

ECONOMY OF TELŠIAI COUNTY

According to the level of economic development, Telšiai county lags behind the national average; however, may be classified under the strongest ones, together with those of Vilnius, Kaunas and Klaipėda. Telšiai county produced 4.3 % of country's gross domestic product (GDP). GDP per capita, on average, in the county made LTL 24.3 thousand, which is by 16.5 % less than the national average in 2007. According GDP per capita, Telšiai county may be classified under the strongest ones.

Economic results in the county depend a lot on industry. Just 42.8 % of the county's gross value added (GVA) is generated by the service sector (national average – 62.7 %), while by industry and construction – as much as 51.6 % (national average – 32.8 %). The share of GVA generated by agriculture, forestry and fishing makes up 5.5 % of county's GVA (national average – 4.5 %).

In 2007, against 2006, the enterprises of Telšiai county paid by 85.2 % more of the profits tax; however, due to the fire at the public company Mažeikių nafta, they had suffered considerable losses, which reflected in the profits and social taxes paid in 2007.

Profits tax paid, 2004–2007

LTL thousand

	2004	2005	2006	2007
Telšiai county	39597.8	193625.0	273942.2	-51470.6
Mažeikiai d. mun.	22063.4	180674.2	254993.2	-80790.4
Plungė d. mun.	7937.3	4811.0	6298.4	6232.3
Rietavas mun.	1796.5	1641.2	1847.3	2386.3
Telšiai d. mun.	7800.6	6498.6	10803.4	20701.2

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
Telšiai county	143977.0	131182.8	2551.3	83.8	4169.1	5440.4	549.6
Mažeikiai d. mun.	52399.5	44238.1	1018.6	21.1	2012.4	4851.9	257.4
Plungė d. mun.	35751.8	33704.5	667.3	19.9	1020.2	195.2	144.7
Rietavas mun.	9092.5	8600.5	203.9	6.1	157.7	100.6	23.7
Telšiai d. mun.	46733.2	44639.7	661.5	36.7	978.8	292.7	123.8

In 2006, investment in tangible fixed assets in the county made LTL 785.9 million, or LTL 4490 per capita (national average – LTL 5861). In Mažeikiai district municipality, per capita investment was by LTL 2029 higher than the national average. Although in other county's municipalities per capita investment in tangible fixed assets was increasing over 2004–2006, it did not reach the county average. The lowest total and per capita investment in tangible fixed assets in 2006 was recorded in Rietavas (LTL 25.0 million and LTL 2443) and Plungė district (LTL 79.5 million and LTL 1823) municipalities.

Per capita investment in tangible fixed assets, 2004–2006

LTL

	2004	2005	2006
Lithuania	3523	4540	5861
Telšiai county	2301	2783	4490
Mažeikiai d. mun.	2792	4670	7890
Plungė d. mun.	1786	2040	1823
Rietavas mun.	5256	1422	2443
Telšiai d. mun.	1572	1387	2941

Foreign direct investment (FDI) in Telšiai county as of 1 January 2008 made LTL 5878.2 million (as of 1 January 2007 – LTL 6316.5 million) and dropped by 7 %. As of 1 January 2008, in terms of FDI, Telšiai county ranked second in the country (after Vilnius county). 99 % of the total FDI in the county was invested in Mažeikiai district municipality (LTL 5839.2 million). The FDI in Mažeikiai district municipality depend on direct investment of Polish investors in the Mažeikiai oil refining enterprise.

As of 1 January 2008, the per capita FDI in the county, on average, made LTL 33 900, or by 6 % less than as of 1 January 2007 (LTL 36 177). According to this indicator, Telšiai county ranked first in the country, and exceeded the national average (LTL 10 547) as much as 3.2 times.

The highest per capita FDI in Telšiai county was in Mažeikiai district municipality – LTL 89 695 (2.6 times higher than the county and 8.5 times higher than the national average). The lowest total and per capita FDI was in Rietavas (LTL 0.4 million and LTL 41), Telšiai (LTL 10.2 million and LTL 187) and Plungė district (LTL 28.4 million and LTL 654) municipalities.

The bulk of investment in Telšiai county was made by the investors from Poland (LTL 5583.1 million, or 95 %), the Netherlands (LTL 163.1 million, or 3 %) and Finland (LTL 54.2 million, or 1 %).

In Telšiai county, as of 1 January 2008, the bulk of investment was made in manufacturing (LTL 5662.0 million, or 96 % of the total FDI), wholesale and retail trade (LTL 162.6 million, or 3 %).

In manufacturing, the bulk of FDI fell within manufacture of refined petroleum products – LTL 5583.1 million (95 % of the total FDI in the county).

The number of operating enterprises in Telšiai county has been constantly increasing since 2005, and as of 31 December 2007 made 3207 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, real estate, renting and other business activities. Economic entities having up to 9 employees, against the total number of operating economic entities, made up 74 %, while those having 250 and more employees – just 0.6 %.

Entrepreneurship, industry, construction

By the level of entrepreneurship Telšiai county is outpaced by four counties of Lithuania (in 2007, the national average – 18.8, while that of Telšiai county – 14.2). Based on this indicator, the county may be classified under the mediocre ones.

By value of extractive industry and manufacturing, Telšiai county is the first in Lithuania. Against other counties, it makes up 23 %. 87 % of the value of industrial production in the county falls within manufacture of petroleum products. There are industries that are characteristic to certain municipalities: in Mažeikiai district, which accounts for 92 % of county's industrial production – manufacture of petroleum and dairy products, in Plungė district (3 %) – prepared or canned fish, linen and linen yarn, in Rietavas municipality (0.1 %) – peat mining, in Telšiai district (5 %) – prepared or canned vegetable and fruit products, dairy products.

Main products manufactured, 2001–2007

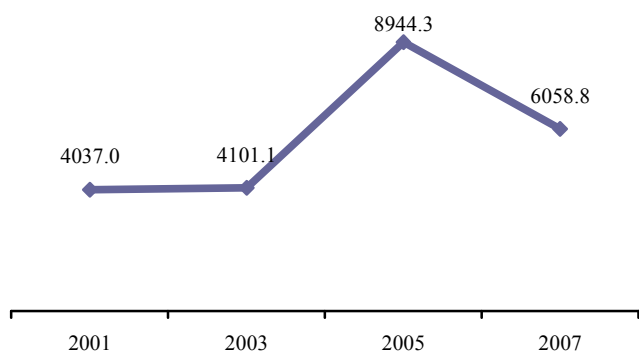
	2001	2003	2005	2007
Milk, million l	33.5	33.5	27.1	28.6
Butter, thousand t	8.3	7.4	6.7	5.1
High-fat cheese, thousand t	6.2	6.6	9.4	9.3
Prepared or canned fish, thousand t	29.2	27.2	28.8	27.1
Linen, million m ³	2.9	3.4	2.8	1.0
Petrol, thousand t	2011.0	2059.0	2643.0	1676.6
Diesel fuel, thousand t	2062.0	2336.0	3002.0	1878.5
Peat mining (relative humidity), thousand t	21.3	25.5	34.8	12.7

The largest and better-known county's industrial enterprises – public company Mažeikių nafta (oil refining), public company Žemaitijos pienas, branch of the public company Pieno žvaigždės Mažeikių pieninė, private company Ingman ledai (dairy products), private company Vičiūnai ir partneriai and private company Plungės kooperatinė prekyba (fish products), private company Mažeikių mėsinė, private company Vigesta (meat and meat products), private company Plungės duona (bread products), public company Linų audiniai (fabrics), private company Mažeikių lyra and private company Eliuda (furniture), private company Litnaglis, private company Saprega, private company Stronga (metal products and constructions), private company Rapsoila (biofuel).

In 2007, 64 % of production manufactured in the county was exported. In total, goods manufactured in Telšiai county account for 20.5 % of exports of Lithuanian goods. The bulk of exported goods falls within refined petroleum oils and oils obtained from bituminous minerals, fish products or canned fish, cheeses.

Exports of goods manufactured, 2001–2007

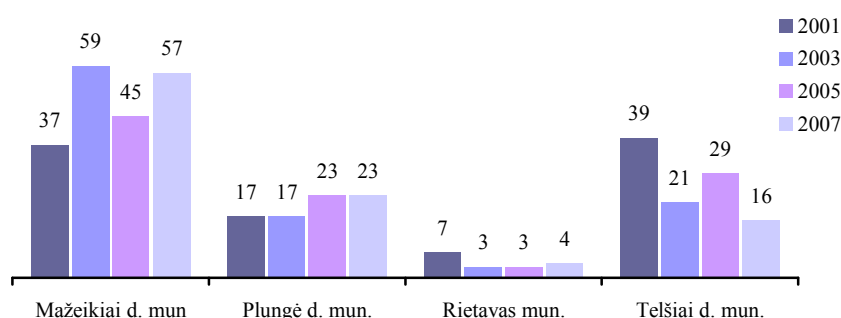
LTL million



Own-account construction work carried out in Telšiai county accounts for 4.4 % 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 470.9 million. New construction is concentrated in Mažeikiai (56.7 % of construction work carried out in the county) and Plungė (23.4 %) district municipalities. 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 Telšiai county – 100 per cent



In 2007, 94 residential buildings were completed in the county, with 123 dwellings equipped there. The average useful floor area per dwelling reached 118.0 m² (national average – 102.6 m²). Construction of 1–2 dwelling buildings predominated.

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	953.2
Telšiai county	54	77	116	123	7.5	11.0	13.8	14.5
Mažeikiai d. mun.	25	35	92	59	3.7	5.8	10.2	8.0
Plungė d. mun.	14	26	17	50	1.8	3.3	2.7	4.6
Rietavas mun.	-	3	2	5	-	0.4	0.1	0.5
Telšiai d. mun.	15	13	5	9	2.0	1.5	0.8	1.4

In 2007, 274 building permits for the construction of 1–2 dwelling buildings houses were issued in Telšiai county, with useful floor area of 35.5 thousand m².

Over 2007, 263 non-residential buildings were completed in the county, with the total area of 40.8 thousand m². The bulk of new non-residential construction in the county in terms of the total area fell within industrial buildings and warehouses (13.9 thousand m²) and agricultural buildings (12.6 thousand m²).

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
Telšiai county	43	44	402	263	25.5	24.2	49.9	40.8
Mažeikiai d. mun.	26	24	189	111	9.0	9.9	21.4	14.1
Plungė d. mun.	14	14	171	78	13.9	9.8	15.1	12.7
Rietavas mun.	2	1	21	27	0.2	0.2	3.0	1.5
Telšiai d. mun.	1	5	21	47	2.4	4.3	10.4	12.5

In 2007, 147 building permits for the construction of 148 non-residential buildings with the total floor area of 114.0 thousand m² (i.e. by 95.1 thousand m² more than in 2006) were issued in the county.

Services

In 2007, against 2005, passenger transport by bus in Telšiai county decreased by 7.7 %; passengers were serviced by 26 passenger transport enterprises, of which 3 belonged to bus

companies. The largest share of carriers were individual enterprises. In 2007, the turnover of passenger transport by buses made 102.9 million passenger kilometres; against 2005, it increased by 8.8 %. The average distance of passenger transportation increased by 3 km, and made 19.1 km.

Bus trips per capita, 2001–2007

	2001	2003	2005	2007
Lithuania	69.1	81.6	89.6	94.2
Telšiai county	28.7	30.8	33.1	31.0
Mažeikiai d. mun.	29.8	31.5	32.6	34.2
Plungė d. mun.	24.6	27.5	36.2	26.8
Rietavas mun.	10.8	12.5	21.6	33.9
Telšiai d. mun.	34.0	35.9	33.6	30.0

Over 2007, national transport by road in Telšiai county made 2422.7 thousand tonnes, or 4.9 % of freight loaded in the country. The average distance of transportation of a tonne of freight in the county made 64.4 km, and was by 10.4 km longer than the national average.

National freight transport by road, 2004–2007

Thousand tonnes

	2004	2005	2006	2007
Goods loaded in Telšiai county, total	3180.1	4341.2	2474.1	2422.7
of which unloaded in:				
Alytus county	32.5	12.3	12.0	18.8
Kaunas county	129.1	97.8	77.8	115.0
Klaipėda county	574.4	432.6	311.4	309.7
Marijampolė county	18.8	22.7	31.8	26.1
Panevėžys county	40.9	67.7	82.5	85.2
Šiauliai county	187.7	105.2	263.4	74.2
Tauragė county	40.4	66.9	56.4	63.9
Telšiai county	2079.3	3462.9	1569.1	1670.8
Utena county	8.3	13.7	6.9	2.4
Vilnius county	68.6	59.5	62.8	56.7

At the end of 2007, the number of motor vehicles in Telšiai county reached 84.0 thousand, of which 90 % were cars. The most popular marques were Volkswagen (16 thousand, or 21.2 % of cars in the county) and Audi (13.8 thousand, or 18.3 %). In 2007, against 2005, the number of cars increased by 9.2 %.

Number of passenger cars, 2001–2007

	2001	2003	2005	2007	2007 (newly registered)
Telšiai county	53075	59037	69062	75435	10204
Mažeikiai d. mun.	18015	20795	24366	27750	3932
Plungė d. mun.	12448	15497	17665	19056	2485
Rietavas mun.	2712	1717	3488	3990	508
Telšiai d. mun.	19900	21028	23543	24639	3279

The turnover of retail trade enterprises in the county in 2007 made LTL 698.2 million, or 3.6 % of the national total. The highest turnover in the county was recorded in Mažeikiai district municipality – almost half of the turnover of all retail trade enterprises in the county. Retail sales per capita in the county, on average, made LTL 4013, which is by 29.2 % less than the national

average. The highest sales per capita were recorded in Mažeikiai district (LTL 5030), while the lowest – in Rietavas (LTL 2235) municipality.

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

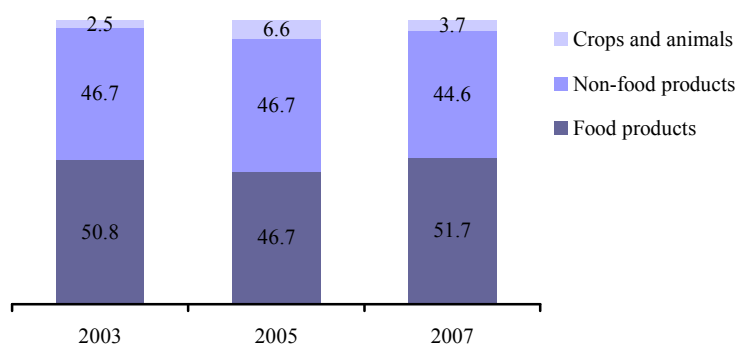
LTL million

	2003	2005	2007
Telšiai county	457.1	532.2	698.2
Mažeikiai d. mun	235.8	263.4	328.6
Plungė d. mun.	93.8	123.9	167.8
Rietavas mun.	6.2	11.4	22.7
Telšiai d. mun.	121.3	133.5	179.1

In 2007, at Telšiai county markets, sales made LTL 45.5 million, which made up 6.5 % compared to the turnover of retail trade enterprises. Since 2003, the number of markets decreased from 14 to 9; however, the markets closed were the small ones, which did not impact significantly on the turnover of markets. More than half of the turnover of markets is comprised of food products.

Structure of turnover of goods at markets, 2003–2007

Turnover of goods at Telšiai county markets – 100 per cent



In 2007, the turnover of restaurants, bars and other catering enterprises in Telšiai county made LTL 10.6 million, or 1.2 % of the turnover of all analogous enterprises in the country. The per capita turnover of catering enterprises in the county, on average, made LTL 61; the said indicator made up just 23.3 % of the national average, and was the lowest as compared with the other counties.

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

LTL million

	2003	2005	2007
Telšiai county	5.9	8.4	10.6
Mažeikiai d. mun	2.0	2.9	3.6
Plungė d. mun.	1.5	1.9	2.5
Rietavas mun.	0.3	0.5	0.7
Telšiai d. mun.	2.1	3.1	3.8

Telšiai county is one of the smallest in Lithuania. By the number of guests who had stayed in the county's accommodation establishments, it ranks penultimate. The share of guests who stayed in Lithuanian accommodation establishments falling within Telšiai county and their overnight stays makes up 1.3 and 2.1 % respectively. In 2001–2007, the number of guests who had stayed in the county's accommodation establishments grew 2.9 times (national average – 2.5 times).

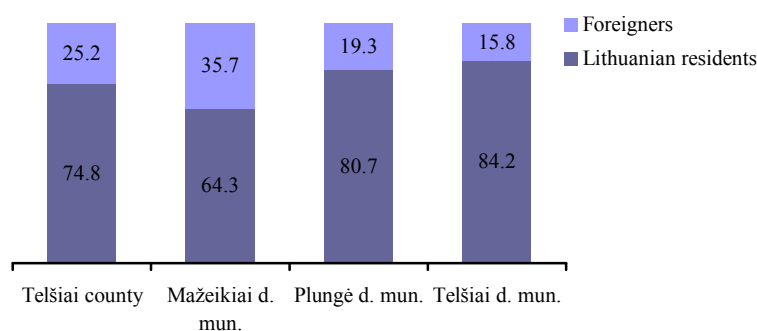
Indicators of accommodation establishments, 2001 and 2007

Thousand

	Number of places		Accommodated guests		Overnight stays	
	2001	2007	2001	2007	2001	2007
Telšiai county	0.5	1.2	8.0	23.5	27.0	108.8
Mažeikiai d. mun.	0.1	0.6	3.3	9.5	7.0	65.6
Plungė d. mun.	0.3	0.4	3.6	9.4	17.8	29.6
Rietavas mun.	-	-	-	-	-	-
Telšiai d. mun.	0.1	0.2	1.1	4.6	2.2	13.6

Structure of guests who stayed in accommodation establishments, 2007

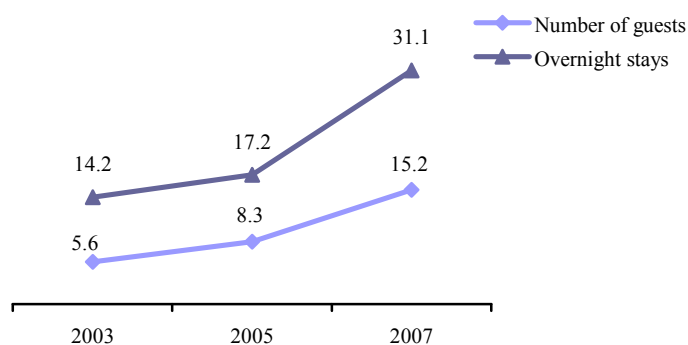
Per cent



Over 2003–2007, rural tourism services have been becoming more popular in the county. The number of rural tourism farmsteads in the region grew from 25 to 31, the number of guests – 2.7 times. More than 80 % of the region's rural tourism farmsteads are situated in Plungė district municipality.

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

Thousand



Agriculture

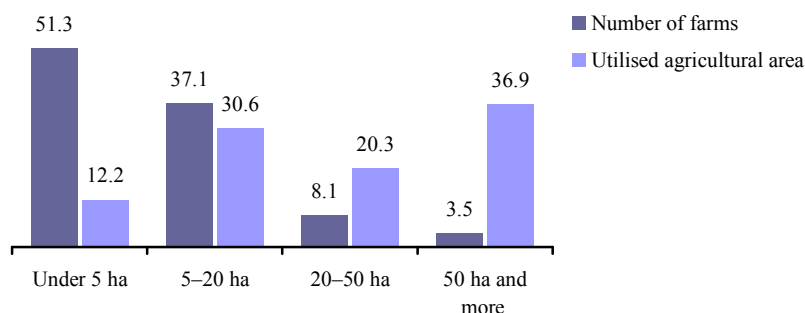
The area of agricultural land of Telšiai county farms producing agricultural products makes up 7 % of the total area of agricultural land of Lithuanian farms producing agricultural products. 66 % of agricultural land is made up by arable land, 33 % – meadows and pastures; just 1 % of agricultural land is under perennial crops.

In 2007, there were 16.1 thousand farms producing agricultural products and having more than 1 ha of agricultural land in the county. Out of this number, 23 were agricultural companies and enterprises. The average size of a farm was 12 ha (national average – 11.6 ha). The largest farms were in Mažeikiai (13.7 ha) and Telšiai (11.8 ha) district municipalities. Although small (having

less than 5 ha of agricultural land) farms make up 51.3 % of all farms, they own just 12.2 % of utilised agricultural area in the county. Larger farms (having 20 and more ha of agricultural land) make up 11.6 %, and own more than half (57.2 %) of agricultural area in the county.

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

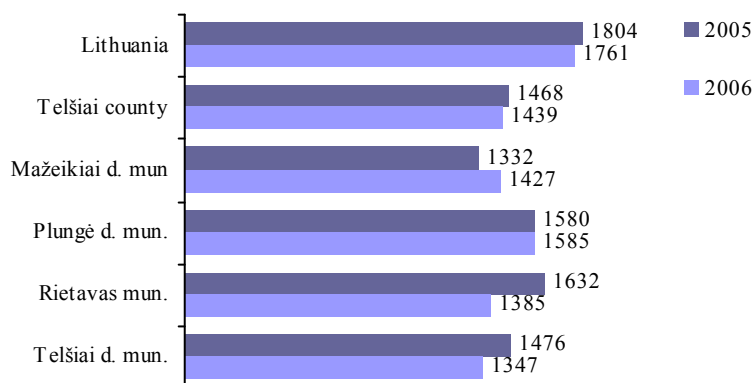
Per cent



In 2006, 5.7 % of the country's agricultural production was grown in the county. The largest share thereof was grown in Telšiai and Mažeikiai district municipalities. Animal production made up the larger share of gross agricultural production – 63 %, crop production – 37 %. The same trend was observed in all county's municipalities, except for Mažeikiai district municipality, where the shares of crop and animal production were almost equal.

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

LTL



The major share in the crop structure is made up by grain crops (in 2007 – 48.8 %), and perennial grasses (in 2007 – 41.2 %). The major share (56.6 %) in the structure of grain crops is made up by spring cereals. The area under rapeseed over 2001–2007 increased 5 times. However, in 2007, no flax was grown in the county, although in 2001 they covered 584 ha of agricultural land. In 2007, productivity of grain crops was poorer than the national average, while that of leguminous crops – higher.

At the beginning of 2008, 8.3 % of livestock, 4 % of pigs, 9.8 % of sheep, 8 % of goats, 7.5 % of poultry, 4.3 % of beehives kept in Lithuania was kept in the county. The highest number of livestock was kept at the farms of Plungė and Telšiai district municipalities. Half of pigs kept in the county were kept in Telšiai district municipality. In this municipality, the highest number of sheep was kept (at the beginning of 2008 – 68.6 % of the total number of sheep kept in the county).

Organic farming becomes more popular. Based on the data of the public undertaking Ekoagros, the number of farms where the rules of organic farming have been applied made 92 in Telšiai, 33 – in Plungė, 43 – in Mažeikiai district municipalities.

Despite the average level of economic development, Telšiai county has good development possibilities – favourable geographic location, picturesque nature, rich soil and growing economy. However, further economic growth has to be ensured (by raising business productivity and introducing modern technologies), favourable business environment, attracting investment and promoting innovation, as well as a transport infrastructure corresponding to mobile requirements created, business service developed, modern and competitive agriculture created.