms
- Paslaugos startuoliams ir mikro įmonėms
- Parama SVV įmonėms specifiniame sektoriuje
- Paslaugos nukreiptos SVV įmonių tarptautinės plėtros skatinimui
- Moksliniai tyrimai ir eksperimentinė plėtra
- Mokymai ir edukaciniai užsiėmimai
- Technologijų ir "know-how" perdavimas
- Parama inovacijoms
- Eksporto rinkodara ir susijusios paslaugos
- Informacija apie taisykles, reglamentus, verslo misijas užsienyje
- Partnerių paieškos paslaugos
- Rinkos tyrimų paslaugos
- Reguliariai atnaujinama užsienio rinkų analizė
- Pagalba "vieno langelio" principu
- Pagalba iš prekybos organizacijų užsienyje
- Nesinaudojo
- Kita: _____

3.5. Kodėl pasinaudojote būtent šiomis priemonėmis?

3.6. Ar naudojotės kuria nors informacine pagalba šiuo metu?

- Informacija apie taisykles ir reglamentus
- Užsienio rinkų apžvalgos
- Partnerių paieška užsienyje
- Verslo misijos, forumai ir kiti renginiai
- Tikslinės rinkos analizės paslauga
- Pagalba "vieno langelio" principu
- Nesinaudojame

3.6. Kas nutiktų, jei negautumėte pagalbos?

- negalėtume plėsti veiklos į užsienį
- nieko, mes vis tiek eitume į užsienį
- kita: _____

3.7. Kurie verslo paramos fondai Jūsų nuomone labiausiai padeda smulkiam verslui plėstis į užsienį?

- ES struktūriniai fondai
- nacionaliniai paramos fondai
- regioniniai ir vietiniai paramos fondai
- neturiu nuomonės

Question translation to English

1.1. Into which category your enterprise belongs:

- Micro-sized enterprise (1-9 employees)
- Small-sized enterprise (10-49 employees)
- Medium-sized enterprise (50-249 employees)
- Large-sized enterprise (over 249 employees)

1.2. Into which economic sector your enterprise belongs:

- Food/beverage industry
- ICT/software
- Engineering/construction/steel
- Consultancy services
- Automotive industry
- Chemicals
- Pharmacy and biotechnology
- Agriculture/forestry/fishery
- Transport/logistics
- Telecommunications
- Medical care/health
- Whole sale and retails trade
- Tourism
- Environmental technologies
- Energy
- Manufacturing
- Other

1.3. Are you currently doing any business abroad?

- Yes
- No

1.4. What does that business involve?

2.1. The main reason to go international is:

- To reach new fast-growing markets
- Expand competitiveness by accessing new technologies and know-how
- Legal/fiscal environment of the targeted market
- Other: _____

2.2. In which phase of internationalization you are:

- Early stage (just collecting info)
- First real tries
- We are expanding
- We are in the mature phase

2.3. The main activities in international markets

- Exporting
- Importing
- Looking for investors
- Investing

2.4. Do you think that the management and personnel qualifications of your enterprise are adequate to develop internationalization activities?

- Yes
- No

2.5. Do you have a plan for internationalization/export?

- Yes
- No

2.6. What is the most crucial for the first internationalization activities:

- Support from the partners in foreign county
- Web-sites accustomed to foreign customers
- Scouting for funding opportunities
- Joint communication and promotion services
- Distribution channels search
- Organization of networking and B2B activities in the foreign country
- Representation and virtual office services
- Innovation services (intellectual property, R&D collaboration)
- Scouting for international joint events

Other: _____

2.7. How easy it is for you to overcome these internal barriers for your internationalization:

	Very easy	Easy	Hard	Very hard	Not relevant
Lack of managerial time enough to deal with internationalization					
Shortage of HR for export activities					
Qualified and/or trained personnel for internationalization not enough					
Adequate production capacities					

2.8. How easy it is for you to overcome these external barriers for your internationalization:

	Very easy	Easy	Hard	Very hard	Not relevant
Ensuring investments for internationalization					
Obtaining transparency of financing schemes					
Overcoming export administrative restrictions					
Difficulties in identifying foreign business opportunities					
Finding strategic information to locate/analyse markets					
Ability to contact potential overseas customers					
Intellectual property protection					
Collaboration with the supporting bodies					
Obtaining home government support					
Obtaining reliable foreign representation					
Ability to overcome strong local competitors					
Excessive transportation costs					
Relations with local suppliers/ partners/ agents/ distributors					

3.1 Where do you receive your support?

- EU initiatives
- Financial institutions (public plus commercial banks and funds etc)
- Chamber of Commerce
- Investment and trade agency/consultants

- Local and regional entrepreneurship supporting organizations
- Knowledge providers (universities, training organizers, etc.)
- SME support program by Klaipeda city municipality
- Other
- We don't use any support

3.2. Which from the financial support schemes has your organization used the most within the last five years?

- Grants for recruitment of advisors, researchers, accountants
- Funding to attend international trade events and exhibitions
- Grants for any stage of internationalization activities
- Pre-shipment financing
- Post-shipment financing
- Loans, and credit guarantee scheme
- Financing short-term exports, insurance solutions, and risk management
- Tax incentives
- None of the above

3.3. Which from the following non-financial support schemes has your organization used the most within the last five years:

- Market research support
- Consultancy support
- Export/internationalization observatory facilities
- Services for start-ups as well as IPR support
- Services for developing human resources and managerial capacity
- Training on internationalization and new market entry strategy
- Export coaching course, export academies
- Training on smart mobility market trends and opportunities and country-focused training
- Language and cultural training
- International technology transfer
- None of the above

3.4. Which of the following has your organization used the most within the last five years?

- Financial support services for SMEs
- Services for start-ups and micro enterprises
- SME support services for a specific sector
- Services focused on SMEs internationalization
- Research and development activities, applied research
- Training, educational activities

- Technology and know-how transfer activities
- Support of innovation
- Export promotional activities/marketing
- Information about administrative rules and regulations, traded missions, business forums and other promo events
- Partner search services
- Market intelligence services
- Regularly update analysis reports on foreign markets
- One-stop customer services
- Trade centre's abroad
- Other: _____

3.5. Why? Provide an answer?

3.6 Do you use any of the information provisions offered in supportive environment?

- Info regarding the administrative rules and regulations
- Analysis reports on foreign market
- Partner search services
- Trade missions, business forums, and other promo events
- Market intelligence services
- One-stop customer service
- None of the above

3.6. What will happen without public support?

- We are not able to go international
- Nothing. We will go international anyway
- Other: _____

3.7. What do you think are the most important public funds in internationalization of SME:

- EU cohesion funds
- National funds
- Regional and local funds
- I don't know

Number of full-time and part-time employees by age in different municipalities of Klaipeda county

		2014	2015	2016	2017	2018
Total by age	Klaipėda county	109,163.0	109,813.0	111,283.0	111,779.0	111,967.0
	Klaipėda c. mun.	68,786.0	69,113.0	70,184.0	69,494.0	68,864.0
	Klaipėda d. mun.	14,015.0	14,123.0	14,860.0	15,633.0	17,087.0
	Kretinga d. mun.	8,501.0	8,544.0	8,545.0	8,720.0	8,027.0
	Neringa mun.	1,093.0	1,137.0	1,110.0	1,167.0	1,166.0
	Palanga t. mun.	4,518.0	4,609.0	4,818.0	4,902.0	4,953.0
	Skuodas d. mun.	2,648.0	2,644.0	2,453.0	2,399.0	2,372.0
	Šilutė d. mun.	9,602.0	9,643.0	9,313.0	9,464.0	9,498.0
Less than 25 years	Klaipėda county	8,669.0	8,114.0	7,942.0	7,547.0	6,646.0
	Klaipėda c. mun.	5,679.0	5,359.0	5,420.0	5,155.0	4,292.0
	Klaipėda d. mun.	1,140.0	1,025.0	994.0	954.0	988.0
	Kretinga d. mun.	503.0	493.0	456.0	414.0	392.0
	Neringa mun.	98.0	101.0	87.0	81.0	49.0
	Palanga t. mun.	327.0	308.0	322.0	334.0	322.0
	Skuodas d. mun.	145.0	114.0	79.0	67.0	91.0
	Šilutė d. mun.	777.0	714.0	584.0	542.0	512.0
25–29	Klaipėda county	10,719.0	10,956.0	11,090.0	10,800.0	10,410.0
	Klaipėda c. mun.	7,137.0	7,316.0	7,462.0	7,149.0	6,741.0
	Klaipėda d. mun.	1,490.0	1,486.0	1,562.0	1,567.0	1,672.0
	Kretinga d. mun.	664.0	657.0	640.0	696.0	586.0
	Neringa mun.	102.0	104.0	82.0	88.0	87.0
	Palanga t. mun.	359.0	383.0	401.0	388.0	375.0
	Skuodas d. mun.	151.0	176.0	130.0	146.0	170.0
	Šilutė d. mun.	816.0	834.0	813.0	766.0	779.0
30–39	Klaipėda county	22,497.0	22,642.0	23,014.0	23,391.0	23,795.0
	Klaipėda c. mun.	14,600.0	14,702.0	14,937.0	14,905.0	15,110.0
	Klaipėda d. mun.	3,226.0	3,249.0	3,468.0	3,713.0	3,986.0
	Kretinga d. mun.	1,557.0	1,564.0	1,532.0	1,619.0	1,496.0
	Neringa mun.	239.0	241.0	249.0	263.0	254.0
	Palanga t. mun.	823.0	819.0	846.0	855.0	871.0
	Skuodas d. mun.	372.0	390.0	335.0	322.0	288.0
	Šilutė d. mun.	1,680.0	1,677.0	1,647.0	1,714.0	1,790.0
40–49	Klaipėda county	27,937.0	27,551.0	27,329.0	27,251.0	27,267.0
	Klaipėda c. mun.	16,988.0	16,751.0	16,615.0	16,362.0	16,293.0
	Klaipėda d. mun.	3,725.0	3,710.0	3,883.0	4,105.0	4,565.0

	Kretinga d. mun.	2,383.0	2,328.0	2,237.0	2,195.0	1,958.0
	Neringa mun.	265.0	271.0	280.0	301.0	312.0
	Palanga t. mun.	1,147.0	1,157.0	1,169.0	1,219.0	1,198.0
	Skuodas d. mun.	735.0	683.0	631.0	572.0	539.0
	Šilutė d. mun.	2,694.0	2,651.0	2,514.0	2,497.0	2,402.0
50–59	Klaipėda county	28,797.0	29,008.0	29,410.0	29,394.0	29,394.0
	Klaipėda c. mun.	17,472.0	17,434.0	17,666.0	17,338.0	17,238.0
	Klaipėda d. mun.	3,427.0	3,554.0	3,711.0	3,925.0	4,314.0
	Kretinga d. mun.	2,587.0	2,631.0	2,680.0	2,685.0	2,433.0
	Neringa mun.	282.0	293.0	287.0	288.0	300.0
	Palanga t. mun.	1,325.0	1,343.0	1,425.0	1,445.0	1,435.0
	Skuodas d. mun.	943.0	952.0	908.0	886.0	858.0
	Šilutė d. mun.	2,761.0	2,801.0	2,733.0	2,827.0	2,816.0
60 and more	Klaipėda county	10,544.0	11,542.0	12,498.0	13,396.0	14,455.0
	Klaipėda c. mun.	6,910.0	7,551.0	8,084.0	8,585.0	9,190.0
	Klaipėda d. mun.	1,007.0	1,099.0	1,242.0	1,369.0	1,562.0
	Kretinga d. mun.	807.0	871.0	1,000.0	1,111.0	1,162.0
	Neringa mun.	107.0	127.0	125.0	146.0	164.0
	Palanga t. mun.	537.0	599.0	655.0	661.0	752.0
	Skuodas d. mun.	302.0	329.0	370.0	406.0	426.0
	Šilutė d. mun.	874.0	966.0	1,022.0	1,118.0	1,199.0

Exports of goods of Lithuanian origin in Klaipeda region (EUR thousand)

	to EU countries			to non EU countries			TOTAL
	2017	2018	2019	2017	2018	2019	2019
Plastics and articles thereof	492,854.8	603,893.3	581,205.4	55,835.8	62,242.9	96,135.7	677,341.1
Tobacco and manufactured tobacco substitutes	322,816.9	354,781.3	457,460.8	162,690.6	370,183.0	197,175.2	654,636.0
Furniture; bedding. mattresses. mattress supports. cushions...	289,676.4	307,548.8	335,976.9	103,677.0	99,052.9	102,692.7	438,669.6
Residues and waste from the food industries; prepared animal fodder	110,183.9	124,322.5	127,258.2	16,360.1	21,150.0	13,584.8	140,843.0
Mineral fuels. mineral oils and products of their distillation; bituminous substances; mineral waxes	41,660.6	49,515.0	47,336.7	48,816.9	56,440.1	66,846.7	114,183.4
Articles of iron or steel	90,398.7	76,237.7	87,179.7	17,322.0	23,334.5	20,784.4	107,964.1
Electrical machinery and equipment and parts thereof; sound recorders and reproducers. television image and sound recorders...	69,611.0	88,098.9	92,532.5	2,183.6	2,054.2	4,248.6	96,781.1
Iron and steel	14,746.0	24,186.8	4,876.2	101,341.8	126,876.1	90,414.4	95,290.6
Miscellaneous chemical products	76,018.1	84,983.5	73,581.7	6,900.3	7,676.3	20,382.1	93,963.8
Cereals	50,791.4	21,348.8	28,673.5	48,263.0	23,377.0	29,754.5	58,428.0
Wood and articles of wood; wood charcoal	34,758.1	45,756.6	45,307.1	12,285.9	12,757.4	12,674.6	57,981.7
Soap. organic surface-active agents. washing preparations. lubricating preparations. artificial waxes...	18,104.1	23,879.3	33,314.0	20,087.7	21,244.1	23,379.7	56,693.7
Fish and crustaceans. molluscs and other aquatic invertebrates	61,901.3	67,491.1	52,615.5	1,919.0	2,671.2	2,614.4	55,229.9
Paper and paperboard; articles of paper pulp. of paper or of paperboard	42,052.5	41,584.7	35,537.3	3,380.1	3,158.2	7,523.3	43,060.6
Wadding. felt and nonwovens; special yarns; twine. cordage. ropes and cables and articles thereof	3,724.4	3,704.2	3,946.4	18,718.3	30,215.2	25,933.7	29,880.1
Edible vegetables and certain roots and tubers	5,339.8	13,439.8	3,099.0	14,878.1	16,920.2	22,440.2	25,539.2
Oil seeds and oleaginous fruits; miscellaneous grains. seeds and fruit; industrial or medicinal plants; straw and fodder	20,465.5	19,200.6	21,274.7	502.2	859.4	511.9	21,786.6
Printed books. newspapers. pictures and other products of the printing industry; manuscripts. typescripts and plans	9,887.9	13,719.8	12,813.0	8,543.6	9,579.1	7,422.9	20,235.9
Nuclear reactors. boilers. machinery and mechanical appliances; parts thereof	6,418.5	7,562.6	6,732.6	8,816.2	10,217.1	13,375.9	20,108.5

Preparations of meat. of fish or of crustaceans. molluscs or other aquatic invertebrates	14,998.3	16,875.1	15,966.5	1,209.1	1,231.3	2,084.6	18,051.1
Glass and glassware	21,061.4	15,748.0	12,035.1	12,007.8	5,606.8	1,930.9	13,966.0
Articles of stone; plaster. cement. asbestos. mica or similar materials	10,170.8	11,128.2	11,431.5	2,123.8	1,925.6	1,782.2	13,213.7
Ships. boats and floating structures	61.2	11,188.7	343.8	5,194.1	1,577.6	12,505.9	12,849.7
Live animals	4,470.6	6,104.8	9,866.9	8.9	28.0	113.8	9,980.7
Other made - up textile articles; sets; worn clothing and worn textile articles; rags	7,158.8	10,725.5	9,469.4	151.8	304.9	211.0	9,680.4
Others	1,326.1	927.7	172.8	7,095.1	9,114.3	8,412.7	8,585.5
Preparations of vegetables. fruit. nuts or other parts of plants	5,284.7	6,001.6	5,702.7	727.4	1,404.2	1,870.1	7,572.8
Dairy produce; birds' eggs; natural honey; edible products of animal origin. not elsewhere specified or included	7,683.8	5,116.3	6,955.8	1,104.1	207.7	370.3	7,326.1
Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	3,047.3	4,142.5	4,349.4	2,728.2	3,181.6	2,610.3	6,959.7
Vehicles other than railway or tramway rolling-stock. and parts and accessories thereof	178.3	280.1	5,279.4	6,785.4	7,076.6	1,593.9	6,873.3
Aluminium and articles thereof	7,425.3	6,890.0	5,498.2	1,025.9	1,280.7	1,049.7	6,547.9
Rubber and articles thereof	3,737.4	5,551.0	6,102.2	203.0	239.4	234.5	6,336.7
Sugar and sugar confectionery	3,257.4	4,622.8	5,158.0	1,284.2	250.6	81.8	5,239.8
Copper and articles thereof	354.2	1,223.6	1,222.7	295.1	654.4	3,483.8	4,706.5
Natural or cultured pearls. precious or semi-precious stones. precious metals...	1,009.2	2,132.0	1,924.2	3,012.9	2,364.6	2,482.2	4,406.4
Miscellaneous edible preparations	3,296.1	2,434.4	1,854.4	657.1	682.8	1,795.7	3,650.1
Preparations of cereals. flour. starch or milk; pastrycooks' products	1,998.8	2,298.1	2,966.8	470.0	763.1	445.9	3,412.7
Articles of apparel and clothing accessories. not knitted or crocheted	722.6	1,329.8	983.9	224.8	385.7	2,417.8	3,401.7
Organic chemicals	326.5	19.7	1,635.2	806.5	175.3	1,303.8	2,939.0
Miscellaneous manufactured articles	2,372.7	2,254.0	1,263.2	1,799.1	1,489.4	1,432.4	2,695.6
Optical. photographic. cinematographic. measuring. checking. precision. medical or surgical instruments...	687.6	1,353.2	1,972.6	425.7	299.8	83.0	2,055.6
Fertilizers	1,013.4	1,746.9	1,360.8	1,302.6	389.1	639.3	2,000.1
Products of animal origin. not elsewhere specified or included	1,454.8	1,593.5	1,898.5				1,898.5
Cocoa and cocoa preparations	1,583.0	1,780.9	1,798.5	48.1	17.3	-	1,798.5
Knitted or crocheted fabrics	1,484.3	1,632.5	1,449.7	267.0	620.8	179.4	1,629.1
Ores. slag and ash	1.5	488.4	147.5	1,183.7	1,082.0	894.7	1,042.2
Beverages. spirits and vinegar	67.4	92.9	90.9	722.5	390.4	864.4	955.3
Headgear and parts thereof	543.1	955.8	805.2	5.8	7.6	5.8	811.0

Toys. games. and sports requisites; parts and accessories thereof				310.2	311.1	803.9	803.9
Coffee. tea. mate and spices	365.8	611.6	591.8	107.5	17.1	159.5	751.3
Tools. implements. cutlery. spoons and forks. of base metal; parts thereof of base metal	219.5	409.7	620.8	29.8	103.6	86.0	706.8
Impregnated. coated. covered or laminated textile fabrics; textile articles of a kind suitable for industrial use	640.3	680.4	509.8	1.7	15.4	57.7	567.5
Salt; sulphur; earths and stone; plastering materials. lime and cement	8.1	4.8	4.6	967.9	539.5	454.9	459.5
Articles of leather; saddlery and harness; travel goods. handbags and similar containers; articles of animal gut (other than silkworm gut)	333.1	299.0	353.1	17.8	24.5	38.4	391.5
Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery	465.5	493.6	376.3	0.4	7.6	8.8	385.1
Tanning or dyeing extracts; tannins and their derivatives; dyes. pigments...	105.1	232.3	212.2	59.6	79.5	162.6	374.8
Articles of apparel and clothing accessories. knitted or crocheted	478.7	615.6	292.3	19.2	22.6	24.7	317.0
Other vegetable textile fibres; paper yarn and woven fabrics of paper yarn	168.1	170.7	178.1	4.8	60.5	82.8	260.9
Furskins and artificial fur; manufactures thereof	1,379.0	447.0	218.2				218.2
Meat and edible meat offal	2,574.0	1,078.4	124.9	77.2		88.0	212.9
Pulp of wood or of other fibrous cellulosic material; recovered (waste and scrap) paper or paperboard	746.2	386.4	160.7	2.3	30.9	46.5	207.2
Essential oils and resinoids; perfumery. cosmetic or toilet preparations	3.2	56.5	148.1	2.9	0.2	5.6	153.7
Miscellaneous articles of base metal	132.0	129.2	105.8	55.7	72.6	44.7	150.5
Products of the milling industry; malt; starches; inulin; wheat gluten	63.3	79.6	113.6				113.6
Inorganic chemicals; organic or inorganic compounds of precious metals. of rare - earth metals...	0.9	1.1	104.2	22.5	32.6	4.6	108.8
Zinc and articles thereof	0.3	3.0	97.8	3.9	4.9	5.1	102.9
Live trees and other plants; bulbs. roots and the like; cut flowers and ornamental foliage		97.3	90.6	136.3	113.4		90.6
Albuminoidal substances; modified starches; glues; enzymes	14.2	16.9	34.5	22.4	6.9	25.0	59.5
Works of art. collectors' pieces and antiques				73.0	18.9	56.7	56.7
Footwear. gaiters and the like; parts of such articles	67.1	45.1	25.7	2.2	8.2	26.3	52.0
Man - made staple fibres	29.6	0.5	30.9	20.4	39.9	13.2	44.1
Aircraft. spacecraft. and parts thereof	2.6					44.0	44.0
Cotton	1.3	52.1	0.4	48.3	-	43.5	43.9
Ceramic products	46.3	20.1	13.1	27.8	14.2	29.1	42.2

Edible fruit and nuts; peel of citrus fruit or melons	408.2	11.4	28.1	-		0.2	28.3
Man - made filaments	3.1	100.8	18.5	-	22.5	3.3	21.8
Railway or tramway locomotives. rolling-stock and parts thereof; railway or tramway track fixtures...	48.5	51.1		30.7	122.9	18.9	18.9
Lac; gums. resins and other vegetable saps and extracts			12.6				12.6
Pharmaceutical products	11.9	5.0	5.2	0.1	0.3	0.3	5.5
Raw hides and skins (other than furskins) and leather	47.4	29.9	4.2				4.2
Carpets and other textile floor coverings	-		0.6	0.6	0.7	0.2	0.8
Tin and articles thereof			0.4		2.4	0.2	0.6
Manufactures of straw. of esparto or of other plaiting materials; basketware and wickerwork			0.3				0.3
Lead and articles thereof	4.7	39.6			2.1	0.2	0.2
Wool. fine or coarse animal hair; horsehair yarn and woven fabric		0.2		1.4	0.1	0.1	0.1
Vegetable plaiting materials; vegetable products not elsewhere specified or included	20.1						-
Photographic or cinematographic goods		19.3			5.2		-
Umbrellas. sun umbrellas. walking-sticks. seat-sticks. whips. riding-crops and parts thereof	0.2	0.1	-				-
Clocks and watches and parts thereof	-			2.1	-		-
Arms and ammunition; parts and accessories thereof	6.4						-

Source: Official Statistics Portal (<https://osp.stat.gov.lt/>)

Exports of goods of Lithuanian origin in Klaipeda region (EUR thousand)

	2015	2017	2018	2019
Poland	199,135.7	230,285.3	289,354.7	292,813.7
Germany	239,028.7	185,231.6	251,210.7	254,244.6
Sweden	214,792.8	295,681.9	305,012.0	249,940.1
United Kingdom	123,498.7	194,727.0	221,803.6	227,190.8
Norway	114,034.5	123,169.3	142,044.7	166,842.0
Belgium	41,960.9	49,428.6	92,359.8	130,825.2
Japan	21,500.7	80,214.9	251,156.9	116,433.3
Czech Republic	38,809.5	77,101.0	84,413.1	115,302.1
Denmark	62,125.4	86,949.3	152,123.6	115,238.7
Turkey	83,521.1	147,217.5	117,865.9	113,822.8
France	61,594.2	88,569.3	96,727.8	112,232.6
Netherlands	138,182.1	167,995.8	75,568.2	101,960.5
Finland	79,173.0	102,642.1	84,703.7	81,086.6
Latvia	67,640.7	70,601.0	75,128.5	77,380.8
Italy	41,748.1	67,931.5	68,159.1	69,323.2
Austria	18,620.1	31,859.7	29,829.5	69,111.7
Spain	51,297.2	68,652.6	64,134.2	64,005.5
Ukraine	61,339.0	42,590.4	48,764.4	60,960.9
Russia	27,494.7	25,088.7	27,239.7	39,217.8
Hungary	39,438.4	47,225.9	49,313.6	34,509.1
Portugal	45,953.4	29,546.7	40,814.9	32,482.9
Slovakia	13,328.3	16,868.0	19,294.5	29,410.1
United States	39,671.9	32,470.1	37,926.4	28,096.4
China	21,306.6	27,799.5	27,212.2	27,342.3
Switzerland	10,204.2	20,962.2	28,733.2	25,077.3
Estonia	27,414.7	19,501.2	23,022.4	23,530.7
Bulgaria	1,838.7	3,124.1	18,215.3	20,708.4
Ireland	9,619.4	12,531.6	15,321.8	20,630.5
Egypt	3,336.7	12,793.5	12,318.5	18,801.0
Saudi Arabia	8,727.0	1,010.8	20,563.5	17,821.2
South Korea	12,133.9	34,172.5	32,356.5	16,536.1
Romania	11,866.4	5,408.1	10,511.0	15,623.1
United Arab Emirates	3,744.8	8,149.3	7,341.5	14,450.9
Libya	321.7	4,048.8	8,723.8	14,429.7

Greece	2,173.4	5,172.1	12,956.1	13,803.1
South Africa	6,364.8	1,737.9	2,969.4	10,135.8
Croatia	1,519.3	4,953.9	6,561.2	9,781.9
Faroe Islands	563.3	553.4	1,667.4	8,988.9
Belarus	9,655.9	12,619.3	9,394.5	8,715.8
Kazakhstan	7,541.1	5,721.5	6,623.1	7,416.8
Canada	10,149.6	5,572.4	5,240.6	7,232.6
Australia	4,256.8	5,865.4	6,976.4	7,134.9
Luxembourg	312.3	7,586.0	7,559.0	6,825.1
Singapore	1,054.9	559.5	5,864.1	6,618.4
Israel	1,752.2	4,368.7	4,231.1	5,825.2
Taiwan	710.9	740.5	6,035.1	5,704.4
Iceland	3,219.9	4,411.8	6,401.2	4,975.2
India	1,025.7	2,090.9	5,839.9	4,966.3
Hong Kong	5,161.6	3,431.5	4,651.7	4,059.8
Serbia	2,471.1	3,513.9	3,624.3	3,872.2
Slovenia	13,737.5	4,832.2	4,742.9	3,295.4
Uzbekistan	2,505.6	3,279.2	3,201.6	2,989.2
Bermuda			47.1	2,913.1
Mongolia	809.0	1,736.4	2,429.9	2,747.5
Cyprus	268.6	755.8	3,671.2	2,586.7
Morocco	2,932.4	1,543.9	3,256.3	2,478.7
Georgia	1,969.2	815.7	1,081.1	2,229.6
Iraq	604.3	2,529.6	4,076.3	2,220.7
Angola	1,413.5	5,662.4	6,212.6	2,063.6
Viet Nam	1,299.1	1,103.4	1,264.4	1,956.0
New Zealand	206.8	169.7	1,267.4	1,860.2
Cameroon	111.8	1,279.2	1,206.1	1,772.1
Thailand	502.3	1,494.0	2,226.6	1,542.9
Namibia	29.8	69.7	1,419.9	1,469.4
Kyrgyz. Republic	1,171.3	1,580.4	1,942.7	1,451.5
Argentina	331.4	3,404.9	3,029.4	1,438.5
Ivory Coast		260.3	670.3	1,416.8
Tunisia	768.6	988.0	1,432.6	1,405.5
Chile	310.7	1,403.5	1,707.3	1,396.4
Bosnia and Herzegovina	790.9	819.5	965.2	1,277.7
Mexico	172.0	4,669.5	5,122.8	1,140.8
Armenia	550.9	1,154.4	816.5	1,121.6

Algeria	25,189.1	1,567.3	1,657.1	1,103.1
Azerbaijan	1,320.5	8,974.5	1,045.3	1,047.1
Cuba	0.7			991.8
Occupied Palestinian Territory	235.1	576.8	871.0	964.1
Malta	3,088.4	93.3	641.7	888.8
Mali		2,523.2	820.3	879.0
Burkina Faso			26.0	848.6
Malaysia	209.5	626.4	447.5	819.1
Lebanon	1,080.1	1,326.2	999.1	730.7
Turkmenistan	2,176.2	968.9	881.6	720.7
Syria	161.7	363.2	549.2	648.5
Moldova. Republic of	655.2	579.2	602.7	635.4
Brazil	2,277.1	6,942.5	3,574.0	610.6
Mauritius	1.6	260.2	2,824.2	596.9
Mozambique	167.7	779.9	917.4	586.3
Senegal	72.6	263.8	233.3	567.0
North Macedonia	235.0	298.4	336.2	470.1
Ecuador	156.7	863.3	440.3	440.8
Oman	540.9	605.0	734.2	372.1
Albania	384.9	288.3	246.7	371.5
Bangladesh	60.3	165.5	430.8	367.3
Tajikistan	360.9	108.3	137.6	358.3
Dominican Republic	96.9	984.1	1,189.0	313.9
Paraguay	174.4	303.6	304.5	312.6
Guatemala	74.8	173.2	503.2	309.5
Kosovo	253.1	238.8	190.2	288.7
Pakistan	298.7	503.8	387.2	280.1
Panama	14.6	9,678.4	10,172.2	252.3
Nigeria	65.2	6,724.4	420.0	229.9
Sint Maarten (Dutch part)		204.7	265.8	225.0
Kuwait	27.6	81.0	18,033.2	222.7
Mauritania	74.3	62.8	48.1	220.5
Bahrain		48.5	144.1	219.8
Jamaica	104.1	18.6	69.7	217.4
Madagascar		421.4	216.9	207.4
Guinea-Bissau			235.2	206.8
Benin	13.4	61.4	3,992.4	173.6
Guyana		36.9	126.6	167.5

Haiti	18.2	164.5	214.1	158.2
Barbados		56.2	137.0	157.7
Qatar	9.1	40.9	37.7	154.2
Indonesia	188.6	193.5	1,811.1	150.1
Melilla	350.3	447.5	280.2	138.8
Yemen	9.4	115.2	70.6	136.3
Sudan		1,783.6	62.5	131.7
Myanmar			3.7	129.4
Colombia	143.8	200.5	187.3	118.1
Belize	2.2	38.6	0.7	109.7
Afghanistan	164.1	101.7	262.5	108.6
Costa Rica	63.5	80.1	84.0	87.0
Jordan	693.1	119.0	382.8	86.7
Trinidad and Tobago		45.1	99.8	71.4
St Vincent and the Grenadines	1.7	18.4		68.7
Grenada		29.8	56.8	65.7
Philippines	67.3	82.2	108.6	65.1
Gibraltar	2.5	1,478.1	662.5	63.9
Honduras	2.4		19.7	46.1
Somalia				46.1
Peru	43.4	46.8	55.3	44.7
Uruguay	59.8	450.2	314.6	44.7
Marshall Islands	6.1	1.9		30.4
Nicaragua	42.8	35.3	20.0	28.9
Gambia		12.2		24.4
Chad			31.6	18.9
Bolivia		21.6		18.8
Gabon		-		14.7
Equatorial Guinea	2.5	0.8		7.6
Montenegro	17.3	188.5	932.4	7.4
Nepal		4.9	4.8	4.9
New Caledonia	1.8			3.3
Sri Lanka	117.0	1.6	6.4	3.0
French Polynesia				1.9
St Lucia			1.6	1.6
Brunei				1.4
Kenya	3,579.9			0.6
Andorra			3.8	

Antigua and Barbuda	0.3			
Bahamas	-	47.7	114.1	
Virgin Islands. British	8.6			
Dominica	185.2	797.1		
Fiji			0.9	
Ghana	3.5	8.8	0.4	
Greenland	528.0	3.5	44.3	
Guinea	6.2		2.2	
Iran	4,591.3	120.4	86.1	
Cayman Islands	1,339.5			
Democratic Republic of Congo		654.9	1.7	
Liberia		1.5	10.0	
Macao	2.7			
French Southern Territories	14.4			
San Marino		4.2		
Seychelles		0.2		
St Kitts and Nevis	24.7			
Sierra Leone	24.8	14.4		
Suriname	370.1			
Togo	6.2		0.3	
Vanuatu	1.8			
Zambia		474.6		
Cape Verde	14.5			

Source: Official Statistics Portal (<https://osp.stat.gov.lt/>)