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REPLIES TO THE QUESTIONNAIRE ON TRANSPORT DEVELOPMENTS

Addendum

Submitted by the Government of Hungary

I. GENERAL TRANSPORT POLICY ASPECTS

A. Developments with regard to your Government's policy objectives for inland transport as a whole and for special sectors (road, rail, inland waterway, urban transport, etc.) as well as external objectives (land use planning, regional development, etc.) to the extent they are related to transport

1. Parallel with the negotiation of the European Union (EU) membership of Hungary the preparation of the new Hungarian transport policy was started in 2002. After a long expert and civil discussions "The Hungarian Transport Policy 2003-2015" (HTP) was accepted by the Parliament 19/2004. (III.26.) OGY decision.

* The UNECE Transport Division has submitted the present document after the official document deadline due to resource constraints.

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2. From 1 May 2004 Hungary became a full member of the EU. The new Hungarian transport policy was harmonized by the European Commission's 2001 Transport White Paper (COM(2001)370).

3. Major forces shaping the Hungarian transport policy based on:

- (a) factors influencing transport demand;
- (b) macro-economic context;
- (c) competition in the transport market;
- (d) public services.

4. The strategic goals are:

- (a) improve the quality of life, preserve health, reduce regional differences, increase transport safety, and protect the natural and man-made environment;
- (b) promote successful integration within the European Union;
- (c) improve and broaden relations with neighbouring countries;
- (d) assist with regional development;
- (e) enable efficient operation and maintenance through regulated competition.

5. General elements of the transport policy, which take precedence and are compatible with the EU's transport policy priorities:

- (a) Expand the Pan-European Network in Hungary by developing the domestic freeway system from border to border to meet the increasing demands of transit traffic and relieve stress on the capital, at once enabling greater use of EU funds;
- (b) coordinate transport modes (rail, road, water, and air) with a view to sustainable development;
- (c) improve transport safety;
- (d) minimize environmental damage (caused by emissions contributing to the greenhouse effect, solids, as well as noise and vibration) and protect natural and landscape assets while developing and maintaining transport infrastructure;
- (e) introduce a standardized EU-conform system for transport tariffs, fees, benefits and revenue subsidies, along with up-to-date telematic solutions for fee collection and integrated ticketing;
- (f) increase incomes of transport sector employees, improve work conditions, and offer training in modern skills.

6. An important part of the implementation of HTP is the "Transport Operational Programme" (KÖZOP). The KÖZOP is based on the sectoral strategies of HTP (road, rail, inland water, air, urban transport, and it contains the main aims and projects of the transport infrastructure development between 2007-2013 supported by EU funds – mainly by Cohesion fund. (For more details see: www.nfu.hu .)

7. The most important objective of transport developments is to improve accessibility with a view to increasing competitiveness and strengthening social and territorial cohesion. Proper

accessibility and the adequate intermodal connections attract operating capital, influence the selection of business sites, bring supply and sales markets closer, increase the room for workforce mobility and enable the generation of additional income through servicing the international transport of goods. An adequate transport infrastructure encourages the catching up of rural, sometimes disadvantaged regions, i.e. the levelling, in geographical terms, of economic development. In addition to the above, the overall objective of the Operational programme is to develop the environmentally sound modes of transport with a view to achieving environmental sustainability.

8. Specific objective:

- (a) A better integration of the country into the European economic circulation and the more efficient utilisation of the potentials of emerging markets through the development of the transport infrastructure;
- (b) Improving the accessibility of regions (both internally and between the various regions) in order to strengthen social and territorial cohesion;
- (c) Improving the intermodality of transport in order to improve the competitiveness of businesses and the alternative accessibility of regions;
- (d) The environmentally sound development of public transport.

9. The latest strategy and policy development in relations with the HTP that after three years experiences of the EU membership of Hungary the investigation of HTP started in the spring of 2007. The “Unified Strategy for Transport Development” (USTD) is under preparation.

B. Organizational developments with regard to measures for achieving transport policy objectives, e.g. the structure, functioning and competence of the public administration responsible for transport policies and the relationships of this administration with other administrations (national, regional, local) and with transport enterprises

10. The effect of the increasing mobility of the society and especially because of the Hungarian EU membership there were large member of structural changes in the Hungarian institutional system.

11. The main developments:

- (a) Hungarian Rail Office (HRO) was established in 2005 to encourage the competition among rail operators and to protect the fair competition. According to the EC Direction no. 95/18 HRO issues checks, modifies and with draws rail undertakings’ operational licence as a licensing authority.
- (b) The National Transport Authority had been reorganized from 1 January 2007. The former 19 counties based offices were realigned into 7 regional offices.
- (c) The Hungarian Cargo Rail Plc is under privatization and several small private cargo rail operators stepped into the rail goods transport market in Hungary. The passenger transport unit separated from the Hungarian State Rail Company and it will operate from 1 July 2007 as an independent state owned company under the

name "Start Zrt". This action will assure the independence between the infrastructure, passenger and goods transport.

- (d) There were several actions in relations with the road sector as well. On the base of the former Co-ordination of Road Directorate was established the Co-ordination Centre for Transport Development (KKK). This centre coordinates all transport projects (planning, controlling, monitoring etc.) which are parts of the EU supported KÖZOP (see: before).
- (e) Also is an important organisational development the reorganization of the road management and maintenance institutional system in Hungary. Again instead of nineteen counties organizations there were established a new regional system.
- (f) To improve the national public transport system (co-ordinated schedules between rail, bus/coach and local transport, tariff policy, quality controlling etc) the Ministry of Economy and Transport established seven regional public transport organization offices.

12. All development aims at competitiveness, better services for the users and a safer and more environmentally friendly transport system.

C. Policies adopted or action taken by public authorities to enhance safety (users, personnel and third persons) and reduce adverse environmental impact of various modes of inland transport

13. Hungary (public and private sector) spends more and more for the safety and security of the transport and to protect the environment.

14. Safety: Hungary had an excellent result in road traffic safety between 1990-2000 when the number of the fatal accident declined by 51 percent. Although since 2000 the numbers of total accidents are stagnating. For this reason the Hungarian safety policy concentrates to the: speed management, drinking drivers, seat belts issues. Hungary has a National Transport Safety Action Plan which needs to be renewed now.

15. Environment: thanks for the economic development, the tax policy and government decision more and more vehicles create less and less environmental damages (less air & noise emission) in Hungary. From the year 2007 was introduced a totally centralized on-line computer measure "green card" system, controlled by the National Transport Authority, which is one of the most development within the EU.

16. According the EU regulation, the first digital noise maps for the larger cities, airports, main road and railways was prepared in 2007.

D. Action taken and provisions made by public authorities to promote a rational use of available transport capacity (e.g. to give a better distribution of traffic between collective and individual transport) including measures carried out to encourage the use of urban public transport and to reduce the use of individual motor vehicles in urban areas

17. As most of the newly associated countries in the EU, Hungary's modal split contains larger rail, inland water transport and public transport performances than the former EU-15.

Nevertheless the increasing of the motorisation is a huge challenge to the government and local authorities, to keep the relatively healthy modal split, or reduce the increasing of the individual, road transport, especially within the urban areas.

18. The urban transport policy recommended in Hungary relies on EU-conform, consistent guidelines as follow:

- (a) satisfy sustainable transport demand;
- (b) support well-balanced regional development;
- (c) ensure fair market regulation;
- (d) support transport integration;
- (e) improve quality and service centres;
- (f) protect human life and the environment;
- (g) apply prices commensurable with actual performance and costs.

19. Each local government is responsible for the operation, maintenance, and development of transport networks and installations in its possession. The Local Government Act identifies the operation of local public transport as an optional task of local governments.

20. In the coming decade, local governments will have to shoulder more responsibilities and take a larger part in coordination, organization, and management.

21. The mechanism of implementing fundamental regulatory changes in public passenger transport, the emergence of traffic alliances, and the coordination of these systems will be expressed in the urban policies, and will rely heavily on the local governments for their enforcement.

E. Measures to promote a rational use of energy in transport

22. In theory, the high performance of the public transport, rail transport and inland transport, - a suitable modal split rate - supports the energy saving policy in Hungary. But sometimes, the old vehicle fleet and infrastructure (physical network) are against the energy saving aims. For this reason in the past years the government (national and local) supported the vehicles renewing actions (environmental friendly EURO 3 and 4 engines busses, energy saving trams, new locomotives and motor-rail etc).

23. The tax-policy in Hungary increased the energy price into the EU average zone or above it. For this reason the market enforces the energy saving behaviour from the car owners as well as the transport companies, forwarders.

II ECONOMIC, TECHNOLOGICAL AND OPERATING ASPECTS

A. Major, technological developments, with regard to existing infrastructures, transport equipment, traffic control, etc., including in particular traffic control measures in urban areas

24. Hungary is crossed by six TEN corridors or branch corridors, establishing transport links with the CIS republics, South-East Europe, the member states of the European Union, the North Sea and the Mediterranean.

25. Hungary's overall strategic objective is to achieve a gradually liberalised, operating and competitive rail transport, which is capable of meeting basic travel requirements (speed, frequency, punctuality, comfort of travel and safety) at European standards, is competitive in freight transport, the Hungarian railway track network offering an attractive alternative for European transit traffic. The developments within the trunk railway network primarily focus on the sections belonging to the TEN-T network, supplemented, in a complex way, by the related information technology, telematics, safety, and rolling stock developments.

26. The Hungarian road sections of the trans-European traffic corridors (TEN-T) are constituted by expressways and main roads. In the scope of the strategic programme, the fundamental objective is to complete the missing sections of the expressways in question up to the national border and, in order to enable the specific regions to join in to the development, the linking up of the regions to the network ensuring international accessibility.

27. The Danube is an independent corridor element of the TEN. Here, the objective is to create a transport route, navigable throughout most of the year, along the German, Austrian, Slovakian, Slovakian-Hungarian and Hungarian river sections.

28. The developments improve the international accessibility of the country/the regions, enable faster, more comfortable and safer travel from one part of the country/the regions to another as well as substantially increase competitive and environmentally sound capacities that meet the demand for the transport of goods and passengers.

B. Measures to improve the profitability and productivity of transport operations

29. Transport plays a major role in improving any country's economic growth, competitiveness, and employment rates. In order for it to properly fulfil this role, transport must operate efficiently and in a market-oriented manner. This in turn presupposes free competition without discrimination. However, smooth operation is always a principal criterion for transport which dictates intervention by the Government, as is the case in the European Union, to the extent of regulating competition.

30. The national and local governments assume a major role in ensuring the country's ability to compete in the transport sector. It is especially vital therefore to design a supportive financial policy that will meet the approval of the EU.

31. The refurbished vehicle park, the planned infrastructure developments, the application of new logistics methods, and an EU-compatible regulatory environment will collectively strengthen the competitiveness of Hungarian business both at home and abroad.

32. To compete successfully in the integrated market of the EU and in global markets, Hungarian transport increased the coordination of education system evolving work of well-trained and highly skilled drivers, mechanics, engineers, information technicians, economists, and lawyers.

C. Progress achieved with regard to integrated services of different transport modes for passengers and goods (car-carrying passenger trains, containerisation, piggy-back), and improved efficiency for transfer operations (commuting, links with airports, collection, handling and distribution of freight at ports and other major centres

33. Because of the geographical size of Hungary some technical modes are not relevant within the country's domestic transport market (like: car-carrying, piggy-back) present just in the transit or international transport.

Logistic Support Centers (LSC) and combined terminals:

34. The main purpose of constructing a network of logistics centres is to provide intermodal solutions for goods transport, that is, the option of environment-friendly transport modes. The sale of logistics services at these centres, such as goods handling, warehousing, dispatching, and assembly, serves to boost economic growth of the given region.

35. The development of LSC's and combined freight transport terminals started in the early 1990's, and is being implemented on schedule. At present, the national concept provides for 13 such centres in 11 regions, each with the obligation to construct a required/railway link, and four also with a potential port link. The largest multimodal centre established in this period is Budapest Intermodal Logistics Centre (BILK), followed by similar centres in Székesfehérvár, Szolnok, Szeged and Záhony. Given the mentioned stipulation of links, these centres represent a significant investment with a slow turnover rate. As such, they typically require government support to be feasible. Logistics centre development is an acknowledged market category of its own, with the role of the government limited to the construction of the actual infrastructure.

36. While the container traffic flow increased in Hungary in the last five years, the RoLa traffic declined after May 2004 – when Hungary became EU member – because of opened road freight transport. Nevertheless the Hungarian state budget supports the RoLa combined transport mode in 2007 better than the past and the RoLa declaiming trend could stop in the latest time.

37. In the urban transport, the largest city transport investment in Hungary is the construction of a new underground line in Budapest (number 4), and from 16th July 2007 the Ferihegy Airport Terminal 1 can be reach by rail from the city centre.

D. Urban and sub-urban transport plans and the problems arising in relation to the interaction between them

38. Harmonization of the urban and suburban transport is the greatest task in Budapest. As a consequence of the suburbanization and of the social restructuring the traffic coming from the agglomeration ring toward the town has increased to the multiple of the previous value. An important problem is that the increase of this traffic volume has been realised almost completely in the private traffic. Therefore, the establishment of the Budapest Transport Association is a very important requirement, as well as the development and the modernisation of the public transport network. Only this shall give an alternative for the in private car drivers.

39. Currently, there is a plan to introduce the electronic ticket and pass system unified by the Budapest Public Transport Company, the national rail and bus companies.

E. Identification and localisation of permanent traffic impediments (bottle-necks, saturation of certain roads, operational difficulties)

40. The Hungarian transport network has many bottlenecks, and their elimination is a fundamental task.

41. Improving the international accessibility of the country and the regional centres. The purpose of the interventions is to improve the country's international accessibility and competitiveness, to enable faster, more comfortable and safer travel from one part of the country to another and to substantially increase competitive and environmentally sound transport capacities that meet the demand for the transport of goods. In terms of the improvement of the country's international accessibility, the main objectives include the improvement of TEN railway and road channels, the extension of expressways towards the national borders and the improvement of the navigability of the Danube.

42. Improving regional accessibility enables a quicker and safer access of major centres along better-quality roads of a higher carrying capacity, both within a region and between regions. To that end, road structures of main roads leading to regional centres will be reinforced to cope with an axle load of 115 kN and their capacity will be increased. Due to the construction of the related bypass roads, that intervention will have a powerful effect on the safety of transport and the environment of settlements.

43. Linking up the modes of transport and improving the intermodality and the transport infrastructure of economic centres. We intend to improve the alternative accessibility of regions and the accessibility of economic and business centres by facilitating the linking of the various modes of transport, increasing the intermodality of the national and regional transport systems and establishing the infrastructure of the intelligent organisation of transport. The accessibility of service-providing, producing and processing centres (logistics centres, industrial sites and agricultural bases) located along the transport flows is supported by the development of their infrastructure links to the main transport network (factory sidings, approach roads, harbour connections and basic infrastructure).

44. Improving urban and suburban public transport. It is intended to improve the accessibility and passage through cities, mitigate the crowdedness of urban transport, improve the conditions

and service quality of urban and suburban transport by achieving that passenger traffic should shift from individual transport towards modern, comfortable, scheduled (i.e. calculable) and environmentally friendly modes of public transport, offering a roughly similar service level. We intend to achieve the improvement of the conditions of public transport primarily by modernizing permanent-track transport, which ensures the environmentally sound and clear transport of large amounts of people and the development of intermodal centres.

F. Research activities in the field of economics which might be of significance to other member countries

45. Hungarian transport research system is based on different level and actors (academic, university faculties, state owned non-profit research institute and private consulting and small R+D units). Some of them have very strong international relations; for example the KTI-owned by Ministry of Economy and Transport - is a member of ECTRI, FEHRL and FERSI and it is active within the EC technology platforms (ERTRAC, ERRAC and Water-born transport). The main research results are on the field: transport modelling, logistics, demand forecasting, PMS, bio-fuel, electronic ticketing.

III. INFRASTRUCTURE ASPECTS

A. Developments with regard to the planning or realisation of major transport infrastructure projects (road, rail, inland waterway, pipeline, domestic or international) as well as improvements to existing infrastructure

46. In Hungary several steps pointing ahead were made during the last period in the field of the transport infrastructure development.

Road network

47. The largest and successful investment within the transport infrastructure in this period in Hungary was the motorway network development. Between 2002 and 2007 the motorway network in Hungary was doubled and it reached nearly the 1000 km including 173 km expressway.

48. The Helsinki corridor Nr. IV. is passing through Hungary by motorway from the Austria border to the Serbian border (M5). The Helsinki corridor Nr. V. from the Croatian and Slovenian border direction to the Ukraine now is reached North-East part of Hungary not far from the Ukrainian border by M7 and M3 motorways (to complete the M7 is need approximately 37 km new section which is under construction and it will be finished in 2008. The corridor Nr. V/c. operates between Budapest and Dunaújváros by the M6 motorway. The new motorway construction was financed by the state and P.P.P. construction.

49. In this period the new large expressway bridges were opened above the river Danube nearby Szekszárd (M9), on the river Tisza (M3) nearby Polgár and another bridge over Danube will be opened near to Dunaújváros (M8) in 2007.

50. In parallel with the new motorways construction, a main road reconstruction program with the EU ISPA Fund started in 2004 to improve the road carrying capacity to 115 kN (vehicle axle load).

Railway network

51. Several railway network rehabilitation projects were continued in this period (like: Budapest-Hegyeshalom, Budapest-Cegléd-Szolnok, Zalaötvő-Zalaegerszeg-Boba etc.) and the railway station reconstructions and modernization continued (like Nyíregyháza, Debrecen).

52. One freight and container/RoLa railway station from the central part of Budapest was moved out to the BILK (Budapest Intermodal Logistics Centre) and now the BILK is the largest logistics centre within the Central-European region.

B. Methodological developments with regard to criteria for establishing priorities and programmes or infrastructure investment projects

Financing

53. In any country, transport networks are the property of the nation, the value of which increases with investment and decreases if left unattended; therefore, the construction, operation, and maintenance of traffic installations are government functions regulated by law, and overwhelmingly financed from central and local budgets.

54. The implementation of the transport policy requires far greater resources than the Hungarian Government has traditionally allocated for similar purposes on the “leftover principle”. This means that the government must assume a new role intensely promoting economic development by encouraging and prioritizing investment in infrastructure as a pillar of the market economy.

Development financing

55. The resources for financing infrastructure development will be available from the national budget, European Union funds on a co financing basis, loans by European banks, and private capital. Hungary must constantly look for PPP financing of infrastructure projects.

56. The European Union’s transport policy advocates performance-rated fees for the use of infrastructure. In this sense, it encourages the involvement of users and private capital in the financing of government tasks in network development and management. In the latest years increased the participation of local and later also regional, governments in financing development projects in their purview. This means it had to guarantee the access of regions and local communities to the required resources.

57. Infrastructure development financed jointly by the Government and private ventures (PPP) provides a useful way to replenish resources, although this scheme may raise a number of difficulties when it comes to co-financing projects with EU funds.

- C. Developments with regard to arrangements for financing infrastructure projects (e.g. road, rail, inland waterway, pipeline, urban transport infrastructure), particular modalities possibly envisaged (e.g. by introducing global or specific financing resources, allocation of infrastructure costs)

58. There are several types of financing methods of the transport infrastructures used in Hungary. The simplest method is when a project is entirely financed by the state funds. Other type is when local or regional government jointly support the state budget. Some other project supported by the EU (exp. by ISPA or Interreg Funds) and increasingly the PPP (Private Public Partnership) financing method. As a result, we can refer to these as the mixed financing methods.

59. The reliability will also be strengthened to a great extent by transparent and well-planned processes, the enlargement and verification of tendering processes, in addition to the state guarantee institution. The issue of the stability of the legal provisions related to the individual financing methods and resources shall be emphasised separately.

60. From the point of view of financing it is important what kind of regulations of resources are in force, i.e. what kind of general rules, exemptions, favoured or unfavoured resources are used by the economic regulatory system. The allowances from the taxes, exemptions, duty allowances, State guarantee undertaking for credits etc. could be mentioned in this context. Creation of settlement conditions for amortization reflecting the real wear corresponding to the recommendation of the accounting provisions should be mentioned once again

Hungarian National Road Network according to the categories
(1 April 2007)

Type of Roads	Length (km)
Main Roads:	
Motorways	785
Expressways	174
I. category	2,151
II. category	4,420
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Secondary roads:	23,257
Total:	30,787

Graphical presentation of major transport development trends in Hungary is available as PPP file at the address: <http://www.unece.org/trans/main/wp5/wp52007.html>.