

Transit and Logistics

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Historically, Latvia has been one of the main transit points for both north-south and east-west trade flows. Its geographical location remains central to strategically relevant transportation flows connecting major world economies like the USA, European Union, Russia, the CIS and the Far East. The transit sector is one of the strongest industrial sectors in Latvia. Nearly 90 % of turnover in Latvian ports, more than 80 % of rail cargo, and the major proportion of oil and oil products transported via trunk pipeline systems is transit. More than 8 % of Latvia's employees are engaged in the transportation and servicing of transit cargo. The importance of the transport, transit and storage sector in terms of GDP contribution is substantial at around 9 %.

Latvia recognises the development of an effective, secure, multi-modal, balanced, environmentally-friendly and competitive transport system to be a priority. The main goal for the sustainable development of Latvia's transport system is to fully integrate Latvia's transport infrastructure with the Trans-European multi-modal transport system. Special attention is being paid to developing coastal shipping and combined transportation. Promotion of ferry traffic in the Baltic Sea is being, and will be emphasised further by involving Latvia's port authorities. A key priority is to construct and develop industrial, logistics and distribution parks. In developing the transport and energy infrastructure of the European Union, essential conditions are: the effective use of the transport and energy network; the planning of development from an economic point of view, taking into account established goods and passenger transport corridors; and the development potential of economic relations between the European Union and neighbouring countries.

Railways link Latvia with Russia, CIS, the neighbouring Baltic States, and through Poland with the rest of Europe. Latvia possesses a dense railroad network connecting the country to destinations as far as the Russian Far East, wherever the former Soviet railway gauge standard is in operation. There are additional opportunities for trade connection with Japan and Southeast Asia. Currently state-owned operator Latvian Railways functions mostly as a transit trunk-line with as much as 80 % of total freight volumes being transit connected to Latvian ports and about 30 % of freight rolling-stock being tanker wagons. Movement in the opposite direction, to Moscow and other parts of Russia and CIS countries, is dominated by container cargo. There is enough capacity to substantially increase the cargo currently transported by rail. At present, the east-west railway corridor has the capacity to transport 50 million tonnes of cargo annually and reconstruction plans to substantially increase this figure have been approved. To improve the rail connection between Central and Northern Europe and Germany, the Rail Baltica project has been launched providing railway connection between Tallinn and Warsaw of at least 950 km (728 km in the Baltics, of them 235 km in Latvia) with maximal speed of 240 km/h.

Latvia has three major ice-free ports - Ventspils, Riga, and Liepaja and seven minor ports – Salacgrīva, Lielupe, Engure, Mērsrags, Roja, Kolka and Pāvilosta. The three major ports have been accorded favourable incentive schemes to help attract new business (80-100 % relief on direct taxes and significant discounts on indirect taxes (VAT, Excise)). Ventspils and Riga Ports are Free Ports whereas the entire city and port of Liepaja comprise a Special Economic Zone.

The Latvian road network is well-developed but further development is still in progress. The government instigated policies to promote a high quality road infrastructure and road safety standards that will meet internationally approved requirements. The Via Baltica is the most important transport corridor, traversing Latvia in a north-south direction. Via Baltica is also an European transport corridor - route E67. It connects European cities Helsinki, Tallinn, Riga, Kaunas and Warsaw, and Riga, Kaliningrad and Gdansk. The road network is uniform throughout Latvia. It is easy to reach any place by road transport whatever its location. There is almost no traffic congestion except during some morning and evening hours in Riga. This is a great advantage for transit flow and allows driving without interruption. Furthermore, there are no tolls, fees or taxes for using roads, bridges or tunnels.

Riga International Airport is the largest international aviation company in the Baltic states and the main air traffic centre in this region offering regular passenger, cargo and postal delivery to the cities of Europe and world. The RIGA International Airport renders both aviation (airplane, passenger and cargo attendance) and non-aviation services (lease, parking spaces, VIP centre services, etc.). It attends both national and international airlines becoming one of the few European airports that attends both full service and low costs airlines. From the RIGA International Airport it is possible to go to more than 60 destinations in winter and

90 in summer season.

In 2018 Riga international Airport welcomed 7.1 million passengers (16 % more than 2017). By serving five million passengers in 2011, according to the ranking of Airports Council International, Riga International Airport has officially joined the ranks of medium-sized airports and internationally will not be treated as a small airport any more. Riga International Airport is the leader in the Baltic States - the market share of Riga International Airport was 43 percent.

Transit and Logistics Sector Advantages

- Latvia's geographical location between east and west, forming the EU's external border with Russia and Belarus, particularly significant for the Russian market, but also important because of the potential transit function of Far East cargo via the Trans-Siberian Railway connection to western Europe. The strategic location of the capital Riga, including its own consumer market potential, offers opportunities for development within the Baltic States and is the reason that numerous international companies have located their Baltic States' head offices there.
- The quality and level of transport and logistics services is improving, led by large, international transport and forwarding companies, which have the ability and expertise to organise value-adding activities.
- Quality of road, rail, and maritime infrastructure – the transport connections for maritime cargo flows in containers, good quality of railway and road transport.
- Availability of skilled labour – larger companies provide training for their staff. Many employees have knowledge of three foreign languages (mostly English, Russian, German).
- Availability of high level IT in the transport industry, with use of modern IT/data systems, Internet connections, and the development of Electronic Data Interchange. The development of technology is being stimulated by the large, international transport and forwarding companies.
- Government support for the development of the transit, transport and logistics sector is satisfactory, customs and tax legislation has been considerably improved in recent years, so both customs and tax authorities now have good communications and information systems.

Additional information

[Database of Latvian exporters](#)

Ministry of Transport of Latvia: www.sam.gov.lv

Latvian Association of Freight Forwarders and Logistics: www.laff.lv

Riga International Airport: www.riga-airport.com

<https://www.liaa.gov.lv/en/trade/industries/transit-and-logistics>