

ECONOMY OF MARIJAMPOLĖ COUNTY

According to the level of economic development, Marijampolė county considerably lags behind the national average. Marijampolė county produced 3.2 % of county gross domestic product (GDP). GDP per capita, on average, in the county made LTL 17.5 thousand, which is by 39.7 % less than the national average in 2007. According GDP per capita, Marijampolė county may be classified under the weakest ones (a lower indicator was recorded only for Tauragė county).

As much as 55 % of the county's gross value added (GVA) is generated by the service sector (national average – 62.7 %), industry and construction – just 30.9 % (national average – 32.8 %). In agriculture, forestry and fishing, as much as 14.1 % of county's GVA is generated (while the national average – just 4.5 %). The county has deep-rooted agricultural production processing industry traditions. Agriculture is the main branch of the county's economy (almost half of the county's population live in rural areas), which conditioned domination of activities generating a low value added and not requiring high qualification of employees.

The improving economic situation has been demonstrated by the growth in the profits tax paid by the county's enterprises. In 2007, the enterprises of Marijampolė county paid LTL 26.9 million of the profits tax, which is by 27 % more than in 2006. The most considerable growth in the amount of the profits tax paid was recorded in Marijampolė municipality, where in 2007, against 2006, profits tax increased by 63.6 %. The highest amounts of the profits tax in Marijampolė county in 2007 were paid by transport, storage and communication and construction enterprises. The amount of the social tax paid in 2007 made LTL 6.9 million.

Profits tax paid, 2004–2007

LTL thousand

	2004	2005	2006	2007
Marijampolė county	22801.0	21144.1	21147.2	26864.6
Marijampolė mun.	14140.3	10492.9	10136.9	16581.7
Vilkaviškis d. mun.	2559.2	3043.9	3577.4	3717.7
Kalvarija mun.	562.7	429.3	215.7	130.0
Kazlų Rūda mun.	2208.7	3097.1	2106.8	1928.7
Šakiai d. mun.	3330.1	4080.9	5110.4	4506.5

Revenue of local authorities received from collected taxes grew as well. In 2007, the largest amount of revenue of local authorities was received from the income tax paid.

Taxes paid to and included in local budgets, 2007

LTL thousand

	Taxes paid, total	of which					
		income tax	land tax	inheritance tax	immovable property tax	pollution tax	charges and fees
Marijampolė county	154354.6	141495.5	3624.5	130.7	5651.8	753.3	2698.8
Marijampolė mun.	59419.6	53294.9	1305.7	57.6	3375.8	348.9	1036.7
Vilkaviškis d. mun.	40267.9	36950.3	953.4	34.4	810.6	100.6	1418.6
Kalvarija mun.	10873.6	10309.1	282.2	4.9	153.2	77.1	47.1
Kazlų Rūda mun.	12528.1	11631.7	199.1	15.5	510.6	130.8	40.4
Šakiai d. mun.	31265.4	29309.5	884.1	18.3	801.6	95.9	156.0

In 2006, investment in tangible fixed assets in the county made LTL 638.4 million, or LTL 3484 per capita (national average – LTL 5861).

By the indicator of per capita investment in tangible fixed assets, Marijampolė county significantly lags behind the national average, except for Kazlų Rūda municipality, where in 2006 a wood chipboard factory was built, and the said indicator leaped 3 times (from LTL 4185 in 2005 to as much as LTL 12513 in 2006), exceeding the national average 2.1 times.

Per capita investment in tangible fixed assets, 2004–2006

LTL

	2004	2005	2006
Lithuania	3523	4540	5861
Marijampolė county	1701	2007	3484
Kalvarija mun.	528	1338	1440
Kazlų Rūda mun.	3286	4185	12513
Marijampolė mun.	2408	2628	4193
Šakiai d. mun.	1481	1692	1728
Vilkaviškis d. mun.	714	894	1649

Foreign direct investment (FDI) in Marijampolė county as of 1 January 2008 made LTL 92.8 million (as of 1 January 2007 – LTL 98.3 million) and dropped by 6 %, while against 1 January 2001 it increased 3.5 times (as of 1 January 2001 – LTL 26.7 million). FDI in Marijampolė county make up just 0.3% of the total FDI in Lithuania.

As of 1 January 2008, according to the foreign direct investment (FDI) indicator (LTL 92.8 million), Marijampolė county ranked penultimate, and was only outpacing Tauragė county (LTL 63.5 million). 58 % (LTL 53.5 million) of the total FDI in Marijampolė county was invested in Marijampolė municipality, 24% (LTL 22.5 million) – in Šakiai district municipality.

The per capita FDI in the county, on average, made LTL 512 (as of 1 January 2007 – LTL 539). According to this indicator, Marijampolė county ranks penultimate in the country; the indicator of Marijampolė county is almost as 21 times lower than the national average (LTL 10 547).

The highest per capita FDI in Marijampolė county was in Marijampolė municipality – LTL 776, Šakiai district municipality – LTL 618. The lowest total and per capita FDI was in Kalvarija (LTL 0.1 million and LTL 5), Kazlų Rūda (LTL 6.5 million and LTL 448) and Vilkaviškis district (LTL 10.2 million and LTL 213) municipalities.

The bulk of investment in Marijampolė county was made by the investors from Estonia (LTL 19.5 million, or 21 %), Germany (LTL 12.5 million, or 13 %) and Norway (LTL 11.1 million, or 12 %).

In Marijampolė county, as of 1 January 2008, the bulk of investment was made in manufacturing (LTL 58.8 million, or 63 % of the total FDI), agriculture, forestry and fishing (LTL 13.9 million, or 15 %) and wholesale and retail trade (LTL 12.4 million, or 13 %).

In manufacturing, the bulk of the FDI was made in the manufacture of metals and metal products – LTL 13.1 million (22 % of the total FDI in manufacturing), furniture – LTL 12.7 million, or 22 %, and wearing apparel – LTL 11.9 million, or 20%.

The number of operating enterprises in Marijampolė county has been constantly increasing since 2005, and as of 31 December 2007 made 2986 economic entities. By kind of economic activity, the highest number of operating economic entities was in wholesale and retail trade, a lower number – in manufacturing, transport, storage. Economic entities having up to 9 employees, against the total number of operating economic entities, made up 73 %, while those having 250 and more employees – just 0.7 %.

Entrepreneurship, industry, construction

By the level of entrepreneurship Marijampolė county is outpaced by most of the counties (in 2007, the national average – 18.8, while that of Marijampolė county – as low as 11.7, and the county ranked penultimate in Lithuania).

By output produced in 2007, the county's industrial production (66 %) is concentrated in Marijampolė town, 17 % – in Kazlų Rūda, 9 % – Vilkaviškis, 6 % – Šakiai and 2 % – Kalvarija districts. An important place in Marijampolė town and county industry is taken by the manufacture of food products (43 %), namely of preserved milk products and ice-cream, bread and dough products, sugar. A well-known specialised enterprise for breeding and slaughter of turkeys and

processing of turkey meat operates in the county. Manufacture of wood products and furniture makes up about 26 %, chemicals and plastic products – about 12 % of total industrial production in the county.

Main products manufactured, 2001–2007

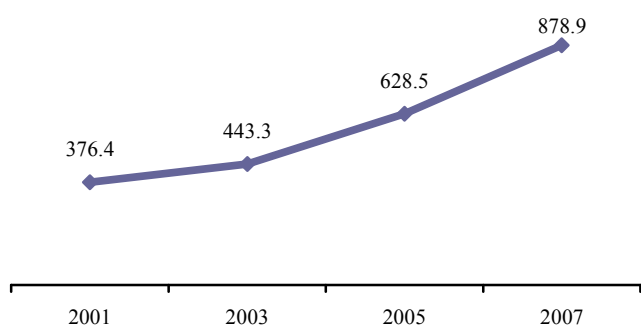
	2001	2003	2005	2007
Flour, thousand t	9.6	11.3	9.3	10.2
Preserved milk products, thousand t	6.1	7.7	11.7	21.9
Ice-cream, thousand t	3.8	4.1	3.7	1.9
Sugar, thousand t	20.7	29.4	32.7	27.5
Prepared and preserved vegetable and fruit products, t	193	604	393	965
Flax fibre, t	338	1041	481	-
Knitwear products, million units	2.4	2.5	2.7	4.9
Bulk yarn, thousand t	3.1	3.1	2.2	4.1
Woollen fabric, million m ²	1.7	1.5	1.7	2.1
Wood chipboard, thousand m ³	143.6	186.6	243.5	427.8

The largest and better-known county's industrial enterprises – private company Marijampolės pieno konservai (dairy products), private company Arvi Cukrus (sugar), private company Arvi kalakutai (meat production), private company Lekėčiai (animal production), private company Kratonas (bread production), private company Mantinga (dough), public company Vernitas (yarn), private company Arvi Fertis (fertilisers), private company Girių bizonas (furniture and other wood products), public company Jūrės medis (wood products), private company Fleming Baldai (furniture), private company Cie LT Forge, private company Stevila and private company Kelio ženklai (metal products), private company concern ALGA (metal structures), private company Autogalantas (vehicles, superstructures and trailers).

45.7 % of production manufactured in Marijampolė county is sold on the domestic, 54.3 % – on the export market. In total, goods manufactured in Marijampolė county accounted for 3.0 % of exports of Lithuanian goods. The bulk of exported goods fell within milk and milk products, furniture, synthetic bulk yarn, wood chipboard.

Exports of goods manufactured, 2001–2007

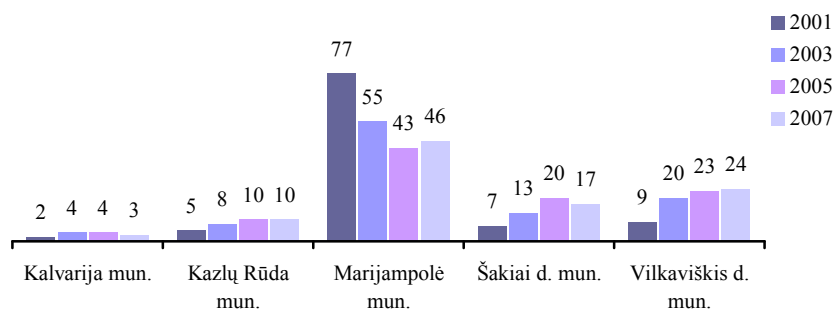
LTL million



Own-account construction work carried out in Marijampolė county accounted for 3 % of total own-account construction work carried out within the country. In 2007, construction work carried out by construction enterprises in the county accounted for LTL 323.4 million, i.e. 4.4 times more than in 2001. The increase in the volume of construction work was determined by the rapidity of new construction and reconstruction work.

Construction work carried out, 2001–2007

Total construction work carried out in Marijampolė county – 100 per cent



In 2007, 151 1–2 dwelling buildings and one block of flats were completed in the county, with 163 dwellings equipped there. The average useful floor area per dwelling reached 136.7 m² (national average – 102.6 m²). The total useful floor area of new dwellings made 22.3 thousand m², i.e. by 11.7 thousand m² more than in 2006. Almost half of all new dwellings were completed in Marijampolė municipality.

In 2007, 285 building permits for the construction of residential buildings were issued in Marijampolė county, with 350 dwellings (i.e. by 72 dwellings more than in 2006) planned to be completed there.

Number of new dwellings completed and their useful floor area, 2001–2007

	Number of dwellings				Useful floor area, thousand m ²			
	2001	2003	2005	2007	2001	2003	2005	2007
Lithuania	3785	4628	5933	9286	385.3	491.4	651.6	593.2
Marijampolė county	92	81	111	163	12.1	11.0	14.6	22.3
Kalvarija mun.	3	4	3	7	0.5	0.5	0.4	1.1
Kazlų Rūda mun.	6	4	1	7	0.6	0.4	0.1	0.8
Marijampolė mun.	44	45	73	89	6.4	6.3	9.1	13.6
Šakiai d. mun.	15	15	15	17	2.0	1.9	2.6	2.5
Vilkaviškis d. mun.	24	13	19	43	2.6	1.9	2.4	4.3

Over 2007, 396 non-residential buildings were completed in the county, with the total area of 70.8 thousand m². Against the previous year, the area built up with non-residential buildings increased by more than 5 thousand m². The bulk of new non-residential construction in Marijampolė county in terms of the total area fell within agricultural, industrial buildings and warehouses.

Number and total floor area of non-residential buildings completed, 2001–2007

	Number of buildings				Total floor area, thousand m ²			
	2001	2003	2005	2007	2001	2003	2005	2007
Lithuania	940	1348	5623	5250	672.5	773.7	1300.2	1607.3
Marijampolė county	55	167	416	396	13.6	45.5	74.4	70.8
Kalvarija mun.	2	1	15	23	0.7	0.4	2.1	6.1
Kazlų Rūda mun.	3	3	16	20	0.4	0.7	8.7	16.4
Marijampolė mun.	37	30	94	114	6.0	24.3	34.0	21.9
Šakiai d. mun.	7	9	75	70	5.6	5.9	14.6	10.7
Vilkaviškis d. mun.	6	124	216	169	0.9	14.2	15.0	15.7

In 2007, 174 building permits for the construction of non-residential buildings with the total floor area of 78.2 thousand m² were issued in Marijampolė county.

Services

In 2007, against 2005, passenger transport by bus in Marijampolė county decreased by 10.5 %; passengers were serviced by 26 passenger transport enterprises, of which 3 belonged to bus companies. The largest share of carriers was individual enterprises. In 2007, the turnover of passenger transport by buses made 110.9 million passenger kilometres; against 2005, it increased by 16.8 %, while the average distance of passenger transportation made 24.5 km and increased by 5.3 km.

Bus trips per capita, 2001–2007

	2001	2003	2005	2007
Lithuania	69.1	81.6	89.6	94.2
Marijampolė county	23.5	25.4	27.4	24.9
Kalvarija mun.	34.0	8.9	13.5	14.3
Kazlų Rūda mun.	2.3	3.0	0.6	1.1
Marijampolė mun.	29.7	35.5	37.5	35.6
Šakiai d. mun.	23.5	25.7	24.7	21.4
Vilkaviškis d. mun.	18.3	22.0	27.3	22.5

Over 2007, national transport by road in Marijampolė county made 2541.6 thousand tonnes, or 5.1 % of goods loaded in the country. The average distance of transportation of a tonne of goods in the county made 55.9 km, and was slightly longer than the national average (54.8 km).

National freight transport by road, 2004–2007

Thousand tonnes

	2004	2005	2006	2007
Goods loaded in Marijampolė county, total	1714.1	2264.3	2077.6	2541.6
of which unloaded in:				
Alytus county	51.8	28.9	91.0	83.4
Kaunas county	231	172.1	147.2	146.8
Klaipėda county	20.5	25.3	48.6	64.6
Marijampolė county	1180.9	1908.4	1655.1	2078.6
Panevėžys county	42.6	23.5	21.8	19.8
Šiauliai county	18.1	17.2	7.9	21.6
Tauragė county	56.1	23.6	19.3	19.6
Telšiai county	1.1	4.7	7.1	4.8
Utena county	0.8	2.7	7.8	23.7
Vilnius county	111.1	57.9	71.8	78.8

At the end of 2007, the number of motor vehicles in Marijampolė county reached 102 thousand, of which 89.7 % were cars. The most popular marques were Volkswagen (22.1 thousand, or 24.1 % of cars in the county) and Audi (16.1 thousand, or 17.6 %). In 2007, against 2005, the number of cars remained almost unchanged (decreased by just 0.1 %). In Kazlų Rūda municipality, the number of cars has been increasing at a faster pace and, against 2005, increased by 9.6 %.

Number of passenger cars, 2001–2007

	2001	2003	2005	2007	2007 (newly registered)
Marijampolė county	77396	77045	91594	91499	12292
Kalvarija mun.	4947	3417	5637	6041	788
Kazlų Rūda mun.	5134	4227	6374	6986	1046
Marijampolė mun.	40617	39071	44541	41439	5701
Šakiai d. mun.	11459	12870	14894	16315	1929
Vilkaviškis d. mun.	15239	17460	20148	20718	2828

The turnover of retail trade enterprises in the county in 2007 made LTL 695.4 million, or 3.6 % of the national total. The highest turnover of retail trade enterprises – 56.9 % – was in Marijampolė municipality. The per capita turnover in the county made LTL 3823, i.e. by 32.5 % less than the national average. The highest sales per capita were recorded in Marijampolė municipality (LTL 5726).

Turnover of retail trade enterprises (VAT excluded), 2003–2007

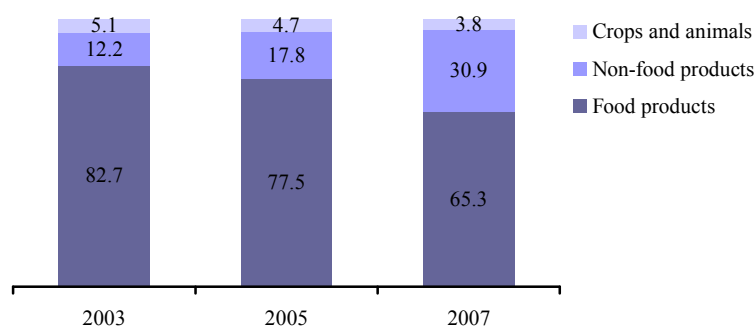
LTL million

	2003	2005	2007
Marijampolė county	472.4	522.9	695.4
Kalvarija mun.	34.6	33.6	36.3
Kazlų Rūda mun.	21.8	23.3	34.5
Marijampolė mun.	252.9	289.2	395.9
Šakiai d. mun.	99.5	90.6	108.5
Vilkaviškis d. mun.	63.6	86.2	120.2

In 2007, at Marijampolė county markets, sales made LTL 16.5 million, which made up 2.4 % compared to the turnover of retail trade enterprises. The largest share of the turnover of markets was made up by food products, although recently the share of non-food products has been increasing. The turnover of markets of Marijampolė county is the lowest in the country.

Structure of turnover of goods at markets, 2003–2007

Turnover of goods at Marijampolė county markets – 100 per cent



The turnover of restaurants, bars and other catering enterprises in the county in 2007 made LTL 14.0 million, or 1.6 % of the turnover of all analogous enterprises in the country. The highest turnover – 55 % of the turnover of county's catering enterprises was recorded in Marijampolė municipality. The per capita turnover of catering enterprises in the county, on average, made just LTL 77 (national average – LTL 262).

Turnover of restaurants, bars and other catering enterprises (VAT excluded), 2003–2007

LTL million

	2003	2005	2007
Marijampolė county	8.3	11.5	14.0
Kalvarija mun.	0.3	0.6	1.3
Kazlų Rūda mun.	0.6	0.9	1.2
Marijampolė mun.	4.9	6.9	7.7
Šakiai d. mun.	0.4	0.6	0.9
Vilkaviškis d. mun.	2.1	2.5	2.9

By the number of guests who had stayed in the county's accommodation establishments, Marijampolė county ranks eight in the country. The share of guests who had stayed in Lithuanian accommodation establishments falling within Marijampolė county makes up 1.6 %, that of their

overnight stays – 1.3 %. In 2001–2007, the number of guests who had stayed in the county's accommodation establishments grew 2.4 times (national average – 2.5 times).

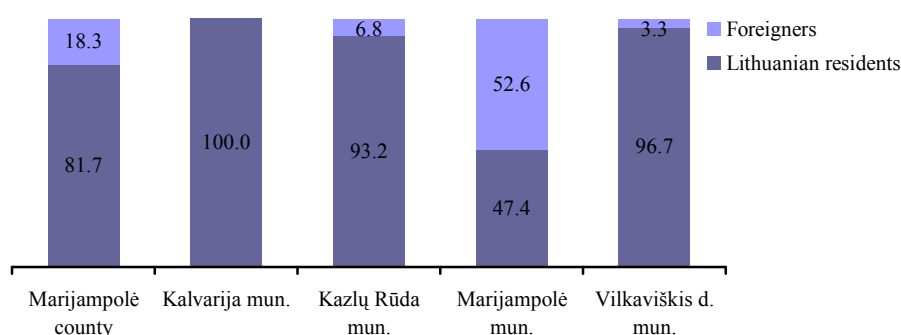
Indicators of accommodation establishments, 2001 and 2007

Thousand

	Number of places		Accommodated guests		Overnight stays	
	2001	2007	2001	2007	2001	2007
Marijampolė county	0.7	0.8	12.1	28.7	19.7	66.5
Kalvarija mun.	-	0.2	-	1.1	-	11.0
Kazlų Rūda mun.	-	0.0	-	1.8	-	1.8
Marijampolė mun.	0.3	0.2	9.5	8.7	14.6	12.5
Šakiai d. mun.	0.0	-	0.1	-	0.2	-
Vilkaviškis d. mun.	0.4	0.4	2.4	17.1	4.8	41.2

Structure of guests who stayed in accommodation establishments, 2007

Per cent



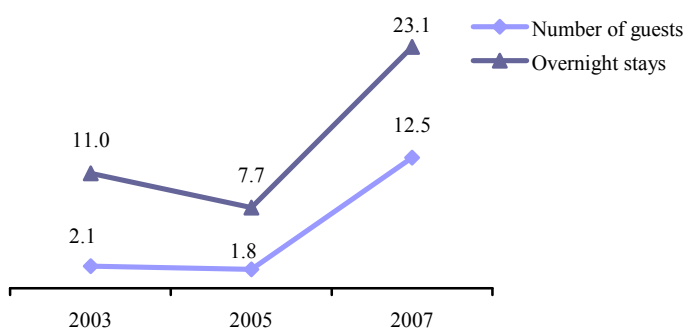
The concentration of hotels in the county is the highest in Marijampolė and Vilkaviškis. In 2007, the share of guests accommodated in the county's accommodation establishments who stayed in Marijampolė hotels made up 47 %, in those of Vilkaviškis – 28 %. Foreigners made up about 43 % of guests, most of them being from Russia, Germany, Belarus, Poland and Latvia.

During the summer season, Vištytis Lake in Vilkaviškis municipality is particularly popular among holidaymakers. In 2007, 15 thousand holidaymakers stayed in camping sites near the lake (in 2001 – 0.9 thousand), almost all of them being Lithuanians.

Over the recent four years, rural tourism services have been developing in the county. The number of rural tourism farmsteads in the region over 2003–2007 grew from 5 to 17, the number of guests – 6 times. Rural tourism farmsteads in the county received 4.3 % of guests of all Lithuanian rural tourism farmsteads.

Guests accommodated in rural tourism farmsteads and their overnight stays, 2003–2007

Thousand



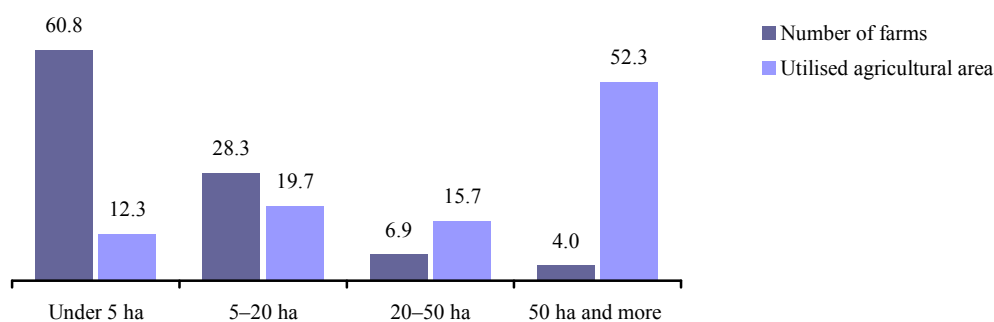
Agriculture

Marijampolė county ranks fourth in terms of area of agricultural land of farms producing agricultural products, which makes up 10 % of the total area of agricultural land of Lithuanian farms producing agricultural products. 78 % of agricultural land is made up of arable land, 21 % – meadows and pastures; just 1 % of agricultural land is under perennial crops.

In 2007, there were 19.7 thousand farms producing agricultural products and having more than 1 ha of agricultural land in Marijampolė county. Out of this number, 45 were agricultural companies and enterprises. The average size of a farm was 13.4 ha, or by 15.5 % more than the national average. Farms have been growing: since 2003, the average size of a farm increased by 24.1 %; nevertheless, small farms have been dominating. However, the share of farms having more than 50 ha of agricultural land has been increasing; such farms, making up 4 % of all county's farms producing agricultural products, own more than half of the county's agricultural land. The largest farms were in Šakiai district and Kalvarija municipalities (the average size of a farm – 16 and 13.5 ha respectively; national average – 11.6 ha).

Number of farms and utilised agricultural area by farm size, 2007

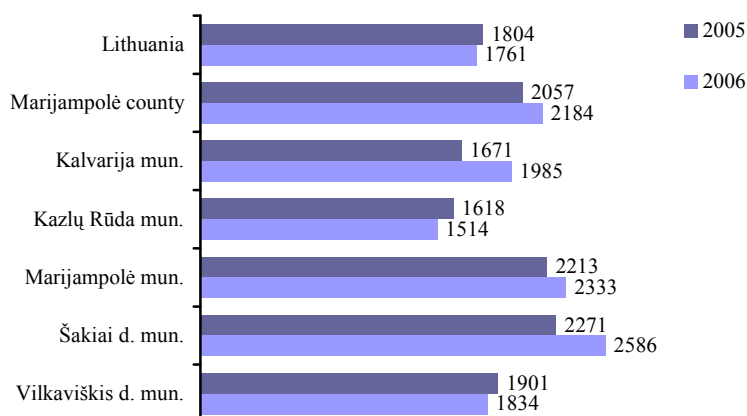
Per cent



In 2006, 12 % of the country's agricultural production was grown in Marijampolė county. 40.3 % of this amount was grown in Šakiai district municipality, 26.7 % – in Vilkaviškis district municipality. The share of crop production in gross agricultural production made up 55.9 %, that of animal production – 44.1 %. The same trend has been observed in Marijampolė (where the share of crop production made up 51.6 %), Šakiai district (61.7 %) and Vilkaviškis district (58.9 %) municipalities, while in Kalvarija and Kazlų Rūda municipalities the major share was made up by animal production – 66.8 and 51.3 % respectively.

Gross agricultural production per 1 ha of agricultural land, 2005 and 2006

LTL



The major share in the crop structure in the county is made up by grain crops (in 2007 – 62.3 %), perennial grasses (15.8 %) and rapeseeds (12.7 %). The largest area sown with grain crops was in Šakiai (in 2007 – 39.4 % of the total county's area sown with grain crops) and Vilkaviškis (32.5 %) district municipalities. In 2007, the productivity of grain crops in the county was 3.38 t/ha; this indicator is one of the best across the country, being by 15 % higher than the national average.

Marijampolė county ranks fourth by the area under rapeseeds, which makes up 14.6 % of the total country's area under rapeseeds. The productivity of rapeseeds is close to the national average.

More than one-fourth of the amount of sugar beet grown in the country is grown in Marijampolė county; however, it has been constantly decreasing. In 2007, against 2001, the amount of sugar beet sown was by 37.7 % less, while its productivity – lower than the national average.

At the beginning of 2008, livestock kept in the county made up 11.4 % of livestock kept in the country. The highest number of livestock was kept on the farms of Šakiai and Vilkaviškis district municipalities – 32.5 % and 27.6 % of livestock kept in the county respectively. Marijampolė county ranks fourth in the country by the number of pigs kept: 12.4 % of the total number of pigs kept in the country are kept there, the highest concentration being in Vilkaviškis district (at the beginning of 2008 – 35.2 % of pigs kept in the county) and Kalvarija (31.7 %) municipalities. Kalvarija municipality is characterised by the increase in the number of pigs in its agricultural companies and enterprises: at the beginning of 2001, 0.6 thousand pigs were kept in agricultural companies and enterprises of Kalvarija municipality, while at the beginning of 2008 – as much as 31.8 thousand.

Based on the data of the public undertaking Ekoagros, the number of farms certified as organic in the county in 2007 made 181 (6.4 % of farms certified in Lithuania). Their area made 5403 ha, or 4.5 % of the total area certified in Lithuania. Rules of organic agriculture on their farms have been applied by 66 farms of Šakiai district, 63 – Marijampolė, Kazlų Rūda and Kalvarija, 52 – Vilkaviškis district municipalities.

Despite a low level of economic development of the region, Marijampolė county has decent development prospects. Favourable geographic location allows developing transport and logistics business. This region of Lithuania characterised by a unique landscape has great opportunities for the development of tourism business.

Increasing the level of entrepreneurship, founding and developing small and medium enterprises, developing new goods and services, as well as improving the region's image are among the key tasks in the regional development strategy. It is vital to improve the investment climate in the region, motivate Lithuanian and foreign investors to take interest in the development possibilities of the region.