



LIETUVOS EKONOMINĖS PLĖTROS AGENTŪRA
LITHUANIAN DEVELOPMENT AGENCY

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Tourism in Lithuania

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Introduction

Compared to those countries that have well-established tourism traditions, Lithuania can still be called a new and undiscovered tourism market, which is insufficiently known worldwide. Nevertheless, Lithuania is a full-fledged player on European tourism markets offering interesting and attractive tourism products. Today, tourists from all over the world visit Lithuania, which means that Lithuania is not only “discovered” but also known. However, it is not yet sufficiently known. Lithuania is a new tourism market, the country which is worth discovering also for that segment of travelers, who have already visited most of the countries in Europe and who constantly look and seek for something new. Lithuania is the largest tourism market in the Baltics.

The Lithuanian tourism sector is a fully formed economic structure, which has completely renovated infrastructure and professional labour resources and is capable of ensuring high-level services. Today, the Lithuanian tourism service providers offer various tourism products; however, the most important among them are recreation, cultural tourism, fitness tourism, business and incentive tourism, and rural tourism products.

In Lithuania, a major focus is placed on the development of resorts: the status of a national recreation area was formalised; the Health Resort Centre was established; the development of SPA centres is promoted. It is important to emphasize that the services offered in our country can easily compete with those of other countries in terms of quality and price.

In 2007, Lithuania received 2.23 mill foreign tourists, i.e. approximately by 3.8% more than in 2006.

Advantages of Lithuania:

- Lithuania is geographical center of Europe,
- Country is not crowded with tourists although its tourist infrastructure is well developed,
- Lithuania has rich history (and many historical places),
- It has ecological nature, a lot of lakes, beautiful forests and seaside proper for ecological tourism,
- Country is very small and tourists can visit all interesting places in a few days,
- It is still undiscovered and new for many people,
- Tourists with different preferences and incomes will find something especially for them.

Lithuania is just an hour or two away from most European capitals by plane: however it is just as easy to travel to Lithuania by car, train, cruise ship or bike.

Regular flight duration and distance to Vilnius from:

Amsterdam - 2 hrs 35 min, 1380 km

Berlin – 2 hrs 5 min, 820 km

Brussels – 2 hrs 45 min, 1470 km
Budapest – 2 hrs 25 min, 905 km
Copenhagen – 1 hrs 30 min, 810 km
Dublin – 3 hrs 25 min, 2050 km
Helsinki – 1 hrs 25 min, 580 km
London – 2 hrs 50 min, 1725 km
Oslo – 1 hrs 45 min, 1030 km
Paris – 2 hrs 50 min, 1690 km
Prague – 1 hrs 50 min, 905 km
Riga – 55 min, 270 km
Rome – 2 hrs 55 min, 1715 km
Stockholm – 1 hrs 35 min, 680 km
Tallinn – 1 hrs 30 min, 540 km
Vienna – 2 hrs 5 min, 950 km
Warsaw – 1 hrs 25 min, 420 km

For more detailed information about Lithuania and tourism opportunities here, please visit the website: <http://www.travel.lt/>.

In order to improve the image of Lithuania as a tourism-oriented country in target markets, multimedia presentation of Lithuanian tourism routes has been created. This multimedia presentation of Lithuanian tourism routes – www.lithuanianroutes.eu/ - attractively represents possibilities of tourism with the help of tourism routes especially in problem regions. The project was implemented by Public Institution Lithuanian Development Agency, partner – Lithuanian Tourism Association. The project is partly funded by the European Union.

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Legal and Institutional Framework

Tourism sector in Lithuania is being regulated by the following **legal acts**:

- The National Tourism Development Programme for 2007-2013;
- the Law on Tourism;
- the Regulations of the State Tourism Department at the Ministry of Economy.

The responsibility for the formation and implementation of tourism policy in the country is vested in the **State Tourism Department** under the Ministry of Economy (established in 1992). The State Tourism Department carries out the strategic planning of tourism activities, prepares national tourism development programme, approves, within the limits of its competence, drafts of laws and other legal acts, territorial tourism development programmes, tourism and recreational development schemes and plans, carries out research of tourism market and Lithuanian tourist services; collects, accumulates, prepares and disseminates information about Lithuania, represents Lithuanian tourism at international and local events, drafts legal acts regulating tourist services, approves the standards and rules for the provision of tourist services, establishes information centres abroad. The Tourism Council is functioning under the State Tourism Department (established in 1998), whose main task is to provide proposals to public authorities as well as county and local authorities on tourism development. The marketing activities are developed through the Lithuanian Tourism Fund (established in 1993; 12 staff), the founder of which is the State Tourism Department.

Contact details:

State Tourism Department

Address: A. Juozapavičiaus str. 13, LT-09311 Vilnius, Lithuania

Tel. (+370 5) 210 87 96, fax (+370 5) 210 87 53,

e-mail: vtd@tourism.lt

<http://www.tourism.lt/en/>

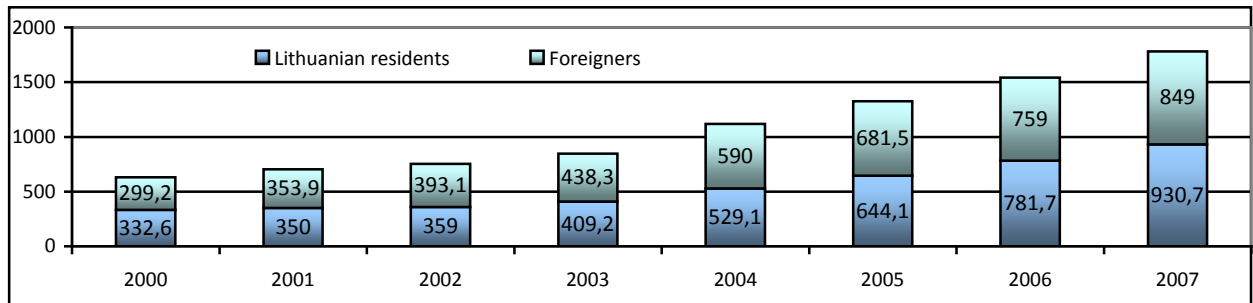
There are **47 tourist information centres** in Lithuania. To see the contacts, please follow the link:

<http://www.tourism.lt/informa/infcentr.htm>

Statistics on Accommodation services

In 2007, 748 accommodation establishments (715 in 2005) with 20'003 rooms (3.8% more than in 2006, 19'266) and 47'727 beds (5.8% more than in 2006, 45'108).

Within one year, those establishments received 1'779'755 visitors (1'540'769 in 2006), including 849006 non-residents (759'041 in 2006). The total number of visitors grew by 15.5% whereas that of non-residents by 11.9% compared with 2006. Foreigners comprised 47.7% of all visitors.



Source: Statistics Lithuania

Fig. 1. Number of guests in all accommodation, thous

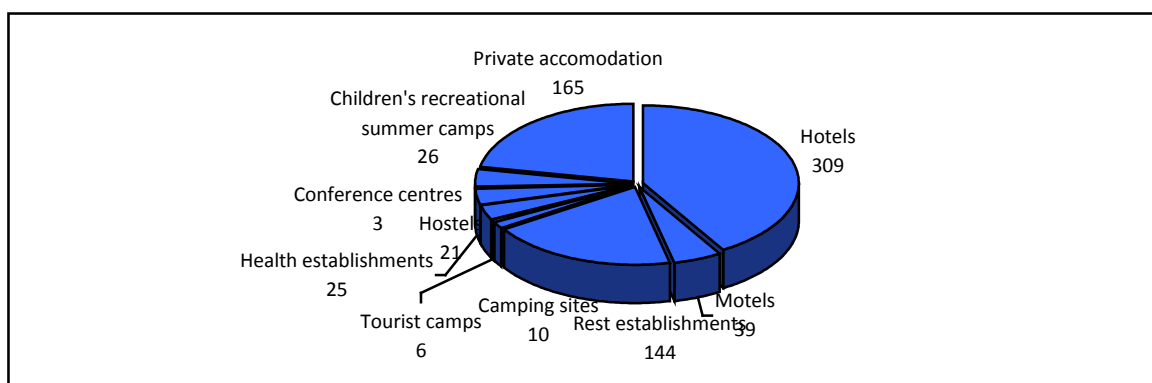
The number of bed nights was 5'191'368 (4'722'651 in 2006), including 2'049'020 non-resident nights (1'912'530 in 2006). Year on year, the total number of bed nights rose by 9.9% and by 7.1% for foreigner nights.

The highest number of bed nights, 25.2% of total bed nights, was recorded in Vilnius, 20.3% in Palanga, 19.7% in Druskininkai, 5.9% in Klaipėda, 4.8% in Kaunas, 2.8% in Birštonas, and 2.5% in Neringa.

The average length of stay (ALS) dropped from 3.21 to 3.07 bed nights, and that for non-residents from 2.59 to 2.52 in 2006.

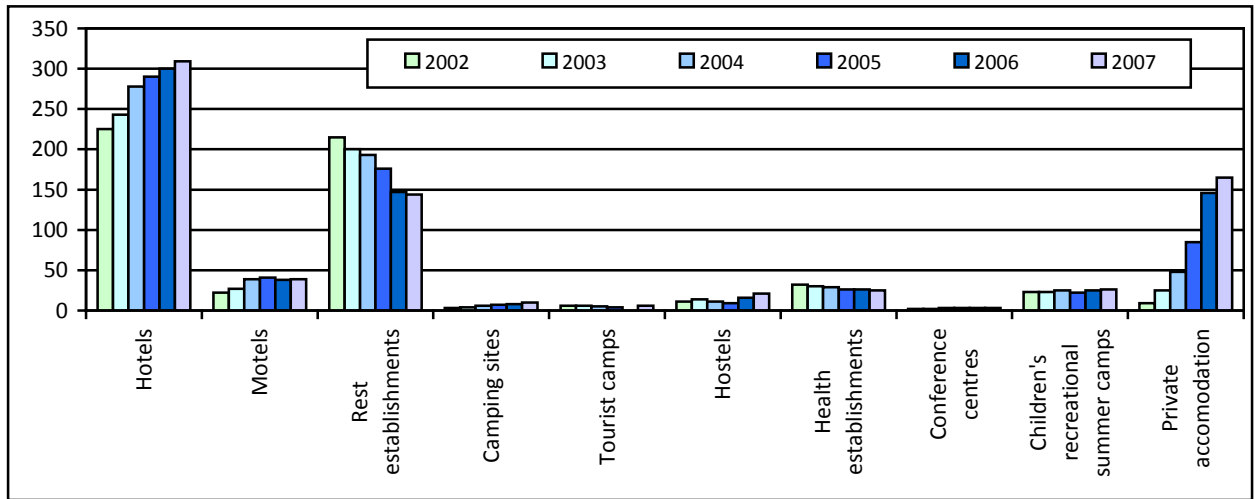
In 2007, the income of accommodation establishments (excluding VAT) experienced a 18.6% year-on-year growth, totalling 686.2 mill litas (EUR 198.7 mill). Income from accommodation at sanatoriums (including treatment) comprised 465.5 mill litas (EUR 134.8 mill), which represents a 17.1% increase. Expenditure underwent at 10.5% growth, totaling 588.5 mill litas (EUR 170.4 mill).

In 2007 Lithuania had 304 hotels and 39 motels (224 hotels, 38 motels in 2006), 135 rest establishments, 25 health establishments, 10 camping sites. Hotels received 1259.2 thous. of tourists, which accounted 72% of total tourists and increased by 14.1% if compared to 2006.



Source: Statistics Lithuania

Fig. 2. Number of accommodation establishments, 2007

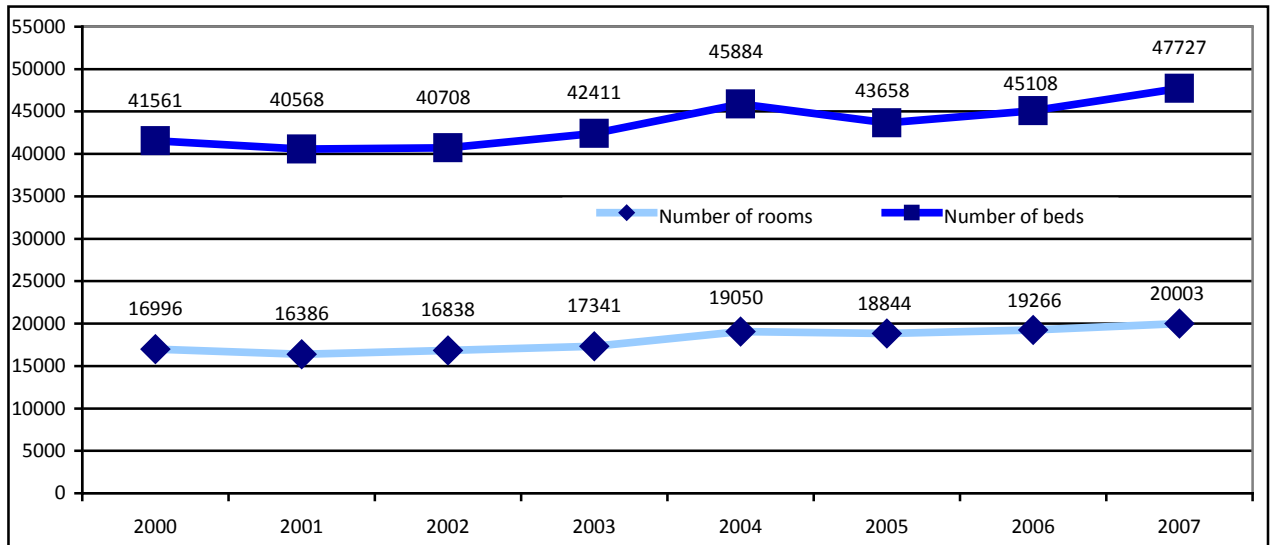


Source: Statistics Lithuania

Fig. 3. Dynamics of number of accommodation establishments 2002-2007

Hotels, Guest Houses

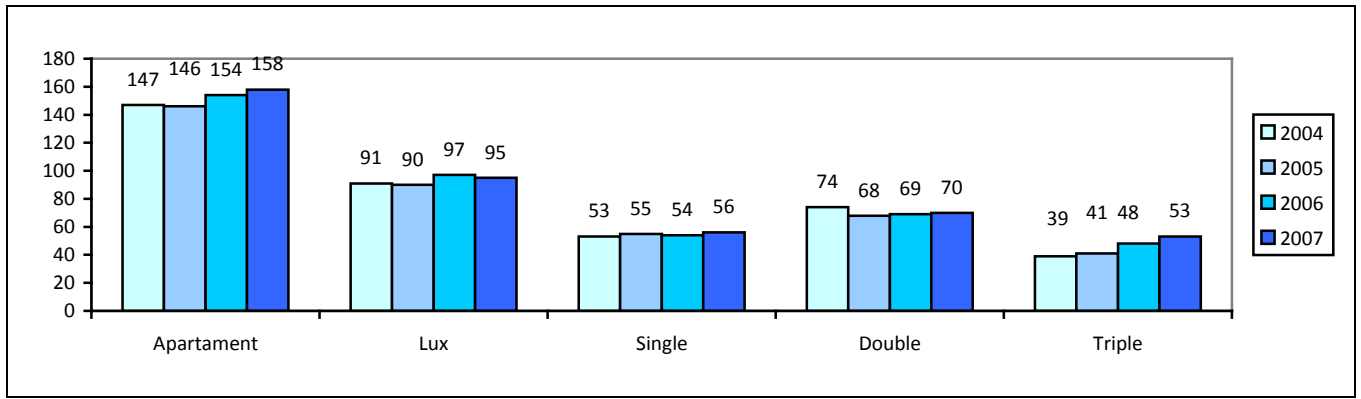
Hotels had 10'518 rooms (10'426 in 2006) and 20'841 beds (20'553 in 2006) and it made respectively 52.6% and 43.7% of total accommodation establishment.



Source: Statistics Lithuania

Fig. 4. Total number of rooms and beds

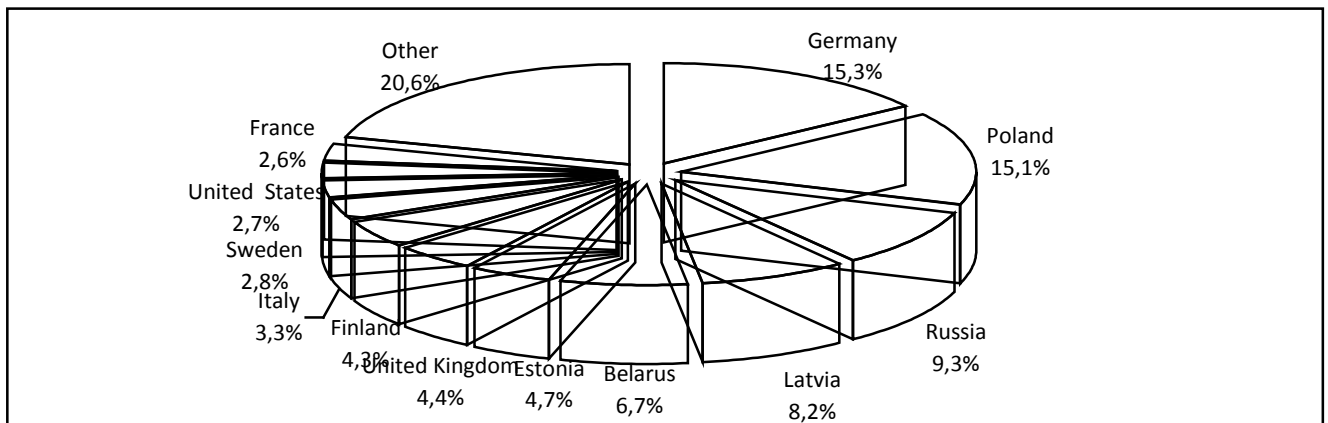
In 2007 the income of hotels and guest houses totaled 482.6 mill litas (EUR 139.8 mill) excluding VAT, representing a 17.3% year-on-year growth. 43% of income was generated from accommodation of non-residents (44% in 2005), 17% from accommodation of Lithuanian residents and 40% from other services. Expenditure totaled 426.8 mill litas (EUR 123.6 mill) – an 18% rise. The income of hotels and guest houses per bed night was 195.8 litas (EUR 56.7), whereas expenditure 173.2 litas (EUR 50.2). Prices for apartments increased by 2.8%, single rooms 2.7%, double rooms 1.7% and triple rooms 11.5%. Suite rates dropped by 1.5%.



Source: Lithuanian State Department of Tourism

Fig. 5. Average room prices in hotels and guest houses, EUR

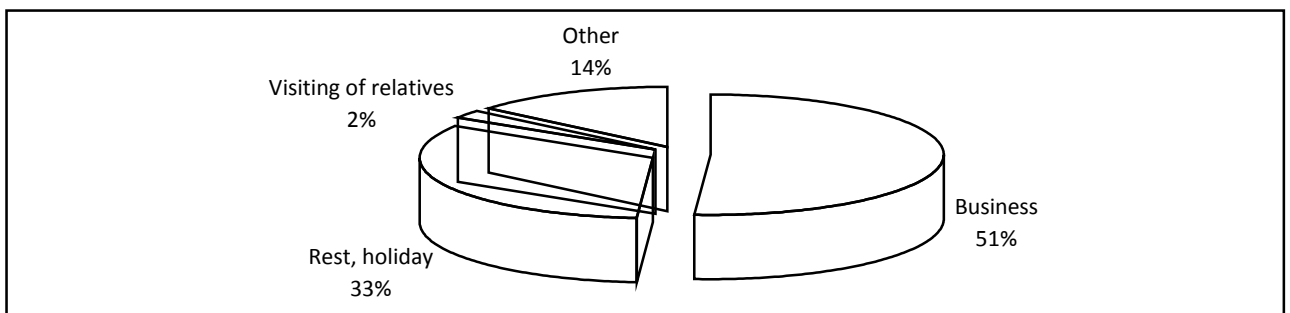
The top ten of countries, whose residents were the most frequent tourists at hotels and guest houses: Germany 129828 (a -2.5% year-on-year decrease); Poland 128087 (a 24.6% rise); Russia 78586 (a 30.9% rise); Latvia 69965 (a 24%rise); Belarus 57241 (a 51.9% rise); Estonia 39946 (a 23.6% rise); United Kingdom 37731 (a -5.7 % decrease); Finland 36613 (a 4.8% rise); Italy 27772 (a 2.4% rise); Sweden 23387 (a -0.2% decrease) and USA 22598 (a 2.7% rise).



Source: Lithuanian State Department of Tourism

Fig. 6. Foreign guests in Lithuanian accommodation establishments, 2007 (Top 10 countries)

51% per cent of foreign tourists, who stayed in hotels and guest houses indicated business as their primary purpose of travel, whereas 33% of non-residents pointed out holidays and leisure.



Source: Statistics Lithuania

Fig. 7. Distribution of foreign guests in hotels by purpose of arrival, 2007

Rural tourism

More than 50 per cent of the country consists of protected territories, and yet the investments in properties related to rural tourism, is flourishing.

In 2006, Statistics Lithuania conducted a survey on country tourism homesteads. According to the survey data, in 2007 accommodation services were provided by 400 country tourism homesteads (in 2006 – 531). They provided 3'323 rooms and 9'637 beds (in 2006 – 3'318 rooms and 9'273 beds). The services were rendered to 293'700 guests, i.e. by 19.1% more than in 2006, total number of overnight stays – 613'600 or by 34.7% more than in 2006. The largest share of bed nights – 24% – was recorded in Utena County, 16.5% – in Kaunas County, 15.7% – in Vilnius County, 15.4% – in Klaipėda County and 12% – in Alytus County. Foreign guests – 34'400 – accounted for 12% of all guests (exceeding by 33% the comparable figure of 2006) and spent 77'300 bed nights which account for 12.6% of all overnights and exceed by 37.5% the comparable figure of 2006. Compared with 2006, ALS increased by from 1.85 to 2.09 of bed nights. Average pay of guests from Lithuania per bed night totalled LTL 31 (EUR 8.98) and of foreign guests – LTL 33 (EUR 9.56).

Rural tourism was officially recognised as a tourist sub-branch in 1998, but the Lithuanian government started to actively support the sector in 2003. The Government contributed significantly to promoting this type of business among locals through campaigns and financial assistance. Lithuanian rural tourism is still based on family business initiatives. Most of the 500 farmsteads in the country are run by local families.

Rural tourism is very popular among the local population, and more than 10 years after the beginning of the rural tourism boom, demand in this sector still exceeds supply. In addition, in the past five years, Lithuania has become a desirable tourist destination for visitors from a large number of neighbouring countries – mainly Poland, Latvia, Estonia, Czech Republic, Ukraine and Belarus.

Lithuania offers a wide range of rural tourism services. However, the most popular of recreational activities is sauna. The owners of the sauna are ready and willing to organise various additional activities such as fishing, horse riding and picking mushrooms or berries.

Probably the most unforgettable activity for both local and foreign tourist is following the “Beer trail” around northern Lithuania – a region famous for its “live” beer. On a “beer trail” tour, one has the chance to experience the taste, aroma and joy of true home-made malt beer. Tourists observe ancient brewing traditions and rituals.

Another popular activity is rural tourism on bicycles. There are two international EuroVelo cycle routes in the country. Euro Velo Nr.10 from Nida to Būtingė will lead you along the gorgeous, sandy Baltic coastline passing the seaside resort of Palanga, the port of Klaipėda with its quaint Old Town and the magical national park of Kuršių nerija, a narrow spit of dune-covered land that stretches along the sea.

Euro Velo Nr.11 from Lazdijai to Zarasai allows cyclists to discover the Dzūkija National Park, enjoy the sights of Trakai, and then see the best of Lithuania's "lake district" of Aukštaitija. There are also good cycle paths in each of the national and most of the regional parks.

Those who want to go cultural can spend a week or two exploring traditional crafts like carving, ceramics, embroidery, knitting, painting, weaving and carpentry. While travelling around and living in traditional houses, tourists can also take classes in crafts of their choice.

Farmstead owners need not worry about lack of tourists – interest in Lithuanian rural tourism is so intense that one needs to book a vacation at least three months in advance. Until 2007, members of the Countryside Tourism Association complained that government financial support was insufficient – in 2002 only 27 private providers received assistance through the Phare programme. However, for the period 2007 to 2013, about 4.4 per cent of EU Structural Funds are to be allocated to the tourism sector, with rural tourism on the list. The Lithuanian government supports rural tourism not only by providing funding but through developing a legal framework favourable to the tourist business. Compulsory classification of accommodation establishments has been introduced, which resulted in improved quality of services. At the same time, VAT paid by tourist service providers was reduced from 15 to 5 per cent.

Major problems

Lithuanian rural tourism has been facing several serious problems – the shortage of workforce in the field and lack of foreign investments. After May 2004, when the country joined European Union, many young people departed to work in the old member states. And although Lithuania has many educational institutions that train tourism professionals, the country is experiencing a shortage. As for the lack of foreign investment in rural tourism, this will change once Lithuania starts promoting its rural tourism as the profitable investment it is.

Strengths

Lithuania is still a relatively cheap investment destination by Western European standards. The price for a square meter of land for rural tourism may vary from LTL20 up to LTL200, depending on how close the plot is to a body of water or a major city. Of course, one can purchase a plot of land for less, but it will not have access to water and the infrastructure will be very poor. For example, if one wishes to invest in an already built farmstead on a three to five ha plot of land with excellent infrastructure and location, this may cost from LTL800 000 to LTL1.5 million. It is difficult, however, to estimate the exact amount of money needed for a rural tourism investment because it depends on many factors: the location and the size of the plot, whether it is going to be newly built or a renovated building, the quality of the infrastructure, the number of rooms in the farmstead, what kind of entertainment the

farmstead will provide and the like. In any case, an investment in Lithuanian rural tourism may turn out to be a good decision, since the demand for rural tourism services is increasing.

Factors to bear in mind when selecting an investment rural tourism spot:

1. Water sources. An important criterion for Lithuanians when choosing where to spend their rural vacation is water bodies. In Lithuania there are more than 3000 lakes. It means that the price for a plot of land with a border to any kind of water source may differ up to five times from a plot without a water body.

2. Safety versus privacy. This factor is of significant importance when making a business plan and selecting the target group. Some tourists prefer safety and would rather go to a place near a village, while others prefer privacy and would choose an isolated location.

3. Distance and location. Foreign visitors most often prefer rural vacation spots near famous Lithuanian historical and culture sites, such as the ancient capitals Trakai and Kernave and the Druskininkai spa resort.

4. Possible restrictions on economic activities. More than a half of Lithuania's territory consists of protected areas. It means that investors should research very carefully the status of the plot they are about to buy. Otherwise it may turn out they have purchased land where rural tourism initiatives are banned. The system of protected areas in the country includes:

- * strict reserves, where all human activities are banned;
- * regular reserves – where people are allowed to own land and farmsteads and perform activities, which have no negative impact on the environment;
- * zones of ecological protection, state parks and biosphere monitoring areas, where no human activities are allowed;
- * historical sites, which are property of the state.¹

The Website **Countryside Tourism Association of Lithuania** contains information on all rural farmsteads, visitable places, and craftsmen of Lithuania: <http://www.atostogoskaime.lt/>

¹ Stanislava Ciurinskiene. **LITHUANIA: FLOURISHING RURAL TOURISM**, 25 May 2007. http://www.propertywisebulgaria.com/article/lithuania-flourishing-rural-tourism/id_655/catid_6

Activities of tour operators and travel agencies and tourism information centres

Travel agencies

There were 276 tourism enterprises in Lithuania in 2007. Outbound tourism services were available from 215 while inbound from 83 enterprises (in 2006, 202 and 93 enterprises respectively).

In 2007, tour operators and travel agencies rendered services to 109'937 non-resident tourists, which represent an 11% year-on-year decrease. The total stay of tourists in Lithuania was 430118 days. The highest count of tourists was received from: Germany 23617, which is by 7.6% fewer than in 2006, average length of stay (ALS) 3.47 bed nights (4.42 in 2006); Russia 13178, which is by 12% less than in 2006, ALS 6.88 bed nights (5.22 in 2006); Poland 9461, which is a 18.4% rise; Luxembourg 9461, Italy 7357 and United Kingdom 6818.

Foreigners paid 7.8 mill litas (EUR 2.3 mill) for the rendered tourism services, which represent a 1.5% year-on-year fall. 84.4% of this amount, 6.6 mill litas (EUR 1.9), was paid for travel packages (by 3.4% less than in 2006).

Tourist information centres

There are 47 tourist information centres in Lithuania (excluding the information centres for national and regional parks): 44 municipality-owned and 3 private. In 2007, those centres received 526'392 visitors. Compared with 2006, the total number of visitors to information centres grew by 15.3%, the centres received 271'433 Lithuania residents, representing a 13.7% year-on-year increase, and 254'959 non-residents with 17.1% growth.

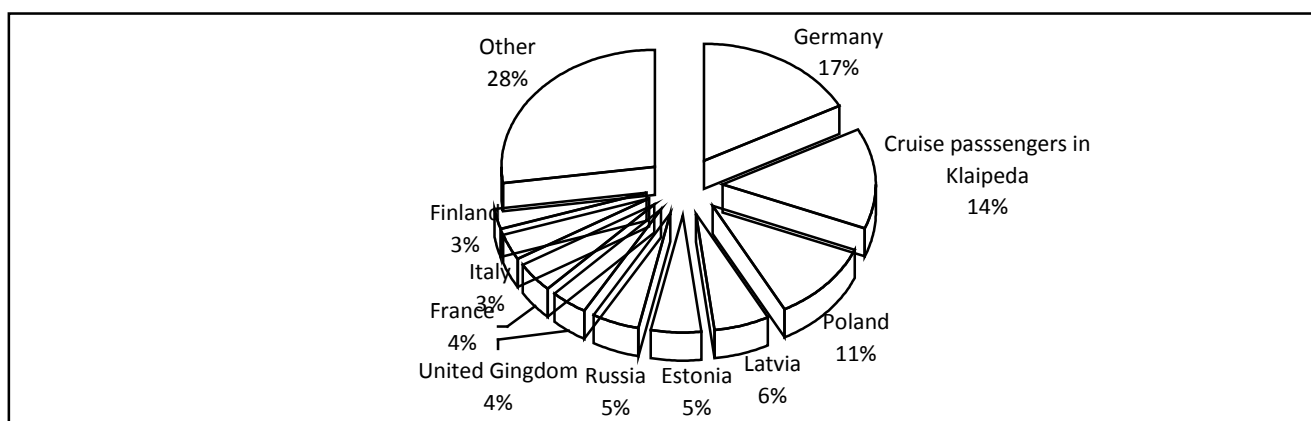


Fig. 8. Distribution of foreign visitors in Lithuanian information centres by country, 2007

The highest numbers of non-residents who visited tourist information centres were from Germany, Poland, Latvia, Great Britain and Russia. Cruise passengers in Klaipeda TKIC comprised 13.9% of non-resident visitors to tourist information centres.

SWOT analysis

Strengths:

- Ample recreation resources (lakes, rivers, forests, the coast line).
- Ample natural curative resources.
- Rural landscape which is little urbanized.
- Ample cultural and historic resources (ethnic culture, architecture, museums, old towns).
- Four tourism objects listed on the UNESCO world heritage list.
- Hospitable residents.
- Relatively new tourism region.
- Comparatively low (if compared to Western Europe) tourism service prices (food, public transport).
- Quite dense road network.
- Historic, cultural and ethnic relations between Lithuania and other countries (Poland, Latvia, Russia, Germany, Israel, USA).
- Convenient geographic location – close to the huge tourism markets – Germany, Scandinavia, Finland, Russia, Poland.
- Two main EU transport corridors (East – West, North – South) cross Lithuania.

Weaknesses:

- Insufficient shaping of Lithuanian image as a state.
- It is difficult for tourists from non-EU countries to enter the country because of the visa regime.
- Passenger railway transport services are of not sufficient quality.
- Undeveloped internal water transport as well as berth infrastructure.
- Public institutions do not pay sufficient attention to tourism development.
- Poor tourism information system (the lack of information on different languages, difficulty getting information on holidays, information is not relevant).
- Insufficient choice in entertainment and leisure activities.
- Insufficiently developed conference tourism infrastructure.
- Insufficient focus on local tourism planning and marketing.
- Undeveloped off-season tourism.
- Difficulties to get into Lithuania by sea and land (insufficient quality of Polish roads).
- No railway tracks in the South – North direction.

Opportunities:

- Possibilities to use the EU structural funds in implementing different tourism service, infrastructure, marketing projects.
- Development of resort tourism.
- Development of wellness and recreation tourism.
- Development of interregional importance tourism roads.
- The need for tourism products expanding the business areas (conference, cruise, rural tourism, ecological tourism, active tourism, cultural cognitive tourism).
- Improved investment climate, attractiveness.
- Development of common international routes with the neighboring countries.

Threats:

- Insufficient funding to promote tourism sector development opportunities.
- Incapacity to establish the image of Lithuania as a sea state.
- Irrational use of investment in tourism.
- The competition of close tourism markets.
- Incapacity to use EU structural funds and other foreign support.
- Increasing migration of youth.