



Regional Workshop on  
Public-Private Partnership (PPP) in Transport  
March 7, 2007, Riga Latvia

# **Transport Infrastructure Investments in the Baltic Sea Region 2007-2013**

**by Lauri Ojala**

**Professor of Logistics**

**Turku School of Economics, Finland**

**[lauri.ojala@tse.fi](mailto:lauri.ojala@tse.fi)**



# Objective & Background

- To present the anticipated cost and timing of **government-funded** transport infrastructure investments in the Baltic Sea Region till 2013.
- The data refers to situation in October 2006
- Work is prepared for the Nordic Investment Bank



# The scope of BSR here



The German BSR-States comprise here Schleswig-Holstein, Mecklenburg-Vorpommern and Hamburg

Lauri Ojala 2007



# The order of magnitude only!

- Funding of many projects still pending final political approval
- Private or municipal investments in e.g. **ports or airports** excluded
- Optimistic figures for New Member States
  - especially in Poland but also in Estonia



# Ex. of what is not included:

- Pre-agreement of Fehmarn Belt, Feb. 2007
  - Est. at 5.5 billion till 2016 (DE + DK + PPP)
- Finland: New post-election projects (March)
- Estonia: New post-election projects (March)
- Some Danish projects after election in 2008
- Rail Baltica investment plans not included



# 95+ billion euros to BSR transport infrastructure

- Planned transport infrastructure investments\*) in the BSR in 2007-2013 exceed **95,000 million euros**.
- 80 % these are in Poland, Sweden and German BSR-states.
- Tentatively **57 % are in road and 28 % in rail infrastructure**.

\*) Government-funded, incl. EU structural funds



# POL, SWE & GER $\approx$ 80 %

## Road & Rail $\approx$ 85 %

	Rail	Road	Maritime & ports	Air	Total
Poland	6 000	23 000	1 000	1 000	31 000
Sweden	12 000	16 400		400	28 800
German BSR-States	5 500	4 367	6 200	0	16 067
NW Russia	1 200	4 500	2 000	400	8 100
Finland	500	1 300	350	350	2 500
Norway	200	1 464	72	140	2 237
Latvia	550	800	320	525	2 195
Estonia	392	1 123	155	80	1 750
Lithuania	704	694	123	53	1 574
Denmark	n.a.	1 020	n.a.	n.a.	1 020
Iceland	n.a.	n.a.	n.a.	n.a.	300
<b>BSR region total</b>	<b>27 046</b>	<b>54 668</b>	<b>10 220</b>	<b>2 948</b>	<b>95 543</b>
<b><i>Share of total</i></b>	<b>28 %</b>	<b>57 %</b>	<b>11 %</b>	<b>3 %</b>	<b>100 %</b>

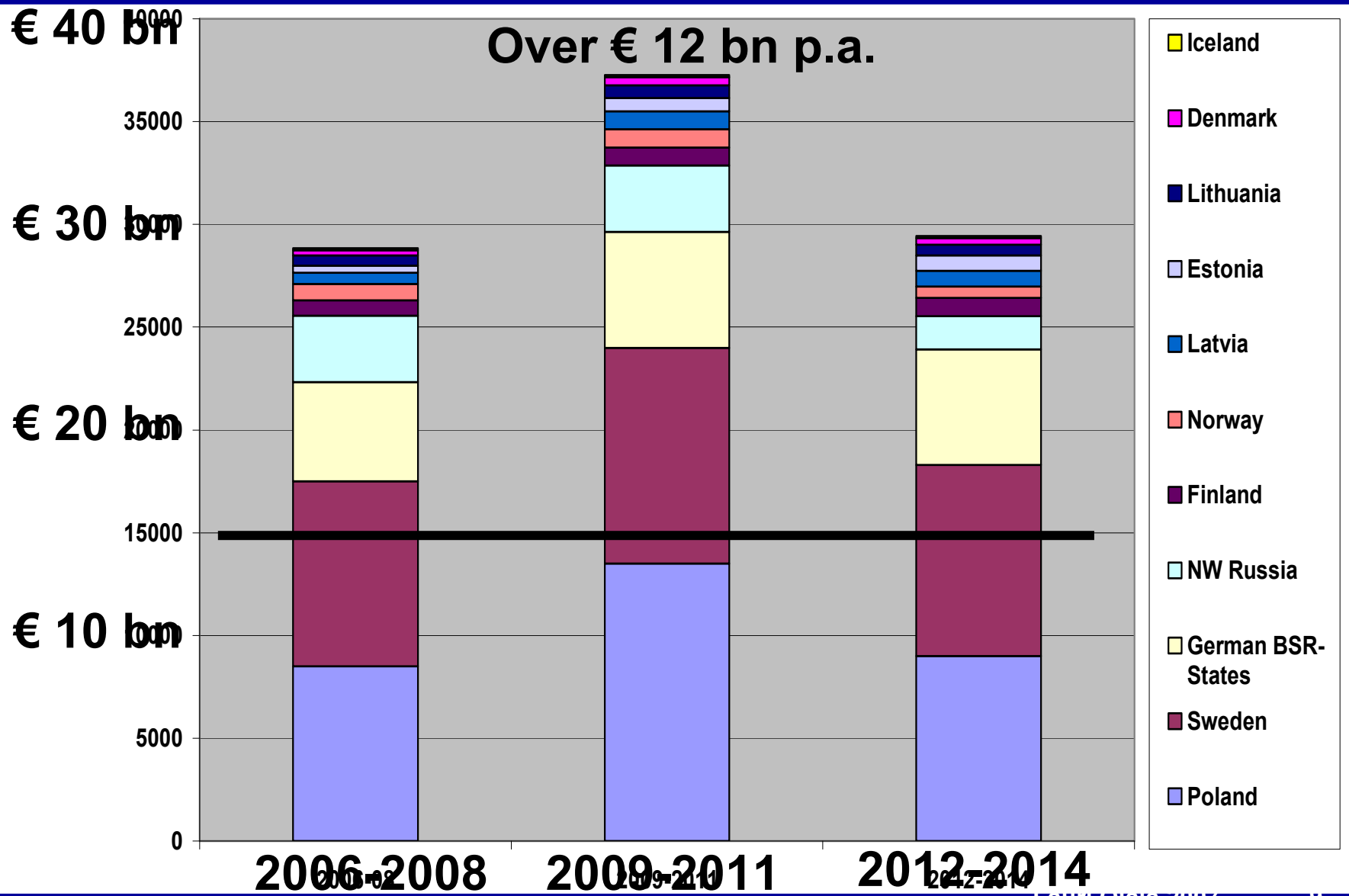


# Construction markets overheat

- Government transport infrastructure investments in 2003-2005 less than 15,000 million euros  
In 2006-2008 anticipated at 25,300 million euros  
In 2009-2011 anticipated at 34,500 million euros
- Demand for civil works and related services bound to increase substantially till 2011
- The already hot construction markets will overheat, especially in the New Members States.

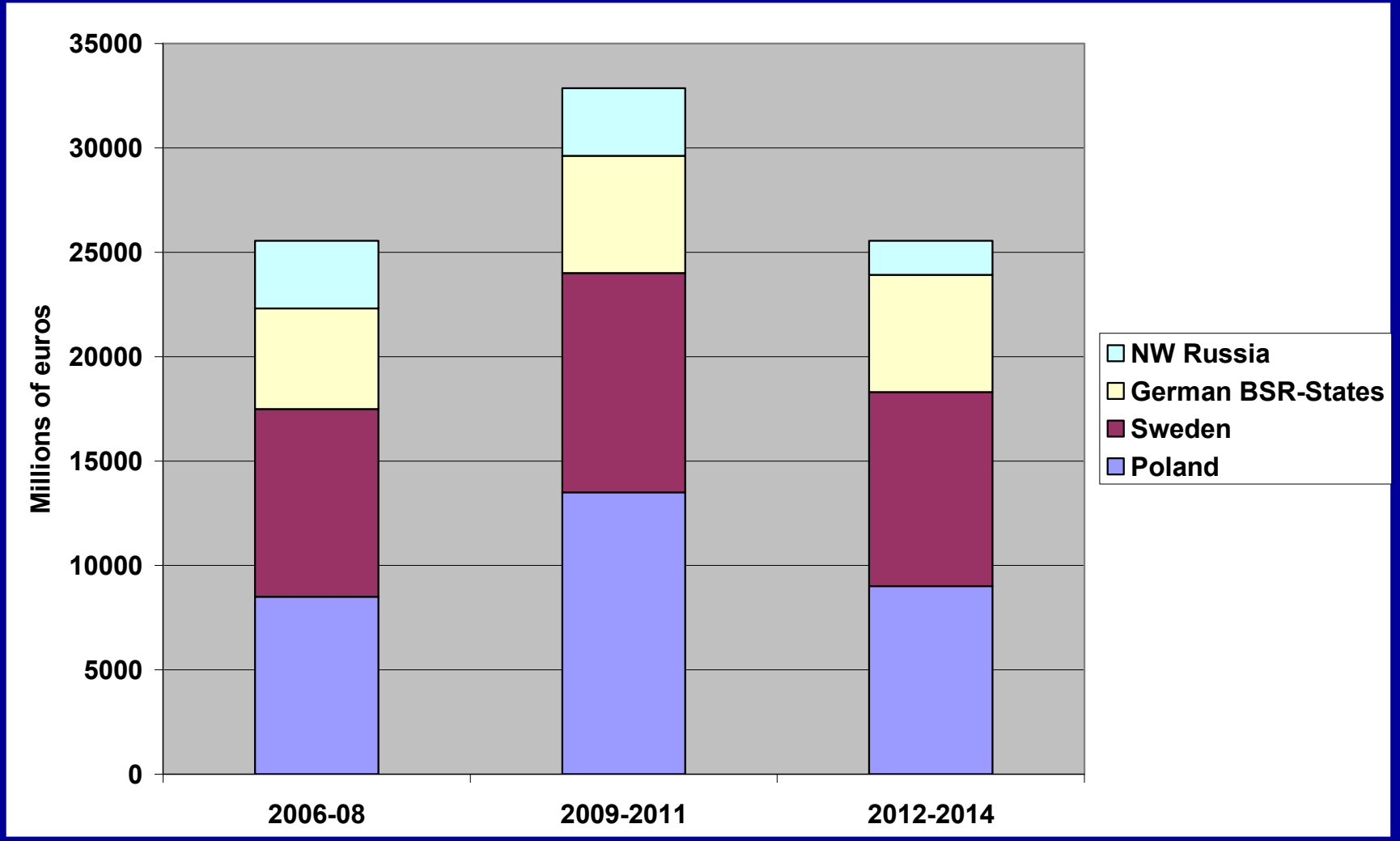


# Peak anticipated in 2009-2011



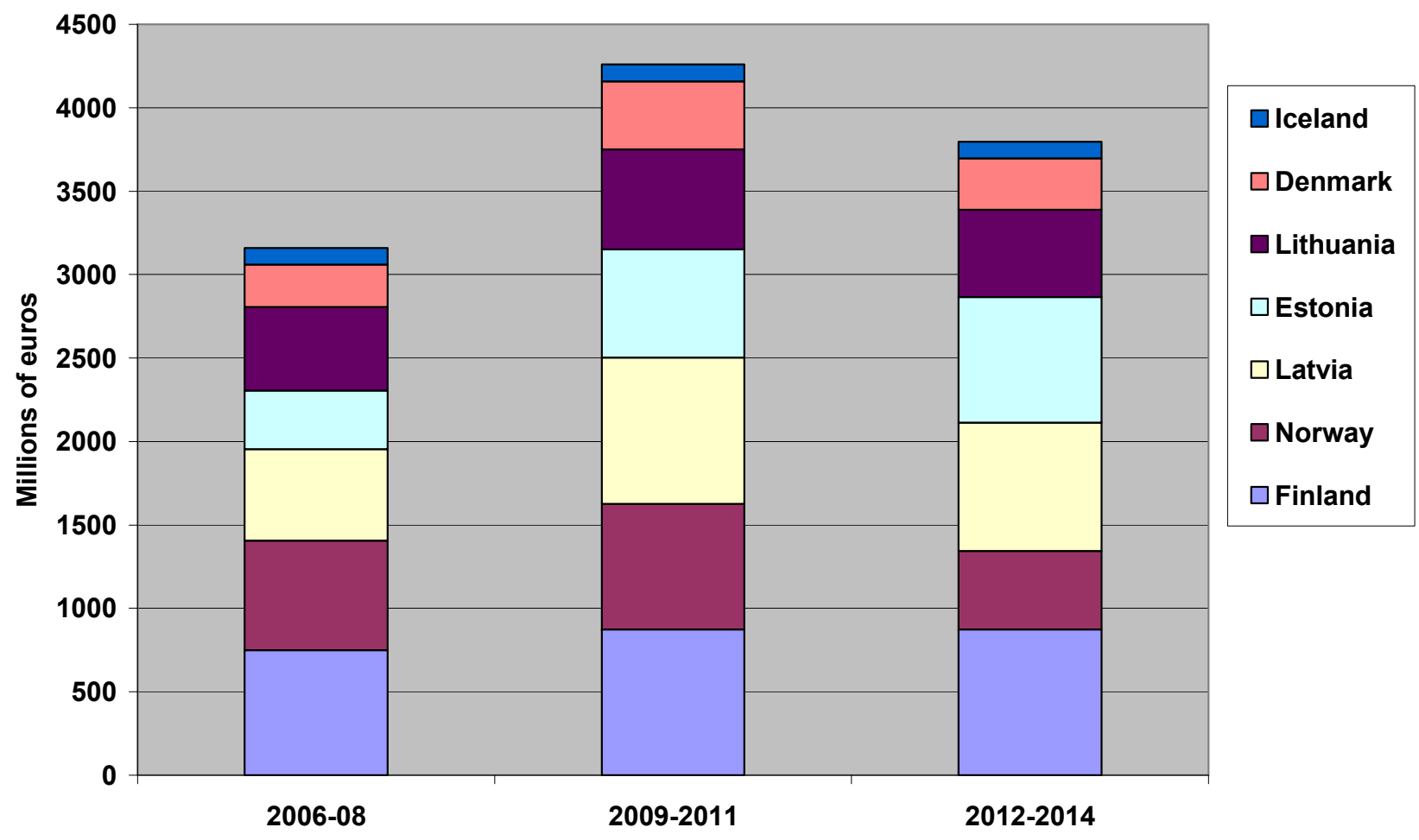


# A closer look at the four highest spending regions





# And then the rest





# Potential (or already approved) PPP projects in the BSR

<b>Identified Transport Infrastructure Projects fulfilling the given criteria 2007-2013</b>	<b>Mode</b>	<b>Directly affected countries</b>	<b>Estimate d cost, Million €</b>	<b>PPP potential</b>
WSHD road in St. Petersburg	Road	RU	2500+	yes
A1 Motorway completion from Gdansk	Road	PL, BSR	500+	yes
S3 Swinoujscie - Szczecin- Wroclaw	Road	PL, (DE, SE)	300+	maybe
Narva-Ivangorod road and bridge construction	Road	EE, RU	20+	maybe
Bridge to Sovetsk (Kaliningrad)	Road	LT, RU	20+	yes
Rail Baltica	Rail	LT, LV, EE, PL	n.a.	maybe
Fehmarn Belt- related projects	Rail	DE, DK	2000+	maybe
Salla-Kotschkoma rail link	Rail	FI, RU	n.a.	maybe
St. Petersburg (Pulkovo) airport development	Air	RU	200+	maybe
Motorway of the Sea projects	Maritime	BSR-wide	n.a.	yes



# Summary on BSR projects

- Planned investments exceed €95 billion
- 80 % in Poland, Sweden and Germany
- 57 % in road and 28 % in rail infrastructure
- Construction markets overheating
- Few very large PPP's in sight

Thank You!

# References:

- Baltic Maritime Outlook 2006 – Goods flows and maritime infrastructure in the Baltic Sea Region, March 2006
- Finland – State of Logistics 2006, Finnish Min. of Transport and Communications publications 45/2006  
[www.mintc.fi](http://www.mintc.fi)
- Lautso K. et al. (2005) Transport connections between the EU and Russia - Current status and outlook for the future, MINTC Publications 10/2005, downloadable at:  
[www.mintc.fi](http://www.mintc.fi)
- LogOn Baltic Project, at [www.logonbaltic.info](http://www.logonbaltic.info)
- Transport Sector Restructuring in the Baltic States toward EU Accession, by Ojala, Queiroz and Naula (2004), The World Bank, downloadable at:  
<http://wbln0018.worldbank.org/ECA/Transport.nsf/ECADocByUnid/5FC55219E4D31FC685256E76005E27B4?Opendocument>