ORGANIZATIONAL AND LEGAL PRINCIPLES OF PUBLIC POLICY OF BUSINESS SUPPORT IN LATVIA AND LITHUANIA

Abstract
At least half out of 10 newly created companies cease their activity in the first year, often designating unprofitability as the reason, which cannot be remedied due to the lack of the necessary knowledge and advice. In turn, the state and society at large is interested in securing the stability of bigger companies operations, newly created companies included. Therefore, business support organizations are being formed, the goals of which are to constantly oversee various events in the outer business environment, so as to be able to apply preventative and / or corrective measures for the continued support and growth of entrepreneurship. Of similar importance is also the aspect of employment.

Entrepreneurship has a decisive role in the production of GDP necessary for the development of the Latvian and Lithuanian states, which further materializes in the products and services necessary for the population, the end result of which is the increased well-being of the state and the population. It is for this reason that state and municipalities have to pay closer attention towards the understanding of business development disrupting aspects and towards goal-oriented improvements for the state and municipality support system functionality.

The purpose of the article is to carry out an analysis of business support systems for the purpose of facilitating the effective cooperation of business support organisations in Latvia and Lithuania by analytically evaluating Latvian and Lithuanian business support organisation activities.

To reach the goal, the following most important objectives were set:
1) to compile and analyze the relevant environment for business support in Latvia and Lithuania;
2) to identify active BS organisations in Latvia and Lithuania and analyze their activities and results of their activities.
The scientific novelty is to compile and analyze the relevant environment for business support in Latvia and Lithuania.

Conclusions. In comparative analysis, when comparing the Latvian and Lithuanian national laws and strategic planning documents that regulate the organization, financing and impact assessment of business support at the national level, which are not regulated by EU legislation or obligations, it can be concluded that, unlike Latvian legislation, Lithuanian legislation and planning documents clearly indicate the priorities for business support, the target groups of beneficiaries, types of support (materials and intangible assets) and support providers (municipalities or the state), as well as a clear description of the organization and evaluation of assistance. The Latvian legislation (with the exception of the New Enterprise Assistance Law and the laws that determine the granting and monitoring of EU assistance) does not define business support, its beneficiaries, possible types and size of support, the necessity and procedures for monitoring and impact, etc.

Key words: competitiveness, business support system, border regions, development of business, stakeholder, legislation, business support organizations, beneficiaries.

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ОРГАНИЗАЦІЙНО-ПРАВОВІ ЗАСАДИ ПУБЛІЧНОЇ ПОЛІТИКИ ПІДТРИМКИ БІЗНЕСУ В ЛАТВІЇ ТА ЛІТВІ

Анотація

Принаймні половина з 10 новостворених компаній припиняє свою діяльність у перший рік, часто вказуючи причиною збитковість, яку неможливо усунути через відсутність необхідних знань і поряд. Своєю чергою, держава та суспільство в цілому зацікавлені у забезпеченні стабільності діяльності компаній, у тому числі й новостворених. Тому формуються організації підтримки бізнесу, цілями яких є постійний нагляд за різними подіями у зовнішньому бізнес-середовищі, щоб мати можливість застосовувати превентивні та/або коригувальні заходи для подальшої підтримки та зростання підприємництва. Подібне значення має і аспект працевлаштування.

Підприємництво відіграє вирішальну роль у виробництві ВВП, необхідного для розвитку Латвійської та Литовської держав, який надалі матеріалізується у продуктах і послугах, необхідних для населення, кінцевим результатом яких є підвищення дворобуту держави та населення. Саме з цієї причини держава та муніципалітети мають приділяти значну
ПРАВО

уваху розумінню аспектів, що заважають розвитку бізнесу, і цілеспрямованим покращенням функціональності системи підтримки держави та муніципалітету.

Метою статті є проведення аналізу систем підтримки бізнесу з метою сприяння ефективнішій співпраці організацій підтримки бізнесу в Латвії та Литві шляхом аналітичної оцінки діяльності організацій підтримки бізнесу Латвії та Литви.

Наукова новизна полягає в тому, щоб зібрати й проаналізувати відповідне середовище для підтримки бізнесу в Латвії та Литві.

Висновки. Порівнюючи національні закони Латвії та Литві, а також документи стратегічного планування, які регулюють організацію, фінансування й оцінку впливу підтримки бізнесу на національному рівні, які не регулюються законодавством чи зобов’язаннями ЄС, можна зробити висновок, що, на відміну від законодавства Латвії, законодавство Литви чітко вказує на приоритети підтримки бізнесу, цільові групи бенефіціарів, види підтримки (матеріали та нематеріальні активи) та постачальників підтримки (муніципалітети чи держава), а також має чіткий опіс та оцінку допомоги. Законодавство Латвії (за винятком нового закону про допомогу підприємствам та законів, які визначають надання й моніторинг допомоги ЄС) не визначає підтримку бізнесу, її бенефіціарів, можливі види та розмір підтримки, необхідність та процедури моніторингу та впливу тощо.

Ключові слова: конкурентоспроможність, система підтримки бізнесу, прикордонні регіони, розвиток бізнесу, стейкхолдер, законодавство, організації підтримки бізнесу, бенефіціари.

Problem Statement. The business support environment and support system in Latvia and Lithuania and its research areas have not been specifically studied, the existing business environment has been analyzed and future development trends are also highlighted in the development of business, developing a series of development and planning documents.

To analyze the business support system in order to increase its operational efficiency in Latvia and Lithuania, it is important to evaluate the legislation of Latvia and Lithuania, the existing regulatory enactments and strategic planning documents in order to understand how and to what extent the business support in Latvia and Lithuania is already regulated.

Latvia and Lithuania are also bound by European Union legislation on the granting and management of business support since 2004, after joining the European Union. Therefore, before examining the regulatory documents of the state and region of Latvia and Lithuania, it is essential to review the common EU framework for business support. For example, the Treaty on the Functioning of the European Union, European Union law, European Union case law are documents in the field of control of business support, these and other binding rules of international law apply when assessing the compatibility of business support with the internal market.

Analyses of recent researches and publications.

Analyses of recent researches and publications. To coverage of problems of development of business, including an analytical evaluation of business support regulatory normative enactments are dedicated works of scientists, in particular J. Vanags [22], Rivza B. [1; 2], I. Gryshova [7; 8; 28], R. Gryshova, V. Riashchenko [24; 26; 27], M. Zivitere [26; 27].

However, rapid changes in economic conditions, insufficient level of efficiency of state policy of support the development of business, limited range of scientific exploratory studies of the formation of holistic supporting system of business development in Latvia determine the relevance of further research in this area. Aim of the article.

After considering the arguments about the relevance of the Research outlined above, the following goal was set: to carry out an analysis of business support systems for the purpose of facilitating the effective cooperation of business support organisations in Latvia and Lithuania by analytically evaluating Latvian and Lithuanian business support organisation activities.

Presentation of the main material.

Given the fact that 99% of enterprises in the European Union are small and medium-sized enterprises (hereinafter referred to as SMEs) and are the largest creators of jobs,
the «Community Guidelines on Small and Medium Enterprises» Guide issued on 25 February 2009 were issued. The handbook defines what community support, which is small is and medium-sized enterprises, what kind of support can be given to SMEs, what type of support exists at all, etc. This guide states that the beneficiary is an SME that meets the European Commission's 06.05.2003 the criteria set out in the Recommendations (20 May 2003, JO L 124) [9], which are reflected in Table 1.

**Identification criteria of small and medium-sized enterprises**

<table>
<thead>
<tr>
<th>Employee amount</th>
<th>Turnover</th>
<th>Balance</th>
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<tbody>
<tr>
<td>Micro</td>
<td>&lt; 10</td>
<td>&lt;= 2 mil. EUR</td>
</tr>
<tr>
<td>Small</td>
<td>&lt; 50 and</td>
<td>&lt;= 10 mil. EUR</td>
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<tr>
<td>Med.</td>
<td>&lt; 250</td>
<td>&lt;= 50 mil. EUR</td>
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The basic concept of State aid is defined in the Handbook as follows: «aid» means all measures which meet the criteria set out in Article 87(1) of the EC Treaty [3] (hereinafter referred to as the EC Treaty). Unless otherwise provided in this Treaty, any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by favoring certain undertakings or the production of certain goods is incompatible with the common market, in so far as such aid affects trade between Member States.

The De minimis Regulation, for its part, provides that aid measures up to EUR 200 000 per undertaking for any period of three fiscal years do not constitute State aid within the meaning of the EC Treaty and, therefore, may be granted by Member States without delay and without procedural burdens.

In addition to financial support such as small-scale support (de minimis rule), state guarantees, risk capital aid, the Handbook describes further such support measures for the promotion of the growth and development of SMEs within the meaning of the EC Treaty:

1) **R&D and innovation support**: support for research and development projects (research, experimental development), research into technical feasibility, costs of industrial property rights, temporary recruitment of highly qualified staff, consulting services, innovation clusters, etc;

2) **support for environmental protection**: support for energy saving measures, renewable energy sources, investments in high-efficiency cogeneration, environmental studies, etc.;

3) **regional support**: refers to national regional aid in all sectors except fisheries, coal and steel, synthetic fibers and primary production of agricultural products. The purpose of regional aid is to promote the growth of the least-favored regions by supporting investment and the creation of related jobs in support of start-ups and in the granting of operating aid in specific cases. It contributes to the expansion and diversification of businesses in the less developed regions, in particular by encouraging companies to set up new production units in these regions;

4) **investment and employment aid**: investment aid for tangible and intangible assets;

5) **training aid**: special training, general education;

6) **support for consultations and participation in trade fairs**;

7) **support for female entrepreneurship**;

8) **support for workers with disabilities** or disadvantaged workers;

9) **support for rescuing** and restructuring firms in difficulty.

It is important to emphasize that, together with EC-defined and available support for entrepreneurship, the Member States (including Latvia and Lithuania) are in possession of various general support measures and instruments that are not considered state
aid within the meaning of the EC Treaty but are national support instruments such as the general reduction of taxes on labor and social costs, the promotion of investment in general education and training, guidance and counseling measures, general assistance and training for the unemployed, and improvements in labor law.

Below are specific regulatory acts (outside the EC definitions) that regulate business support in Latvia and Lithuania at the national, regional and project partner level.

To study the regulatory framework for business support that could define and regulate business support in the research area of Latvia, Zemgale and Kurzeme, the following normative documents of the following level were analyzed and evaluated:

1) the Commercial Law;
2) the Law on the Control of Business Support;
3) Law on the Support for New Business Undertakings;
4) the Law on Associations and Foundations;
5) the Law «On Taxes and Fees»;
6) the Regional Development Law;
7) the Law «On Local Governments»;
8) the Law on the State Administration Structure;
9) the Law «On Prevention of Misleading State and Local Government Finances and Property»;
10) March 30, 2007 Regulation No. 735 «Regulations on the lease of land for public persons»;

**The Commercial Law** defines the terms, conditions and restrictions of the merchant, business, commercial register and other commercial matters, but does not determine what business support is and how it is to be done.

On July 1, 2014, the **Law on the Control of Business Assistance**, which was drawn up in accordance with Council Regulation (EC) No 2200/1999 of 22 March 1999, entered into force. No 659/1999 laying down detailed rules for the application of Article 108 of the Treaty on the Functioning of the European Union. The purpose of the law is to ensure the lawfulness of the implementation of commercial support, to define the Latvian national control competences and procedures in the field of commercial support in order to reduce the negative impact of commercial support on competition, and to establish financial requirements for state and local government institutions by granting financial support to commercial companies. This law defines who is the de minimis aid provider who owns exclusive and special rights in the provision of support services, how business aid is to be issued and how support usage [11] is controlled. It is important to emphasize that the Law on the Control of Business Support determines the characteristics that financial support for the promotion of business can be considered commercial support. These are the following 4 features:

1) financial assistance is provided, directly or indirectly, by the state, local government, the EU or other public funds, and public authorities have a controlling influence over financial resources;

2) a commercial company carries out business activities and obtains economic advantages which it would not be able to obtain if commercial support was not provided;

3) financial assistance does not apply to all commercial activities in the same way, but is intended depending on their size, type of activity, location, other differentiating criteria, or is intended only for a particular commercial company;

4) Financial assistance affects trade and distorts competition within the EU markets [11].

Thus, **the Law on the Control of Business Support** defines and provides business support only as financial assistance granted from state or local government funds over which state or municipal institutions have controlling influence and aims at monitoring and controlling financial support rather than promoting entrepreneurship.

With the aim of promoting the formation of new enterprises in Latvia, thus promoting research, as well as the use of innovative ideas, products or processes in commercial activities (commercialization of research products), on January 1, 2017, **the Law on Support of Young Businesses** came into force in Latvia. This law defines aid programs, criteria for awarding aid programs, and tax incentives related to support programs, etc. [16]. Although this law is an important step towards the promotion of business support, including the attraction of highly skilled labor and the highly technological
inventions in commercialization, it only applies to the promotion of highly technological new start-ups during the 5 years of operation and does not provide support for existing and other sectors companies that also often need business support.

In view of the non-state status of several business support organizations, attention should also be paid to the **Law on Associations and Foundations** (came into force on 01.04.2004). The law provides for the establishment, reorganization and liquidation of associations and foundations. The law does not specify the procedure for the provision of business support, however, Article 7 of the Law defines the right of an association and foundation to carry on an economic activity in the form of an ancillary activity related to the maintenance or use of its property as well as other economic activities in order to achieve the objectives of the association and foundation goals [15]. Thus, the law does not prevent associations and foundations from carrying out economic activities and from being business support providers and facilitators. However, this law also does not determine the types and procedures of the basic business support.

One of the most important forms of business support is tax deductibility. Although the **Tax and Duties Act** [17] does not specify direct relief or special conditions for business support, it provides for the use and application of tax rebates in cases where the taxpayer fulfills the conditions of a particular tax law. For example, commercial companies that are exempted from the corporate income tax law «On Corporate Income Tax» or which can be applied to corporate income tax rebates provided for in the Law «On Taxation in Free Ports and Special Economic Zones». By contrast, the Value Added Tax Act imposes the application of a reduced tax rate on certain goods and services [18].

The development of the regions of Latvia, which is particularly important in the context of the specifics of the study, is regulated by the **Regional Development Law**, the aim of which is to promote and ensure a balanced and sustainable development of the country, taking into account the specific features and possibilities of all the territory of the country and its parts, reducing the disadvantages between them, and preserving and developing the nature and development potential of each territory of nature and cultural environment [14]. Section 16.1 of the Law generally defines that the planning region has the competence to promote economic activity in the territory of the planning region however, it does not define how economic activity can be supported and how it should be provided for business support.

The **Law «On Local Governments»** regulates the general rules and economic basis of the activities of the local governments of Latvia, the competence of local governments, the rights and duties of the chairman of the council and its institutions, the relationship between the local government and the Cabinet of Ministers and the ministries, as well as the general rules of local government relations [13]. Part 15 of Article 15 of the Law provides that the autonomous function of a municipality is to promote economic activity in the respective administrative territory, to take care of reducing unemployment; however, this law does not specify how this is done.

In accordance with the **Law on the State Administration Structure** and the Law «On Local Governments» [19], the autonomous functions of municipalities consist of separate administrative tasks and responsibilities. The primary task of a public entity is not doing business and making a profit, but providing no management [20]. Despite the fact that local government and state support for business development is very limited, there are various possibilities for a state or municipal institution to support entrepreneurship – mostly this is possible by arranging business infrastructure, granting discounts for premises and leasing land, developing marketing materials and potential investments catalogs, offering seminars, training, continuing education, scholarships, grants competitions, etc. Many municipalities also employ a business consultant who provides advice to local entrepreneurs.

Entrepreneurs are mostly interested in renting out a municipality space or land for business. It is important that 01/01/2013 the amendments to the Law «On the Prevention of Misleading State and Local Government Funds and Assets» came into force, creating more favorable conditions for entrepreneurs to lease land and / or immovable property from a public person. The maximum term of the lease agreement could not exceed 12 years, but after the entry into force of the law, Section 6.1 of
the Law provides: «Unless otherwise provided by regulatory enactments, a lease contract may be concluded for a period of up to five years, a contract for a movable property for a period of up to 30 years, another lease of real estate for a period of up to 12 years» [12]. Existing norms stipulate that the municipality is obliged to rent out vacant properties. In order to avoid a situation in which property is acquired by brokers, auctioning may include conditions for the use of the site [25].

Entrepreneurs are also interested in land and room rentals, which is an essential form of business support. As the municipality of real estate cannot be put into use for non-cash consideration, amendments to the Cabinet of Ministers of 30.10.2007 were made to create more favorable conditions for municipalities on May 6, 2014. Regulations No. 735 «Regulations on the lease of land for public persons». Article 18 stipulates that «if a non-built land is leased to the construction of a production facility, the public person has the right to provide assistance in the form of a reduced rent amount of up to 50% of the amount of the lease payment temporarily rented from the land plot until five years after the transfer of the production facility in operation» [23].

Local governments and state institutions in carrying out business support functions, however, should take into account the third part of Section 7 of the State Administration Structure Law, which stipulates that «Derived public persons, when establishing legal entities of private law, including those who do not have a profit-making nature, cannot be avoided the responsibilities specified in this law and to set them other goals that do not arise out of the functions of the relevant public person», therefore, only statutory business support, not exceeding municipal authority, as well as municipalities, are not allowed to engage in entrepreneurship, thus distorting competition.

Since 1999, the Annual Entrepreneurship Plan has been prepared and approved by the Cabinet of Ministers [21], which envisages the improvement of the regulatory enactments regulating business and the services provided by the state administration, thus creating a competitive business environment in Latvia on a global scale. Basic principles included in the business plan activities:

- advise the introduction of the principle first, especially at the start-up phase;
- simple and high-quality public e-services in the state – increasingly integrated e-solution integration (digitalization);
- introduction of business environment-friendly infrastructure development services, incl. introduction and observance of reasonable deadlines, ensuring the importance of safety and quality requirements;
- simplification of administrative requirements, in particular in the field of taxation and accounting, and reduction of bureaucratic burdens;
- strengthening of legitimate expectations on investor protection and insolvency issues.

Although this plan does not provide specific types of business support and tools, it contains important guiding principles for business development that should be considered in the business support organizations’ activities and in the development of the business system.

After more detailed acquaintance with the aforementioned documents, one can conclude that, although there are several laws of the Republic of Latvia, the Cabinet of Ministers regulations and other regulatory documents defining and controlling the development of entrepreneurship, there is no single legal framework regulating business support. No current law defines what the business support that is the beneficiary is and what are the criteria for receiving support not only for emerging but also for existing companies.

In order to find out the legislative initiatives of the Republic of Lithuania that determine and influence the business environment and its support possibilities, the following regulatory acts and planning documents in Lithuania were analyzed and evaluated: the Commercial Law; Employment Law; the Law on Local Authorities; the Law on the Development of Small and Medium Enterprises; Investment Improvement and Industrial Development Program 2014–2020.

In Lithuania, companies are also bound by the Commercial Law (came into force on July 13, 2000), which regulates the establishment, reorganization and liquidation of public and private limited liability companies, their management and operation, shareholders’ rights and obligations [5], however, like in the case of the Commercial Law of Latvia, does not determine if and which type of company can
receive support from state or business support organizations.

The Employment Law, which came into force on June 21, 2016, defines the main types of employment and the legal regulation, objectives and tasks of the jobseekers support system, the functions of implementing bodies of employment support, organization and financing of their provision, labor market services and implementation of employment support measures, as well as liability for illegal employment, irregularities in the employment of third-country nationals, unregistered employment and self-employment [4]. The employment support system in Article 2 of this Law is a set of legal, economic, social and organizational measures implemented to support the employment of jobseekers. For the purposes of this article, it is understood that the state will support an entrepreneur to support the worker. By contrast, Article 14 of this Law provides that the Government of the Republic of Lithuania shall submit to the Seimas of the Republic of Lithuania the proposals for the implementation of the employment support policy, approve the national programs for increasing employment, and adopt decisions for the provision of employment support, as well as coordinate the activities of ministries, other institutions and organizations in connection with employment aid. Consequently, according to this article, the entrepreneur who creates new jobs is positioned as the direct beneficiary of the aid and the aid provider to the employee. According to the authors of the study, the Employment Law reflects a significant government message and a significant position that can serve as an example of good practice in shaping entrepreneurship stimulation and support legislation.

The Employment Law also clearly indicates what kind of support can be obtained for self-employment, which is one of the forms of entrepreneurship. Article 47 of the Law provides that persons who started self-employment and comply with Section 3 of the Law shall be eligible according to the law. Support for self-employment is organized in cases where people first create jobs in micro enterprises, as stipulated in the law of the Republic of Lithuania on the development of small and medium-sized enterprises. Self-employed workers have the opportunity to receive a subsidy to create a new job without exceeding the minimum wage, and local labor exchanges organize entrepreneurship training for job seekers who want to become self-employed.

Similarly, in Latvia, in Lithuania, intermediate support for starting and development of entrepreneurship can be obtained from local governments, therefore, it is necessary to analyze the Law «On Local Municipalities». This law determines the procedure for the establishment and functioning of local government institutions, implementing the Charter of the Constitution of the Republic of Lithuania and the European Local Government Charter, defining the principles of local government – the government, local government institutions and their competence, functions, the status of the local government council, and the justification of the economic and financial activities of local governments [19].

As mentioned above, the municipality cannot directly support business, but it is used indirectly in accordance with the functions of the municipality. Article 6 of the said law determines the functions of the municipality, among which is the determination of local taxes and fees (paragraph 2), the management, use and possession of land and other property belonging to the municipality with property rights (paragraph 3), participation in the issue of employment of inhabitants solving, qualification acquisition and retraining, organization of public and seasonal work (point 16), determination of the procedure for the provision of trade and other services at points of sale and in public places managed by municipalities or companies controlled by them (paragraph 37), creation of business and tourism development conditions and the promotion of such activities (paragraph 38), the issuance of permits (licenses) in the cases specified and prescribed by law (paragraph 39). Thus, in Lithuania, the municipality can support entrepreneurship by arranging infrastructure, granting tax and tax rebates, developing brown fields, leasing municipal land, which is often a leak to local entrepreneurs.

It should be mentioned that from 1 January 2018 amendments to the said law came into force, determining the necessity and procedure for organizing the extended meeting of local government representatives (Article 35.1), providing that an enlarged meeting may be
organized in the event that issues related to the serviced area, residential districts or parts of communities, community-based funding opportunities, community-based activities and partnerships with local authorities, the promotion of local business, as well as other issues of importance for local residents. Including such an article will increase the involvement of local people in the work of the municipality and possibly more support for local businesses so that they can compete in the common market.

The Law on the Development of Small and Medium-Sized Enterprises (entered into force on November 24, 1998) determines the formation of small and medium-sized enterprises and the types of support applied to them [6].

Article 3 of the Law provides that support to small and medium-sized enterprises can be provided in accordance with the government, regional or local government development programs for entrepreneurs. The creation and implementation of such programs is financed by the state or local government funds. To receive financial support, entrepreneurs must submit a business plan and work accordingly. Article 4 of the said Law defines the following forms of possible State aid for small and medium-sized enterprises:

1) tax rates and tax deductions that are granted in accordance with the procedure prescribed by law;
2) financial support provided by small and medium-sized enterprises promotion funds;
3) financial support offered by the government and local authorities in accordance with the programs for the development of small and medium-sized enterprises;
4) consultancy and training services provided simultaneously with business development programs;
5) services provided by business incubators;
6) guarantees provided by the institutions and / or insurance companies and other institutions promoting the development of business, which are provided in accordance with Articles 7 and 71 of the Law on the State Debt;
7) skills development services offered by business development and employment programs;
8) relaxed conditions for public procurement tenders;
9) support for the creation of new jobs;
10) micro-credit system for the business start-up of private individuals;
11) accelerated depreciation practices for small and medium-sized enterprises.

On September 17, 2014, the Government of the Republic of Lithuania adopted Resolution No. 986 «Investment Improvement and Industrial Development Program 2014-2020». The objective of this program is to set targets for investment in service and manufacturing sectors, to develop a general industrial development policy, and to develop evaluation criteria and their values in order to increase Lithuania’s competitiveness [10]. The program states that the state must invest in infrastructure development for successful industrial development and attraction of innovations. Following the identification of benefits and the financial incentives provided by the state to create infrastructure in free economic zones and industrial parks, it is important to ensure the continuity of state support for this infrastructure. The program indicates that the state’s financial support measures for attracting investors have attracted investors, therefore it is essential to ensure the continuity of state support for investments and to continue to plan specific financial instruments. The program focuses on making investment attractiveness a flexible and fast process, i.e. looking for the best ways to address investors’ issues [10].

As emphasized in this program, one of the conditions for raising the competitiveness of the Lithuanian state is to reduce the import of raw materials, as well as dependence on suppliers and producers of foreign raw materials and related risks, thus increasing the competitiveness of the Lithuanian industry. To achieve this, the following measures should be taken: to support enterprises, in particular small and medium-sized enterprises, to advise them on the continued improvement of productivity and efficiency, and the sustainable use of resources; to train companies through the application of eco-design principles and methods, as well as resource efficient and cleaner production; promoting sustainable consumption and green procurement; Encouraging companies to work together to implement the principles of regional industrial symbiosis, which allows you to save resources and reduce waste quantities [10].
In order to increase the competitiveness and sustainability of Lithuanian companies, energy supply issues need to be addressed and the part of the electricity price lowered to companies as an additional charge, such as increased electricity tariffs for services of general interest, which is not regulated by EU legislation or obligations, should be reduced. The national energy saving policy must ensure that energy efficiency is aligned with planned support programs, in particular for businesses and households, with a clear separation of economic sectors and beneficiaries [11].

**Conclusions.** Thus, analyzing Lithuanian laws and programs that focus on business support and development, which are not regulated by EU law or obligations, it can be concluded that Lithuanian legislation provides for business support, types of beneficiaries (who are eligible for support), and supports arrangements for the organization and financing of provision. There are clearly defined eligibility criteria and conditions for obtaining state aid. The existence of a separate and comprehensive Law on the Development of Small and Medium-Sized Enterprises, as well as a resolution adopted by the government, aimed at improving investment and industrial development, is positively evaluated.

In Lithuania, legislative initiatives aimed at promoting entrepreneurship and promoting support also show less fragmentation than in Latvian legislation, which contributes to easier reception and understanding of normative acts as well as the efficiency of receiving business support and the development of entrepreneurship in general. In turn, Latvian business support legislative initiatives show greater fragmentation and less interest in promoting entrepreneurship support, and to some extent they are contradictory – a Law on Business Aid Control has been developed that controls the receipt of support but there is no uniform law defining how it is organized, redirected and Business support assessed. The Latvian legislative initiative to promote the formation of new companies and attraction of investments in highly technological sectors, as of January 1, 2017, is being positively assessed by the introduction of the Law on Support for Young Businesses. However, the real introduction of this and its support programs into start-ups is hampered by the difficult criteria to be met in attracting a venture capital investor.

**References:**


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