

# LITHUANIA ENTERS 2025 WITH TURMOIL WITHIN THE RULING BLOC

**Centre-left opposition forms new government with support from the far-right**

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## **EXECUTIVE SUMMARY**

Lithuania enters 2025 with a highly experimental coalition government, consisting of ideologically diverse formations that will govern together for the first time. On 12<sup>th</sup> December, the Seimas (the country's unicameral parliament) approved the new cabinet led by Gintautas Paluckas as Prime Minister. The new government is supported by the Social Democratic Party of Lithuania (LSDP), the centre-left For Lithuania (DSVL) and the populist-nationalist Dawn of Nemunas (PPNA). The three parties hold an 86-seat majority in the 141-seat parliament.

The formation of the new government comes after the Social Democrats won the country's latest parliamentary elections on 27<sup>th</sup> October, defeating their main rival, the centre-right Homeland Union (TS-LKD). Two other formations also entered parliament (the Liberals' Movement and the Farmers and Greens Union) while independent and other nationalist candidates also picked up a small number of seats.

While LSDP chair Vilija Blinkevičiūtė was widely expected to become Prime Minister, she eventually backtracked from accepting the position, citing health reasons, clearing the way for her deputy (Paluckas) to head the new government. Paluckas also broke away from Blinkevičiūtė by deciding to include the nationalist Dawn of Nemunas in the new ruling bloc, despite previously pledging to keep the far-right out of government.

The new cabinet is widely expected to maintain Lithuania's strong pro-Western orientation, high defence spending and support for war-torn Ukraine. Domestically, priorities will likely include adjustments to the country's taxation, welfare and social security systems, while supporting the green energy transition will also be high on the agenda. At the same time, the ideological divides between the ruling bloc will likely mean that political instability will be a key risk to monitor, even short term. In the meantime, PPNA leader Remigijus Žemaitaitis has already threatened to leave the coalition if he is not elected deputy speaker of parliament. Since a substantial number of PPNA members prefers staying in government, a potential split within the party's parliamentary group also remains possible.

 **Below, Aretera takes a deeper look at Lithuania's post-election landscape, as well as the possible political and policy implications of the parliamentary elections.**

## POST-ELECTION LANDSCAPE

On 12<sup>th</sup> December, Lithuania's new coalition government was officially sworn into office. Led by centre-left Prime Minister Gintautas Paluckas, the new cabinet is supported by the Social Democratic Party of Lithuania (LSDP), the centre-left For Lithuania (DSVL) and the populist-nationalist Dawn of Nemunas (PPNA). The three parties hold an 86-seat majority in the 141-seat Seimas, Lithuania's unicameral parliament.

The formation of the new government comes after the (then-opposition) Social Democrats won the parliamentary elections on 27<sup>th</sup> October, defeating the centre-right Homeland Union (TS-LKD), the senior member of the country's previous three-party governing coalition, which finished a distant second with 28 MP seats. In addition to the three new coalition parties and TS-LKD, two other formations secured enough votes to form a parliamentary bloc.

These include the former ruling Liberals' Movement (LS; 12 seats) and the centre-left Farmers and Greens Union (LVŽS; eight seats), which formed a parliamentary alliance with the Polish minority LLRA-KŠS (three seats). The remaining four seats were picked up by independent and other nationalist candidates.

## THE NEW COMPOSITION OF THE SEIMAS

Parliamentary Election Results Breakdown				
Party/Alliance	Popular Vote (%) – 2024	Number of MPs	Popular Vote (%) – 2020	Number of MPs
<b>Social Democrats (LSDP)</b>	19.7	52	9.6	13
<b>Homeland Union (TS-LKD)</b>	18.4	28	25.8	50
<b>Dawn of Nemunas (PPNA)</b>	15.3	20	did not run	-
<b>For Lithuania (DSVL)</b>	9.4	14	did not run	-
<b>Liberals' Movement (LS)</b>	7.9	12	7	13
<b>Farmers and Greens Union (LVŽS)</b>	7.2	8	18.1	32
<b>Electoral Action of Poles (LLRA-KŠS)</b>	4	3	5	3
<b>National Alliance (NS)</b>	3	1	2.2	0
<b>Freedom and Justice (PLT)</b>	0.8	1	2	1
<b>Independents</b>	-	2	-	4
<b>Total</b>	-	141	-	141*

Source: [Central Election Commission of Lithuania](#) Threshold: 5% for parties, 7% for alliances. Turnout: 52.2% in the first round, 41.1% in the second round. \*Parties that fell out of parliament are excluded from this table.

## KEY TAKEAWAYS FROM THE NEW GOVERNMENT

Following the party's victory in the parliamentary election in October, LSDP chair Vilija Blinkevičiūtė, a centre-left MEP, was originally expected to become Prime Minister and lead a centrist coalition between the Social Democrats, the centre-left For Lithuania and the Liberals' Movement.

However, Blinkevičiūtė eventually backtracked from the position, citing health reasons. This led to Paluckas becoming the LSDP candidate for PM and proposing a considerably different coalition set-up compared to what had been anticipated domestically and internationally. The eventual inclusion of the Dawn of Nemunas (PPNA) in the new coalition initially sparked outrage as its leader, Remigijus Žemaitaitis, has been accused of stirring up hatred against Jews and downplaying the Holocaust. Žemaitaitis is currently facing trial but denied any wrongdoing.

A mathematician and economist by profession, with experience in both local and national politics, Paluckas served as Deputy Mayor of Vilnius from 2015 to 2019 and was Chairman of the LSDP between 2017 and 2020. In 2010 he became embroiled in a scandal after being accused of illegal actions in one municipal public tender; he was then convicted in 2012.

## THE COMPOSITION OF THE PALUCKAS CABINET

Cabinet Composition After the Formation of the Paluckas Cabinet			
Name	Position	Portfolio	Party Affiliation
<b>Gintatus Paluckas</b>	PM	-	LSDP
<b>Ignas Hofmanas</b>	Minister	Agriculture	PPNA*
<b>Šarūnas Birutis</b>	Minister	Culture	LSDP
<b>Lukas Savickas</b>	Minister	Economy & Innovation	DSVL
<b>Raminta Popovienė</b>	Minister	Education, Science & Sports	LSDP
<b>Žygimantas Vaičiūnas</b>	Minister	Energy	DSVL
<b>Povilas Poderskis</b>	Minister	Environment	PPNA*
<b>Rimantas Šadžius</b>	Minister	Finance	LSDP
<b>Kęstutis Budrys</b>	Minister	Foreign Affairs	LSDP*
<b>Marija Jakubauskienė</b>	Minister	Health	LSDP*
<b>Vladislav Kondratovič</b>	Minister	Interior	LSDP
<b>Rimantas Mockus</b>	Minister	Justice	PPNA*
<b>Dovilė Šakalienė</b>	Minister	National Defence	LSDP
<b>Inga Ruginienė</b>	Minister	Social Security & Labour	LSDP
<b>Eugenijus Sabutis</b>	Minister	Transport & Communications	LSDP

\*PPNA-affiliated ministers are independents who were endorsed by the party. FM Budrys and Health Minister Jakubauskienė are independents endorsed by the Social Democrats.

The new cabinet includes fourteen ministries, with the Social Democrats in control of key policy areas, including finance, foreign affairs, national defence, social security and transport. PPNA-affiliated (although, in fact independent technocrats due to the PPNA-blockade from the President) ministers, who are independent technocrats after President Gitanas Nausėda blocked the party's original candidates, are in charge of agriculture, energy and justice, while the junior ruling For Lithuania (DSVL) controls the ministries responsible for the economy and the environment.

President Nausėda gave only a partial approval to the originally proposed PPNA-linked ministers over professional concerns. Accordingly, the final cabinet composition approved by parliament on 12<sup>th</sup> December was changed in line with the President's expectations.

## LIKELY POLICY IMPACT

Lithuania is expected to maintain its strong pro-Western orientation, including its support for Ukraine as Russia's war continues. The PM pledged to keep defence spending at 3.5% of the GDP, well above the current 2% minimum required by NATO commitments. The government also aims to avoid any relationship with Russian authorities and has designated China as a growing security challenge as Vilnius considers the influence of the Sino-Russian partnership in neighbouring Belarus a threat. Domestically, the government will focus on a more progressive taxation and distribution system but will likely be cautious in implementing reforms. Paluckas aims to raise taxes on high earners, improve health and education services and increase pensions.

## AN EXTENSIVE FOCUS ON ENERGY

The agenda of the Paluckas-led coalition also includes a focus on developing sustainable energy production. The new cabinet argues that fossil fuel use in the energy used "must be reduced to the technological minimum" to maintain the stability of the electricity grid. "Absolute preference" will be given to green energy from solar, wind, hydro, biomass and other renewable sources.


Energy priorities include the rapid development of solar and wind energy, the modernization of electricity grids and accelerating the expansion of electricity storage to minimize the need for gas. The government will also encourage municipalities to develop "hybrid renewable electricity fleets (solar and wind farms and storage systems) and to set up renewable energy communities together with residents." Offshore wind energy production is also expected to receive additional support as long as it does not increase electricity prices for industrial consumers and households or until it does not increase electricity prices more than other renewable energy projects. An additional condition for this support is not to ensure no adverse impact on onshore wind energy projects "which can be implemented earlier and with a lower impact on the price of electricity for industry and consumers than offshore wind energy projects."

Together with the other two Baltic states, Lithuania is expected to detach from the Soviet-built electricity grid BRELL on 8<sup>th</sup> February. It will be a major leap towards connecting with the European energy system. At the same time, it will most likely lead to an increase in electricity prices and major stability concerns are at stake keeping in mind the alleged Russian-lead sabotage of the Estonian-Finland energy link Estlink2 last December.

## LOOKING AHEAD

The three-party coalition supporting the Paluckas Cabinet is an experimental one, consisting of ideologically diverse parties. Accordingly, political instability will be a key risk to monitor in 2025. Paluckas has proposed to include the nationalist Dawn of Nemunas (PPNA) in the new government despite pledging to keep the far-right out of government on the campaign trail. Unsurprisingly, his U-turn was met with strong domestic criticism and even street protests in November.

Cooperation with the PPNA may prove difficult for the centre-left ruling parties even in the short term. Only a few days after the parliamentary confirmation of the new cabinet, PPNA leader Žemaitaitis said that he is considering leaving the ruling bloc if he is not elected deputy speaker of parliament. Accordingly, one possible scenario is that the PPNA fully withdraws from the coalition, while another could see its parliamentary group being split between Žemaitaitis' supporters and those MPs willing to stay, with the latter group including lawmakers around PPNA's Agnė Širinskienė. Tension within the ruling bloc could also accelerate if his legal case involving alleged antisemitism results in growing distrust among ruling party MPs.

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