

## Bottlenecks in the East West Transport Corridor

*Swedish study*



**2007**

**East West TC**

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**::: Table of contents :::**

INTRODUCTION	4
RESPONDENTS	5
1. BUSINESS ENVIRONMENT	6
2. INFRASTRUCTURE	7
3. AUTHORITIES (EXCL CUSTOMS)	8
4. SHIPPERS	9
5. TRANSPORT SUPPLY	10
6. CARGO HANDLING	11
7. CUSTOMS	12
8. PRICING AND TARIFFS	13
9. RECEIVERS	14
10. OTHER BOTTLENECKS	15
OVERALL VIEW OF THE RESULTS	15
CONCLUSIONS	16

## **Introduction**

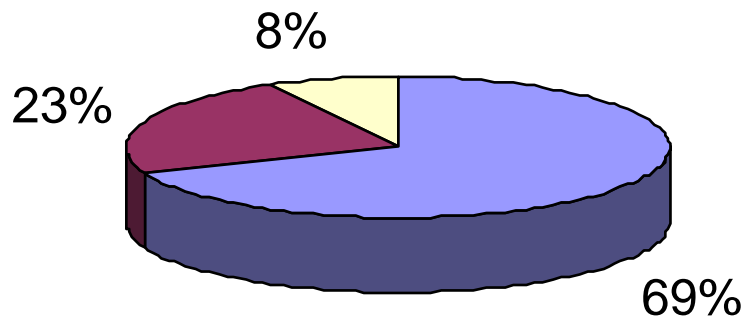
The main objective of this paper is to gain knowledge of the obstacles and bottlenecks that currently hinder efficient trade and utilization along the transport corridor from Esbjerg to Vilnius via Øresund, Blekinge and Klaipeda. This is seen from the point of view of potential users in Sweden. The information is based on the questionnaire shown in appendix I. The questionnaires were answered either through a web survey or by phone interview. The respondents were given an opportunity to share knowledge and express opinions on existing bottlenecks effecting efficient transport; as well as their general attitude and ideas regarding the East West Transport Corridor.




The paper consists of answers and comments to each area of the questionnaire. This is followed by the overall response to the concept of establishing the East West Transport Corridor. This includes comments on areas not covered in the questionnaire, but which are important to the respondents. The main areas of interest from the chapters are summed up in the conclusion with an overall discussion of whether the corridor is advisable from the users' points of view, and which bottlenecks should be dealt with.

## Respondents

The paper is based on answers from thirteen companies based in different parts of Sweden, Of these companies: nine are manufacturing or trade companies (transport buyers), three are transport suppliers and one is a forwarding agent, broker, intermodal or terminal operator.

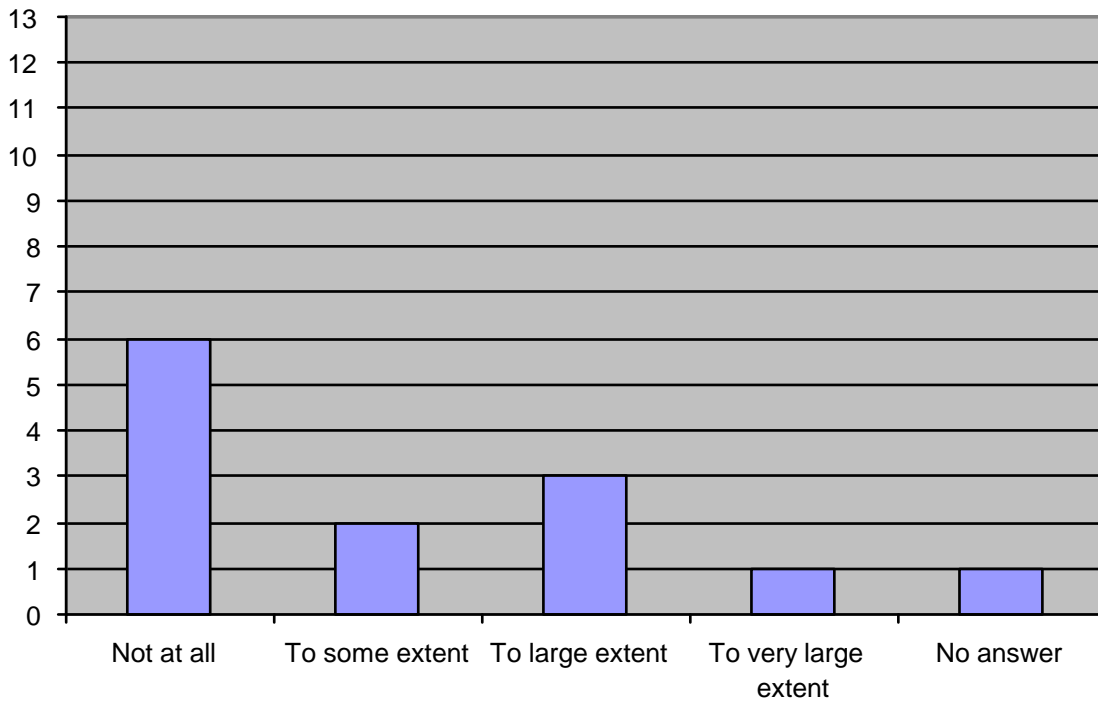
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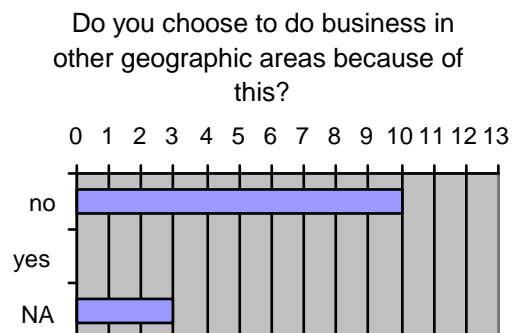
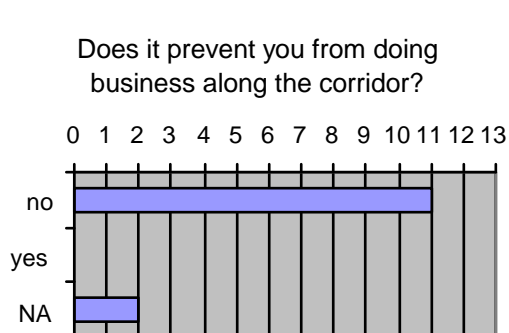
	Transport buyer
	Transport supplier
	Forwarding agent, broker, intermodal or terminal operator

### 1. Business environment

Question: Are the cultural differences bottlenecks for your company when it comes to doing business along the East West Transport Corridor?

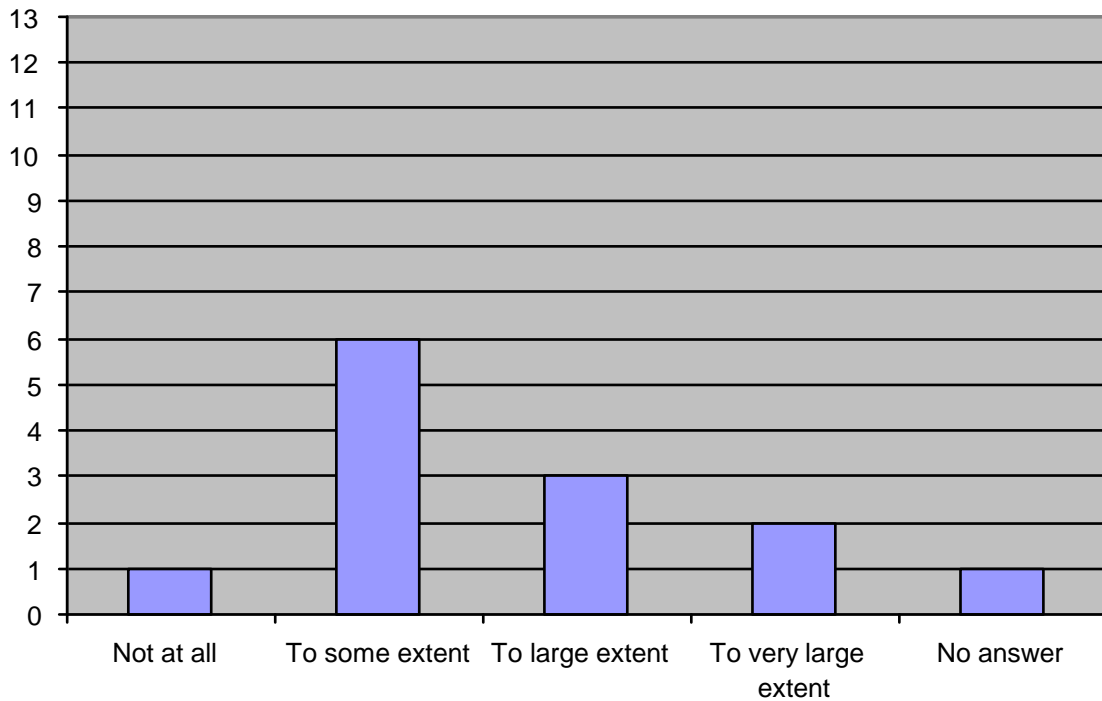


The diagram above shows that six of the respondents don't regard cultural differences as a bottleneck for doing business. However, just as many disagree. Some of the factors mentioned are cultural differences and language. The respondent that expressed cultural differences in the business environment as an obstacle to a very large extent specifically mentioned Russia. Most respondents say that they are capable of handling the situation, and as shown below no one says it prevents them from doing business along the corridor or making them prefer other geographical areas because of the business environment.

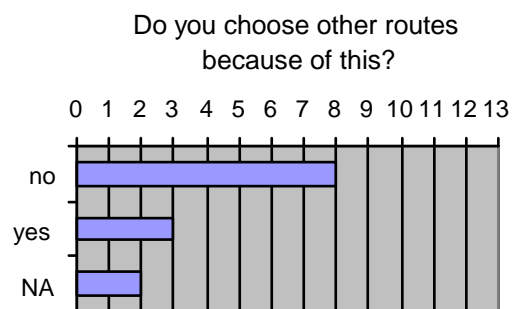
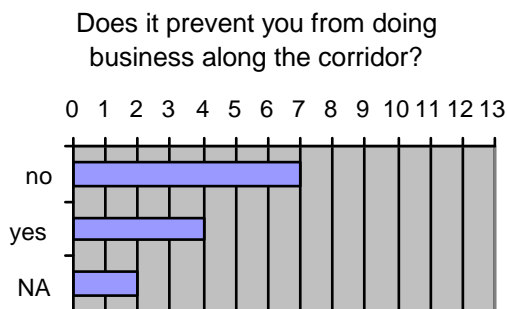


## 2. Infrastructure

Question: Is the infrastructure along the East West Transport Corridor a bottleneck in your business today?

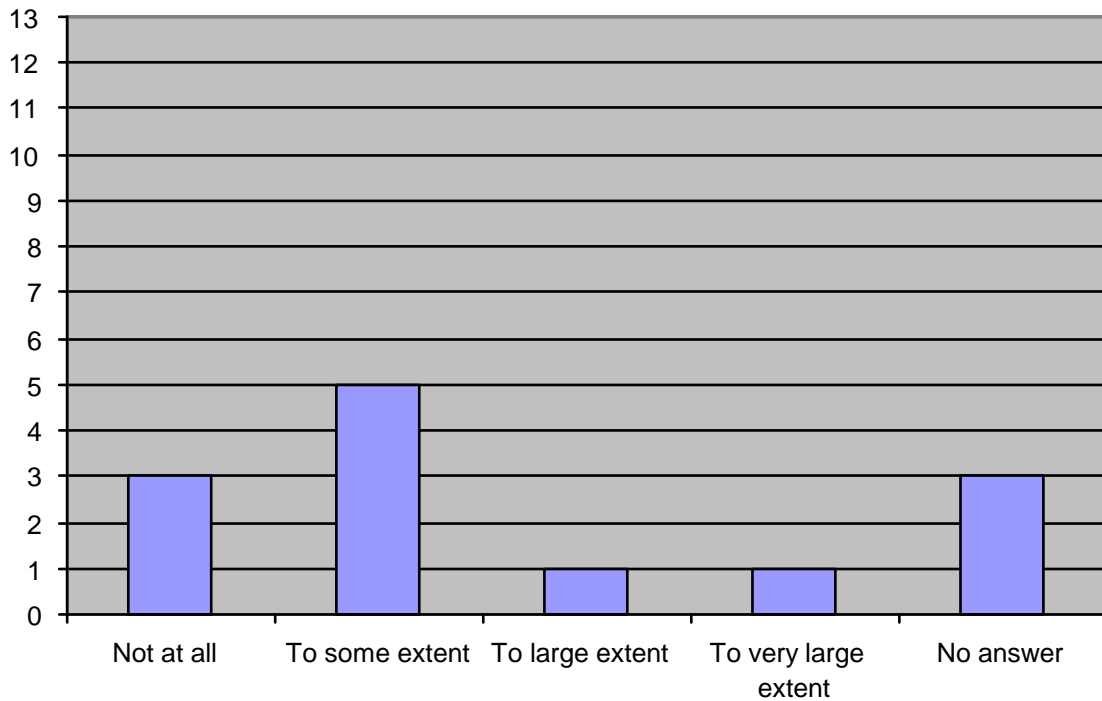


Most of the respondents regard the infrastructure as a bottleneck today. Roads both in Sweden and east of the Baltic Sea are mentioned, as well as the limited intermodal possibilities and container lines. The different track gauges are also mentioned as a bottleneck. Four of the respondents say that this is preventing them from doing business along the corridor, and three say that it makes them choose other routes.



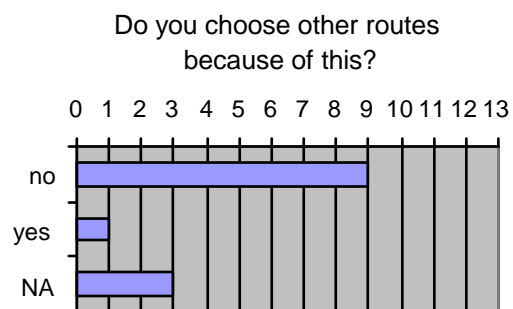
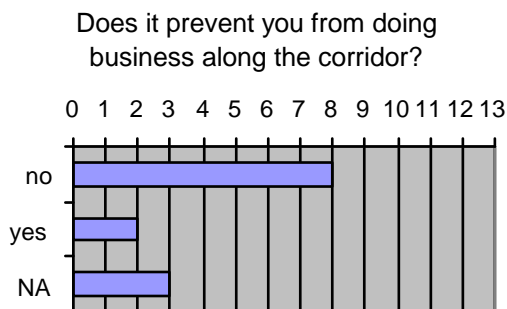
### 3. Authorities (excl customs)

Question: Are legislation and authorities along the East West Transport Corridor a bottleneck in your operations today?



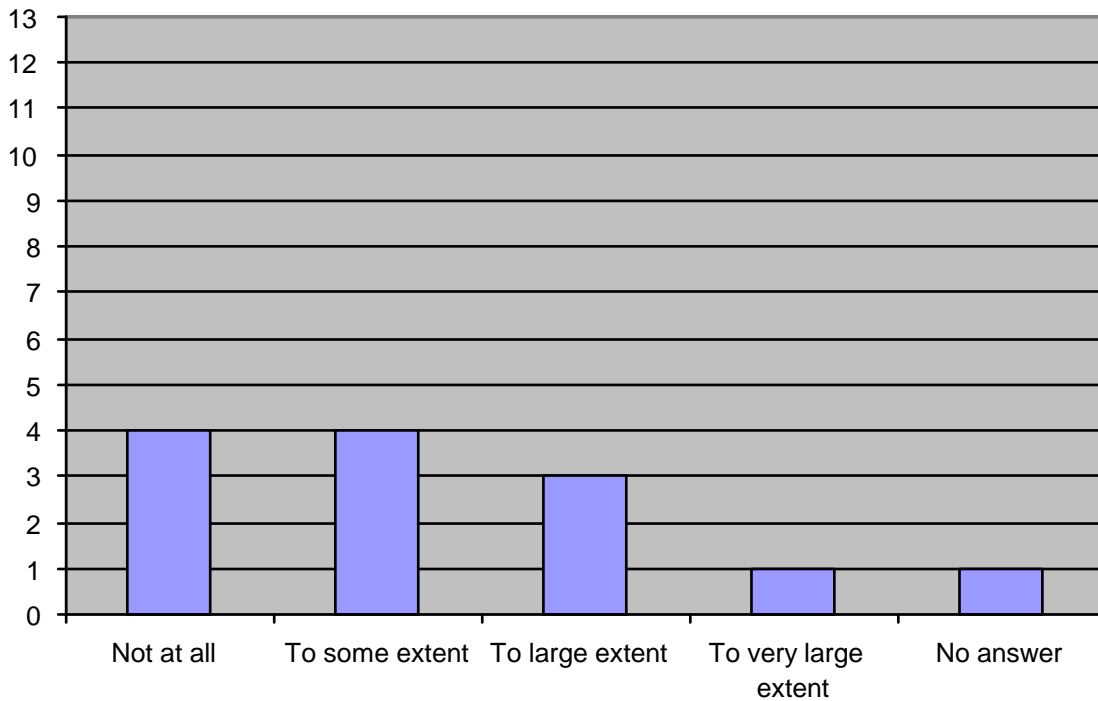
Seven of the respondents regard legislation and authorities as a bottleneck. Factors mentioned are that weight limits for trucks and environmental policies vary in different countries. Bureaucracy and different rules on documentation are also mentioned in the replies.

Most of the respondents state that this does not prevent them from doing business or make them choose other routes.



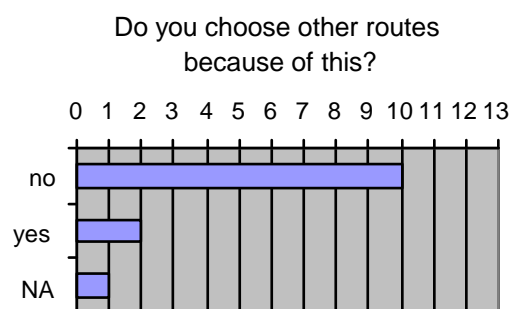
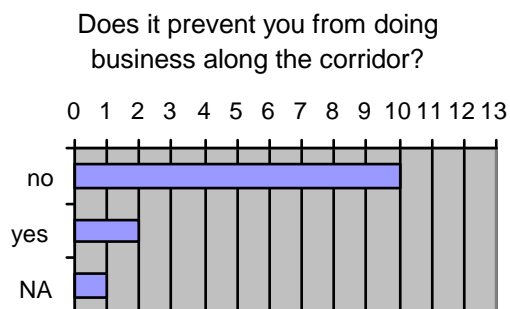
#### 4. Shippers

Question: Are the shippers along the Corridor a bottleneck in your operations today (e.g. less than critical volumes, imbalances in cargo flows, etc.)?



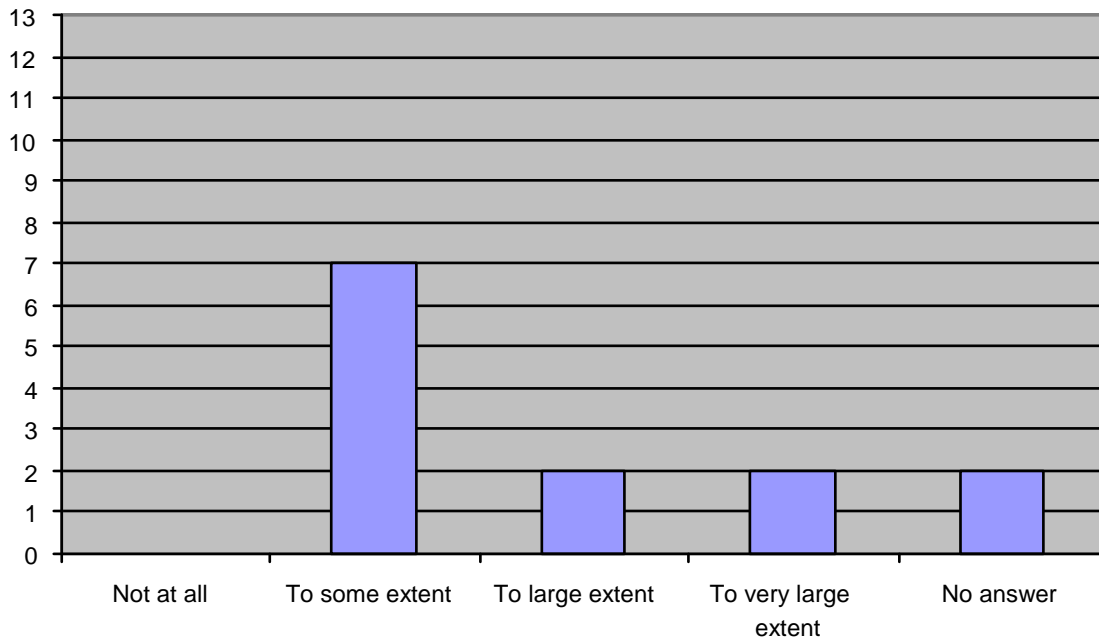
Two thirds of the respondents say that the shippers are a bottleneck, while one third say they are not. One important factor mentioned is the lack of critical volumes for container services, for example out of Karlshamn. The transport service would be better if there were more volumes to be shipped to Finland or the larger container ports in Western Europe.

However, only two respondents say this prevents them from doing business along the corridor or making them choose other routes.



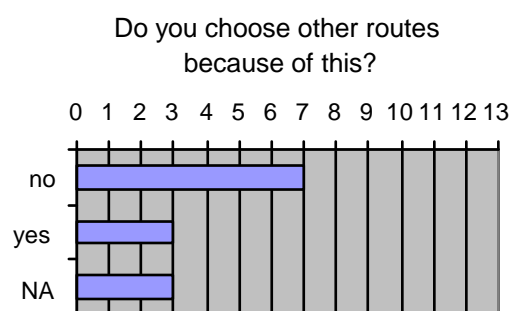
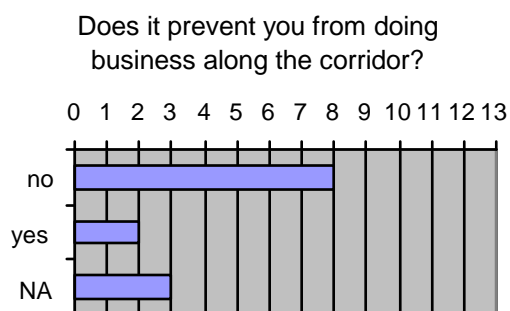
## 5. Transport supply

Question: Are the transport suppliers along the Corridor a bottleneck in your operations today (e.g. capacity, frequency, quality, etc.)?



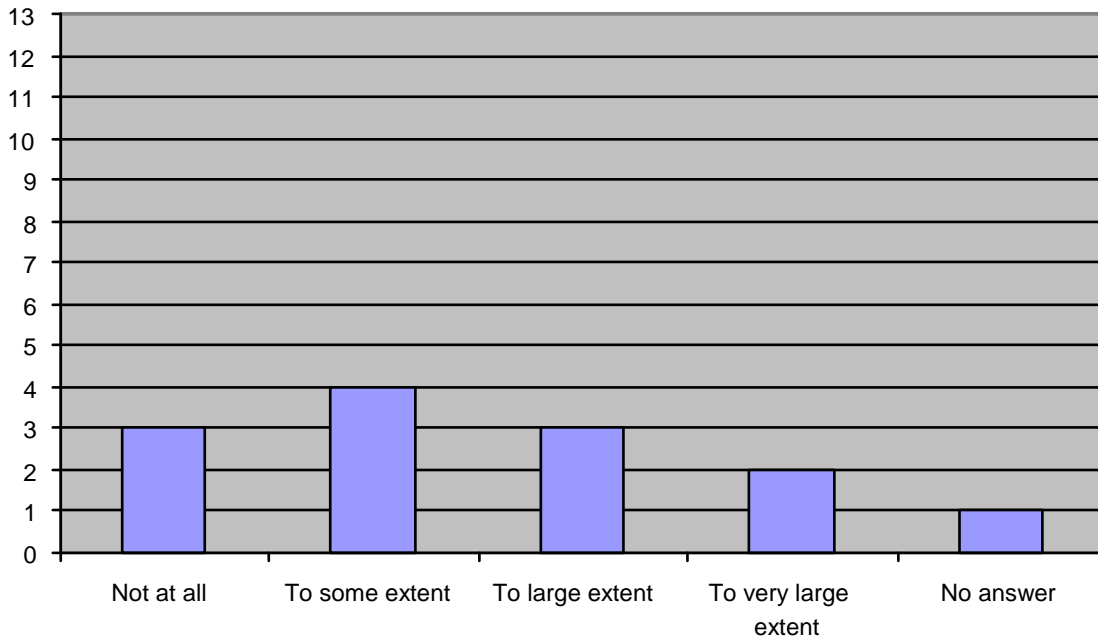
All of the respondents answering the question say that transport supply is a bottleneck in the East West Transport Corridor. What they see is a lack of capacity both on road and rail, lack of truck drivers, lack of commercial thinking in the rail transport industry and too much bureaucracy in authorities and rail sector that decrease the utilisation of transport resources.

Two respondents say this is preventing business, while three respondents say this is causing them to choose other routes.



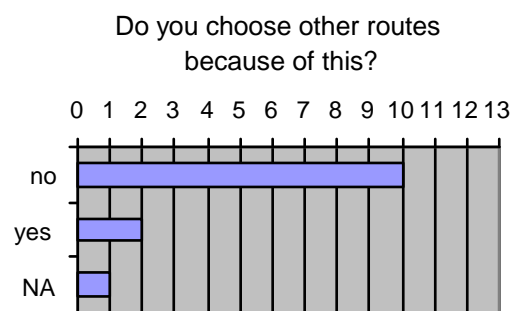
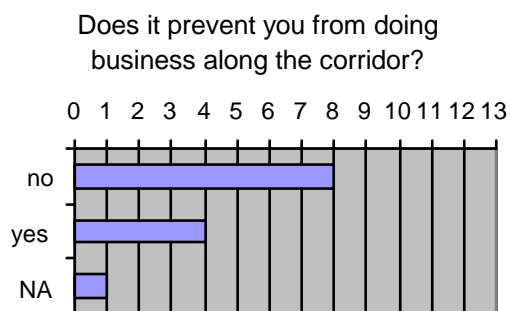
## 6. Cargo handling

Question: Is the handling of cargo along the corridor (e.g. suitable containers, container chassis, trailers, rail wagons, cranes and handling equipment in ports and terminals, etc.) a bottleneck in your operations today?



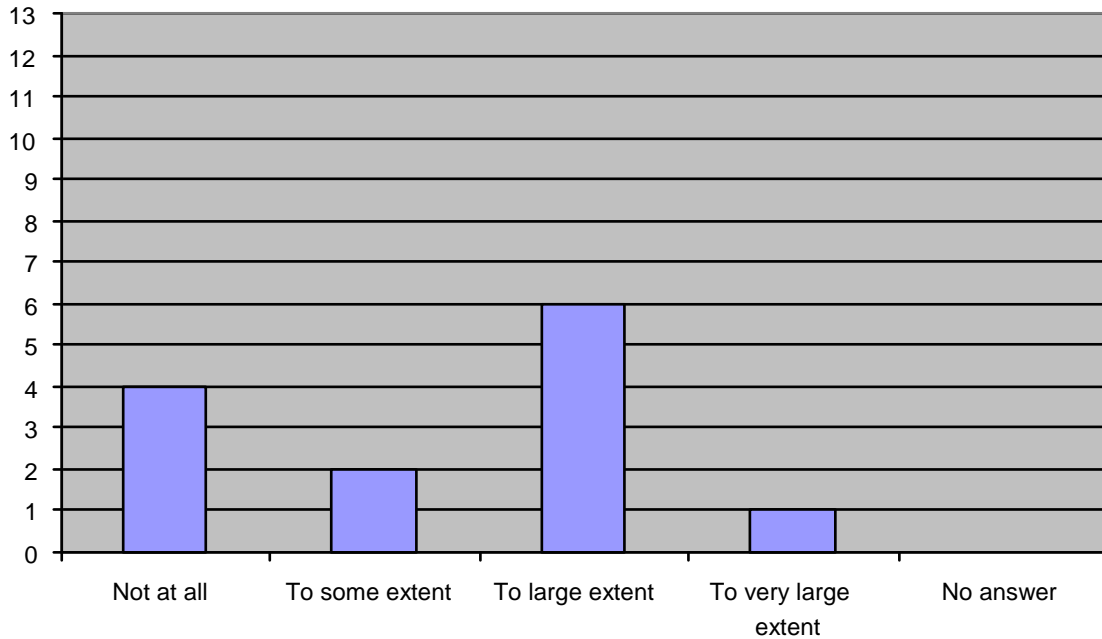
Cargo handling is regarded as a bottleneck by nine of the respondents, while three don't view it that way. The factors that are stressed are mainly focusing on lack of container handling equipment or lack of efficient container transport possibilities.

Four respondents tell us that this does prevent business, and two state that this is causing them to choose other routes.



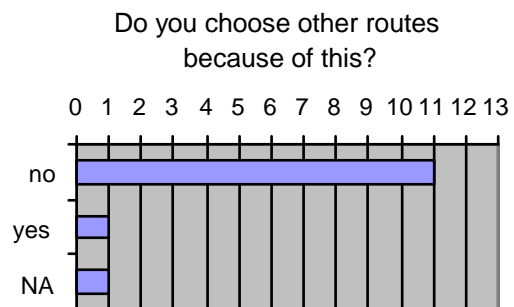
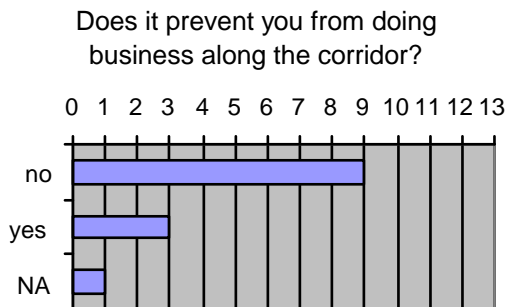
## 7. Customs

Question: Is customs (e.g. border crossings, export/import clearance, documents, bonded zones, bonded transport, etc.) a bottleneck in your operations today?



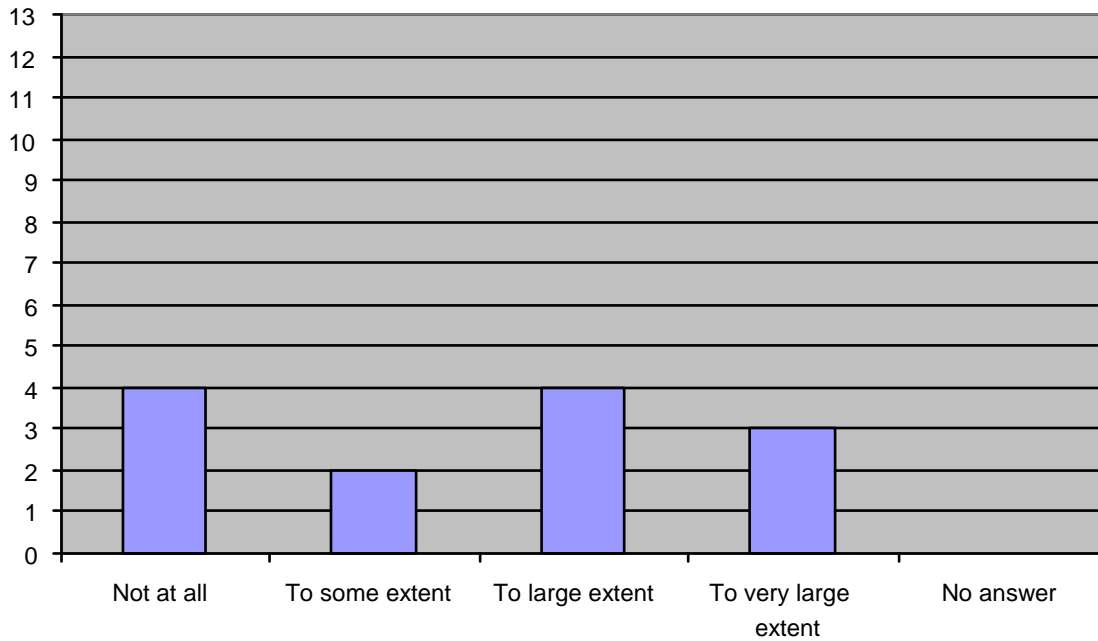
Customs is a bottleneck according to nine of the respondents, while four disagree. Among the factors mentioned were the Russian and to some extent Belarus customs (both border crossing and customs clearance). One respondent argues that both new and ongoing business dealings have been terminated due to inefficient customs authorities.

Even if customs might be a bottleneck in some areas, most of the respondents say that it does not prevent business or force them to choose other routes. However, as one respondent puts it: there are no alternatives if you are doing business in Russia.



## 8. Pricing and tariffs

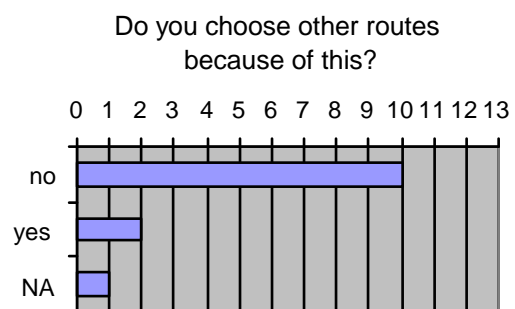
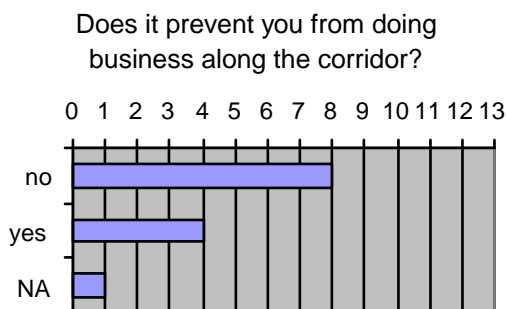
Question: Are pricing and tariffs (e.g. rail tariffs or road taxes) bottlenecks in your operations



today?

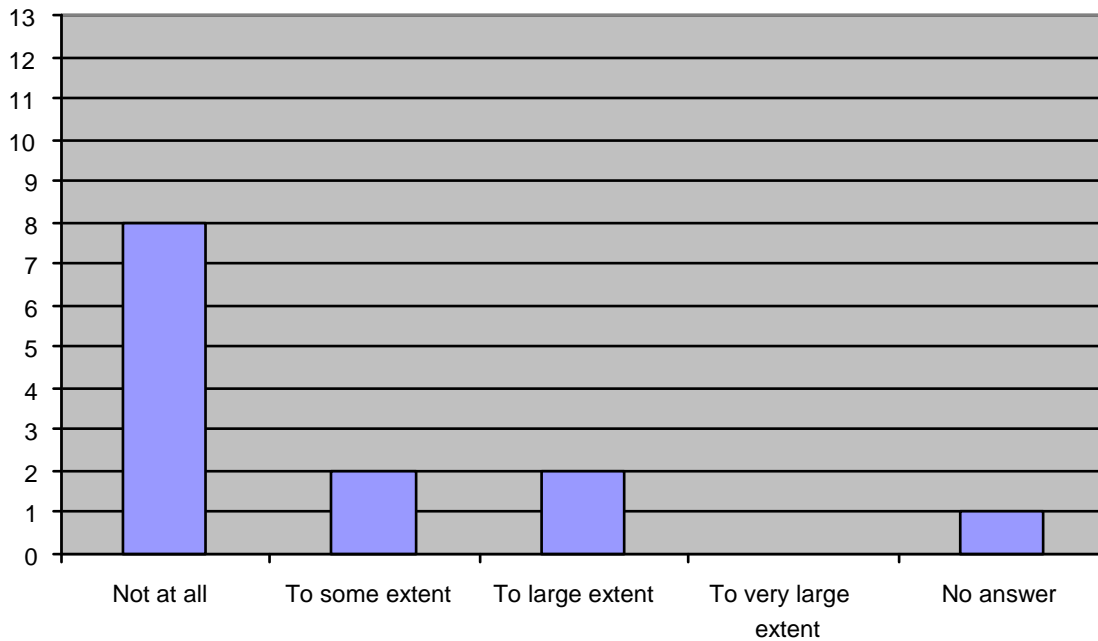
Pricing and tariffs are bottlenecks according to nine of the respondents. The main factors are lack of door-to-door-alternatives, politically decided tariffs causing uncertainty, and high costs for transportation.

Four respondents argue that this is preventing business, while two say that it causes them to choose another route.



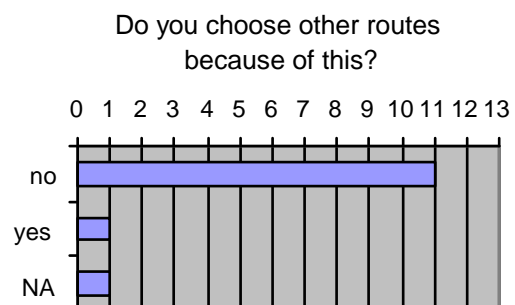
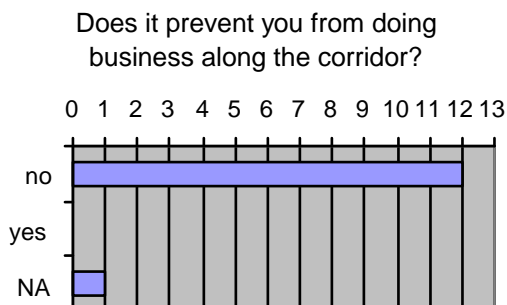
## 9. Receivers

Question: Are the receivers a bottleneck in your operations today (capacity, handling equipment, etc.)?



The receivers along the corridor are not a bottleneck, say eight of the respondents. Four respondents, however, argue that they are and the mentioned factors are lack of handling equipment at the receiving point.

None of the respondents say this prevents them from doing business along the corridor., While only one says that this is a reason why they choose other routes.



## 10. Other bottlenecks

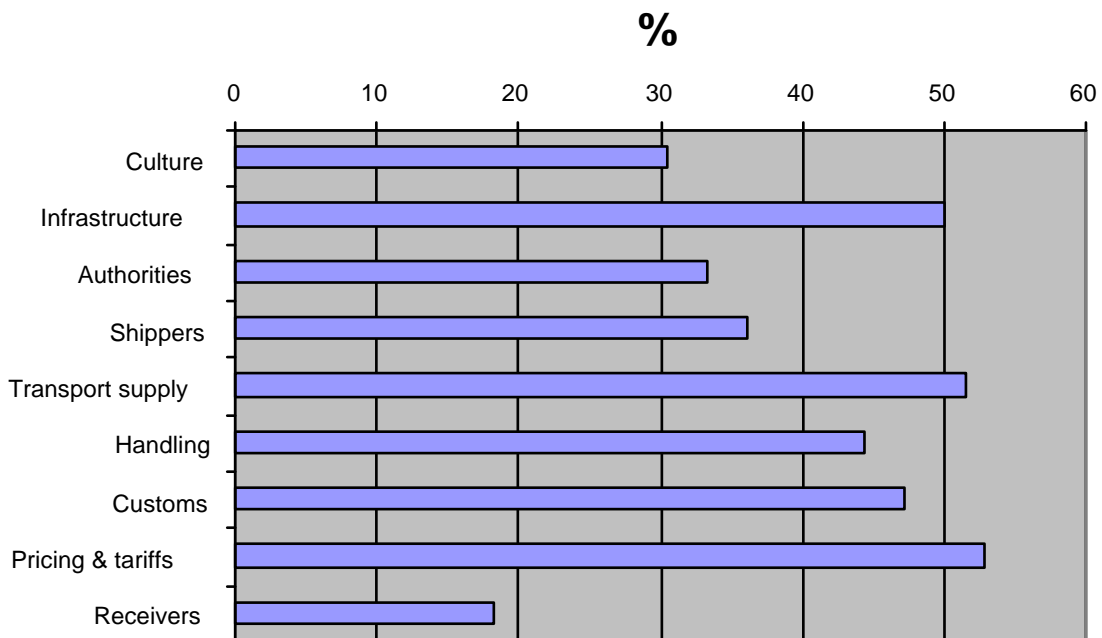
The respondents were given the possibility to name other bottlenecks along the corridor. The ones mentioned are:

- Cultural differences (as addressed in question #1), mentioned by two respondents.
- High demand
- Unbalanced traffic, handling of empty containers

To some extent these factors are preventing business along the corridor, says one of the respondents.

### Overall view of the results

To determine the relative impact of each bottleneck we have calculated the answers as percent of a maximum amount of points. First we have assigned a numerical score to each answer where "not at all" is given zero points, "to some extent" is given one point, "to a large extent" is given two points and the answer "to a very large extent" is given three points. Then the number of respondents to each question is multiplied by three to give a maximum possible amount. The sum of the answers of each question is then divided by the maximum amount giving us the percentage figure showing the strength of each bottleneck. The result is presented in the diagram below.



This shows that three areas end up with 50 or more percent in the Swedish study. These three areas are: Pricing and tariffs, Transport supply and Infrastructure. According to this study these have to be regarded as the major bottlenecks and ought to be highlighted in further, more

detailed studies. Especially if the same areas occur as major bottlenecks in the similar studies done in Denmark and Lithuania.

Two areas reach between 40 and 50%: Customs and Cargo Handling. These might also be worth looking into in a more detailed study.

We can also learn from this study that there are other areas that are functioning well and do not need special attention.

## **Conclusions**

The conclusions are that three areas end up with fifty or more percent in the Swedish study. These three areas are: Pricing and tariffs, Transport supply and Infrastructure. According to this study these have to be regarded as the major bottlenecks and ought to be highlighted in further, more detailed studies. Especially if the same areas occur as major bottlenecks in Danish and the Lithuanian studies.

Two areas reach between 40 and 50%: Customs and Cargo Handling. These might also be worth looking into in a more detailed study.

We can also learn from this study that there are other areas that are functioning well and do not need special attention for the moment. The efforts should be focusing on the areas where most benefits could be gained.

Recycling is a key word with both economical and environmental importance.



