Management of sustainable transport and logistics services sector’s growth in the context of Lithuanian economic development

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Abstract

This paper presents the changes and directions in the Lithuanian transport services sector in the context of the European growing economies. Comparative analysis of the Lithuanian and EU28 indices, representing the transport and logistics services sector’s impact on the country’s gross national product, services international trade structure, is done. The leading position of Lithuania as the transport and logistics services supplier in the European market is manifested. The preconditions and opportunities to develop the transport and logistics services sector’s impact are developed; and management guidelines are formulated.

Keywords: Transport and logistics services; export of services; management of services sector’s growth; Lithuania.

1. Introduction

The growing economies of Central and Eastern Europe (CEE) have become the significant exporters of services to the rest part of the Europe. The international trade in the services grows much faster than the trade of merchandise (Kandilov and Grennes, 2010) recently. Despite of the services features, what are widely analysed in the scientific literature (Grönroos, 2001; Edvardsson, et al, 2005; Hiziroglu, et al, 2013), such as perishability, heterogeneity, unity of the production and consuming – practise of the developed and developing countries shows that these countries are trying to enter the international market with services, too. Even nobody believes that the international trade in services will reach the level of the merchandise trade (Lipsey, 2009; Langvinienė, 2013); a few of the groups of

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services have a lot of possibilities indeed to be in the parallel with the export of production items. The specifics and specialization of the countries in the international services trade is remarkable: for example, the export of services from Czech Republic, Hungary dominate in the travel services, from India – in the computer and information services (Sekuličienė and Langvinienė, 2013), from Luxemburg – in the financial and insurance services (International Trade Statistics 2013, 2014), etc.

The transport and logistics services sector in the Lithuanian economy plays an important role. The data of statistics show that the turnover of the Lithuanian transport and logistics services enterprises has reached already the level of the turnover before the financial crisis (Rojaka, 2013). The salaries in this sector as one of the exceptions in the Lithuanian total services market – have already overtaken the level of the year 2008 (Transport and Communication, 2013).

From one hand, the transport and logistics services sector plays a large role in the gross national product (GDP) of the economy of Lithuania, from other hand – the Lithuanian transport and logistics services enterprises should manage the situation trying to sustain the leading position in these services market. The productivity of these services on the local basics still is not questionable. Totally 7 percent of employees in Lithuania work in the transport and logistics services sector; and create 13 percent of GDP (Labour Market Yearbook, 2013) of the economy. Comparing to the average of EU28, the total employment in the transport and logistics services is 5 percent and creates 4.9 percent of GDP (Trade profiles, 2014). Thus we can state that the productivity of the Lithuanian transport and logistics sector is approximately twice bigger as the average of the Lithuanian economy and as average of the EU transport and logistics sector.

The actuality of the theme is highlighted because of the transport and logistics services dominating role in the whole services export from Lithuania (Langvinienė and Sekuličienė, 2013). The data of World Trade Organization (WTO) state that 60 percent of all services export from Lithuania is composed by the transport and logistics services (Services Profiles Statistics, 2014), while the mean of EU28 is 22 percent. Thus, the Lithuanian services export depends a lot on the transport and logistics services. Plus everything should be done in order to remain to be a leader in the European transport and logistics sector ever after.

The research problem is formulated as several research questions: do Lithuania is able to sustain the leader’s positions in the European transport and logistics services market; what managerial implications should be done in order to keep such position; what directions in the transport and logistics services export should be chosen?

The aim of the paper is to estimate the specifics of the Lithuanian transport and logistics services sector comparing to the average of EU28: situation, trends, and development directions.

Practical implications of the paper are the managerial guidelines prepared for the Lithuanian transport and logistics companies in order to keep the leading position in the European market.

Methodology of the paper is as follows: comparative analysis of the Lithuanian and EU28 transport and logistics services sector on the ground of GDP created by the transport and logistics, the impact on the country’s economy, the role in the export of services, the directions of international trade, and the challenges for the future.

2. Method

The goal of the empirical survey was to identify the specifics of the Lithuanian as one of EU28 countries in the transport and logistics services sector. The goal was divided to several tasks: to estimate the Lithuanian leading position in the EU28 market on the ground of the export and the import of transport and logistics services; to present the transport and logistics services sector’s impact on the economy of a country; to specify the directions of the transport and logistics services international trade, etc.

The secondary data analysis is made, such as Statistics of WTO, statistics of Lithuania, and other data of information. The comparative, the content and the causative analysis on the basics of the secondary data of Lithuania and EU28 average is done. Presenting the position of Lithuania in the transport and logistics services sector in the European market, the structure of the export and import was shaped in the decreasing order.

The ratio of the share of economic activities in the Lithuania and EU GDP structure and changes in 2008 – 2012 is analysed.
Limitations of the survey consist on the luck of some statistical data. It should be noticed that 27 European Union member data instead of EU28 in some calculations are analysed, as Croatia joined the EU only at the middle of 2013 and not all statistical data on the international trade could be estimated.

3. Results

On the ground of WTO Statistics database the structure of the export of services in Lithuania and other EU28 countries is presented (Figure 1).

Lithuania is one of two leading countries in the transport and logistics services export of EU28 (more than 60 percent from total services export). After that, two countries such as Greece and Latvia also could be defined as the transport and logistics services exporters, as 50 percent of their export are actually these services. Estimating the average of the EU28 members services export – just 22 percent of the services export is compounded of the transport and logistics services.

Analysing the import of the transport and logistics services we can see the similar situation in the European market (Figure 2).

Lithuania is the leader in the importing the transport and logistics services (59 percent of services import is compounded of transport and logistics). The situation of Denmark and Greece is quite similar (accordingly 54 and 53 percent). The average of EU28 is 24 percent of total services import. While the import of the transport and logistics services makes the larger part of total services import in EU28 (import 24 and export 22 percent), the Lithuanian import of transport and logistics services is less (59 import and 61 export).
A dynamics of the transport services export from Lithuania and EU28 shows general trend of growing export (Figure 3). The export of total commercial services from EU28 was growing starting from 2003 to 2012, except 2009. The growth is plus 108 percent during the period. Total commercial services export growth from Lithuania during the same period was plus 214 percent (International Trade Statistics 2013, 2014).
It should be noticed, that the Lithuanian export of the transport and logistics services overtaken the level before financial crisis already in 2011; while the export from EU28 didn’t reached this level even in year 2012. The drop in the Lithuanian export of the transport and logistics services is observable only in 2009-2010. It should be noticed also that we can observe the small drop in the EU export of the transport and logistics services in 2012 comparing to 2011. Total transport and logistics services export growth from Lithuania was 104 percent, while from Lithuania 281 percent (International Trade Statistics 2013, 2014).

During recent years small but open Lithuanian economy reached the exceptional indices of the export development. The role of the exporting economic activities increased (Table 1).

<table>
<thead>
<tr>
<th>Economic activities</th>
<th>Year 2008</th>
<th>Year 2012</th>
<th>Change, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation and storage</td>
<td>1.9</td>
<td>2.8</td>
<td>+47</td>
</tr>
<tr>
<td>Agriculture, forestry and fishing</td>
<td>2.2</td>
<td>2.4</td>
<td>+9</td>
</tr>
<tr>
<td>Domestic trade</td>
<td>1.6</td>
<td>1.7</td>
<td>+6</td>
</tr>
<tr>
<td>Electricity, gas, stream and air conditioning supply</td>
<td>1.5</td>
<td>1.5</td>
<td>0</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>1.1</td>
<td>1.3</td>
<td>+18</td>
</tr>
<tr>
<td>Construction</td>
<td>1.6</td>
<td>1.0</td>
<td>-37</td>
</tr>
<tr>
<td>Water supply, sewerage, waste management and remediation activities</td>
<td>0.8</td>
<td>1.0</td>
<td>+25</td>
</tr>
<tr>
<td>Education</td>
<td>1.0</td>
<td>0.9</td>
<td>-10</td>
</tr>
<tr>
<td>Public administration and defense; compulsory social security</td>
<td>1.0</td>
<td>0.9</td>
<td>-10</td>
</tr>
<tr>
<td>Mining and quarrying</td>
<td>0.8</td>
<td>0.8</td>
<td>0</td>
</tr>
<tr>
<td>Information and communication</td>
<td>0.8</td>
<td>0.7</td>
<td>-12</td>
</tr>
<tr>
<td>Culture</td>
<td>0.6</td>
<td>0.6</td>
<td>0</td>
</tr>
<tr>
<td>Professional, scientific and technical activities</td>
<td>0.6</td>
<td>0.6</td>
<td>0</td>
</tr>
<tr>
<td>Administrative and support service activities</td>
<td>0.5</td>
<td>0.5</td>
<td>0</td>
</tr>
<tr>
<td>Real estate activities</td>
<td>0.6</td>
<td>0.5</td>
<td>-17</td>
</tr>
<tr>
<td>Health care and social services</td>
<td>0.5</td>
<td>0.4</td>
<td>-20</td>
</tr>
<tr>
<td>Financial and insurance activities</td>
<td>0.7</td>
<td>0.4</td>
<td>-43</td>
</tr>
<tr>
<td>Accommodation and food service activities</td>
<td>0.4</td>
<td>0.4</td>
<td>0</td>
</tr>
</tbody>
</table>

Source: contributed by authors on Baltijos šalių ekonomikos perspektyvos (2013)

The larger growth is perceptible for the transport and logistics, for the agriculture, domestic trade, manufacturing, water supply etc. Other economic activities in 2012 remain in the same level as in 2008, and other, such as the real estate activities, the financial and insurance, the information and communication, health care and social services dropped down. Endorsing the sustainable growth of the transport and logistics services sector’s impact the growth of the ratio share for this sector is the largest one in the whole Lithuanian economy.

Forecasting the directions and transportation geography for the transport and logistics services export, is should be noticed that the largest part of the loads (68 percent) is directed to the European countries, after that to CIS (30 percent), and the rest part is small enough. The growth of the Lithuanian transport and logistics services export during 2003-2012 is twice, while the growth of EU28 export is thrice.

4. Discussion/Conclusions

The transportation of goods safely, quickly and cost-efficiently to the market is urgent for the international and local trade, for economic development. The rapid increase of the export and global economic are the main preconditions for the increase of the transport and logistics services sector. The growth of the consuming the products and services influences the local and international demand for the transport and logistics, too. The Lithuanian transport and logistics services sector reached the level of the turnover before financial crisis; and the development is rather sustainable for several years already.

The management of the transport and logistics services industry should be targeted to the retention of the export turnover, evaluating the possibilities for the re-export, as well as the retention of the export markets and occupying
the larger share of it. The sustainable development of other economic sectors what are related to the transport demand also should be estimated in order to keep the sustainable growth.

Answering to the research question we can state that Lithuania is able to keep the remarkable position in the European transport and logistics services market. In order to remain to be a leader in the transport and logistics services market Lithuanian companies should act with one accord to the exporters and re-exporters from our country.

Three main directions of export of the transport and logistics services should be coordinated: the Russian market; the export and import to Lithuania; and the supply in common market of European Union.

References


