UNITED
NATIONS

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Economic and Social
Council

Distr.
GENERAL

ECE/TRANS/WP.5/2007/7/Add.2
4 July 2007

Original: ENGLISH

ECONOMIC COMMISSION FOR EUROPE

INLAND TRANSPORT COMMITTEE

Working Party on Transport Trends and Economics

Twentieth session
Geneva, 13-14 September 2007
Item 6 of the provisional agenda

REPLIES TO THE QUESTIONNAIRE ON TRANSPORT DEVELOPMENTS

Addendum

Submitted by the Government of Lithuania

I. GENERAL TRANSPORT POLICY ASPECTS

A. Developments with regard to your Government's policy objectives for inland transport as a whole and for special sectors (road, rail, inland waterway, urban transport, etc.) as well as external objectives (land use planning, regional development, etc.) to the extent they are related to transport

1. In 2005 the Government of the Republic of Lithuania approved a Long-Term Development Strategy of the Lithuanian Transport System (until 2025). This Strategy gives the analysis of the long-term development perspective of the different transport modes and establishment of the public logistics centres ("freight villages"). In addition, it emphasizes the importance of intermodal interaction in the development of the Lithuanian transport infrastructure. Along with general policy measures, this Strategy also presents the development measures of individual transport modes envisaged for specific periods: from 2007 through 2013 and until the year 2025.

2. Two major priorities are defined in the Strategy: the development of the North-South transport axis and improvement of the East-West transport axis.

3. The first priority is based on the creation and further development of a modern multimodal Trans-European Transport Network along the North-South direction. The establishment and development of a modern North-South transport link (Tallinn–Riga–Kaunas–Warsaw) connecting the Baltic States and Poland could meet the increasing needs of the European Union (EU) Member States in terms of trade and services. The key priority is to create conditions necessary for the interoperability with the EU railways network within the framework of the Rail Baltica project (TEN-T priority project No.27). Modernization of the Via Baltic highway is also to be continued.

4. The second priority comprises activities aiming at ensuring an integrated and well-balanced transport infrastructure along the East-West direction (Moscow-Minsk-Vilnius-Klaipeda). Rehabilitation of the infrastructure of the West-East transport axis, which already serves intensive international traffic flows, is seen as an effective transport link in the rapidly developing transport network of the Baltic Sea Region. This rehabilitation will be formed for the purpose of development of transport in the EU's internal market and between Europe and Asia.

5. Both priorities are fully coincident with the relevant projects of the High Level group's (under the leadership of former Transport Commissioner L. de Palacio) report on the extension of TEN-T to neighbouring countries and regions which was delivered in December 2005 and where two transnational axes are of major importance for Lithuania and the entire Baltic Sea Region:

(a) Northern Axis - connecting the north of EU to Norway and to Belarus and Russia and beyond.
(b) Motorways of the Sea (MOS) linking the Baltic, Barents, Atlantic, Mediterranean, Black and Caspian Sea areas and their littoral countries.

B. Organizational developments with regard to measures for achieving transport policy objectives, e.g. the structure, functioning and competence of the public administration responsible for transport policies and the relationships of this administration with other administrations (national, regional, local) and with transport enterprises

6. The Ministry of Transport and Communications of the Republic of Lithuania shall be authorized by laws and other legal acts to perform the functions of administration in the areas of transport (air, water, railway, and road transport), post and electronic communications and implement the State policy in these areas. The activities of the Ministry shall be organized in conformity with the strategic action plans that are approved and publicly announced by the Government of the Republic of Lithuania. Moreover, they will be developed in line with the Programme of the Government of the Republic of Lithuania, which shall be approved by the Seimas of the Republic of Lithuania and comply with the Long-Term Development Strategy of the State.

7. Central administrations and inspectorates for road, railway, civil aviation and waterborne transport are organized under the Ministry of Transport and Communications. The Ministry also governs some State and Public Enterprises that belong to its regulatory domain. As the latter developments of the main transport companies, it should be noted that in the year 2006, the national air carrier Lithuanian airlines was privatized and renamed to JSC "flyLAL – Lithuanian

Airlines" (trademark flyLAL). The 100% of shares of the airline belong to flyLAL Group consortium, owned by Lithuanian companies.

8. JSC Lithuanian Railways (LG) – railway company (100% of shares belong to State) has recently been restructured and, as a result, operation management bodies were reorganized and three new directorates were established: Passenger Transport Directorate, Freight Transport Directorate and Railways Infrastructure Directorate.

9. In spring 2007, Lithuanian Intermodal Transport Technology Platform was established. The platform operates as incorporation of interests of the Lithuanian transport (railway, road, water transport, sea and airport activity), logistics (and other fields of economics), business, and science representatives in order to develop the State transport system. The platform shall contribute to the implementation of projects with greater additional value for Lithuanian transport and logistics economics segments employing technology and management innovations.

C. Policies adopted or action taken by public authorities to enhance safety (users. personnel and third persons) and reduce adverse environmental impact of various modes of inland transport

10. The improvement of the transport safety situation is seen as one of the main priorities for Lithuanian transport policy. The number of road accidents in Lithuania is increasing along with the growth in the number of vehicles and in the traffic intensity. Compared to other EU States, Lithuania's accident rates are among the highest, therefore, great attention is devoted to ensuring traffic safety. Investments in the regional road infrastructure will be earmarked for the implementation of traffic safety improvement measures and for the reduction of negative environmental impact. Therefore, intersections at the entrance to towns and settlements will be reconstructed into ring and streetlight-controlled intersections, multi-level intersections and crossings will be built, sections of roads lit, deployment of intelligent transport systems and information systems will be implemented at roads with the highest traffic loading. Technical condition of vehicles will be controlled more effectively and other traffic safety measures will be further implemented.

11. In 2005, the Government of Lithuania approved The State Programme for Road Safety for 2005. The programme 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.

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

13. 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 heavyweight vehicles in the dark is to be improved. The system of control over technical inspection of vehicles needs improvement as well.

D. Action taken and provisions made by public authorities to promote a rational use of available transport capacity (e.g. to give a better distribution of traffic between collective and individual transport) including measures carried out to encourage the use of urban public transport and to reduce the use of individual motor vehicles in urban areas

14. Over 1.95 million road vehicles were registered in Lithuania as of 2006. Since 1990 the road vehicle fleet has grown 2.4 times, while traffic loading has increased by 120% on average. Improvement of road evenness, which had been observed during several years, stopped despite investments in international road and this arouses serious concerns. The reason is obvious – intensity of international cargo transport has grown 3.4 times in the period from 1993 to 2005, while its negative impact upon road covering has increased 6 times.

15. Daily traffic intensity at certain sections of main roads already exceeds 25,000 vehicles. Driving speed has increased, traffic structure has changed, and both vehicle weight and axle loads have increased. Surface of main and country roads fail to bear such increased loads. As the number of vehicles has increased considerably, traffic jams occur both in the cities and in access areas.

16. Forecasts show that by 2013 haulage volumes should increase by 50–60% compared to 2004; similar trends are expected in the sector of passenger carriage by road. It is forecast that traffic intensity will grow rapidly and will increase by more than 40% in the period from 2005 to 2013. Therefore the need to encourage the use of public transport is obvious and measures (namely renewal of public transport buses/trolleybuses fleet and railway passenger coaches and others) are foreseen. Fosterage of multimodal and intermodal transport operations and environmentally–friendly transport is seen as a key factor in the long–term (until 2025) Development Strategy of the Lithuanian Transport System in order to reduce negative road transport impact.

E. Measures to promote a rational use of energy in transport

17. Ministry of Transport and Communications has initiated a preparation of Strategy for effective use of energy in transport sector. A strategy is to be drafted in the beginning of 2008 and the main recommendation for rational use of energy in the Lithuanian transport sector should be foreseen and measures taken to create an environment-friendly transport system, give priority to transport that has a lower negative impact on the environment, increase the energy-efficiency of the road transport sector, use more alternative and less-polluting fuels, seeking to reduce environmental pollution.

18. On a national level, an important role expected to be played by the National Platform on Effective Use of Energy (established in 2006), which deals with rational use of energy in transport sector as well.

II. ECONOMIC, TECHNOLOGICAL AND OPERATIONAL ASPECTS

A. Major, technological developments, with regard to existing infrastructures, transport equipment, traffic control, etc., including in particular traffic control measures in urban areas

19. Increasing traffic intensity and demand for transport unavoidably require faster development and modernization of transport infrastructure, which means larger investments. In developing a modern transport system meeting the EU standards and criteria, the key priority is the rehabilitation and modernization of those transport infrastructure objects that form an integral part of TEN-T network. Furthermore, the Lithuanian transport network is an important component of the Baltic Sea Region's transport system, which is rapidly developing and aims to become an important link in the formation and development of the Euro-Asian transport flows. Another not less significant priority is to improve road, railway, water and multimodal transport infrastructure of national and regional significance in order to better meet the growing mobility needs of the society, promote development of business and tourism, and increase competitiveness of the economy.

B. Measures to improve the profitability and productivity of transport operations

20. The transport network of national and local significance ensuring access to markets and economic relations between areas must be constantly developed along with changes in the national economy. The conditions of roads with constantly increasing traffic intensity, the coverage of which no longer protects the road structure from loads and atmospheric effects is the poorest. Roads with gravel or worn-out asphalt covering account for the largest part of Lithuania's regional and local networks. Investments into the regional road infrastructure would enable the implementation of traffic safety improving measures and reduction of the negative impact upon the environment. Construction of the engineering infrastructure for traffic safety would diminish the rate of road accidents, the number of victims as well as losses incurred by the country's economy and residents. Asphalting of gravel roads and rehabilitation of individual sections of the regional road network could improve communication conditions for outlying regions; more favourable conditions would be created for investment, cooperation of businesses, and labour mobility.

21. As carriage volumes are increasing, conditions for domestic rail transport must be improved and capacity of connecting railway lines must be increased which will improve traffic safety; therefore, regional railway lines must be modernized and transportation services and quality of service upgraded, thus providing for an opportunity to increase the share of domestic rail carriage in the total transportation volumes. To attract more tourists to Lithuania, to promote rural tourism and development of agriculture and fishery, both recreational and tourist transport infrastructures must be extended and modernized; sea tourism and recreational navigation should be promoted by developing port and internal waterways infrastructure as well as by increasing its safety.

C. Progress achieved with regard to integrated services of different transport modes for passengers and goods (car-carrying passenger trains, containerization, palletization, piggy-back), and improved efficiency for transfer operations (commuting, links with airports, collection, handling and distribution of freight at ports and other major centres)

22. The biggest progress achieved with regard to intermodal operation has been recorded in "Viking" line. Based on successful international cooperation, in 2003 a shuttle train of combined transportation "Viking" started to operate between the ports of Lithuania and Ukraine connecting Klaipeda Seaport with the ports of Odessa and Iljichovsk via Minsk. A network of shipping lines of Klaipeda and Odessa/Iljichovsk connects countries of the Black Sea region and Western Europe as well as Scandinavia. The cargo delivery time and transportation tariffs are quite competitive compared to road transport as the duration of transportation is only 50 hours. "Viking" route serves for carriage of 20 and 40 foot universal, tanker and refrigerator containers (45 foot containers if agreed), also trailers with semi-trailers. Another shuttle train "Mercury" started in 2005. The latter line offers a convenient way of transporting cargo on the route Klaipėda/Kaliningrad-Minsk-Moscow. Twenty and forty foot universal and specialized containers (45 foot containers if agreed) are carried. Supplementary services of logistics are delivered as well. Also door-to-door transportation of containers is provided.

D. Urban and suburban transport plans and the problems arising in relation to the interaction between them

23. As the fleet of urban and suburban transport in Lithuania is obsolete, there are significant problems arising in urban transportation, especially in smaller cities. Public transport quality shall be improved significantly. During the financial period 2007-2013, measures are foreseen for financing the renewal of the public transport fleet. Around 75% of buses/trolleybuses are over 10 years old. Only approximately 10% of urban and suburban public transport vehicles are less than 5 years old.

24. Congestion problems in cities cause severe consequences of air pollution as well as huge time losses. Automatic traffic control systems and other intelligent transport systems and services have been more and more widely implemented.

E. Identification and localization of permanent traffic impediments (bottlenecks, saturation of certain roads, operational difficulties)

25. Among the main permanent traffic impediments, the following could be mentioned:

(a) The number of traffic accidents is increasing while Lithuania lags behind Western European States in terms of the number of traffic safety measures and the rate of their implementation.

(b) The intensity of traffic, in particular heavy transport, is increasing (especially on interstate roads), therefore, asphalt-concrete covering of roads not fit for heavy traffic flows is degrading.

(c) Technical and technological parameters of railway infrastructure do not allow full meeting of the increasing demand for cargo carriage and ensuring appropriate quality of passenger service.

(d) Underdevelopment of infrastructure connections with the EU Member States and third countries do not allow full utilization of transit opportunities and development of multimodal transport.

(e) Insufficient capacities of airport and flight control infrastructure given the rapidly growing demand for air transport services.

(f) Due to underdevelopment of infrastructure of Klaipėda Seaport and related transport infrastructure (railway hub in the seaport, access roads and railways to/from the seaport) Lithuania is not using the available transport, transit and sea tourism potential in full.

(g) Underdeveloped infrastructure of internal waterways restricts the development of recreational, passenger and cargo navigation.

(h) Lack of public logistic centres hinders effective interaction among modes of transport in the development of multimodal transportation services.

(i) Lack of European standard gauge rail track for the Corridor I does not allow to avoid interoperability problems and ensure a smoother link with Poland and the rest of the EU market.

F. Research activities in the field of economics which might be of significance to other member countries

26. Information on the main research activities might be obtained from the webpage of Agency for International Science and Technology Development Programmes in Lithuania (http://www.tpa.lt/ENG/). One can find relevant information on projects within EUREKA, COST, Framework 6 and Framework 7 programmes.

27. The Long-term economic development strategy of Lithuania until 2015 (drafted in 2002) might be of significance to other countries as well (It is planned to renew it in 2007-2008): (http://www.ukmin.lt/en/strat_prog/longtermstrategy/). Along with the mentioned strategy, sectorial long-term strategies, prepared by scientists (among them - Transport and Transit Development Strategy) might be retrieved.

III. INFRASTRUCTURE ASPECTS

A. Developments with regard to the planning or realization of major transport infrastructure projects (road, rail, inland waterway, pipeline, domestic or international) as well as improvements to existing infrastructure

28. In Lithuania, the major part of investments has been earmarked for the modernization of the network of trans-European importance. The TEN-T network consists of 1,617 km of roads, 1,100 km of railways, 278 km of inland waterways, international airports of Vilnius, Kaunas and

Palanga, and Klaipėda Seaport. Favourable geographic location is one of the factors promoting Lithuania's competitiveness on an international scale, therefore, in order to take advantage of this strength and to encourage East-West transit and trade through Lithuania, large investments in the transport infrastructure of local, national and international significance are foreseen. The main priorities of development of both European and Lithuanian transport sectors include the development of an effective, flexible and safe and secure transport system encouraging integration of the national markets, development of the national economy, and socio-economic attractiveness of the country's regions ensuring sustainable mobility.

29. Constantly increasing cargo flows on the main international transport arteries and modernization of existing infrastructure call for realization of large infrastructure projects. The establishment of public logistics centres plays an important role among them. At present no such centre exists in Lithuania. Due to high land price and the necessity to invest heavily in transport infrastructure, private transport firms tend to create small logistics centres or terminals focused on a single mode of transport (mainly road transport) and providing a limited scope of services. There is no adequate interaction among such centres. Public logistics centres at the main transport corridors would enable the integration of road and rail transport, and in some cases also air and water transport services that is lacking at present.

30. This would increase cargo mobility and efficiency of use of vehicles, improve the quality of cargo carriage and customs services, mitigate the negative impact of transport upon the environment, and enable an effective cooperation among businesses engaged in different activities. Public ownership of land, transport infrastructure and communication networks would provide a long-term guarantee to business and increase its competitiveness.

31. During the 2007-2013 financial perspective, Lithuania aims at further implementation of large-scale investment policy for the development of the transport sector. Talking about the trans-European transport network, these main goals are envisaged:

(a) Development of current insufficient land transport infrastructure links with other EU and third countries;

(b) Exploitation of potential of the most important transit node – the port of Klaipeda;

(c) Extension of infrastructure capacities of the international airports (Vilnius, Kaunas and Palanga);

(c) Increasing transport network capacity according to growing demand for transportation (especially of heavyweight transport);

(d) Reduction of transport accident rate and congestion in the main motorways.

32. When improving the regional and local transport infrastructure, the main goals are:

(a) Improvement of technical parameters of regional and local transport infrastructure;

(b) Improvement of traffic safety and reduction of negative environmental impact;

(c) Development of recreational and transport infrastructure for tourism.

B. Methodological developments with regard to criteria for establishing priorities and programmes or infrastructure investment projects

33. The main projects (of large investments) are being implemented with the EU of IFI support, thus methodology shall be compatible with the relevant legislation. The largest investments have been earmarked for the projects of European interest. As the main priorities the following axes are foreseen:

(a) The formation of a modern north-south transport axis on the basis of TEN-T corridor I Warsaw-Kaunas-Riga-Tallinn, which will connect the Baltic States with Poland and the Western Europe via Poland transport network (Rail Baltica and Via Baltica projects).

(b) The modernization and development of the West–East transport axis on the basis of IX B and IX D TEN-T corridors, as well as its smooth inclusion in the Danish, Swedish, German and other EU Member States' networks through the Baltic Sea motorways.

C. Developments with regard to arrangements for financing infrastructure projects (e.g. road, rail, inland waterway, pipeline, urban transport infrastructure), particular modalities possibly envisaged (e.g. by introducing global or specific financing resources, allocation of infrastructure costs)

34. As of 1 May 2004, after accession to the EU, Lithuania started the implementation of the EU Regional Politics which aims at the reduction of development differences among the regions and at the promotion of the development of less-favoured regions. A possibility to use the Cohesion and the Structural Funds has fostered an implementation of the main transport projects.

35. The current investment of the Lithuanian transport sector is mainly allocated for the improvement of existing infrastructure, service of increasing international and local flows of passengers and freight aiming for the compliance with international standards.

36. Major investment from the Cohesion Fund is intended for the modernization and reconstruction of connections to the Trans-European Transport Networks (TEN-T) which cross the territory of Lithuania, i.e. corridors I, IA, IXB and IXD as well as other related transport networks. This investment will be used for the improvement of transport infrastructure so that its technical parameters will fully comply with the set requirements, international standards and will meet the needs of increasing flow of passengers and freight. The priority of financing from this Fund is granted to such projects which are fully prepared for the implementation and satisfy the criteria set for TEN-T transport network and laid down in the Guidelines No.1692/96 of the European Council.

37. With the use of finances from the European Regional Development Fund, it is planned to carry out transport sector investment projects which would ensure good access to trans-European networks, organize traffic in city streets and reduce traffic jams. This would fully satisfy interests of the society and would efficiently contribute to the improvement of the communication situation in the country taking into consideration the present and future needs of passenger and freight transportation. For example, these projects must be technically and economically grounded and have a long-term positive impact.

38. Combined with financing from EU funds in the period of 2007-2013, according to the Long-Term (until 2025) Development Strategy of the Lithuanian Transport System, more than €3.5 billion will be allocated for transport sector projects.

IV. DEVELOPMENTS WITH REGARD TO SOME KEY ELEMENTS IN THE INLAND TRANSPORT SECTOR

A. Total employment

Number of persons employed	2002	2003	2004	2005	2006	2007 est.
Transport	65,965	68,137	72,317	75,421	78,864	82,400
Land transport; transport via pipelines	51,030	53,013	56,436	59,118	61,608	64,000
Water transport	1,917	1,889	1,807	1,793	1,736	1,700
Air transport	1,049	997	948	984	780	800
Supporting and auxiliary transport activities; activities of travel agencies	11,969	12,238	13,127	13,527	14,739	15,900

B. Total investment in the transport sector

Foreign direct investment by economic activity (as of 1 January), LTL million	2002	2003	2004	2005	2006	2007
Total (transport and storage) **(**percentage of total domestic capital formation**)** of which:	426,7 (4%)	417,03 (3,2%)	451,6 (3,3%)	493,3 (3%)	342,4 (1,4%)	327,9 (1,1%)
Land transport; transport via pipelines, water transport, air transport	355,51 (3,3%)	334,08 (2,5%)	370,8 (2,7%)	385,7 (2,4%)	208,3 (0,9%)	175,2 (0,6%)
Supporting and auxiliary transport activities; activities of travel agencies	71,17 (0,7%)	82,95 (0,6%)	80,8 (0,6%)	107,6 (0,7%)	134,1 (0,6%)	152,7 (0,5%)

C. Volume of passenger transport

Passenger traffic (mill. passenger/km)	2002	2003	2004	2005	2006	2007 est.
Total*	4,090,0	4,036,4	5,000,8	5,344,8	5,483,5	5,775
Railway transport	498	432	443	428	431	430
Railway urban transport	0.0	0,0	0,0	0,0	0,0	0,0
Road (buses and trolleybuses)	3,013	2987	3548	3691	3695	3700
Road individual transport	16,0	19,4	25,8	34,8	39,5	45
Domestic air transport	-	-	-	-	-	-

* - including water and air transport.

D. Volume of freight transport

Goods traffic (mill. ton/km)	2002	2003	2004	2005	2006	2007 est.
Total**	25,371	28,008	28,213	32,782	33,707	36,405
Railway transport	9,767	11,457	11,637	12,457	12,896	13,200
Road transport	10,709	11,462	12,279	15,908	18,134	21,100
Oil pipeline transport	4,892	50,85	4,287	4,406	2,670	2,100
Inland waterway transport	0.5	0.7	0.6	1.3	1.8	2,0

** - including inland waterways and air transport.

E. Length of networks

Length of roads (end of year, kilometres)	2002	2003	2004	2005	2006
Length of roads	77,148	78,893	79,331	79,497	79,978***
of which: public	20,918	20,916	20,928	20,911	21,016
local	55,813	57,560	57,986	58,169	58,653***
motorways	417	417	417	417	309
Railway lines operated	1,775	1,774	1,782	1,771	1,771
of which: electrified	122	122	122	122	122
Inland waterways	902	902	902	902	902
of which: navigable	477	425	425	425	441
Oil pipelines operated	500	500	500	500	500

*** - provisional data.

F. Transport equipment

Transport equipment	2002	2003	2004	2005	2006
Railway rolling stock					
Coaches ****	509	480	475	467	458
of which sleeping car	167	153	149	135	126
Number of seats, 000*	32,2	30,7	30,0	30,4	30.4
Number of berths and sleeping cars, 000	7,0	6,4	6,2	5,7	5,2
Goods wagons	9396	9308	9250	9309	9387
Wagons capacity, 000 t	576,5	573	569,6	573,4	579,2
Inland waterways vessels, total	203	218	204	13	238
of which: freight vessels	54	60	57	59	64
passenger and freight-passenger vessels	18	23	24	28	29
passenger cars, end of year	1,093,882	1,156,988	1,214,016	1,342,972	1,465,164

**** - including diesel and electric trains.

V. OTHER INFORMATION

39. Transport remains a rapidly developing industry that ensures effective functioning of the domestic market, provision of foreign trade and transit services, passenger service and development of tourism. The share of the transport sector in the GDP was 9.8% in 2006 (LTL 7.2 billion), which is 19% more than in 2005, while the number of people engaged in the sector accounted for 5.5% of all employed people in the country. The share of GDP falling to the transport sector exceeds the EU average nearly two times. Furthermore, constantly increasing volumes of transport services' export demonstrate the role of the transport sector in the country's economic growth: in 2006, these volumes exceeded LTL 5.3 billion (a 20,8% growth compared to 2005).

40. Lithuania' joining the EU has resulted in changes in the macroeconomic environment. This has improved conditions for competition, development of business contacts and speedier development of both passenger and cargo transport. Sustainable and efficient transport operations are services creating high value added and a precondition for the successful development of other branches of the economy and quality of life.
