

GOODS IN TRANSIT OVER THE LAST DECADE

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The role of transit in the Estonian economy is valued very differently. Supposedly the transit sector in Estonia accounts for 4–10% or more of the country's gross domestic product (GDP). By all means, transit in Estonia is an important and rapidly growing sector of economy, which is confronting a more severe pressure than before. The main aim of the present review is to analyse the transit of goods by rail and through ports during the past decade.

Introduction

The development of transit transport is performed in the conditions of a tight competition. Estonia has a small open economy characterised by a strong dependence on the international economic environment changes. On the one hand this is caused by the Estonian foreign trade openness; moreover, the dependence is amplified by the cyclic fluctuations of the world economy. Particularly sensitive to international economic and political climate is the Estonian transport system, both in terms of export-import shipments, but mainly still with regard to transit transport.

Taking into consideration the specific nature of Estonia, Estonia's transit sector can be defined as railway- and port-based. Transit transport of goods arrived in and dispatched from Estonia takes place predominantly in the transport chain (ship–train or train–ship). Estonia represents a typical model of the Baltic transit based on transport of oil and petroleum products from Russia into the Baltic Sea ports and loading on ships there. If in Estonia and Latvia the first link of the chain is the railway, then in Lithuania the railway has been replaced with transport via pipelines. Just as in Estonia and Latvia, also in Finnish transit model railway is the first and major link for handling the goods coming from Russia. During the recent years, the progress has been made also in developing the north–south transit trade, especially in container traffic.

Estonia rail transport statistics, inter alia, distinguishes between the transit of cargo and goods in transit, according to which crude petroleum and petroleum products account for around 80% of goods in transit. So far, transport of petroleum products by rail has also influenced transit flows of goods in Estonian ports (Figure 1, p. 91).

A more serious weakness in the transit sector is one-sidedness of goods in transit – mainly petroleum and oil products predominate, and transport is dominated by one way, mostly from Russia to the west. However, these problems have been acknowledged much earlier, and also the Transport Development Plan for 2006–2013 has set the diversification of transit with regard to goods nomenclature as well as to geography as one of the objectives. The overview of transport and transit compiled by Mart Mere in 1999 reveals that in case of favourable development the projected increase in the volume of transit traffic of Estonia by 2010 compared to 1995 is up to 2.5 times (www.agenda21.ee). In 1995, the transit of goods shipped through the ports amounted 8.9 million tonnes. What is the real situation by the year 2010?

Carriage of transit goods through Estonia in the last decade

The overview compiled by the Ministry of Economic Affairs and Communications for 2000/2001 reveals that transport of export, import and transit goods arrived in and dispatched from Estonia took place mainly in the multimodal transport chain (~90%), of which 2/3 in the transport chain ship–train or train–ship, nearly 1/5 in the transport chain ship–car or car–ship and less than 1/10 in the transport chain train–car or car–train. Intermodal cargo volume (including ship arrivals, dispatched trailers/semi-trailers and imported goods in cars) accounted for 9.2% of the total

volume of cargo. About 98% of rail transit is performed in the east-west direction (more precisely: 96% from east to west, and 4% from west to east) direction (Tallinn-Tapa-Narva and Tallinn-Tapa-Tartu-Pskov directions); around 60% of car transit is in the north-south direction and moves along the route Via Baltica (Tallinn-Pärnu-Ikla direction). According to Customs Board data, in 2001, 0.551 million tonnes of transit cargoes were transported by cars.

If in 1995 the volume of goods in transit through the ports was nearly 10 million tonnes and the share of goods in transit in the total freight traffic was 63%, then in 2000 goods in transit amounted to already more than 27 million tonnes, and the share of goods in transit in total freight traffic was approaching 70%. In 1995, nearly 5 million tonnes of oil products were transported by rail, in 2000 the volume of transit goods amounted to nearly 29 million tonnes, of which crude petroleum and petroleum products accounted for 23 million tonnes. Thus, the predictions compiled for 2010 were already exceeded by the year 2000 (Table 1, p. 92).

According to the data of Statistics Estonia, the revival in the transit sector started already in the 1990s and reached around 30 million tonnes in 2001, exceeding the level of 2000. In 2001, transit of goods by rail rose by 5% and in ports by 6%, amounting to 30.1 and 28.6 million tonnes, respectively. The rise was mostly caused by the rapid growth of transit of oil products. The share of transit in trade flows was 77% on public railways and 69% in ports at that time.

The share of transit freight of public rail freight in 2002 amounted to already 83% and in ports to 72%. The growth in the share of transit freight of the total freight transport by public railway continued until 2004, amounting to 87%. In 2005 and 2006, the share of rail transit transport in tonnes accounted for 81% of public rail transport. However, in ports the growth in the transport of transit goods continued and the share of transit goods reached 78% of the total freight traffic through the ports. In 2007 and 2008, the share of transit goods in total freight traffic declined.

In 2002, the growth in the freight volume of transit goods continued, which reached as high as 18% on rail and 17% in ports. 35.5 million tonnes of transit goods were transported by rail and 33.6 million tonnes through ports. Next year, 2003 resulted in a small setback and transit freight volumes on rail declined by 3% and in ports by 4%. From 2004 to 2006, the growth in the transport of goods in transit through ports continued, but in 2005 the transit of goods by rail decreased slightly compared to the previous year. In 2006, however, it slightly increased again.

In 2006, the results of transit freight transport volumes in tonnes by rail as well as in ports remained the highest during the recent years, reaching 36.5 and 38.8 million tonnes per year. Year 2006 can be considered a turning point also in the history of transit, because much more transit goods were transported through the ports than by rail. This indicates that the volume of transit goods arrived in ports and dispatched by sea increased (Figure 1, p. 91).

After deterioration of international relations with Russia, in 2007 the transit volumes fell sharply. The decrease in the transport of transit goods by rail in 2007 was 27.5 million tonnes and it significantly affected also ports' activity, where the volume of goods in transit totalled 32.8 million tonnes. In 2007, transit of goods in ports fell 15% and on rail the decrease was even as big as 25% compared to the previous year. However, the volume of transit goods transported through the ports still remained higher than the volume of goods in transit by rail.

In 2008, the decline in freight volumes was affected by reduced demand of markets. Transit volumes that had fallen already in 2007, continued the downward trend, and it affected both the transport through ports and rail transport. Thus, in 2008 compared to 2007, the volume of goods in transit in ports decreased 25% and in rail traffic 29%, decreasing to 24.6 and 19.4 million tonnes, respectively.

The year 2009 brought a turn for the better both in transport through ports as well as in rail transport. The volume of goods in transit by rail increased 8% and in ports 16% compared to the previous year. By rail 20.9 million tonnes of goods in transit were transported and through ports 28.5 million tonnes. Goods in transit accounted for 82% of the total volume of goods transported on public railway and in ports the share of transit goods was 74% (Figure 2, p. 93).

In 2010, the traffic volumes of transport began to grow along with recovery of the demand both at ports as well as by rail. Transport of transit goods by rail increased 14% and in ports 17%, amounting to 23.9 and 33.2 million tonnes, respectively. Transit goods accounted for 81% of the volume (in tonnes) of goods transported by public railway and in ports the share of transit goods was 72%.

The volume of goods in transit traffic through Estonia in 2010 has returned to pre-crisis level, and its growth has intensified during recent years. The success and setbacks in rail traffic during the past decade, have reached for 2010 the level that is 17% lower than in 2000 and 35% lower than in 2006. The result of ports in 2010 is 23% higher than the 2000 result, but remains 14% lower than the highest result so far, in 2006.

Has the goal – the growth of transit traffic volume through Estonia up to 2.5 times for 2010 compared to 1995 – been achieved? 8.9 million tonnes of goods in transit were transported through ports in 1995 and 33.2 million tonnes in 2010. Consequently, despite the setbacks, the volume of transit set as an objective has grown by nearly fourfold.

Transit of goods by rail

Rail transit, according to the transport statistics definition, is railway transport through a country between two places (a place of loading/embarkation and a place of unloading/disembarkation) outside that country. For example, a transition from railway transport to maritime transport in ports is not considered transit. Therefore, we are not talking about transit, but about transit freight traffic. Goods in transit by rail are goods carried by rail through Estonia, but their place of unloading is not located in Estonia. Goods loaded on the state border from another kind of transport to rail transport are also considered goods in transit. As already mentioned, the transport of transit goods having entered Estonia and posted from here mainly takes place in the chain of transportation of goods either by ship–train or by train–ship. Transit goods which have arrived from abroad (unloaded in Estonia) are goods that are transported by railway from a place of loading located in a foreign country of transit to a place of unloading or transshipment located in Estonia. Transit goods shipped abroad (loaded in Estonia) are goods that are transported by railway from a place of loading or transshipment located in Estonia to a place of unloading located outside Estonia.

Transit freight traffic by rail is dominated by the freight arriving from abroad by rail and reloaded onto ships in Estonian ports. Such freight has a significant effect on the total transport of goods on railway. The proportion of transit goods loaded in Estonia (which have mostly arrived through ports) is marginal. Over the past ten years, no significant changes have occurred in this respect, although in recent years, the share of transport of transit goods loaded in Estonia has increased in the total transit of goods. From 2007 until 2009 this proportion accounted for 2–3%, in 2010 it grew to as much as 5%. This shows a modest change in the direction of the carriage of goods in transit. The share of transit cargo unloaded in Estonia has decreased to that extent, but still clearly dominates (Table 2, p. 94).

In 2001, the volume of transit goods carried by railway was 30 million tonnes and it increased in 2002. In 2003 the volume of such shipments slightly declined, but in 2004 it increased again by 8%. In 2004 the volume of transit cargo in tonnes reached the highest level of 37.6 million tonnes. In 2005 and 2006, too, the volume of transit cargo on railway amounted to more than 36 million tonnes.

In 2007, 19.4 million tonnes of transit goods were transported by railway. A drastic decline in rail traffic encountered in 2007 was mainly influenced by the decrease in transit cargo unloaded in Estonia, which amounted to a quarter of the level recorded in 2006. In 2008, the transit cargo volumes decreased even more and the capacity in terms of quantity fell to 18.7 million tonnes i.e. the lowest result of the decade. It was almost a half of the level achieved in 2004. From 2006 to 2008, the volume of goods in transit loaded onto rail transport in Estonia increased.

If in 2009 the freight transport by rail was heavily influenced by the economic crisis and decreased on the railways of the European Union by 17% over the year, the only exception among these countries was Estonia, where the rail freight turnover in tonne-kilometres remained on the same level as it had been in 2008.

The year 2009 brought along a growth in rail transport of goods in transit in Estonia, and 20.9 million tonnes of transit goods were shipped altogether. The volume of unloaded goods in transit was bigger than in the previous year, but the volume of loaded transit goods showed a downward trend, dropping to almost 500,000 tonnes. More than 20 million tonnes of goods in transit were unloaded.

In 2010 the rail transport of goods in transit increased, reaching 23.9 million tonnes. Growth was announced in both the unloading of goods in transit as well as in the loading of goods in transit. The volume of loaded goods in transit grew to 1.2 million tonnes and the volume of unloaded goods in transit amounted to nearly 22.7 million tonnes.

The freight turnover of the transport of goods in transit totalled nearly 7.4 billion tonne-kilometres in 2001 and grew by 15% in 2002. In 2004 it exceeded the 9 billion tonne-kilometre line. Since 2005, the turnover of transit goods began to fall, but still reached 8.7 billion tonne-kilometres in 2006. A sharp decrease which hit the rail transport of goods in 2007 reduced the freight turnover of transit cargo transportation on rail by close to a quarter. The year 2008 led to a further 30% fall. The freight turnover of transit cargo transportation remained then below 5 billion tonne-kilometres. In 2009 the situation improved and the freight turnover increased by 8% compared to the previous year, exceeding again the 5 billion tonne-kilometre line. In 2010 the turnover of transit cargo transportation grew 12%. In 2010 the freight turnover of goods in transit was 5.6 billion tonne-kilometres or by a quarter smaller than that gained in 2001 and 38% smaller than the highest result achieved in 2004.

Crude petroleum and petroleum products gave nearly 80% of the transit goods transported by rail between 2000 and 2005. In 2000, petroleum products accounted for 20.5 million tonnes (72%) of transit goods. In addition, crude petroleum gave 9%, natural and chemical fertilizers and other chemicals (other than coal chemicals and tar) – 6%, grains – 3%, and metal-containing products – the same percentage of transit cargo. Non-ferrous metal ores and scrap gave 2%, and coal – 1%. Other products were shipped in smaller quantities. In the following year, slightly less or 19.7 million tonnes of oil products were transported, but the transportation of crude petroleum grew to 5.3 million tonnes.

From 2002 to 2005, transportation of petroleum products in transit increased amounting to 25.8 million tonnes in 2005. Transportation of crude petroleum grew until 2004, when it was 9.4 million tonnes, and the share of this group of goods in the transit goods transported by rail was as much as 25%. In 2005, the transit of crude petroleum fell by more than three times, and was 2.6 million tonnes. In 2005 natural and chemical fertilizers and other chemicals made up 8% of the carried goods in transit.

In 2006, when the volume of transit cargo was the largest ever, rail transport of petroleum products, however, gave only 62% (22.7 million tonnes), while coal accounted for over one fifth (7.6 million tonnes) and the carriage thereof increased nearly twofold in 2006 over the previous year. Transportation of crude petroleum fell 17% in 2006. Natural and chemical fertilizers and other chemicals gave 8% of the carried goods in transit.

In 2007 the share of petroleum products amounted to 75% of the transit goods carried by rail, and in the following years, this proportion exceeded the 80% line. Transportation of both crude petroleum and coal has decreased considerably in recent years. Natural and chemical fertilizers and other chemicals gave 8% in 2007 and 5% in 2008 of the carried transit goods (Figure 3, p. 96).

Commodities have been classified by the standard goods classification for transport statistics – the TSK, which is based on the European Union Standard Goods Classification for Transport Statistics (the NST). With regard to the application of the standard goods classification for transport statistics (TSK 2007), data have been grouped otherwise from 2009 onwards.

In 2009, the proportion of petroleum products and coke in the transit freight transport amounted to 81% or approximately 17 million tonnes. Chemicals, chemical products and chemical fibres, rubber and plastic products; as well as coal and lignite, crude petroleum and natural gas gave 8% of the shipments in transit in tonnes. For other goods, the share was 3%.

In 2010, the percentage of petroleum products and coke was 81% or 19.3 million tonnes of the goods in transit. Chemicals, chemical products and chemical fibres; rubber and plastic products were transported as transit goods in the quantity of 2.4 million tonnes. However, the quantity of coal and lignite; and crude petroleum and natural gas amounted to 1.9 million tonnes. As for other goods, the share was 1% (Figure 4, p. 96).

Thus, it can be stated that no new groups of rail freight, holding a significant share, emerged in the last decade, consequently petroleum products continuously constitute the main mobile goods in transit on railway.

Throughout the last decade, Russia, Belarus and Kazakhstan were the main partner countries in rail transit. *In recent years, Latvia with a couple of per cents of transit cargo shipments has also become our partner country. Transit goods loaded in Russia and unloaded in Estonia provide nearly the majority of goods in transit transported by rail.*

The main partner countries for transit goods loaded in other countries and unloaded/transferred in Estonia, are Russia, Belarus and Kazakhstan. Transit goods loaded in Russia and unloaded in Estonia made up 80–95% of this type of cargo over the past decade. The share of Belarus had increased to 10% by 2008. But in 2009, it was 4%. In 2010, transit goods loaded in Russia and unloaded in Estonia gave 89% of unloaded transit goods or 20 million tonnes. Belarus and Kazakhstan both had the share of 4%. But the share of Latvia was 3% of the freight. The remaining countries account for less than 1% in tonnes of the goods in transit unloaded in Estonia.

The share of transit goods loaded/transferred in Estonia and unloaded in other countries has been 2–5% in the transportation of transit goods in recent years, although there are approximately twenty countries where the goods in transit arrive. The main partners are Russia, Kazakhstan, the Ukraine, Lithuania and Latvia. The remaining states account for less than 5%. Kazakhstan grew significantly in share over the last decade as a country to which transit goods are dispatched. Transit goods dispatched to Russia gave 0.3 million tonnes or 64% of the loaded transit goods (Kazakhstan 3%, the Ukraine 14%, Lithuania 8% and Latvia 6%). In 2005, the respective tonnage was 0.1 million tonnes or 54% (Kazakhstan 21%, the Ukraine 11%, Lithuania 3% and Latvia 2%), and in 2009 – 0.4 million tonnes or 77% (Kazakhstan 9%, the Ukraine 5%, Lithuania 2% and Latvia less than 1%). Of other partner countries, Kyrgyzstan, Turkmenistan, Uzbekistan and Belarus deserve mentioning. In 2010, nearly 0.3 million tonnes of transit goods were loaded in Estonia and unloaded in Russia. For both the Ukraine and Kazakhstan, the respective share was 3%. In 2010, 4% of goods in transit were transported by rail from Estonia to Afghanistan.

The share of rail transport of containers accounts for less than 1% of the total freight tonnage. *Rail container transport freight turnover had given 5% up to the year 2007, in recent years nearly 7%. 95–100% of the goods carried in containers are transported in transit containers (Table 3, p. 97).*

Container train traffic, mainly through ports, from Estonia to Russia, has taken place for some time already. Container transport by rail has perked up in recent years, although the demand for transport services, which decreased in 2009, also caused a reduction in the transport of containers. From 2005 until 2008, transit containers accounted for 85–93% in TEUs of the total quantity of containers transported by rail. In 2008, the container transport by rail amounted to approximately 21,200 TEUs, of which 88% were transit containers. In 2009 the transport of containers in transit was below 17,400 TEUs. In 2010 the container transport increased and reached nearly 22,500 TEUs, of which 90% were transit containers. Scheduled container train traffic supports also the development of container transport by rail.

Transit of goods through the ports

If in 2000 the goods loaded and unloaded to and from ships in ports totalled 40 million tonnes of cargo, of which 68% were goods in transit. In subsequent years both cargo volumes through the ports, as well as transit trade intensity increased and the middle of the decade these indicators amounted to 47 million tonnes. The share of loaded and unloaded goods in transit totalled 78% already (Table 4, p. 98).

Since 2002, more than 45 million tonnes of cargo a year were loaded and unloaded in Estonian ports, of which nearly 70% were export goods in transit. More than 30 million tonnes of transit goods were loaded and unloaded per year.

Transport of goods through ports of Estonia became more active over the years and had increased by 18% for the year 2005 compared to the period five years ago. In 2005, 47.1 million tonnes of cargo were loaded and unloaded in ports, 2% more than in the previous year. About 36.7 million tonnes of transit goods were loaded and unloaded. The largest share of freight transit through Estonian ports was the export of petroleum products, as also in earlier periods. In 2005, nearly 26 million tonnes of petroleum products were shipped in transit, which was 17% more than in 2004. In 2005 compared to the previous year, container transit of goods increased more than four times. Transit transport of coal rose by 80%.

Year 2005 can be considered a breakthrough because the volume of transit cargo unloaded in ports began to grow significantly, especially oil products, iron and steel scrap, and container goods.

In 2006, the results achieved in the transport of transit goods through the ports were the highest ever. *This year, nearly 50 million tonnes of cargo – 6% more than in 2005 – were loaded and unloaded in ports of Estonia. Transit cargo through the ports of Estonia in 2006 still grew, reaching almost 39 million tonnes, which was also 6% more than in 2005. Unloading of goods in transit more than doubled.*

The year 2007 witnessed the decline. In ports 44.7 million tonnes of goods in transit were loaded and unloaded; and transit volumes decreased 15% or to 32.8 million tonnes. Loading of transit goods volume decreased by 18%, but unloading of transit goods increased by 47% compared to 2006.

In the conditions of the declining demand, 36.2 million tonnes of cargo was loaded and unloaded in the ports of Estonia in 2008 – almost a fifth less than in 2007. 24.6 million tonnes (by a quarter less) of transit goods were loaded and unloaded. In 2008, loading of transit goods in Estonian ports decreased by 30% and amounted to 21.3 million tonnes. In 2008, the volume of transit cargo unloaded from ships in ports, however, increased by 29%, amounting to 3.2 million tonnes.

In 2008, transport of goods through ports decreased the most in Estonia compared to other EU countries, but in 2009 Estonia was the most successful with regard to transport of goods through ports. Since 2009, Estonia's freight through the ports has started to grow again. At the same time, the decline in cargo volumes continued in the ports of the EU countries also in 2009. In Estonian ports 38.5 million tonnes of cargo – 6% more than in 2008 – were loaded and unloaded. Loading and unloading of transit goods grew 16% during the year, reaching 28.5 million tonnes, or the level of 2001.

In 2010, freight traffic through the ports grew by a fifth compared to the previous year and amounted to 46.1 million tonnes. 33.2 million tonnes of transit cargoes were transported, of which 27.2 million tonnes of goods were loaded and 6 million tonnes of goods were unloaded. Loading and unloading of transit goods in Estonian ports grew rapidly in 2010. This was not an upheaval caused by a low base, but several years' best result. Loading grew by 13% and unloading by a third. Unloading even set the record of the past decade.

Compared to 2000, the transport of transit goods through the ports had increased by 23% in 2010, but this result is 14% smaller than the highest, the level of 2006. If the current trends continue, the transportation on transit goods will be approaching the pre-crisis level again.

Petroleum products, crude petroleum and coal as total have accounted for the largest share of goods in transit through the years. In 2000, the share of these goods amounted to 85% of the loaded and unloaded transit goods in ports. Petroleum products accounted for 19.3, crude petroleum 3.5, and coal 0.4 million tonnes of goods in transit. In addition, 1.2 million tonnes of natural and chemical fertilizers, 1 million tonnes of products containing metals, 0.8 million tonnes of cereals, 0.2 million tonnes of iron and steel scrap, the same amount of food and animal feed, 0.1 tonnes of wood, the same amount of container goods and 0.3 million tonnes of other products were transported (Figure 5, p. 99).

In 2005, the amount of petroleum products (26.3 million tonnes), crude petroleum (2.6 million tonnes) and coal (4.1 million tonnes) totalled 90% of the transit goods loaded and unloaded in ports. Transit transport of petroleum products grew by 37% compared to 2000, transport of crude petroleum decreased by 27% and coal transport increased by more than ten times. In addition, 2.3 million tonnes of natural and chemical fertilizers, 0.4 million tonnes of iron and steel scrap, 0.3 tonnes of products containing metals, the same amount of container goods, 0.1 million tonnes of other chemicals and 0.3 million tonnes of other products.

In 2006, goods transit through the ports grew approximately to 38.8 million tonnes. 70% of it gave petroleum products, 19% coal and 5% natural and chemical fertilizers. 1% gave grain, crude petroleum, iron and steel scrap, metal-containing products, and container goods. Transport of petroleum products grew by 3% and coal transport even by 82%. Transport of natural and chemical fertilizers decreased by 12%, but the increase was detected in container transport (goods in tonnes grew by 32%). Cereal transport increased by 3 times.

In 2007, transit of goods through the ports decreased. Petroleum products accounted for 24.4 million tonnes of 32.8 million tonnes of cargo. This is 10% less than in 2006. Coal transport in transit decreased by a half. Transport of natural and chemical fertilizers and various other goods also declined. Of the most important commodity groups, transport of grain, crude petroleum and container goods increased significantly.

In 2008, transit of goods further decreased and from 24.6 million tonnes of transit goods, petroleum products accounted for even 87%, but the transport of these products declined to 21.4 million tonnes (12%) during the year. Transport of coal declined nearly three times. Transport of grain, crude petroleum and natural chemical fertilizers and container goods also decreased. A significant increase was recorded in transportation of natural stones and cars in transit.

In relation to the application of the standard goods classification for transport statistics (TSK 2007), the data from 2009 onwards have been grouped differently. In 2009, goods in transit through the ports grew to 28.5 million tonnes. Coke and refined petroleum products accounted for 85% of transit freight traffic through the ports, coal 6% of the transported goods in transit, nitrogen compounds and fertilizers (except natural fertilizers) 5%. Vehicles were transported in the range of 1% and their transport increased by two times during the year. Other waste and secondary raw materials and container products also gave each 1% of transported goods in transit through the ports (Figure 6, p. 100).

In 2010, transit of goods through the ports grew even more, amounting to 33.1 million tonnes. Coke and refined petroleum products gave 82% of transit freight traffic through the ports, nitrogen compounds and fertilizers (except natural fertilizers) 7% and coal 4% of transit goods. Crude petroleum and oil shale was transported in the range of 3%. Other waste and secondary raw material gave each 1% of transported goods in transit through the ports. Transport of grain accounted also for 1% of transit goods through the ports.

In recent years much has been talked about increasing the combined capacity of container shipments through the ports. According to the data of Statistics Estonia, the sea transport of containers through the ports has grown during the recent years. In 2007 and 2008, nearly 40,000 TEUs of transit containers were handled. But in 2009 and 2010, less transit containers were handled in ports or more than 30,000 TEUs of transit containers (Table 5, p. 100).

In 2005, more than 128,600 TEUs of containers were transported through ports (20 feet account), of which 36,400 TEUs or 28% were transit containers. In 2006 and 2007, container carriage

through the ports grew and amounted to over 182,300 TEUs. In 2007, over 39,500 TEUs of transit containers were handled in ports. In 2008, container transport slightly decreased, but in 2009 the transport of containers declined over a quarter and a fifth less transit containers were transported. In 2009, container transport of goods decreased in most of the major ports of the EU. The cargo capacity in 20 of Europe's largest container ports was over 54 million TEUs in 2009, decreasing by 16% compared to the previous year.

In 2010, transport of containers in ports in Estonia started to recover again and reached 152,000 TEUs. Over 31,000 TEUs of transit containers were handled, about as much as in 2009. This is 21% of the total number of containers handled in ports.

Prerequisites for further development of transit freight in Estonia and neighbouring countries

So far the excellent development of transit in Estonia has been associated with our geopolitical location. Estonia's geographical position is favourable for transit in the east-west (and the west-east) direction, but also Latvia, Lithuania, Poland and Finland have similar geographical advantages.

In addition to the natural advantages the development of transport is supported by the efficient infrastructure. According to the data of the Global Competitiveness Report 2009–2010 published by the World Economic Forum, the weighted average 2008–2009 of the overall transport infrastructure quality indicator (2.01), in the studied countries around the world was 4.1 points on 7-point scale. Finland was the seventh with 6.5 points, Estonia 34th with 5.1 points, Lithuania 39th with 4.9 points, Latvia 60th with 4.2 points and Poland 121st with 2.6 points.

The weighted average of the rail infrastructure quality indicator (2.03) on 7-point scale was 3.1 points. Finland was the sixth with 5.9 points, Lithuania 26th with 4.2 points, Latvia 35th with 3.8 points, Estonia 39th with 3.6 points, and Poland was lower than the average level, i.e. 56th with 2.9 points.

The weighted average of the port infrastructure quality indicator (2.04) on 7-point scale was 4.2. Finland was the fourth with 6.5 points, Estonia 15th with 5.6 points, Lithuania 44th with 4.7 points, Latvia 56th with 4.4 points, and Poland was well below the average level, only 121st with 2.8 points.

These numbers show that in general, besides Finland also Estonia, Latvia and Lithuania have good advantages for development of carriage in terms of infrastructure. With regard to rail infrastructure, Finland, Lithuania and Latvia are ahead of Estonia. But in terms of port infrastructure, positioning after Finland, Estonia is ahead of Lithuania and Latvia. In addition to the prerequisites already described, during recent years substantial investments have been made in improvement of the infrastructure in Estonia.

Summary

The transit sector in Estonia can be defined as railway- and port-based. In 2000, goods transit through the ports amounted to almost 29 million tonnes, of which crude petroleum and petroleum products accounted for 23 million tonnes. In 2001–2006, the growth in the transport of transit goods continued, although a small setback in 2003 brought along the decrease in transit freight volumes both on rail and in ports. In 2004–2006, the growth in the transport of transit goods in ports continued, but in 2005, the transit of goods by rail slightly decreased compared to the previous year, but in 2006 it slightly rose again.

Petroleum products; crude petroleum and coal; and chemical products have provided the largest share of goods in transit throughout the years. In 2006, the results of transit freight transport volumes by rail as well as in ports have remained the highest up to now, reaching 36.5 and 38.8 million tonnes per year. Since 2006, more transit goods were shipped through the ports than

transported by rail. The transit volume of goods, which arrived in ports by ship and then were dispatched by ship, has increased.

Freight volumes decreased in 2007 as well as in 2008. The decrease in the transit transport of goods by rail in 2007 significantly affected the port activity. In 2008, the decline of freight capacity was affected by the reduced demand of markets. The transit volumes having decreased already in 2007 continued downward trend, and it affected both the Estonian ports and railway transport.

Year 2009 brought a turn for the better in ports as well as in railway transit. Transport of goods in transit by rail grew by 8% and in ports 16% compared to the previous year. In 2010, the growth in the freight volume in ports as well as on rail continued together with the recovery of demand. Carriage of goods in transit by rail increased 14% and in ports 17%, amounting to 23.9 and 33.2 million tonnes, respectively.

Container transport by rail as well as through ports has increased during recent years, although the decrease in demand for transport services in 2009 also reduced the volume of transport of containers. In 2010, rail transport of containers grew, amounting to nearly 22,500 TEUs, of which 90% were transit containers. Container movements through the ports of Estonia reached 152,000 TEUs in 2010. Handling of transit containers in ports amounted to over 31,000 TEUs, or about as much as in 2009. This is 21% of all containers handled in ports.

Transit goods flow passing through Estonia through the ports had reached back to pre-crisis level for the year 2010, and during the recent years goods transit has increased. In 2010, goods in transit by rail reached two thirds of the level of 2005.

Hopefully in the future Estonia will be able to diversify the nomenclature of goods in transit and expand the transit geography. This development is supported by the investments made so far in transport infrastructure and vehicles, also investments planned for the future, as well as the increased willingness of Estonian transit companies to cooperate in the field of transit both on domestic and international level. In recent years there has been progress in the north-south direction of transit trade development, especially in the transport of containers.