

INITIAL STOCKTAKING OF TRANSPORT CHALLENGES IN THE EARLY TWENTY-FIRST CENTURY

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INTRODUCTION

Humans' natural desire for greater mobility ever since descending from the trees has been a driving force for change. Improvements in transport and communication efficiency have triggered globalization. The steamship shortened economic distances between continents; railways, and later road development, provided access to and from remote areas within the heart of continents; and new telecommunication technologies have made information transfer fast and reliable.

Today, globalization is taking a course of its own, creating a new paradigm for transport where global mega-trends both enlarge and at the same time limit its growth potentials. On the following pages I will discuss the impact on transport of such mega-trends: globalization and global supply chain management; trade liberalization – facilitation – security; technical and technological changes and sector convergence; the changing role and scope of the public sector; and growing responsibility for sustainable development.

I believe, however, that over and above these mega-trends, two main themes characterized the world in the twentieth century, and two other main themes will shape the global political and economic stage of the twenty-first century. In my view, these themes are also the underpinning changes influencing the future of transport. So what were they in the last century? In the political field, I suggest democratization as the over-arching theme. Torn by two world wars, democratization has led to landmark changes in international cooperation, i.e. through the founding of the United Nations and its organizations, the Bretton Woods institutions and of several other intergovernmental bodies to support or even watch out for peace and development. The de-colonization process and the collapse of communism are the other historical achievements that fundamentally altered the relationship among countries.

In the economic field, massive economic and trade liberalization could be named as the flagship achievement. Although both the political democratization and economic liberalization processes still have a long way to go, the emphasis in the twenty-first century will increasingly be on security and facilitation. In addition to the challenges for political security to safeguard the achievements of political democratization at large, we can see that energy security, water security, transit security and even perhaps oxygen security are becoming priorities on the political agenda. On the other hand, trade facilitation and the facilitating role of Governments and international organizations are the fundamental issues in international cooperation. I will attempt to elaborate on the impact of these overarching themes on transportation, under the specific mega-trends. I will also briefly outline the impact of some mega-trends in the transport sector of UNECE countries.

I. GLOBALIZATION AND GLOBAL SUPPLY CHAIN MANAGEMENT

Over the past decades mobility has both increased and changed tremendously. The world population grew by 2.5 times between 1950 and 2005, and it is expected to further increase up to 9 billion by 2050. More than half of the world's population lives in cities. In the Russian Federation this figure is over 70 per cent. In the same period, world gross domestic product (GDP) has become eight times bigger. GDP per capita growth, however, has been relatively modest. It is only three times more now than it was fifty years ago. On the other hand, international trade has been booming. It is more than 20 times bigger today than it was in the 1950s. Moreover, trade has been growing faster than world output ever since the 1980s. Global balances have started to be changed both in terms of population and economic growth (in the mid 1970s China had 882 million inhabitants and an output of \$740 billion, by 2050 it is estimated that it will have 1418 million inhabitants and an output of \$44.5 billion. Similarly in the 1970s, the United States and Western Europe together had 570 million inhabitants and \$7.6 billion, by 2050 811 million inhabitants and \$54 billion output). All these global developments have had an impact on people's and cargo's mobility, and ultimately on the demand for transportation services. The obvious changes can be seen in longer trips, in the fast expansion of newer modes of transport, i.e. of road and air transport, and in the unprecedented increase in individual traffic (four times more cars exist today than in the 1960s).



The indirect impacts on transport are transferred through the global policy responses to the recognition that growth in population, world output and trade is also a source of growing trade imbalances, a growing gap between haves and have nots, and eventually a growing concern for world stability. I choose four areas of policy response that have an important impact on transport policies of the future: the agreement on the Millennium Development Goals, the adoption of the “trade for aid” approach, the political call for more efficacy in aid delivery and finally, the need for growing partnerships among donors, as well as between donors and clients. Transport issues to be addressed in these new strategies include new ways for investment planning, as well as increased attention to social issues in the transport policies.

Globalization of manufacturing processes has led to more cross-border trade and consequently to more transport. It has also brought productivity increase into focus. Growing traffic volumes offer economies of scope and lead to less expensive transport services. The challenge to improve efficiency has led to more reliable services, larger vehicles and higher speeds. The fast proliferation of container use, both in maritime and land transport, alters the need for terminal facilities and calls for new types of investments. In response to constantly changing demands by manufacturers, transport services have become more sophisticated with just in time delivery, constant tracking of cargo, etc. The nature of transport services is undergoing a major change and focus is shifted from mere delivery to broader logistics services such as distribution, packaging and even management functions. Supply chains become longer, and the length and intensity of transport increase with it. Change in the very nature of competition among manufacturers lays a heavier burden on logistics and transport service providers to improve their efficiency. Competition is shifting from company level to supply chain level, where none of the participants are allowed to be weaker and bring down the rest of the chain. Global Supply Chain Management is thus a crucial way to improve the manufacturers’ competitiveness. This questions the traditional structure of transport markets. The relocation of manufacturing plants to transition economies shifts the centre of production and eventually of the world economy to Asia. Consequently, trade flows between Europe and Asia, as well as between North America and Asia, have been increasing rapidly and the direction of the load is changing too.

The industry’s response to competition challenges has also led to a number of new phenomena, for example the emergence and growth of multisectoral service providers. A natural synergy would for example be between railways and telecommunications. The widespread use of information technologies has given birth to global logistics service providers that offer a wide range of services, from delivery to warehousing, to the management of inventory, and in some cases production or even client relations. In fact the more complex logistics services assume networks of companies which all strive after efficiencies. The logistics service providers play a central role in the interactions within these networks. When a transportation solution is selected, how it will fit into the larger business network also needs to be considered.

As national Governments are committed to economic growth and, within that, to fostering national competitiveness, and in high income countries to facilitating knowledge based economies, their overall policy response lies in creating enabling business environments.

Another change intrinsic to globalization is the increasing number of multinational companies. As a result of the liberalization of both the right of establishment and of cross-border transport services, the growth of multinational enterprises can be seen in transport, and particularly in logistics management. They are definitely in need of global norms and standards on the one hand, and they may create their own business environment beyond and above national boundaries on the other.

Policy responses: Trade and transport facilitation needs to be addressed from the global competitors’ perspective; interconnectivity is ensured as an a priori condition both in terms of hard infrastructure and related service provision. In this context there is a growing need for better transcontinental links. There is also a growing need for global rules for transport services contracts and the related liability regimes, globally applicable consumer protection, and competition rules to be enforced even beyond the national framework.

II. TRADE LIBERALIZATION – FACILITATION – SECURITY

From liberalization to facilitation

In the twentieth century we witnessed massive liberalization of trade in goods. Since the post-Uruguay Round, customs tariffs in the major developed markets (United States, Canada, European Union, and Japan) have reached the level of about 3.7 per cent. At the same time, the average cost of transport can be twice or even three times higher than customs tariffs. High logistics costs are however a concern for both developed and developing countries. If they are too high they can challenge the

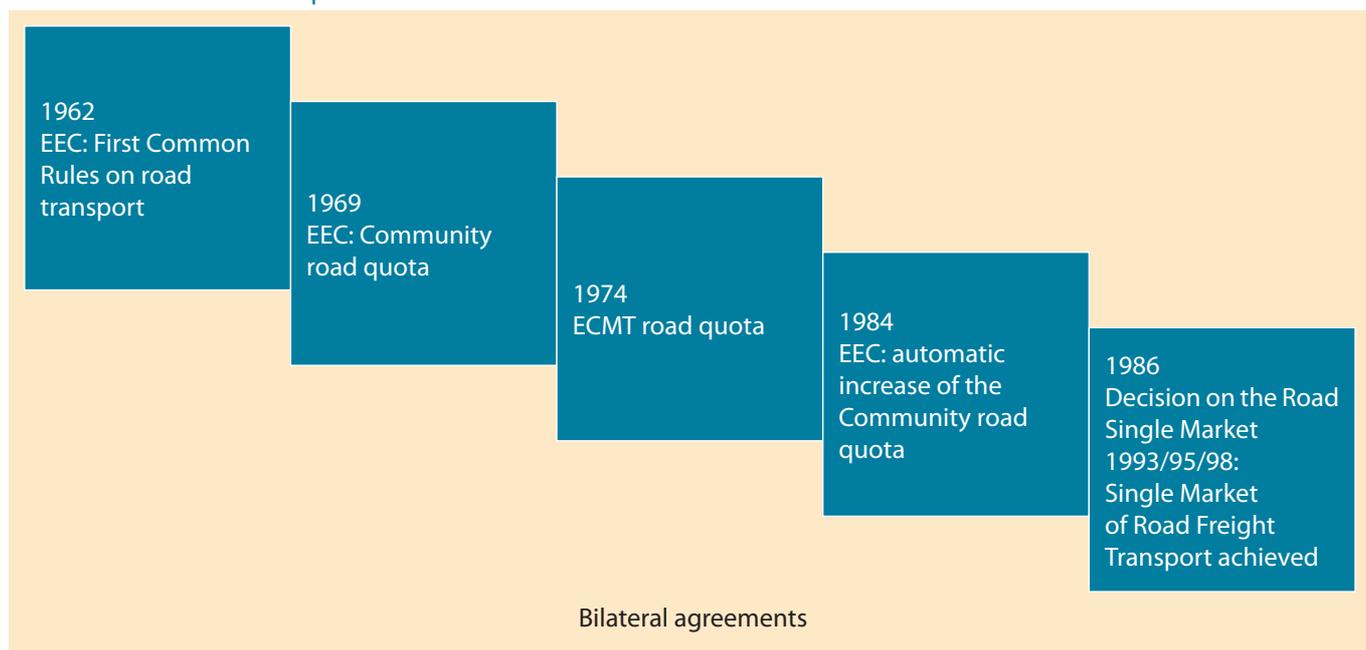
competitiveness of the countries in relation to those with whom they are trading the most. While Finland is rated one of the most competitive countries in the world, the Finnish National Logistics Survey calls for actions to lower the logistics costs that are estimated to be 17 per cent of GDP. Logistics costs are even higher in countries that are landlocked and have bottlenecks both in their infrastructure network and in their institutions. This highlights logistics costs as a matter of concern for all, though their magnitude and the nature of cost drivers are rather different. The differences are mostly rooted in the level of development. Similarly, if we look at the main barriers to international trade and transport, we see that delays due to traffic congestions and to the recent introduction of enhanced security checks are the main concerns for most of the EU countries and for North America. The lack of adequate infrastructure, unfinished reforms and incomplete transitions to market economy conditions could be identified as the main barriers to international trade and transport in the new EU member states and several other East and South-East European countries. As we move further east, costs and barriers seem to be multiplied as, in addition to the problems with general international trade conditions (lack of physical infrastructure, obsolete institutions still bearing the legacy of past eras), informal arrangements and rent-seeking activities further burden businesses and slow down the countries' development.

From a global perspective, the direct and indirect transaction costs (customs, banking, insurance, transport, etc.) have been estimated by the United Nations Conference on Trade and Development (UNCTAD) to be as high as 10 per cent of the total value of world trade (US\$ 400 billion). Thus, border crossing inefficiencies can be very costly indeed.

Liberalization of international transport services is moving at a slower pace than other infrastructure service sectors. Bilateral intergovernmental agreements, together with their quota systems on market access and regionally negotiated market openings, continue to be the main feature both in land transport and in aviation. I believe the liberalization trend is going to continue even if there are attempts to slow it down or to tie it to conditions. Progressive liberalization of road freight transport in Europe for example has had distinctive stages, as can be seen in Figure 1.

The policy responses lie in creating an enabling business environment, including the availability of high quality infrastructure, facilitation of e-commerce and making progress with standardization. There are numerous attempts to assess the national logistics competitiveness of countries. Some of the most recent assessments have been undertaken in Canada, Ireland, Finland and Germany. The assessment models are different however, and it is hard to make a true comparison of national logistics performances due to the lack of a common methodology. This issue was first addressed by the European Conference of Ministers of Transport (ECMT). Later, the World Bank launched a logistics performance index that is based on the views of shippers and freight forwarders. What is still missing is a commonly agreed methodology that goes beyond perceptions and subjective assessments.

Figure 1. Changes of the Rules on Market Access in European road freight transport: bilateral and plurilateral frameworks





The globally longer supply chains are interpreted in Europe in shorter order cycles; smaller, more frequent, more reliable deliveries; more varied delivery patterns related to product shelf life, product customization, production/retailing strategy, and the reliability of short-term forecasting; closer relationships with fewer suppliers; greater use of information technologies (IT); outsourcing of logistics to third party logistics managers; and more use of recycling, which has resulted in additional back-haul cargoes. We need to remember that while integration and convergence is underway within the EU, fragmentation remains an issue. In the larger Europe, i.e. in the UNECE region there were 34 member countries at the end of the 1980s, and now there are 56. This has increased the length of borders and led to a greater number of trade obstacles. The “Iron Curtain” was not immediately dismantled with the political changes from command to market economies and from totalitarian to democratic systems. From the point of view of traders and transport operators it was replaced by a “Paper Curtain”. Since the early 1990s a lot of improvements have taken place, but trade and transport facilitation remains a key challenge in many countries in the region. Europe is not at all homogenous – we can see a growing gap outside the EU-27 – the continent includes both middle income and low income countries. Seventeen are recipients of official development assistance (ODA), out of which seven belong to the LICUS Group³⁶ (CIS 7) and three are resource rich (mainly oil rich) countries. Challenges for transport and national transport policy responses should therefore be very different too.

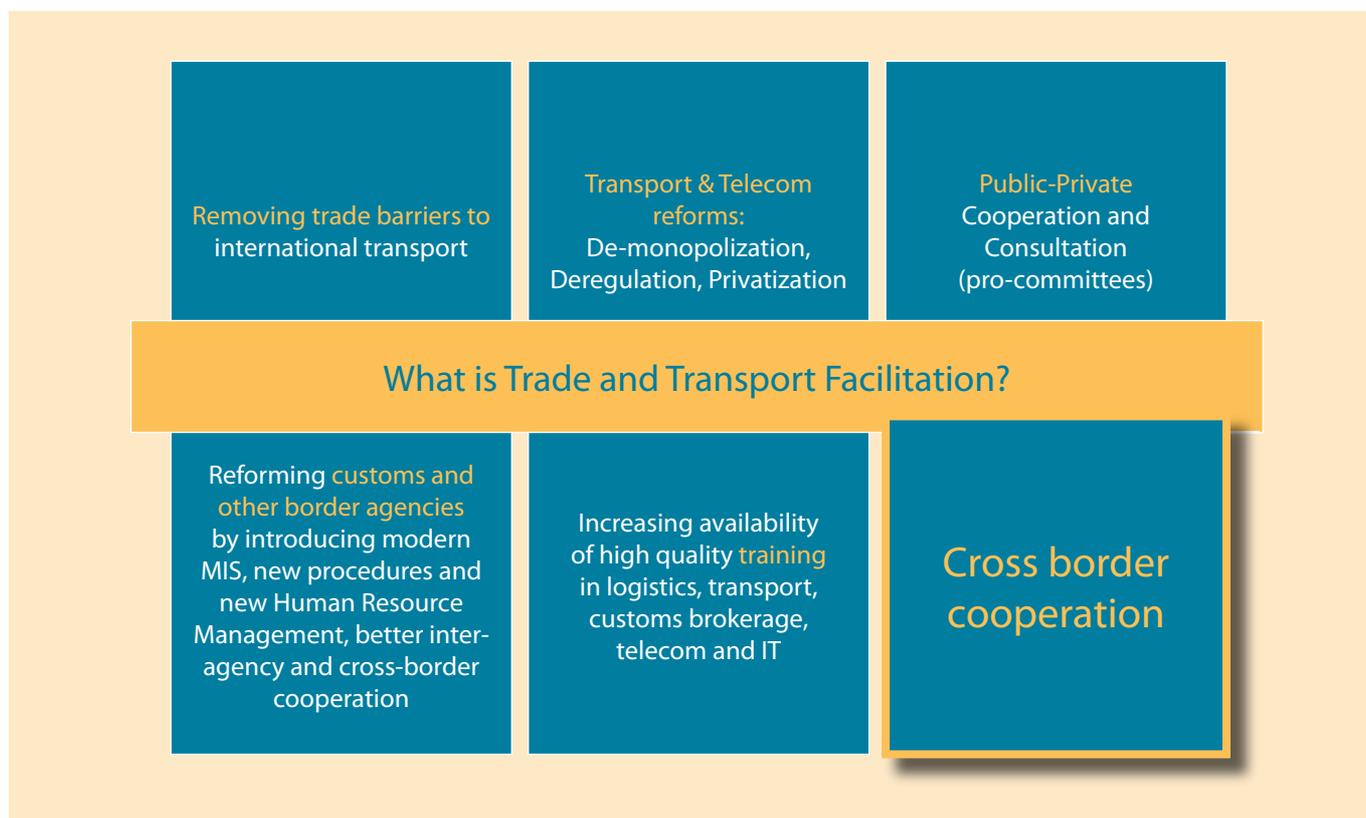
Central Europe is emerging Europe. It opened up for political democracy and market economy at the turn of the 1990s and has benefited from increasing international economic integration ever since. This opening up also resulted in immense structural changes to the economy, an unprecedented foreign direct investment (FDI) boom and in a transformation of the “club”, i.e. a stepping out of the Comecon regional cooperation with its headquarters in Moscow and joining the EU, the European regional integration with its headquarters in Brussels. This political change has been underpinned by the shift of international trade flows from East to West. European Community and European Free Trade Association countries’ share in the total trade of Bulgaria, Czechoslovakia (later the Czech Republic and Slovakia), Hungary, Poland and Romania increased from 27 per cent in 1970 to over 50 per cent in 1990. Ever since, this shift has been continuously strengthened. All these changes have fundamental impacts on freight logistics, passenger transport and relevant government policies.

The economic geography has also undergone major changes in the past decades. On the one hand, the break-up of the USSR and the Federal Republic of Yugoslavia, the consequent territorial disputes, hostilities and even war have undermined the development of trade-conducive borders. On the other hand, globalization, the enlargement of the EU and the strengthening of North American Free Trade Agreement cooperation have all boosted trade among countries within the respective trade blocks. Within the enlarged EU the completion of the single market (also in transport) and the abolishment of internal borders have benefited the mobility of people and cargo.

Trade and Transport Facilitation assumes the holistic approach, encompassing transport, communications, customs and other border agencies, as well as interagency and cross-country cooperation. Since it calls for change management in the role of the public sector, continuous training is required on all levels. Finally, experience in South-East Europe has shown that reforms can be sustainable if they are the result of the agreement of all stakeholders and if the private sector, shippers, freight forwarders and transport operators are recognized as partners (see Figure 2).

³⁶ LICUS is a World Bank classification for “Low-Income Countries under Stress”: Fragile states characterized by a debilitating combination of weak governance, policies and institutions, indicated by ranking among the lowest on the Country Policies and Institutional Performance Assessment. This involves around 30 countries.

Figure 2. A holistic definition of trade and transport facilitation



Facilitation vs. Security

Since 9/11 security has been given a new meaning. Consequently, major infrastructure facilities are vulnerable and they need increased protection. It also means that passengers in any modes of transport are vulnerable to terrorist attacks. Tragic cases in London, Madrid, Moscow and many other places have shown the capability of a small number of individuals to kill and cause large-scale destruction. Transport systems are used as a means or as a target. Besides vehicle theft and subsequent use as car-bombs,; theft of dangerous substances during transport could cause significant human and financial tolls. From the perspective of cross-border trade and transport, illegal border crossing of persons and goods is the security challenge that is often raised as the obstacle to facilitating trade and transport. Finally the recent study by ECMT and the International Road Transport Union on attacks on truck drivers draws attention to the ever increasing need to improve security in the whole transportation system.

Policy responses have been fast in air and maritime transport. In the field of customs several programmes have been initiated to find the right balance between security and facilitation measures. Examples of such initiative are the EU's Authorized Economic Operator, the Customs-Trade Partnership Against Terrorism in the United States. There are numerous national responses both on policy and institutional levels. International organizations have put security on their agenda and there is a growing number of internationally agreed programmes and solutions. There are also new requirements where the stocktaking is still going on. I would, however, like to mention two new requirements, or opportunities, to follow up on: (1) factoring in the specific needs of security in transport infrastructure planning and investments – e.g. through safe and closed parking areas to be designed along the main international corridors, and (2) using the customs transit guarantee schemes to also support enhanced security. We need to be aware, however, that enhanced security can be costly indeed. It will therefore be important to find the right balance between facilitation and security and to treat the two goals as complementary rather than competing alternatives.

III. TECHNICAL AND TECHNOLOGICAL CHANGES AND SECTOR CONVERGENCE

Recent technological and technical innovations make it possible to monitor the actual use of transport infrastructure and services, and eventually to charge for their use. Modern accounting methods on the one hand, and the possible application of ICT in transport on the other, help convert this sector from being a public good to becoming a service provider where the use of infrastructure and services (at least in most areas) can be measured. The technological changes open up new avenues for transport pricing, which will challenge traditional transport policy options. While not exactly similar, it is broadly comparable to telecommunications, where the technological revolution altered the economies of scale and thus made deregulation possible. In a telegraphic style we could safely state that the introduction of e-trade and e-docs have a facilitating impact on transport services. The fast proliferation of information and communication technologies (ICT) can revolutionize the management of transport companies. At the same time it can open up for new types of services, and eventually, for a sector that is able to tailor its supply to the customers' needs. The application of ITC is not a privilege for the developed countries only. Different solutions can make transport more efficient, safer and environmentally friendly.

Thanks to technological innovations today's vehicles are greener, i.e. much less polluting, than fifteen years ago. Road freight transport in the UNECE countries has practically replaced its heavy goods vehicle fleet since the early 1990s. Interestingly, Central and East European countries have gone through this fleet modernization at a faster speed than their Western counterparts. This is mainly thanks to the ecological conditions ECMT has introduced in allocating the multi-country road permits.

New materials are being used in infrastructure and vehicle construction in order to improve safety, but also to be more cost effective.

In addition to the increasing intersectoral dependence, one of the key challenges will be compatibility and interoperability. With the fast proliferation of new technologies, it is important to avoid the mistake of nineteenth century railways, i.e. interoperability needs to be solved way before it becomes a problem.

As a result of liberalization and privatization market forces in transport are taking their own course. New constellations in bundling sectors and services are emerging. In public passenger transport multimodal concessions could be issued and acquired. Instead of separate rail and bus operators, there can be one company whose task is to provide service, regardless of modal distribution. Transport policy considerations could of course also dictate the formation of modal split in this case. The ways and means of how it is achieved is however fundamentally different from what authorities are used to. Interface managers are likely to be called in either in a pre-determined way or by default of the markets. The convergence within the transport sector and among the different infrastructure services are likely to happen in the longer run. Their implications for transport policymakers are still to be reviewed.

IV. CHANGING ROLE AND SCOPE OF THE PUBLIC SECTOR

Changing role of Governments

New decision-making procedures are evolving, where national governments delegate some of their power of authority to international bodies when they participate in regional integrations and to sub-national levels as a consequence of the decentralization process.

Since the early 1990s the number of regional trade agreements has grown significantly. Over 300 such agreements have been reported to the World Trade Organization and more than half of them are in force. Most of these agreements are free trade agreements or go beyond that, with the political decision to create a common market or closer political and economic integration. The trend for regionalism is both global and typical of the UNECE countries. The world's most developed regional integration, the European Union, has a distinctive impact on transport policy formation not only on its territory but, through the process of legal harmonization, also beyond the EU. New, regional cooperation initiatives have been launched in South-East Europe, Central Asia, the Black Sea region, etc. They address transport infrastructure and trade and transport facilitation issues with varying intensity. What they have in common is that they all foster regional cooperation and have transport as one of the main sectors of their attention. The traditional structure of bilateral, plurilateral and multilateral frameworks for market access and technical regulations in transport is likely to be rearranged.



In the case of local transport management, regional or county authorities as well as city authorities have started taking over some of the central Governments' functions. As a result of transport reforms and particularly the unbundling of large, state owned enterprises, like railways, the nationally organized bus operators etc., major institutional changes are taking place and independent regulators being established. Governments see themselves less and less as the managers of transport service provision and more and more as facilitators and law enforcers, responsible for public goods in the areas of safety, environmental protection or security. All these changes indicate that Governments are starting to assume their new roles.

Due to the different levels and speed of international integration, of decentralization within the countries and of the development of national transport systems, there is a range of institutions with potentially overlapping responsibilities for transport.

Decreasing public funds

The liberalization of international trade, accompanied by a decreasing level of customs tariffs is likely to result in a smaller amount of customs revenue, as trade growth is not likely to off-set this phenomenon. In this respect there are two impacts on policy decisions affecting transport: (1) the overall decline of available public funds that can be used for the development of transport, and (2) the growing reluctance to accept the dual function of fuel revenues, i.e. that of being a road price and being part of the general taxation.

As a result, transport funding is expected to change in a revolutionary way, as the reliance on public expenditure transfers is likely to decrease and the contribution from the users and beneficiaries increases. Policy responses to this include: wide application of users pay principle, a growing number of public private partnerships (PPPs), growing resistance to give up current road revenues and commercialize this sub-sector through road funds, more stringent rules for Public Service Obligation arrangements, and transport reforms designed to address fiscal constraints.

Budget constraints are even more acute in the transition economies. As the political changes started in Eastern Europe, Governments suddenly found themselves stripped of the already meagre budget revenues that their socialist predecessors could draw on. In the early nineties economic decline was more severe throughout the Central and East European region than the Great Depression was in 1929-33 in the United States. By 1998, recovery from the transition recession was achieved only by the Central European, some South-Eastern European and the Baltic States, while in 2000, the GDP of CIS countries was still around 60 per cent of its 1990 level. As a result, maintenance of transport infrastructure and equipment is massively and chronically under-funded in many East European countries. Investment needs in these countries are huge and of a different nature than those in West European countries. These fiscal constraints in Central and Eastern Europe will likely have the following transport policy impacts, some of which we can already see happening:

- In the relationship between financing pillars of transport infrastructure, the traditional public expenditure pillar and the users pay pillar may remain relatively weak. Governments may want to bridge the gaps through public borrowing and by relying on private funding and PPPs. The experience of the past fifteen years, however, has shown that feasible investments are relatively easy to promote if they are part of mid-term investment planning, while bad projects will not become feasible even if external funding is brought in.
- The conversion of old style subsidies to passenger transport service providers is going to be replaced by Public Service Obligation contracts in many countries. However, the lack of ability to finance the widespread services could lead to new types of market distortions. In the railways sector, for example, practically all Central European countries have set prohibitively high access charges for the use of rail infrastructure by rail cargo companies, creating in this way the mechanism for a hidden quasi subsidization from cargo to passenger operations.

Empowered customers

As liberalization is making progress, customer protection is also gaining space in the transport sector. Customers are becoming more empowered within the national boundaries, as well as in international travel and transport. Globally, civil aviation stands out as one of the fast responding transport modes to passenger rights. In Europe the driving force behind these changes is obviously the European Union. In addition to compensation schemes in passenger transport, we need to be aware that deregulation, de-monopolization and in many countries de-nationalization of the transport sector has led to a new relationship between shippers and transport operators. With regard to international transport, there are well developed international agreements providing for liability and contractual relationships in all traditional modes of transport. What is still missing is the rule for intermodal transport. Without attempting to be complete, it is worth taking note of the developments

in representing the interests of individual road users. As road tolls are often charged in a monopolistic way, it is good to know that there are ways to challenge them. See for example the court ruling about the rate of tolls on M1 in Hungary, that has been initiated by the national motor club.

Stronger interest groups to shape future transport policies

The changing role of trade unions also merits our attention. The unbundling of traditional state monopolies has also led to a changing role of trade unions. A positive example of cooperation between rail trade unions and railway management has happened in Poland, where the staff reduction programme intended to improve the efficiency of the PKP was designed so that a jointly agreed financial and social package supported those who left the railways.

Political democratization has led to the growth of new interest groups, NGOs and “watch-dogs” which will hopefully also help improve governance.

V. GROWING RESPONSIBILITY FOR SUSTAINABLE DEVELOPMENT

Environmental awareness: Transport is without doubt one of the sectors responsible for global and local pollution. Global warming has become high on the political agenda. The share of transport in CO₂ emissions from fuel combustion is 24 per cent (data from the International Energy Agency). Within this, road transport is the main contributor. At the same time aviation has a growing share; air passenger transport is estimated to double and air freight traffic is expected to triple in the next 20 years. Congestion in cities causes both environmental and economic concerns. Among the policy responses we can see; demand for fuel efficiency, that includes tax incentives, vehicle efficiency, eco-driving as well as eco-logistics, e.g. through route-planning; new fuels (biofuels, hydrogen fuel cells...); and interventions for modal split improvement, e.g. road pricing, congestion pricing, new types of subsidies to public transport to change the ratio between road and other land transport modes, between individual and public transport. A new policy initiative is the starting of emission trading in aviation. New transport infrastructure can be disturbing to the ecosystem. Thus, an increasing number of Governments have introduced the requirement for environmental impact assessments and for mitigating measures before an investment project can be implemented. The international financial institutions have made efforts to harmonize their different methodologies for impact assessments.

To minimize the negative impact of transport on the environment, Governments sometimes tend to draw on measures that may be relatively simple and easy to execute, i.e. instead of reducing emission rates per vehicle kilometre, they attempt to reduce traffic itself as the target, particularly the traffic by foreign vehicles. It therefore poses a threat when a new wave of trade protectionism in international transport is taking place in the name of environmental protection.

Safety awareness: Since the first motor vehicle was put into circulation around 30 million lives have been lost in accidents. Every year 1.2 million people are killed on the roads and 50 million more are injured. The annual number of road injuries exceeds the number of people who become HIV positive. Today, the road traffic safety challenge is the world’s ninth biggest cause of death and disability. By 2020 it is estimated that it will be the third main cause (estimates of the World Health Organization (WHO)) if new and improved interventions fail to materialize. The most affected age group is those below 40 years of age. According to WHO’s Youth and Road Safety: “Road traffic injuries are the leading cause of death globally among 15-19 year olds, while for those in the 10-14-years and 20-24-years age brackets they are the second leading cause of death”. The social and economic costs are huge. Globally, the direct economic costs are estimated to be around US\$ 518 billion per year. For low income countries it is considered to be around US\$ 65 billion, i.e. the economic losses due to traffic accidents outweigh the amount these countries receive annually in official development assistance. Despite the large social and economic costs, there has been a relatively small amount of investment in road safety research and development.

Interventions so far have failed to match the severity of these problems. The growing awareness of safety issues and the possibly increasing political commitment to take actions can draw on internationally proven best practices, policy, institutional and investment solutions. The three dimensional approach, i.e. to address safety challenges with regard to road infrastructure, vehicles and the human facet, has been successfully pursued in well targeted safety programmes in many countries.

The Central and East European countries are considered particularly vulnerable to the explosive motorization that has taken place since the political and economic changes of the late 1980s. According to an EU study, the likelihood of becoming a casualty is very high: every third driver is likely to become involved in an accident at least once in his/her lifetime, and pedestrians in the new EU member states are twice as vulnerable as those in other EU countries (40 per cent of all fatalities are pedestrians). In addition to the magnitude of global similarities in traffic safety challenges, transition economies in the



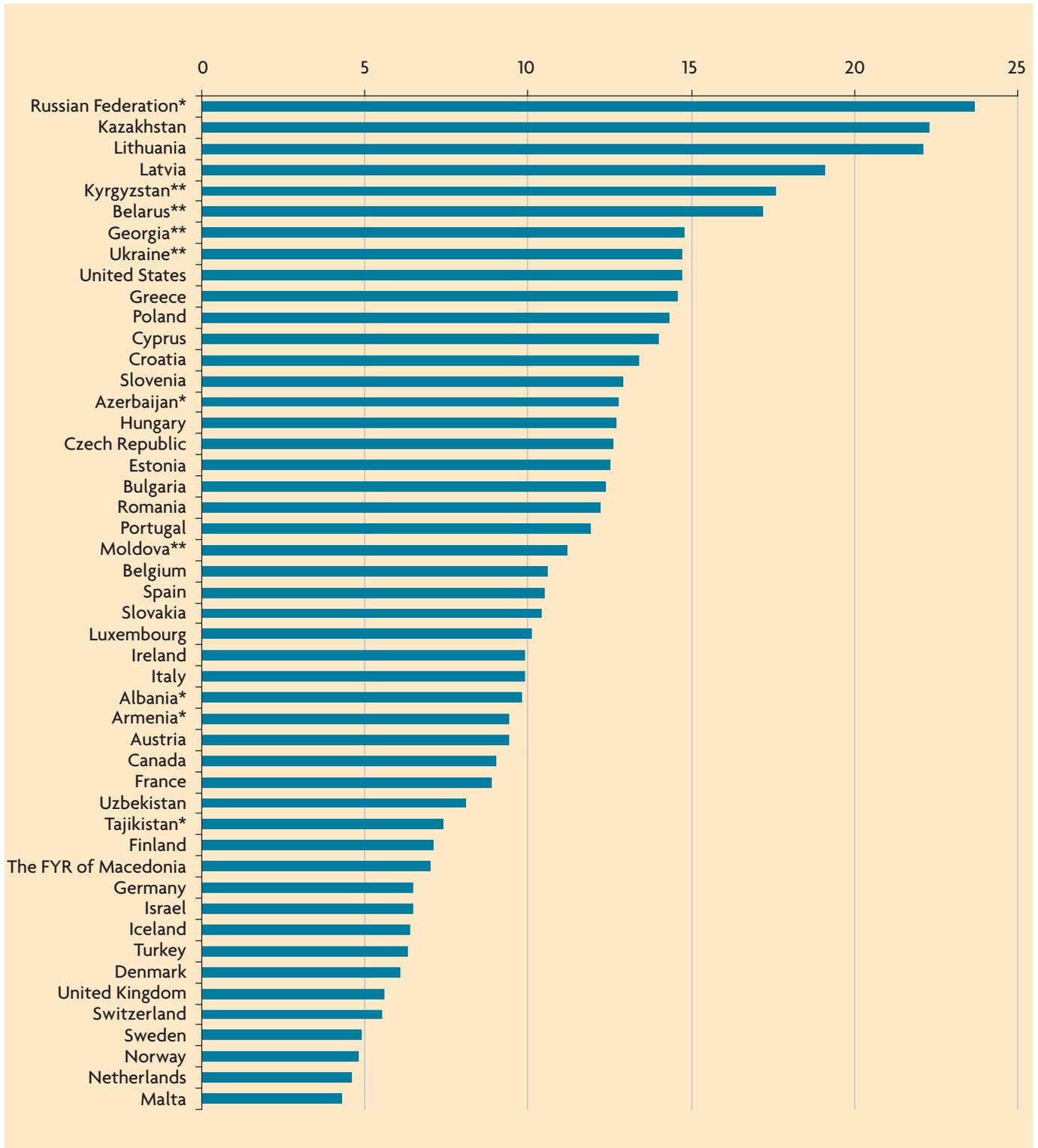
UNECE region seem to have an additional layer of specific problems that need to be recognized and addressed in order to achieve sustainable results. These are: the emergence of post-communist new bourgeois, pervasive corruption, poverty in shocking enormity and forms, and incomplete reforms. The otherwise blissful development of the entrepreneur sector has also produced a class of “newly rich”, whose personal experience often justifies that the route to financial success is not exclusively through legal means, and to whom the risk of being caught and punished may not appear high. They create a culture of non-obeying of the rules, e.g. speed limits or drinking and driving. In order to abolish corruption of traffic police in the streets, both political courage, well-designed governance programmes and overall institutional reforms have to be in place. East European countries have been receiving massive external support to reform their economies and their social fabric. Support to overhaul the traffic police, however, is as a rule not on the agenda of development agencies. Thus Governments are left to rely on their internal resources to make progress in this field. Economic decline, budget constraints, collapse and in most East European cities the de-facto reorganization of public passenger transport have been the typical feature of the past fifteen years. In some cases, the privatization solutions for urban public transport have led to a laissez faire laissez passer mood, where private bus operators do not have to meet safety requirements. Re-introduction of rules in order to improve safety, as well as service quality, is still a task to be fulfilled by local governments. Inadequate road quality is another major concern. According to a World Bank survey, in Bosnia and Herzegovina, for instance, 87 per cent of roads are considered dangerous, and people in the street think that poorly maintained roads and vehicles are the main causes of accidents. In the UNECE region fast motorization in many countries has led to the fast deterioration of traffic safety. The difference between the countries is huge and the gap is going to be bigger, unless consistent measures are taken to curb this trend. See Figure 3 on road fatalities.

Policy response: Better statistics, international benchmarking and time-series are needed to demonstrate the linkage between transport safety and its socio-economic impacts.

CONCLUSIONS

Transport is both a driving force for globalization and an integral part of it. Thus global trends do affect the transport systems of all countries no matter where they are. Some of the policy responses could therefore be global and part of international cooperation: for example measuring logistics competitiveness in a globally unified way, trade and transport facilitation measures, norms and standards, etc. Some of the issues can best be handled at regional levels: for instance the improved inter-connectivity between countries and regions, as well as between continents. Lastly, some of the global challenges can best be treated at a national level, however even in this case international cooperation could be helpful to broker best practices and develop common approaches, for example in road safety.

Figure 3a. Fatalities per 100,000 inhabitants, 2005

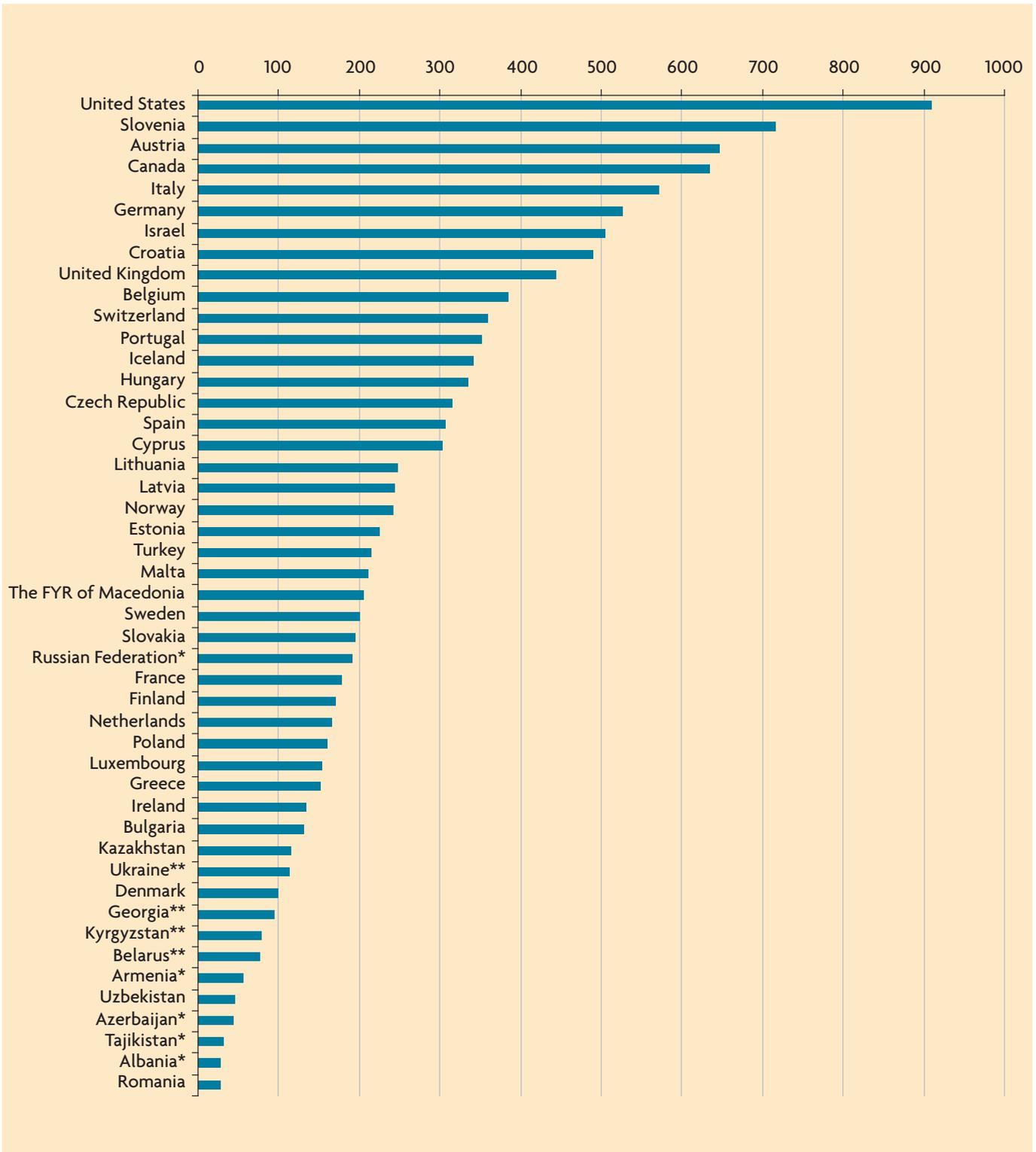


Source: UNECE Database, Community database on Accidents on the Roads in Europe (CARE) and National Statistics

* Estimations

** Values of 2004

Figure 3b. Injured per 100,000 inhabitants, 2005



Source: UNECE Database, CARE and National Statistics

* Estimations

** Values of 2004