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Comparison of Rail Freight Transportation Markets in Lithuania and Poland

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Abstract

The objective of the article is to compare rail freight markets in Lithuania and Poland. The comparison is mainly focused on rail and road transport competition in various freight segments – oil, fertilizers, grain, coal and minerals as well as palletized cargo in both countries. The serious differences are obtained in separate freight segments. For instance oil and oil d products are so called as "rail-borne freight" in one Lithuania. The same freight segments are mainly served by roads in Poland. The pricing levels, average transportation distance, the competition within railway market are also taken into account to compare both countries. The main outcome of the article would be very valuable when Rail-Baltica project will be finished and Lithuanian and Poland rail freight market would be fully integrated.

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Keywords: freigt transportation, railway carriage, rail and road competition

1. Introduction

TEN-T corridor North Sea – Baltic Sea is going enable freight transportation by railway between major European container hubs (Rotterdam, Antwerp, Hamburg) and Eastern part of Europe. The filling the gaps along corridors is

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planned to complete in next decade. TEN-T project Rail Baltica should ensure ability to move cargo by rail at least to Latvia until 2020. The real question remains: are the railway operators ready to serve the corridor?

The important part of corridor North Sea – Baltic Sea is situated in Lithuania and Poland. However the rail transportation between those countries historically is very poor. Moreover Lithuanian operators are not acting in Poland. Polish operators are passive in Lithuania. Both countries is waiting for completion of Rail Baltica project. Pilot survey made by authors of article show that perception of market in neighboring country is very similar to own market experience. However authors raised hypothesis that because of historical segregation railway market in Poland and in Lithuanian could be very different.

The objective of the article is to compare freight markets in Lithuania and Poland with focus on railways transportation.

The article consists of literature review presented in section 2, methodology presented in section 3. Main research results and findings are presented in section 4. Conclusions are in section 5.

2. Literature review

Currently only one operator works in Lithuania – Lithuanian railways. In Europe for the past two decades there has been a debate between the railway companies, national governments, the European Commission and the researchers, whether the infrastructure should be separated from the carrier or integrated [1]. The EU railway reform goals are to create a single market for rail transport, increase the volume of rail operations (including their significances for other modes of transport), the efficiency and quality of services.

The European Commission's report [2] to the Council and the European Parliament on the rail market development monitoring SEC (2009) 1687 (hereinafter – the Report) emphasizes that Lithuania's rail market is to be considered as the most close. The Polish railways come into second cohort of most efficient railways in terms of competition level (Fig. 1).

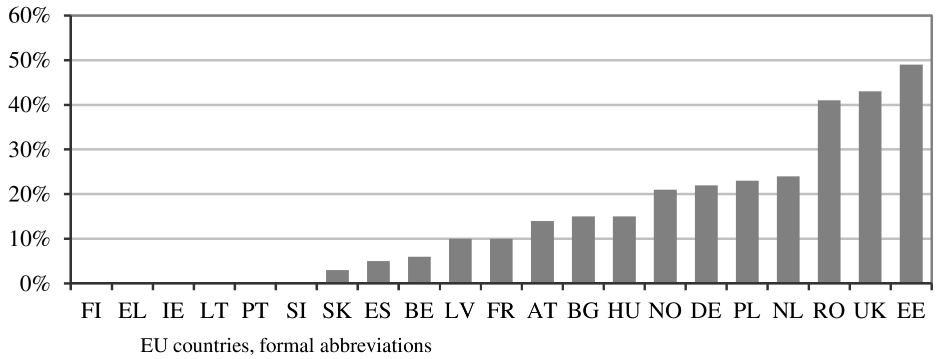

Fig. 1. Market Share (%), belonging to the new rail freight operators [2].

Cantos et al. [3] when investigating railway performance in early 2002, concluded that the highest railway productivity was observed before the separation model was implemented and infrastructure was open for the carriers' competition. They analyzed the interaction between infrastructure costs and freight/passenger rail transport performance. According to them, the work by separation model implies inefficiency.

Asmild et al. [4] shows that the separation at the level of accounts obviously contributes to improving the efficiency of rail operations. Although there are indications that rail efficiency grows after a full implementation of the institutional separation – the results are not statistically significant. So the question of whether the separation model promotes the efficiency of a railway sector remains unanswered. However, one can consider that the increasing rail efficiency after the implementation of separation model can actually be the result of separation of accounts that is occurring at the same time.