



LogOn Baltic project and results of Expert Interviews and Development Measure Impact Analysis

LogOn Baltic Dissemination Event

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Project LogOn Baltic (1)

LogOn Baltic – Developing Regions through Spatial Planning
and Logistics & ITC competence

Financed under Baltic Sea Region INTERREG III B
Neighborhood Programme

End date – December, 2007

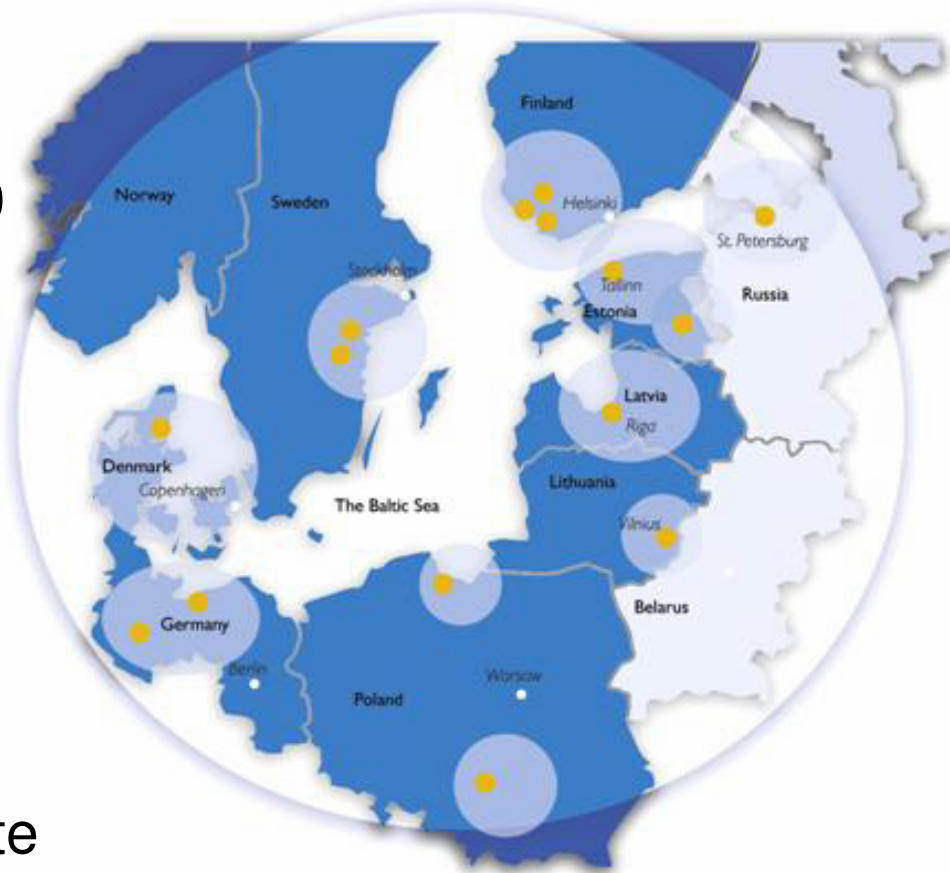
Project LogOn Baltic (2)

Geographical Coverage

- LogOn Baltic is joined by 30 partners from 9 countries

Project partners in Latvia

- Riga City Council
- Logistics and Customs Brokers Association
- Transport and Telecommunications Institute



Project LogOn Baltic (3)

Key Objectives

- **Improve** regional development and spatial integration by transferring knowledge on ICT and logistics competence
- **Analyze** problems and difficulties of logistics companies in the BSR
- **Interchange** of proven ideas by examples of best practices
- **Establish** a cross-national network and disseminate highly useful results for regional development agencies that aim at improving competitiveness of partner

Project LogOn Baltic (4)

Project elements

1. Development Measure Impact Analysis (DEMIA)
2. Expert Interviews
3. ICT survey
4. Logistics survey
5. Regional Logistics and ICT Profile
6. Development of Slavu - Krasta Maskavas node simulation mode

Development Measure Impact Analysis (DEMIA) (1)

DEMIA Introduction

- Describes the regional development system related to logistics and ICT in Latvia
- Analyzes case studies (exmp. main projects in field of logistics)
- Based on interviews with a number of experts from government ministries, local governments and non-governmental organizations
- Include results of a roundtable expert discussion



Development Measure Impact Analysis (DEMIA) (2)

Logistic related projects in Latvia

- Inrerreg III programme projects like InLoC, InterBalic, BalticTangent, LogVas, LogOnBaltic, Remote Access etc. are logistics development instruments:
 - Important research works
 - Exchange of experience
 - Pilot projects
 - Educational aspects - seminars, trainings, workshops
- TEN-T, Cohesion funds etc. investment programmes for renovating and upgrading country's road network:
 - These public infrastructure investments create the necessary conditions for private investment in facilities for value-added cargo processing
- Public - private projects to establish logistic, business and industrial parks

Development Measure Impact Analysis (DEMIA) (3)

Main conclusions

- To few national programmes for logistics competences projects support, both for training of staff and investments in logistics IT systems
- To coordinate development efforts in logistics, there is a need for new structures and forms of dialogue between the national and local governments on the one hand, and businesses on the other. Such a role could be played by a consultative council
- Latvia's capacities as a logistics service provider are limited by both insufficient physical infrastructure and lack of relevant skills
- In many Latvian SMEs' the understanding of modern logistics is rather limited due to their lack of experience with it

Development Measure Impact Analysis (DEMIA) (4)

Main conclusions

- Local governments in Latvia are starting to realise how logistics services could create new business and new jobs in their regions. There are several positive examples:
 - The town council of Valka, as a result of its participation in the Interreg project Baltic Tangent, is planning a logistics park and a business incubator
 - An innovative approach is used in the recently started Interreg project Remote Access. One of this project's ambitions is to develop two business cases demonstrating how the region's cross-border cargo flows can be translated into local businesses
- Infrastructure development needs to be driven by reliable forecasts of future flows of cargo and people

Expert interviews (1)

Interviews were based on a standardized questionnaire for all regions and covered five main topics:

- Trends in relation to logistics and information
- Communication technologies
- Business connections in BSR
- Regional development
- Education and skills
- Future outlook

Expert interviews (2)

Expert interviews were conducted with 12 experts from:

- Manufacturing and retail industries
- Logistics consultants
- Services providers
- Research institutions
- Local authorities
- Support initiatives

Expert interviews (3)

Findings regarding trends in logistics

Globalization

- The supply chains have become longer, including countries as distant as China
- Demand for logistics services has increased

Joining the European Union in May 2004

- Removal of internal borders has had a positive effect on the speed, precision and predictability of deliveries within the EU
- But regarding countries outside the EU (exmp. Turkey, India) the deliveries have become more complex when Latvia joined the EU

Latvia's geographical position

- Economic rise of both China and Russia is considered as an opportunity for strengthening the country's role as a gateway to Europe

Issue of workforce

- On the one hand, there is a trend of increased demand of logistics specialists
- On the other hand, there is a lack of workforce

Expert interviews (4)

Findings regarding trends in ICT

High speed of information flow

- Information flow is faster than the flow of goods themselves
- Emergence of BSR-wide information standards is likely

Introduction of e-signature

- Range of e-service applications, still has the potential to grow
- Creation of a unified network of national data registries needs to be completed

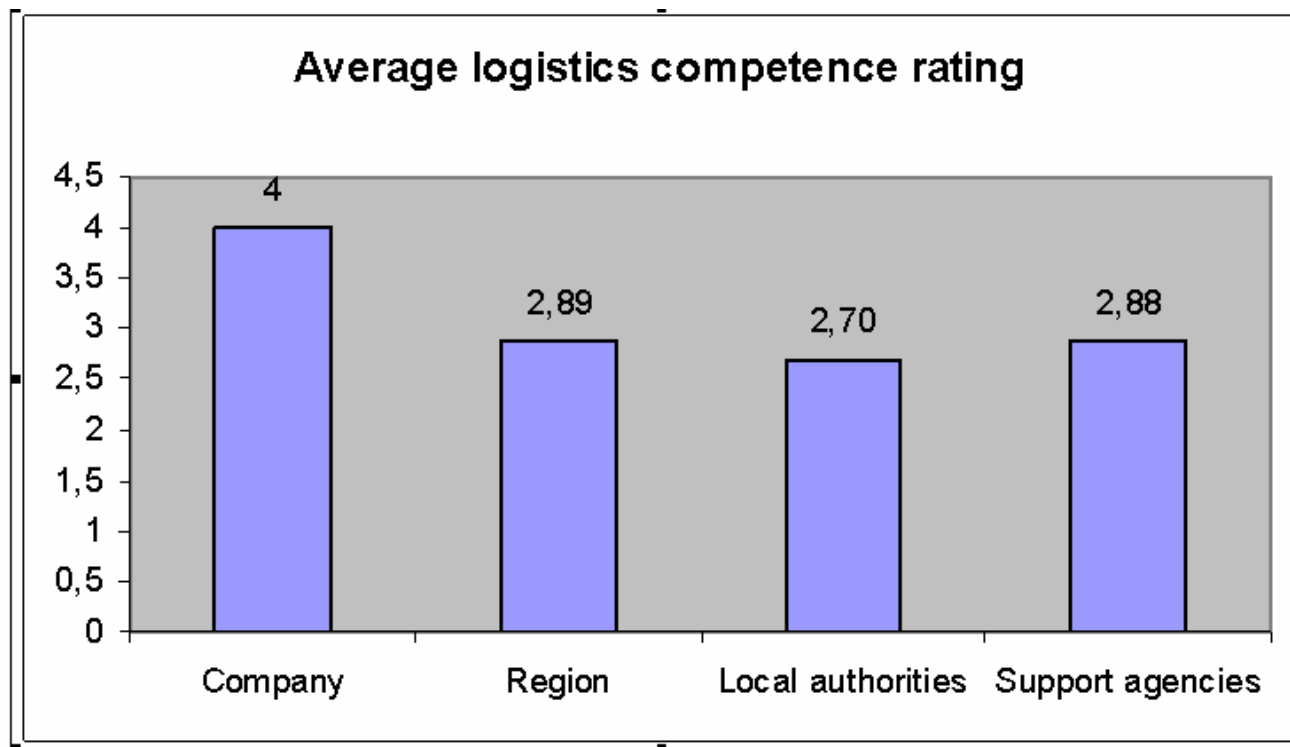
Lack of adequate (scope and price-wise) IT solutions for SMS

Development of a knowledge society in Latvia

- Improving curricula in ICT education
- Providing training to companies
- Demonstrating the advantages of modern IT solutions to industry

Expert interviews (5)

The logistics competence level (0-5)



Expert interviews (6)

The logistics competence level

Companies

- Majority of responses indicated a company competence level at high
- Sometimes experts were reluctant to assign the highest rating to their level of competence, noting that they still had a lot to learn

Region of Latvia

- Estimated to be acceptable

Local authorities

- Estimation of logistics competence is the full range
- Difference among the municipalities, with the level of logistics competence in the larger municipalities of Riga, Liepāja and Venstpils being much higher than that in smaller municipalities

Support agencies

- Estimated to be acceptable or high
- Part of experts had no contacts with these institutions hence no opinion about their logistics competence

Expert interviews (7)

Strengths and Weaknesses of the region

Strength 1

Latvia is well positioned to exploit its location on the China – Russia- Western Europe axis

Strength 2

Latvia became an EU member state

Strength 3

Good railway network (the same rail width with Russia), existence of ports

Weakness 1

Inadequate quality of especially physical transport infrastructure

Weakness 2

Low level of education in logistics-related disciplines

Weakness 3

Lack of coordination among the different stakeholders as a regional development issue

Expert interviews (8)

Expectations voiced by the experts

- Improved physical infrastructure, especially roads
- Integrated and long-term development policies
- Modernized education and training in logistics related disciplines
- Increased understanding by the state of the logistics sector importance
- Increased capacity of public sector to support positive development trends of both logistics and ICT markets in Latvia
- State investments in increasing ICT, the proficiency of users
- Public sector should create the necessary conditions so that businesses can do what they do best – business

Overall SWOT Analysis

Strengths	Weaknesses
<p>Geographical location and connections</p> <ul style="list-style-type: none"> -Gateway between the EU and Russia. -Transportation connections between The Baltic Palette corridors. -The corridors connect capital regions and growth centers of the area. -All corridors have strategic EU status. <p>Trade</p> <ul style="list-style-type: none"> -Historical trade connections. <p>Human resources</p>	<p>Geographical location and connections</p> <ul style="list-style-type: none"> -Remote location from the rest of the EU. -The Baltic Sea as a physical barrier. <p>Trade</p> <ul style="list-style-type: none"> -Small market in value and tons. -Cost level differences. -Lack of harmonized laws. <p>Infrastructure</p> <ul style="list-style-type: none"> -Standard of railroads. -Transportation bottlenecks. -Limited financing resources. <p>Human resources</p> <ul style="list-style-type: none"> - Small population.
Opportunities	Threats
<p>Geographical location and connections</p> <ul style="list-style-type: none"> -The increasing importance of the Nordic dimension in the EU. -Policies to favor sea transportation. -Decreasing logistical costs and faster delivery times. <p>Trade</p> <ul style="list-style-type: none"> -Increasing demand for products and services in the eastern part. -Internationalization of business operations <p>Infrastructure investments</p> <ul style="list-style-type: none"> -Increasing interest of the investors. <p>Growing interaction</p> <ul style="list-style-type: none"> -Tourism development possibilities. - Co-operation among the regions. - Lobbying for common interests. <p>Developing know-how</p> <ul style="list-style-type: none"> -Utilizations of information technology. -Openness for innovation. -Use of value-added logistical services. 	<p>Transportation</p> <ul style="list-style-type: none"> -Development of competing transportation corridors. -Increasing cost level in the maritime transports. <p>Trade</p> <ul style="list-style-type: none"> -Lacking capital. <p>Politics</p> <ul style="list-style-type: none"> -Unstable development of Russia. -Dependency of Baltic States on Russia. <p>Environmental effects</p> <ul style="list-style-type: none"> -Increased road traffic and thus emissions and accidents. -Cargo flows through residential areas and towns. -Environmental effects due to congestion as and high costs delay infrastructure investments. <p>Social Development</p> <ul style="list-style-type: none"> -Unequal development of regions. -Uncontrollable migration. -Increasing (international) crime.



Project Final Conference in Hamburg on 22nd November 2007

Topic :

- Examples for interregion cooperation in the Baltic Sea Region, focused on interregional/international activities
- Presentation the project's key results
- Best Practice in regional development :Logistics projects and their regional implications

Thank you for your attention!

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