

Analysis of the Prospects of Cooperation in the Transport Industry of the Asian Region and the Baltic States

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Abstract: In the represented article, the author, referring to the sustainable development goals 2030, put forward by the United Nations, shows the possibilities for cooperation between the Baltic states and Asian countries. The main focus of the author is on Asian countries: the People's Republic of China, Hong Kong, Taiwan, Singapore, South Korea, and Japan. The article analyzes the export–import operations of Asian and the Baltic states. The role of the transport industry in the gross domestic product of the Baltic States is shown and the indicators of SMEs in transport are examined: the number of employees, the number of registered enterprises and their turnover.

1. Introduction

The need to strengthen the relationship between Asian and European countries is determined by the Resolution adopted by the General Assembly in September 2015. The United Nations at the General Assembly *adopts one of the most important documents* of the United Nations Summit: Transformation of our world: The Agenda for Sustainable Development for the period up to 2030. In this document, seventeen goals in the field of sustainable development of the world have been developed and 169 objectives, which are announced as the future development program of the countries of the world. New goals and objectives entered into force on January 1st, 2016, and for the next 15 years, they will be guided by them when making decisions.

Thus, one of the most important sustainable development goals set by the UN is – “We are firmly resolved to achieve the sustainable development in its three components - economic, social and environmental - in a balanced and integrated way. We are also firmly resolved to create the conditions for sustainable, inclusive and sustained economic growth, common prosperity and decent work for all, taking into account different levels of national development and opportunities....”.

Evaluating the given goals of the UN, we can say that the increase in trade relations between countries will contribute to the increase of the understanding between states, improve the economic situation of countries that leads to fulfillment of the main goal in the economy – an increase in well – being of its citizens and sustainable development of the world economy as a whole [1].

2. Economic Characteristics of the Baltic States

Undoubtedly, existing theories of trade, including the theory of similarity of countries, first put forward by the Swedish scientist Staffan Burenstam Linder[2], the new economic geography described by Paul Krugman [3] about the impact of the country's scale on international trade show that the greatest effect in trade between those countries that are in territorial proximity, have a common culture and of course, the priority in trade is given to countries with a larger territory (economies of scale) or number of population. Indeed, the Baltic States are inferior to Asian countries in terms of the number of inhabitants and population density (See Table 1).

Table 1 Analysis of The Economic Indicators of the Baltic States, Developed by the Author [4],[5], [6]

Indicators	Estonia	Latvia	Lithuania
Number of inhabitants, 2018 mil	1,32	1,93	2,81
Number of inhabitants per 1 km ²	45 227 km ² ; 28people/km ²	64 589 km ² ; 29,95 people/km ²	65 300 km ² ; 43 people/km ²
The length of the coastline	3794 km	498 km	99 km
GDP per capita, USD	18977.39	15 553,33	16 793,25

As you can see from the economic indicators characterizing the territories, Estonia is a very sparsely populated country, but with the highest GDP per capita among the Baltic States, the second place according to the specified indicators belongs to Lithuania and the last one to Latvia.

Important for the development of transport is the existence of such a factor as the coastline of the state, which allows providing with the construction of ports and implementation of freight and passenger traffic. The longest coastline in Estonia is 3794 km, in Latvia is 498 km and Lithuania is 99 km.

Indeed, the main flow of export-import operations in the Baltic States (Estonia, Latvia, and Lithuania) belongs to the EU countries, about 70-80%.

3. Analysis of Export-Import Operations of the Baltic States and Countries of the Asian Region

In recent years, an important role is played by Asian countries. In economic literature from recent times, the countries of South-East Asia: Taiwan, Hong Kong, Singapore, and South Korea are called the new Asian tigers, bearing in mind that Japan and PRC are recognized leaders in the global economy. In our opinion, it is interesting to carry out the analysis of the level of their import-export operations with the Baltic States. In the analysis, we included also Japan and the People's Republic of China, leaders not only in the countries of the Asian region, but in the world economy.

Thus, let's carry out the analysis of the trade relations between the Baltic States and the leaders of the trade in the Asian region (Table 2).

Table 2 Analysis of Export–Import Operations of Asian Countries with the Baltic States in Usd, Made by the Author, 2017[4], [5], [6]

Country	Estonia		Latvia		Lithuania	
	import	Export	import	Export	import	Export
China	1,47 B	248,47 M	439,89 M	42,63M	929,4 M	203.01M
Hong Kong	6,77 M	26,16 M	15, 82M	29,9 M	18,55M	38,44 M
Japan	258,38 M	79,65 M	22,3 M	50,5	43,73M	133,73 M
SouthKorea	-	73,88 M	25,71M	61,8	204,68M	93,53 M
Singapore	10,99 M	60,04 M	10,76 M	16,8	2,06M	216,00 M
Taiwan	nd	nd	83,47 M	5,2	nd	nd
Total	14546,17	14428,9 M	15832 M	11 647M	32328,1M	27330,0 M

B- billion, M – million, ND – no data

Thus, as you can see from represented analysis, in the total volume of import operations, imports of the countries examined in 2017 in Estonia is 3%, in Latvia and Lithuania the share of the countries of “Asian tigers“ was 4%.

The data in the table show that PRC is the leader in import operations in the Baltic States. Japan actively cooperates with Estonia – where the share of imports in 2017 was the highest among the Baltic States, in Latvia the second place terms of volume of imports belongs to Taiwan, but in Lithuania–South Korea.

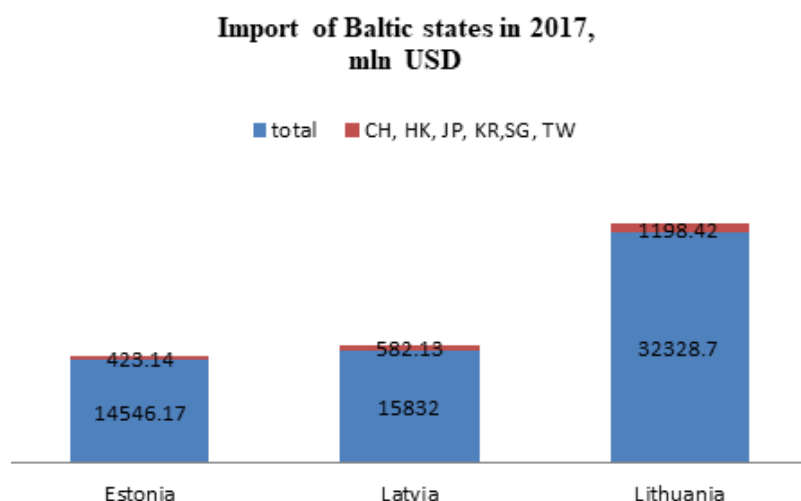


Fig.1 The Calculation of the Share of Imports of the Prc, Hong Kong, Taiwan, Singapore, South Korea, Japan in Total Imports of the Baltic States in 2017, Calculated by the Author.

In the Baltic States, both in import and export operations in 2017 PRC plays the leading role, in second place in Estonia in terms of exports from the analyzed countries belongs to Japan, in Latvia - to South Korea and in Lithuania - to Singapore.

As indicated by the author in Table1, taking into account the peculiarities of the region of the Baltic States- its population, territory, this market could be interesting for small and medium-sized enterprises. However, in our opinion, the potential for further development lies in the strengthening of cooperation in the field of transport, where due to access to the sea, has maritime transport, rail and air transport are developing in countries.

Let's carry out the analysis of the Baltic States in the development of the transport industry.

Table 3 Analysis of Indicators of the Transport Industry of the Baltic States, Made by the Author, 2017 [4], [5], [6], [7]

Indicators	Estonia	Latvia	Lithuania
Share of transport in GDP,%	10,0%	8,3	11,6
Cargo Air Transportation, million, t- km	0	2,5	0,5
Passenger Air Transportation, people	13103	3441024	1069268
Cargo transportation by rail transport, million, t-km	4 807	9 971	15414
Passenger traffic by rail transport, million passengers-km	237,0	42,3	396
Cargo transportation by maritime transport, thousand tons (2018)	33240	61540	51 170
<i>Number of employees in the transport industry, people 2016</i>			
1-9	10908	13 090	19 900
10-19	4479	7 532	-
20-49	6089	9 612	16986
50- 249	8918	13 387	26054
<i>Number of companies in the transport industry</i>			
1-9	4394	3372	4720
10-19	342	528	-
20-49	209	345	560
50- 249	91	123	276
<i>Net sales, thousand euro</i>			
1-9	1332687	867 252	1360000
10-19	531984	678 711	-
20-49	651508	909 347	1368200
50- 249	1002259	1 010 633	2016800

4. Conclusions

Thus, the carried out analysis showed that the leader of the Baltic States in air transportations and maritime freight transportations is Latvia, the most freight is carried on rail transport in Lithuania – 15414million, t-km. A large role in the transport industry of the region is assigned to small and medium-sized enterprises – where 5036 companies are registered in Estonia, in Latvia- 4368 and in Lithuania– 5556. The number of employees is 30394 people in Estonia, 43621people in Latvia and 62940respectively in Lithuania. Thus, the participation of Asian SMEs companies in the transport industry of the Baltic States can create a new economic platform for the sustainable development of states.

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