

ECONOMY OF ALYTUS COUNTY

According to the level of economic development, Alytus county significantly lags behind the national average. Alytus county produced 3.5 % of country's gross domestic product (GDP). GDP per capita, on average, in the county made LTL 19.1 thousand, which is by 34.5 % less than the national average in 2007. According GDP per capita Alytus county may be classified under the weakest ones.

Economic results in Alytus county depend a lot on the sphere of industrial and non-industrial services. As much as 57.5 % of the county's gross value added (GVA) fall within services (national average – 62.7 %), while within industry and construction – just 36.1 % (national average – 32.8 %). Agriculture, forestry and fishing in Alytus county generate 6.3 % the county's GVA, national average – just 4.5 %.

However, the improving economic situation is demonstrated by a constantly increasing amount of profits tax paid by the county's enterprises. In 2007, the enterprises of Alytus county paid LTL 43.6 million of the profits tax, which is by 21.7 % more than in 2006. The most considerable growth in the amount of the profits tax paid was recorded in Lazdijai municipality, where in 2007, against 2006, Profits tax grew more than 2 times. The amount of the social tax paid in 2007 made LTL 11.3 million.

Profits tax paid, 2004–2007

LTL thousand

	2004	2005	2006	2007
Alytus county	30851.2	30600.1	35858.7	43624.6
Alytus t. mun.	24260.4	21706.9	22616.2	25275.2
Druskininkai mun.	2709.4	3639.8	6071.7	6303.4
Alytus d. mun.	1354.4	2134.8	3392.1	4602.8
Varėna d. mun.	1636.6	2157.6	2732.7	5165.0
Lazdijai d. mun.	890.4	961.0	1046.1	2278.1

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
Alytus county	169692.9	158366.1	2031.2	124.7	7731.0	759.7	680.2
Alytus t. mun.	65099.9	59364.5	421.4	28.4	4634.3	460.1	191.2
Druskininkai mun.	28769.8	26321.9	171.3	44.0	1952.6	120.3	159.7
Alytus d. mun.	27025.7	25726.6	817.3	8.3	275.1	56.8	141.6
Varėna d. mun.	26705.4	25770.5	232.7	29.1	501.1	83.2	88.8
Lazdijai d. mun.	22092.1	21182.6	388.5	14.9	367.9	39.3	98.9

In 2006, investment in tangible fixed assets in Alytus county made LTL 640.1 million, or LTL 3359 per capita (national average – LTL 5861, or 1.5 times higher than the respective Alytus county indicator).

When analysing the general trend in investment in tangible fixed assets in Alytus county, an increase was observed in all municipalities. The highest share of investment in tangible fixed assets

in Alytus county was that in Druskininkai municipality – LTL 7938 per capita (by LTL 2077 higher than the national average).

Per capita investment in tangible fixed assets, 2004–2006

LTL

	2004	2005	2006
Lithuania	3523	4540	5861
Alytus county	1858	2508	3559
Alytus t. mun.	2289	3043	4208
Alytus d. mun.	1279	1464	2044
Druskininkai mun.	3247	4705	7938
Lazdijai d. mun.	808	1148	1222
Varėna d. mun.	1234	1729	2006

Foreign direct investment (FDI) in Alytus county as of 1 January 2008 made LTL 445.4 million (as of 1 January 2007 – LTL 417.2 million) and grew by 7 %. In 2008, according to the FDI indicator, Alytus county ranked sixth in the country. The largest share (72 %, or LTL 321.8 million) of the total FDI in Alytus county was invested in Alytus town municipality. The per capita FDI in the county, on average, made LTL 2516 (as of 1 January 2007 – LTL 2332). According to this indicator, Alytus county ranked fifth in the country (national average – LTL 10547).

In Alytus town municipality, the per capita FDI made LTL 4711, which is almost twice as much as the county average. The lowest FDI and per capita FDI were recorded in Lazdijai (LTL 4.6 million and LTL 184) and Varėna district (LTL 8.2 million and LTL 289) municipalities.

The bulk of investment in Alytus county was made by Estonian (LTL 108.0 million, or 24 % of the total FDI), Finnish (LTL 74.1 million, or 17 %) and UK (LTL 63.8 million, or 14 %) investors.

In Alytus county, as of 1 January 2008, the bulk of investment was made in manufacturing (LTL 352.1 million, or 79 % of the total FDI), wholesale and retail trade (LTL 64.4 million, or 14 %). In manufacturing, the bulk of the FDI was made in the manufacture of wood and wood products (33 %), rubber and plastics products (28 %), machinery and equipment (25 % of the total FDI in manufacturing).

The number of operating enterprises in Alytus county has been constantly increasing since 2005, and as of 31 December 2007 made 3181 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 74 %, while those having 250 and more employees – just 0.5 %.

Entrepreneurship, industry, construction

The level of entrepreneurship in Alytus county is lower than that in most of other counties of Lithuania. In 2007, the national average was 18.8, while in Alytus county – just 12.3.

However, in the recent years, several branches of manufacturing – manufacture of vodka and liqueurs, sparkling wine, mineral water, refrigerators and freezers, wooden windows and doors, prefabricated construction elements, furniture, plastic products – have been developing especially rapidly in the county. From 2001, each manufacture of vodka and liqueurs and refrigerators and freezers grew 1.5 times, wooden windows and doors – 3 times. Compared with 2004, manufacture of mineral water grew more than 2 times. However, due to the fact of the private company Alytaus tekstilė going bankrupt, manufacture of textiles declined 2.7 times.

Based on information on the manufacturers of Alytus county for 2007, 70 % of the value of manufacturing production sold fell within Alytus town, 14 % – Alytus district, 9 % – Varėna district, 4 % – Druskininkai town, 3 % – Lazdijai district. 45.5 % of production manufactured in Alytus county was sold on the domestic market, while 54.5 % was exported.

Main products manufactured, 2001–2007

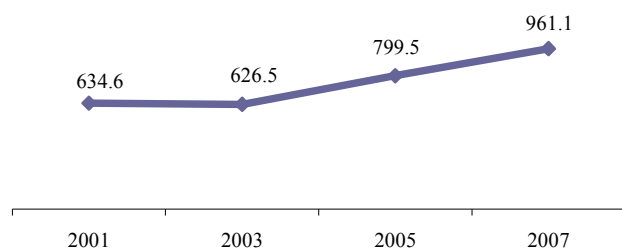
	2001	2003	2005	2007
Vodka and liqueurs, thousand dal 100 % alc.	147.5	212.6	228.5	206.3
Sparkling wine, thousand dal	240.0	203.0	284.0	367.0
Wooden doors, door frames and thresholds, thousand	3.2	5.5	5.7	10.4
Wooden windows and window frames, thousand units	3.7	8.7	11.2	11.6
Refrigerators and freezers, thousand units	320.4	429.4	443.5	468.0

In Alytus county, such public companies as Snaigė (the only manufacturer of refrigerators in the Baltic States) and Alita (a well-known manufacturer of sparkling wine and other alcoholic beverages) are successfully operating. Other large and rather well-known manufacturing enterprises, located in the county, are as follows: private company Vita Baltic International (polyurethane foam), private company Druskininkų rasa (manufacture and sale of mineral water and PET bottles), private company Lisiplast (plastic products), public company Astra (industrial equipment), private company Merkys (textiles), public company Dainava (clothing), private company Alseka (windows and doors), public company Alytaus gelžbetonis (ferroconcrete and environmental protection products), private company Stora Enso Timber (timber), private company Sofa Brands (furniture for sitting), private companies Varėnos pienelis and Pienalita (dairy products).

Increasing production volumes in the county's enterprises determined a more rapid growth in exports. In total, goods manufactured in Alytus county accounted for 3.3 % of exports of Lithuanian goods. The bulk of exported goods fell within refrigerators and freezers, timber, plastic products.

Exports of goods manufactured, 2001–2007

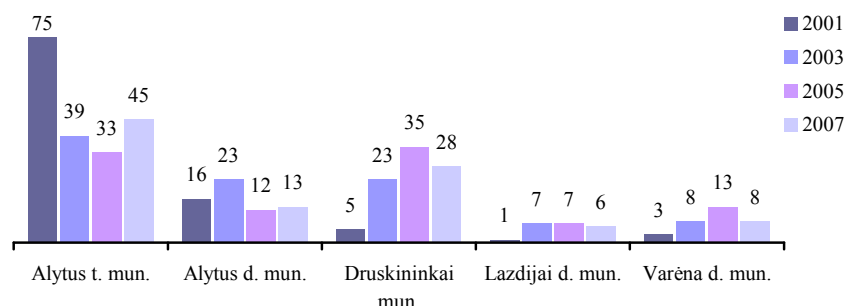
LTL million



Own-account construction work carried out in Alytus county accounted for 4.3 % 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 457.5 million, i.e. 2.4 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 Alytus county – 100 per cent



The distribution of construction work carried out among municipalities in 2007, against 2001, was more even, which means that construction work is carried out not only in Alytus town, but also in Druskininkai, Lazdijai.

In 2007, 161 residential buildings were constructed and 204 dwellings equipped were refurbished there, which is by 42 % more than a year ago and by 59 % more than in 2001. The average useful floor area per dwelling reached 128.6 m². In 2002–2006, only 1–2 dwelling buildings were constructed in the county; only in 2007, block of flats was constructed in Alytus town, and 42 dwellings were equipped there.

In 2007, 423 permits for the construction of residential buildings with 687 flats in Alytus county were issued; the total planned useful floor area – 81 thousand. m².

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

	Number of flats				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
Alytus county	128	142	139	204	13.1	19.0	18.4	26.2
Alytus t. mun.	57	31	38	85	5.3	5.0	5.7	9.9
Alytus d. mun.	39	57	50	49	4.4	7.3	6.6	7.4
Druskininkai mun.	10	16	15	20	1.1	2.0	2.2	3.1
Lazdijai d. mun.	13	28	26	25	1.2	3.4	2.6	2.6
Varėna d. mun.	9	10	10	25	1.1	1.3	1.3	3.2

In 2007, 365 non-residential buildings were constructed; their total floor area made 89 thousand m². Against 2006, the built-up area within the county increased by 21.2 thousand m². By the total area, trade, hotels and public catering enterprises and agricultural buildings covered the vastest range.

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
Alytus county	31	68	435	365	25.2	28.6	56.6	89.0
Alytus t. mun.	13	20	25	29	19.2	12.0	19.9	32.6
Alytus d. mun.	1	14	217	150	0.8	2.4	15.4	18.0
Druskininkai mun.	6	6	54	48	1.9	4.7	5.9	20.2
Lazdijai d. mun.	5	7	71	85	1.0	2.4	5.2	7.8
Varėna d. mun.	6	21	68	53	2.3	7.1	10.2	10.4

In 2007, 221 building permits for the construction of non-residential buildings with the total floor area of 78.7 thousand m² (by 30 % more than in 2006) were issued in Alytus county.

Services

In 2007, against 2005, passengers transport by bus in Alytus county decreased by 4.6 %. In Alytus county, passengers were serviced by 55 passenger transport enterprises, of which 4 belonged to bus companies. The largest shares of carriers were individual enterprises. In 2007, the turnover of passenger transport by buses made 116.2 million passenger kilometres, while against 2005 it increased by 2.5 %. The average distance of passenger transportation in Alytus county increased by 0.9 km (in 2007 – 13.5, in 2005 – 12.6 km).

Bus trips per capita, 2001–2007

	2001	2003	2005	2007
Lithuania	69.1	81.6	89.6	94.2
Alytus county	46.0	45.1	49.6	48.4
Alytus t. mun.	87.1	81.0	89.8	78.7
Alytus d. mun.	2.1	1.9	6.5	12.5
Druskininkai mun.	67.1	75.8	78.3	77.0
Lazdijai d. mun.	9.9	7.8	9.0	22.7
Varėna d. mun.	11.9	14.1	13.4	13.1

Over 2007, national transport by road in Alytus county made 2152.4 thousand tonnes, or 4.4 % of goods loaded in the country. The average distance of transportation of a tonne of goods in the county reached 61.7 km, and was by 6.9 km longer than the national average.

National freight transport by road, 2004–2007

Thousand tonnes

	2004	2005	2006	2007
Goods loaded in Alytus county, total	2096.1	1880.9	1654.1	2152.4
of which unloaded in:				
Alytus county	1568.0	1220.3	1102.5	1478.2
Kaunas county	141.6	120.3	176.8	181.0
Klaipėda county	70.3	141.0	53.2	97.1
Marijampolė county	119.8	75.2	110.6	107.6
Panevėžys county	10.2	11.2	25.3	20.6
Šiauliai county	20.0	13.6	19.3	39.4
Tauragė county	14.7	45.9	7.2	8.0
Telšiai county	1.0	9.0	6.6	12.3
Utena county	8.3	56.7	7.9	9.0
Vilnius county	142.3	187.8	144.7	199.3

At the end of 2007, the number of motor vehicles in Alytus county reached 88.7 thousand, of which 91 % were cars. The most popular marques were Volkswagen (17.5 thousand, or 21.7 % of cars in the county) and Audi (15.7 thousand, or 19.5 %). In 2007, against 2005, the number of cars increased by 7 %.

Number of passenger cars, 2001–2007

	2001	2003	2005	2007	2007 (newly registered)
Alytus county	59586	65349	75015	80445	9339
Alytus t. mun.	27234	29258	31928	33359	4110
Alytus d. mun.	8205	9392	12022	13481	1495
Druskininkai mun.	8879	8583	10401	11292	1347
Lazdijai d. mun.	6466	8259	9280	10349	1118
Varėna d. mun.	9002	9757	11384	11964	1269

The turnover of retail trade enterprises in the county in 2007 made LTL 750.6 million, or 3.9 % of the national total. The highest turnover was recorded in Alytus town (59 % of the turnover of retail trade enterprises in the county), while the lowest – in Alytus district municipality. In 2007, retail sales per capita in the county, on average, made LTL 4217, and this indicator, although constantly increasing, was by more than one-fourth lower than the national average. The highest sales per capita were recorded in Alytus town (LTL 6455) and Druskininkai (LTL 5244), while the lowest – in Alytus district municipality (LTL 972).

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

LTL million

	2003	2005	2007
Alytus county	435.2	574.4	750.6
Alytus t. mun.	223.6	326.7	442.6
Alytus d. mun.	23.7	25.0	30.3
Druskininkai mun.	80.3	99.0	128.1
Lazdijai d. mun.	51.0	56.1	65.4
Varėna d. mun.	56.6	67.6	84.2

People purchase quite a considerable amount of goods at markets. In 2007, at Alytus county markets, sales made LTL 100.7 million, which made up 13.4 % compared to the turnover of retail trade enterprises. More than half of the turnover of markets was comprised of non-food products.

Structure of turnover of goods at markets, 2003–2007

Turnover of goods at Alytus county markets –100 per cent



The turnover of restaurants, bars and other catering enterprises has been annually increasing. In 2007, the turnover of such enterprises in the county made LTL 20.2 million, or 2.3 % of the turnover of all analogous enterprises in the country. More than half of the turnover of the county's restaurants, bars and other catering enterprises fell within Alytus town. The per capita turnover of catering enterprises in the county, on average, made LTL 114, which is less than half of the national

average (LTL 262). The highest per capita turnover of catering enterprises was recorded in Druskininkai (LTL 253).

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

LTL million

	2003	2005	2007
Alytus county	9.8	16.1	20.2
Alytus t. mun.	5.2	8.7	10.3
Alytus d. mun.	0.2	0.8	1.1
Druskininkai mun.	3.0	4.7	6.2
Lazdijai d. mun.	0.5	0.7	1.0
Varėna d. mun.	0.9	1.2	1.6

In 2007, the county attracted more tourists and ranked third in the country in terms of popularity. By the number of guests who had stayed in the county's accommodation establishments and the number of their overnight stays, Alytus county was outpaced only by Vilnius and Klaipėda counties. The share of guests who had stayed in Lithuanian accommodation establishments falling within Alytus county and their overnight stays made up 12 and 21 % respectively. In 2001–2007, the number of guests who had stayed in the county's accommodation establishments grew 4 times (national average – 2.5 times).

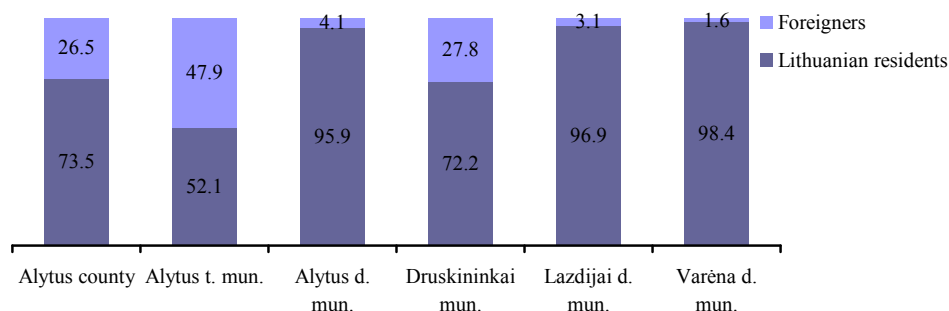
Indicators of accommodation establishments, 2001 and 2007

Thousand

	Number of places		Accommodated guests		Overnight stays	
	2001	2007	2001	2007	2001	2007
Alytus county	4.7	6.3	54.1	212.3	632.9	1081.4
Alytus t. mun.	0.1	0.2	2.6	6.2	4.9	15.7
Alytus d. mun.	0.2	0.2	1.8	6.7	4.3	9.2
Druskininkai mun.	3.8	5.4	44.0	190.4	603.7	1011.9
Lazdijai d. mun.	0.3	0.1	1.7	2.4	9.1	4.6
Varėna d. mun.	0.2	0.4	4.0	6.5	10.9	40.0

Structure of guests who stayed in accommodation establishments, 2007

Per cent



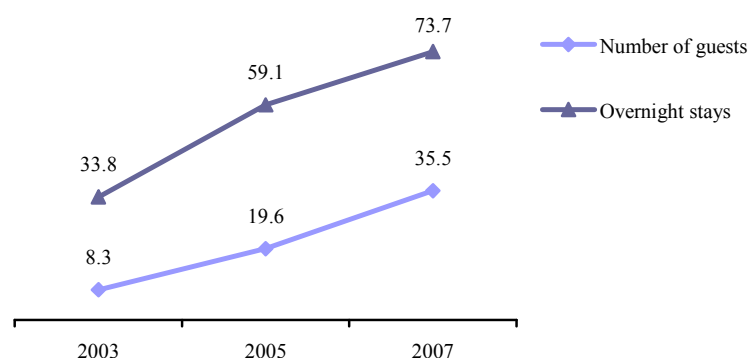
The hotel sector of Druskininkai municipality has been developing particularly rapidly. The number of hotels there increased from 7 in 2003 to 19 in 2007. Hotels and health centres of the municipality accommodated 89.7 % of all guests who had stayed in the county's accommodation establishments. Services of Druskininkai recreation and health centres become increasingly popular among Lithuanian residents: in 2007, they made up 72.2 % of all accommodated guests (in 2001 –

59.6 %). In 2007, against 2001, the number of Lithuanians accommodated in Druskininkai hotels and health centres increased 5, that of foreign nationals – 3 times. The major share of guests who had stayed in Druskininkai accommodation establishments were from Poland, Russia, Germany, and Belarus.

Alytus county is also famous for its rural tourism farmsteads. The number of such farmsteads in the region over 2003–2007 grew from 40 to 76, while the number of guests increased 4 times. The highest number of rural tourism farmsteads is in Lazdijai district municipality.

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

Thousand



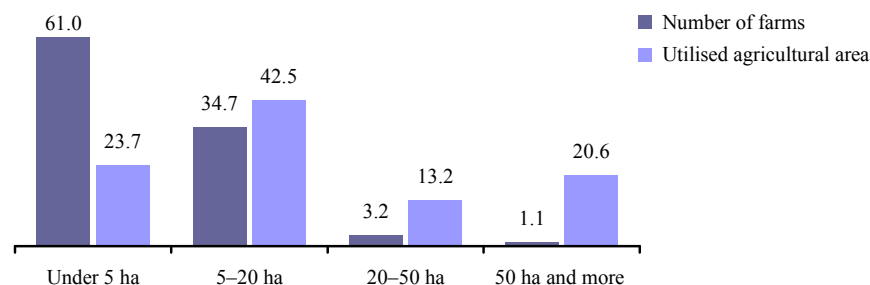
Agriculture

The area of agricultural land of Alytus county farms producing agricultural products makes up 5 % of the total area of agricultural land of Lithuanian farms producing agricultural products. The largest share of agricultural land is made up of arable land (51 %) and meadows and pastures (48 %).

In 2007, there were 18.7 thousand farms producing agricultural products and having more than 1 ha of agricultural land in Alytus county. Out of this number, 19 were agricultural companies and enterprises. The average size of a farm was 7.3 ha (national average – 11.6 ha). Small farms prevailed. The largest farms were in Alytus and Varėna district municipalities (the average size of a farm – 7.6 ha), while the smallest – in Druskininkai municipality (4.9 ha).

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

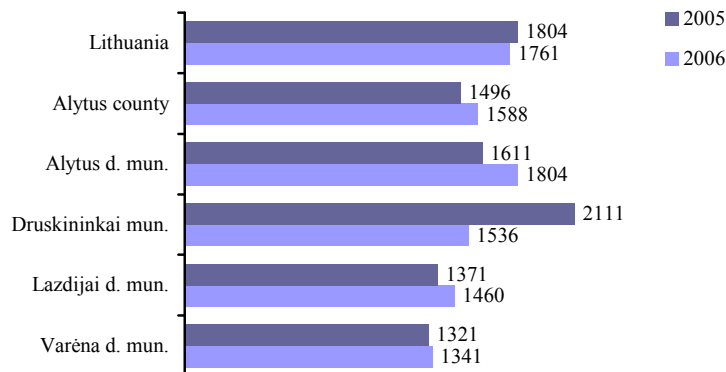
Per cent



In 2006, 4.7 % of the country's agricultural production was grown in Alytus county. Almost half of this amount was grown in Alytus district municipality. Animal production made up a larger share of agricultural production. The same trend was observed in all municipalities of Alytus county.

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. They are mostly grown in Alytus (in 2007 – 37.4 % of the total county's land under grain crops) and Varėna (in 2007 – 33.1 %) district municipalities. The most popular spring cereals – barley, wheat, triticale. However, productivity of grain crops is lower than the national average and among the lowest as compared with other counties.

The number of livestock in Alytus county is the lowest across the country, and has been constantly decreasing. The number of dairy cows has been visibly decreasing. Since 2001, their number decreased by 21 %. The number of sheep has been increasing, while that of goats – decreasing: since 2001, the number of sheep increased 3 times, that of goats – decreased almost 2 times.

Organic farming becomes more and more popular. Based on the data of the public undertaking Ekoagros, 205 farms were certified in Alytus county in 2007 (7.2 % of all farms certified in Lithuania). The certified area made 7935 ha, or 6.6 % of the total area certified in the country. Rules of organic agriculture on their farms have been applied by 110 farmers of Varėna, 44 – of Lazdijai, 42 – of Alytus district, and 9 – of Druskininkai municipalities.

Despite the low level of economic development of the region, Alytus county has rather good development opportunities. Favourable geographic location allows expanding transport and logistics activities. This region of a unique landscape has great opportunities for developing the tourism sector.

Increase in entrepreneurship, establishment and expansion of small and medium enterprises, development of new products and services, as well as improving the image are among the key tasks of the development strategy of the region. It is necessary to improve the region's investment climate, motivate Lithuanian and foreign investors to take interest in its development prospects.