



Latvia's Rail freight crisis

Rail freight volumes in Latvia have fallen drastically as transit traffic from Russia and Belarus has been decimated by sanctions. While once-busy marshalling yards lie largely deserted, **Jonathan Bray** discovers how one Latvian private freight operator is responding to the crisis.

Photos by the author except where stated

The three Baltic States of Estonia, Latvia and Lithuania were once part of the wider 1520 mm broad gauge network in the Soviet Union. After the Baltic States gained their independence in the 1990s a stream of Russian raw materials continued to flow through the three countries to their ice-free ports.

To shift the large volumes of oil, timber, agricultural products and other bulk flows, each country adopted a very different traction strategy. The privatised freight operator in Estonia (which was subsequently renationalised) imported second-hand GE locos from the US (**TR EU 340**) while Lithuania bought a fleet of sleek and

modern ER20CFs from Siemens. Latvia kept things Soviet by sticking with its inherited loco fleet, partly because it inherited the best of the fleet as Rīga was the headquarters of the Baltic Railways division of Soviet Railways (SZD).

Although transit freight had declined over time, Russia's invasion of Ukraine has led to a precipitous fall in transit traffic as the progressive ratcheting up of sanctions on Russia and Belarus took out one bulk freight flow after another. As Russia pivots east and makes more use of its own ports the Baltic States have pivoted west; Lithuania is best placed to make this shift as it adjoins Poland, a large EU state with a sizeable rail freight market, and the European standard-gauge network already

extends as far as Kaunas, Lithuania's second city.

The battle for the remaining freight flows has also intensified with Lithuanian and Latvian state freight operators poaching traffic in each other's home markets, as well as in Estonia, with independent operators also fighting for a share (mainly in Latvia). Furthermore, railways in the Baltics have moved away from being primarily freight-orientated towards modernising and expanding their passenger services. And looming over everything is the Rail Baltica megaproject, which would fully plug the Baltics into the wider EU standard-gauge network but is now deeply mired in the overspend and planning wrangles that so often bedevil such projects.

Left: On 4 August 2019 Baltijas Ekspresis 2TE116-973 makes a smoky exit from Krustpils with an oil train bound for the port of Ventspils. The loco had been purchased the previous year from Estonian Rail Services, which in turn had acquired the locomotive from Ukraine. At this time Krustpils was a freight hotspot, with a moving train observed on average about hourly.

Of the three Baltic States, Latvia, with its three ports at Rīga, Ventspils and Liepāja, had the largest transit economy. 20 years ago transport generated more than 14% of the total added value in the Latvian economy – more than in any other EU member state. Since then rail freight volumes have declined sharply and continue to nosedive. Latvia’s railways are carrying only around a fifth of the freight volume carried on the network a decade ago, and volumes fell by 36% between January and September 2024 compared with the same period in 2023.

The effects of this can clearly be seen on the ground at places like Daugavpils with its vast complex of yards and junctions – reputedly the most complex railway junction in the former USSR. Not long ago the

observer was guaranteed frequent freight activity here but today Daugavpils is eerily quiet much of the time. The situation is similar in the port city of Ventspils, once the USSR’s biggest oil export port. Latvian railways moved significant volumes of oil and was also powered by it, given none of the main line corridors are electrified. Instead, classic Soviet traction – double-unit 2TE110 (and variants) and, mostly, double-unit 2M62s – were the ground-shaking prime movers of the very long consists that are the hallmark of rail freight in this part of the world. Latvia’s largest rail freight operator, state-owned LDZ Cargo has rebuilt some of the double unit 2M62s from the frame up and these machines are now designated 2M62UM. These locos, and the 2TE116s (a variant that has mostly supplanted the 2TE110s) now dominate the remaining long-haul freight workings in the country as the less fuel-efficient 2M62s have fallen by the wayside.

Although LDZ Cargo remains the largest freight carrier it faces competition from two private operators, both of which have their genesis in the country’s ports – Baltijas Ekspresis in Ventspils and BTS in Rīga. Baltijas Ekspresis uses 2TE116s as its main traction for long-haul trains and Baltijas Tranzīta Serviss (BTS) mostly relies on 2TE116s alongside a pair of visually similar

2TE10Us. Perhaps surprisingly, Russian Railways (RZD) and Belarus Railways (BCh) locos also continue to operate well into Latvia with cross-border freights changing to Latvian traction at Daugavpils (around 80 km from the border with Belarus) and Rēzekne (around 60 km from the Russian border). This contrasts with the situation in neighbouring Estonia, where a new (but now largely unused) transfer yard was built right next to the border at Koidula.

Never easy

These are unquestionably tough times to be in the rail freight business in Latvia, though Martins Bremze, Head of Business Development at Ventspils based, Baltijas Ekspresis says it has never been an easy market given what he sees as a less-than-level playing field for competing with LDZ Cargo. However, necessity is the mother of invention, so it was a good time to sit down with Martins and find out more about the company and how it’s responding to the challenges it faces.

Martins is the son of CEO, Maris Bremze, who formerly worked for LDZ and for a time was CEO of LDZ Cargo. The company, the oldest and largest private operator in Latvia, was founded in 1998 by terminal owners at the Port of Ventspils to give them an alternative to



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Above: A deserted yard at Ventspils on 15 August 2024.



Left: In better times for Latvian freight, LDZ Cargo ČME3M-5955 shunts at the enormous Riga Daugmale marshalling yard on 19 August 2013. These locos were rebuilt from 1960s-built Czechoslovak ČME3 diesels from 2011 onwards and re-engined with a Caterpillar 3512C HD prime mover.



Above: LDZ Cargo 2TE116-662 climbs out of Krustpils station with an empty train of hoppers en route to Daugavpils and onwards into Belarus on 5 August 2019.



LDZ Cargo. Baltijas Ekspresis currently has 150 employees, nine main line locos and 18 shunting locos, and offers a wide range of services including long-haul, shunting and maintenance. Martins says that while Baltijas Ekspresis can compete with LDZ Cargo on costs, quality and responsiveness to customer needs, he argues the incumbent freight operator offers uncommercial rates while LDZ's fees for infrastructure access, services and facilities put new entrants at a disadvantage.

While Baltijas Ekspresis continues to fight for a better deal from LDZ via the courts, and the wider rail regulatory system in Latvia, it has also sought to reduce its reliance on LDZ wherever possible. This included acquiring Ventspils loco depot from LDZ in 2022, which also enabled the company to diversify into fleet maintenance and overhaul. Baltijas Ekspresis also has an outstation at Rīga, where it uses the facilities of independent railway repair, maintenance and overhaul company L-Ekspresis. This is another company that has been forced to adapt quickly, diversifying away from its original core business of now abandoned international services to Moskva, St Peterburg and Minsk. Baltijas Ekspresis also carries out its own loco fuelling operations rather than relying on LDZ facilities.

Baltijas Ekspresis operates (or has recently operated) a diverse range of freight flows. This includes a share of the remaining unsanctioned major freight flows to Russia and Belarus, now mainly reduced to grain (for transit) and other agricultural products. Alongside this there is (or has recently been) inter-terminal movements at the port of Rīga; light oil products from Lithuania



Above: LDZ Cargo ČME3-4695 collects four empty wagons from a siding at the eastern end of Krustpils station adjacent to the line to Daugavpils on 5 August 2019. Concrete panels have just been unloaded from the wagons.

to Estonia; movement of new Škoda *RegioPanter* 21Ev EMUs for Estonia's national passenger operator, Elron, from Latvia to Estonia; cement traffic from Latvia's only cement factory at Brocēni to the port of Liepāja; domestic diesel fuel movements from the Baltic States' only oil refinery at Mežeikiai in Lithuania; and last mile shunting operations.

In 2022 Baltijas Ekspresis carried 4 million tonnes of freight on 4806 train movements, amounting to a market share of 25%. Overall Baltijas Ekspresis now does more

business out of Rīga than from its home city of Ventspils, where some of its port terminal owners have switched to other operators.

The Baltijas Ekspresis diesel loco fleet comprises nine 2TE116 heavy freight locos, two 2M62s (now out of service), 17 examples of the Eastern Bloc's favourite heavy shunter, the Czech-built CME3, as well as one TGM4 diesel-mechanical light shunter.

A total of 2176 2TE116 Co-Co+Co-Co diesel electric locos were built by

Below: LDZ Cargo 2M62UM-119 stands at Valga on the Estonia-Latvia border with a long freight bound for Latvia on 18 September 2020. These locos were rebuilt from Soviet era 2M62 locos by CZ Loko from 2015 onwards and are equipped with MTU engines, providing a total output of 4.4 MW.





Above: A variety of Soviet era diesels at the Baltijas Ekspresis depot in Ventspils on 16 August 2024. From left to right, the operator's sole TGM4, which was acquired from Ukraine in 2021, ČME3-3491, and stored 2M62-095 and 2M62-0740.

Luhanskteplovoz from 1971 onwards and these powerful and more fuel-efficient machines have now fully superseded the Baltijas Ekspresis 2M62s, with the last pair of 2M62s stored at Ventspils awaiting disposal. The 4500 kW 2TE116s (and the other variants of this form of 2TE locomotive) were built to meet the USSR's requirement for a standard heavy freight locomotive. The Baltijas Ekspresis 2TE116s date from 1981–92 and were acquired in

2014–19 from a variety of sources including Ukraine and Estonia (from the now defunct Estonian Railway Services).

The Baltijas Ekspresis fleet of ČME3s was acquired from LDZ and from Estonia, although two went missing in Ukraine during the conflict and have now been replaced by Ukrainian examples. The TGM4 also came from Ukraine in 2021. The locomotive fleet is currently adorned in a variety of liveries, some of which still

reflect their former ownership. Baltijas Ekspresis own livery is blue, in contrast to the red (formerly green) of LDZ Cargo and green of BTS. The latest variation for the 2TE116s adds gold to the cab ends and a more dynamic logo on the side of the loco.

Ventspils

TR EU was given the opportunity by Baltijas Ekspresis to see some of the fleet close up at both the outstation at Rīga and the main depot at Ventspils, the latter with driver instructor Sergei Skutelis. Ventspils depot can also undertake locomotive overhauls at all levels short of re-engining, which in Latvia only LDZ has the capability to carry out (at its main depot at Daugavpils).

During our visit a 2TE116 unit was having its pistons and cylinders replaced. Like the wider railway network in Latvia staff at the depot are mainly ethnic Russian – indeed, the language Latvian railways use on the ground is Russian. The wagon management system is still run from Moskva as part of a pooling system which operates across much of the former USSR broad gauge network.

Ventspils depot remains largely unmodernised and thus is very atmospheric. Driver instructor Sergei says he prefers the current eclectic mix of traction in his care to more modern “boring” locos. And that's the way things may stay for a while yet, given the current parlous state of rail freight



Above: 2TE116-1042 at Ventspils depot on 16 August 2024.



Above: 2TE116 cab interior at Riga stabling point.

Right: A piston change takes place at the Baltijas Ekspressis depot in Ventspils. The operator is able to carry out most loco maintenance tasks in-house at its own well-equipped depot.

Below: Baltijas Ekspressis 2TE116-987 and 2TE116-1047 in the depot at Ventspils on 16 August 2024. These powerful machines are the backbone of the Baltijas Ekspressis fleet.



Above: Soviet era train event recorder on a diesel shunter at Ventspils depot.



in Latvia makes major investment in new traction unlikely.

Visiting some of the locomotive cabs provided an opportunity to see the original Soviet analogue train recorder equipment in place, which records speeds, braking, timings and so on using graphs and dials rather than bytes and digital read outs. Alongside this sits retrofitted Baltijas Ekspress innovations like CCTV recording, the ability to pre-heat locomotive fuel in winter, and (on the CME3s) video cameras and in-cab screens to make shunting easier and safer. Baltijas Ekspress is also interested in the potential for opportunities to move to automated shunting. This something that is being pioneered by Ventspils port-based Bio-Venta, which is the largest producer of bio-diesel in the Baltic States. Shunting of wagons in their complex is now undertaken by a battery-electric Rotrac E4 road/rail shunter (built by German road/rail vehicle specialists Zwiehoff), which is capable of moving loads of up to 500 tonnes.

The Baltijas Ekspress depot is part of a much larger complex comprising of three yards serving the port and local industry, administrative buildings, housing and control centres. Much of it looks unchanged from the Soviet era, including a railway village near the depot dotted with trees that have matured since it was built. Adding to the evocative landscape is a battered water tower and internal roads named Locomotive Street and Depot Street.

All that's missing is the freight trains which, by the time of our visit in August 2024, were a rare sight. Also close to the depot is Ventspils' magnificently restored passenger station. Refurbished in 2017 the station was the original terminus of the 1094 km Moskva to Ventspils railway. Work on the line started in 1897 with the section to Ventspils opening in 1901. For a while the station at the Moskva end of the line was named Moskva Ventspils before ultimately becoming Moskva Rīga station.

Until 2009 Ventspils was also linked to Liepāja by rail. The 121 km line has an unusual history in that it was built in a hurry by German Army Group North in 1944 to link up their troops in the "Courland Pocket" where 200 000 German troops were surrounded on one side by the Red Army and on the other side by the Baltic Sea after Hitler refused an evacuation. Following the war the line took on wider strategic importance after the Soviets rebuilt it to Russian gauge. The final passenger train ran in 1996. A remnant of the line is still in use in Ventspils, where

an impressive girder bridge spans the river Venta to provide access to sidings.

The city's restored station is in great condition, although again the problem is that there are no trains, with the last service running in 2010. However, there is a campaign to restore a passenger service to Latvia's sixth largest city and recent investment in new passenger rolling stock provides some hope for the future.

Fighting spirit

In some ways Ventspils is a microcosm of the wider state of rail freight in Latvia. Its Soviet-era infrastructure and traction was making good money moving freight long after the USSR collapsed. The considerable investment in the public realm in Ventspils (including an impressive and immaculate park railway tribute to Latvia's extensive, but

long-gone, narrow-gauge network) is partly down to a combination of Russian oil and EU grants. However, while the infrastructure remains much of the transit freight has gone. If sanctions are imposed on Russian and Belarusian grain (for transit), this would be another blow given that grain and other agricultural products makes up 37% of remaining rail freight traffic. The country's complexes of vast yards and associated infrastructure would become quieter still.

The future of rail freight in Latvia will need some of the fighting spirit and innovation that Baltijas Ekspress brings. And for the time being it will also need the heft and resilience of the mighty 2TE116s to keep the wheels turning in a country which despite everything still moves the third-largest tonnage of rail freight per head of population in the European Union. **TR EU**



Above: ČME3-3616 in the latest Baltijas Ekspress livery and ČME3-3966, still in EVR (Estonia) livery, at the Baltijas Ekspress stabling point in Riga on 14 August 2024.

Below: The beautifully restored station at Ventspils was refurbished in 2017 but has not seen a scheduled passenger train since 2010.

