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**REVIEW OF THE TRANSPORT SITUATION IN UNECE
MEMBER COUNTRIES AND OF EMERGING DEVELOPMENT TRENDS**

Note by the secretariat

The purpose of this document is to provide the Inland Transport Committee with a short survey of the transport situation in the UNECE region in 2003, including some provisional trends and indicators of the transport activity. The document also highlights obstacles to the development of transport and best practices in governmental regulatory activity related to the transport sector. It has been prepared by the secretariat on the basis of the contributions of the following countries and institutions: Croatia, Germany, Hungary, Latvia, Lithuania, the Netherlands, Norway, Poland, Romania, Switzerland, Turkey, International Union of Combined Road-Rail Transport Companies (UIRR), International Union of Railways (UIC).

The note consists of a brief synthesis of the main facts and trends and an annex containing short highlights of some of the transport developments. Country contributions are structured in three parts: I. Traffic trends; II. Obstacles to transport development, and III. Best practices in transport and infrastructure regulation. **Contributions in full are available from the Inland Transport Committee Internet address: <http://www.unece.org/trans/Welcome.html>**

I. TRAFFIC TRENDS

1. Transport and traffic volumes in 2003 seemed to have slightly increased as compared to those in 2002 throughout the UNECE region as a whole. However, according to the preliminary information and data provided by the Governments, the International Railway Union and other sources, somewhat different patterns could be observed between transport modes as well as from one sub-region to another or from one country to another in both passenger and freight traffic.

2. In EU and EFTA member countries railway freight transport volumes, on average, continued to decrease compared to the previous year. The average negative growth rate in rail ton-km was -1.3% in the EU. However, in some countries (Belgium, Denmark, Finland) freight volumes grew modestly. The number of railway passengers and passenger kilometres slightly increased, by 0.8%, compared to the previous year.

3. In Central and Eastern Europe, both freight and passenger rail transport reversed the downward trend from previous years and, for the first time in the last several years, showed a notable increase. Compared to 2002, the volume of tons carried increased by 4.9% on average and by 5.1% for tonne-kilometres. A significant increase was recorded in Bulgaria and Croatia. The number of passengers grew by 5.2% and passenger-kilometres by 4.7% on average. In Bosnia and Herzegovina and Poland the number of passengers grew by about 20% compared to 2002, while in the FYROM and Slovakia a decline of about 17% was recorded. Transport of freight in almost all the Baltic States and the Commonwealth of Independent States showed once again an important increase of 14.3% on average with the highest growth in Latvia, Lithuania and the Republic of Moldova. The passenger transport of Russian Railways increased by 2.8% and the rail freight volume increased by 7.2% in comparison with 2002.

4. Despite the efforts and rail-promoting measures to increase the share of railways, road transport continued growing across Europe, and seemed to have performed better than railways in 2003. In EU and EFTA countries road freight transport again increased moderately compared to 2002, while in Central and Eastern Europe and CIS countries it continued to grow steadily. Passenger road transport continued to grow in all countries. However, in Western Europe it grew less than in other regions of the UNECE. The growth of passenger traffic was slower in EU and EFTA countries with a larger part of growth again attributed to public transport. In Central and Eastern Europe and CIS countries most of its growth could be attributed to passenger transport by private vehicles. In Central and Eastern Europe, the fast level of motorization and the number of cars on the roads continued to increase in 2003. The trend towards private car ownership and very fast growth of road freight transport in these countries remains unbroken.

5. In some countries of the Commonwealth of Independent States, on average, the growth of goods transport during 2003 was around 5.0% compared with the same period of 2002. Except in Armenia, where the volume of freight carried by all transport modes decreased compared to 2002,

in all other CIS countries the volume of goods carried in the first nine months of 2003 was higher than in the same period of 2002. A variety of factors contributed to such developments, but most notably the growth rate of industrial and agricultural production, dynamics of external trade and weather conditions. According to the information reported, in Central and Eastern European countries as well as CIS countries, it appears that road transport maintained and, in some countries, further increased its share in the total goods transport market.

6. Preliminary data also indicate that the situation in the inland water transport sector reflected slower than expected economic recovery of European Union economies and not as high as expected economic growth rates in the rest of Europe. Transport of containers continued to grow, although the extremely dry weather in the spring and summer of 2003 decreased the water level and barge operators were restricted in the amount of cargo they were able to load. Traffic on the Danube continued to climb slowly after having bottomed out in the mid-1990s, and in 2002 reached about 32 million tonnes.

7. The objective to shift modal split at European level in favour of rail transport had not happened in 2003 either. As far as combined transport is concerned, the provisional figures indicate that the volume of traffic in 2003 was at the same level as in 2002. Accompanied combined traffic suffered considerably more than non-accompanied, with a reduction in traffic of close to 10%. Thus, the volume of combined transport carried out by the members of the UIRR remains constant for the third year in a row, and it appears that other operators from outside UIRR have recorded even poorer scores.

**TRENDS IN INLAND GOODS TRANSPORT IN THE UNECE REGION IN 2003
(Estimates and projections)**

	GDP	Goods transport (tkm)			
		Total	By road	By rail	
				Total	International
EU + EFTA	0.8 %	1.2 %	1.3 %	-1.5 %	0.3 %
CEEC	3.6 %	4.9 %	15.5 %	5.1 %	12.3 %
Russian Federation	7.0 %	6.4 %	3.8 %	6.5 %	12 %
Baltic & CIS	6.3 %	5.5 %	7.5%	16.7 %	18.9 %
South Eastern Europe	4.0 %	5.2 %	5.5 %	8.3 %	6.0 %
Turkey	5.3 %	N.a	6.5 %	7.1 %	11.4 %

Notes: Figures in the table are estimates and projections made by the secretariat and are intended to indicate orders of magnitude only.

N.a = Not available.

8. In Europe as a whole, and in almost all transport modes, the growth of national goods transport again was lower than that of international transport. In some Central and Eastern European countries (CEEC), international rail goods transport performed better and in others in a similar

fashion as domestic. Strong demand for international transport and very likely stronger domestic transport demand could be expected after the accession of CEEC countries to the EU. Stable economic growth in the EU and vigorous growth of the Russian Federation's economy could also contribute to a stronger demand for international transport in the current year.

II. OBSTACLES TO TRANSPORT DEVELOPMENT

9. In spite of the evident progress in the upgrade of existing and construction of new infrastructure in Central and Eastern European countries, major obstacles could be identified on several fronts. The capacity and the quality of transport infrastructure continued to be a major hurdle. In some accession countries only a fraction of road network (5 %) is suitable for 11.5 kN axle load which is typical for the EU member countries and the remaining network therefore would need upgrading. Road and rail infrastructure is suffering from decades of neglect and under-investment and already has to cope with increasing transport intensity. In addition to insufficient capacity and quality of the infrastructure, old and highly polluting vehicle fleets are not being quickly enough renovated, thus further aggravating safety and environmental impacts of transport and raising the bill of transformation in the transport sector.

10. Problems related to congested infrastructure continued to grow and appeared to be of equal concern for authorities in both EU and other UNECE countries. Unabated growth of transport demand continued to create congestion problems on some main roads of both Western and Central and Eastern European countries and on roads around large cities. Congestion, until now more typical for Western European countries and cities, appears to be becoming an equally large problem on roads and in big cities in Hungary, Poland, Latvia, the Russian Federation and other Central and Eastern European Countries. Policy makers in these and other countries, together with their counterparts from the Netherlands, United Kingdom, Germany and other EU countries are testing more transport policies and solutions for efficient management of transport resources that will cut the growing travelling time and curb pollution.

11. Structural transformation of the transport sector, for several years on the top of the agenda of policy makers in Central and Eastern European countries, continued to require attention. In some countries, slower than expected transformation and restructuring, in particular in the railway sector, continued to be an obstacle to faster transport developments. The separation of infrastructure and operations, carried out in EU member countries and in accession and some other Central and Eastern European countries, the Russian Federation, etc. has created social and employment problems, which required additional attention and effort during the restructuring of transport enterprises. This process, however, appears to be well advanced in a large number of member countries, but the full impact of effects of structural transformation of the transport sector remains to be fully grasped.

12. European Union and EFTA countries reported that major obstacles to further transport developments could also be linked to the growing need for road infrastructure maintenance and insufficient funds for this purpose. Furthermore, congestion, especially in urban areas, continues to be viewed as an obstacle to further development and represents serious concern of policy makers. Unlike before, in some of these countries, the stage and the quality of infrastructure were identified as areas of concern rather than policy related, managerial and organizational aspects of the transport sector.

13. In the Russian Federation and other CIS countries, the state of infrastructure and its capacity, in particular in big cities, is regarded as one of the major obstacles to future transport developments. Considered to be in a very dilapidated state and of a poor quality, development of transport infrastructure remains to be the major concern of the authorities in these countries. In addition to the poor quality of infrastructure and vehicle fleet, the disproportion between the transport supply and the volume and structure of the demand for transport services continued to burden an already stretched transport system on main transport axes. Transit capacity of the Russian Federation is gradually becoming more utilized, but its significant capacity is still not yet fully exploited. The Russian Federation and other CIS countries are increasingly facing the consequences of the fast growth of motorization and a parallel shift from public to private passenger transport, particularly in and around big cities. These developments add pressure on the environment and more and more require the attention of authorities. The vehicle fleet is becoming younger and less polluting but not sufficiently fast to alleviate the growing negative environmental impacts.

14. In some CIS countries, difficult configuration of the relief, lack of access to maritime and inland navigation ports, and a limited number of trading partners continued to affect development of transport. In some of these countries, which do not have other alternatives to road or rail transport, these problems were augmented with additional infrastructure problems. In some of these countries, all shipments must transit through neighbouring countries and export of local production rapidly becomes less competitive, due to increasing transportation tariffs. In some countries, railways are the most dominant transport mode while, in others, it is the road sector that completely dominates both freight and passenger transport market. In spite of the fact that international financial institutions continue to make considerable efforts to develop and upgrade infrastructure in some CIS countries, a lot of assistance remains to be provided. In a typical situation where single railway line and only a few major roads with acceptable quality are available, many of the CIS countries gave the highest priority to extension and upgrade of their transport capacity to be able to accept growing transport demand.

15. Several countries reported that long and complex checking controls in both road and rail transport still persist on some borders and represent a very serious obstacle to further transport development. In countries with an unfavourable geographic position or landlocked countries forced to import and export goods through the territory of their neighbours exclusively using inland

transport modes, simplified and short border controls directly lower transport costs and stimulate trade and growth of national economies.

III. BEST PRACTICES IN TRANSPORT AND INFRASTRUCTURE REGULATION

16. In Poland, the focus was on the adoption of the Strategy of Transport Infrastructure Development in 2004-2006. The main objective was to remove obstacles to economic development of the country imposed by the insufficient transport infrastructure, to ease the integration of Poland transport system into the EU and to reduce environmental and social costs caused by the lack of infrastructure. In Latvia, and several other acceding countries, the process of further harmonization with the European Union legislation continued. In addition, further regulatory activities were aimed at reducing the number of road accidents through traffic safety measures. In Lithuania, among many activities during the last year, the Strategy of the Reform of the Lithuanian Railway Transport Sector for the years 2003-2006 was approved, the new road traffic rules came into force, the Lithuanian Highway Project continued to be implemented, and the first container train through the Pan-European Corridor IX on the route Odessa-Klaipeda-Odessa started to operate. In Romania, the main regulatory work focused on exploration of possibilities for financing of transport infrastructure and modernization of equipment as well as on further harmonization of the national transport legislation with that of the EU.

17. Infrastructure planning and development has not been typical only for accession and other Central and Eastern European and CIS countries. Several EU countries have invested considerable efforts in medium- and long-term infrastructure planning. In Germany, for example, the draft of the Federal Transport Infrastructure Plan was before the Cabinet for adoption. The Plan will lay the foundations for economic growth and employment in the period up to 2015 and beyond with the main objective of ensuring sustainable mobility. In Norway, work continued on road pricing and experiments with Private-Public-Partnership. Another interesting development in Norway was the change of the existing organizational model for managing the transport sector. In four major Norwegian cities, local authorities were granted the necessary resources and power to become responsible for land use and transport policy. The new organizational model and decision-making process will be tested for five years and is expected to improve the quality of services offered to users at the local level.

18. Regulatory requirements concerning gas exhaust and noise emissions by transport continued to be further elaborated or applied in many member countries. In the Netherlands, the link between the maximum speed limit and the air quality and noise nuisance has been confirmed through monitoring on a particular location, and the possibility of adopting speed limit reduction not only for safety reasons but also for environmental reasons at other locations is being considered by the Ministry of Transport.

19. In some CIS countries as well, Governments continued to consider various measures to reduce increasing levels of pollution, noise and other environmental impacts. However, fast motorization and relatively rapid economic development have not been followed by acquisition of more recent and less polluting transport vehicles, and vehicle fleets' with a high average age and levels of pollution remain to characterize transport systems in these countries.

20. Promotion of rail and combined transport was another area of regulatory initiatives aiming at enhancing rail efficiency, reliability and competitiveness. However, except in a few cases where this policy is giving visible results, elsewhere transfer of freight from road to rail did not take significant proportions. According to the UIRR, one of the reasons for smaller than expected growth in combined transport in the previous year was the lack of the appropriate level of quality of the rail operations. With over 20 % of all container trains showing delays of more than 3 hours, a number of customers returned to road transport. However, this trend might change in favour of railways in the near future through regulatory measures (a compensation scheme in case of quality shortcomings) and liberalization of access to rail infrastructure and railway operations across Europe.

21. In Switzerland, the effects of the fiscal measures taxing road transport (performance-related heavy goods vehicle tax) continued to be evaluated. The agreement between Switzerland and the EU, which entered into force in 2002, will allow Switzerland to continue applying its policy of moving the freight from road to rail. In order to supplement federal funds for financing of transport infrastructure, Germany is considering the introduction of the heavy goods vignette for vehicles using federal motorways. Most of the revenue raised from this toll would be earmarked for improvement of transport infrastructure and to facilitate transfer from a system where infrastructure is financed from the budget to one where it is financed by users. In order to increase road capacity and boost its efficiency, especially during peak hours, the Parliament in the Netherlands passed the Emergency Road Widening Act which will simplify and shorten the decision-making procedures for construction of additional rush-hour lanes and improve traffic management and information as well as public transport.

22. In almost all UNECE countries, the search for additional and elaboration of more efficient transport financing schemes continued in 2003. In Norway, experiments with PPP continued. In Hungary, various co-financing models, including the use of PPP, are being elaborated. In Croatia, new Acts were introduced to facilitate private financing of roads and maintenance of existing road and rail infrastructures. In Turkey, a considerable road investment programme was unfolding.

23. Some countries continued to explore advanced traffic management technologies in order to extract more capacity from existing and reduce the need for new infrastructure, primarily through better intermodal connections in passenger and freight transport. Aware of the importance of short and simple border checking procedures, a number of countries in the region continued to cooperate in various activities aimed at further simplifying border crossing procedures and improving the travel and transit time of passengers and freight.

24. The overall objective of all Governments in the region was to continue developing an efficient, rightly priced, sustainable and safe integrated transport system. Regulatory measures were being applied across Europe, aimed at better regulating the transport market. Governments continued to further study and apply measures aimed at strengthening the competitiveness of railways, stimulating development of inland navigation and combined transport and raising the efficiency of road transport operations, preserving the desired balance between mergers and restructuring in the transport sector on the one hand and healthy competition on the other hand. In accession countries, important regulatory work continued on finalizing alignment of the national with the legislation of the European Union. In other Central and Eastern European countries, as well as in some CIS countries, measures concentrated on possibilities to improve the management of the overall national transport system.

IV. OUTLOOK

25. Economic growth was again expected to improve in the EU area boosted with the accession of ten new members. Across Central and Eastern Europe, the growth was expected to maintain a relatively high level with some variations among countries with the Russian Federation again maintaining the lead. However, such developments will depend on many international factors and would be affected by any slowdown in the EU or significant movement in the price of oil. GDP growth in the Russian Federation was expected to be around 5 % in 2004, while in the Euro-zone around 1.4 %. In CIS countries it was expected to vary from 4 % in Kyrgyzstan to around 9 % in Kazakhstan. Transport demand, both passenger and freight traffic, across Europe and, in particular, between the enlarged European Union and the rest of the UNECE region, including Caucasus and Central Asian countries, was expected to continue growing in 2004.

26. Inland navigation freight transport, which showed some signs of revival in 2003, was expected to further increase its share in the freight transport market with continued improvement of navigation on Danube. Well-known advantages in terms of price and environmental impacts, accompanied with the better quality of service, could certainly increase the inland transport navigation share in the transport market.

27. Ensuring an increasing, steady and long-term private sector participation in infrastructure financing appear to remain a dominant issue on the agenda of transport policy makers in the near future. This area, together with measures to improve modal split, increase safety on roads, tackle environmental concerns, decongest urban areas, will continue to head the regulatory agendas of member Governments. Other legislative concerns in member countries will most likely focus on the further enhancing the competitive and liberalized transport markets, and the development of integrated transport systems. New technical regulations, as well as economic and administrative instruments, will therefore continue to be developed and applied in all these domains.

Annex

SUMMARIES OF COUNTRY REPORTS

CROATIA

(1) In 2003, total traffic volumes increased compared to 2002. Both passenger and goods transport grew, with railway transport continuing to show progress but with the road transport share still at 48 % for goods and 58 % for passengers. Continued growth of both goods and passenger transport is expected to continue in 2004. (2) Main obstacles are related to external effects of road transport – congestion in urban areas, aged vehicle fleets, although improved safety in road transport remains to require further attention. (3) Main regulatory improvements were achieved in road transport enabling direct investments in road construction through separate financing of new roads and maintenance of the existing network. New regulation in inland navigation envisage the establishment of a new regulatory body aligning the national legislation with that of the European Union. In 2003, the total of 152 km of new high quality roads were introduced into service as a result of an investment of around 15.3 % of total investments of the Republic in 2002.

GERMANY

(1) Estimates of traffic demand in Germany forecast that, between 1997 and 2015, passenger rail transport demand will grow by 32 % but its share in overall transport will only grow by 1 %. According to same the source, road transport demand will grow by 16 % and the share will decline by about 2 %, but still holding at about 77 % of the total transport market. The similar trends are projected for freight transport, although with higher growth rates for road, rail and inland waterway transport demand. (2) One of the main obstacles to transport developments relates to the limited capacity of transport infrastructure, due to the insufficient investments in maintenance and new construction in the past. In order to remedy such situation, the German Federal Government adopted the Federal Transport Plan 2003 (review of the Plan is available at <http://www.unece.org/trans/Welcome.html>). The main feature of the Plan is that over 50% of investment in the period up to 2015 is earmarked for maintenance. A special programme with anti-congestion schemes was also launched to address the problematic bottlenecks on the motorway, rail and federal waterway networks. (3) One of the main regulatory issues is the toll for heavy goods vehicles using federal motorways, which has still to be introduced. Revenues collected through this toll are going to directly finance improvements of transport infrastructure and, at the same time, facilitate the change from a system of budgetary financing to the one where infrastructure is financed by users. The model of private financing, construction, operation and maintenance of federal trunk roads is also practiced by the Government. The Federal Government transport infrastructure investments represent about 0.5 % of the GDP and with Federal States and local authorities this amount grows to around 1.5 % of the GDP.

HUNGARY

(1) The future modal split in Hungary will increasingly look like the one in the EU, with the share of railways still higher than the average prevailing in the EU. Both goods and passenger transport are expected to grow and exceed the 1990 value by between 27-39 % (goods) and 4-25 % (passenger) in 2015. The most dynamic growth is expected in road transport, while rail transport performance is not expected to change much. (2) The state of the infrastructure is – low proportion of expressways, insufficient number of bridges over two major rivers, the lower maximum permissible axle load than on the EU roads, quality of railway infrastructure and the navigability of inland waterways as well as the limited functioning of public ports, which are main obstacles to future transport developments. Another set of obstacles is related to financing issues. The main problem – real assets evaluation and establishment of maintenance and replacement funds, especially for railways, is expected to be resolved. Finally, the age structure of the vehicle fleet and environmental consequences represent an additional obstacle to further transport developments. (3) Further elaboration and consideration of mixed financing models and co-financing schemes for infrastructure occupy the attention of Hungarian transport policy makers. Also the new Transport Policy Concept and the new Motorway Law were adopted in 2003.

LATVIA

(1) Rapid increase of registered road vehicles, domination of road transport on the domestic freight transport market and the number of road traffic accidents higher than in the EU were the main features of 2003 transport trends in Latvia. Road traffic is expected to increase by 3-5 % per year until 2005 and by 1-3 % thereafter until 2015. Total freight traffic volumes grew in 2003, especially through ports and even more significantly by rail. During the first 9 months of 2003, the rail freight traffic volume was 23 % higher than in the same period of 2002. More than 85 % of all freight transported by rail is transit and almost 80 % passes through ports. (2) The state of road infrastructure represents a serious obstacle to transport developments. It is worn out and has not been well maintained; its technical standards, including carrying capacity and quality of surface are not satisfactory. Improvements are necessary to increase the safety level, especially in residential areas. However, one of the most urgent problems is related to long waiting hours for border crossing at Latvia's eastern borders. Waiting time is often longer than 10 hours, and changes regarding the necessary documents are frequent. In ports where ferry lines, container and Ro-Ro services transport trucks, they have to wait very long hours to cross into the Russian Federation. This results in loss of competitiveness of the transport corridor through Latvia and shifting of Ro-Ro and container traffic to other Baltic Sea eastern ports. (3) The most important transport policy challenges are to increase the capacity of port terminals and access roads and to raise the quality level and safety standards of transport operations. Latvia was in the process of harmonization of its national legislation with that of the EU. In the area of

safety, the Latvian Road Administration developed a programme aimed at improving driving conditions and eliminating locations with the highest number of accidents (“black spots”).

LITHUANIA

(1) In the first 9 months of 2003, rail goods transport grew by 18.5 % and on roads by 20.1 % compared to the same period of 2002. Passenger transport by road, in the same period, increased by 5.2 % while passenger rail transport continued to contract and recorded a further reduction of 2.9 % compared to the same period of 2002. (2) Worn out railway tracks, aged rolling stock, few electrified railway lines, are several obstacles to future transport developments in Latvia. In addition, a lack of road by-passes around cities, congestion in major towns and a high rate of road accidents are some of the burdens in road transport. Insufficient capacity of border crossing to handle the increased amount of traffic is causing delays and long waiting hours on border crossings with neighbouring countries. (3) Rules for Simplified Customs Transit Procedures for goods transported by railways started to be implemented. The first container train on the route Odessa-Klaipeda-Odessa, allowing loading and unloading in the capitals of Lithuania, Belarus and Ukraine, was launched in 2003. It covers the route from the Black Sea to the Baltic Sea in 50 hours (twice faster than standard train). The Strategy of the Reform of the Lithuanian railway transport sector for 2003-2006, prepared with a view to implementing the EU Directives, was approved in 2003. New Road Traffic Rules entered into force on 1 April 2003, and the implementation of the Lithuanian Highway Project continued to be carried out.

NETHERLANDS

(1) Maintenance of roads, railways and waterways as well as anti-congestion measures will be the priority area for the Dutch Ministry of Transport in the next several years. This measure will be accompanied with a considerable amount of investment from the “Multi-Year Programme for Infrastructure and Transport”. The biggest part of the budget will be made available for roads. Investments in rail infrastructure are aimed at reducing malfunctioning and increasing punctuality. Further improvement of security in public transport by reducing fare dodging, aggression and other kinds of violence continues to be one of the major priorities of the Ministry. (2) The two main obstacles to transport developments in the Netherlands are congestion and the long overdue maintenance. A huge increase in mobility and car ownership in the last decade is not expected to end in the near future. In addition to creation of rush-lanes, additional measures will be deployed to raise the efficiency of roads usage. Insufficient investments in maintenance in the past, particularly in rail infrastructure, accompanied with an increase in the amount of traffic, lessens the efficiency and punctuality of railways. Therefore, maintenance of rail infrastructure will be one of the priorities of the Ministry of Transport. (3) The Emergency Road Widening Act was adopted by both Houses of the Dutch Parliament and can enter into force simplifying and shortening decision-making procedures on construction of additional rush-lanes.

Examination of the effects of the speed limit on air quality and noise nuisance has confirmed the existence of the direct link, at least on particular locations. Although it should not be generalized, the introduction of the speed limit aiming at improving the air quality and reducing noise nuisance on other locations will be considered.

NORWAY

(1) Road freight traffic grew by 2.3 % in 2003 and the growth of the total road traffic was estimated at 1.6 %. Rail traffic continued to decrease its share in the transport market to 5 % in passenger traffic and about 11 % in tonne kilometres. (2) Infrastructure maintenance and development are expensive in Norway due to specific geography, climate and population distribution. The rail network is limited and the quality of the road infrastructure varies. Road congestion is a problem only in a few cities and on some main roads. (3) A large portion of the trunk road network that does not satisfy standard road width is one of the obstacles to future transport developments. The amount of investments necessary to improve this condition is considerable and by far exceeds the available sources. Also, an estimated 1000 km of motorways are needed to improve the existing road network. In other areas, the work continues on road pricing and experiments with PPP schemes. Furthermore, local authorities in four major cities are now responsible for transport policy and management of the sector at local level. The new organizational model will be tested for five years. Road safety was another concern of transport authorities and the speed limit was reduced from 90 km/h to 80 km/h on 370 km of roads and from 80 km/h to 70 km/h on another 680 km. Before and after studies showed the average reduction of speed by 2-4 km/h which is expected to have a positive impact on road safety.

POLAND

(1) Freight transport slightly grew in 2003 compared to the previous year, while the public passenger transport further declined, mainly due to continued increase in car ownership. (2) Main obstacles to transport developments in Poland are insufficient investments and deficient infrastructure. Road infrastructure is not suited for heavy goods vehicles, existing sections of motorways do not form a coherent network, road traffic safety needs to be improved and long waiting times at border crossings are the main impediments in road transport. Railways are constrained with outdated and worn out rolling stock and incomplete process of financial and employment restructuring. (3) The main objectives of the Strategy of Transport Infrastructure Development 2004-2006 are to remove constraints to economic development imposed by an insufficient transport infrastructure, to improve integration of the national transport network with the network of the EU and to reduce environmental and social costs caused by the lack of infrastructure. Specific priorities for investments are indicated in the Polish reply. Poland committed about 0.13 % of its GDP to infrastructure developments, mainly concentrated on further improvements of E-Railway and E-Road networks, including some border crossings.

ROMANIA

(1) Freight transport grew in 2003, although very modestly on railways (0.3 %) and roads (1.0 %) but more vigorously on inland waterways (3.5 %). Passenger transport also grew on railways (1.6 %) and roads (1.5 %). Both goods and passenger volumes grew as the result of positive economic developments and the high level of earlier investments in the transport infrastructure. The share of railways in the freight transport market further declined from 38 % to 36 %. In road transport, the number of commercial vehicles for passenger transport increased by 2.5 % and the number of goods vehicles by 9.5 %. All transport modes are expected to grow in 2004. (2) In the railway transport, the main obstacles are the aged rolling stock, old infrastructure and the lack of financing for renewal. In the road sector, the limited capacity of infrastructure creates a number of obstacles – traffic bottlenecks, congestion around and in big cities, uneven rehabilitation of the existing road network requiring reduction of permitted tonnage, etc. In inland waterway transport, the main obstacle was the low level of the River Danube and restrictions around Novi Sad (Serbia and Montenegro) area. (3) In accordance with available financing resources, the programme of modernization of the railway infrastructure and rolling stock continued in order to ensure better safety and passenger comfort. Most of the investments were focused on modernization for speeds of up to 160 km/h on the Pan-European corridor IV, new interlocking system and modernization of stations. In the road sector, rehabilitation of ring roads, modernization of motorways and E-Roads had priority. Further harmonization of the national legislation with that of the EU, continued in the field of road transport, introduction of specific provisions on transport of dangerous goods. In inland navigation, further improvements were carried out along the inland waterways. Finally, the PPP concept was developed in order to attract investors to support projects like motorways, ring roads, bridge construction, etc.

SWITZERLAND

(1) Trans-Alpine railway freight transit was expected to increase by about 5 % in the volume during 2003, while road trans-Alpine transport was expected to stagnate for another year with a continued decrease in a number of vehicles – due to their improved productivity because of the introduction of the Performance Based Heavy Vehicle Fee. The number of passengers on the Swiss Federal Railways railway network grew by 5.3 % (6.6 % in passenger/km). A similar trend could be observed on networks of other rail transport enterprises. (2) The positive effects of the introduction of the Performance Based Heavy Vehicle Fee simultaneously with the increase of the maximum authorized weight continued to be observed. The policy of transfer of freight traffic from road to rail continued. Further coordination of measures of the transport policy in Switzerland with the EU policies continued. (3) The number of goods vehicles of 40 tonnes, which fall into contingents agreed between the EU and Switzerland and authorized to enter Swiss roads before the general introduction in 2005, saw a considerable increase in 2002

and 2003. Also, the MOU between Switzerland and the Netherlands aimed at improving the rail transport on the north-south axis between the North Sea and Mediterranean is now joined by Germany and Austria. Overall spending on transport decreased by 9 % compared to 2002 and represented 14.4 % of the spending of the Federal Government and 1.7 % of the GDP. Public transport received 4.2 % more and road transport 2.8 % less than in 2002.

TURKEY

(1) Road transport maintained its domination of the transport market with about 93 % of freight and 95 % of passengers carried. This share is expected to remain in the near future. The volume of traffic on national roads was expected to be higher by 5 – 8 % compared to 2002. (2) The high share of road transport in the transport market has its negative aspects. The most important is the number of road accidents. In international transport, a limited number of transport permits restrict Turkish carriers. Long border crossing times and hours spent waiting for customs and other controls put another strain on road transport efficiency. The Road Transport Law was introduced in 2003 with the objective of meeting certain legal gaps and improving management of the road transport sector. Regulations on application of the provisions of the Law will enter into force in 2004. Very heavy traffic and adverse climatic conditions put an additional burden on infrastructure maintenance. (3) Activities aimed at improving standards and capacity problems of the national road network have been initiated. Sections of the E-Road network included in the 2003 Investment Programme cover more than 1500 km and the amount of investments equals about 508 000 billion TL.
