LABOR MARKET BRIEFINGS SERIES

LABOR MARKET INFORMATION FOR RESEARCHERS

THE TRANSPORT & STORAGE SECTOR IN EUROPE
As part of the Labor Market Briefings Series, this report will give an overview of the Transport sector specifically in Europe and how European researchers can begin making their career in the sector. While providing a general overview of the Transport & Storage sector, this report will focus on the Transport & Storage sector in three European countries: Latvia, Lithuania, and Poland, as all three countries boast significant Transport & Storage sectors.

It should be noted that this is a general overview of the Transport & Storage sector and does not seek to give specific information, rather a glimpse of the sector.
The Transport & Storage sector is one of Europe’s largest and most prominent economic sectors. While often overlooked for more recognizable sectors such as finance or manufacturing the transport sector permeates the lives of almost every European daily and is necessary for the successful operation of almost every other economic sector. It is estimated that the mobility sector, of which Transport & Storage is a significant part, is the largest single economic sector in the world. It is hard to give a precise definition of what the Transport & Storage sector is, but it includes such industries as passenger and cargo transport, tourism transport, and warehousing and goods storage. All companies within the sector use either transportation equipment or transportation related facilities as a productive asset. Whether it is from food storage, work commutes, or any other number of services most Europeans encounter the Transport sector daily. The average EU citizen spends almost 10 hours per week using transport, travels an average distance of 34.7 km per day, and spend 13% of their total consumption on transport. It is therefore no surprise that the sector is amongst the fastest growing in Europe. Demand for the sector is skyrocketing and doesn't look to be diminishing in the near future. With predictions stating that between 2010 and 2050 the sector will have grown by 42%, with the freight transport sub-sector growing by 60% alone.

While the sector is trending towards massive growth, it is still currently a sizable economic sector. Estimates put the value of the sector north of €200bl. The sector employs over 11 million Europeans accounting for more than 5% of total employment. Additionally, the sector accounts for 5% of the EU’s GDP and comprises more than 20% of Europe’s exports with its main trade partners.
Latvia:

Since Latvia became an independent country the country has put significant emphasis on growing the country’s Transport & Storage sector. Latvia since historic times has benefited from its position as a transport hub in between the Scandinavian countries, Russia and China in the Far East, and Europe. When Latvia became a member of the EU the country’s position became even stronger as they gained access to the European market and to border-free Schengen. In recent years the country has invested significantly in improving its railway, port, and road infrastructure. These investments have paid off as the sector accounts for 9.5% of the country’s GDP.

While Latvia’s Baltic neighbors also boast significant Transport & Storage sectors, their sectors are focused mainly on road and rail transport, whereas Latvia has a more diversified sector. Latvia does boast significant rail and road infrastructure, but it also boasts strong port and air transport infrastructure. As a result, Latvia has the largest and busiest air and seaports in the Baltics, as well as the main airport in the region.

Due to the factors mentioned above the sector in Latvia has been on a path of tremendous growth. Since its inclusion into the EU the sector has been steadily growing, even despite economic hardships in recent years. The growth rate has been sitting at around 3.2% and Latvia recent participation in the One Belt, One Road initiative will most likely ensure that growth continues due to boosts to the sector from increased trade with China. Almost 8% of Latvia’s employees are engaged in the transportation and servicing of transit cargo alone, with the sector employing a significantly larger share of the Latvian employment pool. Over, 75,200 Latvians are employed by the sector and the percentage of Latvians employed in the sector has seen unimpeded growth since the country’s inclusion in the Union.

Lithuania:

Similarly, to Latvia, Lithuania boasts a strong Transport and Storage sector. While not yet on the level of France, Germany, or the UK the Lithuanian Transport Storage sector is one of the fastest growing in Europe. Evidenced by the sector’s climb to 29th globally. Much like Latvia, Lithuania is boosted by its strategic location for Transport and Storage services. Its location as a meeting point between Western Europe, the Nordic Countries, Russia, and the CIS plays is a huge boon to the sector. It’s access to the EU and the Schengen Area and its proximity to Russia and the CIS ensures that it is a stopover on almost all trade between the regions.

Both Latvia and Lithuania like to claim that they have the stronger Transport & Storage sector the truth is both are quite strong. Though Lithuania boasts better road and rail transport infrastructure and Latvia boasts better sea and air transport infrastructure. The Lithuania road system is 21,000-kilometer-long, which is by far the most extensive in the region. In addition, Lithuania is part of the Chinese One Belt, One Road initiative and already engages in significant transport and storage trade with China. Once the initiative is completed it will cement Lithuania’s role as a gateway to Europe and undoubtedly boost the sector.

The Transport and Storage sector accounts for over 12.3% of Lithuania’s GDP by far the largest percentage in the EU. The sector employs over 106 thousand workers which equal about 11.4 percent of total employment in the country. Furthermore, the sector boasts 7,584 companies with 99.4 percent of them being SMEs. The turnover from the transport and logistics sector is valued at over €7.48bl. Lithuania’s transport services are exported to over 110 countries around the world. Interestingly, most of the sector’s services and exports are geared towards the Russian market (15%) with Germany second (12%).
In terms of sub-sectors, the road transport sub-sector is by far the strongest (due to the countries strong road infrastructure) and accounts for almost 60% of the sector’s revenue. Overall, Lithuania boasts and strong transport & storage sector, its strategic location, good infrastructure, and joint work with Russia and China will ensure that it will continue having one of Europe’s fastest growing and strongest Transport and Storage sectors.

**Poland**

Much like in Latvia and Lithuania the Polish Transport & Storage sector is boosted by the countries strategic location. Poland has the most advanced transport and storage infrastructure in central Europe and enjoys a prime location right in the middle of Europe, as such many companies look to either transport their goods through Poland or to use Poland as a storage stopover before further shipments. Since its joining of the EU Poland has dominated the road and freight transport market in Europe, by aggressively promoting itself as Europe’s transporter. The polish Transport & Storage has been identified as a strategic European sector of the future and as such the European Union is set to invest €23.8bl in the sector over the next few years. The sector is currently the seventh largest in the EU and after significant Polish and European investments it will look to move even higher.

Estimates put the value of the Polish Transport & Storage sector north of $56.9bl and estimate its turnover at over €43.976ml annually. Some 140,000 Transport & Storage companies employ over 733,300 Poles making it one of Poland’s most significant employment sectors.

The Polish sector is dominated by Road transport sub-sector which accounts for almost 80% of the sector. While Poland does boast significant Air and Road transport infrastructure they are secondary to Polish road transport. Though it should be noted that in recent years Poland has become a hub for storage and transport processing specifically in the Mazowiecki region. Multi-nationals such as Amazon, Samsung, and P&G have established storage and processing facilities in the country in order to capitalize on Poland as a strategic storage hub. Overall, Poland boasts a substantial Transport & Storage sector that only looks to be growing in the near future.
As mentioned earlier the Transport & Storage sector employs over eleven million Europeans, accounting for over 5% of total employment in Europe, and represents 5% of GDP. The global population is growing dramatically directly leading to increased global demand for transport & storage services. As such, the sector is expanding at a rapid pace which has directly led to the need for a large influx of employees/workers into the sector. In recent years the sector has been unable to find enough new workers and employees. Which can be attributed to two main factors, the first being that the European population is aging, therefore, the sector’s workforce is aging in addition to the fact that the number of potential new workers/employees who would potentially seek employment in the sector is diminishing. This coupled with the second factor, that the sector has a negative perception of European youth. Like other economic sectors, European youth see the sector as menial, especially highly-educated youth. Furthermore, the sector’s environmental impact has not helped promote its image to European employees. Employment in the sector is indisputably expanding but to find new workers/employees the sector will need to tap into new employment pools such as immigrants or rebrand itself to become more palatable to potential employees. Despite all this, those who seek a job in the sector can almost undoubtedly find one.

In terms of enterprises that operate within the sector, much of the operations and services provided by the sector require assets of scale for example postal services and rail transport services. As such only large enterprises have access to these assets leading to their domination of the sector. Though there are a large number of small to medium-sized enterprises in the sector, especially in the road transport subsector, these enterprises are still dominated by larger enterprises.

Here are some examples of major transport & storage enterprises in the countries examined above:

**Latvia**
Air Baltic, LDZ Cargo, and Latvijas Dzelzceļs.

**Lithuania**
Girteka Logistics, Vlantana, and the AD REM group.

**Poland**
the PKP group, LOT Polish Airlines, and Polsteam.
Potential jobs are abundant in the transport & storage sector, but not necessarily for researchers. That’s not to say jobs for researchers don’t exist but they do not exist in the same quantities as they do in other economic sectors. Researchers can be found in two main places in the sector, in R&D and in planning/logistical centers. Like most modern enterprises, European transport & storage companies need substantial R&D centers. The demand for Transport & Storage services is skyrocketing and enterprises need to figure out how to meet demand with limited assets. To do this, they need R&D centers to help innovate and improve their assets in order to increase productivity and to meet market demands. As such, Science and Engineering are at a premium in these R&D centers. These degrees are needed to help improve the sectors transport fleets and to help update its infrastructure. The sector is one of Europe’s largest polluters and therefore it is being forced to reform its environmental impact. In order to effectively do this the sector requires a large number of engineers and scientists but more specifically sustainability experts, ecologists, and environmental experts. These reforms are often done through R&D centers, but some enterprises do it through specific environmental departments. The other part of the sector where researchers can be found is the logistics and data centers which process and run many of the enterprises daily activities. These are mainly found in large enterprises, as small and medium enterprises don’t require such centers. These centers run massively complex operations therefore they require highly educated/trained data scientists as well as IT and logistics experts to operate successfully.

The skills/attributes most sought after in the Transport & Storage sector are communication skills, the ability to be mobile, organizational/strategic planning skills, flexibility, and most importantly practical problem-solving ability. Within the coming years due to the sectors growth and reforms innovation and adaptability are becoming increasingly in demand.
Overall, the Transport & Storage sector is one of the largest and fastest growing economic sectors in Europe. As the world population continues to grow the sector will increasingly need to meet greater demand for its services than ever before. Radical changes are occurring in the sector especially regarding emissions and the sectors environmental impact. Latvia, Lithuania, and Poland all boast large sectors which are growing extremely quickly due to the countries prime geographical locations. The sector increasingly needs an influx of employees to fill its positions and as such an abundance of employment opportunities are available in the sector. But in order to fill its employment demands the sector must change its perception by European youth and immigrants especially as the European demographics become skewed to the older generations. Researchers can find a home in the sector specifically in the R&D centers (of which the sector boasts quite a few) and data & logistics centers in large enterprises in the sector. Those looking for a career can do well by considering the Transport & Storage sector.

Other useful sources of information and links

Europe on the move-

Transport & Storage in Latvia-
Transportation in Latvia-
https://ac.els-cdn.com/S1877705817300565-main.pdf?_tid=d712588a-d907-11e7-8c97-00000aab0f26&acdnat=1512401515_2e012c7fa1e833f03754d041bc5fb732

Lithuania Transport & Storage-

Polish transport-

Transportation & logistics 2030-

Role for Researchers in Transport & Storage-