

Interview: Mantas Katinas - General Manager, Invest Lithuania



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21.12.2017

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Mantas Katinas, general manager at Invest Lithuania, discusses the country's strengths, how it can become an attractive destination for Foreign Direct Investment (FDI) and the commitment of the agency towards developing a proper ecosystem for life sciences in Lithuania.

Mr. Katinas, you worked in the telecoms industry before joining Invest Lithuania back in January 2015. What are the factors that contributed to you jumping to this position and how has your former experience helped you lead this agency?

My personal story begins when I was looking for a blue ocean strategy for my professional career. In this way, I chose IT as an instrument to become a more globally-oriented person in a highly dynamic environment such as telecoms. Thus, I spent more than a decade in this field, but I have been always passionate about anything related to technological transformations such as blockchain. Hence, in Lithuania, we have already foreseen that the future is in digital disruption and my professional path naturally brought me to lead Invest Lithuania back in 2015.

The agency was founded in 2010, right after the big crisis. How has the agency developed its activities since its foundation and how has the FDI landscape evolved since then?

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Since its inception nearly eight years ago, the ambition of the agency has always been ultimate, and the goals set have been elusive and higher every year. Throughout the years, the agency focused on three key areas: global business services, manufacturing and IT technology.

The biggest focus in 2010 was to bring business services to the country since this economic layer is the base of a solid economic structure. In this ambition, the agency has achieved tangible results, attracting flagship brands to the country such as Western Union and Barclays; putting Lithuania on the business services map for many more multinational companies. We currently have more than 60 business service companies located in Vilnius and Kaunas that employ around 14,000 professionals and have ambitions to grow every year.

Over the last four years, Lithuania has focused on developing its manufacturing sector, which generates 19 percent of GDP. An eager and skilled workforce, close ties between business and education, and a commitment to creating the right infrastructure are the main advantages that Lithuania can offer. The success stories of Continental, Hella and Hollister proves that Invest Lithuania together with the government are on the right path.

On top of that, Lithuania is a rising star in the technology world. Indeed, we have a very strong talent pool with top-notch technological knowledge and the country is advancing in sophisticated industries such as game development, fintech, cyber security and software development. In this sense, Invest Lithuania is actively collaborating with both government and industry to develop the right regulation that will differentiate Lithuania from any other country in Europe being positioned as an attractive place for specialty IT companies.

The CEE region has higher growth rates than many other stable EU markets. In this context, why is Lithuania the best FDI destination compared to the Baltic states or to any market in Europe?

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Lithuania is quite similar to its Baltic neighbors in terms of openness to international businesses. All three Baltic States have some of the best business environments in the world with Estonia and Lithuania ranked as number 12 and 16 globally respectively. This positioning is a result of strong efforts from all these three states in modernizing and making more agile the system as well as building up the proper regulation, fully aligned with the ambition of attracting international companies. I believe that, as being small, the collaboration and union of Lithuania, Latvia and Estonia is the way to lead the development of each country but also the region as a set. Furthermore, having agile as well as attractive regulation positions the Baltics in general – but

Lithuania in particular – as one of the best destinations for highly dynamic industries such as IT, which is one of our goals.

When compared with other markets, Lithuania has several key advantages which determine its economic growth – the fastest in the EU. Ranked alongside Ireland, Germany, Switzerland for our business environment, Lithuania can also guarantee a fantastic cost to quality ratio. The talent pool offers not only qualified and hard-working personnel, but can be proud of its numbers of engineers, software developers, aviation engineers, biochemists and other much demanded specialists in the world market. The market is still not saturated so there is plenty of opportunities to exploit for new companies and business.

Lithuania is constantly improving its business environment. For example, this year Lithuania jumped from 21st to 16th position in the World Bank's Doing Business ranking. Strong efforts from both government and Invest Lithuania in modernizing and making more agile the system as well as building up the proper regulation fully aligned with the ambition of attracting international companies.

What is the role of the healthcare and life sciences sector in the entire macroeconomic landscape?

Healthcare and Life Sciences sector plays huge role in the economy, as it accounts for roughly four percent of the country GDP. With more than one percent of GDP generated by the biotechnology sector, Lithuania confidently stands as a sector hub alongside such countries as Ireland or Singapore. For a number of years, Life Sciences companies in Lithuania have been ranked as the most profitable ones in the country. With the high-value added production these companies contribute greatly to the economy as 90 percent of all pharmaceutical and medical production is exported to over 100 countries.

It is no surprise that the Life Sciences sector is high on the priority list of the country. We are constantly looking for best practices already developed in other countries such as the Netherlands and Ireland to subsequently implement them in Lithuania. With long-standing historical competences in molecular biology and enzymology, a well-developed R&D infrastructure and talented labour pool, Lithuania has all the reasons and parameters to mature as a strong and full-fledged Life Sciences hub.

One of the government's targets is to build up innovation capabilities in the country. In this sense, the government will invest EUR 679 million over the period 2014-2020 to further improve R&D capacity locally. To what extent do you agree that the Life science

industry can be a key driving force in the process?

The Life Sciences sector is a high value-added industry, and therefore plays an important role in the growth of the Lithuanian economy. The country already provides the most extensive and up to date support network for life sciences companies in Europe. With five integrated business and science valleys, Lithuania is the EU leader in open R&D infrastructure – which already had 276 million EUR invested. Lithuania has a significant amount of competitive talents, it ranks 10th in the world for R&D personnel per capita (16 academic institutions and 15 R&D centers with a pool of nearly 23,300 researchers and specialists).

The life sciences industry can play the role in achieving this goal since government is eager to develop local R&D capabilities and companies have the resources to create them. I believe that the way to advance in this direction is through having an open dialogue between government and companies in which the latter stakeholder shares its goals and the other creates the proper eco-system to accomplish them. Having said that, Invest Lithuania leads this communication, ensuring a constructive relationship between government and companies.

Could you share some of the most prominent success stories within the life sciences industry?

First of all, it is important to point out that Lithuania has a triple ambition in Life Sciences – to strengthen its positions in the sectors of Biotechnology, Medical Devices and Services for the Medical Companies. Lithuania has success stories in each of them.

The most prominent success stories come from biotech. Teva and Thermo Fisher Scientific are companies with turnover of around EUR one billion annually and both are ranked among the most profitable companies in the country. Thermo Fisher Scientific has established its center of excellence for Molecular Biology here and with almost 100 researchers employed at the facility, the company has the biggest private R&D center in the Baltic region. Employing almost 800 people in the Lithuanian facility, the company astounds with its lean management and has recently received a Shingo prize, rewarding its accomplishments.

In the sector of Medical Devices, the brightest star is without doubt a UK-capital company, Intersurgical, manufacturer of medical devices for respiratory support. Its products are used in hospitals, operating rooms, intensive care units, postoperative wards, ambulance services, and homes in more than 100 countries around the world. Based in the small town Pabrade of 6,000 inhabitants, Intersurgical employs 2,000 people and is the biggest plant in Lithuania.

This year, another big player announced its entrance into Lithuania – Hollister Incorporated, the US capital advanced medical devices manufacturer. The company plans to begin its facility with 300 employees and 50 MEUR investment in the Kaunas region. This will highly contribute to the foundations of Kaunas as the Medical Devices hub in Lithuania.

Last but not the least, Lithuania is one of the most attractive locations for Shared Service Centers. The shared services center Intermedix Lietuva, supporting US emergency services, is located in Kaunas and with 660 employees is one of the largest offices in the organization.

What are the main objectives that you would like to accomplish in the next years?

One of the main priorities on our agenda is to promote Lithuania and its ambition to attract several more big names in Life Sciences sector. In Invest Lithuania, we clearly see, that the sector has not been saturated yet and several more players in the market would easily fit and find a perfect place for their business to thrive. This would help Lithuania to mature as a true and solid Life Sciences hub what is considered as a key priority on the political agenda of the county. In the meantime, our mission is to further improve the conditions and investment climate for the businesses in order to make Lithuania an even more attractive and irresistible location to invest.

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