



A macroeconomic view of the transportation sector

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TransBaltica 2015

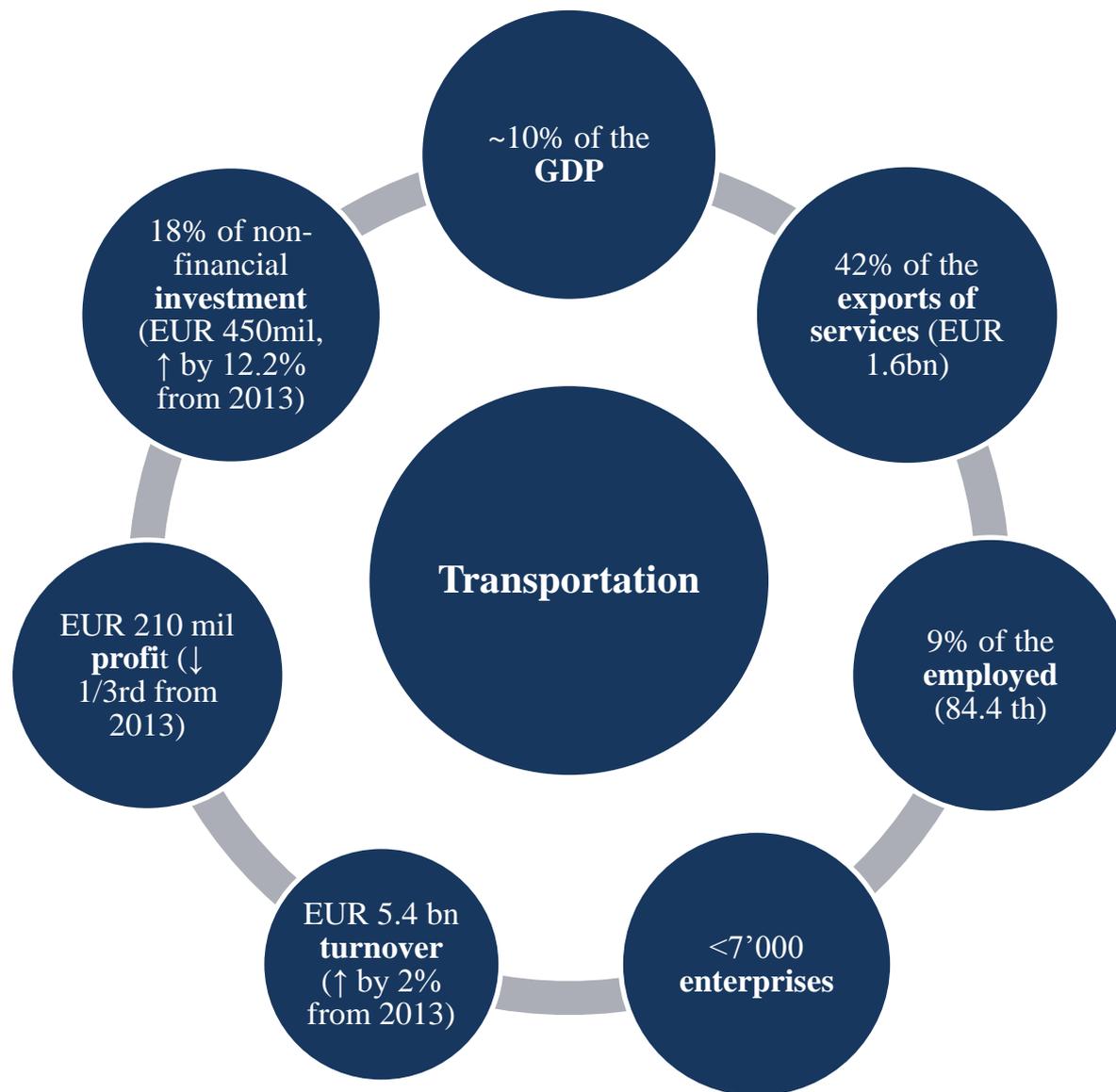
June 4th 2015

Outline

- The sector as a part of the economy
- Ports
- Rail
- Road
- Passenger transport

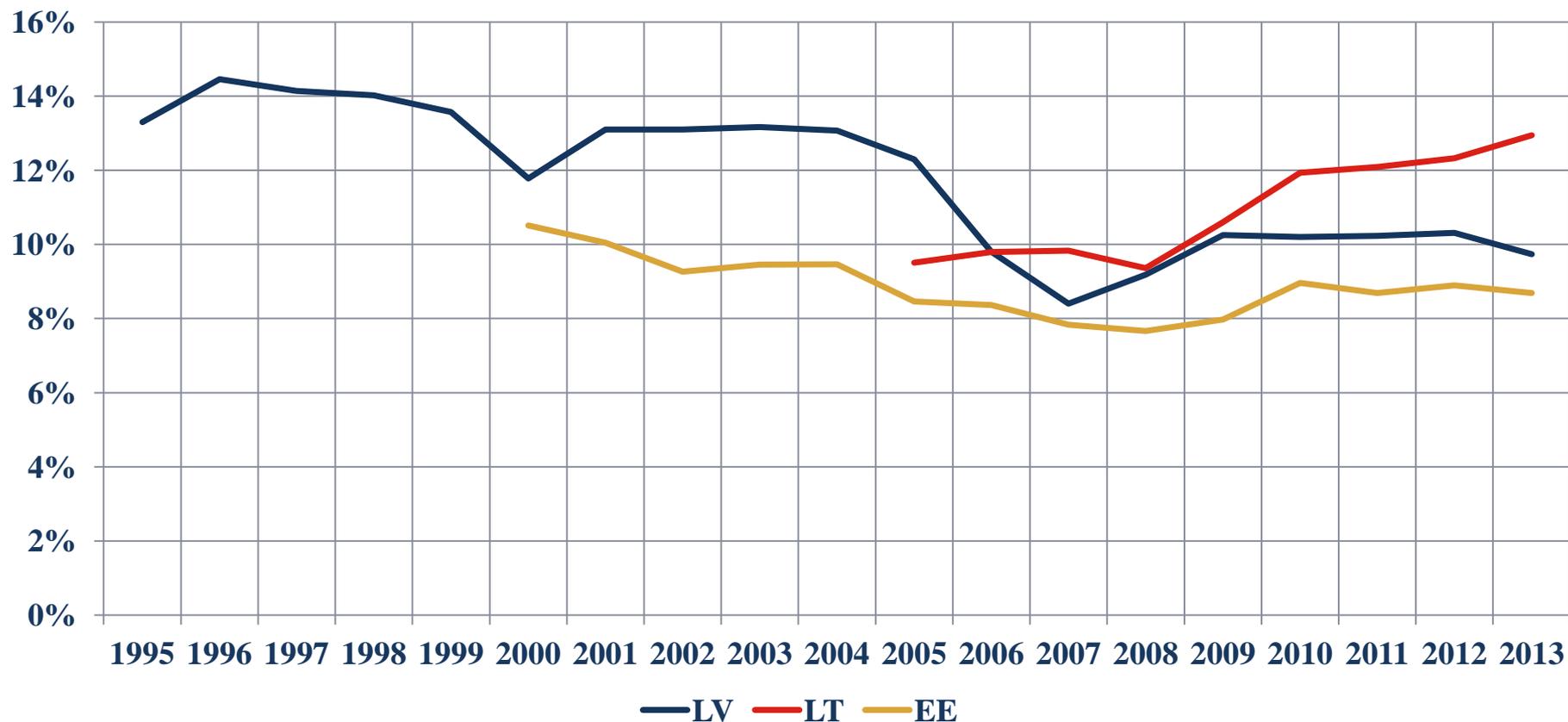
The sector as a part of the economy

The sector is key to the Latvian economy



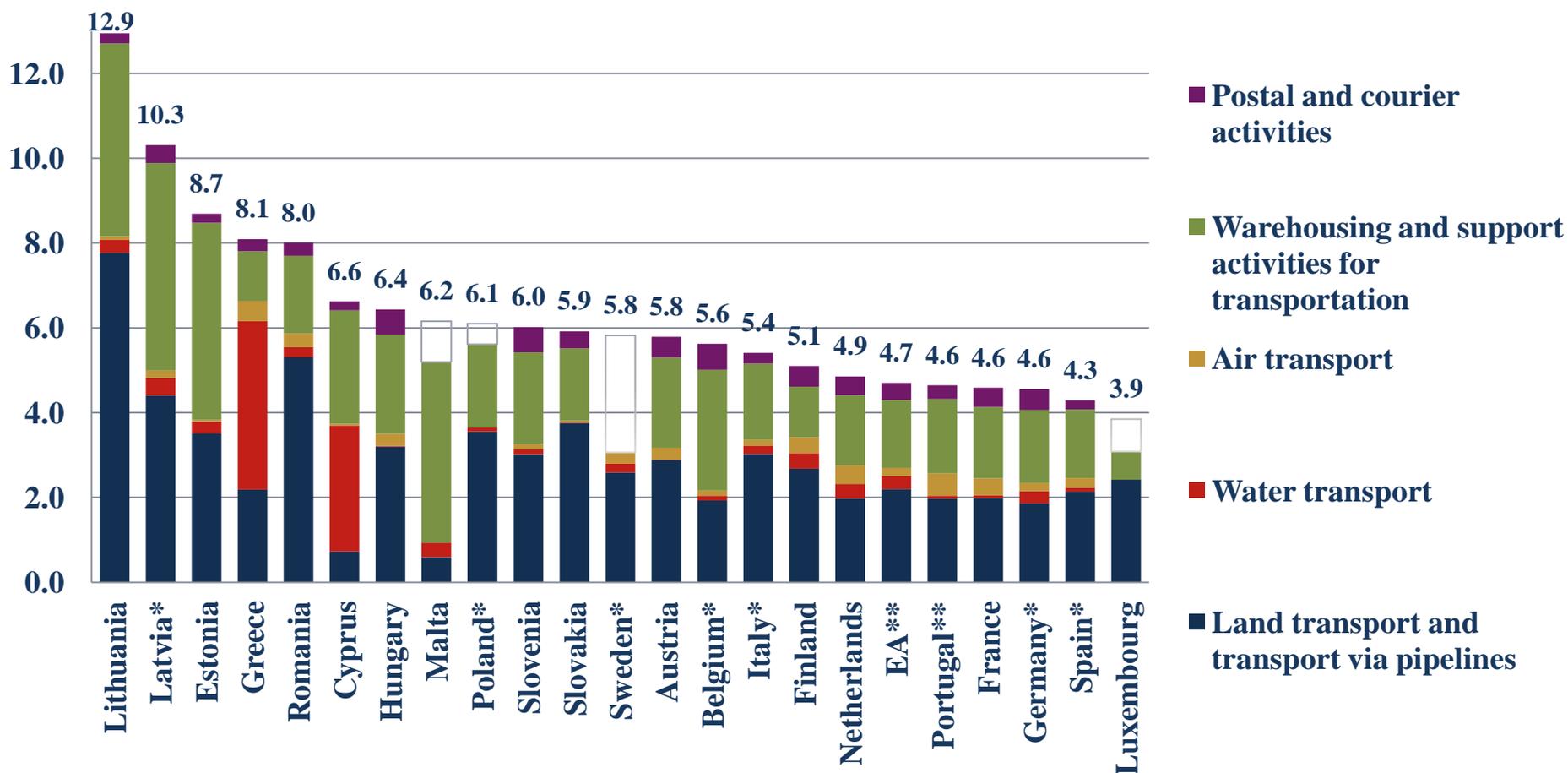
Baltics: sector's importance has decreased over time in Latvia and Estonia, but increased in Lithuania

Importance of the transportation sector in value added in the Baltic countries



EU: the transportation sector in Baltics constitutes a larger part of GDP than in other EU countries

Transportation sector as % from total value added, 2013, %

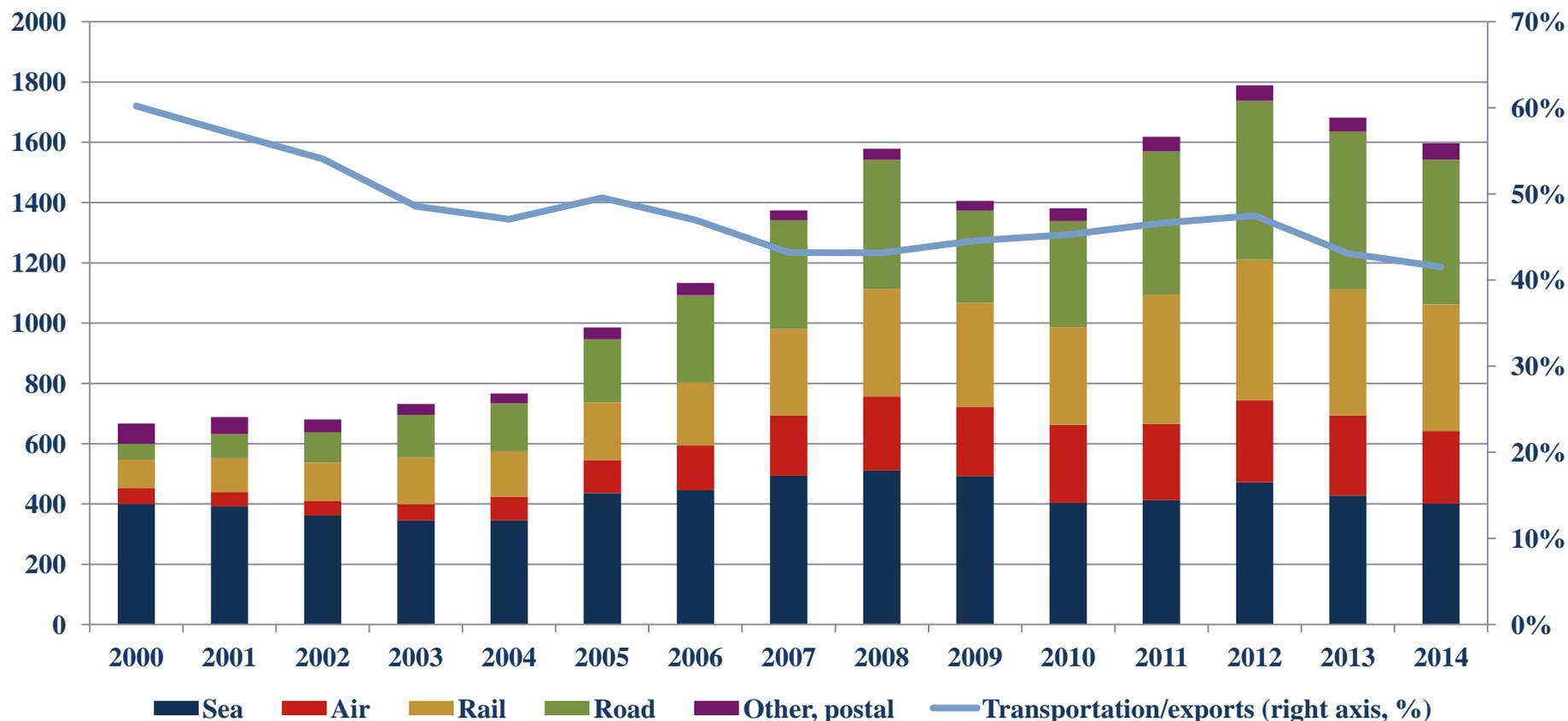


* data from 2012

** data from 2011

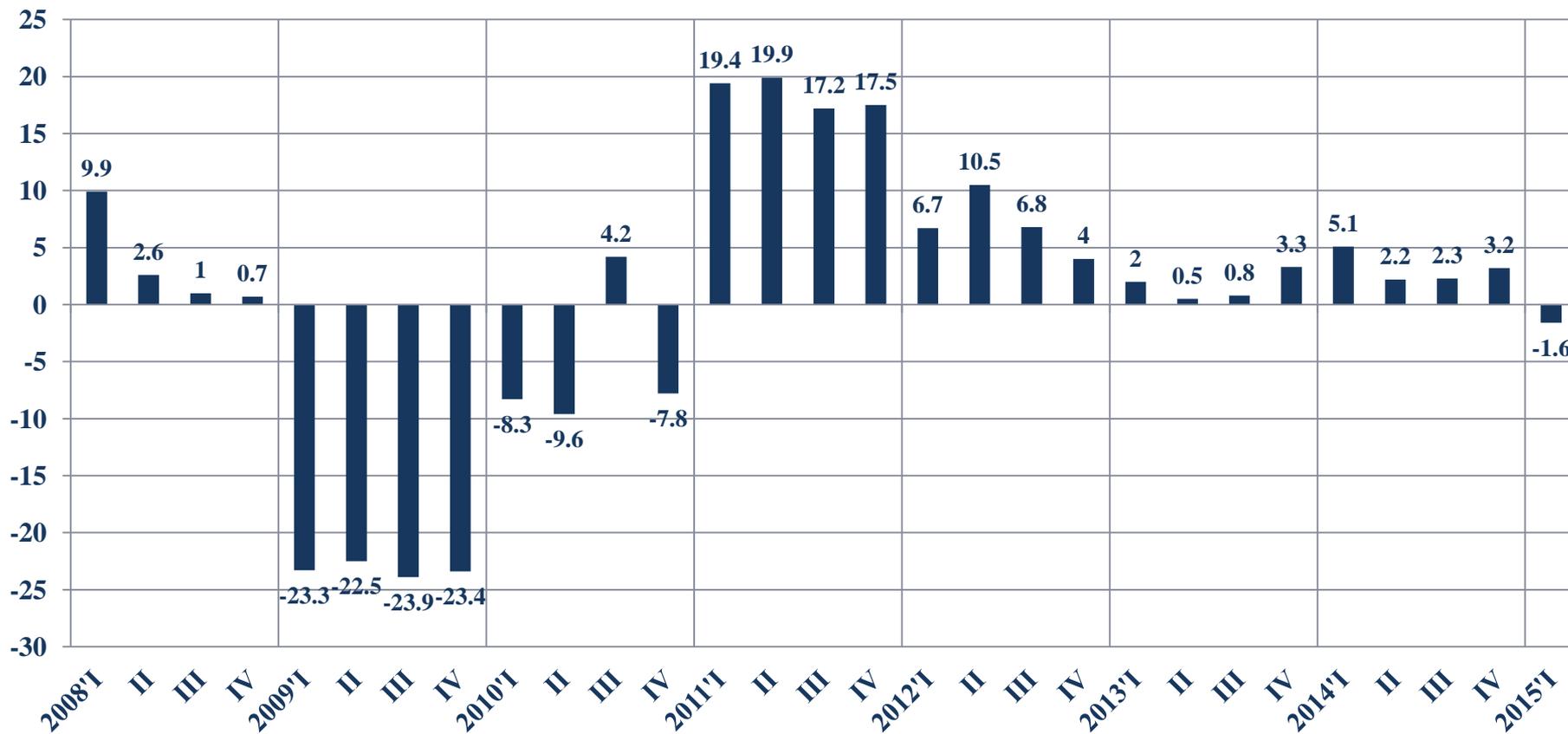
Latvia: transportation is also key to the exports of services, but its importance is on a declining trend.

Services exports – transport, balance of payments, mil. EUR



Latvia: growth in sector in 2014 better than expected, given the geopolitical situation. A negative start to 2015.

The growth in value added of transportation by quarters, year-on-year, %

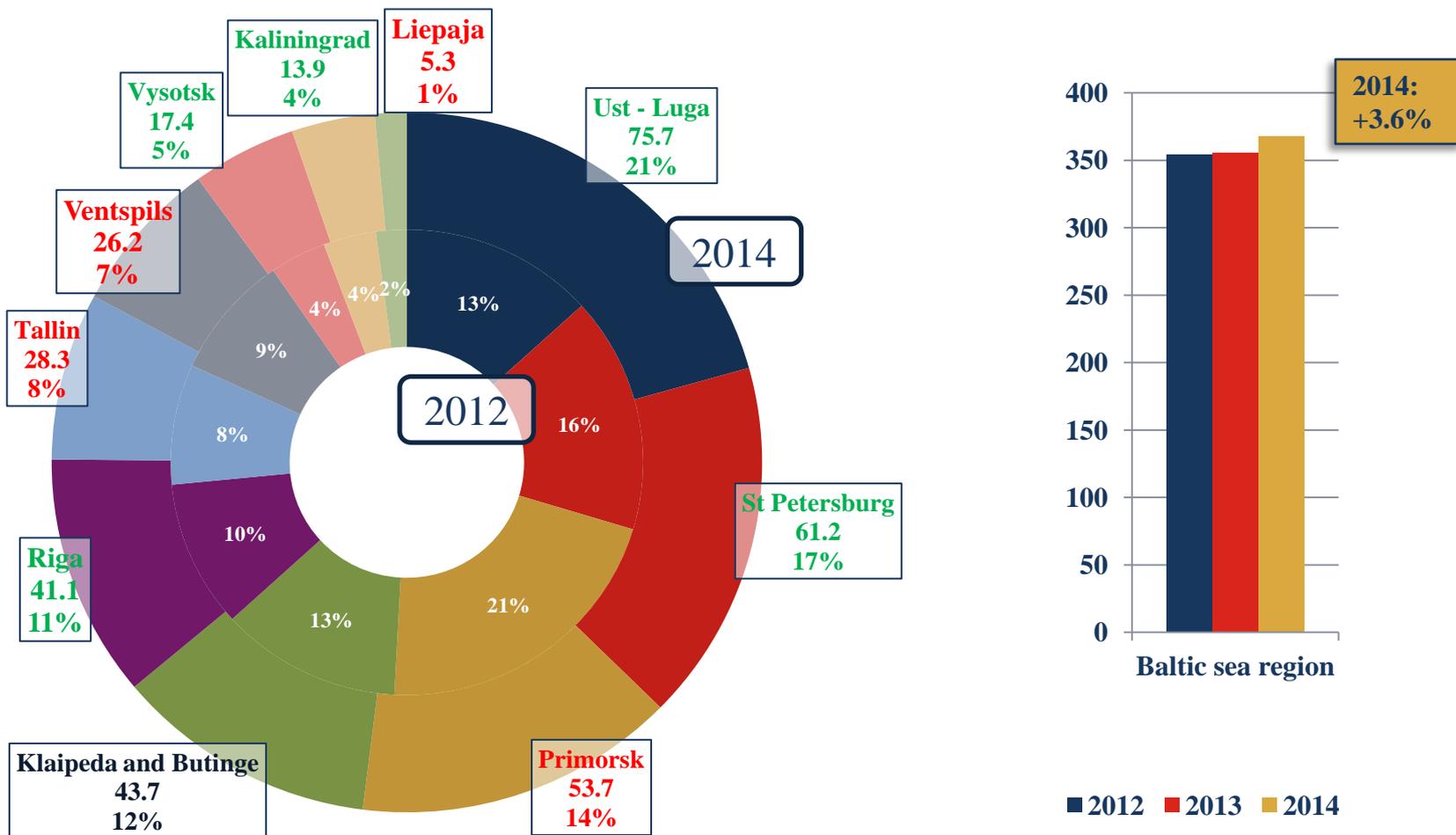




Ports

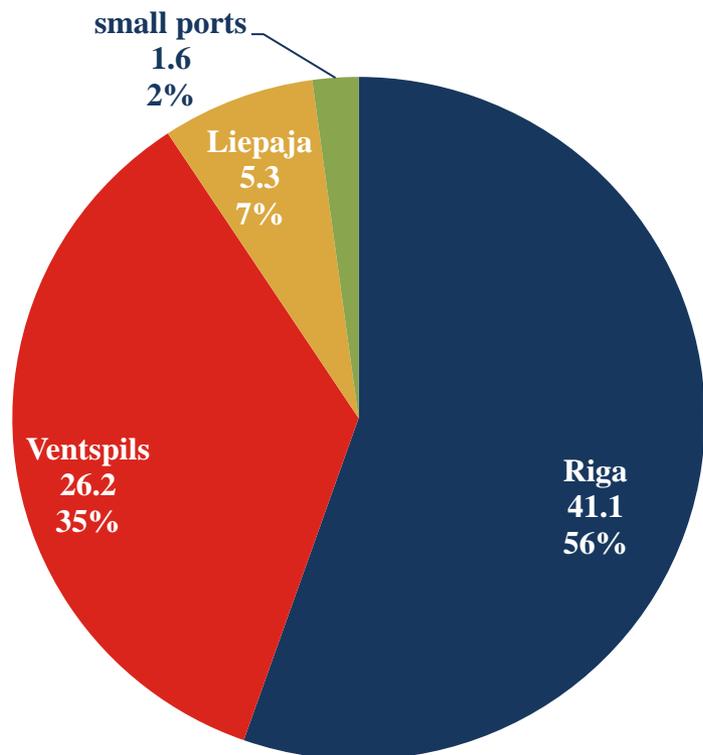
Baltic Sea region: competition is tough;
Market shares in 2014: Riga and Liepaja ↑, but Ventspils ↓.
Start of 2015: YoY increase for RU and LT ports, fall for
EE and LV

Cargoes loaded and unloaded in Baltic sea ports 2012 - 2014, % and mil. tons



Latvia: most cargoes are directed through the port of Riga

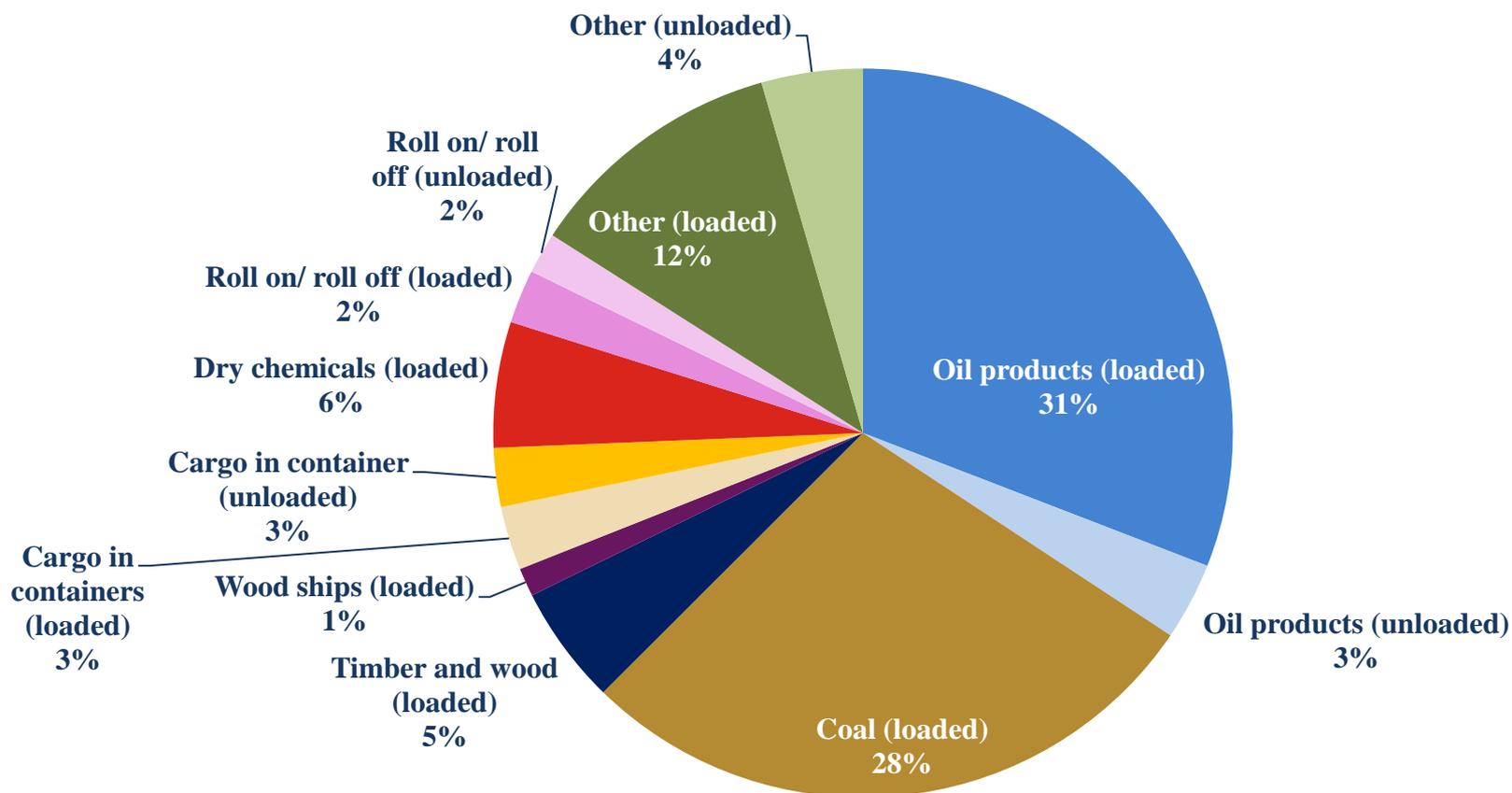
**Cargoes loaded and unloaded at ports, 2014,
mil t and %**



- Riga port:
 - coal (36.4%)
 - oil products (24.8%)
 - containers (10.1%);
- Ventspils:
 - oil products (57.7%)
 - coal (22.3%)
 - Roll on/roll off (7.1%);
- Liepāja:
 - grain products (52.0%)
 - Roll on/roll off (14.7%)
 - timber, wood and wood chips (10.1%)
 - building materials (9.6%).

Latvia: the majority of cargoes in ports are either oil products or coal; container cargoes (higher value added) constitute only 6% of the total cargoes handled in ports.

Cargoes in ports by type of cargo, 2014, %



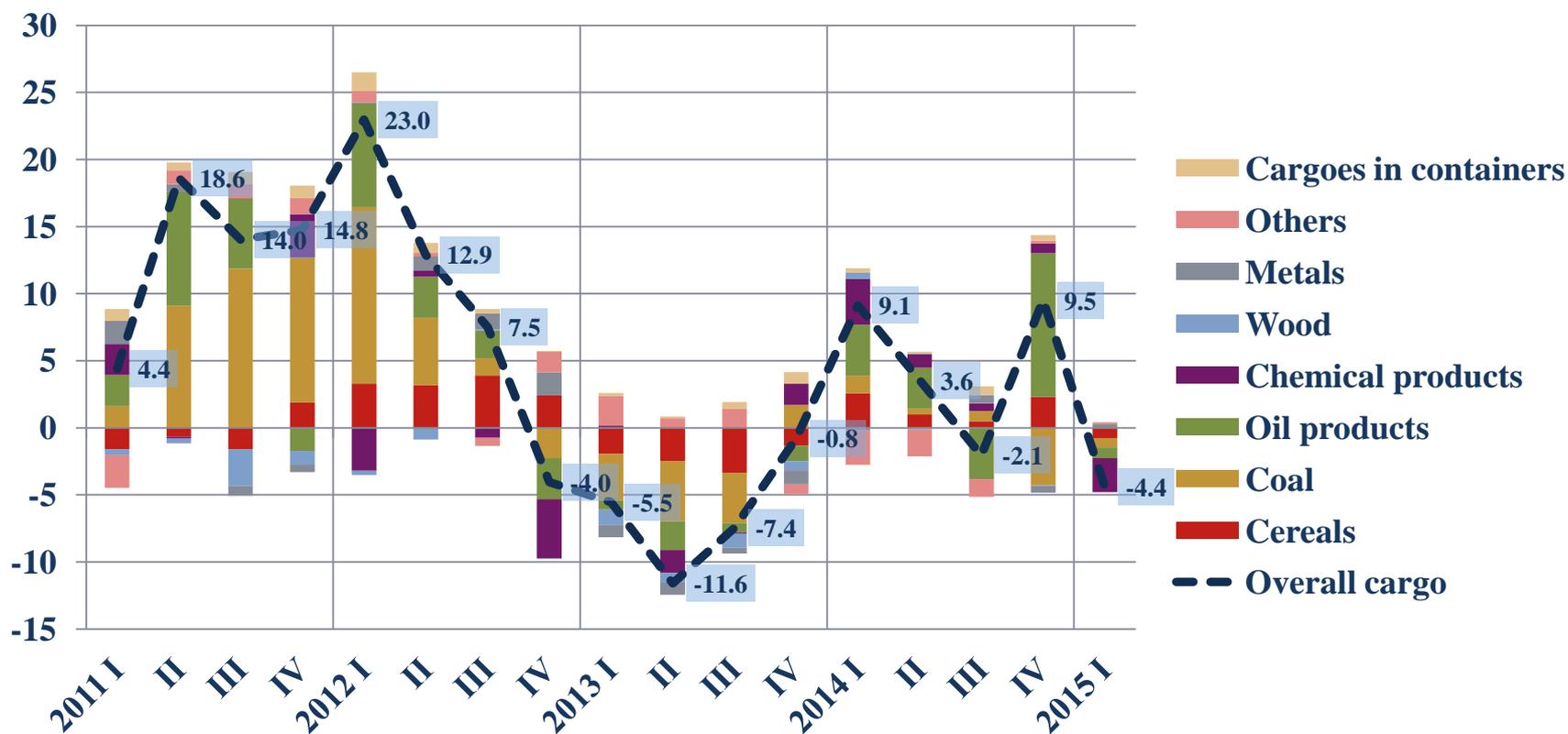
Cargoes in Latvian ports have fallen by 3.9% in the first 4 months of the year (year-on-year terms)

Cargoes in ports, mil tons



There has been a fall in almost all the largest cargo types in Latvian ports in Q1 2015

Contributions of the main cargoes types loaded and unloaded in ports, year-on-year, percentage points

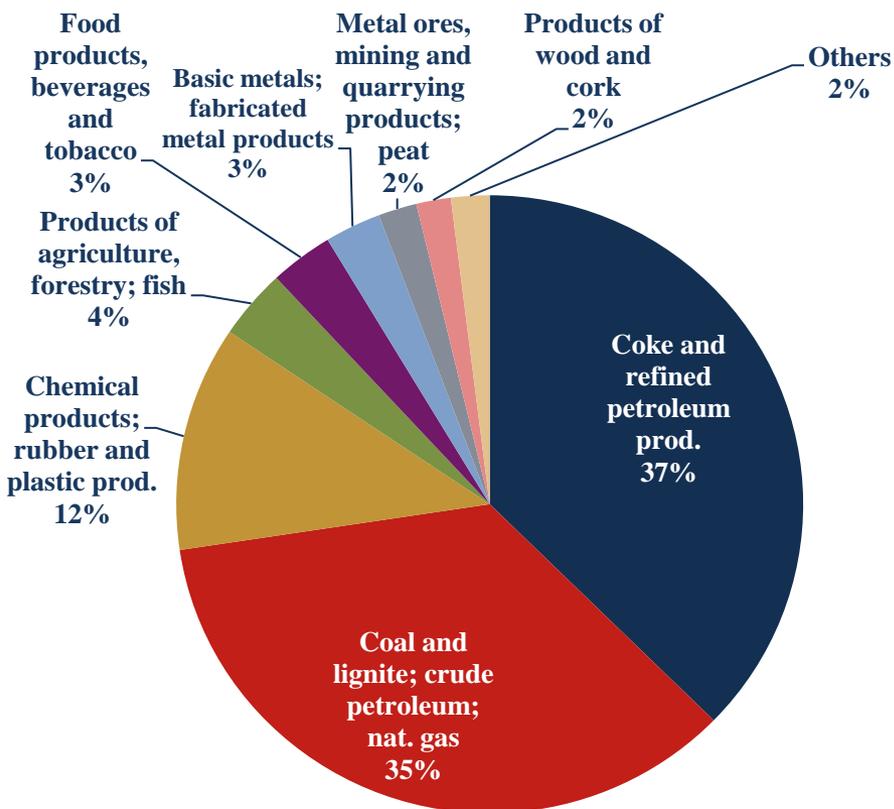




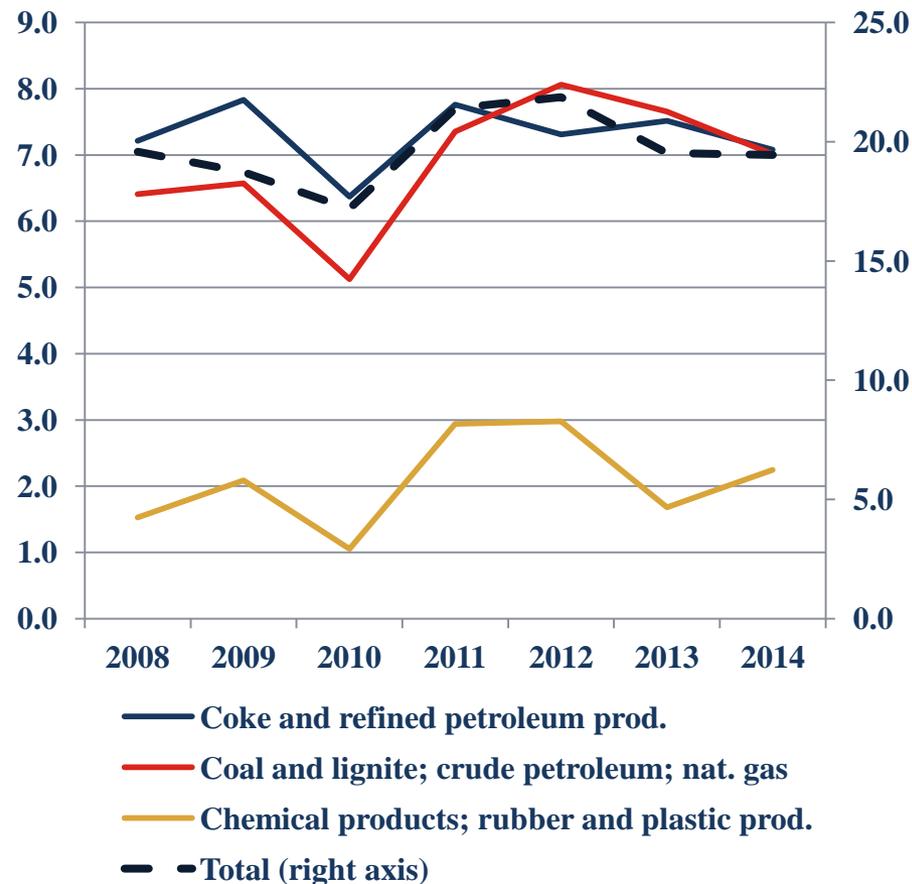
Rail

Latvia: coal and petroleum products – largest type of rail cargo

Freight traffic by rail in tons, 2014, %



Freight traffic by rail, billion t-km*

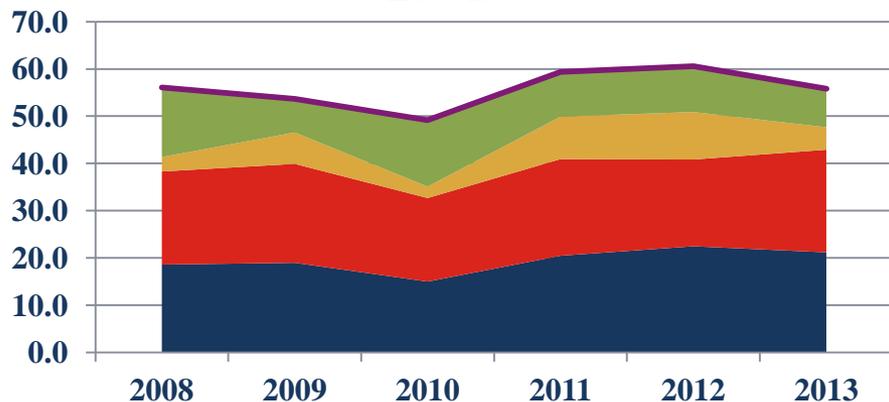


* t-km: tonne-kilometers: a unit of freight carriage equal to the transportation of one metric ton of freight one kilometer

Baltics: every year >40mil t of cargo are transported by rail in LT and EE, and >50mil in LV

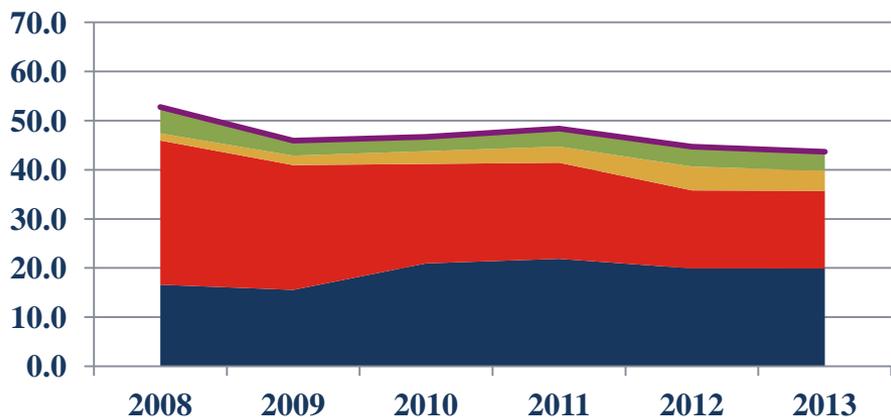
Freight traffic by rail, types of cargo, mil tons

Latvia

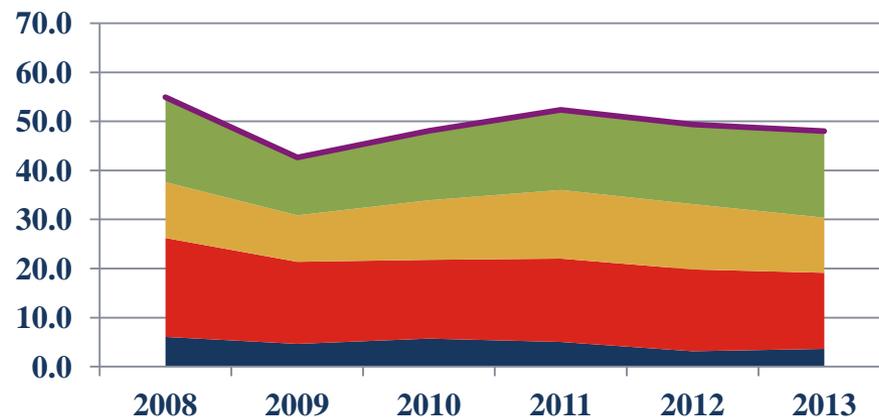


- The composition has not changed materially over the years – the key types of products are coal, oil products and chemicals;
- In addition to these, LT has an important share of mining and quarrying products & peat

Estonia



Lithuania

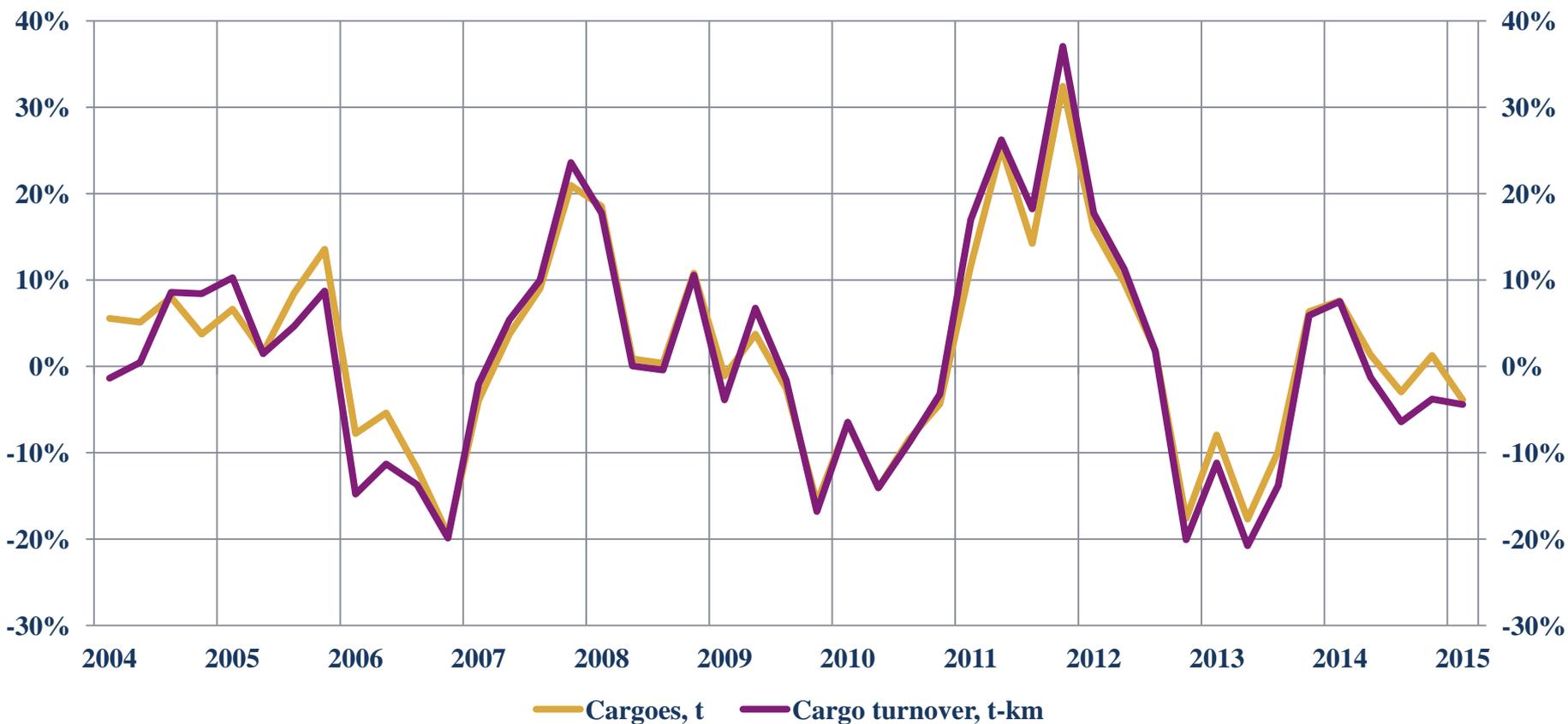


■ Coal and lignite; crude petroleum; nat. gas
■ Chemical products; rubber and plastic prod.
■ Total

■ Coke and refined petroleum prod.
■ Other

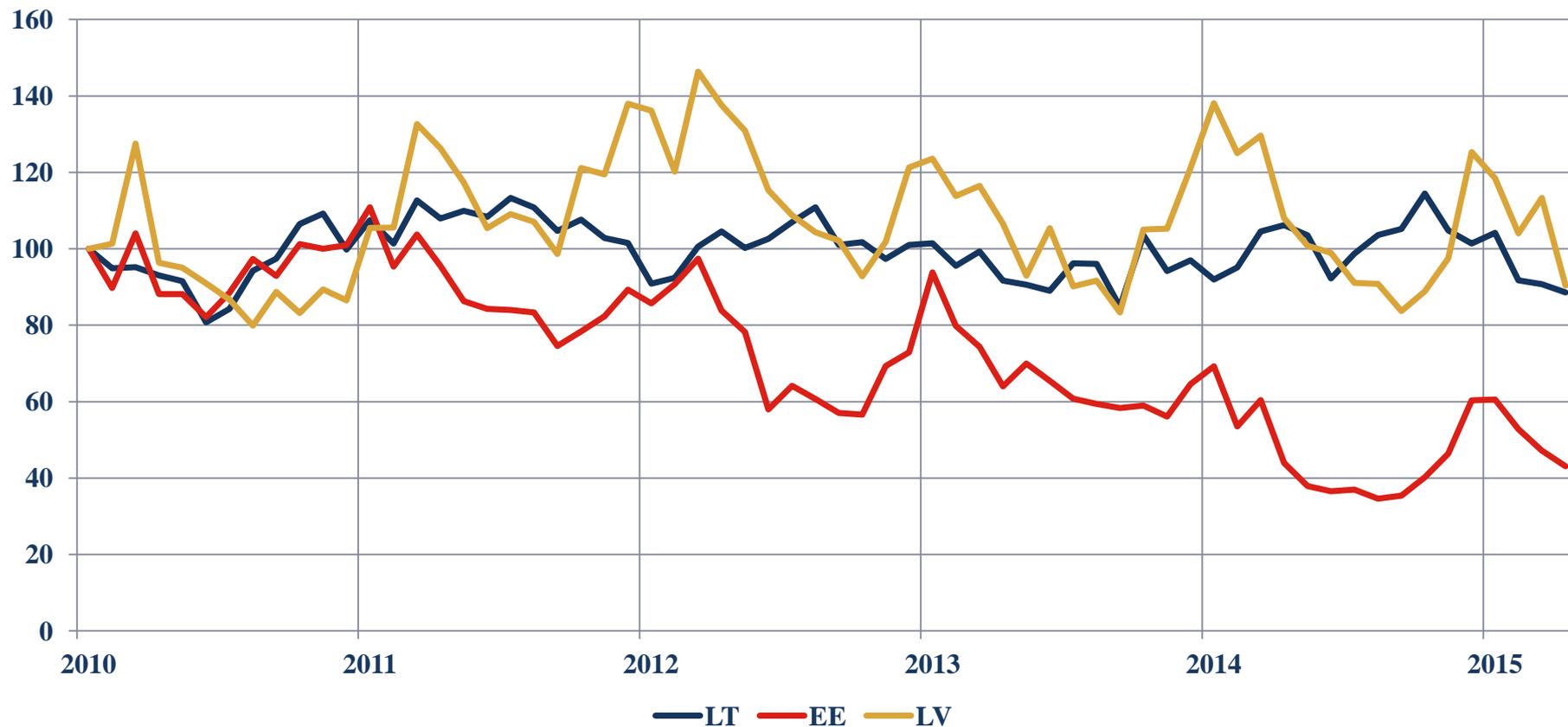
Latvia: a slowdown can be lately observed in rail transport

The growth in cargoes (t) and cargo turnover (t-km), year-on-year, %



Baltics since 2010: A fall in cargo turnover in EE; LT and LV maintaining the level of cargoes, but lately – declining trend

Monthly rail cargo turnover in the Baltic states, Jan 2010 = 100

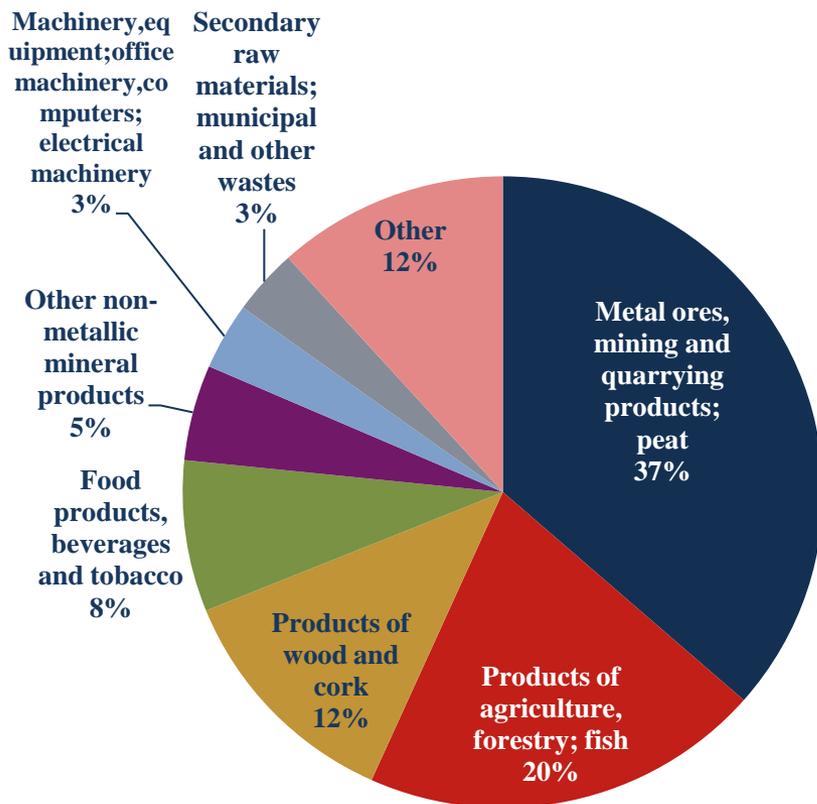




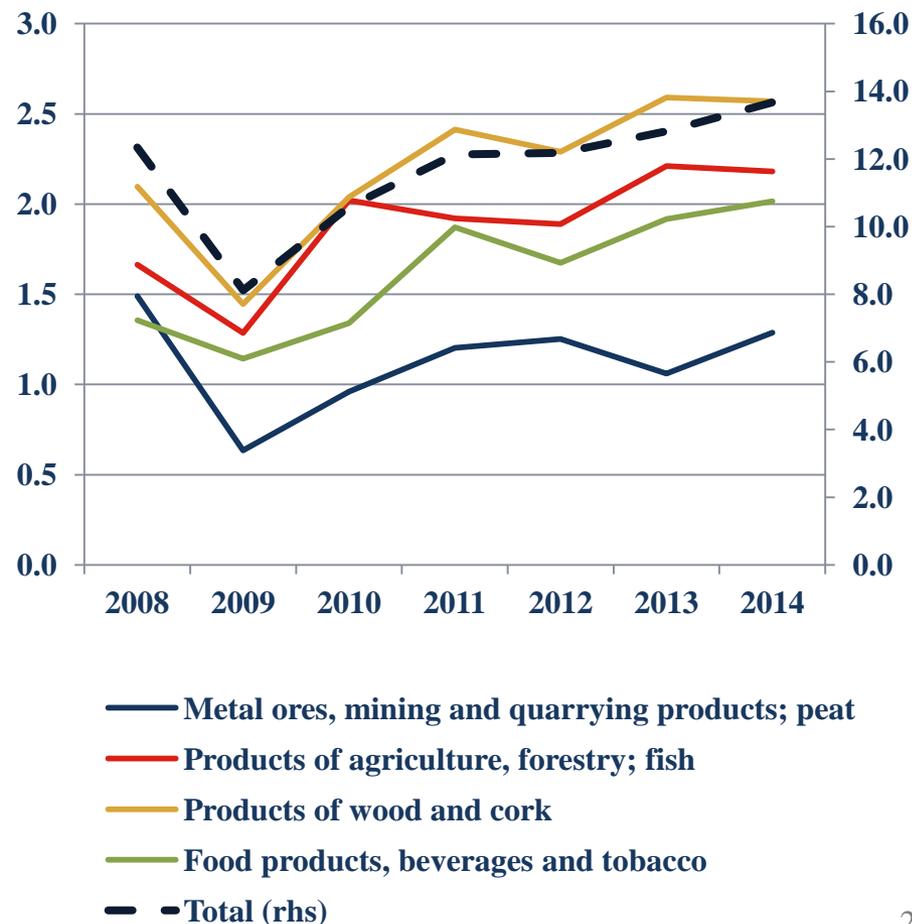
Road

Latvia: by tonnes, mining and quarrying products agriculture and food as well as wood products are the largest types of cargoes

Freight traffic by road, 2014, %



Freight traffic by road, bn t-km*

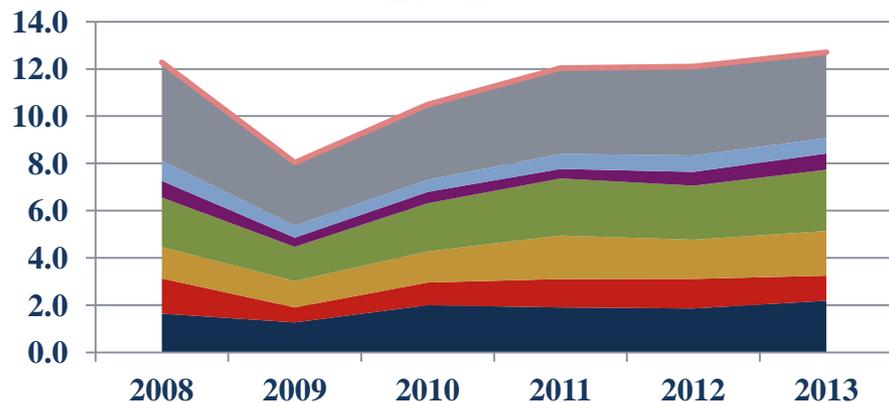


* t-km: tonne-kilometers: a unit of freight carriage equal to the transportation of one metric ton of freight one kilometer

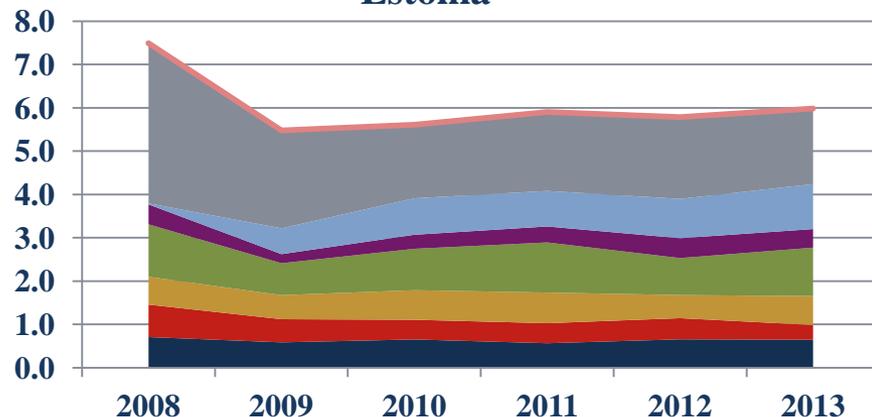
Baltics: Lithuania transports the most t-km

Freight traffic by road, bn t-km

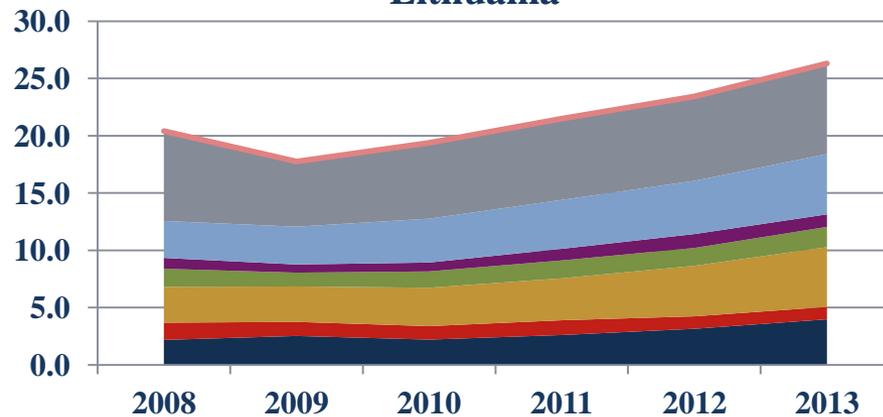
Latvia



Estonia



Lithuania



■ Prod. of agriculture, fishing
■ Wood products
■ Other

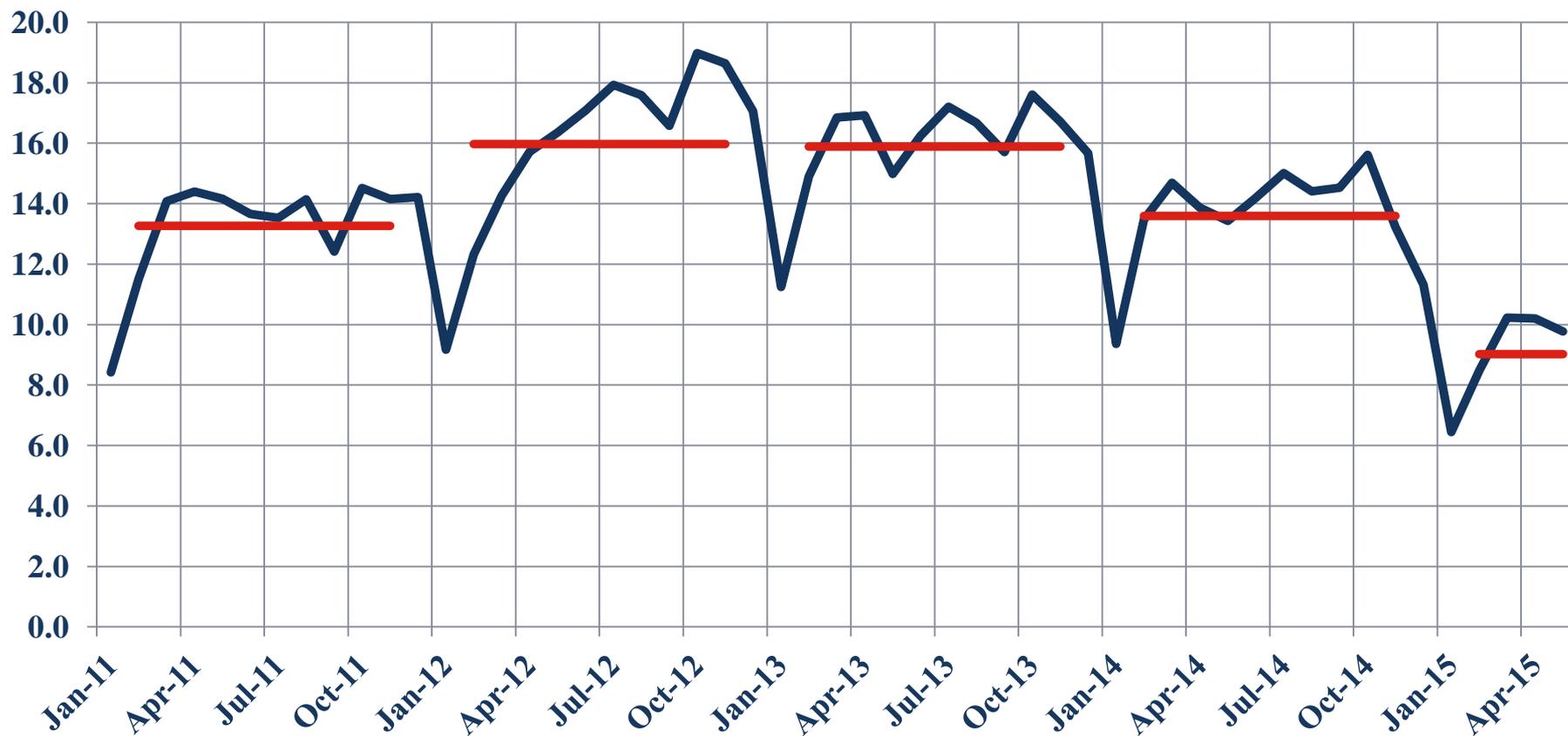
■ Mining and quarrying products; peat
■ Basic metals
■ Total

■ Food, bev., tobacco
■ Grouped goods

- The composition has not changed materially over the years – the key types of products transported in the Baltics are
 - agriculture products and food;
 - Wood products;
 - mining and quarrying products;
- “Other” cargoes include:
 - LT: chemicals, transport equipment
 - EE: chemicals
 - LV: machinery and equipment
- In **tons** more cargoes are transported in LV than LT or EE. (~30mil t in EE, >50mil in LT, and >60mil in LV)

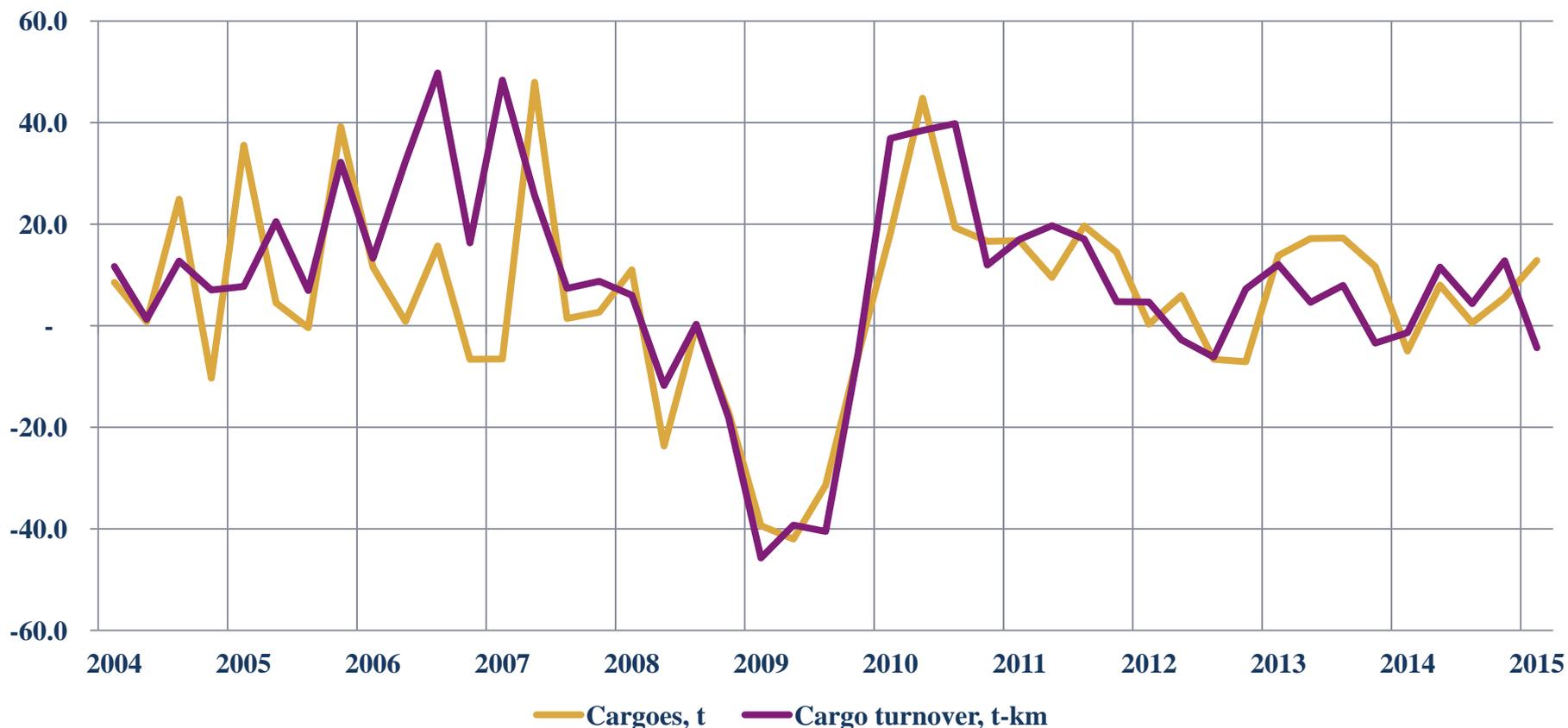
Latvia: problems in the Russian market are having an impact on the sector

Trucks that have crossed the Latvia-Russia border per month, thsds.



Latvia: after a good performance in 2014, cargo turnover fell in Q1 2015

The growth in cargoes (t) and cargo turnover (t-km), year-on-year, %

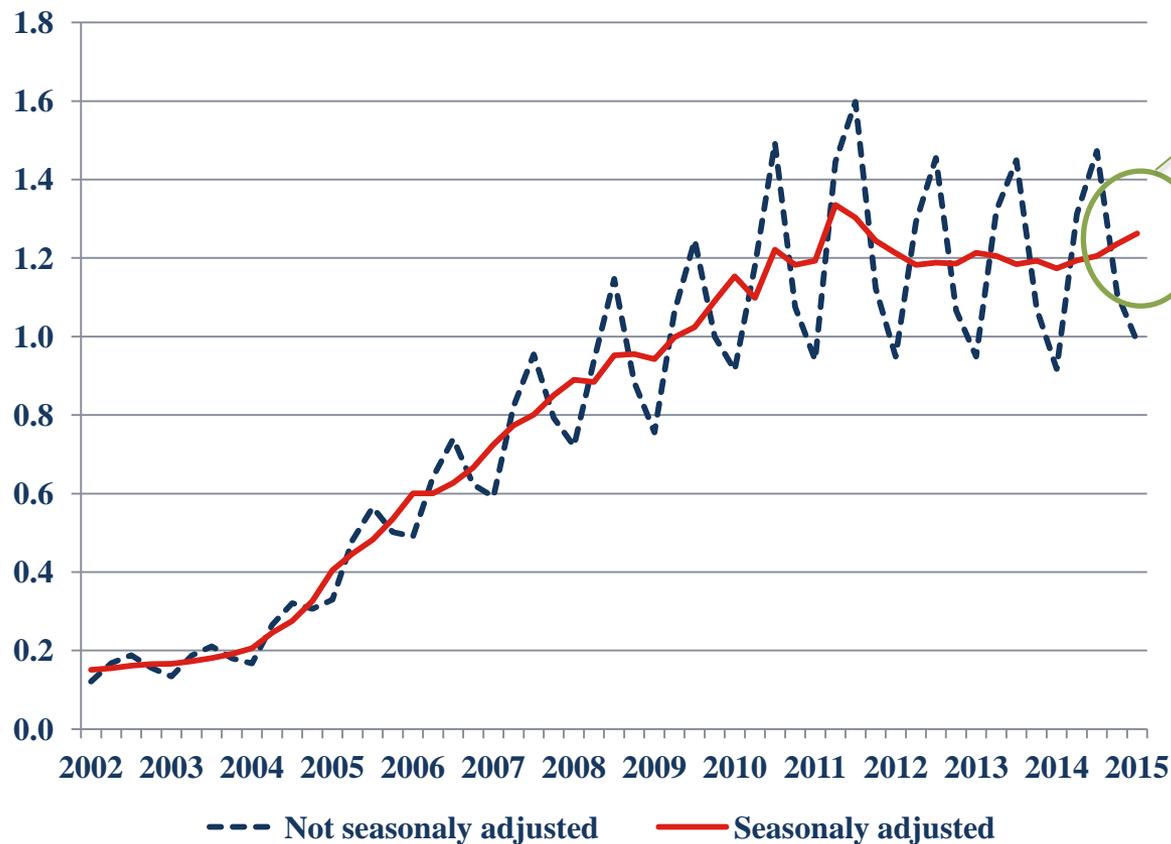




Passenger transport

Lately – a pick-up in air traffic due to Riga as the European Capital of Culture and the EU presidency

Passengers at “Riga” airport, mil. pers



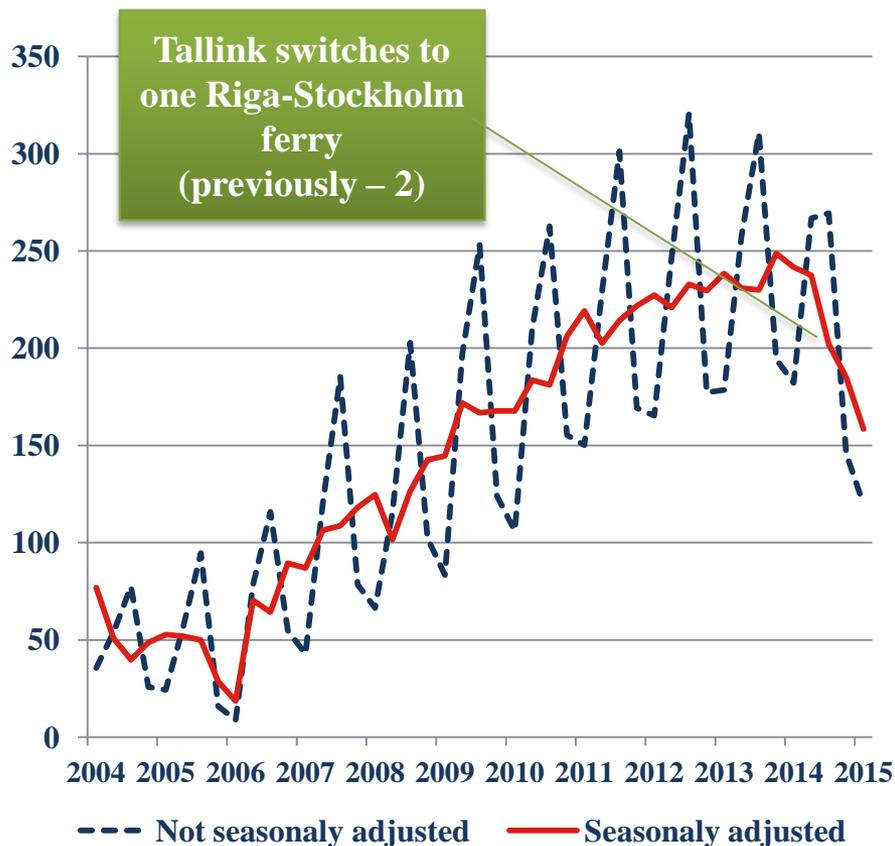
Riga – European Capital of Culture and the Latvian presidency

Passengers at “Riga” airport, YoY growth, %

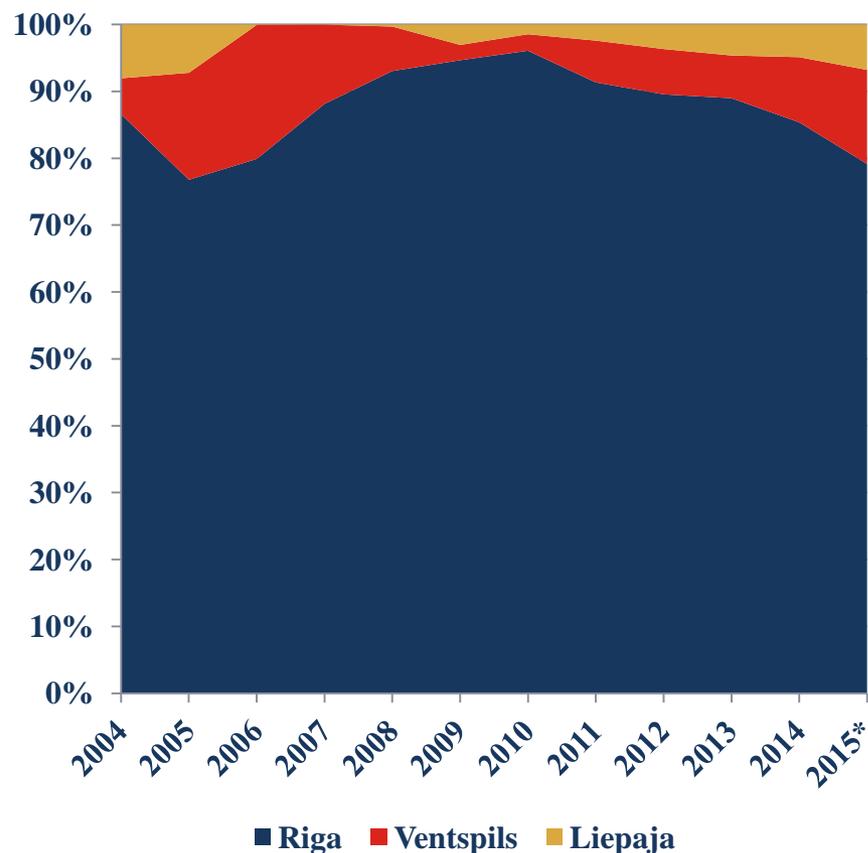


A steep fall in passengers in ports

Passengers in Latvian ports, thsd. pers.



Structure of passengers in Latvian ports, %



* Based on data about Q1



LATVIJAS BANKA