

ECONOMIC COMMISSION FOR EUROPE

INLAND TRANSPORT COMMITTEE

Working Party on Transport Trends and Economics

Twenty-second session
Geneva, 8-9 September 2009

TRANSPORT SITUATION IN HUNGARY IN 2008

1. Traffic trends

Official statistics concerning the output of various transport modes in Hungary is only available for the first three quarters of 2008. Hence the following paragraphs refer only to developments from January until the end of September and data is compared to the corresponding period in 2007.

Continuing the trend of previous years the weight of **goods** lifted in Hungary has risen by 5% in the first three quarters of 2008. It has largely been a result of an increase in the amount of goods lifted within the country (+5%), while international transport has grown by 1%. The greatest increase in the volume of goods transport has continued to appear in road transport (7%), followed by inland waterways (5%) and pipelines (2%). At the same time the weight of goods lifted by rail has decreased by 3%. In sum, 75% of goods have been transported by road and 15% by rail.

Another important freight measure is tonne kilometres moved. This, too, has increased, although by only 1%. The increase was the greatest in water transport (5%), followed by road (2%) and pipelines (2%). Similarly to weight lifted, the performance of rail expressed in tonne kilometres decreased by 2% in spite of liberalisation of goods transport by rail and the appearance of competing rail freight companies. It is expected that the proportion of rail freight will continue to decrease following the trend of the previous years.

Inland waterway transport continues to be dominated by transit traffic on the River Danube. 66% of all goods transported by water only sail through the country, whilst exports accounts for 20%, and imports for 14%. Most of the ships sail under German (19%), Austrian (16%), Ukrainian (16%), Romanian (15%) and Hungarian (14%) colour.

As far as **air transport** is concerned, air cargo accounts for an insignificant amount of freight transport (approx. 49 000 t/year). The amount of goods forwarded through the main international airport, Budapest-Ferihegy has been 2% lower than in the same period in 2007.

The number of passengers travelling **from/to abroad by public transport** decreased by 9%, mainly due to a drop in air travel (16%) while train travel increased by 5%. The fall in passenger-kilometres has been even greater; it has reached 18%, again as a result of decreasing use of airplanes. This indicates that the upward trend of the previous years will be broken in 2008. The effects of the credit crunch, not yet traceable in the figures, will probably further reinforce this trend.

In international transport air remains the dominant mode with 58% of the passengers followed by rail (26%) and bus (16%). Passenger traffic at Budapest-Ferihegy international airport decreased by 1% with Germany and Great-Britain being the most popular destinations.

As for **domestic inter-urban and suburban public transport**, patronage in general has improved by 4% counteracting the downward trend of the previous years. This rise has been fuelled by more passengers on buses (up by 5%) while the popularity of train travel has continued to fall (down by 3%). A similar trend can be observed if one looks at data on passenger kilometres.

While passenger numbers had been falling in the previous years (a 4% drop in 2007), there has been no apparent change in the use of **local public transport** considering passenger numbers and passenger kilometres. 59% of all local public transport services is provided by buses, 19% by trams, 13% by metro and 5% by trolleybuses.

In the sector of **passenger transport** the modal split reshaping has been continued in 2008 in Hungary. The loss of proportion of the public transport can be seen the most clearly in the central region, mostly in Budapest by bearing the most negative effects of the process. The loss of passengers can be taken into consideration by normalising the overcrowded status of the trains in mean time. The main actor in this process is the introduction of the pulsing schedule in several lines which has been meant a slightly raised total capacity of the service. The loss of passengers were on there lines distinctly lower than all others. According the efforts on harmonisation of the transport services the connection between bus and rail services has got better. In the air transport the dynamism of the amount of passenger has been turned into a slightly rising course.

The length of the expressway has doubled since 2002. Developments in 2008: 78 km of expressway (M0, M6, M7) was finished and the building of an additional of 198 km has been started (M6, M60, M31, M43) as a part of the TEN-T network.

2. Obstacles to the development of transport

It was haulers that were most affected by **high fuel prices** during 2008 as 30-40% of their costs come from expenditure on fuel. Increasing costs, however, cannot be covered by increasing prices by the same rate due to the very competitive environment on this market. As a result of protracted negotiations between road haulage associations an agreement was reached in June, 2008, in which the government guaranteed that a series of measures would be introduced to improve the competitiveness of Hungarian hauliers hit hard by high fuel prices. As a result the weekend ban on the traffic of heavy lorries will be eased from 2009 and the government will refund 35% the vehicle excise duty, in addition some other duties will be reduced and HUF 4.5 billion will be provided to road haulage companies in 2009 to improve their competitiveness.

The effect of the **credit crunch** cannot yet be traced in the statistics. It is expected, however, that decreasing production will lead to a reduced demand for transport services in all transport modes and especially in road transport. Logistics companies expect that demand will decrease by approx. 8-10% in 2009. The economic crisis and especially stricter conditions for loans are also likely to lead to a fall in investment in the transport sector. Financial difficulties of airlines and a reduction of passenger demand are also expected.

As a result of high fuel prices during the year and the economic downturn transport companies have to rely on a lower profit margin and some companies may be forced into liquidation.

The compensation system of the public transport integrates fuel costs. The continuous monitoring and the flexibility of the compensation system support the following-up of the fuel cost level.

Due to the budgetary restriction the amount that can finance infrastructure developments has decreased greatly. The developments are financed by the state and the private sector together. This kind of method form different ways of financing such as PPP, franchise.

3. Best practices in transport and infrastructure regulation

The decentralised, regional base institutional system has been achieved fruitful harmonisation of the public transport. In most cases local (regional) level benefits have been gained by better co-ordination of timetables and cause the journey time shorten. To ensure transparent finance of the costs uncovered by passenger fares and social compensation in public transport sector in this year an additional compensation system has been launched which has been set up according EU rules.

The last section of M7 motorway had been handed over, with motorway between Budapest and Rijeka thus completed. Motorway M6 between Budapest and Dunaújváros is serviceable in its whole length, while the one between Dunaújváros and Pécs is under built. This motorway is an element of the Budapest – Osijek – Sarajevo – Ploce project. By handing over the 46.7 km new section of M0 highway, 75 % of Budapest by-pass ring road has been completed.

We can report that, due to good reception of roundabouts within the circle of the authorities and the resident population, tree quarter of the nodal interventions has been built with roundabouts in 2008.

There was zero tolerance proclaimed against alcohol consumption for car drivers in 2008. That resulted a reduction in the number of victims. Correlated with the numbers from 2007, the decline in fatalities has reached 73.7 %, in serious injury it is 87.9 %, whereas in light injuries it is 96.4 %.

— — — — —