





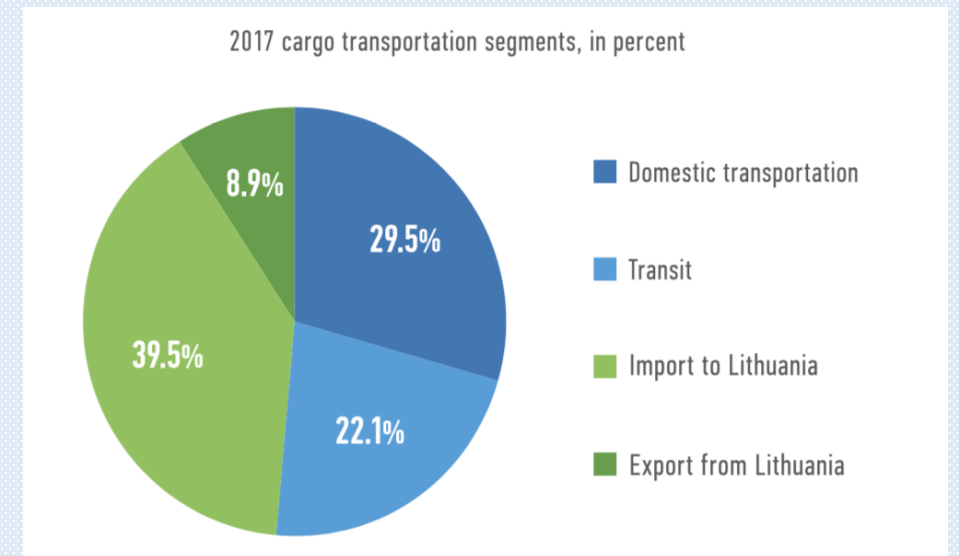
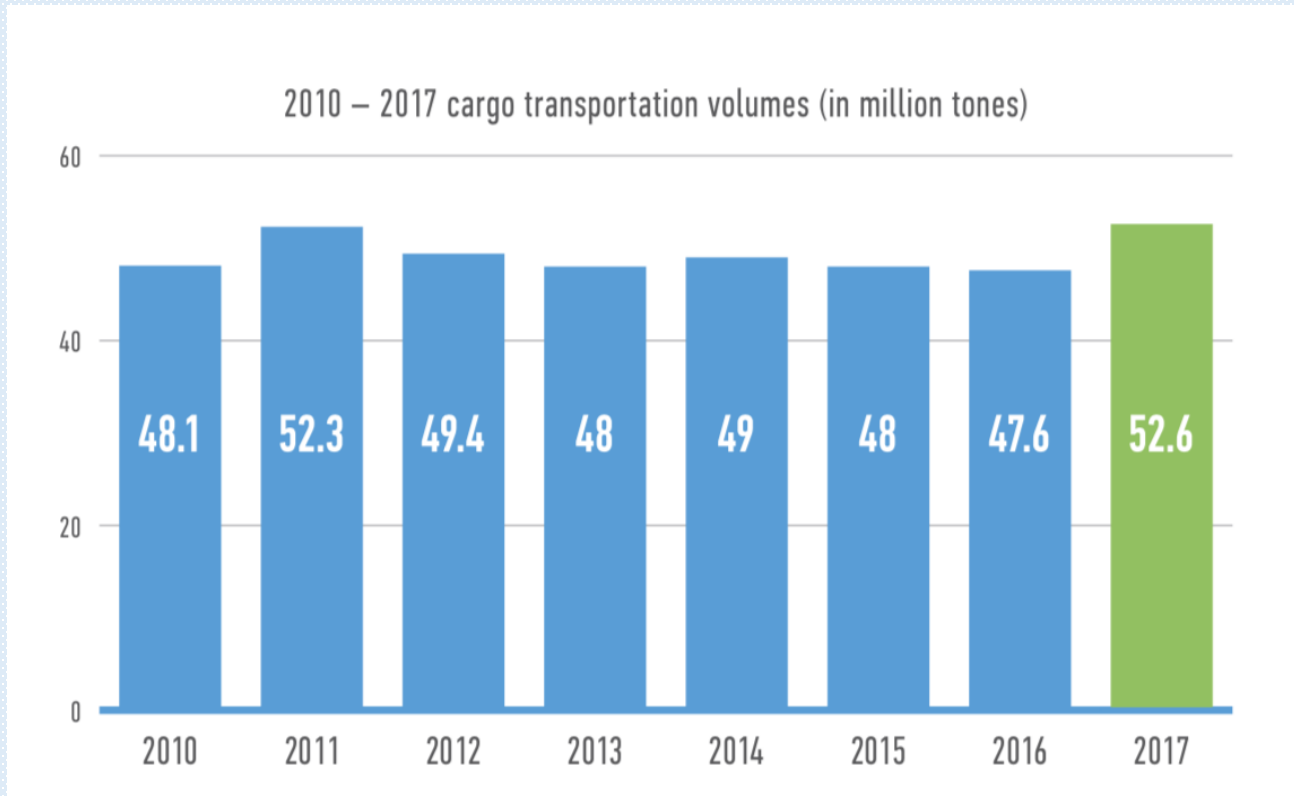
GARGŽDŲ GELEŽINKELIS
UŽDAROJI AKCINĖ BENDROVĖ

GG

Infrastructure:
1520 mm – 1796 km
1435 mm – 115 km



Railway freight volume in Lithuania



Licenses and safety certificates for railway activity approved by Lithuanian transport safety administration

Licenses:

9 companies have licenses for international or/and domestic rail freight services.*

Safety certificates:

11 companies have safety certificates.

Including: Rail Poslak SP.z o.o, PKP Cargo S.A, OOO "LDZ Cargo"*

* Source: Lithuanian transport safety administration, March 2019

Competition in railway freight in Lithuania



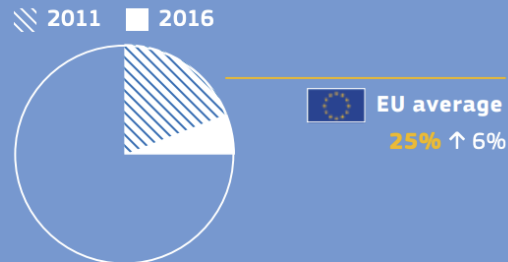
Both passenger and freight markets are increasingly competitive

5/8

European rail market developments 2011 - 2016

Passenger market opening

Market shares of competitors in national markets



3 countries with highest competitors market share

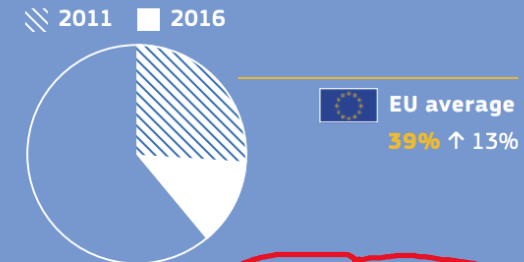


Countries reporting 0% competitors market share

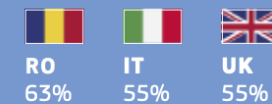


Freight market opening

Market shares of competitors in national markets



3 countries with highest competitors market share

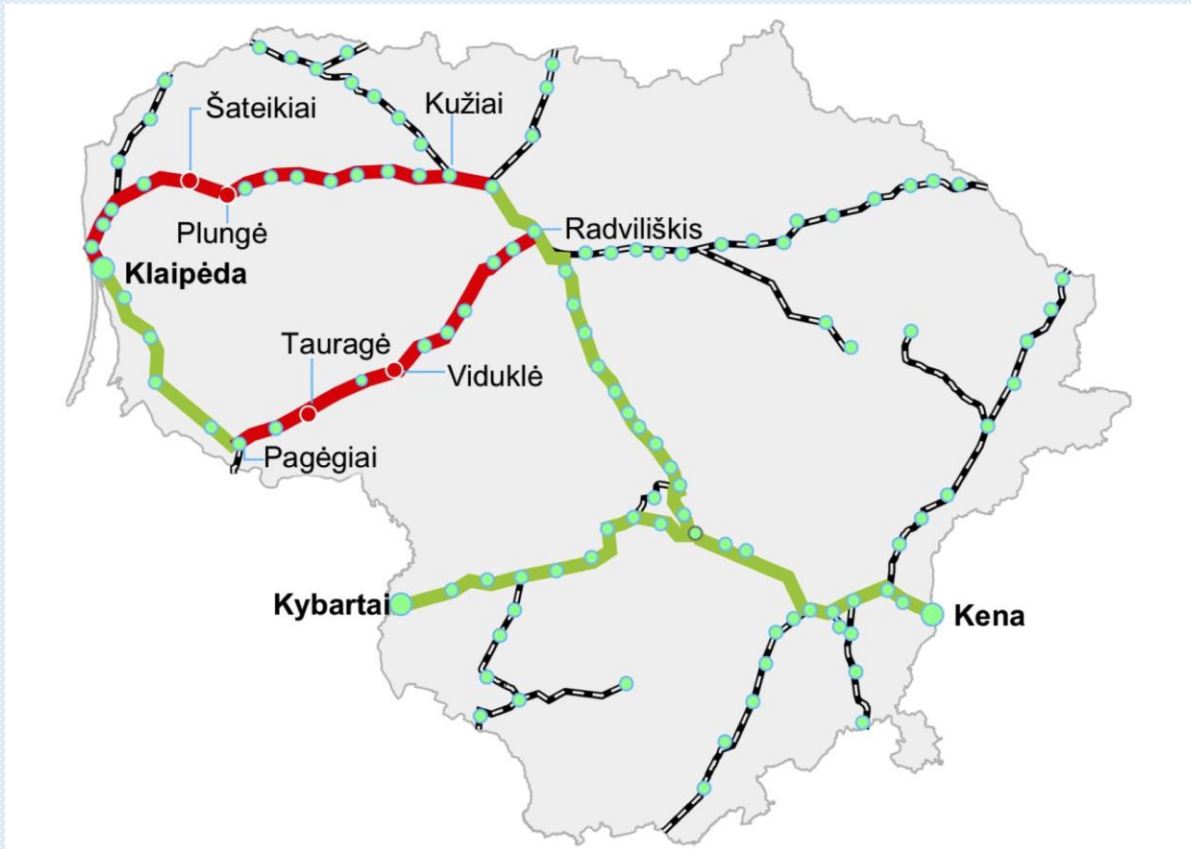


Countries reporting 0% competitors market share



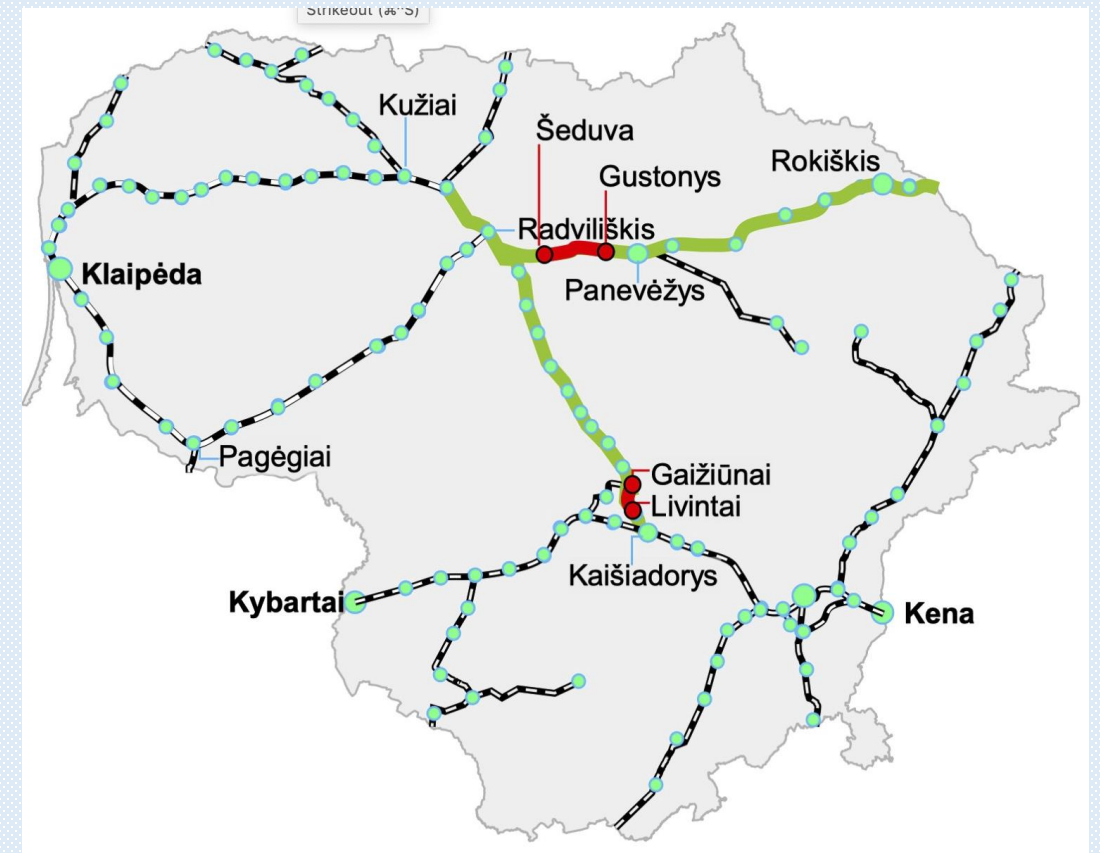
Overcrowded infrastructure

2017-2018 timetable



2018-2019 timetable

(on top of 2017-2018 timetable routes)



Regulations on Allocation of Public Railway Infrastructure Capacity

Resolution No. 611 of the Government of the Republic of Lithuania of 19 May 2004

Priorities in overcrowded infrastructure

2017 / 2018 timetable:

- Row I - used for more days for international passenger train;
- Row II - more trains along the route.

2018 / 2019 timetable:

- Row I - for passenger and baggage on international routes;
- Row II - for passengers, baggage on local routes;
- Row III - more days along the route;
- Row IV - more trains along the route.

Summary of Management of the public railway infrastructure

National Audit Office of Lithuania, 12 December 2018

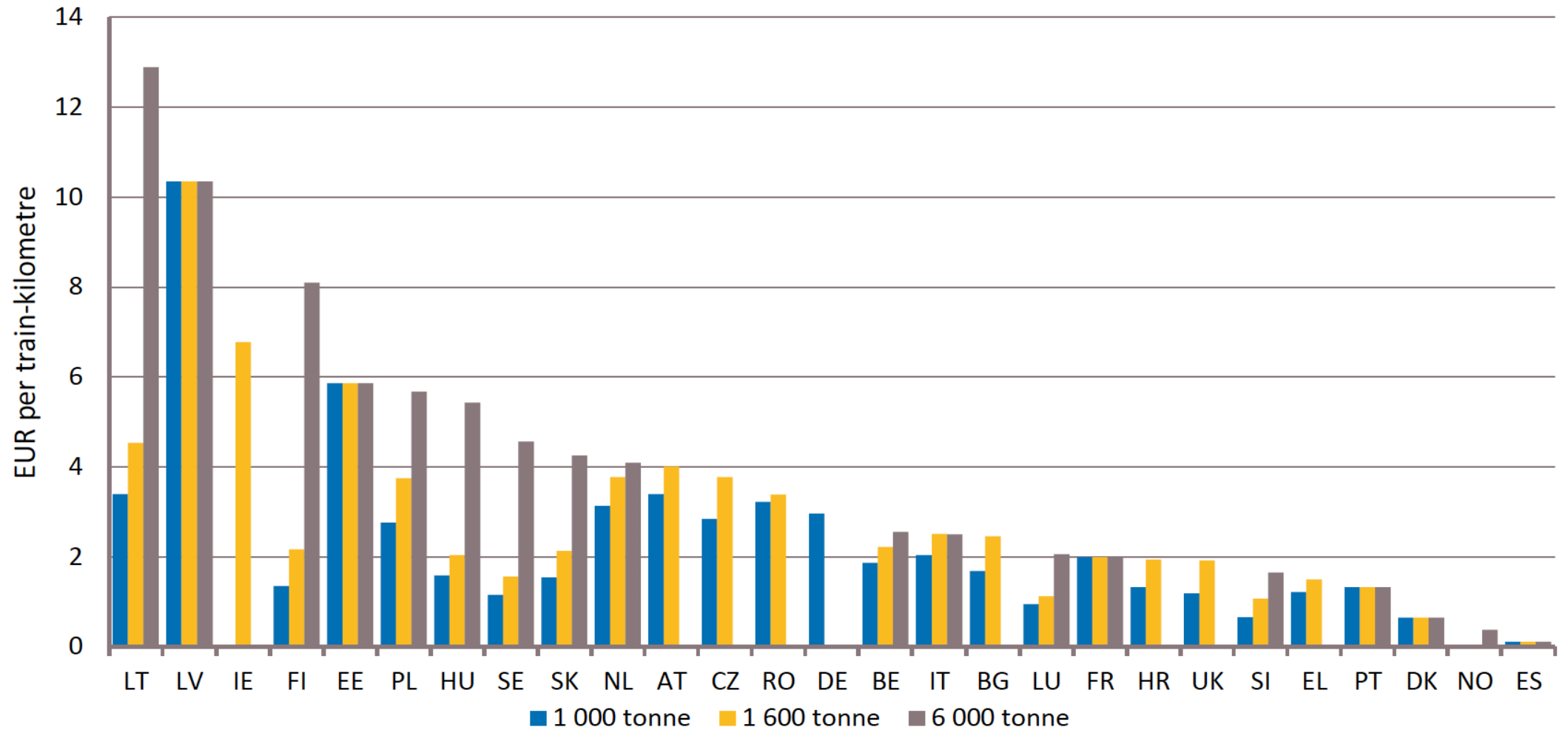
Shortcomings in the use of the capacities of the public railway infrastructure

The Passenger and Freight Transportation Directorates (carriers) of **JSC Lithuanian Railways receive preferential treatment in terms of the opportunities for using the public railway infrastructure**, because even though said Directorates **do not pay any mandatory advance** for the rights to use the aforementioned infrastructure, **their rights to such use remain unaffected**.

Due to the specifics of the organization and implementation of railway transportation, **carriers fails to implement 39 percent of planned trips each month on average**. For this reason, the manager of the public railway infrastructure fails to receive some of the planned income, because the current system designed for the allocation and use of capacities allows carriers to not only reserve planned capacities, but also to retain them even if the respective trips do not take place. The failure to ensure the control of both assigned and actually used capacities prevents other carriers from engaging capacities which are not in use.

Infrastructure access charges

Figure 44: Access charges (excluding mark-ups): freight train by type by country, 2016



- Source: European Commission, Sixth report on monitoring development of the rail market

Communication regarding Infrastructure access charges

ERFA letter to Regulatory Body (RRT) in Lithuania, 4 December 2017

1. ... there are concerns regarding a lack of transparency in the way track access charges are set.
2. ... we are concerned to hear that track access charges are increasing in Lithuania and would be keen to understand how this is in line with EU Directive ...
3. ... we are also concerned about how infrastructure mark-ups are calculated in Lithuania.

Regulatory Body (RRT) answer, 02 February 2018

.... RRT also plans to request IM for explanations and clarification of pricing information on regulated services, cost accounting, accounting separation. On the basis of the information received, ...

... According to the lack of information, RRT currently cannot provide information how infrastructure mark-ups are calculated in Lithuania as well.

Pricing policy for Rail freight service and Infrastructure access charges

Route	Rail freight tariff*	Infrastructure access charges
Rokiškis – Klaipėda (353 km)	EUR 4,68 /t	EUR 7,59 /t
Kena – Klaipėda (422 km)	EUR 6,44 /t	EUR 9,08 /t

Commodity: oil, RID

* According AB Lietuvos gelezinkeliai tariff book, 2019

SUMMARY:

- Overcrowded infrastructure with regular fails to implement planned routs.
- Unfair priorities set in Regulations on Allocation of Public Railway Infrastructure Capacity.
- Lack of communication with Regulatory Body.
- Highest infrastructure access charges in EU.