

Doing Business in Lithuania

An Interview with Morten Christensen,
Managing Director, Lietuva Statoil, Vilnius



Morten Christensen

EDITORS' NOTE Prior to joining Statoil in 1989, Morten Christensen worked as a sales manager for a variety of companies. He has served in managerial roles with Statoil in Denmark, Russia, and Lithuania.

COMPANY BRIEF Headquartered in Stavanger, Norway, Statoil is an integrated oil and gas company with considerable international activities. Represented in 33 countries, and engaged

in exploration and production in 15, the company employs more than 25,600 people, 49 percent of whom work outside Norway.

What has Lietuva Statoil found to be the best, and most challenging, thing about doing business in Lithuania?

At present, the environment for business development in Lithuania is very positive; the national economy is growing, companies are becoming stronger, and the purchasing power of the population is increasing. On the whole, we consider the conditions for business activity in Lithuania to be positive. However, we still acknowledge that the gray market for oil products is quite prevalent in the country.

Nevertheless, the fast-growing market and EU membership have opened up new opportunities. On the other hand, competition in the market has also increased. This forces us to improve our service offerings and to identify our competitive advantages. Despite the competitive environment, our position in the market is growing stronger. We think that doing business in Lithuania is promising.

When and why did Statoil decide to invest in Lithuania?

Approximately 13 years ago, Statoil managers in Norway saw encouraging developments on this side of the Baltic Sea. They had a vision of bringing Statoil's concept of service, quality, and convenience to Lithuania. They also wanted to introduce the business values that had made Statoil successful in Norway, Sweden, and Denmark.

At that time, Lithuania was already an independent country, recovering from 50 years of Soviet occupation. Many things were changing at that time and many still had to be changed. The representative office of Statoil in Lithuania was founded in September 1993. The first Statoil service station was opened in Vilnius, the capital of Lithuania, at the beginning of 1995. At the end of 1995, four Statoil service stations were already operating. During the period of 1996 to 1998, the largest expansion of the Statoil network was accomplished in Lithuania, involving the construction of 23 new sites. In 2000, Statoil opened the first automatic service station under the name 1-2-3. In 2003, the development of the network was especially rapid, as Statoil took over 16 service stations from Shell in Lithuania. As the expansion was proceeding, new gas stations were opened one after another.

We have invested more than LTL321 million in the Lithuanian market, and we are one of the biggest investors in the country. We will continue enlarging this amount, as we see prospects for business development here. ●

Powering Lithuania

An Interview with Rimantas Milišauskas,
General Director, Rytų skirstomieji tinklai AB, Vilnius



Rimantas Milišauskas

EDITORS' NOTE Now with 26 years of experience in Lithuania's energy sector, Rimantas Milišauskas began his career as an engineer and moved swiftly into managerial positions. He holds a degree in electrical engineering from Kaunas Polytechnic Institute (Lithuania), and was appointed to his current post in 2002.

COMPANY BRIEF Founded in December 2001, Rytų skirstomieji tinklai AB (RST) distributes and supplies electricity to 716,000 customers in eastern Lithuania, operating four regional units, 25 territorial divisions, and a number of subsidiaries.

What are the main activities of your company?

Rytų skirstomieji tinklai AB was founded on December 31, 2001. The company distributes and supplies electricity to customers in the eastern part of Lithuania, including Vilnius, Panevėžys, Alytus, and Utena counties, and parts of Kaunas and Marijampolė counties. RST is also in charge of the maintenance and development of low-voltage and medium-voltage electricity networks.

Electricity trade in the national market is, of course, carried out in compliance with the country's regulations governing trade in electricity. Electricity suppliers and eligible customers are free to choose electricity producers, and make contracts with them for electricity purchase, sale, or supply. RST buys the bulk of its electricity directly from producers. The company buys electricity for public services through the present market operator, Lietuvos energija AB.

What is the structure of the power sector in Lithuania today, and what role does RST play within it?

The business environment has changed during the last two years. The government's decision to privatize one of two existing distribution network companies and the introduction of a new law on electricity have stimulated a more rapid change at the company. As a result, we have taken into account the specific nature of our customers, and have succeeded in coming up with a number of rational solutions. Witnessing increasing competition in the market, we realize that customer service and overall service quality will be the key differentiators. Therefore, today, we place a lot of emphasis on ensuring that our service is effective, simple, and flexible, and that the services we offer are of a high quality.

RST is undergoing rapid modernization and change. Alongside its main activity of electricity supply and distribution, last year the company started offering special services to market participants through three new subsidiaries: Rytra UAB; Elektros tinklo paslaugos UAB, offering electricity network services; and Tetas UAB, offering complex network maintenance services. The youngest company, Tetas UAB, was established in December 2005, and offers specific network services to the owners of private electricity networks. It operates complex energy equipment for transformer substations and distribution points; carries out network relay protection work, automation repair, and maintenance; and performs testing and measuring operations. The main objective of these subsidiaries is to generate profits for shareholders. ●

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Stikliai Hotel

If you're planning to be in Vilnius for business or pleasure and want to meet two of the nicest and most hospitable people in Lithuania, make sure you visit with Aleksandr and Ane Ciupijs, Owners and General Managers of the charming Stikliai Hotel, located in the heart of the city's Old Town.

The Ciupijs did not cut any corners when restoring the hotel (a 17th century building that once belonged to the Catholic Fraternity of the Rosary) between 1992 and 1995. The hotel's 44 rooms (which include the marvelous King Mindaugas Suite and nine other suites) are all large and uniquely designed, some with original murals dating to the end of the 18th century. Guests are able to



relax by availing themselves of an indoor pool and sauna, exercise and billiard rooms, and the intimate solarium, where they can enjoy a drink and pastry and converse with business associates and friends.

And VIPs and heads of state give Stikliai Hotel high marks, too. "What a nice place! It's difficult to find hotels like this nowadays," said President

Jacques Chirac of France after his stay at the Stikliai. President Chirac's predecessor, Francois Mitterand, has also stayed here, as have former U.S. Secretary of State Madeleine Albright, Swedish King Karl Gustavus XVI, Danish Queen Margrethe II, Prince Andrew of Great Britain, and Princess Caroline of Monaco, among other distinguished luminaries.



The Stikliai Hotel's reputation for excellent service and delectable cuisine at its two restaurants (the spacious Winter Garden restaurant is beautifully decorated under a glass roof in the hotel's courtyard) enticed so many business leaders from Vilnius and other countries to stay and dine here that many inquired about longer-term stays. This prompted the Ciupijs to initiate construction of another wing on the property, which will soon be finished. Apartments there will be reserved for guests who intend to make the Stikliai their home (or home away from home) while they are in Vilnius. ●

The King Mindaugas Suite (above) is one of the most luxurious and richly decorated suites in Vilnius, and the vaulted cellar restaurant (left) serves excellent traditional Lithuanian and European dishes.



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