



The realistic prospects of upgrading international transport axes in the Balkan Area

Evangelos Matsoukis^{1*}

¹ *Transport and Traffic Eng. Study Unit
University of Patras
Patras, 26500, Greece*

Abstract

The development of upgraded transport networks in the SEE (South East European) region(Balkan), connected and compatible with the corresponding EU(European Union) internal networks and those of the neighbouring countries, is an important means of improving links within the region and integrating the countries of the area into the political and economic mainstream of Europe.

However,Balkan countries seem to have many problems in developing such upgraded transport networks The quality of infrastructure in the region at present remains inadequate to support a significant increase in transport flows. While in this part of Europe, after a long period of political unrest and reform, transport flows are increasing in an impressive way and solutions are urgently needed...

The EU has gone through extensive planning exercises resulting in trans-european networks for the European Union and the accession countries. The participation of the EU derives from the EU's as well as the countries' long term vision on accession of all countries of the area to the European Union.

This paper starts with a brief review of the EU efforts to develop a common transport policy in the area. Then, it describes in detail the HLG-SEE(High Level Group-SEE) work , which may be considered as an important effort in the above mentioned planning process in recent years. The proposed methodology by the HLG to identify major transnational axes is outlined . The outcome of this exercise is given, together with the final proposals made.

Following this, the paper proceeds to an investigation of the current situation and of the future prospects of the Balkan international transport axes , on the basis of the experience gained until now, and the reality applying to this SEE area.

In concluding, the need is stressed, in the name of both the environment and safety, to address urgently the problem of the Balkan's *road network*, since the vast majority chooses road as the preferred means of transport for freight and passengers alike. This seems to be a first priority to bring fast progress in this still underdeveloped SEE area and to promote European integration.

Keywords: International transport axes; Balkan countries; South East Europe; Trans-European networks; EU High Level Group.

* Corresponding author: Evangelos Matsoukis (Emats.glyfada@tee.gr)

1. Introduction

In reaching the end of the first decade of the 21st century, most politicians in the Balkan countries seem to have a vision: they seek and pursue a new status for the transport infrastructure of the region, where transportation flows traverse without problems this SouthEast Area of Europe(Balkan) , by use of e.g. 6- lane motorways, and with very few bottlenecks at the various border lines, where vehicles are transferred from country to country!

The reality however is completely different, and we are far away from reaching this status. Vehicles wait for hours in the borders of the various Balkan countries, delayed due to the time-consuming processes of control. The numerous plans for the upgrade of transport networks in the Balkans on the basis of the models of the EU, with international financing, are not making progress, in contrary they are already delayed.

In the meantime transport flows in the region are increasing rapidly in recent years, because, after a decade of political unrest,(1998-2006) political stability seems to return in the Balkans. Especially the volumes of transported goods are increasing in an impressive way.

The quality of infrastructure in the region is still inadequate to support - or indeed facilitate - this significant increase in trade. The following Table 1 is quite characteristic.

Table 1: Comparison of Basic Infrastructure Development Indicators

<i>Category</i>	<i>Balkans</i>	<i>Central Europe</i>	<i>European Union</i>
1. Road network			
1.1. Density	41.06	105.04	100
1.2. Paved main road network, percent	59.82	67.04	100
2. Railway network			
2.1. Density (standard gauge)	75.62	139.20	100
2.2. Electrification (standard gauge), percent	86.30	89.93	100
3. Telecommunication network			
3.1. Main connections per 100 inhabitants	37.9	50.4	100
3.2. Mobile telephony connections per 100 inhabitants	7.0	30.0	100
4. Energy network			
4.1. Electricity production per inhabitant	45.6	66.0	100
4.2. Natural gas consumption per inhabitant	61.2	58.70	100
5. Education			
5.1. Public expenditure as a percentage of GNP	73.97	92.12	100
5.2. Public expenditure per student in tertiary education as a percentage of GNP per capita	86.26	124.50	100
6. Health			
6.1. Public expenditure as a percentage of GDP	85.57	107.21	100
6.2. Hospital beds per 1 ,000 inhabitants	81.20	102.56	100
7. Science and technology infrastructure			
7.1. R&D expenditure as a percentage of GNP	67.80	65.54	100

Source: P. Skayannis, "Infrastructure Comparisons in Transition Countries: A New North-South Divide in Europe?" in *The Development of the Balkan Region*, ed. G. Petrakos and S. Totev

Let us have a more thorough look:

Roads: Most of the main roads used for freight were built in the 1970s and 1980s, and have been poorly maintained since then owing to a lack of resources. In addition, many routes in ex-Yugoslavia suffered war damage, either directly through bombing and landmines, or as a result of heavy tank traffic, which the roads were not designed to withstand. However, the quality of roads in the Balkans varies enormously: between e.g. Bulgaria and Croatia, where good new motorways have been built recently and more are under construction, and Albania, where few roads are asphalted and almost all are in very poor condition.

Rail: Most lines need modernisation, and there is a severe backlog in maintenance which, in some areas, reduces the operational capacity and travel speed substantially. 85% of the network is single track, and only 10 % is in good condition. It should also be underlined that the railway companies in general will require major restructuring to provide efficiently adequate transport services. In some areas, incompatible technical track specifications also slow down goods transit; less than 10% of track in the Western Balkans is electrified (compared to around two-thirds in Bulgaria). The railways are under state ownership throughout the region, although Croatian Railways is slated for privatisation. Border crossings represent another major bottleneck, largely reflecting a lack of computerised customs facilities or cooperation between neighbouring countries' border-guards. There are also costs and uncertainty arising from visa requirements for drivers and corruption in the customs services.

Investment Priorities: The rehabilitation of existing infrastructure and the construction of new links are priorities not just for national governments, but also for the international organisations providing aid, loans and transition assistance to the region. Faster and safer road and rail links would bring a number of benefits: better links would facilitate trade, both within the region and within the EU, which accounts for more than 50% of exports. In particular, faster freight would create more opportunities to export such perishables as agricultural produce. Foreign investors would be more attracted to the region if goods could be cheaply, reliably and quickly exported to richer markets in the West and developing markets in the East.

Tourism is a key growth industry in the region. However, the summer season always brings traffic congestion. More investment is needed in roads - and airports - to improve access.

Financing Frustrations: Most governments in the region lack the resources required to build and maintain roads, and rely heavily on aid and loans from the EU, the European Investment Bank, the World Bank and the European Bank for Reconstruction and Development. All these institutions are heavily involved in co-financing road repair and rebuilding. Routes on the main European 'transport corridors' crossing the Balkans -- notably north-south Corridor X, running from Austria to Greece through Belgrade, and east-west Corridor VIII, running from Dures in Albania on the Adriatic, through FYROM to Bulgaria's Black Sea coast - receive priority.

However, the transport of goods across the region remains costly, over-regulated and inefficient. Moreover, the creation of four new states in SEE has resulted in a multiplicity of international borders/check-points and of decision-making centres for planning, regulating and investing in the transport sector with negative repercussions for integrated regional economic development and trade.

2. Brief history of EU efforts towards a common transport policy for the region

A common transport policy for south-east Europe dates back to 1999, when the Stability Pact for South-East Europe was set up at the initiative of the European Commission (EC).

The western Balkans were gradually moving out of war and the region was regaining its potential within Europe. Hence the growing presence of the EU in the region beginning in 2000, in a number of policy areas such as energy and transport, with an overall promising roadmap for enlargement.

The participation of the EC derived from the EU's as well as the countries' long term vision on accession of all countries to the EU which required to work towards the adoption of EU's goals and strategies as well as to satisfy its *acquis communautaire* in the transport sector.

At the end of 2001 the EC finalised its strategy and released the document "Transport and Energy Infrastructure for South Eastern Europe" (European Commission 2001). This strategy, which has been discussed and agreed with the countries of the region and with relevant international agencies and IFIs, constitutes the framework of an ongoing process to promote regional cooperation among the countries of the Region, facilitate coordination between donors and allow adequate prioritisation of the regional infrastructure investments in Southeast Europe" (quote from SEETO, 2006).

In 2002 the TIRS (Transport Infrastructure Regional Study) determined the SEE Core Transport. (Agence Francaise de developpement (financier)/European Conference of Ministers of transport, 2002)

In mid-2003, the "Regional Balkans Infrastructure Study Transport - REBIS Transport" was released (European Commission financier, 2003). This project aimed at preparing investment plans for transport infrastructures and at preparing pre-feasibility studies for selected project proposals, prior to investment decisions. The project focused on the development of the Core Network based on the previous study (TIRS). It is broadly composed of the Trans European Transport Corridors and of the links between capitals of the Region and to capitals of the Regional Balkans Infrastructure Study Transport (REBIS Transport). However this study was based on data up to 2000, when there existed no standard trends in socio-economic development of some countries e.g. Serbia and Montenegro. Predicted GDP growth rates were from 4 to 4.5%, while in previous years they were much higher (for example, higher than 6% in Serbia).

An assessment of the Core Network was made through TINA methodology (2004), which provided the status-at that time- of completed sections, ongoing and future projects, missing links and bottlenecks including those of administrative and technical nature.

This work also produced 20 pre-feasibility studies of selected projects towards alleviating bottlenecks and upgrading the Core network to "EU-standards" (European Commission/External relations directorate general Regional Strategy Paper, 2002-2006).

In mid-2004, the EE founded the HLG -High Level Group on the extension of the major trans-European transport axes to the neighbouring countries and regions. The HLG followed the ministerial seminar organised in June 2004 in Santiago de Compostela, Spain (European Commission HLG, 2004). The objective of the HLG was to recommend how to extend the major trans-European transport axes to the

neighbouring countries and to identify priority projects on these axes. A particular HLG for the SEE region was set up.

In September 2005 the final proposals decided by the EC on the basis of the HLG project, were released. (European Commission HLG, 2005).

There has also been much progress with the establishment of an EU Network Steering Committee (NSC), composed of high level representatives of the participants, which coordinates the joint work of the MoU's (Memorandum of Understanding, 2005) and, the establishment of a South East Europe Transport Observatory (SEETO, 2005). The core mandate of SEETO is to assist the NSC in implementing the MoU to ensure that the signatories co-operate on the development of the main and ancillary infrastructure on the Network and enhance policies in this area which facilitate such development.

In April 2006 the First Core Regional Transport Network Development Plan 2006-2010 was presented and accepted by EC (SEETO, 2005).

In December 2006 Mr Jaques Barrot and EC Ministers accepted the 2007- 2011 SEE Core Regional Transport Network Development Plan (SEETO, 2006).

3. The main aspects of the HLG -SEE region work

The HLG project can be considered as the most serious effort in recent years to promote transport in the wider Balkan Area. The author of this article, had the occasion to participate as Greece's representative in this HLG for the SEE region (Balkans).

This paragraph outlines the methodology that was proposed by HLG for adoption and that provided the framework for the exercise to identify and select potential axes and projects on the SEE region. The proposed methodology consisted of two steps:

- Identification of major transport axes connecting the EU with the broader SEE region.
- Selection of priority projects on these major axes that were feasible and which demonstrated best value for money in terms of their economic, social and environmental impact.

3.1. Step 1: Criteria proposed for identifying major axes connecting the EU with its neighbours

The first step of the methodology aimed at identifying a limited set, some 5-7, of priority transport axes, which connect the EU with the neighbouring countries of the SEE region and which are particularly relevant for international transport. The concept of major transnational axis was seen as important to focus efforts and to get countries together in a cooperative international setting.

The axes would in many cases have a *multimodal character* in addition to their Pan-European dimension, being used by traffic between the European Union and the neighbouring countries. Special attention would be granted to *nodal points*, such as ports given their potential strategic role as industrial and logistic platforms. The networks that have been the subject of international agreements and other joint decisions and actions should be considered as the starting point for the whole exercise.

The following two aspects were proposed for the identification of priority axes connecting the EU with the neighbouring countries or broader regions:

- *Pan-European interest* - a priority axis should facilitate and stimulate the development of exchanges between the European Union and its neighbours by extending the major TEN axes to the neighbouring countries or regions, taking due account of existing priority reference networks and corridors.
- *Functional dimension* - a priority axis should be an important route for international traffic flows between the EU and the neighbouring countries or regions, in particular in the longer term. In addition, a priority axis can be a route that allows traffic to avoid a major environmental bottleneck or barrier. This dimension should be assessed using one the following three criteria:
 - amount and share of international traffic, today and forecast for 2020, with origin or destination in the EU and a neighbouring country or region, measured e.g. in tonne and passenger kilometres or vehicles crossing a border, and as % of overall long-distance traffic; or
 - volume of transit traffic, in the current situation and estimated for 2020, with origin or destination in the Union and using the infrastructure of the neighbouring country or region; or
 - the axis offers an alternative, which is potentially much shorter (less costly to users), environmentally friendlier or safer than the alternative, established route.

3.2. Step 2: Criteria for selecting priority projects

At a second step, priority projects on the major transnational axes, as identified according to the objectives and criteria presented in the previous section, will be selected paying particular attention to the most pressing bottlenecks for international traffic. As funding transport investments is inevitably a difficult issue, a proper evaluation prior to putting forward projects is fundamental.

A two-stage procedure was thus proposed for project selection.

First stage - pre-selection

The first stage aimed at pre-selecting a restricted number of projects worthy of being examined in detail by the Group. The methodology should be simple and allow a rapid analysis of project proposals. This should be done through the elimination of those projects not meeting all of the following three criteria:

- the project should form part of one of the priority transnational axes, as identified by the Group in step 1, taking notably due account of projects which cross or circumvent natural barriers, alleviate congestion or other bottlenecks or offer safer or environmentally friendlier alternatives to main corridors used today;
- to eliminate projects which are too small or too regional in their character to merit inclusion, the project should be of sufficient significance. The particular situation of the countries concerned would, however, be taken into account.

To avoid a multitude of small projects without significant impact, the cost of each infrastructure project should be above the indicative threshold of [0.15%] of the GDP of the country/region concerned. Lower indicative thresholds may, however, exceptionally

be approved for the rehabilitation of existing infrastructure, for traffic management systems, including security systems, or for projects which promote maritime transport or transport using inland waterways or which address environmental or safety concerns.

The technical solution proposed should be more cost efficient in reaching its stated objectives than alternative technical options, including e.g. type of action (new construction/rehabilitation; motorway/dual/single carriageway) or investments in other modal routes (motorway of the sea/land based solution).

- There should be a *firm commitment* of the country or region concerned to implement the project, notably by checking whether the project will be subject to national selection tests and relevant international conventions:
 - the project is scheduled in national transport plans with the start of works prior to 2010 and completion by 2020 at the latest;
 - realistic financial plan, which indicates the various funding sources, including, in particular, the amount of national and international funding and where appropriate private funds.

Second stage - evaluation

In the second stage, the objective is to identify those projects, which contribute most to balanced sustainable development in terms of their economic, environmental and social dimension using the following three criteria:

- improving economic efficiency - notably cost savings, including time savings, to international users and operators/firms of the transport system taking into account possible charges paid for the infrastructure use. Impact on economic growth and employment;
- enhancing environmental sustainability of the transport system - Reduction in air pollution, noise, green house gases and other environmental impacts such as biodiversity, e.g. through changes in the existing modal shift, re-routing to environmentally friendlier modes or infrastructures or through reduction in congestion;
- improving transport safety and security - Reduction in the number and severity of accidents caused by international traffic and in security incidents to international operators, e.g. through modal shift or re-routing to safer modes or infrastructure.

The above criteria should be calculated for the situation with the project proposed and compared to a situation without the project. The impacts, calculated in monetary terms as far as possible, should be checked against the investment, maintenance and running costs of the project. The net benefits should be significantly positive overall, only projects with a sufficiently high internal rate of return [$>6\%$] will be considered, and to the extent possible for each separate criterion.

It is also important to stress that the projects proposed should respect international conventions and that environmental assessment, procurement procedures etc. are carried out in accordance with national legislation, donors' funding rules and best international practice.

3.3. Results: the decisions taken and the proposals made

On the basis of the above, HLG-SEE region submitted its proposals. In line with the mandate given to it, the HLG- EU decided to adopt five multimodal transport axes at its sixth plenary meeting in September 2005.

All of the five axes comprised one or more branches reflecting the volumes of international traffic and the forecast for 2020 and ensuring connectivity between the neighbouring regions and the trans-European networks of the EU.

Out of the five, the transnational axis adopted by the Group and referring to the SEE region is the so-called South Eastern axis.

This South Eastern axis links the EU through the Balkans and Turkey to the Caucasus and the Caspian Sea as well as to Egypt and the Red Sea. Access links to the Balkan countries as well connections towards Russia, Iran and Iraq and the Persian Gulf are also foreseen .The alignment of these connections is the following:

- *Multimodal connection* Salzburg - Ljubljana - Zagreb/Budapest - Belgrade - Nis, including the following connections
- Sofia - Istanbul - Ankara - Georgia/Armenia - Azerbaijan (Traceca)
- Skopje - Thessaloniki
- *Multimodal connection* Budapest - Sarajevo - Ploce
- *Multimodal connections* Bari/Brindisi - Durres/Vlora - Tirana - Skopje - Sofia - Burgas/Varna
- *Inland waterways* Danube -Sava

In addition to the above connections and branches, Austria supported by Croatia and Bosnia and Herzegovina raised the so called Pyhrin corridor linking Berlin to Zagreb and connecting to the TEN priority project no 22 and the Pan-European Corridor X. UNMIK/Kosovo, Serbia and Montenegro and Albania stressed the importance of the Balkan regional core network in providing access to the main axes.

It should be mentioned that the parties which actually took place in this process were: Albania, Bosnia/Hertzegovina, Serbia, Montenegro, Croatia, FYROM, UNMIK/Kosovo, Italy, Greece and Slovenia - the last three were already EU members, Romania and Bulgaria - the latter joined EU in 2007 and Turkey.

4. The current situation and the future prospects

4.1. Current situation

Today the EU remains the major and rather unique promoter of the common transport policy for south-east Europe.

There are still four conspicuous problems:

- Inadequate and unsafe road and rail networks, leading in many places to delays, congestion, pollution and accidents. Most major arteries in the Balkan are unable to handle the EU standard of 11.5 tonnes per axle. Road and rail safety also needs urgent attention: Serbia and Croatia's road casualties per 1,000 population are up to four times the rates found in the UK, a performance gap which is increasing every year.

- No stable financing mechanisms: According to official sources, 70% of major road and rail axes in the region need improvement or replacement.. However, basic maintenance of the region's road and rail networks requires levels of funding which are simply not available from the public sector.
- Discrepancy between the EU and national governments in terms of prioritizing particular projects and modalities.
- Incomplete regulation with the risk of unfair competition with the EU-27. For road haulage, checks on admission to the occupation, driving times and rest periods are woefully inadequate. In the medium term, the Balkan Countries are facing or will face the challenge of implementing and enforcing a large body of transport *acquis communautaire* comprising several hundred regulations, directives and decisions. The road transport *acquis* is particularly extensive, covering market access and social, technical, fiscal, safety and environmental requirements.

Also, the level of intra-regional co-operation – a vital element for the effective development of any common policy and, above all, for transport – remains rather poor, so the EU has tried to compensate for this with various strategic actions. For instance, it has strived to tighten up co-ordination and to secure a greater commitment of southeast European countries in the area of the common transport policy. This has implied the gradual replacement (Stability Pact for South East Europe, 2006) of all fora that had been involved in regional transport infrastructure activities with two main EU co-ordinated structures. These two main policy-making and implementation levels are:

- the Infrastructure Steering Group (ISG) run by the European Commission and the World Bank Office for SEE (Brussels) and made up of the European Commission, the World Bank, the Council of Europe Development Bank, the EBRD, the EIB and the Stability Pact for South-East Europe;
- the South-East European Transport Observatory (SEETO), which includes the European Commission, the Banks (IMF, the World Bank, EIB and EBRD) and representatives of the western Balkan countries.

The ISG gives the possibility to the EC and the banks to discuss and co-ordinate policies before disseminating them, via SEETO, within the region.

4.2. Future general prospects

There is no doubt that the EU's main objective for the SEE area is to make sure that a common transport policy for the region will be established, which will support rather than challenge regional cohesion as well as social, economic and political stability. For the Balkans in particular, regional stability depends on the steadiness of each and every component country.

Moreover, any threat to social/economic/political instability may easily have a spill-over effect and compromise the fine balance that has been, with great effort, achieved so far in the region and its vicinity.

In developing a common transport policy for south-east Europe, the declared goals of the EU are to contribute to economic growth, stability and cohesion in this part of Europe that has been heavily confronted with conflict and recession.

However generous these initial goals, one cannot ignore that there is an ever-increasing gap between the purely economic policy objectives and the context of broader sustainability. Thus, while there is an unprecedented level of regional

mobilisation towards the implementation of a common regional transport policy for southeast Europe, there has been certainly no matching effort in other areas, e.g. the social policy area.

In July 2007, the newly enlarged and amended Central European Free Trade Agreement (CEFTA 2006) came into force, for five parties in South Eastern Europe - Albania, FYROM, Moldova, Montenegro and UNMIK/Kosovo (European Commission, 2007).

This ambitious and far-reaching agreement was signed by the five parties plus Bosnia and Herzegovina, Croatia and Serbia in December 2006 following several months of intensive negotiations chaired by the Stability Pact and supported by the European Commission. In addition to harmonising the trade regime among the parties, the agreement also includes new areas of trade policy such as government procurement and intellectual property, with profound effects on transport in the area.

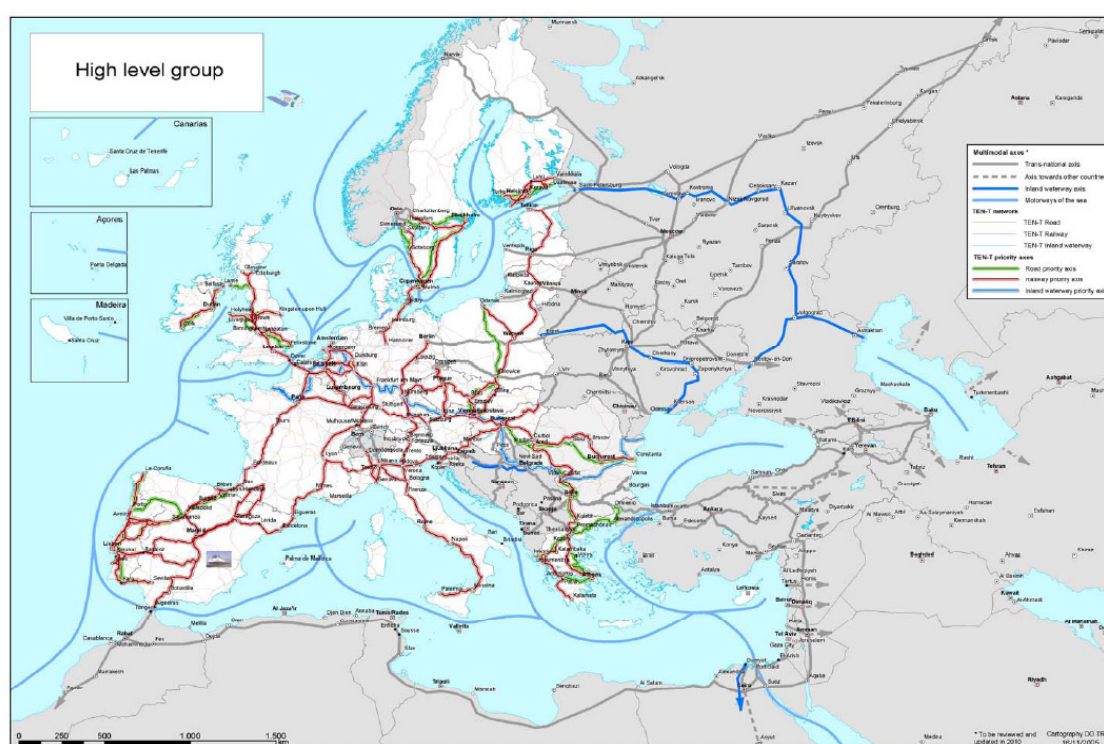


Figure 1: The HLG final proposals

4.3. Emphasis on road transport

The EU does not leave much space for road transport, after all it is the general EU approach to augment other transport means, as e.g. rail and sea transport.

In contrast, it is in the 11 Balkan countries that form the Balkan sub-continent, that the need for creation of new road links is most acute. In general, these countries have very few motorways. Helping them to build, as swiftly as possible, the network of motorways and expressways essential to the economic development of the whole region, should be a priority target for European funds. Other countries in their way towards development are acting the same way e.g. China, which is devoting 2.5% of its GDP to building over 5,000 kilometres of motorways every year, and giving clear

priority to road over other forms of land transport as a key to the country's development. No greater service could be rendered to the 11 Balkan countries concerned.

To give an illustration, the 220 billion euros being mentioned in 2006 for Europe's "grand projects", over 80% of which are rail projects, would correspond to 20,000 kilometres of inter-city motorways in the 11 Balkan countries, far in excess of their needs (Eurostat, European Commission, 2006).

On the other hand, coverage by motorways of national territory is virtually complete in most of the Western EU countries. The bulk of the effort was completed in past decades, and there is no question of endlessly building more and more motorways.

The task remains to be completed, however, for other countries, such as the Balkan countries, which already are, or are will soon be, members of the EU.

The EU could thus contribute usefully to completing motorway coverage in the 11 countries and for the gaps which have to be filled.

As a roundtable of the ECMT (European Conference of Ministers of Transport) has found, there is no *inter-city* motorway in Western Europe with a current traffic volume of 100,000 vehicles per day, and a level of 80,000 is a maximum reached only on certain very rare sections.

In other words, four-lane motorways at most (or five lanes in exceptional circumstances) are adequate virtually everywhere in Europe for the foreseeable future. And, as the ECMT has pointed out again, it is physically possible to create such motorways everywhere, and the returns on such operations are always high when traffic is heavy.

Helping to built four-lane motorways, where they are needed in the Balkan, could therefore be a priority for the use of European funds.

A first essential factor – and one that carries no cost – would be a complete change of tone in the messages coming out of Brussels. In the future, these messages should recognise the reality of the specific needs of the Balkan countries, which most of the time can only be met by the car and the truck for there is no realistic alternative.

The already forecasted strong increase in road transport for the Balkan area in the coming years cannot be ignored. Therefore, sooner or later, most effort will be directed to the development of the *road network* in the area under consideration.

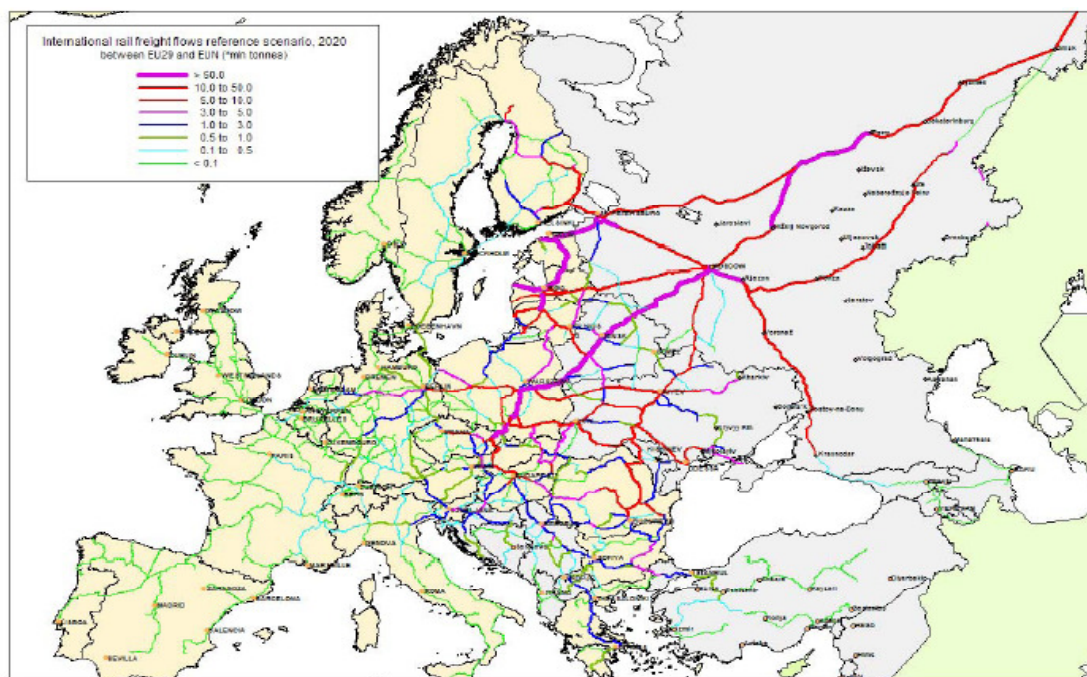


Figure 2: Internationale traffic volumes between EU, NEE and SEE neighbouring countries

5. Concluding Comments

1. The SEE Area(Balkan) cannot have accelerated economic growth without a corresponding growth in transport. Major transport axes connecting the EU with the broader SEE region must proceed without delay. The major transport axes that were defined by the EU and relevant bodies, and which demonstrated best value for money in terms of their economic, social and environmental impact should be prioritized.

2. On the other hand, the selection of a limited number of transport infrastructure projects of regional interest (selection of main road and rail axes, selection of seaports, etc.) with a subsequent aim of channelling investment towards pre-selected projects is not always the best way and a fair way to proceed. While national governments' projects should be stepping together with EU priorities.

3. There is a certain oscillation in defining the regional scope of EU regional transport policies. There are initiatives - such as SEETO - which include only the western Balkans. It may be that the Balkan countries have different levels of development, however, when we speak about Balkan we must consider all of the countries in a SEE context, i.e. the western Balkans plus Greece, Slovenia, Bulgaria, Romania, the Republic of Moldova, and Turkey.

4. In relation to the above and beyond that, to ensure long-term sustainability, EU transport policy for the Balkan must take into account a wide range of sustainability issues, such as the physical environment, safety and quality, security, social conditions and the financing of well-maintained infrastructure among others.

Consumer needs and consumer demand, market-based incentives, and robust financing plans must be guiding principles for investment in transport in the area, but this new generation of investment must seek to progressively facilitate the development of sustainable and less resource demanding alternatives to the current situation. (See The Region, 2005)

5. The EU approach is topped up by the strong presence in the region of the international financial institutions (the IMF and the World Bank). Much blunter recommendations are expected to come within their financial and technical assistance 'package' for SEE countries. e.g. a rather recent World Bank document in the Western Balkans (December 2005) contains a list of recommended timely railway reform measures to be implemented by each western Balkan country. Staff reductions, privatisation of the freight operator and closing loss-making local lines are some of the most frequently-recommended measures. It should be recalled these are necessary, but may not be easily welcomed by local populations (Cristina Tilling, 2006).

6. Most effort should be directed by the EC and relevant bodies involved in the SEE to the development of those of the axles that refer to *road transport* in the area under consideration.

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Abbreviations and Acronyms

EC = European Commission

EU = European Union

FYROM = the former Yugoslav Republic of Macedonia

IFI = International financing institution

ISG = Infrastructure steering group (of the Stability pact and the European Commission)

MoU = Memorandum of Understanding, a written document executed by the parties which establishes policies or procedures of mutual concern. It does not require either party to obligate funds and does not create a legally binding commitment

MoT = Ministry of Transport

pan-TEN = pan-European corridors, i.e. 10 international corridors beyond EU boundaries resulting from decisions reached on the occasion of pan-European Conferences of Transport Ministers in Crete (1994) and in Helsinki (1997), aiming at a coherent efficient pan-European transport system and corridor related co-operation on transport policy.

REBIS = Regional Balkans Infrastructure Study - Transport

SAA = Stabilisation and Association Agreement

SCSP = Stability Pact for South Eastern Europe (also short Stability Pact)

SEE = South East Europe

SEETO = South East Europe Transport Observatory

TINA = Transport Infrastructure Needs Assessment

TIRS = Transport Infrastructure Regional Study in the Balkans

TTFSE = Transport and Trade Facilitation in South East Europe

UNMIK = United Nations Interim Administration Mission in Kosovo

UNMIK Kosovo = UNMIK and the provisional self-government

Western Balkans = General geographic term with various definitions, here equivalent to SEETO area (Albania, Bosnia & Herzegovina, Croatia, The Former Yugoslav Republic of Macedonia, Serbia, Montenegro and UNMIK/Kosovo)

CARDS = Community Assistance for Reconstruction, Development and Stabilisation

DG TREN = Directorate General for Transport and Energy

NC = National Coordinator(s)

SEETIS = South East Europe Transport Information System

SC = Steering Committee

TEN-T = Trans European Networks (Transport)

CEFTA = Central European Free Trade Agreement

ECMT = European Conference of Ministers of Transport

EBRD = European Bank for Reconstruction and Development

EIB = European Investment Bank

IMF = International Monetary Fund