

one **STEP**
FOR YOU

... one **giant**
leap for YOUR
SUCCESS

TRANSPORT
AND
LOGISTICS
IN LITHUANIA





Market opportunities

- Lithuania is a chief transport centre linking the EU with the East
- Well-developed infrastructure: 3 international transport corridors, the best road system in the Baltics, a railway network, gas pipelines, harbours and airports, and well-positioned logistics centres
- The northernmost ice-free port on the Eastern coast of the Baltic Sea
- Very competitive transport and logistics costs
- The growth of the transport and communications sector is outpacing the economy as a whole and is expected to continue doing so in the future.

Market overview

With about 80 percent of freight being transported through international transport corridors passing through Lithuania, the country has become the most important transport centre in the European Union, linking the region with the East, Datamonitor, Market Research Company, says.

The North-South highway, the railway route connecting Scandinavia with Central Europe, and the East-West route that connects the vast Eastern markets with the rest of Europe, all figure among the ten principal freight routes in Europe.

The expansive network of main motorways and railroads of European significance, along with the ice-free port of Klaipeda and three international airports, play the key role in the Lithuanian transport network. Lithuania has a wide and well developed high-quality road and highway system. The overall length of roads in Lithuania is 79,500 kilometres.

Modal transport

Lithuanian railways carry approximately 50 million tons of cargo and 7 million passengers per annum. Direct rail routes link Lithuania with Russia, Belarus, Latvia, Poland, and Germany, and it is through here that the main transit route between Russia and its Kaliningrad district extends.

Klaipeda Seaport is the northernmost ice-free port on the Eastern coast of the Baltic Sea, with the capacity to handle 40 million tons a year. It is the largest Lithuanian transport hub, connecting sea, land and railway routes from East to West.

In 2007 Klaipeda Seaport handled the largest number of containers among all eastern Baltic ports: a total of 321,500 units. Dealing with cargo going to and from Russia and Kazakhstan at one end, the port handles shipments to and from Germany, the Netherlands, the US, South America, and Asia, at the other.

The amount of cargo handled in Lithuania's international airports is constantly on the rise with the country's progressive integration into the EU, expansion of economic relations, and development of commercial contacts, as well as due to its favourable geographical location. Lithuania's three international airports (in Vilnius, Kaunas and Palanga) have been included in the TEN-T network.

Inland waters in Lithuania add up to a total length of 902 km, of which 425 km are used to carry freight and passengers. The Nemunas (Kaunas – Jurbarkas – Klaipeda) and Kaunas river ports are part of the European Inland Water Network (TEN-T), majorly significant for international freight traffic.

Logistics centres

As new foreign developers 'discover' the Lithuanian market, the country's northern, western, south-eastern and north-eastern regions are undergoing construction of logistics centres. The greatest supply of modern warehousing facilities remains in Vilnius (290,000 sqm, growth – 7.1%), with Kaunas in second place (160,000 sqm, growth – 77.7%), and Klaipeda in third (84,000 sqm, growth – 48.5%).

LARGEST LOGISTICS CENTRES	LOCATION	DEVELOPER	GLA (sqm)
Kaunas terminalas	Kaunas district	UAB „GNBLIT Kaunas Logistics“	30,000
Ad Rem logistikos centras	Vilnius	UAB „Ad Rem“	27,000
Dobrovolės logistikos centras	Vilnius district	UAB „Mei Baltija“	27,000
Via Baltica Logistic	Kaunas district	UAB „Via Baltika logistika“	26,000
Vievio logistikos centras	Vilnius district	UAB „Girteka logistika“	21,600
Vinges terminalas	Vilnius district	UAB „Vingės logistikos grupė“	21,400
Laištu International Trade Centre	Klaipeda district	V.Paulius & Associates	21,000
Airport Business Park	Vilnius	UAB „Airport Business Park“	7,000*

* GLA to be expanded up to 31,000 sqm by 2010

Source: LDA, Colliers International

LARGEST LOGISTICS OPERATORS	GLA (sqm)
„Girteka“ UAB	81,000
„Ad Rem“ UAB	40,000
„Vingės logistikos grupė“	39,500

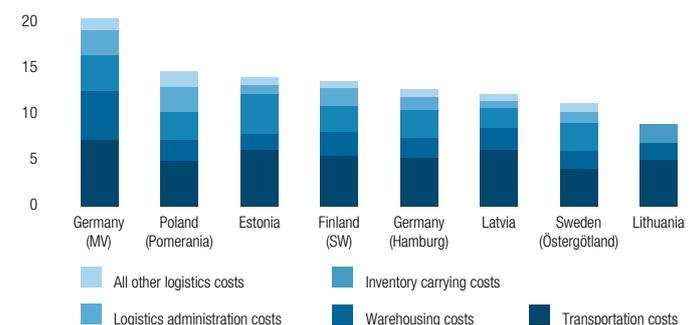
Source: LDA, Colliers International

During the first half of 2008, the average rent price of new warehouses remained unchanged, at 4.9 – 5.2 EUR/sqm in Vilnius, 5 – 5.2 EUR/sqm in Kaunas, 5 – 5.2 EUR/sqm in Klaipeda, and 4.4 – 4.8 EUR/sqm in Panevezys. Rates are estimated to experience a slight drop due to slowing economic development in the region.

Lithuania offers the lowest logistics costs in the region, accounting for just 8% of manufacturing companies' turnover, compared to 12% in Latvia, 15% in Poland and Estonia, and up to as much as 20% in the North of Germany.

Logistics Costs by Region

as percent of turnover, manufacturing companies



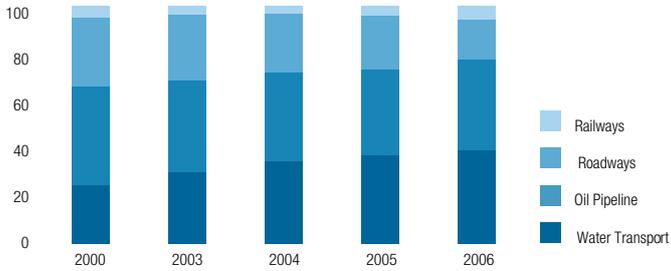
80%

of freight is transported through international transport corridors passing through Lithuania



Structure of Modal Transport

%, 2000-2006



Source: Datamonitor

Transport structure has not altered much over the years: the share of railways as a means of transport has gone up from 26.9% in 2000, to over 35% of the total goods transported in 2006, whereas roadways have just barely increased from 39.3% in 2000 to 40% in 2006. Other transportation modes such as oil pipelines (14.6% in 2006) and water transport (4.9% in 2006), follow road and railways with air transport representing the minimal share of all the goods transported in Lithuania.

Major trading partners

Lithuania has five principal export partners: Russia, Latvia, Germany, Poland, and Estonia. They account for over 50 percent of export.

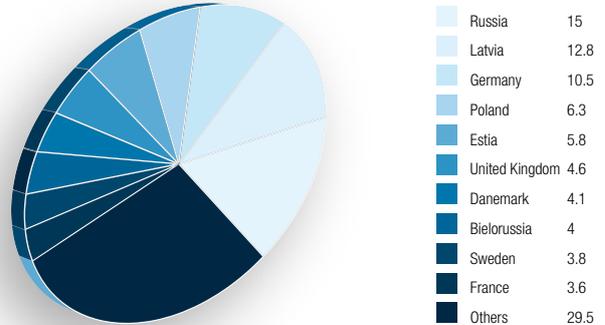
Lithuania's main import partners are Russia, Germany, Poland, Latvia, and the Netherlands, comprising over half of the total import.

January-August 2008, export, in terms of commodity value, totalled EUR 10.9 billion, while import equalled EUR 14.4 billion, according to Statistics Lithuania reports. Both export and import have gone up, by 32.8% and 23.2% respectively, as in comparison to the same eight-month period in 2007.

Export to EU member states accounts for 61.2%, and import from the EU stands for over 56%. Trade with Russia and other CIS countries represents over a quarter of Lithuania's total export and import.

Exports by Country of Origin

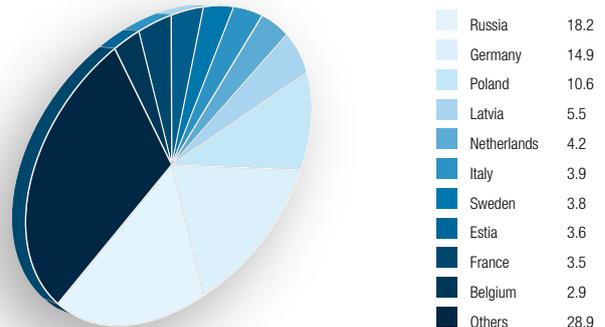
%, 2007



Source: Lithuanian Department of Statistics

Imports by Country of Origin

%, 2007



Source: Lithuanian Department of Statistics



Why choose Lithuania

- **Stable political and macroeconomic environment ensured by EU, NATO and WTO membership**
- **Excellent infrastructure:**
 - The best roads in the Baltic States
 - The highest capacity Eastern Baltic ice-free seaport
 - A network of industrial parks and free economic zones
- **Highly developed telecommunications network:**
 - No.1 worldwide by mobile phone subscription rate
 - 3G available
 - Wimax Internet network as of 2009
- **One of the lowest labour costs in the EU**
- **Productivity-driving tax incentives**

500 mn

consumers in one stop

By establishing your business in Lithuania, you instantly get access to the single European market, counting 500 million consumers

Lithuania means more opportunities for your business

- It is an excellent geographical location for expansion to Russia and other parts of the CIS
- It is an imminent member of the eurozone: the Litas already pegged to the Euro, it will be replaced by the Euro completely in 3 to 5 years time
- Highly skilled and hard working labour force
- One of the most attractive tax environments and dividend taxation policies for holding companies in the EU

Market Leaders



With a 12,000 sqm terminal, offices in Vilnius, Kaunas and Klaipeda, and a solid network of business partners, DSV Transport UAB, a subsidiary of the largest Danish transport and logistics group, is one of the largest providers of transport and logistics services in Lithuania. DSV Transport, UAB, offers various options of cargo delivery by air, sea, or land.



Over the years, Schenker has created considerable local presence in the Baltic States. Today Schenker UAB Lithuania ranks among the country's top three airfreight forwarders, with DFDS Transport topping the list, along with the Swiss logistics company M&M. The German firm operates a logistics centre in Lithuania, providing land transport services, an array of logistics, warehousing and custom clearance services, and worldwide and domestic freight transport services by air and sea. Schenker's logistics centre in Vilnius is located near its main airport office, with branch-offices in Kaunas and Klaipeda.



JSC Girteka was established in 1996, and for the past decade has been providing transportation and logistics services. During this period, the company has experienced significant growth, and markedly contributed to the notion and quality of its field of activity. Girteka provides cargo transportation services, shipping refrigerated, ordinary, LFL (less than full load) cargo by automobile all over Europe and the CIS countries. The company also provides logistics services in a newly built logistics centre in Vilnius. A large fleet of new vehicles, modern warehouses and terminals, operated by professional employees, enables us to provide our customers with a wide range of top quality logistics services.

Facts and figures



LAND AREA

65,300 sq km

POPULATION

3.38 million

MAIN CITIES

Vilnius (capital): 543,000

Kaunas: 358,000

Klaipeda: 186,000

Siauliai: 128,000

CLIMATE

Moderate continental, with average temperatures ranging from -5 C in January, to 23 C in July

LANGUAGES

Lithuanian – 82% of the population; Russian – 8%, and Polish – 7%

MEASUREMENT SYSTEM

Metric system

TIME

Two hours ahead of GMT

CURRENCY

The national currency is the Litas (plural Litai; LTL), comprised of 100 centas. The Litas replaced the transitional talonas (coupon) in June 1993. April 1994 – February 2002, the exchange rate was pegged at LTL 4:US \$ 1. February 2, 2002 it was re-pegged to the Euro at LTL 3.4528 : € 1.

FISCAL YEAR

Calendar year

PUBLIC HOLIDAYS

January 1st (New Year's Day), February 16th (Independence Day), March 11th (Restoration of Statehood), Easter Sunday and Easter Monday, May 1st (Labour Day), July 6th (Statehood Day), November 1st (All Saints' Day), December 25th-26th (Christmas)

LDA
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