

TRANSPORT SITUATION IN LITHUANIA IN 2005

Traffic trends

The evolution of traffic volumes and modal split is provided in the table below. Forecast of the data for the year 2010 is also shown:

Lithuanian transport development indicators and forecasts

Transport mode	unit	2001	2002	2003	2004	2005/ forecast	2010 forecast
Freight transport							
Railway transport	mil.t	29,2	36,6	43,4	45,6	48,3	53,4
Road transport	mil.t	45,1	45,0	52,2	51,5	52,0	55,0
Maritime transport	mil.t	4,7	4,8	4,7	4,7	5,0	5,9
Inland waterways transport	mil.t	0.54	0,52	0,65	0.62	0,69 –	1.0
<i>Goods handled from seagoing vessels</i>	mil.t	22,4	25,8	31,9	27,5	27,5	40,0
<i>of which in Klaipeda State Seaport</i>	mil.t	17,3	19,7	31,2	20,2	21,6	31,0
Public transport	mil. pass.	414,2	441,2	461,0	483,2	499,7	571,65
Railway transport	mil. pass.	7,7	7,2	7,0	6,98	6,84	7,3
Road transport (buses + Trolleybuses)	mil. pass.	404,7	430,6	451,5	473,5	490	560
Inland waterways transport	mil. pass.	1,3	2,9	2.0	1,97	2,1	3.0
Maritime transport	000 pass.	68,8	58,4	98,9	133	143	150
Air transport	000 pass.	363	376	398	591	695	1200
<i>Passenger traffic at Lithuanian airports</i>	000 pass.	651	702	792.6	1101	11420	2150

Transport sector remains one of the most rapidly developing sectors in Lithuania. The GDP share created in Lithuanian transport sector will reach 10 per cent of total GD?. GD? share in transport sector in 2005 against 2004 grew by 1 per cent.

In 2005, 5.3 per cent of total number of persons employed has constituted the persons employed transport sector. This indicates a good competitive situation of transport sector comparing with other sectors and a relatively higher productivity leading to a significant impact of transport sector on the whole economy of Lithuania.

The amount of goods carried by all modes of transport will reach 106 mil. tons and compared with 2004 it will increase by 3,5 per cent.

- The most reasonable changes in terms of traffic volumes have occurred in air transport sector: the passengers' traffic at Lithuanian airports has boosted after the accession into the EU and the same trends are expected in the nearest future, especially since two very first low – fare companies have entered the Lithuanian air transport market

During the first 3 quarters of 2005 air traffic volumes were constantly growing The total number of flights to/from Lithuanian airports has increased by 24 per cent and has reached more than 30 000 flights. Passenger traffic has increased by 34 per cent and has

reached more than 1,1 mil. passengers. The amount of cargo and post transported by air has also risen by 25 per cent up to 7 000 tons. It is forecasted that by the end of 2005 the total number of flights will grow up to 39 000, while passenger traffic volume — up to the record figure — more than 1,42 mil. passengers and the amount of air cargo and post — up to 9 000 tons.

- Estimated volume of cargo handled in Klaipeda sea port in 2005 is 21,6 mil tons. Comparing to the same period of 2004 the expected increase is 6,9 per cent. Estimated volume of containers handled is 215 500 TEU which is 23,7 per cent more than in 2004 and about 1,8 time more than in 2003. Reaching these results Klaipeda port now stands in a leading position by container handling amount among Baltic countries.
- In 2003, to promote combined transport, the shuttle train "Viking" was launched (route —Tljiehevsk (The Ukraine)-Odesa-Slovechno-Klaipeda (Lithuania)). The amount of containers transported by "Viking" during 11 months of 2005 increased 13,7 times. In total, the estimated volume of cargo handled in Klaipeda port and Butingè Oil Sea Terminal is 27,5 mil. tones , and this volume is approximately the same as in the previous year.

Passenger trains routes optimizations program is further pursued: the most loss-making routes are being closed, frequency and periodicity are being rationalized.

Obstacles to transport developments

Among obstacles, regarding international traffic,- poor connections with Western Europe via Poland should be taken into account. Baltic countries currently make little use of rail for international traffic in the north—south direction. The existing rail network is not interoperable with Western European - existing rail tracks are of Russian standard gauge, traffic is slow. For instance, on some sections near the Lithuanian/Polish border, speed is limited to 40—60 km/h. The feasibility study on Rail Baltica (Trans-European priority project No. 27) has commenced, and Lithuania hopes the implementation of Rail Baltica is going to increase the capacity of the rail network and improve intermodal transport potential, provide access to cultural, economic and administrative centres of Western Europe.

Traffic safety problems (in terms of high rate of road accidents) is a great concern. The new State Programme for Road Safety for 2005-2010 aims to solve these problems (see below).

Other important problem in road transport sector is that of increasing traffic volume of heavy vehicles and deterioration of road surfaces. Roads constructed in former times do not allow such loads, thus pavements are deteriorating rapidly.

Considering the air transport, the main problem of the year 2005 was the significant rise of fuel cost which has minimized the operational profits and the investments possibilities. This issue has not severe affected the states overall fleet— all aircrafts are in compliance with safety, emission, noise requirements.

The lack of the throughput of the Vilnius international airport and the insufficient terminal facilities to accept the large passenger traffic volumes in Kaunas International airport also may be referred to as obstacles to the air traffic development.

Very serious problem remains the indebtedness of some airlines which impedes the implementation of infrastructure development projects.

In maritime and inland navigation transport sector we distinguish these main obstacles to further transport development:

- Insufficiently developed network of access connections (roads and railways) to Klaipeda port;
- Insufficiently developed inland waterways transport (old vessels, the difference of depth of the main inland waterway Kaunas - Klaipeda).

Best practices in transport and infrastructure regulation.

In July 2005 The Lithuanian Government has approved The Long-term (Until 2025) Development Strategy of the Lithuanian Transport System. It envisages that one of two key directions of transport policy of Lithuania is to strengthen the interaction of different transport modes. In the field of passenger carriage, a conceptual framework of "a single ticket" (when a single ticket gives access, to the needed extent, to different types of transport services) should be introduced. In the field of carriage of goods, much attention is being paid to the intermodal transportation processes and technologies. While developing intermodal transport, it is of great importance to establish modern logistics centres, i.e. "freight villages" or just transport centres, and to integrate them into the network of transport centres being created in Europe and in the Baltic Sea region.

The Strategy offers analysis of the long-term development perspective of the establishment of the new generation public logistics centres ("freight villages"). In addition, it emphasises the importance of intermodal interaction in the development of the Lithuanian transport infrastructure. The road, railway, seaport and airport infrastructure should be modernised and developed in a coordinated way, so that intermodal operators could make use of effective transportation technologies and processes and that a sustainable development of different transport modes and their beneficial interaction with the transport systems of the neighbouring states (especially EU Member States) could be achieved.

Alongside with general policy measures, this Strategy also presents the development measures of individual transport modes envisaged for specific periods in compliance with EU financial perspectives:

- until 2006;
- 2007 through 2013;
- long-term perspective until 2025.

A necessity to finance the infrastructure using FTP principle has also been developed in the Strategy.

• **Road safety.** In July 2005, The Lithuanian Government approved The State Programme for Road Safety for 2005-2010 that aims at providing conditions for targeted long-term improvement of road traffic safety, identifying and implementing measures to reduce road accident rates, and achieving the target set for the EU to halve the number of road accident casualties by the year 2010.

The national targets are to reduce the number of casualties by 25 per cent and the number of persons injured in road accidents by 10 per cent by year 2008 (by 20 per cent - by 2010).

Lithuania aims to increase the rate of using safety belts, to reduce the number of drivers intoxicated with alcohol and narcotic and psychotropic substances, and to make speed control stricter by the year 2010.

The Programme also provides for improvement of driver training and examination, pedestrian and cyclists safety, traffic culture, education of traffic participants, and work of traffic control, medical aid and rescue services.

In the area of road infrastructure, causes of accidents in urban and rural road sections with highest accident rates are to be eliminated and a system of road safety audit is to be established.

In the area of improvement of vehicle safety, visibility of heavy-weight vehicles in the dark is to be improved. The system of control over technical inspection of vehicles needs improvement as well.

• **Air transport.** Lithuania has implemented the EU and ICAO air transport regulation requirements in the fields of air safety and security. This could be a good example of regulation environment for other countries.

Air navigation service provider SE "Oro navigacija" has installed the most sophisticated air traffic control system *Eurocat-X* which has not been yet installed by the most other countries of the region.

The good practice in transport regulation that contributes to the air transport development is that Lithuania applies liberal policies for charter and cargo flights in respect of third country carriers.

• **Road transport.** Since 2005 the new tax of users of buses and goods vehicles has been introduced. Annual tariffs depend on a vehicle type and vary from 80 to 1000 EUR. Daily tariffs vary from 6 to 8 EUR.

In 2005 the works of development of E-roads were continued using EU Cohesion Fund support (up to 85 per cent of total value of project). 5 projects are being implemented. The investments in E-roads in 2005 will make 47 million EUR. The total investments of state road sector in 2005 are 102 mill. EUR.

• **Railway transport.** The modernization programme of overhaul and repair of tracks, signalling and telecommunications in main transport corridors IX B and IX D (Kena – Klaipeda, Kena – Kybartai), which ensures safe carriage of freight and passengers and required performance of trains has already been accomplished. Overhaul (70 kilometres) and routine (260 kilometres) repairs of tracks allowed increase of the speed of trains on respective sections from 60 to projected 120 kilometres per hour for passenger trains and 100 kilometres per hour for freight trains.

Reform of Railway Transport Sector has started in 2004 and continued to be performed in 2005 by implementing measures stated in Law on Railway Transport Sector Reform and Railway Transport Code. Also Rules on Allocation of Public Railway Infrastructure Capacity and Rules for the Levying of Charges for the Use of Railway Infrastructure were being Implemented.

• **Inland navigation and maritime transport.**

- Historic Sventoji port has been established and the draft of Sventoji State Seaport law has been prepared and submitted to the Parliament of Lithuania Seimas.

- The study of mobile and stationary quays construction along the river Nemunas in Lithuania's territory has been prepared and works have started.
- Feasibility study "Complex organization of the inland waterway down the Nemunas and the Curonian Lagoon in Klnipeda-Kaunas stretch for cargo and passenger shipping" started in May 2005 and will be accomplished in February 2006.
- Certain state aid measures have been considered to improve fiscal climate in Lithuanian maritime sector. Firstly, since 2003 seafarers have benefited from zero income tax. Secondly, the project of seafarer's social insurance refunds is under consideration in the Lithuanian Parliament Also, the project of tonnage tax regime is prepared and submitted to European Commission for approval as state aid measure.
- Lithuania is improving administrative capacity to implement effectively safe shipping requirements. For this purpose the new edition of the Law on Safe Navigation was adopted in 2005.

In 2005. 1,6 per cent of total GDP was assigned for financing and investments in transport sector.