



**Economic and Social
Council**

Distr.
GENERAL

TRANS/2002/7
14 February 2002

Original: ENGLISH

ECONOMIC COMMISSION FOR EUROPE

INLAND TRANSPORT COMMITTEE
(Sixty-fourth session, 18-21 February 2002,
agenda item 6)

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

Note by the secretariat

The purpose of this document is to provide the Inland Transport Committee with a brief survey of the transport situation in the ECE region in 2001 including some provisional indicators of the transport activity and trends, together with highlights of best practices in governmental regulatory activity related to transport as well as main infrastructure developments. It has been prepared by the secretariat on the basis of the contributions of the following countries and institutions: Bulgaria, Czech Republic, Denmark, Finland, Germany, Latvia, Lithuania, Norway, Poland, Slovakia, Slovenia, Sweden, Switzerland, Tajikistan, Turkey, United Kingdom, International Union of Railways (UIC), European Investment Bank (EIB), and the International Union of Combined Road-rail Transport Companies (UIRR).

The report consists of a short text summarizing the main facts and trends reported and an Annex containing short summaries of the contributions received. Each country summary is structured in three parts: 1) Transport developments; 2) Regulatory improvements; and 3) Infrastructure developments. The contributions in full will be made available on request.

I. TRANSPORT TRENDS IN UN/ECE MEMBER COUNTRIES

1. According to the information and preliminary data provided by the Governments, the International Railway Union (UIC) and the International Union of Combined Road-rail Transport Companies (UIRR), transport and traffic volumes in 2001 in the UNECE region as a whole seemed to have increased slightly as compared to those in 2000, however with quite different growth patterns from one country to another and from one transport mode to another.

2. In EU and EFTA countries railway freight transport volumes, on average, decreased compared to previous year, although in some countries they moderately grew. Passenger railway transport modestly grew compared to the previous year. In Central and Eastern Europe, both freight and passenger rail transport, on average, decreased compared to the year 2000. Baltic states and CIS countries had negative growth rates in passenger rail transport and positive growth rates in volume of freight rail transport. Average negative growth rate in rail ton-km was -1.7% in EU, obscuring positive growth in Spain, Austria and Netherlands. In Central and Eastern Europe decline was even more pronounced at -6.5% on average, recording significant increase only in Bosnia and Herzegovina. Transport of goods in the Baltic States and the Commonwealth of Independent States showed small increase 1.8% on average with high growth in Latvia and Republic of Moldova compensating for sharp decline in Lithuania. Such average annual growth rates for freight rail transport, typical for past decade, except for the year 2000, conceal very important differences within country groups.

3. Road transport across the Europe seemed to perform better than railways in 2001. Road freight transport in EU and EFTA countries displayed relatively moderate increase compared to the year 2000, while in Central and Eastern Europe and CIS countries the growth was more evident. Passenger road transport continued to grow in all countries, although less in Western Europe than in other parts. The growth of passenger volumes was slower in EU and EFTA countries with larger part of growth attributed to public transport while in Central and Eastern Europe and CIS countries most of it growth could be attributed to passenger transport by private vehicles.

4. In several countries of the Commonwealth of Independent States goods transport growth seemed to be higher than GDP growth, due to several factors: rather high growth rates of industrial and agricultural production, exceptionally good harvest year, increased volumes of external trade and relative price stability. Except in Armenia and Belarus volume of goods transport in 2001 was higher in all other CIS countries than in a previous year. In passenger transport, only four countries recorded higher indices than a year ago.

TRENDS IN INLAND GOODS TRANSPORT IN THE UNECE REGION IN 2001 (Estimates and projections)

| | GDP | Goods transport (tkm) | | | |
|--------------|----------|-----------------------|---------|---------|---------------|
| | | Total | By road | By rail | |
| | | | | Total | International |
| EU + EFTA | 1.8% | 2.0% | 2.4% | -1.8% | -0.2% |
| CEEC | 3.1% | 3.0% | 3.5% | -6.5% | -6.5% |
| Russian Fed. | 5.5-6.0% | 8.0% | 6.0% | 4.4% | 6.0% |
| Baltic & CIS | 5.9% | 6.0% | 7.5% | 1.8% | -0.2% |
| Turkey | - 6.0% | N.a. | N.a. | -2.4% | -3.1% |

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

N.a = Not available.

5. Transport of goods by rail and combined transport, which had grown faster than road transport in 2000, reversed the trend. Shift in modal split at European level in favor of rail transport did not happen in 2001, although this shift might occur in some EU countries in 2002. In Central and Eastern European member countries, as well as CIS countries, according to the information reported, it seemed likely that road transport maintained and in some cases even further increased its share in the total goods transport market.

6. In Europe as a whole, international transport of goods performed better than domestic transport, thus continuing a major trend observed in the UNECE region for decades. However, in Central and Eastern European countries, international rail transport of goods had a similar performance as domestic rail transport and in Baltic and CIS countries international rail transport of goods, exceptionally in 2001, had a worse performance than domestic transport. Further opening of CEEC countries, resumption of economic growth in the EU and Russian Federation could further contribute to a stronger demand for international transport in the next years.

7. Transport by inland waterways continued to stagnate throughout Europe, especially in CEEC, mainly due to the interruption of traffic on the Danube. However, in the Russian Federation transport by inland waterways increased in 2001 by 16%.

II. BEST PRACTICES IN TRANSPORT REGULATION

8. Regulatory focus in most countries was on measures aimed at further improving road safety, reducing the congestion in urban areas, promotion of rail and combined transport and increasing competitiveness of railways.

9. For example, new road safety measures introduced in January 2001 in the Czech Republic showed important reduction in number of persons killed in accidents. In other countries (e.g. Norway), in a similar fashion, road safety strategy envisaged comprehensive measures based on a long-term vision of no fatalities or seriously injured. A similar regulation is going to be applied in railway transport. Road safety was also one of the important items on the agenda of regulators in Poland and especially in the United Kingdom, where the Prime Minister in 2000 launched the road safety strategy "Tomorrow's road – safer for everyone", setting targets for road casualty reduction by 2010. More specifically, regulatory measures developed or under consideration in a number of countries included better protection of pedestrians, more stringent regulation regarding driving under the influence of alcohol, safety audits of existing and new roads especially at level crossings with rail tracks, etc.

10. Another important area of transport regulation concerned the improvement of the environmental performance of the transport sector. More stringent regulatory requirements concerning the gas exhaust and noise emissions caused by transport were just one of many measures applied or considered in member countries (Finland, Norway, Sweden, United Kingdom). In addition, economic instruments, such as differentiated fuel taxes, taxes to control the use of studded tyres, congestion pricing, variable car use taxes, and improvement of the quality of public transport in major urban areas continued to be used and further refined in a number of countries.

11. Some transition countries, and in particular CIS countries, were fighting with rather old vehicle fleets (both passenger and freight). Consequently, levels of pollution, noise and other environmental impacts were comparatively much higher than in other countries in the region, and Governments were considering economic and administrative measures that would produce the best results. With economic growth picking up and increasing the capacity of population and industry to acquire more recent and less polluting transport vehicles, it was expected that their average age would decrease and bring down their very high levels of pollution.

12. To further promote environmentally friendly measures, Sweden for example was running two educational projects, on heavy eco-driving and on intelligent speed adoption equipment. The first project was aimed at training truck drivers to drive in a more environmentally friendly manner.

13. Another area of regulatory initiatives was promotion of rail and combined transport services, aimed at enhancing rail efficiency, reliability and competitiveness. Regulatory measures in this domain were focused mostly on rail legislation in some countries (Poland, Slovakia) while in other countries these initiatives were supplemented with fiscal measures taxing road transport (Switzerland, performance-related heavy goods vehicle tax).

14. Finally, important regulatory developments in almost all countries concerned measures aimed at better regulating transport market, bringing the competitive position of railways closer to that of other transport modes (especially road transport) and creating an “equal-level playing field” in transport market. In Denmark, for example, the competitive tender for 15% of the Danish passenger rail transport was launched for the first time ever, putting passenger rail transport out for competitive tendering. In central and Eastern European countries in particular, important regulatory work involved creation of new regulatory, inspection or other bodies aimed at improving the management of the national transport system, or aligning it with legislation of the European Union.

III. INFRASTRUCTURE DEVELOPMENTS

15. Major infrastructure developments reported by countries included high priority improvements in the E road and E rail network. Investments in infrastructure were guided either by long-term strategies (Norway, Switzerland, Sweden, United Kingdom) for development of national transport infrastructure or by medium-term programs aimed at better connecting national transport infrastructure networks with those of neighboring countries and with the European Union.

16. Countries with relatively more developed road network (e.g. Switzerland, Sweden) placed somewhat greater emphasis on further improvement and development of rail, combined transport or inland waterway infrastructure.

17. In many countries, Governments were exploring on an increasing scale, the applicability of public-private partnership (PPP) models of infrastructure investments (Finland, Norway, Poland). A new model of PPP in Norway was being tested between the Norwegian Public Road Administration and a private company for building, operating and repairing a particular road for

an agreed period of time. In these countries infrastructure investments were more conditioned by Government policies focused on altering modal split (railway tunnels in Switzerland) improving traffic safety, or other strategic policies.

18. In Central and Eastern Europe, as well as in countries further East, infrastructure investments focused on upgrading of the main roads and motorways (E roads, roads within Pan-European Transport Corridors), including some new construction. Modernization and rehabilitation, and even some new construction (Slovenia) of main rail links (E railways) was also carried out in these countries.

19. Investments in transport infrastructure as a share of GDP varied in the reporting countries between 0.7% and 1.7% of GDP. In most of the countries, investments in transport infrastructure came mainly from Government budgets. Due to often limited budgetary resources for financing of important infrastructure works, more governments were experimenting with models to provide additional sources of financing, whether through partnership with the private sector, other arrangements with international financial institutions, or private international and domestic investors. Overall, the level of available investment resources for infrastructure developments throughout Europe remained at about the same level as in the previous year.

IV. OUTLOOK

20. Transport demand across Europe was expected to grow in 2002. The second half of 2002 was expected to show signs of economic recovery and faster growth in most of EU member countries, while economic growth in Central and Eastern European countries, as well as in the Russian Federation and CIS countries was expected to remain at a relatively high level.

21. Inland waterway freight transport was expected to increase its share in the European freight transport market following anticipated resumption of inland water traffic on the Danube. In spite of its historically relatively low share in the European freight transport market, opening of the Danube waterway was expected to reinvigorated inland transport navigation share in the transport market.

22. Environmental concerns, safety, congestion, in particular in urban areas, and measures to alter modal split, will continue to head regulatory agendas of member Governments. Other legislative concerns in many member countries will focus on further liberalization of transport markets, creation of more competitive markets in the rail transport and further promotion of rail and combined transport. In all these areas new economic and administrative instruments will continue to be explored and developed. Increasing private sector contribution to infrastructure development will continue to be a major concern.

Annex**SUMMARIES OF COUNTRY REPORTS****BULGARIA**

1) The long-term tendency of decreasing traffic volumes in all transport modes since 1980s seemed to be slowing down from 1998 until present. On the basis of the 9 months data for 2001, it appeared that the downward trend continued but slower than in previous periods. Both freight and passenger transport indicators were again estimated to be lower in 2002. 2) Major regulatory development during 2001 was related to the reform of the railway sector and separation of the infrastructure from railway operations. At the beginning of 2002, Bulgarian State Railways National Company was transformed into Railway Infrastructure National Company and Bulgarian State Railways (single person share holding). During 2001 an Ordinance, aimed at increasing the efficiency of railways, was issued regulating traffic of goods by rail and setting up the principles of fair competition between carriers. Another Ordinance was adopted regulating the traffic of road vehicles of non-standard dimensions and extra-heavy load capacity. 3) Important goals of the national transport policy were establishment of connections between the national infrastructure and the Pan-European Transport Corridors and Areas, as well as increase of the capacity of the existing infrastructure. During the 2001, 162 km of the "E" road network were rehabilitated, and 87 km of "E" roads: E 79, E 871 and E 85 were brought to completion under the PHARE Program. The total cost of rehabilitation and upgrade of road infrastructure in 2001 reached 1% of GDP. Investments in the railway infrastructure in 2001 amounted to over € 80 million, although the infrastructure investment policy program for the period 2002-2008 envisaged much higher investments in the next several years.

CZECH REPUBLIC

1) Road transport of goods continued to grow steadily in 2001 mainly due to international road transport. After recording its first increase in 2000, since 1990, rail goods transport continued to grow in 2001. In spite of a drop by 15% in 1998, and an increase in the share of railways in the last two years, transport of goods by road grew more than 2.5 times during the last ten years while railways goods transport declined by about 60%. In passenger transport, public transport declined by about 50% and urban passenger transport by 13% in the last ten years, mainly due to a 50% increase in number of private passenger cars. 2) Preliminary analysis (covering the first 9 months of 2001) of the effects of the new road safety measures introduced in January 2001 showed a 9% decrease in the total number of persons killed. However, a significant increase in the number of killed and injured pedestrians was recorded, compared to previous period, likely due to non-observance of priority to pedestrians at zebra crossings. Another priority area in the future will be stabilization and gradual reduction of negative environmental impacts of transport and traffic. 3) Modernization of main railway lines, within national transit corridors, continued to be priority in infrastructure development plans. Further investments and improvements of the infrastructure also aim to increase the share of combined transport in total rail transport (about 7% despite an annual growth of 15-20%). At the same time, developments in the road network were mainly related to modernization with preference given to maintenance and repair over new construction. A new 16,35 km long section of the D8 Motorway (Pan-European corridor IV) and

2,5 km long the Prague City ring road were open in 2001. Development of waterways was concentrated on further improvement of navigation on the Elba-Vltava waterway.

DENMARK

1) Transport by private cars, vans and lorries, buses and passenger trains was expected to remain on the same level as in 2000 and slowly grow by 1.5% annually from 2002. Passenger transport by rail was up by around 5% in 2001 compared to 2000. 2) Major development in transport regulation concerning railways was the competitive tender for 15% of the Danish passenger rail transport. This is the first time passenger transport by rail has been put out for competitive tendering. Based on this experience, due to become effective in 2003, more railway sections are expected to become subject to competitive tenders in the future.

FINLAND

1) Industrial production in 2001 created a slight increase in demand for goods transport. Goods transport continued to grow at a relatively lower pace compared to GDP growth as most of the industrial growth of the country was in information technology which creates a lower transport demand. Freight transport by rail was estimated to be up by 1-2% and by road 1-3% , while passenger transport was seen growing at about 2-3% for railways and a more moderate pace for road transport. 2) Finland sped up the introduction of more stringent regulatory requirements, in line with the EU legislation and other international agreements, concerning the gas exhaust and noise emissions caused by transport vehicles. In addition, several national non-regulatory measures were introduced in order to reduce the environmental and health impacts of transport. The document « Environmental Guidelines for the Transport sector » published in 1999 laid down responsibilities among different actors (government, industry, businesses) with a view of integrating environmental aspects into all sectors and aspects of transport policy in Finland. 3) Infrastructure investment in 2001 totalled 1.5% of GDP, and came mostly from the annual Government budget. Road section Mantsala-Lahti was financed by PPP on a trial basis and new infrastructure financing methods were being considered. The bulk of investments in road infrastructure went into E-road network (E-8, and especially E-18 which is a part of Pan-European corridor IX.

GERMANY

1) Freight transport growth in Germany in 2001 was somewhat slower than in previous years and increased by 1.0% in ton-km compared to 2000. Road transport continued to grow, by 2.0% compared to 2000 while rail and inland water transport of goods, declined the trend in 2000 and were down 1.1% and 3.5% respectively. The market share of both rail and inland waterway freight traffic dropped again in 2001 after a modest increase in 2000. Passenger transport by road (measured in pkm) declined further in 2001, while rail passenger transport remained constant compared to 2000. 2) 3)

LATVIA

1) Transport of goods by rail grew in Latvia in 2001 as compared with 2000. Rail goods transport was estimated to be up about 4.1% while passenger transport increased by 19.5%. Road

traffic intensity on main state roads was forecasted to grow by about 4% annually between 2000 and 2015. 2) Main regulatory developments concerned establishment of a Public Service Commission with regulatory functions in the area of competition and tariff policy, further elaboration of measures for environmental protection on railways, training system for safety advisors on transport of dangerous goods and changes in the Law on Road Traffic and Administrative Penalty Code. 3) Road infrastructure developments in 2001 included major reconstruction works on the E 67 road (Via Baltica) and modernization of main rail links. A total of € 110.9 million (about 1.5% of GDP) was invested during 2001, of which 53.7% on railway and 11.5% on road infrastructure. Latvian railway company Latvijas Dzelzceļš hopes to obtain € 13.7 million during 2002 in co-financing from the EU pre-accession fund ISPA. It plans to use the funding mainly on the upgrading of the east-west railway corridor, including improved traffic management system.

LITHUANIA

1) According to preliminary estimates, freight transport by rail and road in 2001, compared to 2000, was expected to decline by 5.5% and 4.5% respectively. Also, passenger transport by rail and road was expected to decline by about 12% and 10% respectively. 2) Major regulatory developments concerned further development of new regulatory bodies, improvement of regulatory management and harmonization of legislation with EU requirements, as well as restructuring and reorganization of the railway administration. 3) Investments in transport infrastructure were mainly aimed at rehabilitation and modernization of railway infrastructure, reconstruction and upgrading of roads, development of seaports and airports. The total infrastructure investments in 2001 represented about 1% of Lithuanian GDP. Priority in infrastructure investment was given to networks within Pan-European corridors I and IX. Between 2001 and 2003, 87% of infrastructure investments (about €227 million) will be devoted to financing sections of network as defined by TINA project.

NORWAY

1) Road traffic in Norway in the year to the end of October 2001 was up 2.7% compared to the previous 12 months. Heavy goods traffic was up by 2.5%. Future growth trend is estimated at 1.5%. Rail passenger traffic was down by 7.9% while freight traffic was up 4.2% in ton-km. 2) A road safety strategy in Norway, based on a long-term vision of no fatalities or seriously injured in road traffic, was laid down in February 2001 in the document National Transport Plan 2002-2011. The railway act was also changed in 2001 and regulation concerning investigation of accidents/incidents, reports, etc. will soon enter into force. The Bill on congestion pricing was approved by the Parliament in May 2001. The purpose of a road pricing system is to internalise local external costs in order to reduce congestion and improve the local environment. The basis for a cost effective environmental strategy has been outlined in the National transport plan 2002-2011 including a wide range of economic and administrative instruments, such as CO₂ and sulphur taxes, to address problems associated with transport. Local authorities in Oslo recently decided to unwind the system of tax to control the use of studded tyres, after one year of application, as surveys indicated that the use of unstudded tyres was approaching 80%. 3) The Government was examining the applicability of the PPP model for infrastructure investments. The first contract between the Norwegian Public Road Administration and a PPP company will

be signed by the end of 2002 for building, operating and repairing a particular road for a period of 20-25 years.

POLAND

1) In eleven months of 2001, the volume of freight transport was expected to decrease by about 9% in comparison to the same period of the previous year, with the largest decline in inland waterway transport. Road freight transport was expected to decline by about 8% and rail freight transport by 10%. Transport of passengers also declined although less noticeably. 2) Main regulatory measures included the introduction of the Road Transport Act regulations on 1st January 2002 setting up tax exemptions for transport equipment used in combined transport, establishment of the Road Transport Inspection responsible to improve safety on roads, and introduction of preferential tariffs for combined transport. 3) Road infrastructure investments in 2001 totaled about 62% of the overall infrastructure investments in Poland. Railway infrastructure investments participated with another 34%. Major rehabilitation and upgrading works were completed or were under way in 2001 on a number of E roads, junctions and bridges including on reference road E40 and on the E77. A 56 km motorway section on road E40 was also completed. Main E rail links, including E20, were also modernized. Expenditures for infrastructure development in 2001 represented only 0.7% of the GDP. The Government was actively seeking private funds through PPP models.

SLOVAKIA

1) Transport by rail and combined transport had some unfavorable trends in 2001 and they were not expected to show improved performance in 2002. A moderate increase in public passenger transport was expected from 2003. Road traffic was expected to show the fastest growth rate, both in freight and passenger transport, and in a short-term it was expected that passenger transport needs will be primarily satisfied by private vehicles. 2) In 2001, the Government adopted the “Conception of development of Combined Transport with perspectives to the year 2010”, which sets out the main elements for a faster development of combined transport. 3) Main infrastructure developments concerned the railway lines of the IV, V and VI Pan-European corridors. In particular, they involved increase of track speed and modernization of the Bratislava-Žilina-Čadca section, which was expected to be completed by 2005. The program of railway infrastructure investments also included work on border crossing stations with the Czech Republic and Austria. The overall objective concerning the railway infrastructure was to attain the technical parameters of the AGC and AGTC agreements on priority lines along main corridors. During 2001, construction of motorways along corridors IV, V/A and VI continued. This referred primarily to sections on E75 and E50 roads. In 2001, 8700 million Sk were invested in motorway construction, and two new border crossing points with Poland and Hungary were opened.

SLOVENIA

1) Transport of goods in Slovenia continued to increase in 2001. The majority of freight was carried by sea and by rail. While rail was dominant over road freight in quantity terms (tones), the ratio in tone-kilometers was less favorable for rail transport. Combined transport share was very small. The share of road transport in national freight traffic was 90% and about 66% in

international freight transport. Private car transportation was a predominant mode of passenger transport and public transport continued to decline. Railways share in national passenger transport was about 9%. 2) Slovenia was nearing the completion of aligning its legislation with that of the EU. The new Road Transport Act as well as new framework laws for maritime and air transport were in place, and only technical details and secondary legislation remained to be implemented. 3) Main infrastructure developments during 2001 related to continued construction of motorways in Pan-European Corridors V and X. The National Motorway Construction Program envisaged 260 million Euros for 2001. Modernization and rehabilitation of the existing railway infrastructure continued in 2001, as well as construction of new railway links (direct link with Hungary opened along Corridor V in May 2001).

SWITZERLAND

1) After a 5.5% strong increase in tones and 10% in tone-kilometers in 2000 compared to 1999, freight traffic by rail was also expected to continue growing, although moderately, in 2001. Alpine rail transit traffic of goods grew by 12% compared to 1999 and by road by 7%. Combined transport continued to grow in 2001 after a very important 14% increase in 2000. Number of passengers transported by rail increased by 4%. 2) The Swiss Government introduced a performance-related heavy goods vehicles tax (RPLP) as of 1 January 2001. The introduction of this instrument was carried out without difficulties. Foreign transporters have a free choice between installing a special electronic unit (like national transporters) and acquiring a special ID card for manual utilization. The first effect of the introduction of this tax was relatively lower growth of road freight transport than in previous years. Another major regulatory development in 2001 was related to the implementation of the Agreement between the EU and Switzerland on inland transport. The central element of this Agreement is gradual increase of the maximum authorized vehicle weight (until 2005 it will be 34 tones and from 2005 it will be increased to 40 tones). The ratification of the Agreement by all EU member countries was completed and the Agreement will enter into force in the first half of 2002. The Swiss Government also continued to promote and introduce measures for transfer of freight traffic from road to rail. Following the tragic accident in the Gotthard road tunnel, Transport Ministers of Austria, France, Germany, Italy and Switzerland, together with representatives of EU and UNECE held a meeting on 30 November 2001. At that meeting, Ministers adopted a common declaration which contains a number of measures aimed at improving the security of road freight traffic through the Alpine road tunnels. 3) 2600 million CHF were spent at the end 2001 for studies and preparatory work on new railway tunnels. The development of new tunnels is one of 4 major elements of Swiss investments in public transport infrastructure as outlined last year. The total transport budget for the year 2001 amounted to 6901 million CHF, an increase of 2% compared to 2000, and represented 1.6% of GDP. Public transport received 54% (an increase of 2.6% compared to 2000) and road transport about 42% (0.7% increase compared to 2000). Investments in major rail infrastructure projects (annual average 1500 million CHF over 20 years) were estimated at 0.36% of GDP.

SWEDEN

1) Preliminary indicators showed that road traffic continued to grow with private cars up by 1% and good vehicles by 3%. Rail passenger traffic showed a more rapid growth and was up by 6% continuing an upward trend in the last two years. Both freight and passenger traffic were

expected to grow in the coming years to 2010 (around 25% up as compared to 1997) with a most rapid increase in road transport. 2) The National Roads Administration was running two educational projects, one on heavy eco-driving (i.e. teaching lorry drivers to decrease fuel consumption) and the other on large-scale tests with intelligent speed adoption equipment. 3) The most important measure for promotion of infrastructure investments was the Bill on Infrastructure for a Sustainable Transport System, setting the objectives for development between 2004 and 2015. The total amount contains significant increase in railroad investments and an increase in maintenance and reconstruction of both roads and railroads. During the 2001, road infrastructure investments were focused on traffic safety measures, especially central safety barriers. Some funds were invested in new motorways, E22, E6 and E4, as well as in the construction of railway "Botnia link" in northern Sweden, "Årstabridge" in central Stockholm and construction of double tracks on two important rail links.

TAJIKISTAN

1) The volume of total traffic was expected to grow slightly due to modest increase in demand for transport services. Both freight and passenger road transport had, by far, advantage over other modes. 2) The first phase of structural and institutional transformation, including elaboration of legal, organizational and economic mechanisms was completed. 3) Main infrastructure investments were devoted to financing of construction and rehabilitation of two motorways in the country.

TURKEY

1) The volume of freight transport by rail in 2001 was expected to be accomplished. While the share of maritime, railway and pipeline transport decreased between 1990 and 1999, the share of road in total freight and passenger transport increased by 15% reaching 89% in 1999. Road transport data for 2001 were not available, although authorities predicted a further strong growth of both freight and passenger road transport to the year 2005. 2) Activities on institutionalisation of the national road transporters position were underway in order to increase their competitiveness in national freight and passenger transport. According to the Environmental Law, Environmental Impact Assessment Regulation requests that all highway projects for motorways, expressways and national roads must be subjected to an impact assessment study. The same applies to rehabilitation work and provincial roads. The completion of railways restructuring through legal framework and policy development was expected to ensure better quality and more efficient service compatible with market conditions. 3) Infrastructure developments in 2001 included projects on a number of sections of the motorway and highway network, including on E-roads E-80, E-90, E-84, E-87, E-88 and E-89. In the railway sector, major developments during 2001 were upgrading of Gebze-Haydarpaşa and Sirkeci-Kalkali sections and the signing of engineering and consulting services for Bosphorus tube crossing construction (Marmaray).

UNITED KINGDOM

1) Road traffic showed an underlying growth of approximately 1% in the first three-quarters of 2001 compared to previous year. This was somewhat below the growth in GDP over the same period (continuing a recent divergent trend between these two rates of growth). Bus use increased around 1% in the year to April 2001. At the same time, rail use to June 2001 was down

0.5% on the previous year, due to serious disruption in services following major accidents and subsequent remedial action, and was contrary to the strong growth seen in previous years. An increase of 17% in light rail use was noted in the year to April 2001. The implementation of the Government's long-term strategy set out in 2000 was expected to reduce congestion on roads below current levels, to increase rail use by 50% for passengers and by 80% for rail freight by 2010 and promote the use of public transport in rural and urban areas. 2) The government announced its intention to bring forward legislation to provide for safer travel on the railways, in the air, at sea and on the roads and to take forward proposals for revitalising health and safety at work. The Road Safety Strategy - "Tomorrow's roads – safer for everyone", which had been launched by the Prime Minister on 1 March 2000, set targets for road casualty reduction by 2010, compared with the average for 1994-98, of: 40% reduction in the number of people killed and seriously injured; 50% reduction in the number of children (aged 0 –15) killed or seriously injured; and 10% reduction in the rate of slight injuries. The 10 Year Plan includes measures expected to deliver savings in CO2 emissions in 2010 equivalent to 5.6 million tonnes of carbon (MtC), in addition to the 4 MtC savings anticipated from the voluntary agreement with car manufacturers. There was also a commitment to improve air quality by meeting the National Air Quality Strategy targets for carbon monoxide, lead, nitrogen dioxide, particles, sulphur dioxide, benzene and 1-3 butadiene. Current and future policies were expected to secure further reductions in traffic noise and to minimise the environmental impacts of new transport developments. 3) The Government's 10 Year Plan aims to increase the level of public sector capital spending on transport as a proportion of GDP. On current figures this was expected to rise from around 0.65% in 1998/99 to around 1.14% in 2003/04.

INTERNATIONAL UNION OF COMBINED ROAD-RAIL TRANSPORT COMPANIES

Based on 11 months figures, total combined transport carried by UIRR members in 2001 was only 1.7% higher than in the same period of 2000. International combined transport (both accompanied and non-accompanied) grew faster than national transport in the same period. For example, international accompanied transport grew by 4.9%, and had a higher growth than the 2.3% of national accompanied transport. In view of the experts, the causes for a slow-down compared to previous years are, in addition to a slackening of the economy in general, also to be found on the side of transport supply (declining quality and price increases of rail services).

Forecast about the combined transport trends in 2002 was difficult to make. There were positive developments including mergers of combined transport operators and railway undertakings in some countries, more willingness of some governments to promote national combined transport, and new marketing schemes in other countries. On the other hand, the speed by which railway undertakings restructured and reorganized themselves and improved quality of their services will ultimately affect the future trend of combined transport. An increase of 5% during the 2002 was regarded as an optimum under the given circumstances, although the combined transport industry considers it below the potential of the market.

EUROPEAN INVESTMENT BANK

Transport infrastructure investment, which remained at around 1 % of GDP, would need to increase considerably to cope with the present infrastructure situation. There were no clear signs, however, that the expected upturn in investment was taking place. Even in countries with

substantial development plans, like Spain, actual spending was modest. The present economic downturn, under EMU convergence restrictions, seemed unfavorable to public investment. However, growing concerns about the 'new' economy could lead to more private capital being directed to long-term safer investments, if conditions were adequate.

The TENs Conference organized by the EIB in Strasbourg showed the need for European action to create the conditions to increase private sector participation in transport infrastructure provision. Private investment in motorways was envisaged to continue in Spain, Portugal and Greece, but also in Germany and other traditionally "non-toll" countries. However, to consolidate the private participation in the sector and the efficiency sought, it was considered fundamental both that there is competition for concessions and that concessionaires share a long-term view. Many bidders were construction companies sometimes only interested in obtaining short-term profits from the works. On the other hand, most public administrations were relatively unprepared to enter into "partnerships" that required specialized administrative structures and staff. Overall, in spite of the increasing needs, it seemed probable that investment in transport infrastructure will not grow substantially in the next few years, although the private share should make some progress. The traditional business of the EIB - financing public promoters of infrastructure, particularly in the Cohesion countries - was constrained by improved borrowing conditions for public entities brought by EMU. Tight budgetary conditions could reverse now the trend, particularly through the lending to special purpose financing vehicles. Private promoters, on the other hand, often required EIB loans for their long-term commitments. In this context, the Bank can effectively contribute to the establishment of Europe-wide transport infrastructure operators.

The EIB has a particularly important role to play in the improvement of transport infrastructure in the Accession Countries and in the Balkans, alongside the Commission and other institutions. In the Balkans, it is acting as a major player in the definition of an investment strategy in the region based, on a first phase, on the foreseen rehabilitation of the main axes and terminals to establish basic accessibility conditions, which will be followed by a longer-term joint planning exercise to prepare a response to future needs.

Overall, the modest growth of investment foreseen in transport infrastructure could be compensated by an increasing interest both from public and private promoters in EIB products, so the growth trend observed in the past (with a down point in 1999 for the EU) should continue in the next future, unless restrictions are imposed.

Transport projects signed by the Bank in Accession Countries in 2001 totaled about € 1 044.90 million.