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THE SWEDISH TRADE & INVEST COUNCIL



RAIL-BALTICA PROJECT

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14 October 2014

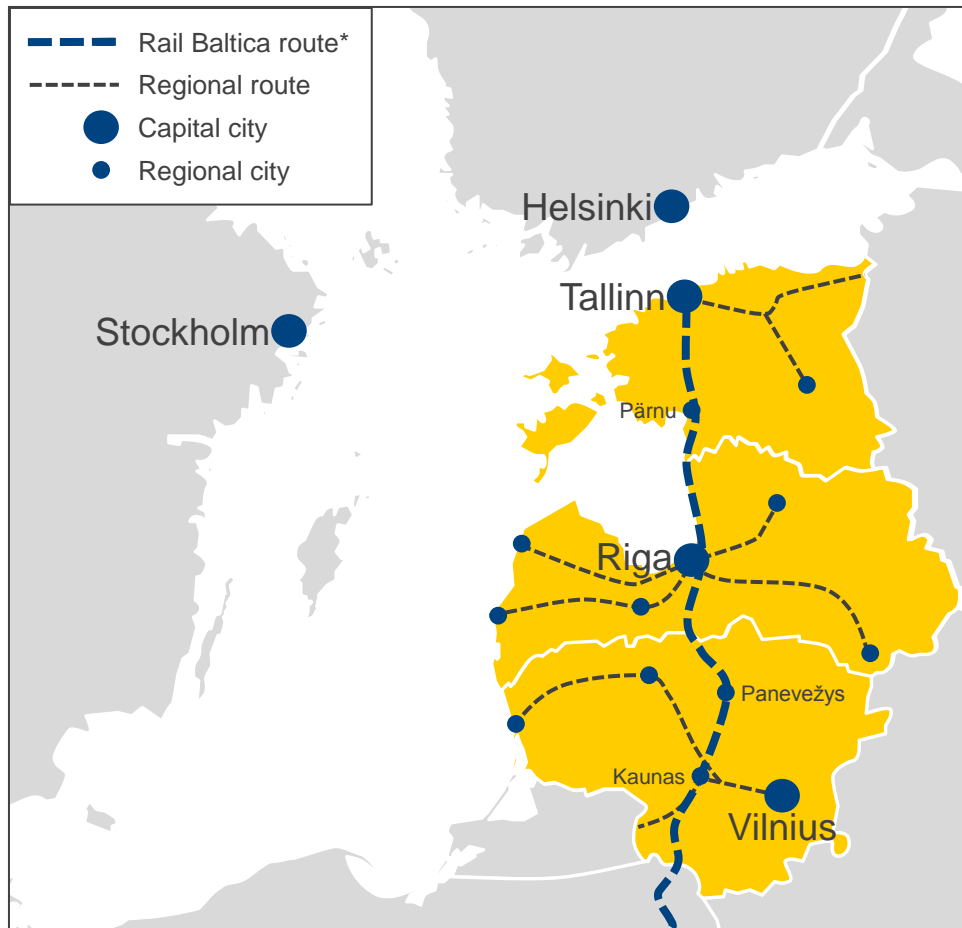
Business Sweden
Baltic States Unit

AGENDA

- ▶ Background of Rail Baltica project
- ▶ Structure of ownership and financing
- ▶ Services and products of interest
- ▶ Recommendations
- ▶ Business Sweden



BALTIC STATES



	Estonia	Latvia	Lithuania
Capital city	Tallinn	Riga	Vilnius
GDP, current, M EUR	18,6	23,4	34,6
Population, million	1,3	2,0	3,0
Railroad monopoly company	AS Eesti Raudtee	VAS Latvijas dzelzceļš	AB Lietuvos geležinkeliai
Rail network, km	1 196	1 859	1 768
Cargo load, annual, million tkm	43 682	55 831	48 028
Passengers, annual, million passenger km	223	721	278
Rail Baltica network to be constructed	229	235	264

SOURCE: EUROSTAT, RAIL BALTICA FEASIBILITY STUDY 2011 BY AECOM LTD.

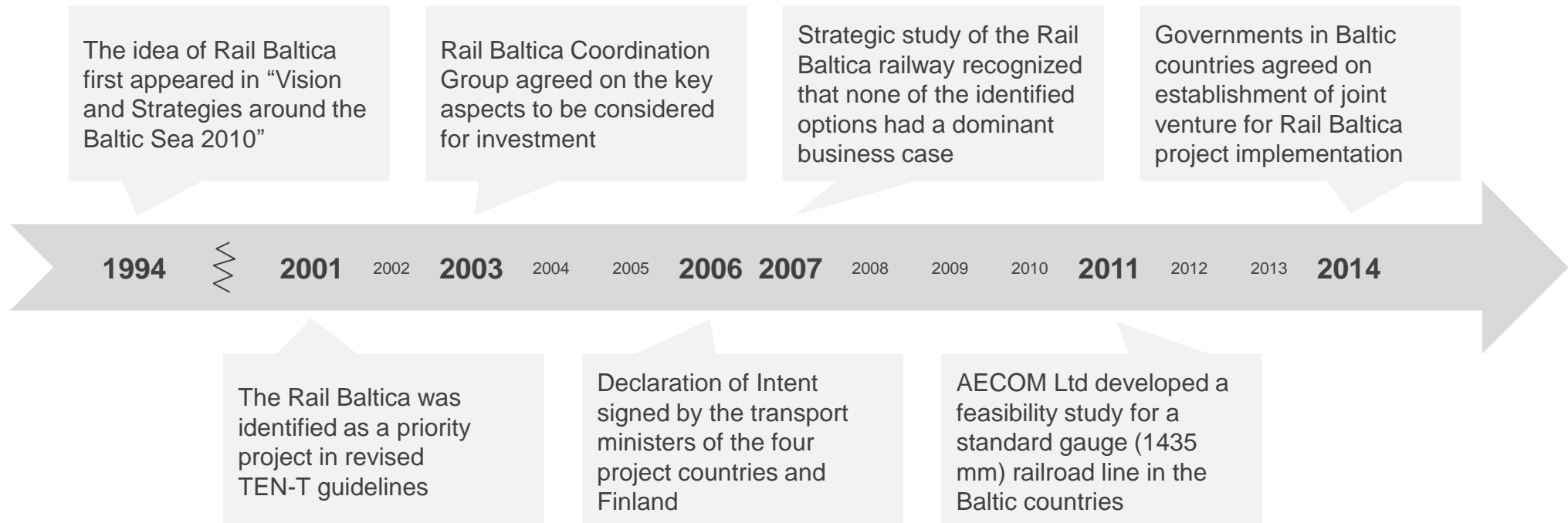
RAIL BALTICA ROUTE SUGGESTED IN FEASIBILITY STUDY IN 2011 BY AECOM LTD.
FINAL ROUTE WILL MOST LIKELY BE DEFINED BY 2016



BACKGROUND AND MILESTONES IN THE PROJECT

- ▶ Historically, transportation in the Baltic countries has been linked on an east-west axis. Most rail freight traffic originates from Russia and as such, rail organisations in all 3 Baltic countries have been geared up to servicing that market.
- ▶ For all intents and purposes, the Baltic rail system is incompatible with mainland European standards, as rail transport services are provided through the 1520 mm gauge. Within the European Union, there is a full consensus that the 3 countries need to be fully integrated into the wider rail transport system.

DEVELOPMENT OF RAIL BALTICA TO THIS DAY



SOURCE: INTERVIEWS, MEDIA MONITORING

THE TIMELINE IS INDICATIVE AND EVENTUAL DELAYS ARE POSSIBLE



THE WAY FORWARD

- ▶ Rail Baltica is still at an early planning and design stage – holding companies are being established, final railway route is not decided upon, further planning and design stage works are expected to be procured in 2017.
- ▶ A broad level political agreement has been reached, and the project implementation is planned to continue with these indicative milestones.

INDICATIVE TIMELINE OF RAIL BALTICA DEVELOPMENT MILESTONES



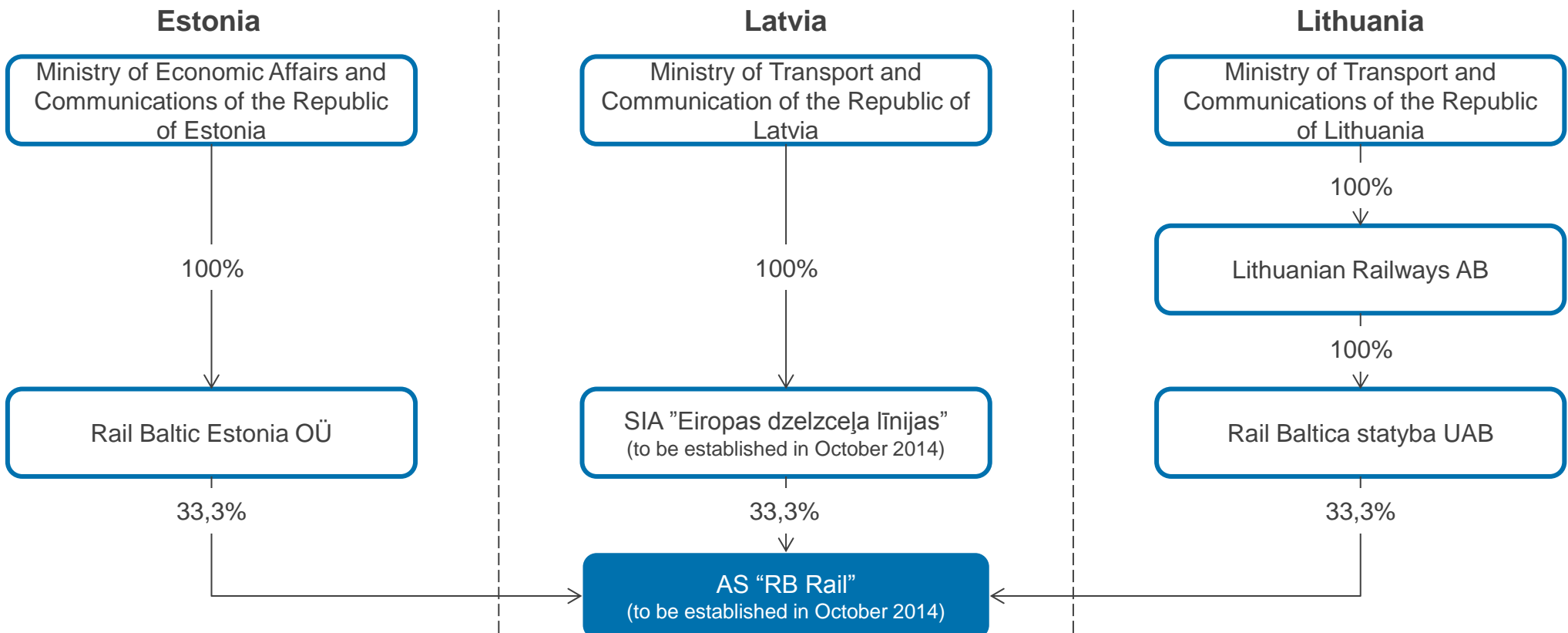
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JOINT-VENTURE OWNERSHIP STRUCTURE

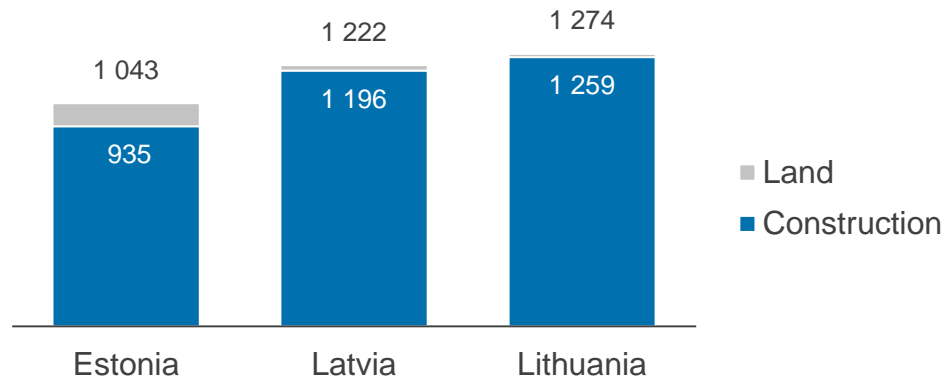


- ▶ The responsible body for the procurement process will be either the Joint Venture AS "RB Rail", or institutions in each country
- ▶ EU funds will be split between countries in either case and the newly built infrastructure will be owned by state companies in each country

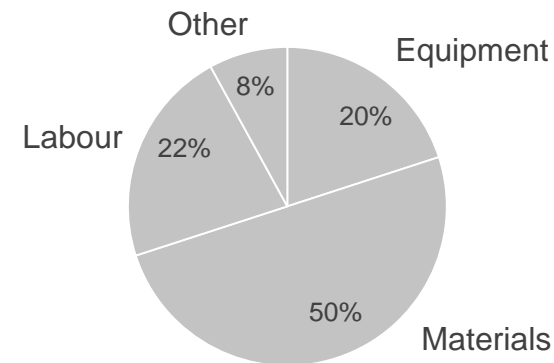
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FINANCING

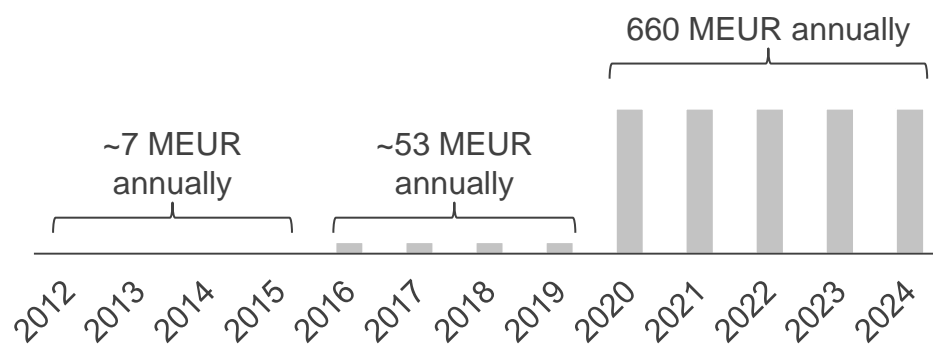
ESTIMATED INVESTMENTS IN THE COUNTRIES, MEUR



CONSTRUCTION COSTS BY TYPE



ESTIMATED INVESTMENT SPLIT BY YEAR



- ▶ Up to 85% of all costs will be covered by EU funds
- ▶ Estimated cost per kilometre is 5 M EUR in rural areas and 6-7 M EUR in urban areas
- ▶ Important note: costs are based on AECOM’s feasibility study in 2011, therefore prices may inflate significantly by the beginning of constructions in 2020

SOURCE: RAIL BALTICA FEASIBILITY STUDY 2011 BY AECOM LTD.

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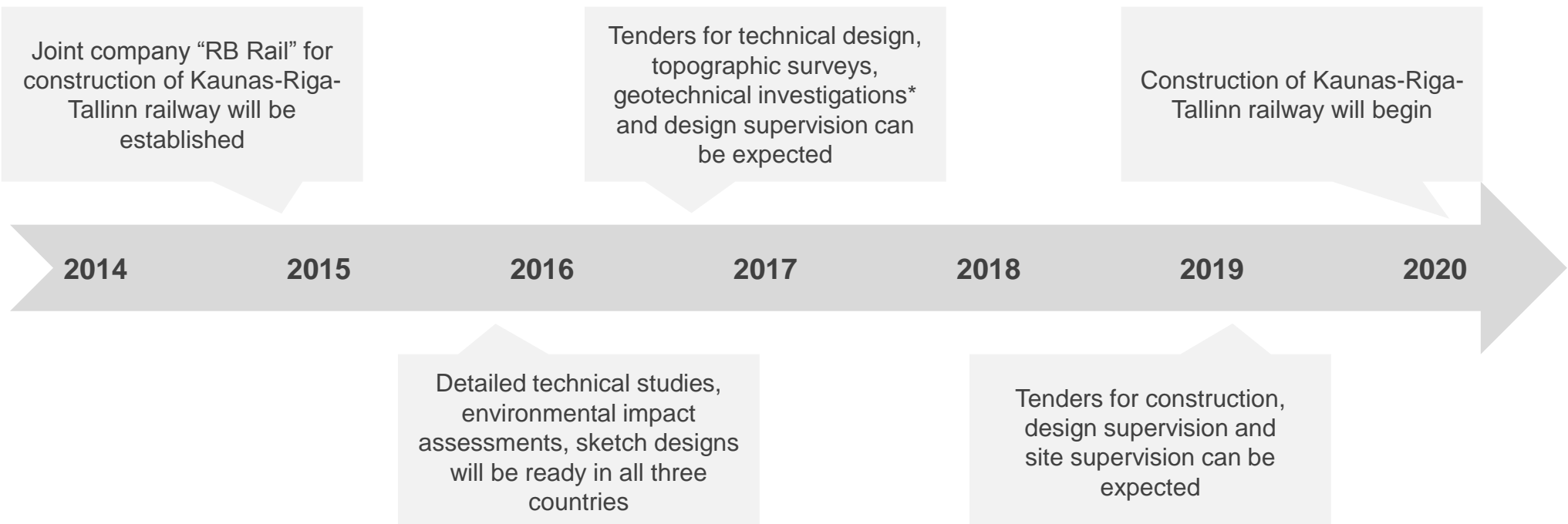
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SERVICES WILL BE PROCURED IN THE COMING YEARS

PROCUREMENT DATABASES SHOULD BE FOLLOWED CLOSELY

- ▶ Initial studies have been contracted in all countries using different approaches – Estonia contracted more work on a single tender, while Latvia and Lithuania split the tenders.
- ▶ Latvian Ministry of Transport plans to call tenders on Drafting Technical parameters of infrastructure for the multimodal cargo center on the Riga roundabout, Drafting Technical parameters of Riga central terminal station and Drafting Railway traffic management model in October or November 2014

INDICATIVE TIMELINE OF RAIL BALTICA DEVELOPMENT



SOURCE: INTERVIEWS, MEDIA MONITORING, PROCUREMENT DATABASES

THE TIMELINE IS INDICATIVE AND EVENTUAL DELAYS ARE POSSIBLE
 * GEOTECHNICAL INVESTIGATIONS ARE ALREADY CONTRACTED IN ESTONIA

CONSTRUCTION WORKS EXPECTED TO START IN 2020

POTENTIAL SUPPLIERS SHOULD APPROACH CONTRACTORS EARLIER

Tracks

- ▶ Earthworks (fills, cavities, soil change)
- ▶ Railway tracks (rails, sleepers, broken stone ballast)
- ▶ Switches

Buildings

- ▶ Passenger station construction/upgrades
- ▶ Intermodal terminal
- ▶ Maintenance facilities

Power network

- ▶ Power supply
- ▶ Traction power substations (TPS)
- ▶ Overhead contact line system

Signalling

- ▶ Signalling, centralisation, blocking network
- ▶ Telecommunications
- ▶ GSM-R network

Engineering

- ▶ Road, pedestrian, animal, water crossings (bridges and culverts)
- ▶ Landscape design
- ▶ Noise reduction measures and safety barriers



POSSIBILITIES FOR SWEDISH COMPANIES

VOICES FROM THE MARKETS



Technologically advanced products and services are most likely to be of bigger interest, starting from design and engineering consultancy services within planning and design phase and following up with involvement in construction works and supply of technological equipment.

Supplying civil engineering services is more complicated due to material and labour intensive nature and price sensitive market, however there are good examples of co-operation in this sector as well.

There are several categories of specialised electric and electronic products where no local production exists in Latvia and all needed equipment has to be imported. In some of these categories there are only a few producers in Europe, for those the success possibility is.

Source in railway industry

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RECOMMENDATIONS

Monitor

- ▶ Stay updated and monitor the project development from public information sources. Most likely a new project website will be created after establishment of the management company.

Research

- ▶ For successful participation at large construction tenders, in-depth knowledge of the market should be acquired by conducting studies and market research activities.

Cooperate

- ▶ Cooperation and joint participation with Latvian, Estonian and Lithuanian companies will increase competitiveness and thus the chance of success.

Participate

- ▶ The biggest possibilities for Swedish companies are in the sectors with highly qualified services and technologically advanced products.

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BUSINESS SWEDEN

- ▶ Business Sweden –
The Swedish Trade and Invest Council
- ▶ Our mission – Export and investment
- ▶ We make it easier for Swedish companies to do business abroad and we make Sweden more attractive to do business with
- ▶ Owned by the Swedish Government and the industry, represented by the Swedish Foreign Trade Association





OUR SERVICES



- ▶ Examine possibilities
 - ▶ Information & Knowledge
 - ▶ Export advice
 - ▶ Market selection



- ▶ Select strategy
 - ▶ Market analysis
 - ▶ Market check
 - ▶ Partner search
 - ▶ Visit program
 - ▶ Acquisition support



- ▶ Establish presence
 - ▶ Recruitment
 - ▶ Incorporation
 - ▶ Local search
 - ▶ Flexible office solution
 - ▶ Purchasing



- ▶ Develop business
 - ▶ Sales and marketing support
 - ▶ Seminars and events
 - ▶ International procurement

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