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**ANALYSIS OF THE TRANSPORT SITUATION AND EMERGING DEVELOPMENT TRENDS
IN ECE MEMBER COUNTRIES**

Note by the secretariat

The purpose of this document is to provide ECE Governments with a brief survey of the major transport trends and some provisional transport indicators in the ECE region in 1998 together with a summary monitoring of regulatory and infrastructure developments, particularly in Central and Eastern European countries, and indications of best practices in governmental activity related to transport. It has been prepared by the secretariat on the basis of the contributions of the following countries: Czech Republic, Estonia, France, Hungary, Lithuania, Netherlands, Norway, Poland, Russian Federation, Slovenia, Spain, Sweden, Switzerland and the United Kingdom. Contributions from the European Commission (EC) and the International Financial Institutions have also been taken into account, as well as traffic data provided by the International Road Transport Union (IRU) and the International Railways Union (IUC). The document consists of a main text and two annexes. Annex 1 provides Country Notes highlighting key developments in transport in countries which provided such information and in the EC. Annex 2 contains a summary of the transport financing activities of the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB) and the World Bank (IBRD).

*/ The distribution of documentation for the Inland Transport Committee is no longer restricted. Accordingly, the secretariat has adopted a new numbering system whereby the working papers will bear the symbol: TRANS/year of the session/serial number while the reports, provisional agendas, resolutions and major publications will continue to be marked as before: ECE/TRANS/serial number.

I. TRANSPORT TRENDS IN THE ECE REGION

1. Global economic developments in 1998 were overshadowed by the consequences of the financial crisis in South-East Asia which had started in July 1997 and which was amplified in 1998 by the prolonged recession in Japan and the financial collapse in the Russian Federation.¹ In the western market economies, the pace of economic expansion was losing momentum in the second half of 1998. Real GDP in western Europe is now forecast to increase by 2.8% in 1998, broadly the same rate as in 1997. In the ECE transition economies, aggregate real GDP was likely to stagnate in 1998 compared with the preceding year; in fact, there could even be a small decline. The main reason for this was the economic downturn in the Russian Federation, which will also result in a negative rate of output growth of the CIS taken as a whole. In Central and Eastern Europe, despite some deceleration in the second half of the year, real GDP for 1998 as a whole was still expected to grow by more than 3%, while the Baltic States remained the fastest growing region in Europe with the aggregate GDP forecast to grow by almost 6%.

2. The transport sector in ECE member countries followed different growth patterns in line with these economic developments and also depending on the geographical situation of the countries. In Western European countries (WEC) according to provisional data and estimates by the International Road Transport Union (IRU) and the International Railway Union (UIC), transport of goods and passengers by road and rail was expected to increase further in 1998 as compared with 1997. According to IRU data, the volume of goods transported by road in those countries should increase in 1998 by 2.5%. A further increase of 2.8% was forecast for 1999. The situation among countries widely varies: 1998 increase figures ranged from 1% in Belgium to 5.4% in Ireland. In most WEC, GDP increase would be lower than that of road transport (with the exceptions of Ireland, Belgium, Italy, and the United Kingdom). This relationship would, however, reverse in 1999, following the combined effect of a more modest increase in GDP and higher road transport volumes. With regard to freight transport by rail, it was increasing in the period January to September 1998 both in tonnes (+2.0%) and t-km (+3.3%), following UIC figures. Passenger transport seemed to have also increased in WEC in 1998, though the data reported was rather limited. There was a significant increase in traffic by road in some countries (e.g. in Spain road passenger traffic grew by 22.7% in p-km). Passenger transport by rail seemed to continue in 1998 its slow ascending trend in WEC. According to 9-month UIC data, the number of passengers increased by 0.3%, while the increase in p-km reached 1.4%. A more significant progress was reported from Spain and Turkey, where the number of passengers transported by rail increased by 4.6% and 2.7% respectively and that of p-km by 6.9% in both countries.

3. In Central and Eastern European countries (CEEC) and in CIS and Baltic States, though few data are available, some increase in goods transport was expected in 1998. However, those countries more affected by the Russian Federation crisis were reducing their expectations (1% increase was expected in Russia and Lithuania), and in some countries more touched by the economic crisis there could even be a decrease (-4.9% in the Czech Republic). The volume of goods transported by road, according to preliminary data, seemed to increase faster than those transported by rail in those countries. According to 9-month 1998 provisional data provided by UIC, freight transport by rail stagnated (-0.4% in t, +0.4% in t-km) compared to the same period of 1997, with strong divergencies from a subregion to another and even from one country to another. In CEEC, preliminary data showed a steady freight traffic decrease (-6.6% in volume, -8.4% in t-km). In Baltic and CIS countries (Russian

¹ See UN/ECE, *Economic Survey of Europe 1998 No.3.*

Federation and Asian Republics excluded), rail freight traffic volume grew by 2.1% (and by 3.5% in t-km). The Republic of Moldova and Latvia, however, did not follow the general trend, as rail freight traffic decreased in both countries, respectively, by 6.1% and 3.9% in volume, or by 2.3% and 4.8% in t-km. As regards passenger transport, railway patronage continued decreasing in CEEC, with a reduction of 9.2% in passengers, and of 5.3% in p-km). The same p-km decrease (5.2%) is reported from Baltic and CIS countries (Russian Federation and Asian Republics excluded), though the loss in number of passengers (-1.1%) is less important there.

4. In accordance with these developments, it can be said that in WEC in 1998, the trend in modal split in goods transport was slightly in favour of road transport, after a major interruption of such a trend in 1997, when rail freight traffic had grown by almost 8% while road traffic grew by only 3%.

5. In CEEC and Baltic States, although many data are missing, it seemed that the trend in modal split in 1998 was developing sharply in favour of road transport as had been the case in 1997, when rail freight traffic decreased by 0.5 % while road good traffic grew by 12%. However, in some countries there seemed to be a recovery of inland water transport. Modal split in passenger transport in CEEC and in Baltic States also continued to be favourable to road transport, more particularly individual transport at the expense of public transport, though in some cases public transport figures were also increasing.

6. At the Pan-European level and in all modes of transport, international traffic continued to develop faster than domestic traffic, thus confirming a long-standing trend in the ECE region. International east-west transport seemed to develop at the fastest pace, though final figures have been lower than initially expected due to the consequences of the Russian crisis in those countries more involved in transit flows towards the East. In particular, international rail freight transport was increasing much faster than domestic rail freight transport. According to the 9-month UIC data in Europe (Russian Federation and Central Asia excluded) while total rail freight traffic in t-km was increasing by a mere 0.4%, international freight rail traffic was growing by 5.1%. In CEEC such a trend was even more striking, those percentages being -8.4% and +4.4% respectively. In many countries, including France and the Czech Republic, international rail traffic represented more than 50% of all rail cargo. Finally, it could be mentioned that international rail traffic was making quick progress in Turkey, growing by 84.5% in the last year, though it still represents only 5.5% of the total t-km by rail.

7. Combined transport continued its development in the ECE Region. UIRR companies increased the number of consignments in international transport by 9% in 1997, reaching some 2.6 million TEUs, and a similar increase is also reported for national traffic, now representing some 0.315 million TEUs.

II. REGULATORY AND INFRASTRUCTURE DEVELOPMENTS

8. Regulatory developments were being implemented in 1998 with a view to facilitating border crossings, relieving congestion, improving further road safety and the environmental performance of the transport sector. In spite of the progress reported in international freight, border crossing continued to be a major barrier for all modes, though waiting times at the borders are being slowly reduced. In the case of railways, custom-related stopping times are often coupled with technical incompatibilities among national networks, thus increasing the chance for further delays in passenger transport. Bilateral agreements continued to be made in order to carry out border crossing formalities within moving trains or to make controls at the terminals, and ad hoc working groups have been established in some railway corridors.

9. Road congestion was reported mainly in trunk roads in the vicinity of large cities (particularly in CEEC and Baltic countries). Besides infrastructure construction (which has been slowed-down following financial difficulties in some countries), measures to reduce traffic demand and to favour public transport (including intermodal approaches) are reported, as well as user information systems, and traffic control centres.

10. With regard to road traffic safety, an increase in the number of fatalities in 1998 is reported by a number of countries, due to circumstances such as increased mobility following favourable weather or economic conditions, speed limit rises or lack of further impact of stringent measures applied in the past. The number of accidents had increased by 5.2% in CEEC and by 8.9 % in ECEC and Baltic countries; casualties had increased, respectively, by 0.8% and by 7.5%; fatalities slightly decreased in WEC (by 0.4%), while they continue increasing in ECEC and Baltic countries (by 6.3%). Conditions seemed to be improving in some CEEC countries, though these figures continue to grow faster than elsewhere. There was some concern about the number of pedestrians involved in fatal accidents (e.g. in Switzerland they count for 20% of the casualties), though no final conclusions have thus far been made as to how best deal with this problem. Measures more widely applied to improve road safety referred to drivers' training improvement, changes in speed limits, increasing penalties, and infrastructure design (road safety devices, road design, bike lanes...), reducing truck traffic in weekends, vehicle inspection (in CEEC and Baltic countries more stringent legislation is being implemented). Some countries are globally revising their policy (e.g. in Norway, proposals will be presented to the Parliament in 1999; the Dutch Government is developing a Sustainable Safety Programme for the forthcoming years, making a remarkable consensus-seeking effort), or have include the safety issue within their transport strategies (e.g. the United Kingdom or Slovenia). Telematics may play a significant role in this field in the future (traffic control centres, intelligent vehicles and roads, etc).

11. As regards protection of the environment, the main areas of governmental action are technical specifications of road vehicles and fuels, transport of dangerous goods, and policies to favour modal change from road to more environmental-friendly modes, and particularly to combined transport. Regarding road vehicle and fuel technical specifications, CEEC and Baltic countries were harmonizing their legislation on these issues with relevant EU Directives. In the transport of dangerous goods, some additional countries have recently joined the ADR agreement; there are concerns about the need to modernize the existing legislation and of improving the training of drivers of dangerous goods. Measures to favour modal split include the consideration of road pricing, higher duties on road vehicles and fuels, and an array of measures to support the development of combined transport, including grants and loans for equipment, public investment in new facilities, and tax allowances.

12. Regarding infrastructure developments, reported priorities reflected the peculiarities and geographical constraints of each country. Following reductions in transport infrastructure investment in 1997, in the framework of the joint effort to comply with the EURO program (Spain, for example, reduced railway investments by 33%), Western European Countries seemed to revitalize transport projects, and particularly those related to railways, aiming at attracting a part of road transport to that mode. Works on the Channel Tunnel Rail Link, that should reduce the travel time between central London and the Channel Tunnel by 30 minutes, began in October 1998. The Betuweroute project, the High Speed Line South, and the Westerschelde Tunnel, in the Netherlands, have also made significant progress in 1998 in its decision-making processes. The Swiss citizens have recently approved a package totalling CHF 300 billion for rail investment in the next 20 years, including two trans-alpine tunnels and the improvement of the rolling stock. Efforts in CEEC and Baltic countries continued to be focused on the Pan-European transport corridors and more

generally on their E rail and road networks. Some new sections of motorways and urban by-passes have been completed, and railway lines have been improved (electrification, upgrading of existing layouts, introduction of modern telecommunication systems...). A number of countries have developed strategic documents including commitments on transport investment for the near future.

13. The lack of financial resources to implement badly-needed transport infrastructure projects is mentioned in several reports. Member countries continued to develop more favourable conditions to involve private capital in future projects. CEEC, Baltic and CIS countries were developing different regulatory measures to induce private investment in various fields, including transport infrastructure. Experiences from the past, mainly in the development of toll motorways may serve as a basis to find acceptable solutions for all the concerned parties, including users. The private sector was playing a leading role in some of the above-mentioned British railway projects. In the Netherlands, a Working Group is developing suggestions for the involvement of the private sector in future projects.

14. International financial institutions, whose activities are described in more detail in Annex 2, continued to play a key role in the development of Pan-European Transport Infrastructure. The European Bank for Reconstruction and Development (EBRD) signed 10 additional operations in 1998, totalling ECU 227 million, and bringing total transport operations to over 40 projects and ECU 1.3 billion. Railways continue to provide the main focus of EBRD's activities in transport, so that four new railway operations in Hungary, Latvia, Croatia and Georgia were signed in 1998, two of them co-financed with the European Investment Bank (EIB), and the two others with the World Bank (WB). CEEC and the Baltic Countries accounted for over 70% of the commitments in 1998. However, during 1999 the focus was expected to shift towards the Caucasus and Central Asia. Total commitments in 1999 were expected to remain in the range of ECU 200 million.

15. The European Investment Bank (EIB) signed in 1998 (January-November) finance contracts for an amount in excess of 6.3 billion ECU for projects within the EU, i.e. nearly 40% of lending within the fifteen EU Member States. Loans approved in 1998 for projects forming part of the Central European transport corridors defined by the Pan-European Transport Conferences in Crete and Helsinki amounted to 1.4 billion ECU.

16. World Bank's lending operations in Europe and Central Asia in the field of transport amounted to \$356 million, or 6.8% of total lending in 1998; there seems to be a shift in priorities since 1996, when they peaked to \$868 million, or 19.8% of total lending).

III. BEST PRACTICES IN TRANSPORT

17. Reported best practices focus on railway restructuring, transport facilitation, and transport and spatial strategies. A number of innovative transport demand management measures, mainly in the field of urban transport, are also reported.

18. Railway restructuring is continuing in most ECE member countries. Switzerland has initiated an ambitious railway reform: since 1999, CFF has become a public owned enterprise, and in the future access to freight traffic

and to some parts of passenger traffic will be possible for other operators. Poland has created a new General Railway Inspectorate, and a new organization of the railway company PKP, separating operation and management is effective since 1 July 1998. A new organization has also been implemented in Romania. In France, a pilot experience to transfer regulatory responsibilities on regional railway services to the regions is in progress, and the responsibilities of *Reseaux Ferrés de France (RFF)* and *SNCF* are being further clarified.

19. A number of measures are cited in order to facilitate transport operations, including information services and fare-collecting systems. Efforts to improve urban transport, including freight distribution in urban areas, planning efforts, and transport demand management, continue to be developed, mainly in Western Europe. In many cases, this includes revising the existing legislation in order to allow public authorities to implement measures such as road pricing, enterprise transport plans, or to simplify approval and implementation procedures of transport projects.

20. Transport strategies have been developed in several countries, in some cases also embracing spatial planning issues. In the Netherlands, a number of freight transport corridors (*INCODELTA* projects) are being considered within a comprehensive framework including transport, economic development and high-quality development together. The Czech Republic has updated its national transport policy, following its assessment for entry into the EU. The Slovenian Government has also issued a Resolution on Transport Policy, that is now following a parliament procedure.

IV. OUTLOOK FOR 1999

21. The economic outlook for 1999 is currently uncertain. Against the background of the recent turmoil in financial markets, the deep crisis in Asia and the uncertainty as to whether financial stability can be maintained in Latin America, growth forecasts for the western market economies have been steadily reduced since the summer. For western Europe, total output is now expected to increase by about 2¼% in 1999, but this masks differences among individual countries. Two major external factors appear to be dominant for the short-term outlook for the ECE transition economies: the state of west European demand and conditions on the international capital markets. The high exposure of the transition economies to foreign markets, while a mark of their integration in the world economy, is at the same time a source of vulnerability, even for the more advanced ones, in the short run. A cyclical slowdown in western Europe would affect growth of exports from the transition economies and risk to lead to a weakening of economic growth in 1999. In some transition economies, reduced inflows of foreign capital, especially foreign direct investment, would slow the process of restructuring and recovery as well as future growth potential.

22. In this context, new efforts will be needed in order to find solutions to cope with the increasing needs in transport demand in a context of limited financial resources. Regulatory measures should continue to play a key role in making a better use of existing infrastructure, facilitating transport operations, making environmentally-friendly modes more efficient, increasing safety and reducing undesirable environmental impacts. Measures to decrease the existing pressure on road networks, including railway reforms and promotion of alternative modes such as combined transport, inland water navigation or short sea shipping will continue to be pivotal in most national transport strategies. Congested urban and interurban transport systems will require strategic and comprehensive approaches, and high consensus-building skills from the part of public authorities. The development and integration of European networks, and their extension towards Central Asia will continue to be a priority for the ECE Region.

Annex 1

Country Notes

CZECH REPUBLIC

The transport sector counted for 3.6% of the GDP in 1996 (estimate). Due to the economic situation (GDP is expected to decrease by 0.5% in 1998), goods traffic is expected to decrease in 1998, by 4.9% in t-km. Also passengers using public transport are expected to decrease (-3% in p-km), particularly rail traffic (-6.7% in p-km), while private car traffic would increase (+3.1% in p-km). Road continues to be the dominant mode for goods traffic (65.4% in t, 82.7% in t-km), and is expected to further increase its share in 1999. Private cars counts for 3/4 of passenger transport. International transport represents 50% of total transport, though it significantly decreased in 1998 (-21.8% in t-km, -7.5% in t). Congestion problems mainly appear in the main road network, close to large cities. Measures to relieve congestion include user information and development of integrated public transport systems, as well as limiting the access of private cars to certain urban areas. The speed limit were changed on 1 October 1997, decreasing it from 60 to 50 km/h in urban areas and from 110 to 130 km/h on motorways. After these changes, accidents and fatalities have decreased in urban areas (by 18.5% and 3.3% respectively), while they increased on motorways (fatalities by 54%). Following the assessment of the preparation of the Czech Republic for entry in the EU, and transport policy has been defined. Measures supporting rail transport will gradually be adopted, including the modernization of the four railway transit corridors, in accordance with the AGC and AGTC Agreements, and support to the development of combined transport. Other measures to reduce the environmental impacts of transport include noise, emission limits to motor road and rail vehicles and harmonization of the carriage of dangerous matters in accordance with ADR Agreement. Rail increased its share in total transport investments in 1998, though the total investment in transport infrastructure was reduced. Road and rail represents comparable percentages of total investments.

ESTONIA

The share of the transport, postal and telecommunication sector in the GDP has been increasing from 9.7% in 1996 to 11.2% estimated for 1998. The export of transport services has increased in recent years, especially in the field of transit, which is the main reason for the increase of the transport sector's share in GDP. Total freight traffic (in t) increased in 1998 by 3.9%, and a further increase of 4.8% has been forecast for 1999. Road transport growth was more important than that of rail (4.4% to 3.4%), but an opposite situation was expected for next year (2.5% to 5.6%). International traffic has continued to increase, though at a slower pace than in the last year (6.8% in 1998, 26.3% in 1997); a more important growth, up to 18.2%, is expected for 1999. It represents a growing percentage of both, rail and road transport (69.3% and 21.2%, respectively). Rail is dominant in international transport, carrying around 3/4 of it, with a slightly growing share. Substantial traffic growth has originated in congestion in Tallinn and other large cities, and in some sections of trunk roads. Besides the improvement of the road network, encouragement of public transport use and increasing fuel taxes until 2002 are expected to reduce this problem. Passenger traffic increases for 1998 and 1999 are expected to be lower than those of previous years: the 1998 increase in the total number of passengers would be 0.8% in 1998 and 0.2% in 1999, whereas passenger traffic performance (pass-km) would increase by 3.3% and 0.3% respectively.

Although there was an increase in accidents (+3%) and casualties (+4.1%), road safety figures show a significant decrease in deaths (-7.7%) for 1998. An international traffic safety programme for the period 1999-2010 is under preparation. A new driver training programme will also be implemented in 1999. New legislation has been under preparation in 1998 concerning railways, road transport and public transport. Together with other governmental measures in favour of public transport, and more stringent regulation of fuel and motor vehicle taxes (according to EU legal demands), they are expected to have a significant influence in reducing the environmental impacts of transport. Main transport infrastructure developments are linked to Pan-European corridors in the country; investment has been focused in 1998 in the railway line Tallinn-Narva (which counts for two-thirds of 1998 total investment in transport infrastructure, including yards' improvements). The effort in roads is focused on 3 main routes: Tallinn-Tartu, Tallinn-Narva and the Via Baltica, totalling 16% of total investments in 1998.

FRANCE

Goods transport in France is growing 3.5%, above the 3% GDP increase forecast for 1998. Rail transport growth (2.5%) will, however, be lower than that of road transport (3.5%). Modal split figures are available only for 1997, and they showed an exceptional increase of railway goods transport (+8.7% in t-km), which moved the road/rail relationship from 77/23 to 75/25. International traffic has been growing since 1995 at least; in 1997 it represented 23% of total goods traffic, 14% of road traffic and 50% of railway traffic. Passenger transport has also increased, though at a slower pace. Railways has shown again lower figures: +1.5% increase on the SNCF's main network, while the increase on the national road network was +3% and, on the motorway network, +4.3%. For passengers, modal split has not significantly changed in the last two years: roads (89%); rail (9%).

9-month data available for 1998 shows a slight decrease in the number of road accidents and casualties (-0.6%). However, the number of fatalities has increased by 5%. This might indicate a certain loss of effectiveness of measures taken in the past such as speed limit reduction in urban areas (to 50 km/h), alcohol limit reduction or the point penalty system applied to driving licences. Measures adopted by the National Committee on Road Safety include improvement of drivers' training, increasing of penalties, and improvement of road infrastructure and design (road safety devices, cycling paths...).

Efforts to reduce the negative environmental impacts of transport include the Government's support to combined transport, in both infrastructure development and operation, and the initiative to update existing regulation on the transport of dangerous goods. Other significant initiatives mentioned in the report are the development of concerted studies on transport infrastructure needs until 2015; the separation of the responsibilities of the Government and the railway company (SNCF), and the transfer of some regulatory responsibilities to some regions, on an experimental basis, within the railway reform process, and a number of initiatives to facilitate transport operations such as the development of urban transport plans, multimodal information and ticketing systems, etc). Modernization of inland water transport, through the improvement of working conditions is also a field of Government's activity. For road freight transport, control improvement of road transport control (electronic chronotachygraph, in-motion weight control) and application of European Social Regulation have been the main areas of activity.

HUNGARY

The share of the transport sector in GDP is slightly decreasing. In 1996 it was 6.7%, while the figure for 1998 has been reduced to 6.2%, and 6.1% has been forecast for 1999. Following GDP increase in 1998, total traffic has grown. Goods transport was expected to grow by 2.4% in 1998 (in t-km), with a further 2% increase in 1999, and with similar figures for rail and road (in 1998 road transport would increase by 2% and rail by 1.3%, whereas in 1999, both modes would increase by 2.6%). Following a 5.9% decrease in inland water transport, a significant increase (12.9%) has been forecast for 1999. Rail and road shares in goods transport remain constant since 1996: 25% of total t-km are made by rail and 51% are made by road. International transport slightly declined in 1998 (-0.9%), though it should recover in 1999 (+3.8%). Road is playing an increasing role in international transport, with annual growth of 2.4% in 1998 and 1999, while the rail should recover in 1999 (+2.1%) from last year's decrease (-2%). Passenger public transport is virtually stagnant (+0.2% in 1998, +0.5% in 1999). Individual transport continues to increase, though no data has been provided. Border crossing stations and weekend traffic flows are the main congestion problems on the Hungarian road network. Construction of new infrastructure (mainly new facilities at the borders, urban by-passes and reconstruction of access roads to cities), user information and traffic control systems are the principal measures being implemented in this field.

Since 1990, road accidents with casualties and mortal accidents have been decreasing (by 37% and 49% for the 1990-1997 period). In 1998, however, road accidents with personal injuries have increased by 8.4%, casualties by 10.2% and fatalities by 5.6%. Unusual high traffic volumes (particularly at the beginning of the year, induced by a warm winter) and an increase in the number of young drivers may partly explain these figures. A reduction in safety-belt use, and a greater influence of alcohol has been observed. However, the general positive trend in road safety experienced since 1990 still continues. Restrictions in the circulation of heavy vehicles during weekends and feast-days, introduced at the beginning of 1997 are proving to be globally positive. Mobile-phone use has been banned while driving, helmet use has become mandatory for motorcycle users, and marking rules regarding carrying of children and dangerous goods have been updated. The traffic police have been provided with new technical equipments and their control capacity has been strengthened. Road infrastructure improvements and education at primary schools are also expected to have a positive impact.

New motorway sections have been opened to traffic in 1998, including a new 40-km section on the M-5 motorway (on Pan-European Corridor 4) and a 43-km section on M-3 motorway (Corridor 5). The M-15 semi-motorway was commissioned. The motorway network development programme is one of the cornerstones of the Hungarian transport policy. The State has been contributing with up to 50% of the total investment, while the rest has been partially financed by private investors. Following critics from the different sectors, the Ministry of Transport is preparing a new toll system. Improvements have also been significant on the railway network, with the completion of electrification of some lines, including one line towards the Slovakian border, and the continuation of the construction of a new 42-km line towards Slovenia. Inland water transport is also benefiting from investments in a number of its public ports, in connection with logistic centres and new intermodal demands.

LITHUANIA

Transport and storage consistently represents a little less than 7% of the GDP, according to 1996 to 1998 data. In spite of the GDP increase forecast for 1998 (+11.1%), and 1999 (+10.8%), transport growth is not expected to be high

in 1998 (+1%), mainly due the effects of the Russian crisis. Expansion should follow in 1999 (+7.7%). Road haulages continues to increase its share in goods transport (61.8% in 1998, 63.3% in 1999), and is expected to further expand in the future. Also in passenger transport, public transport is decreasing its share (1.9 times in the 1993-97 period) while, following increasing car ownership, road traffic is steadily increasing (by 23% in the 1995-97 period). About 40% of total cargo traffic is international. Transit is an essential part of international traffic, and a decrease, especially of road transport, has been observed due to the Russian crisis, so that final 1998 figures should equal those of 1997.

Road safety conditions continue to deteriorate: in 1998, accidents increased by 13.9%, casualties by 15.7% and fatalities by 8%. Improvements are not expected for 1999 in this field. A Road Safety Foundation has been established, and a working group is drafting an outline of the Law on Road Traffic. Road design improvements (such as the construction of roundabouts, implementation of safety devices, traffic lights, pedestrian paths, etc.) are being implemented.

The regulatory framework is being adapted to EU Directives, including environmental and safety requirements. Of special relevance in reducing environmental impacts are the provisions of the transport law to promote combined transport, and the ratification of the ADR Agreement by the Parliament in 1998. Transport infrastructure investments have been steadily growing in recent years: from 0.39% of GDP in 1993 to 0.99% in 1997 and 1.21% in 1998. Lithuanian transport infrastructure projects are in accordance with TINA proposals for corridors I and IX. Investments in these corridors count for 87% of total 1998 transport investments. Main projects regarding railways include to increase train speed to 160 km/h on the Vilnius-Klaipeda line, and the construction of a new UIC-gauge line from the border to a logistic centre in Kaunas. Railways received almost 29% of total 1998 transport investments railway investments. Road investments include the construction of some urban by-passes and the completion of the Via Baltica. Roads received almost one half (48%) of total transport investments.

Laws adopted since 1995 try to induce private investment. An amendment to the Law of Road Fund has recently been adopted, clarifying the sources of the road fund and the procedures for its use.

NETHERLANDS

The share of the transport sector in the GDP has been stabilized at 8% for years. Dutch transport policy tries to maintain a good competitive position for the Netherlands, as well as sustainable improvements in the accessibility to main ports and economic centres.

The latest traffic data available corresponds to 1997. Objectives for passenger transport in the year 2000 seem difficult to attain: following an increase in the number of movements, total driven km by private cars rose by 4% in 1997, while they had been stabilized in the previous year thanks to mounting fuel prices, and parking and transport management policies. Public transport, however, put an end to past decreasing trends. Goods transport also increased in 1997. The increase in lorry km was, however, lower than the increase in transported amounts, thanks to measures to increase efficiency. In terms of the value of transported goods, the road is by far dominant (94.8%); however, rail achieved a significant increase of 19.5%, recovering from the 16.5% decrease suffered in 1996. International road haulage increased in 1997, counting for 21% of the total international transport, and for 82% in weight. Rail, however, is steadily increasing in terms of value of the transported goods since at least 1994, and in 1997 it grew by 11.7%. The Government's objective is to

promote short sea container transport on selected international routes, and combined transport on routes above 200 km. The objectives established for 2010, though ambitious, seem to be feasible regarding current trends.

Congestion reduction is one of the goals of the National Transport Strategy (2nd Structure Scheme for Traffic and Transport), particularly in the hinterland connections of the main ports, and on the main road network. Four policy measures are envisaged: tackling bottlenecks (new lanes, better use of existing infrastructure); public transport improvements; alternatives to transport (teleworking, traffic management, staggered hours...), and road pricing (pay-as-you-drive schemes).

A start-up programme on Sustainable Safety, with the involvement of all governmental bodies, has been under implementation since 1997 in order to achieve the final target of reducing the traffic victims by 25% in the year 2000, compared to the 1985 level. In 1999, a decision should be taken regarding the next phase of the programme, with the final aim of presenting the most cost-effective and sustainable safety design of 50 km/h and 80 km/h roads.

Modal shift to environmentally-friendly transport modes is an important tool to reduce negative impacts: goods should be transferred from road to inland navigation rail, pipeline, and underground transport, and passengers from road to rail and from short-distance aviation to HSR. Other complementary measures include higher efficiency of road traffic (congestion reduction), cleaner and quieter vehicles, and stimulation of combined transport, including the promotion of competition in rail transport.

The new cabinet has decided to invest DF 1.67 billion in infrastructure in the period till 2010. To make the planned investments more effective, the Government will produce in 1999 suggestions for Public Private Partnerships in the realization of infrastructure projects. Several large infrastructure projects are under construction: The Westerschelde Tunnel will be realized in March 2003; actual drilling will start at the end of 1999. The planning stage of the Betuweroute projects almost has been completed; construction in the Port of Rotterdam areas has started and other parts of the line have been put out to tender. A decision has been taken on the route of the HSL South (Amsterdam-Brussels-Paris), and actual construction will start in 1999.

The Ministry of Transport recently launched the INCODELTA project, with the goal to direct freight transport into corridors linking up the economic centres of the country with other countries; close cooperation between Governments and market players is decisive in this approach; each corridor is approached as a transport axis, an economic development axis and an axis where high-quality development will take place. Special anti-congestion teams, to reduce or prevent highway congestion have been set up. They are concentrating their activity especially on making sure that the measures implemented (such as overtaking bans, speed adjustment or peak-hour lanes) are observed and enforced. Procedures for the approval and implementation of new transport links will be simplified, following a governmental legislative proposal, that should come into force in 1999. Other innovative measures include large-scale demonstration of Automated Vehicle Guidance, a Steering Group to oversee the private participation in large infrastructure projects, a National Traffic Information Centre recently set up, a cross-border traffic management pilot project recently set up in co-operation with Germany on the Eindhoven-Cologne highway stretch. An agreement has been reached among the Ministry of Transport, the provinces, municipalities and water boards of a 24-point programme aimed at the improvement of road safety.

NORWAY

The transport and communications sector's share of GDP in 1995 (last data available) was 9.5%. This figure is likely to be valid for the years afterwards. Annual growth rates for 1998 and 1999 are expected to be lower than those of 1997, and probably higher in goods than in passengers. In 1997, goods transport significantly increased (by 7% in tons, and by 8.1% in t-km), particularly road transport (+7% in t; +11.1% in t-km). Goods transported by rail did not increase, though there was an increase in performance (6.2% in t-km). Total passenger transport increased only slightly (+1.1% in both, passengers and p-km), with the highest increase occurring in the rail sector (more than 5% increase in passengers, and in p-km). Data on international traffic is rather unreliable, though the road is expected to strengthen its market share in the future. Main congestion problems include urban rush hours, interurban weekend traffic, lack of ferry capacity, loss of road capacity due to road works, weather and accidents, and traffic peaks at special events. Driver information and traffic control systems are being improved to relieve congestion. Money collected from toll rings is being used to finance new urban tunnels with the same purpose.

Traffic growth and rising speeds may be reasons for the increase in the number of fatalities in recent years (+18.8% in 1997, +8.9% in 1998), in spite of a reduction in the number of accidents (-2.8%) and casualties (-1.8%). An evaluation of the driver training programme is in progress, and several actions are being prepared to be presented to the Parliament in 1999, including alcohol limit reduction, mobile-phone use reduction, and the implementation of a driver licence point penalty system.

Following the experience of toll rings, the Ministry of Transport is currently undertaking the necessary steps to ensure a legal basis for road pricing, as a measure to reduce the environmental impacts of transport. Parking policy is a key field of action to reduce congestion, and the introduction of taxation of private parking in relation to trade and industry is being analysed. The Ministry of Transport recently launched the "Cleaner City Air" project for monitoring and warning on air pollution in large cities by October 1999, including short and long-term measures, as well as their legal basis.

POLAND

The share of the transport sector in GDP is expected to remain at 1997-level (1997) in the next future, due to the slower development pace of the sector compared to other economic activities, such as industry or construction. Road traffic continues to increase steadily: by 7-8% on national E-roads and by 9-10% on international roads. The roads share on goods transport is expected to slightly increase in the future at the expense of rail. Currently, road counts for 79% of the total volume of cargo, while rail's share is 16%. No changes are expected for the current 9% level share of international transport in total freight transport. Road congestion is mainly present in urban areas, particularly in the biggest cities. Infrastructural improvements, including by-pass construction, and traffic management plans (including parking charges in city centres) are being applied.

Though some improvements are expected in 1998 on road safety figures, these are still high. Main measures applied to reduce the number of accidents include the renovation of road marking and signing, warning signs to drivers approaching black spots, and the improvement of road conditions at these points, through the "Programme on visualisation and warnings for drivers in areas close to black spots".

A number of targets and measures envisaged in MoT's strategic documents should have a favourable impact in the environment: the difference in the growth rate of road and rail traffic should be minimized in the period 1998-2010, coupled with a reduction on private car use and heavy vehicle road traffic. Ecological requirements should be applied for the modernization of companies' vehicles, and new regulations are expected to be developed on old vehicle scrapping and dangerous goods transport. Drafts have been prepared on vehicle technical standards, roads, motor fuels. In the last years, a number of measures have already been implemented in favour of CT, such as exemptions from certain legal obligations to road vehicles involved in combined transport (regarding permits, and bans on traffic; an increase on maximum weight is also being drafted) and preferential railways fares. A new law on Financing of Public Road was passed in 1998, assigning inter alia 30% of fuel taxes for road maintenance and construction. The potential of public private partnerships is currently being analyzed by the Government. Transport infrastructure modernization is concentrated in corridors II and III. Four new by-passes and a 2-km urban motorway section (Gdynia) have been completed in 1998. Construction will continue during 1999 in a number of projects such as two new by-passes (Krakow and Poznan), a section of the A-6 to the German border; a section of the A-4 and a new bridge over the Vistula river. Railway line E-20 is being modernized (a first phase should be finished by the end of the year 2000). Two strategic documents of the MoT have been accepted by the Economic Committee of the Council of Ministers: The General Plan on transport infrastructure development till the year 2015, and The Strategy of Maintenance and development of the national road network till the year 2015.

Restructuring of the State Enterprise "Polish State Railways" (PKP) is continuing. A General Railway Inspectorate has been created and a draft law on restructuring, commercialization and privatization of the PKP has been prepared. The new organization of PKP, effective since 1 July 1998, splits infrastructure and railway operations. Other regulatory measures recently undertaken are the establishment of joined tariff rules for combined transport services (railway-river transport), giving equal access to cargo to water carriers, and a new law on conditions for performing national carriage of passengers by road.

RUSSIAN FEDERATION

According to half-year figures, the transport sector's share in GDP was 11.9%. According to the GDP trends (a 3% decrease has been forecast for 1999), goods transport² is expected to decrease by 7.3%, mainly in the maritime mode, following a 10.9%-decrease in 1998. Road is partially escaping that trend: in 1998 road freight transport increased by 1.9%, and its decrease in 1999 is forecast as only 2.5%. Globally, road represents 55% of goods transport (all figures correspond to t-km). Shipping is the dominant mode in international transport (90% of total t-km). Though international trade expanded 1.6 times in the last 6 years, and international transport of goods multiplied by 6, Russian companies have seen their share reduce from 75% to 25%.

Following the decreasing trend of past years, road accidents, casualties and fatalities also decreased in 1997, though at a lower rate. However, this trend has been reversed, according to 10-month data available for 1998: In that period, accidents increased by 2.1%, fatalities by 4% and casualties by 3.2%. A number of measures will try to reverse this negative trend, that could otherwise continue in 1999, including the improvement of vehicle safety, installation of road reflecting devices, and the improvement of pedestrians'

² Rail is not included in the data provided.

safety in urban areas through speed limits and road and street maintenance. A computerized system about accidents, a SOS request system and media campaigns have been implemented through the 1996-98 Federal Program, and will be further developed through the next one (1999-2003).

SLOVENIA

The demand for transport of people and goods continues rising from day to day. Private car transport, in particular, has been growing at the expense of other modes, following a dramatic increase in car ownership (from 297 cars/1000 inhabitants in 1991 to 365 in 1996). It counts now for more than 3/4 of total passenger transport. The country's small size and low fuel prices contribute to these trends. The rail-to-road ratio in goods transport is 71:29 (in tons), or 52:48 (in t-km). It does not take account, however, of transport carried out for companies for their own needs, which would further increase the proportion of goods carried by road. Combined transport only accounts for 0.8% of goods transport. Short freight transport routes and logistic deficiencies make it difficult for rail to compete, particularly in domestic transport. Road is therefore increasing its share, and rail is compensating its decrease (1998, 1999) in domestic transport by increasing its activity in international transport.

Traffic safety is considered to be poor in Slovenia compared to other countries (38,000 accidents per year). Road upgrading and construction, coupled with improvements in the technical conditions of vehicles have caused an improvement in road safety. This is one of the main goals of the Resolution on Transport Policy adopted by the Government, and which is now following a parliamentary procedure.

Since 1994, the Slovenia Railway Project and the Motorway Construction Programme have been the framework to upgrade infrastructure installations on Slovenia railway trunk lines and to extend the motorway network. In 1998, motorway construction was progressing in some 100 km, and 20 km were opened to traffic. Railway infrastructure investment should dramatically increase in 1999, mainly due to the link project to Hungary.

SPAIN

In 1997 (last available data), the Gross Added Product of the Transport Sector to GDP was 4.6%. Road traffic increased by 3.7% in that year, with a growth in heavy-vehicle traffic of 6.5%. There was also an increase in rail traffic. Data for the first half of 1998 shows an increase in passenger transport, very important on roads (+22.7% in p-km) but also significant for railways (+6.6%). Similar trends are reported for goods traffic (+28.3% increase in t-km on roads, +3% on railways). Road transport keeps therefore its traditional dominant position (89.4% of total p-km and 78.2% of total t-km, in 1997).

Data for the 10 first months of 1998 show an increase in the number of accidents with casualties (by 3.4%) and also in the number of fatalities (by 5%). An Action Plan is being implemented by the Directorate of Traffic, including training and education, enforcement and control, and new regulations.

SWEDEN

Swedish GDP is expected to increase by 4.7% in 1998, and by 2.9% in 1999. According to the latest available data (1996), the transport sector's share in GDP is 6%. According to these trends, total traffic is also increasing. Goods transport increased by 2.4% in 1997 in t-km (no data has been provided for

subsequent years), more significantly on roads (6.2%) than on railways (2.5%), so that the road transport continues slightly increasing its share (the ratio road:rail was 63:37 in 1997). Passenger transport is also increasing: according to half-year 1998 data, rail passengers increased by 4%, while road traffic was stagnant.

Road congestion problems are apparent only in the largest towns, and road accidents in 1998 stayed at the same level of the previous year. Information is the main traffic safety activity, so that no specific regulatory measures have been adopted on this issue. However, speed limit reductions are under discussion.

Significant regulatory measures have been adopted or are under preparation to reduce the environmental impacts of shipping and air transport: port- and fairway-fees now take into consideration the vessels' environmental characteristics, and start- and landing-fees for air traffic are being reformed with environmental criteria. Construction continues for the new railway bridge linking Sweden and Denmark, accounting for almost one fourth of total transport infrastructure investments in 1997. Another relevant project is the completion of the railroad around Lake Mälaren.

SWITZERLAND

Congestion problems on national highways are due to traffic overcharge (26%), accidents (37%) and to works on the roads (21%). Besides infrastructural improvements, user information systems and traffic control measures are being implemented. Most of the projects in progress concerning VBS systems are expected to be completed by 2005.

In 1997 (last available data), a reduction in the number of accidents (by 3.3%) and fatalities (by 4.7%), and an increase in the number of casualties (by 2.8%) was stated. Accidents hit especially young men (20 to 24), and there seems to be a higher risk when driving late in the evening (up to 4 a.m.). High speeds, lack of attention and alcohol seem to be the likely reasons in most road accidents. In December 1998, a note should be addressed to the Federal Chambers by the Government concerning the review of the Road Traffic Act.

A number of transport-related initiatives have been approved by the Swiss citizens in 1998, including a new taxation system on heavy motorized vehicles (Redevance sur le trafic des poids lourds liée aux prestations, RPLP) so that heavy road traffic would pay for its externalities, and the package on railway infrastructure including two new trans-alpine tunnels, the modernization of railway's rolling stock, new links with the European High Speed Network, and noise abatement measures. Railway reform has also been undertaken, separating infrastructure from operations and changing the legal status of CFF.

UNITED KINGDOM

"Transport and storage", as a proportion of GDP, was 5.5% in 1997 (last available data). In the same year, traffic increased by 1.4% (in vehicles-km), with a similar increase in passenger traffic and a slightly higher one (1.7%) in goods traffic. Road (from 65% in 1996 to 67% in 1997) and rail (from 6% to 7%) increased their share in total goods transport, reducing the share of water transport (from 24% to 21%).

The 1997 fatal casualty figure was unchanged in comparison to 1996. Total casualties increased by 2%. As a part of the Government's "New Deal for Transport", a new road casualty reduction target for the year 2010 will be set. It is hoped that measures such as changes to the practical driving test,

reduction in legal alcohol limits and drinking-and-driving enforcement, and traffic speed reduction in urban areas will help to attain this goal. Local authorities would play a key role in this strategy.

Construction of the £4.2 billion Channel Tunnel Rail Link (CTRL) began in October 1998. It will double capacity and reduce international journey times by over half-an-hour. This project is being taken forward through a public-private-partnership. Section 1 (£1.7 billion), running from the Channel Tunnel to North Kent, should be finished by 2003. The entire link could open in 2007. Other main transport infrastructure projects which have been under way in 1998 is the modernization and upgrading of the existing West Coast Main Line (WCML) from London to Manchester/Liverpool and Glasgow. It is expected to be completed by 2006, with an overall cost of approximately £2.2 billion.

The Government White Paper on Integrated Transport Policy includes a number of proposals to improve transport operations, mainly in urban areas, such as: improvement of bus services (priority measures, improved information and networks, and integration of fares and ticketing systems); improvement of transport interchanges; development of legislation to allow local authorities to charge road users with a view to reduce congestion; and the encouragement to enterprises for the development of "transport plans" for their employees (green commuting): Government Departments and Agencies will play a demonstrating role, by introducing transport plans by March 2000. The reduction of car use for journeys to school is also mentioned in the document (safer routes to schools).

EUROPEAN COMMISSION (EC)

After long negotiations, the EU Council of Ministers of Transport approved unanimously a draft agreement between the European Community and Switzerland on the transport of goods and passengers by rail and road. This agreement was subsequently adopted by the EU summit in Vienna in the context of a more general bilateral agreement. The main elements of the transport agreement included: the taxation of road transport introduced by Switzerland, the transitional regime for vehicles, the mass of which exceeds the maximum authorized and the continuation of the night ban for lorries in force in Switzerland. The Council also reached unanimous agreement on the taxation of heavy commercial goods vehicles for the use of certain infrastructures, taxation known as Eurovignette, and adopted new provisions aimed at the further development of combined transport. These and other developments will be reported in more detail at the sixty-first session of the Committee.

Annex 2

Activities of the International Financial Institutions in the transport sector

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT (EBRD)

During 1998, EBRD signed ten additional operations in the transport sector totalling ECU 227 million, bringing total transport operations to over 40 projects and ECU 1.3 billion in commitments. During the year, the Bank made significant advances with private sector projects including grain terminals in the ports of Constanza, Romania and Gdansk, Poland. The Bank has also signed one urban transport loan for the city of Krakow, one of several urban transport projects it is developing in Poland.

Railways continue to provide the main focus of the Bank's activities in transport and it achieved the signing of four new railway operations during the year in Hungary, Latvia, Croatia and Georgia. Two of the railway operations were co-financed with the European Investment Bank (Croatia) and EU-TACIS (Georgia). Three aviation projects completed the commitments for the year, including one air navigation project in the Ukraine and an airport upgrading in Chisinay, Republic of Moldova.

Central Europe and the Baltic Countries accounted for over 70% of the commitments during 1998. However, during 1999 the focus is expected to shift eastwards towards the Caucasus and Central Asia. This includes rail and port projects on the TRACECA corridor in Georgia and Azerbaijan and major rail restructuring projects in Kazakhstan and Uzbekistan. Further private sector port terminal operations are also planned during the year. The Bank is also developing two air navigation projects in the Russian Federation which are expected to be finalized in 1999. Total commitments in 1999 are expected to remain in the range of ECU 200 million.

EUROPEAN INVESTMENT BANK (EIB)

Since 1993, the Bank has approved loans totalling over ECU 49.6 billion for trans-European networks and associated projects. To date, projects backed by the EIB account between them for aggregate capital investment of more than 160 billion. Moreover, ECU 37 billion of this aggregate lending relates to operations approved over the five-year period 1993-1997 for Community infrastructure networks in the transport, telecommunications and energy transfer sectors. Added to this, during the first ten months of 1998, the Bank has approved an extra 7.4 billion worth of loans within the Union. In 1998 (January-November), finance contracts for an amount in excess of 6.3 billion have been signed for projects within the Union, i.e. nearly 40% of lending within the fifteen Member States.

Bank loans signed in the Central European Countries in support of the transport corridors and for telecommunications and energy networks amounted to more than ECU 3.3 billion over the period 1993-1997, while finance totalling over 900 million was made available for gas and electricity links between the Maghreb Countries and Spain. In 1998 loans approved amounted to 1.4 billion for projects forming part of the 11 Central European transport corridors defined by the Pan-European Transport Conferences in Crete and Helsinki.

For the future, in a reasonable line scenario, the Bank's lending volume in the transport sector could be in the order of 10 billion ECU annually over the next few years. This would mean that the ratio between lending and total investment in the sector would be historically high. However, these transport investments are particularly appropriate for EIB financing in view of their importance for the economic development of the EU, the dominance of the public sector, the modest financial returns (if any) and their term nature. The recent economic downturn is not expected on current evidence to radically affect this projection.

WORLD BANK (IBRD)

After the World Bank substantially enlarged the volume and geographical spread of its lending for transport in Europe and Central Asia in 1996 and 1997, the Bank's activity in 1998 was mostly dedicated to the implementation of the projects launched before. In 1998 the Bank approved loans for 3 transport projects, totaling US\$300 million in IBRD loans and US\$56 million in IDA credits, as compared to 1997 in which 7 transport projects, totalling \$400 million, were approved. During 1999, the Bank expects 8 projects and an estimated total lending of more than US\$ 700 million, with the same objectives and by and large with a similar mix of transport modes, aiming to consolidate progress in the European and Central Asian countries.
