

## TRANSPORT SITUATION IN POLAND IN 2005

### Traffic trends

In the period from January to October 2005 total sales of services in transport enterprises (with more than 9 employees) was 3.6% higher than in the corresponding period of last year. A higher than average increase in sales was recorded in road transport – 10.8%, whilst in railway transport sales declined by 4.5%.

In the first half of the year, the fleet of transport enterprises transported a total of 257.5 mil. tons of goods, i.e. 4.7% less than in the corresponding period of the last year. An increase took place in road transport and inland waterway transport. From January to October 2005 123.6 mil. tons of goods were transported by rail, i.e. 9.1% less than in the corresponding period of 2004. In the second largest transport group in terms of its share, i.e. in commercial road transport (in units with more than 9 employees), 77.7 mil. tons of goods were carried until October, i.e. 13.5% more than in 2004. The transport potential of road transport enterprises rose by 16,1% in comparison to October 2004. Maritime transport continued to drop – between January and October 2005 only 5.9 mil. tons were transported (decrease by 68.4%). Commercial seaports loaded and unloaded 48.9 mil. tons of goods, i.e. 1.6% more than in the corresponding period of last year. In the same period the inland waterways carried 4.4 mil. tons (increase by 2.6%). In the first 3 quarters of 2005, public means of transport (in units with more than 9 employees) carried 745.9 mil. passengers, i.e. 5.9% fewer than in the previous year. The decline was observed in all modes of transport except of air transport – which recorded an increase of 11.7%.<sup>1</sup>

### Obstacles to the development of transport

Main problems that hindered the development of transport in Poland remained the same as in 2004:

- **Low level of road transport safety** – it is one of the greatest problems of Polish transport. The fatality of road accidents is 3 times higher in Poland than EU average. The losses due to road accidents are estimated to 30 bil. zlotys (approx. €7.5 bn) annually.
- **Inefficiency of road administration** – in the period between January and October 2005 only approx. 30% of yearly investment plans were carried out.
- **Obsolete and underdeveloped transport infrastructure** – Poland lacks a coherent network of motorways and expressways, which could link major cities and industrial areas. The quality of existing roads cannot handle growing number of cars and traffic volume. Moreover the pavement of large part of Polish roads is not suited for heavy loads in freight transport – only 5% is suited for 115 kN axle load. Also the quality of railway network is insufficient, what results in lower competitiveness of rail transport. Only 2,300 km allows the speed of 120 km/h or higher. Inadequate infrastructure hinders also development of seaports and airports.
- **Inefficiency of rail transport** – Rail transport still characterises by low competitiveness and services quality. At the same time it absorbs enormous public funds. Modernisation of Polish State Railways will be a huge strategic challenge for the Polish government.
- **Old transport fleet** – This problem is particularly visible in inland waterway and maritime transport. The obsolete fleet might lead to gradual elimination of these modes from Polish transport sector. Moreover old vehicles create a significant risk for environment.

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<sup>1</sup> Source: "The economy of Poland, October 2005" (Informacja o sytuacji społeczno-gospodarczej kraju, Październik 2005 r.), GUS 2005

- **Low quality of public transport services** – Whilst the accessibility of public transport is fairly good, its quality does not meet demands and requirements of the society.

### **Best practices in transport and infrastructure regulation.**

On 22 February 2005 the Polish government adopted a Strategy on restructuring of Polish Railways (Polskie Koleje Państwowe S.A). The strategy aims at increasing railway transport competitiveness and improving the efficiency of PKP S.A. The strategy consists of 4 main elements:

1. Law on Railway Fund
2. Law on Financing of Inland Transport Infrastructure
3. New law on Commercialisation, restructuring and privatisation of Polish Railways (PKP)
4. New law on railway transport

The new law on Inland Transport Infrastructure Investment will replace the existing, dispersed regulations concerning infrastructure financing, including the law on paid motorways construction. A new state institution will be established – the National Transport Fund, which will be composed of two sub-funds: the National Road Fund and the Railway Fund. The main objective of the Railway Fund will be to ensure additional financial resources for railway infrastructure investment. The Railway Fund will function similarly to the National Road Fund. It will be managed by Bank Gospodarstwa Krajowego (Bank of National Economy). The Fund will be supplied from the fuel tax (20% of income from fuel tax, the rest will supply the National Road Fund). Implementation of the Railway Fund will allow decreasing the level of railway infrastructure access charges in Poland and thus increasing the competitiveness of railway transport. The Transport Fund will be supplied by income from existing sources: fuel tax, tolls, payments of concessionaires and tenants of land adjacent to national roads. Another source of financing will be excise tax on fuels (no less than 14% of yearly income from excise tax on fuels). The new law on infrastructure financing guarantees the appropriate level of railway infrastructure investment.

The reform aims also at reforming the Polish Railways company. Previous attempts to restructure Polish State Railways have not been successful. The key points of the new strategy are:

- Separating PKP into state-owned infrastructure and Railway Assets Fund companies, with privatised intercity passenger, and open-access and semi-privatised freight operators. The Railway Assets Fund will be the legal successor of the PKP, and will take over all the PKP's assets and liabilities. It will not participate in operating and investment activities.
- Creating regional passenger operating companies between PKP Regional Services and local governments
- Reducing track access charges (15% in 2006).
- Reducing the length of the rail network
- Improving infrastructure standards to match those in other European Union countries
- Selling the broad-gauge mineral line (LHS)

The overall objective of the reform is to retain a significant share of railway transport in the transport structure in Poland. The Government expects that the levels of freight and passenger traffic up to 2007 will not be lower than in 2004.

## **Major developments regarding "E" network in Poland:**

### Rail: Upgrading to AGC/AGTC standards

- E-20 :
  - section Warsaw – Siedlce (90 km) – completion of works
  - section Siedlce – Terespol (110 km) – beginning of works
  - Poznań node – preparatory works
- E-30:
  - section Zgorzelec – Opole (230 km) - continuation of works
  - section Opole – Kraków (150 km) – preparatory works
- E-59:
  - section Krzyż – Stargard Szczeciński (90 km) – continuation of works
  - section Wrocław – Leszno (90 km) – preparatory works
  - section Międzylesie – Lichkov (7 km) – preparatory works for electrification
- E-65 – preparatory works for upgrading of the Warsaw – Działdowo (160 km) and Katowice – Zebrzydowice (78 km) sections

### Roads:

- E-30 – construction of a new A-2 motorway section. Overall length of existing sections (Nowy Tomyśl – Poznań – Konin): 152 km. Continuation of construction of the next section (Konin – Stryków, 110 km).
- E-40 – continuation of A-4 motorway construction. Existing sections: Wrocław – Katowice – Kraków (256 km). Construction and modernisation works are underway on section: Wrocław – Krzywa (92 km)
- E-67 – preparatory works for construction of the section Radzymin - Wyszaków (30 km)
- E-75 – beginning of construction of A-1 motorway – section Gdańsk – Grudziądz (92 km), continuation of construction of S-1 dual carriageway expressway – section Bielsko-Biała – Cieszyn (33 km)
- E-77 – modernisation of existing road, section Gdansk – Elbląg (57 km), construction of two-lane road, section Myślenice – Lubień (13 km)

Moreover, construction of several bypasses in the main transport nodes is underway. All constructed or modernised motorways and expressways will be adapted to 11,5 t per axle load.