



# LITHUANIA

## State of Play – Winter 2018



### MACROECONOMIC SITUATION

- Strong and broad-based economic growth, expected to moderate in 2018 and 2019
- Inflation surging, expected to slow down in 2018 and 2019
- Shrinking population, including of working-age, limits future potential growth
- Well-performing labour market with improving employment and unemployment rates

No imbalances (no in-depth review)



### PROGRESS ON COUNTRY-SPECIFIC RECOMMENDATIONS

#### Some progress

- in improving tax compliance
- in improving the fiscal sustainability of the pension system, but adequacy remains a concern
- in addressing skill shortages by increasing the effectiveness of the active labour market policy measures
- in improving the social safety net

#### Limited progress

- in broadening the tax base to sources that are less detrimental to growth
- regarding adult learning and rewarding quality in teaching and higher education
- in improving the performance of the healthcare system
- in strengthening productivity by improving efficiency of the public investment



### FISCAL SITUATION

- No excessive deficit
- Public debt, at 41.5% in 2017, stands well below the 60% of GDP reference value and is decreasing
- Draft Budgetary Plan 2018 compliant with the rules of the Stability and Growth Pact



### SOCIAL SITUATION

- Skills shortages are emerging due to declining working-age population and high emigration
- Poverty and income inequality levels among the highest in the EU
- Social safety nets have been strengthened, but remain among the weakest in the EU
- Social dialogue has been improved
- Reforms have started to improve the quality and efficiency of the education system, but more needs to be done
- Health outcomes remain poor



### POLICY HIGHLIGHT

The Lithuanian Fintech initiative brings together all the relevant authorities around the common strategic goal of promoting the development of the sector in the country.