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SUMMER 2021



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IMPRINT

Magazine "Baltic Business Quarterly"

Founder: German-Baltic Chamber of Commerce in Estonia, Latvia, Lithuania (AHK), Breite Straße 29, D-10178 Berlin, Germany

Executive Board Member: Florian Schröder
Editorial office: Strēlnieku iela 1-4, LV1010, Riga, Latvia, +371-67320718, www.ahk-balt.org

Publisher: SIA "Žurnālu izdevniecība Lilita", Brīvības iela 85 - 4, Rīga, LV-1001 20004547, lilita@lilita.lv, www.lilita.lv

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Printed in printing house
"Lietuvos Rytas Print", Lithuania

Cover photo: shutterstock.com

Editor in chief: Līva Melbārzs, +371 6 732 0724

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Digital editions: App Store and Google Play

ISSN 2592-2570

Publisher is a member
of Association
of Press Publishers
of Latvia. lila.lv



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BAVARIA - PARTNER STATE 2021

Making second-hand the first choice

The Lithuanian unicorn Vinted has a very big ambition to make second-hand the first choice. In the last 13 years, the company has achieved a great deal and the start-up is the biggest player in many countries. Recently Vinted raised € 250 million in a Series F funding round.

by **ANDA ASERE**
EXCLUSIVELY FOR
BAL TIC BUSINESS QUARTERLY

in 2008, Milda Mitkutė was moving from Kaunas to Vilnius and realised she had too many clothes to take with her. Justas Janauskas offered to help and built a website to give away her clothes to friends. Now, not only their friends are using the Vinted platform, but so too are 38 million people around the world. Milda Mitkutė tells BBQ readers more about working for the start-up, the concept of second-hand as a greener choice in fashion consumption, and her own dilemma of choosing between ethical, lower-quality clothes and long-lasting leather boots.

It is hard to imagine another big Baltic start-up that is so deeply rooted in Germany as Vinted. How did that happen?

Actually, by accident. Me and another co-founder Justas Janauskas were huge fans of CouchSurfing. Once, two German women, Sophie and Suzanne, came to his apartment to stay for a longer period, like one or two weeks. One night at 2 a.m. they came home after a party and Justas was coding. They asked what he was doing. He explained and they said: we need to have that in Germany! We didn't have the money for that but they didn't care because they

believed it was an absolute must for Germany. So they volunteered to help. This was how we agreed.

There are many projects that want to be on the market somewhere but only a few of them succeed. What were the reasons that helped Vinted to be so successful in Germany?



Photo: Audrius Solominas

I honestly believe that a combination of luck and hard work was the key recipe for our success. The birth of the Lithuanian and German projects was very spontaneous – we expected it to be a hobby project. We never imagined it would grow into something global and SO big. It was a really lucky coincidence that we managed to meet Sophie and Suzanne and they

Speaking about the first, I think it's always worth checking if your idea looks attractive to other people – maybe others don't share the same views as you and it will not get enough support. In business terms, make sure you see a product-market match. Secondly, we found that Germany was a role model for how to do business. It seems Germany is always ahead in

» It's always worth checking if your idea looks attractive to other people – maybe others don't share the same views as you and it will not get enough support

were a perfect match. They were super passionate about this idea, just like us. Sophie and Suzanne didn't care how many hours they spent on the project. They were so devoted and it was the same story in Lithuania – we were hungry to make an impact and create something big. But without hard work, Vinted wouldn't exist anymore. I'm very happy to see how many people work at Vinted, how much effort and energy they put into this.

How successful is Vinted now in Germany?

I believe we are really successful in Germany. It's growing, and the community is getting bigger and more involved there. 8 million people have already joined. Germany is the second biggest market for us after France.

What would be your advice to other start-ups who are thinking about Germany? How should they prepare for this market?

There are a few things. One is common for any country. The second might be more specific for Germany.

terms of how to deal with privacy issues and legal matters. There are many things to learn. The country has very high standards and it encourages you to do your best.

How did the Covid-19 pandemic impact Vinted's business and daily operations?

I think the majority of online businesses haven't suffered from the lockdown as much as the offline ones. People still want to look good and many of them have a guilty pleasure about buying something for themselves. If physical shops are closed, people will go online. So for us, it was an obvious benefit. However, at the very beginning we were also affected because nobody understood what was happening. It took us a couple of weeks to work out what was actually going on, especially last March. The beginning was so sudden and strange. There were no predictions on when life would be back to normal, but all in all online business is not suffering as much as bricks-and-mortar businesses.

What are the biggest changes since Covid-19?

Everything is booming, but all our offices are closed. We are in the transition period of becoming a hybrid company. We are thinking about offering our team the possibility to work a couple of days in the office and the rest of the time from anywhere they wish.

You have been in the business already for more than 10 years. How has this industry changed? What is the change in people's mindset about consumption, sustainability, shopping and buying second-hand?

In total, we already have 38 million members. I see a new generation entering the market and they do their shopping differently. Some time ago, people used to buy second-hand because they wanted to save money, but now I would say the cautious choice is equally important. It is true in Germany, France and even in Lithuania. The younger generation cares about their form of consumption. For them, second-hand is a very cautious decision. There are more and more people like this.

When Vinted was launched in 2008, my idea was to have clothes like in a carousel – buy new items and sell the rest you no longer like. Now it is the opposite. The key thinking is not to have a greater variety of clothes, but to consume in a more environmentally-friendly manner. Sure, I'm biased because I think everyone thinks like me and it is difficult to see other opinions. But from the surveys that we have conducted, we see people are buying second-hand because it is their choice and purpose. This is the main thing that has changed in the last five or six years.

Can you see a trend of people taking care of materials or more sustainable brands as well?

There are different expectations, limitations and reasons why people

buy particular things. One of my best friends says she buys fast-fashion brands second-hand so that she needn't feel guilty about it. The items have already been produced and used, so she is not contributing to increasing the original demand. Also, some people only buy Patagonia as it is a super-conscious and highly ethical brand. When I started to look for more friendly brands, I found that it was a really difficult job. I know a few brands, but that's it. If I need to find some more, it is time-consuming to find them. I have a mixed feelings about this. For example, when I buy some very ethical vegan shoes, they are shipped from the US. How eco-friendly is that? And sometimes they don't last long and after one season I need to throw them away. I can't even sell them second-hand because they are worn out. So maybe sometimes it is OK to buy a less ethical thing that will last longer instead of purchasing a super ethical item that will last only for one season. It is a new market that is evolving at the moment. I see plenty of ethical brands trying to enter the market. It is just a beginning and maybe after 5 years there will be a totally different situation. There are various levels of consciousness. I think second-hand serves the desire of many members to consume in a more friendly manner. They can decide how conscious they want to be and how much time they have for it.

How do you use Vinted? I assume you are a pro-level member, so that's why it would be nice to hear some tips and tricks on how to shop at the platform.

It is a pretty boring story, as I mostly buy things for my kids. I have three children so my clothing mostly consists of comfortable gear and sneakers. I'm not really into fashion or style at the moment. It is more about how to feel comfortable when running around with kids. I buy particular brands I love. For example, I know that Campers sneakers at size 39 work well for me. But for Zara, I need to look at size M not S. Knowing how it works in real life, I try to buy certain brands I know. Then it is easier for me to judge if it will fit me or not. Next, the most important thing is I follow the brands I love. It takes 5 minutes to choose. A more advanced level is to find people you like and follow their style. Sometimes it might take longer to find a "style match" but it's worth the wait.

What is happening with the competition?

In most markets, we are the biggest player, but the market is booming overall. There is diversification too, as some of the players try to focus on premium brands and don't allow medium-price brands on the platform. Also, some platforms are for everything. Others have all the clothes brought to their offices and they take the photos and sell the stuff by themselves. There are different options and combinations of business models and products. And that's good because everyone can choose what they want.

During the pandemic, many countries were in a strict lockdown, so both new and second-hand shops were closed. How did that affect Vinted? Did

you see rapid growth because of it?

For sure, we saw an increase in business. It is a mixture of everything: people started to work remotely and they didn't go to physical shops, but still had a feeling and desire to update themselves. Physical activities were suspended, so everyone went online. It was the only legal way to shop. In March last year, a lot of new listings were uploaded and we saw a big increase.

Vinted has around 38 million members. Any business would wish for such a big number. How are you dealing with it and making sure every member is happy and that each purchase works well?

I guess it is not so important how many members we have – 20 million or 40 million. It's the approach and perception that matters. We are trying to master all the procedures on how we do business. We invest a great deal of time and effort in trying to understand our members' problems and we do our best to solve them. As a regular start-up, we use technology so that members do



» When I buy some very ethical vegan shoes, they are shipped from the US. How eco-friendly is that?



» I honestly believe that a combination of luck and hard work was the key recipe for our success

not feel frustrated that something is not working. There is a team of 700 people who think about how to make members' lives easier every day. We are planning to hire 500 or 600 more this year. We are aiming for a huge expansion.

Can you share more about the company's plans?

Well, we are still on a mission to make second-hand the first choice worldwide. And we haven't even reached half of the destination.

How many of these 700 people are based in Lithuania?

The majority of people are based in Vilnius, where around 70% of people work. Our second-biggest hub is in Berlin where 20% work, but we plan to expand this hub a little bit more. These are two of our biggest hubs. We also have offices in Warsaw and Prague.

Vinted was the first and still is Lithuania's only unicorn – a company with a valuation of over one billion dollars. How much pressure

does that put on you and how important was it for the company to decide to enter the next level? The media attention was so big and that showed how important it is for Lithuania. At that moment, I was even joking I could start a full-time job just by giving interviews and attending all the events and conferences. But personally, I felt more pressure at the very beginning of Vinted when the first venture capital firm, Accel Partners, joined our team. This venture capital firm has invested in Facebook, Spotify and others, so at that time I felt much more stress because everyone was talking and piling the pressure on us. So when we hit unicorn status, it felt like a natural thing. It wasn't something we tried to achieve, as our goal was not to become the first Lithuanian unicorn. Our goal is to make second-hand the first choice. To be a unicorn is nice but it is not the main goal for us. We got plenty of compliments but talking about pressure – we sometimes put much more pressure on ourselves than anyone else.

Your slogan is to make second-hand first choice. Why is it so important to do it?

For the new generation of business, to earn more money is a boring goal. Of course, money is like oxygen – you need finances to survive. It is very important. But at the same time, the aim is something bigger. Around eight years ago, it seemed we had different views about the future of Vinted. We sat down together and found one thing that connects all of us. Answering what is the most important thing and why we are here doing what we are doing, we came to this mission. It showed where we are going. We had this ambition already from day one, but it hadn't been verbalised. I guess nowadays it is not even worth explaining why sustainability is important because it is so obvious. For some, Vinted may look like a very innovative company and maybe even philanthropic, but I think it's the future of all businesses – like hygiene. The more I read books about climate change, the more I'm convinced that certain regulations will be introduced in the future: businesses that create more pollution should take responsibility for that. Maybe it can be higher taxes or being penalised in other ways. We can't continue to live as we do now. I truly believe that changes are necessary, otherwise our planet is in great danger.

You are on maternity leave now. When are you coming back?

I'm on a "family project" at the moment. I left 4 years ago with an initial plan to have 4 kids. So maybe one or two years are left for "family project". I do not have plans to return to the active business at Vinted. However, Vinted is my child and will never be forgotten. On the other hand, I feel I have new passions and issues I want to work on. I'm particularly interested in education and climate change. But I don't have specific plans yet.

Events and their dates applied when the Baltic Business Quarterly went to print. However, some dates may change due to the spread of the coronavirus and the protective measures to stop it

What's hot



Culture Night in Vilnius

JUNE 18 VILNIUS (LITHUANIA)

During Culture Night, the squares, streets, parks, and the most unexpected spaces in Vilnius are filled with various artistic projects: music, dance, theatre, cinema, photography, state-of-the-art installations, and so on.

A one-night festival was first organized in Lithuania in 2007, preparing for the events of Vilnius – European Capital of Culture 2009.



Trakai Triathlon

JULY 4 TRAKAI (LITHUANIA)

The Trakai triathlon will be held for the 9th time this summer. Every year there are more than 400 participants in “BTT Cloud Trakai Triathlon” – including professionals and sports enthusiasts. Everyone can test their individual abilities in all three disciplines: swimming, cycling and running. The athletes, teams and their supporters are invited to enjoy the beautiful scenery of Trakai and the summer sun on the bank of Lake Galvė while watching the competition.

Pažaislis Music Festival

JUNE – AUGUST KAUNAS (LITHUANIA)

Just like every year, the Pažaislis Music Festival is returning to Kaunas city and the Kaunas region, as well as other concert spaces all over Lithuania. This year, the festival will be held in the centennial of the restored state of Lithuania. The twenty third Pažaislis Music Festival will start at the beginning of June and last until the beginning of September. The summer music fiesta will be filled with 43 different programmes, from classical music to folk and jazz.

Festival “Rīgas ritmi”

01. – 03.07.2021 RIGA (LATVIA)

The Rīgas Ritmi Music Festival is one of the world's leading music and jazz festivals in the Baltics, widely known in Europe and the world. Every year, world-renowned and award-winning artists as well as new and unheard-of musical talents gather on the festival stages in Riga. In two decades, the “Rīgas Ritmi” festival has become an integral part of Latvian cultural life and has written the name of Riga in the tourist guides of world and jazz music culture.

Valmiera City Festival

23. – 25.07.2021 VALMIERA (LATVIA)

From 23 to 25 July, Valmiera celebrates its 738th birthday. There are holiday concerts for all tastes, sporting, creative and discovery activities for visitors young and old, and a traditional fair of craftsmen and home producers.



Ethnofestival "Sviests"

28.08.2021 VALMIERMUIŽA (LATVIA)

The most anticipated event of the year in Valmiera is celebrated - the ethno festival "Sviests" (butter). During the event you can participate in and learn about the annual festivities, creative workshops and the home producers' fair "Gardu muti", as well as enjoy performances by folk dance groups and a folk music concert.



Narva Energy Run

12.06.2021 NARVA (ESTONIA)

The Narva Energy Run (Narva Energiajooks) includes a 7 km run, walking/Nordic walking and a 21.1 km run. The running trail goes along the streets of Narva, passing historic bastions, fortifications, the Alexander's Cathedral and many other exciting buildings. The Narva Energy Run is a unique possibility to run on the most eastward track of the European Union, on the beautiful shore of River Narva.



Rimi Riga Marathon

28-29.08.2021 RIGA (LATVIA)

The 2021 running season will be extended throughout the year with new virtual, hybrid and live running events. The highlight of the season or the 31st Rimi Riga Marathon with the usual children's, five and ten kilometre, half marathon and marathon distances will take place at the end of the summer - on 28 and 29 August!

Saaremaa Peony Festival

04.06. - 11.07.2021

SAAREMAA (ESTONIA)

The Saaremaa Peony Festival is the best place for a family to spend some lovely time together in fresh air. Thousands of peonies bloom from mid-May to late July. The festival area is over 4 hectares and can accommodate thousands of visitors and it offers discoveries throughout the day. Several kilometres of walks are full of excitement and picturesque views.

The Tall Ships Races

15-18.07.2021 TALLINN (ESTONIA)

The Tall Ships Races fleet, in which more than a hundred sailing vessels of different sizes from all over the world participate, will make a stop in the summer of 2021 in the ports of Tallinn. During the visit of The Tall Ships Races, a maritime-themed family festival will take place in Tallinn, where you can visit majestic ships, participate in various events and concerts, and enjoy the exciting harbour life for three days. Those interested can visit the vessels participating in the regatta free of charge in the Old City Harbour, Port Noblessner, and Seaplane Harbour.



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DevDays Europe 2021

8.–10.06.2021, Vilnius (Lithuania)

DevDays Europe – a software development conference bringing together internationally recognized speakers and developers to encourage excellence and innovation. It covers the emerging technologies and best practices in the software development community. This year, DevDays Europe will take place as a hybrid conference: you will be able to attend workshops and listen to talks on-site or online – your choice.

Life Sciences Baltics 2021

22. – 23.09.2021, Lithuania

Life Sciences Baltics is the biggest international forum in the Baltics for world-class biotechnology, pharmaceutical and medical devices experts from all around the world. In 2021, the forum will be held in a digital format. A novelty this year is the variety of opportunities to meet and participate throughout the week, 20-24 September 2021, via a modern, dynamic and friendly platform.



International Baltic Jewellery Show Amber Trip 2021

18.–21.08. 2021, Vilnius (Lithuania)

Amber Trip 2021 is the largest specialized international jewellery show in the Baltic states. It showcases products from jewellery manufacturers, designers, loose gemstone suppliers, raw materials,

raw amber and amber jewellery. The international exhibition is in its second decade and brings together hundreds of jewellery companies and designers from around the world to the capital of Lithuania. That is why Vilnius is rightfully called the jewellery capital of the Baltic region.

15. International Conference on Green Energy, Environment and Sustainability

17.– 18.06.2021, Riga Latvia

The conference aims to bring together leading academic scientists, researchers and research scholars to exchange and share their experiences and research results on all aspects of Green Energy, Environment and Sustainability. It also provides a premier interdisciplinary platform for researchers, practitioners and educators to present and discuss the most recent innovations, trends, and concerns as well as practical challenges encountered and solutions adopted in the fields of Green Energy, Environment and Sustainability.

Riga Food 2021

09.– 11.09.2021, Riga (Latvia)

The biggest in the Baltics food industry fair "Riga Food" yearly outlines the trends of the food industry development, highlights novelties and presents a number of serious and trustable enterprises. Everybody is welcome to Ķīpsala



International Exhibition Centre to draw inspiration from diversity of menu ideas, to taste new products, to watch and enjoy professional chef, pastry cook and bartender competitions. Moreover, we invite professionals to "Riga Food" to derive ideas, knowledge and information allowing further professional and business development.



COMFORTHOME 2021

01. – 10.19.2021, Riga (Latvia)

The exhibition offers the latest product presentations, heating, heat supply, energy efficiency, insulation and finishing solutions, smart home and comfort technologies, as well as advice from construction professionals on construction and repair solutions, materials, technology and innovation, smart home systems. Compare, choose and do!

sTARTUp Day 2021 25.-27.08.2021, Tartu (Estonia)

sTARTUp Day is the biggest festival in the Baltics, bringing together

startups, traditional entrepreneurs, investors, innovators, and students. The aim of the event is to connect startup-minded people and celebrate entrepreneurship in the smart city of Tartu.

RIGA COMM 2021

14. – 15.10.2021,
Riga (Latvia)

RIGA COMM is an annual IT and business event for entrepreneurs of service and manufacturing fields, multi-level executives of state institutions and organizations and professionals representing multiple fields of operation, where they can learn about the latest offers of digital service providers and product manufacturers from the Baltics and other countries, consult with knowledgeable specialists and together select the solutions that are most suitable for one's business or organization, all in the same place.

BALTIC FURNITURE & DESIGN ISLE 2021

22.– 24.10.2021, Riga (Latvia)

The latest collections of furniture, design and luminaires from different countries. Original interior decorating items you won't find anywhere else! Industry insights and workshops,

consultations with interior designers and other specialists. The extensive and varied exposition offers everything you need to refresh and refurbish your home!



PELENĖ 2021

16.-18.09.2021, Vilnius
(Lithuania)

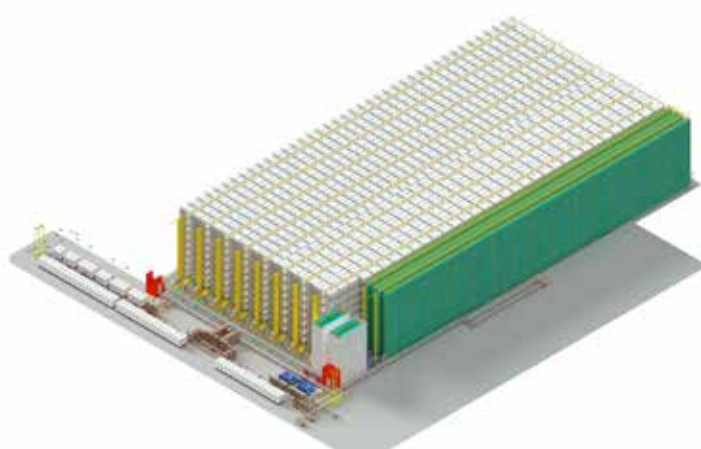
For the 28th time, PELENĖ, the largest international beauty industry exhibition in the Baltics States, will bring together famous Lithuanian and foreign beauty experts and professionals and offer opportunities to discover the latest global beauty trends. PELENĖ 2021 states that BEAUTY HAS NO AGE. During the event, visitors will have the opportunity to discover tools, services, procedures that help emphasize exclusivity and individual beauty.



Jungheinrich will supply warehouse equipment worth €15 million

Amber Beverage Group, a company producing and distributing alcoholic beverages, has signed a contract with warehouse equipment manufacturer Jungheinrich for the purchase of equipment worth €15.5 million for the construction of an automated high-bay warehouse. After the acquisition of 8.9 hectares of the port area in Riga, the preparation of the warehouse site started in April this year. "It is important for us to ensure the most efficient freight or pallet

management for our partners in more than 185 countries. That is why we continue the typical pace of our company in developing investment projects", commented Jekaterina Stūge, CEO of Amber Beverage Group. The project is being carried out in cooperation with the planning office AI ENGINEERING and is expected to cost more



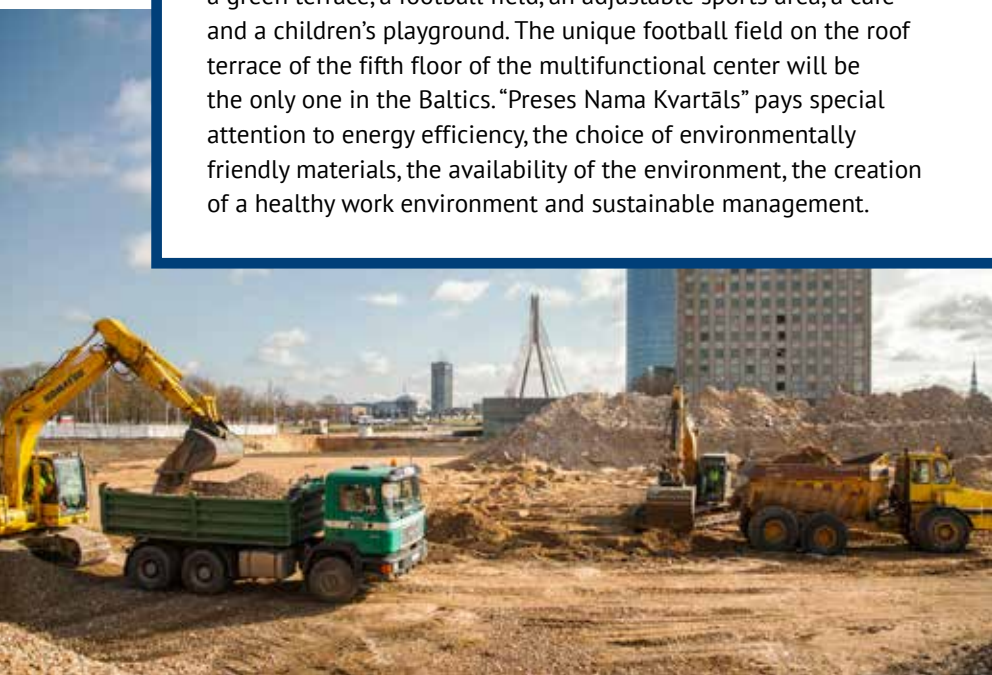
than €33 million in total. The first construction phase will cover more than 24,000 square metres, including the automated warehouse areas for order storage, order picking and delivery, as well as the administration area.

A new environmentally friendly area is being built in Riga

Construction company UPB has started the first stage of construction works at "Preses Nama Kvartāls". According to the project, it is planned to develop both a modern business center and a multifunctional center with a unique football field on the roof of the building on the left bank of the Daugava, by the summer of 2023. The project developer is Lords LB Special Fund V. In the first construction phase of "Preses Nama Kvartāls", it is planned to establish one of the most modern business centers in the Baltics. The complex will also develop a multifunctional center with large shopping and dining areas, a fitness club, medical services, a bicycle shed and a repair shop, as well as a three-level car park above the ground. On the roof of the building there is a green terrace, a football field, an adjustable sports area, a café and a children's playground. The unique football field on the roof terrace of the fifth floor of the multifunctional center will be the only one in the Baltics. "Preses Nama Kvartāls" pays special attention to energy efficiency, the choice of environmentally friendly materials, the availability of the environment, the creation of a healthy work environment and sustainable management.

Bär Cargolift begins factory construction

The automotive tail-lift manufacturer Bär Cargolift has begun building a factory at the Šiauliai Free Economic Zone. Construction works are scheduled to be completed in the 1st quarter, 2021. It is forecast that more than 80 new employees will be hired at the factory over the next three years. Bär Cargolift's objective is to establish the most efficient factory in the automotive tail-lift sector. Factory construction will occur in several stages. During the first stage, production and administrative facilities will be built. In the second stage, the administrative facilities will be expanded. The planned total floor area is nearly 9,500 sq.m. in the 3.8-hectare site. A 185-kW solar power system will be installed on the factory roof. It is planned to install a 400-kW boiler, and a gas-supply facility will be designed for the outdoor storage zone. The factory will operate round the clock in three shifts, using 2D lasers and robot welding. In later stages, the company plans to perform research and development, with a focus on software engineering and mechatronics.





EU Unicorns' Group includes two Estonian companies

The Unicorns' Group of 30 founders and CEOs of European tech companies, launched by the EU, aims to accelerate green and digital transformation and secure Europe's leadership in the next wave of innovation. Estonian unicorn Bolt and budding unicorn Skeleton Technologies are among those involved to drive innovation. Co-founder and CEO of Skeleton Technologies, Taavi Madiberk, identifies Europe's deep technology leadership as the most important priority highlighted by the 30 leaders. According to him, Europe is strong in R&D and deep tech in academia, the public sector can have a strong role as the early, supportive customer for frontier technology, mobilizing procurement to eliminate market risk before a new technology is commercially ready. The entrepreneur also proposed launching a European flagship fund to act as a cornerstone for high-value IPOs of deep-tech startups. Finally, the EU Unicorns Group will be a thought leader and help create a new generation of global champions from Europe - with Estonian participation.

Estonia and Denmark sign largest renewable energy agreement in the Baltics

Eesti Energia and European Energy signed a contract for 3.8 TWh of renewable energy over 10 years starting in 2023. Power purchase agreements allow customers to fix the price of electricity at favourable conditions for a long-term period. The electricity will come from three wind farms that European Energy is building in Lithuania. In 2021, more than 100 contracts have already been signed with large companies across the Baltics. The total amount sold

by Eesti Energia to customers exceeds 2 TWh. "We are very happy to be able to deliver more renewable energy in the Baltics through our wind farms. This is the largest PPA signed in the region so far and we believe that the Baltic market is very interested in a green transformation of its energy sector," says Jonas Lau Forsberg Nihøj, Director of Energy Trading and PPA at European Energy. Eesti Energia aims to reach 1 million customers in the Baltic Sea region by 2024.

Ignitis Group invests EUR 430,000 in Israel's H2Pro

Ignitis Innovation Fund has invested an additional 430,000 euros in the Israel-based hydrogen production technology startup H2Pro. "We can confidently say that hydrogen is the future energy source and, currently, a special focus is directed towards developing and improving its green production technologies. The team at H2Pro is working on exactly that," Darius Maikstenas, CEO of Lithuania's state-controlled energy group Ignitis Group, said in a press release. This marks the third round of investment by Contrarian Ventures' fund into the startup that is developing a more environment-friendly hydrogen technology. Over 250,000 euros was invested in the first round in the fall of 2019 and another 231,000 euros in the second round in the spring of 2020, the group said. H2Pro has attracted a total of 18.5 million euros in investments, including 5.3 million euros from Breakthrough Energy Ventures, a fund set up by Bill Gates, and 1.65 million euros from Horizons Ventures funds, according to the press release.



DŽIUGINTA BALČIŪNĖ

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**PARTNER AT ILAW LEXTAL, LEADING
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During the pandemic, Džiuginta Balčiūnė mostly worked from home. “This home office is an extension of my flat in the Vilnius old town. I had it for years, but never used it so much as during the lockdown. Though contact in legal services has never been banned in Lithuania, attorneys took advantage of remote court hearings,

online marketing activities and Zoom meetings with clients, thereby saving time, energy and costs for travelling. The paradox is that we have never been as busy as during the pandemic.” She was always a fan of remote work, even before the pandemic – some difficult assignments and the drafting of agreements require silence and focus which

is difficult to find in the main office overcrowded with colleagues. “What has changed is that I rarely used my suits and high heeled shoes during the pandemic, have not drunk coffee with my colleagues in the kitchen, and have never had so much screen time in my life”, she adds. “I strongly believe that the lockdown has brought some good new experiences which will take root even after the pandemic: people will combine remote work with the office, have worldays (work+holidays)

in some exotic destinations, take advantage of remote conferences and spend more time with their families! Office space does not motivate people to work better, we do that by ourselves. Lost relationships between people is one of the biggest problems caused by the pandemic”, she claims. Adrenalin and speed are the constant companions of an attorney’s daily life. Success and satisfaction with the results are the best motivators for Džiuginta to move forward.

The football signed by all the members of the German national football team is a special prize won in the lottery during the annual Christmas party organised by the German-Baltic Chamber of Commerce in Lithuania. It has a special place on my bookshelf in the home office.

All the main codes of law (civil, civil procedure, administrative and penal) are always at hand. Though we are already used to electronic cases in courts, a paper code is still a necessity in the courtroom, whether physical or remote – just in case you need to cite a quote precisely from the book you know almost by heart already!

Despite digitisation and at least three smart devices constantly lying on the table, a piece of paper, a pen and a desk calendar is a must on my table. Sometimes I find myself drawing pictures during calls with clients while taking important notes. Although handwriting has become almost illegible due to rare usage, pictures serve as perfect reflection of the momentum!

Court dress (Lith. mantija) – often used in remote court hearings during lockdown. Though the court hearing is held remotely, all the formalities should be kept. Attorneys wear a formal black suit – mantija – with an official brooch of the Lithuanian Bar; the judge must also be officially dressed and have a national flag and a state emblem visible in the background.

Foto: Alisa Martovskis

A Lithuanian doll dressed in a national dress – a special gift from my beloved colleagues from ILAW LEXTAL for my 41st birthday, which was unfortunately celebrated remotely, i.e. was not celebrated at all. This means a lot to me as I am a folk dancer and a great fan of Lithuanian folk music and especially dances, and still belong to a dance club, called “Vilniaus Pynimėlis”.

ILAW LEXTAL is part of the LEXTAL Legal Group – one of the ten largest law firms in the Baltics operating with a team of over 60 lawyers. The ILAW LEXTAL Lithuanian team consists of more than 30 lawyers offering client-orientated corporate law, tax law, real estate law services, consulting on complex mergers and acquisitions (M&A), personal data protection, intellectual property issues, and it has been recognised as a tier-1 law firm for several years in Lithuanian labour law.

The European climate revolution

Europe is planning a climate-neutral future – with help of the European Green Deal. The ambitious strategy is to make the EU a frontrunner in climate action and provide green growth with zero emissions. But is this possible?

by ALEXANDER WELSCHER

Ursula von der Leyen has not shied away from big words. “We give our best when we are bold and aim high. With the European Green Deal, we are aiming high”, the European Commission President said when unveiling her highly anticipated flagship environmental plan for the first time in December 2019 that will make climate action a key priority for the EU. The main goal is to make Europe climate-neutral by 2050. But what does this actually mean? Baltic Business Quarterly has compiled the most important facts about the EU’s headline project.

What is the European Green Deal all about?

The Green Deal is the EU’s new strategy for sustainable growth and aims to create the framework for transitioning to a modern, resource-efficient and competitive economy. It covers every aspect of society and the economy, and

includes goals for biodiversity and agriculture. The measures accompanied with the initial roadmap of key policies range from ambitiously reducing emissions to investing in green technologies and protecting the natural environment.

“On the one hand, the European Green Deal is about cutting emissions, while, on the other hand, it also means creating jobs and boosting innovation”, von der Leyen said. “Our goal is to reconcile the economy with our planet, to reconcile the way we produce and consume with our planet, and to make it work for our people.”

Ultimately, the European Green Deal demands a new economic model, a completely different Europe and a new generation project for a climate-friendly transformation of the whole continent. Unsurprisingly, this has received both support and criticism from all sides. During the coronavirus pandemic, the Green Deal has taken a back seat, but the EU commission stresses that it should form a cornerstone of recovery measures.

How does the EU plan to achieve climate neutrality?

To pave the way, the EU plans to implement a legally binding European climate protection law this year to enshrine into law the goal for Europe to become climate-neutral by 2050. This means achieving net zero carbon emissions for EU countries as a whole. As an intermediate target, the EU is to cut its carbon emissions by 2030 by at least 55% below the 1990 levels.

The entire EU legislation is to be aligned with these goals and implemented by a combination of incentives, support measures and regulations. It will include strategies for biodiversity, agriculture, hydrogen, building renovation, offshore wind energy, methane pollution, sustainable investment, the circular economy and many more parts of the world’s second-largest economy.

Once these new rules come into effect, pressure will be on the 27 EU member states to actually bring them to life. The political wrangling over them will start when the EU commission presents its legislation in summer 2021 on



how to meet the newly agreed 2030 emission reduction target of 55%. Previously, the EU target had called for a 40% cut of carbon emissions.

“If we can get the legislation in place in the next five years, we will have 25 years as a generation left to get it all implemented”, said EU Commission Vice President Frans Timmermans, who is responsible for the European Green Deal. No action is not an option.

What does this mean for the European economy?

To achieve climate-neutrality, radical changes will be required. The entire European economy has to be turned inside out. Action will need to be taken in all sectors to reduce, offset or capture emissions from carbon-intensive activities.

ENERGY: The production and use of energy across economic sectors account for more than 75% of the EU’s carbon emissions.

BUILDINGS: Commercial and residential buildings account for 40% of the energy consumed in the EU.

MOBILITY: A growing 25% of the EU’s carbon emissions are generated by transportation.

INDUSTRY: Industry accounts for 20% of the EU’s carbon emission and only 12% of the materials it uses are recycled.

All of these emissions have to flatline in only three decades by switching to clean technologies, and also a climate-friendly transformation of agriculture is on the to-do list. Other elements include greener, cleaner cities, better home insulation and massive reforestation.

Von der Leyen compared the required efforts with the US program for the moon landing in the 1960s and spoke of “Europe’s ‘man on the moon’ moment”. “We will help our economy to be a global leader by moving first and moving fast,” the EU executive emphasized. “The European Green Deal is our new growth strategy – it is a strategy for growth that gives more back than it takes away.”

How much will it cost and who will pay for it?

Meeting the ambitious goal of the European Green Deal will require huge investment. The current 2030 carbon emissions target is estimated to require an additional €260 billion in spending every year. That is about 1.5 percentage points of the EU’s GDP in 2018. Achieving the now agreed 2030 stepping stone on the way to 2050 – a 55% cut in emissions compared to 1990 levels – will involve even

higher investment needs. Beyond 2030, the annual investment needs also run into the billions, but the presented figures are vague.

To implement its climate goals, the EU commission plans to channel upfront investments into projects that will see the EU emissions fall drastically in the next decades. It aims to mobilize and leverage at least €1 trillion over ten years for a ‘green investment wave’ in clean technologies, sustainable solutions and new businesses. Around half of the projected sum is to come from EU funds, which should encourage national governments and the private sector to stump up the remainder.

One of the main EU investment components is the so-called Just Transition Mechanism. It will support those regions in Europe that rely heavily on very carbon intensive activities. The funding worth €100 billion will be available for all EU member states.

“FANTASTIC OPPORTUNITY” FOR MORE GREEN GROWTH

The Latvian Prime Minister Krišjānis Kariņš considers the European Green Deal to be a real opportunity to kickstart the economy and overcome the downturn caused by Covid-19. “It is a great challenge, but also a fantastic opportunity, as any crisis turns out to be. The question is, how do we come out of this crisis in a stronger and better position than before?”, Kariņš said when addressing the Nordic-Baltic business forum in March. “I think the answer is already in our pockets. It is

through increased investment in all those kinds of activities that will bring us more returns in the future. It is generally referred to as green growth.”

Being united by a common history, similar values and a way of thinking, the Baltic and Nordic countries should work together to implement the European Green Deal and benefit from the new EU priorities. “Certainty is what industry needs. The European green environmental policy is a framework of certainty for our business”, Kariņš said. “If business knows that there is a market of 450 million people in the EU waiting for solutions in green technologies, business will invest in that.”

Circular economy: If there is waste, there is something wrong

Madis Tilga, environment advisor to the Nordic Council of Ministers' Office in Estonia, says that strong leadership at state level is needed in order to steer the economy in the green direction.

by **MARI PEEGEL**
FREELANCE JOURNALIST, ESTONIA

Why is the term “green economy” sometimes used and “circular economy” at other times? What is the difference?

In fact, there are even more of these similar-sounding concepts. If one does not work, it will be replaced by a new one. It seems like people cannot motivate themselves for a long time to act under one label. Of course, there are nuances too. The concept of the green economy dates back to the late 1980s. Now, for the last five years, there has been more talk about the circular economy. If in the case of the green economy it was said that we should make some processes more efficient and cause less damage, then it is now understood that this is no longer enough. Today, we need to really make the processes circular and restorative. The aim of the circular economy is to design a basic economic activity free of waste and pollution. If there is waste, there is something wrong.

What does a typical circular economy company look like?

Circular economy is not just about materials being recycled, but also about business models. There is hope that people will be willing to buy the service instead of owning it. Simply put: do you need to buy

a car when all you need is what the car offers – the freedom to move from point A to point B. To offer an alternative to a private car in Helsinki, the MaaS (Mobility-as-a-Service) project is being developed. It is a well-integrated, app-based transport solution. According to the ordered package, a person has the right to use certain means of transport. For €400 a month, for example, there are some hours of car use, unlimited use of the metro and buses, plus some time on an electric or regular bicycle. Users are given freedom of choice. If the need to own things individually decreases, it is possible to prolong the service life of things. On the one hand, companies that provide services will then be subjected to high demands on what products and materials they can use, and, on the other hand, they will be motivated to keep their products usable for as long as possible.

Are there any good examples of Estonian companies using the circular economy model?

Yes, companies are doing cool things in Estonia too. At present, a competition for green ideas organized by the Environmental Investment Center, called Negavatt, has started and 20 teams are competing in it. This year, there is the enthusiastic young gang from Myceen, which uses fungal

filaments and leftover organics from agriculture and forestry, such as straw. In this way, biomaterial of any shape can be grown. They have now started making furniture from this material. The furniture is fully functional and the fungal origin can be hidden or exhibited. When this piece of furniture reaches the end of its life, it can be dug into the ground to become soil in a year's time. Another Estonian company has started using sheep wool, tons of which are left over in Estonia. With their start-up called Woola, the team is trying to use wool as a substitute for packaging film.

You mentioned small, rather experimental start-up firms, but what about larger companies?

One good example is Lindström, which provides workwear and clean textiles for rent. They wash, repair, and reuse textiles so that they stay in circulation for as long as possible. The Estonian company Bepco offers returnable cargo boxes throughout the



» Today, we need to really make the processes circular and restorative. The aim of the circular economy is to design a basic economic activity free of waste and pollution.

Baltics. They work on a large scale and serve major retail chains, cleaning and repairing boxes to help standardize the transport of goods. In addition, there is the Estonian company Advanced Sports Installation, which recycles and replaces obsolete football pitches. Their market is worldwide. They recycle old coatings too, but they still reuse it as plastic. For me, this is only a partial solution. Here we might wonder whether artificial turf could be produced from renewable biomaterials, such as cellulose-based residues? Elsewhere in the world, Philips also has great solutions. They no longer simply sell light bulbs, but they also

sell luxes. Their job is to arrange for the light intensity to be effective, replace the lighting at the right time, and recycle the components.

What motivates companies to look for sustainable solutions?

It varies from country to country. In some countries, such as Finland and the Netherlands, the circular economy has been set as a strategic direction for the country. On the other hand, there are also many support measures in these countries that allow for a green revolution. Just as renewable energy has gained momentum with subsidies, support is needed at the start of the circular economy

too because the market cannot regulate it. As we can see in the case of renewable energy, subsidies can already be reduced now that the circular economy is gradually becoming a standard model. The third aspect is that certain companies in certain sectors feel that they are having difficulties in obtaining raw materials in their supply chain or they receive feedback from their customers who have expectations other than low costs. They are preparing to stay competitive for five to ten years. Financing will also become costly if the company does not make its production more sustainable. Green loans and green bonds are gaining momentum, and the EU has developed a taxonomy of green investments, while the United Nation's new economic accounting values ecosystems. And take nature banking – monetising biodiversity or climate benefits. These policies are exciting and valuable, but there is certainly also a degree of unclarity.

Does the provision of public subsidies and value frameworks mean that the circular economy requires greater public intervention in the economy than we have been used to?

In resolving the major key issues that we have been talking about here today, market fundamentalism remains toothless. We need to control economic activity if we want to see a change in a certain direction. We would probably all soon be drowning in rubbish and pollution if we left this to the free market to take care of. For example, the European Union banned the use of disposable plastics. When would the market have reached that? Now there is a stronger focus: the whole of the European Union's support system is geared towards a green turn if you want funding and if you want to stay competitive. The rules are getting tougher and companies have to catch up.