BRIEFING

Baltic Businesses Cut Jobs as Investment and Retail Sales Continue to Grow

Pipedrive, Coolbet, Swedbank and airBaltic are preparing workforce reductions, while Baltic companies continue to acquire businesses, invest in manufacturing and expand into export markets. September retail sales volumes increased in all three Baltic countries, although Lithuania's economy contracted quarter on quarter. Energy costs, defence procurement liabilities and new customs requirements added to the week's business developments.

RETAIL SALES VOLUMES / SEPTEMBER 2026, YEAR ON YEAR

LITHUANIA	LATVIA	ESTONIA
+5.6%	+4.5%	+4.0%

1. Employment: Major Companies Reshape Their Workforces

Pipedrive plans to cut approximately 267 positions in Estonia, including 219 in Tallinn and 48 in Tartu. The proposed reductions would affect around 70% of the Estonian-founded software company's local workforce of approximately 380 employees. The restructuring extends to other countries and involves reducing teams, management layers and locations. Consultation procedures have not yet been completed.

Coolbet has initiated collective redundancy consultations affecting approximately 130 positions at its Tallinn headquarters. The online gambling operator cited weaker-than-expected performance in its business-to-business segment, changing market conditions and growing regulatory and tax pressure. Final redundancy numbers remain subject to consultation.

Swedbank expects its group workforce to decline by approximately 500 employees by the end of 2027, including around 100 positions across the Baltic states. The projected reduction reflects organisational changes, completed technology projects and normal staff turnover rather than a single collective redundancy programme. The bank continues to recruit for other positions.

EMPLOYMENT / CONTINUED

airBaltic plans to reduce its workforce by approximately 100 pilots and 200 cabin crew members as it adjusts staffing to its future flight network. Pilot reductions would affect Riga, Vilnius and Tallinn, while the cabin crew surplus is concentrated in Riga. Final numbers remain subject to staff assessments.

DNB announced plans earlier in October to eliminate approximately 400 full-time equivalent positions in its Technology & Services division. The Norwegian bank explicitly identified increased use of artificial intelligence and digital solutions among the factors behind its restructuring. Its Riga operations are affected, although no separate Latvian redundancy figure has been disclosed.

The employment announcements affect technology specialists, analysts, banking personnel and aviation professionals as well as administrative functions. The companies cite different reasons for restructuring, and the announced reductions cannot be aggregated into a single confirmed figure for job losses.

2. Agribusiness: Consolidation Across Baltic Borders

Infortar completes Litagra acquisition

Infortar completed the acquisition of Lithuanian agricultural group Litagra on 29 October after obtaining the required competition approvals in Estonia, Latvia and Lithuania. The transaction was based on an enterprise value of €95 million, while the final share purchase price was €63 million after adjustments for debt, cash and other agreed items.

Infortar's combined agricultural operations will encompass approximately 16,600 animals, annual milk production of 93,000 tonnes and 23,000 hectares of farmland. The acquisition expands the Estonian group's Baltic dairy operations and adds poultry farming to its portfolio.

Galinta moves to acquire Estonia's Worldline

Galinta, the Lithuanian food producer controlled by the INVL Baltic Sea Growth Fund, signed an agreement to acquire 100% of Estonia's Worldline, a producer of packaged rice, groats and other cereal products under the Baltix brand. Galinta reported €37.9 million in revenue in 2025, while Worldline is expected to contribute approximately €2.1 million in additional annual revenue.

The transaction remains subject to regulatory approval and other completion conditions. The purchase price was not disclosed.

3. Manufacturing and Exports: New Projects and Market Expansion

Cemvision secures EU grant selection for Latvian cement plant

Cemvision, a Swedish low-carbon cement producer, was selected for an EU Innovation Fund grant of up to €27.5 million for its proposed RE-MENT production facility in Ventspils, Latvia. The planned factory would produce up to 500,000 tonnes of low-emission cement annually using industrial by-products and a low-carbon production process. The grant agreement has not yet been signed and is expected to be concluded by March 2027.

BLRT expands ship repair capacity in Klaipėda

Western Shipyard Group, part of Estonia's BLRT Grupp, is developing a new floating dock for its ship repair operations in Klaipėda. The dock is being built by Turkey's Hat-San Shipyard under a contract previously reported at $43 million. The facility will measure 200 metres in length, have a lifting capacity of 15,000 tonnes and accommodate larger vessels, including Panamax-class ships.

The Klaipėda dock is expected to enter operation in autumn 2027. Western Shipyard estimates that the additional capacity will allow it to repair at least 10% more vessels annually. More than 95% of the group's ship repair and modernisation work already serves foreign markets.

IT Logika enters the US market

IT Logika, a Lithuanian drone technology company, reported its first six-figure order in the United States. Its DBOX autonomous docking technology is being integrated into emergency response solutions for American police and fire services in cooperation with international partners, including Drone Nerds and SkyfireAI. The exact contract value and customer details were not disclosed.

4. Capital and Banking: Major Transactions and Diverging Results

Ozas shopping centre sold for €200 million

Prosperus Retail Property Fund, managed by Lithuania's Prosperus Asset Management, completed the €200 million acquisition of the Ozas shopping and entertainment centre in Vilnius. The transaction was financed through fund equity and a €135 million syndicated loan provided in equal shares by SEB and OP Bank. Ozas is the first property in the fund's portfolio.

Artea profits decline despite loan growth

Artea Bank reported a 42% decline in net profit for the first nine months of 2026, to €27.9 million from €48.4 million a year earlier. Impairment charges increased from €3.2 million to €18.6 million, while operating expenses also rose.

Artea's loan portfolio expanded by 8% from the end of 2025 to €4.02 billion, and customer deposits increased by 10% to €4.35 billion. The figures indicate continued balance-sheet growth despite lower profitability and higher risk costs.

CAPITAL AND BANKING / CONTINUED

INDEXO begins corporate banking rollout

INDEXO Bank began testing corporate banking services in Latvia, including term deposits and business loans. The bank issued its first corporate loan on 2 October and announced the broader pilot programme on 27 October. Digital onboarding, current accounts and payment services are planned for subsequent stages. Transaction volumes for the pilot programme have not been disclosed.

5. Energy: Reserve Capacity, Shale Oil and Heating Tariffs

Elering reduces Kiisa's future balancing market role

Elering announced on 30 October that it will reduce the Kiisa reserve power plant's participation in Estonia's electricity balancing market by 100 MW from 1 May 2027. The decision reflects increased availability of balancing services from private providers, including flexible generation and battery storage.

The Kiisa plant, with total capacity of 250 MW, may be leased to a private operator by the end of 2027. Private operation could allow the facility to participate in additional electricity market segments, including the day-ahead market. Estonia's balancing capacity charge will increase to €3.89/MWh from May 2027, compared with €3.73/MWh in 2026.

Enefit prepares shale oil alternative for Narva heating

Enefit Power has prepared to use domestically produced shale oil instead of natural gas in the reserve boilerhouse at the Balti Power Plant in Narva when generating Unit 11 is unavailable or cannot compete in the electricity market.

Estonia's Environmental Board granted a temporary exemption on 21 October, permitting shale oil use under specified conditions from 1 November 2026 to 30 April 2027. The measure is intended to limit Narva's exposure to natural gas prices and maintain an alternative heating source during winter. It does not indicate an existing gas shortage.

Shale oil is currently cheaper than natural gas as a primary energy source, although transportation, handling, operating and environmental costs will affect the final cost of heating.

Rīgas siltums proposes higher heating tariff

Rīgas siltums submitted a revised district-heating tariff proposal of €96.33/MWh, excluding VAT, from 1 December. The proposed tariff is approximately 19% higher than the currently applicable €80.96/MWh. The increase primarily reflects higher natural gas and biomass costs. The proposal remains subject to regulatory approval.

6. Economic Statistics: Retail Growth and Uneven Output

Retail sales rise in all three Baltic countries

Retail sales volumes increased year on year in all three Baltic countries in September 2026:

Country	Annual change in retail sales volume
Lithuania	**+5.6%**
Latvia	**+4.5%**
Estonia	**+4.0%**

The figures are measured at constant prices and exclude the effect of price increases.

Lithuania's non-food retail sales increased by 11.9% year on year. Latvia recorded strong growth in clothing, footwear and online retail, while Estonia also reported growth in manufactured goods sales.

Lithuania's GDP contracts quarter on quarter

Lithuania's real GDP increased by 3% during the first nine months of 2026 compared with the corresponding period of 2025, after seasonal and working-day adjustments. However, GDP fell by 1% in the third quarter compared with the second quarter on the same adjusted basis. Construction, information and communication, and transport and storage were among the sectors contributing to the quarterly decline.

Lithuania's preliminary harmonised inflation rate reached 6.1% year on year in October.

ECB holds interest rates

The European Central Bank left its deposit facility rate unchanged at 2.50% on 29 October. The ECB identified rising energy prices as a risk to inflation and economic activity.

The latest economic indicators show continued growth in consumer demand alongside weaker quarterly output in Lithuania. Corporate workforce reductions and rising retail sales are occurring simultaneously, but the available figures do not establish a direct causal relationship between them.

7. Trade and Infrastructure

TRADE

Baltic fishing quotas increased for 2027

EU fisheries ministers reached a political agreement on Baltic Sea fishing opportunities for 2027, allowing increases in several commercially important catch limits:

Sprat:	Central Baltic herring:	Gulf of Riga herring:
+44%	+71%	+11%

The new limits will apply from 1 January 2027 following formal adoption. Higher quotas increase permitted catches but do not guarantee corresponding growth in landings, processing volumes or revenues.

Bluetongue complicates Latvian livestock exports

Latvia's first confirmed bluetongue cases were recorded in cattle in Dienvidkurzeme municipality on 26 October. Detection of the BTV-3 virus resulted in Latvia losing its bluetongue-free status and introduced additional veterinary requirements for movements of susceptible animals.

Livestock exporters must comply with destination-specific conditions, including requirements affecting movements from 150-kilometre areas around outbreaks. Britain has introduced restrictions preventing certification of live ruminants from Latvia, while movements within the EU remain subject to applicable veterinary rules. The measures do not constitute a general ban on Latvian agricultural exports.

INFRASTRUCTURE

Kundziņsala overpass completed in Riga

The Kundziņsala overpass in Riga was completed at a project cost of €82.6 million, with traffic opening scheduled for 1 November. The 863-metre connection improves road access between the port and industrial areas of Kundziņsala and the city's main road network. It is intended to facilitate freight transport and reduce heavy traffic through residential districts.

8. Defence Procurement

Estonia to repay Denmark over failed ammunition procurement

Denmark and Estonia reached an agreement on the return of approximately €9.5 million in Danish funding allocated to an unsuccessful artillery ammunition procurement programme for Ukraine. Danish Defence Minister Jeppe Bruus confirmed the agreement on 30 October.

Datasel, an Italian-registered supplier, received substantial advance payments under ammunition contracts subsequently terminated by Estonia's Centre for Defence Investments. Estonia is seeking to recover the money through legal proceedings. Under the agreement with Denmark, most of the Danish funding will be reimbursed promptly, with the remaining amount to be returned regardless of the outcome of the proceedings.

Dutch financing of approximately €5 million was also linked to an unsuccessful Estonian ammunition procurement, but that case involved a different, publicly unidentified supplier. It is separate from the Datasel contracts.

The procurement failures have created potential financial liabilities for Estonia beyond its disputes with suppliers. Repayment obligations to partner countries may arise before Estonia recovers the advance payments.

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9. From 1 November: Customs Charges and Migration Rules

New EU charges on non-EU online purchases

A new EU Union Handling Fee of €2 per distinct declared product item applies from 1 November to commercial online purchases shipped from outside the European Union, regardless of consignment value.

The €2 handling fee is separate from the temporary €3 customs duty introduced on 1 July 2026 for applicable consignments valued at no more than €150. Applicable VAT is charged additionally. Several different types of goods in one parcel may attract several charges, while multiple identical units may be declared as one product category. The fee is directed at importing businesses but may be passed on to consumers.

Lithuania temporarily restricts simplified customs declarations

Lithuanian Customs introduced mandatory product identifiers, or PIDs, for relevant distance-selling imports from third countries.

The iMDAS customs declaration system will not support simplified low-value consignment declarations IEH615 and IEH715 from 1 to 25 November because of scheduled maintenance. During this period, affected consignments, including applicable gifts, must be declared using the alternative IE415 import declaration or through a customs representative.

Individuals receiving parcels in Lithuania, including international students and foreign residents, should check which declaration procedure applies before customs clearance. The usual simplified declaration route will be unavailable during the maintenance period.

MIGRATION RULES / CONTINUED

Lithuania changes residence permit application rules

Lithuania's residence permit procedures changed on 1 November for certain foreign workers and prospective bachelor's degree students. Possession of a Schengen visa issued by Lithuania or another Schengen state, or a national visa issued by another country, is no longer sufficient for applicants in the affected categories to submit a temporary residence permit application directly in Lithuania.

The revised rules retain specified exceptions, including valid Lithuanian residence permits or national visas, qualifying residence permits issued by other EU or Schengen states, and lawful visa-free stays. Procedures for highly qualified workers remain unchanged.

Employers and educational institutions recruiting applicants from outside the EU must take the revised entry and residence conditions into account when organising recruitment and admissions.

The Baltic Focus View

Workforce restructuring at major technology, banking, gambling and aviation companies is taking place alongside continued acquisitions, manufacturing investments and export expansion. The announcements indicate changes in the organisation of business operations and demand for particular skills, but do not establish an economy-wide employment contraction.

Retail sales growth in all three Baltic countries contrasts with Lithuania's quarterly GDP decline and rising inflation. Consumer demand, corporate profitability, investment and employment are following different trajectories.

Energy costs and procurement liabilities add further pressure on businesses and public finances. The Kiisa and Enefit decisions reflect adjustments to Estonia's energy supply arrangements, while higher heating tariffs in Riga demonstrate the continuing exposure of consumers to fuel prices.

The main signal is divergence rather than a uniform regional trend. Business expansion and workforce reductions can occur simultaneously, while stronger consumption does not necessarily indicate improved profitability or faster economic growth.