

LATVIA

The sector of international road transport in Latvia, which represents more than 3 thousand companies with almost 12 thousand trucks, 20 thousand employees, currently is in a crisis situation. Demand for goods decreased, customers delay payments and many transport companies have a catastrophic deficiency of current assets.

As a result, transport companies cannot satisfy their payment obligations to banks, the leasing companies, the suppliers of fuel and services in due time. Many firms are on the verge of bankruptcy.

Of the almost 12 thousand trucks operated by international road carriers, half, i.e. 6 thousand trucks have been bought on credit or are leased. In accordance with information given by the Latvian Association of Leasing Companies, the total portfolio of leasing of in the field of commercial transport amounts to 354 million Lats, of which in international transport approximately 240 million Lats, of which 86 million Lats are on delayed payments or a repayment holiday has been provided. These amounts are increasing.

According to data presented by road carriers, in January 2009 traffic volume was reduced to 50% and a similar situation has been observed also in February. Road carriers are forced to reduce their activity, lay off their truck-fleet, dismiss or send drivers on unpaid holiday for an uncertain period.

The number of TIR carnets issued by Latvijas Auto in January and February 2009 decreased by 50% in comparison with the similar period in 2008. The dramatic drop of commercial road transport volumes in Latvia started in the 4th Quarter of 2008: the international traffic volume in this period decreased by 17%, the export volume by 16% and the import volume by 19% in comparison with the identical period of the previous year. Throughout 2008, international road transport decreased by 1.1% in comparison with the previous year.

A particularly difficult situation has developed in the Latgale region (Eastern part of Latvia), where road haulage and connected services are the only source of subsistence for many people and this situation creates significant social tensions.

The Association Latvijas Auto considers that the sector of international road transport in Latvia is in the emergency situation (*force major*), which Latvian carriers alone, even with the best intentions, cannot affect or overcome. In order to face the crisis and protect the road transport sector, transport operators need the help and support of the national government and international organisations.