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ECONOMIC COMMISSION FOR EUROPE**INLAND TRANSPORT COMMITTEE**(Sixty-eighth session, 7-9 February 2006,
agenda item 6)**REVIEW OF THE TRANSPORT SITUATION IN UNECE
MEMBER COUNTRIES AND OF EMERGING DEVELOPMENT TRENDS**Note by the secretariat

The purpose of this document is to provide the Inland Transport Committee with an updated review of the transport situation as well as some provisional transport trends and indicators in the UNECE region in 2005. The document also highlights some obstacles to the development of transport, and experiences in the regulatory activity of some member Governments related to the transport sector. The document identifies some issues that might dominate the agenda of transport policy makers in the forthcoming period. It has been prepared by the secretariat on the basis of the contributions of the following countries and institutions: Belgium, Croatia, Finland, Lithuania, Norway, Poland, Romania, Slovenia, Switzerland, the European Conference of Ministers of Transport (ECMT), International Union of Railways (UIC) and the International Union of Combined Road-Rail Transport Companies (UIRR).

The note consists of a brief synthesis of the main facts and trends and an annex containing short summaries or highlights of transport developments. Country contributions are structured in three parts: I. Traffic trends; II. Obstacles to transport development; and III. Best practices in transport and infrastructure regulation. **Contributions in full are available at the Transport Division web address: <http://www.unece.org/trans/Welcome.html>**

I. TRANSPORT TRENDS

1. In 2005, the global economic situation remained positive although not as good as in 2004. Global GDP was estimated to increase by 4.4 % in 2005 – down from 5.1 % in 2004. In the UNECE region, the situation was similar although with variations from one region to another. The United States growth in 2005 was estimated at 3.5 % and remained stronger than in the Euro-area, where growth was expected to be around 1.3 %, down from 1.8 % in 2004. In the EU – 25, real GDP was forecasted to increase by 1.8 % in 2005. However, this modest average conceals a considerably better performance in the new EU Member States where economic growth was led by a strong upturn in economic activity in the Baltic region, and continued growth in Slovakia. The aggregate GDP of the new EU members was set to grow by 4.2 % in 2005. In South-East Europe, economic growth was expected to remain relatively strong - between 3 and 6 % and in Turkey it was forecasted to reach up to 5.6 %.

2. In the CIS countries, the increasing oil price, in particular, has continued to provide a considerable support to their economies in 2005. The Russian Federation's GDP was again forecasted to grow by close to 6 %. In Kazakhstan, another major commodity exporter, GDP growth was expected to be close to 8 %. In smaller CIS economies, economic growth was also expected to reach very high level, for example, about 14 % in Azerbaijan and to remain high in other commodity exporting countries with GDP growth rates in the high single digits. However, in most of the countries that are not commodity exporters (such as Armenia, Georgia, the Republic of Moldova and Uzbekistan), rates of GDP growth were expected to remain around the CIS average, which was estimated at 6.2 % in 2005.

3. Improved exports and consumer spendings were major contributors to growth in the Euro-area, while increased public revenues led to increased government investments in the rest of Europe.

4. In line with these economic developments and according to estimates, traffic volumes in 2005 appeared to have increased slightly as compared to those in 2004 throughout the UNECE region, although patterns differed between sub-regions of the UNECE and between member countries. Also, different transport modes showed different patterns and dynamic of change.

5. Early data showed that, again road traffic and transport appeared to have grown in 2005, even though slightly. Passenger road transport continued to grow in almost all countries, although the growth was lower in EU and EFTA countries. In these countries, a larger part of growth could be attributed to public transport. Road freight transport continues to hold its dominant share as the principal transport mode throughout Europe. Outside the EU, in Eastern and South-Eastern Europe, as well as in the CIS countries, the number of private passenger cars continued to grow, contributing to increase road traffic. A strong trend in private car ownership, still characterized the situation in Central and Eastern Europe, and rapid growth of road freight transport in these countries continued uninterrupted in 2005. In EU and EFTA countries, the

share of road freight transport continued to grow slowly, while in the rest of Europe and the CIS it showed more vigorous upward trend in 2005.

6. In the CIS countries, goods transport grew during the first nine months of 2005 about 6.0 % compared with the same period of 2004. A major contribution came from the external trade, the growth of industrial production, and the increase in oil prices, which led to increased extraction and export of oil. Largest contribution to the overall growth of transport activity in the freight market came from Tajikistan and Kazakhstan where in 2005, freight transport grew by about 17 % and 9 % respectively compared to 2004. In non-EU countries as well as in some CIS countries, road transport continued to maintain and, in some cases, further increase its share in the total freight transport market.

7. The overall performance of European rail companies in 2005 decreased by 3.8 % in freight transport, which is somewhat surprising after the good results in 2004. In the EU-25, the number of passengers increased by 2.7 % and passenger kilometres by 1.9 %. In the EU-15 countries, passenger transport increased by 1.6 %, while in the new EU Member States it declined by 7.5 % compared to the same period in 2004. Rail freight transport in Europe fell by 3.8 % in tonnes and 3.4 % in tonne kilometres compared to 2004. In the EU-25, it fell by 4.1 % in tonnes and by 2.1 % in tonne kilometres. In the EU-15, freight transport fell by 2.9 % and in the new EU Member States it fell by 1.9 %. However, in some countries (Estonia, Belgium, UK) freight volumes grew significantly at 8.5 %, 9.3 % and 9.6 % respectively.

8. Compared to the same period of 2004, the volume of freight carried by railways in South-East Europe decreased by 2.3 % in tonnes and by about 1.3 % in tonne-kilometres. Although significant increase was recorded in Bosnia and Herzegovina, Croatia and Serbia and Montenegro, it was negatively offset by decline in Romania. Transport of passengers also dropped, but in Croatia, Bosnia and Herzegovina and Serbia and Montenegro, the number of passengers grew by 5.7 %, 2.5 % and 2.0 % respectively, while in Bulgaria and Romania a decline of 12.0 % and 8.0 % respectively was recorded in 2005. In the CIS countries, rail transport of freight increased by about 5.5 % in tonnes and by 6.0 % in tonne-kilometres with the highest growth in Kazakhstan and Tajikistan. Passenger rail transport reversed the downward trend shown in the previous year, and increased, although, by just 1.0 %.

9. In the EU-25, between 2001 and 2004 freight transport by inland navigation had grown by about 3.0 % in tonnes and by 12.7 % in tonne kilometres. Preliminary data also indicate a slow revival and growth in the volume of inland waterway transport in 2005. Germany and the Netherlands are the two main contributors. In view of favourable economic developments and growth in European economies, growth in inland navigation freight transport was slower than could have been expected. Traffic on Danube continued to grow, slightly faster after having reached a very low level in previous years.

10. The modal split at European level continued to lean strongly towards road transport, which continued to dominate the EU freight transport market with a share of about 77 %, while the

market share of rail freight transport continues to decline. The share of road freight transport varies across Europe, from about 28 % in Latvia to about 90 % in Portugal or Italy and about 94 % in Turkey. In the Russian Federation, for example, the share of road freight transport is about 8.2 % in tonnes and 8.9 % in tonne kilometres while rail freight transport continues to dominate with 87 % and 84.1 % respectively.

11. Transport of containers continued to grow, mainly on the North-South axis. Almost 70 % of international unaccompanied combined transport was trans-Alpine. The growth rate of total combined traffic in 2004 had been 5 %, while national transport had grown by about 4 %. Transport of swap bodies, containers and semi-trailers grew at 10 %, but the EU enlargement led to a slump in the rolling roads which fell by about 17 % because authorization constraints for road transport companies in the new EU countries were no longer applied. The liberalization of the railway market was among factors that contributed to the increase in international unaccompanied combined transport.

Table 1: Trends in inland goods transport in the UNECE Region in 2005

(Estimates and projections)

	GDP	Goods transport (tkm)			
		Total	By road	By rail	
				Total	International
EU + EFTA	1.3 %	1.8 %	1.9 %	- 0.3 %	- 3.1 %
Russian Federation	6.0 %	1.1 %	-1.0 %	1.4 %	n/a
CIS	6.2 %	5.9 %	4.6 %	7.4 %	2.7 %
South Eastern Europe	5.0 %	3.5 %	3.9 %	- 1.3 %	1.2 %
Turkey	5.6 %	5.7 %	6.5 %	- 1.4 %	- 0.5 %

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.

12. International goods transport by all modes continued to perform better than national transport. In some countries, international rail freight transport grew by more than 20 % (Greece, Croatia, Turkey) although it fell considerably more in some other countries (Luxembourg, Portugal, Romania, etc.). However, even where there was a decrease compared to the previous year, decline was lower for international than for national rail freight transport.

II. OBSTACLES TO TRANSPORT DEVELOPMENT

13. Creating capacity to move people and goods quickly, efficiently and at low cost continued to be a central principle of the policy aimed at maintaining a dynamic economy and achieving a cohesive society in almost all UNECE member countries. However, this endeavour faces many obstacles and challenges.

14. In EU countries, constant growth in transport demand has put severe strains on transport systems, resulting, among other obstacles, in congestion. Despite efforts to develop infrastructure, congestion related bottlenecks continue to exist in Europe and have become a cause for concern in some areas. According to the European Commission, daily traffic jams affect 10 %, or 7,500 kilometres, of the European Union's motorway network, while 20 % of the rail network (16,000 kilometres) are classified as bottlenecks or subject to technical restrictions (inadequate axle load – carrying capacity, no radio system, etc.). The most seriously affected areas are North-South corridors in which European traffic is highly concentrated, natural barriers (Alps and the Pyrenees), the outskirts of major conurbations, trading centres in which long-distance, regional and local traffic meet and are concentrated, as well as a certain number of EU borders, in particular those with accession and non-EU member countries.

15. Infrastructure related obstacles continued to be a major concern of Governments in Central and Eastern European countries, because of insufficient capacity and quality of transport infrastructure. In some countries, a relatively small fraction of the road network was suitable for the axle load allowed in the EU, and lengthy sections of network needed improvement. Road and rail infrastructure in CIS and South-eastern Europe were also in a great need of investment, which is even more evident as they were coping with growing transport demand. Congestion related problems were thus increasingly limiting mobility and accessibility in many countries, including in the Russian Federation. The rail network in Central, Eastern and South Eastern Europe as well, suffered the consequences of insufficient maintenance and lack of necessary repair for many years. As a result, traffic was often delayed, the quality of service inadequate and the conditions and safety of travel were poor.

16. In the United States as well, congestion in and around the major ports was a major concern. The globalization of trade, the emerging “import economy” and the growth of “just in time” shopping practices are increasing the pressure on US freight infrastructure, particularly the ports. Physical capacity limitations, and shortages of equipment and labour, are affecting the efficiency of the overall network. Although the Federal Government has invested in maintaining the waterways and channels, and both public and private sector ports have heavily invested in the construction of expanded and more efficient freight handling terminals, new bottlenecks have appeared on the “intermodal” connections – the road and rail networks that link ports to inland destinations.

17. Another serious obstacle to transport development in the USA was related to continuing challenges in urban transportation. More than 80 % of the 286.4 billion dollar Transportation bill signed in August 2005 was devoted to road projects. In the USA, policy makers realized that transport challenges require solutions integrating land use, economic development, social equity and environmental protection. In the past two decades, traffic congestion has become a way of life in nearly every major metropolitan area. Between 1993 and 2003, for example, the number of hours that travellers were delayed in urban traffic increased by 18 %, since 1982, the average traveller's total annual hours delayed in traffic have tripled, and it is estimated that congestion

“wastes” about 67.5 billion dollars each year in 75 metropolitan areas because of extra time lost and fuel consumed. The appearance of similar trends and obstacles could be observed in many European urban areas.

18. The financing of new infrastructure is increasingly becoming an obstacle to the development of transport in all UNECE countries. In many countries in the UNECE region, the lack of funds for infrastructure maintenance can be considered an important obstacle to transport development. The provision of the necessary funds for financing, as well as the introduction of new methods and techniques of financing, continued to represent an equal challenge for more advanced and developed countries in the region as well.

19. In the Russian Federation and other CIS countries, not only the quantity but also the capacity and quality of infrastructure were viewed as major obstacles to transport development in particular in and around main cities. One of the major concerns of the authorities in these countries remained to be the construction of new links and the provision of funding for a regular maintenance of the most important sections of the existing infrastructure. The transit capacity of the Russian Federation, Caucasus and Central Asian countries was increasingly utilized and its limitations will require more attention by policy makers and Governments.

20. Car ownership in some Central, East, Southeast-European and CIS countries, continues to be a symbol of social status. While the length of new roads grew gradually, the number of vehicles on roads in these countries had sharply increased. The vehicle fleets are very slowly becoming less old and less polluting, but not sufficiently fast to slow down increasing negative safety and environmental impacts.

21. Inefficiency and low quality of service in rail transport is viewed in many countries as one of the major obstacles to future transport development and the policy of shifting freight from road to rail. Low competitiveness in rail transport, still present in many countries, coupled with ageing rolling stock and with a need for considerable public funds, will continue to present a major challenge for many Governments in the coming years. In some CIS countries, in particular, the key issues affecting rail transport and the main obstacle to transport development were lack of competition in railway services, lack of management information tools, obsolete rolling stock, outdated internal telecommunications technology, lack of marketing initiatives, obstacles in border crossing procedures, tariffs, and lack of consignment information for forwarders.

22. Border delays continued to be one of the important obstacles to further development in international transport. This was particularly relevant for railway border crossing operations. For landlocked countries, in particular, forced to exclusively use inland transport modes, short and simplified border controls were especially important. The implementation of the UNECE Conventions on transport was considered indispensable for removing border hindrances and obstacles.

23. Levels of road accidents and victims was a major challenge. In 2004, about 150,000 people were killed in road accidents throughout the UNECE region. Fatal accidents in CIS and other Central and South-Eastern European countries, where the number of vehicles was also rapidly increasing, were multiples of those in Western Europe. Although measures aiming to reduce the number of fatalities were giving positive results in many countries, much more remains to be done to improve the situation.

Table 2: Road Accidents - Persons killed in road accidents per 10,000 vehicles in 2003

CIS Countries		EU and Accession Countries	
Russian Federation	12.9	EU-15	1.6
Belarus	10.1	Estonia	2.9
Ukraine	14.6	Latvia	5.8
Republic of Moldova	11.0	Lithuania	5.0
Kazakhstan	20.1	Poland	3.6
Kyrgyz Republic	44.0	Czech Republic	2.9
Tajikistan	7.7	Slovakia	3.6
Uzbekistan	10.9	Hungary	3.9
Turkmenistan	16.1	Slovenia	5.6
Azerbaijan	14.9		2.5
Armenia	12.1		
Georgia	17.7		
Other Central and S. Eastern European Countries		Comparators	
FYR Macedonia	3.5	USA	1.6
Albania	11.3	Brazil	5.3
Bosnia-Herzegovina	n.a	Australia	1.6
Croatia	4.5	Finland	1.1
Romania	5.6	Sweden	1.0
Bulgaria	5.0	Norway	1.2
Turkey	5.2	Switzerland	1.0

24. Transport security issues were becoming increasingly important in almost all UNECE countries. Measures to prevent illegal traffic and smuggling of people and goods, including terrorists, could potentially slow down traffic flows and hamper transport operations if they are not harmonized and based on the relevant UNECE procedures and controls.

25. Environmental challenges, involving air and other types of pollution, noise and other environmental impacts of the transport sector continued to be considered as critical barriers to future transport developments. Many Governments had to deal with environmentally related transport consequences and had to take them into account when considering future transport developments.

26. Crude oil prices, which rose during the past six years from US \$ 10 to 60 for a barrel may also become an important obstacle to transport, since transport is one of the most important sectors consuming oil products.

III. REGULATORY DEVELOPMENTS AND BEST PRACTICES

27. In 2005, Governments in the UNECE region continued to consider the implementation of measures aimed at better regulating transport markets, ensuring funds for infrastructure and other investments, and improving the environmental performance of the transport sector. Measures aimed at opening the railways market and providing incentives to stimulate the development of inland navigation and combined transport were also being pursued by many Governments. The improvement of rail efficiency, reliability and competitiveness was another major policy and regulatory avenue pursued by UNECE Governments.

28. Faced with the sustained growth of both passenger and freight traffic, with constraints on public finance, and with concerns about sustainability, national transport policies throughout the region continued to consider the issue of planning and financing future transport infrastructure as a key question. Partial financing of roads and other transport infrastructures with tolls on lorries is a practice spreading to several countries, based on the model of the Swiss RPLP and the German road charge for heavy goods vehicles.

29. For several years, the transport sector in many UNECE countries has undergone important structural transformations. Policy makers attached particular attention to the reform of the railway sector. In Romania, the relevant EU legislation has been transposed into its national framework and the railway sector has been restructured to meet the European Union requirements. In Poland, the Government adopted a strategy on restructuring of Polish Railways aimed at increasing railway transport competitiveness and improving the efficiency of PKP S.A.

30. With the encouragement of competition in the rail sector, railway infrastructure charging is in the focus of regulators. In several countries the establishment of a regulatory body – a separate railway authority – is a part of this reform. In Poland again, the railway company is being reformed with organizational changes, reduction of track access charges and improvement of standards. In Lithuania, the reform of the rail sector initiated in 2004 continued to be carried out in 2005 through the implementation of the Law on Railway Transport Sector Reform, Rules on allocation of public railway infrastructure capacity and Rules for levying of charges for the use of railway infrastructure. In Croatia, the new Railway Act will enter into force with provisions that would enable open and non-discriminatory competition in rail transport, as well as alignment of organizational structure with the EU principles.

31. In Switzerland, the positive effects of the RPLP tax on heavy goods vehicles, accompanied with a simultaneous increase of the maximum permissible vehicle weight, increased the efficiency of road transport and, to a certain extent, contributed to modal transfer. Both developments are considered as positive results. In Germany, the road charge for heavy goods vehicles has started to work in a satisfactory manner. It applies to all vehicles over 12 tonnes, with an average charge of 12.4 euro-centimes per km, depending on the axle load and the degree of pollution of the vehicle. The system appears to be well accepted, and it is envisaged to introduce a varying charge according to the intensity of demand and the time of the day. Most of

the revenues raised from this toll will be used for improvement of the transport infrastructure.

32. Further measures to improve road traffic safety were undertaken in many UNECE countries. In July 2005, the Lithuanian Government has approved The State Programme for Road Safety for 2005-2010, which aims at providing conditions for the targeted long-term improvement of road traffic safety, identifying and implementing measures to reduce road accident rates, and achieving the target set for the EU – to halve the number of road accident casualties by 2010. In Belgium, the road traffic code and transport regulations were made more stringent and police controls intensified in order to further reduce number of casualties on Belgium roads. The measures pursued by the authorities proved successful so far, as the number of people killed in road traffic accidents decreased by 25 % between 2000 and 2005. In Norway, a penalty point system was introduced in 2004, designed to cover various traffic violations. Currently, the system is being evaluated by an independent research body and so far, the evaluation indicated that public generally appreciate this measure.

33. Achieving sustainable mobility has become an important policy objective in most countries. In Belgium, for example, the Government is introducing measures and regulations aimed at influencing modal split in favour of modes that contribute to sustainable mobility (free public transport on weekdays to civil servants, subsidization of part of public transport costs for commuters in the private sector, etc.). In Lithuania, much attention has been paid to the introduction of measures that would enhance the interaction between different transport modes (introduction of a “single ticket” for passengers using different transport modes, improvement of intermodal transport operations and technologies, integration of transport centres – “freight villages” into a network, etc.) In Norway, for example, a new organizational model granting a greater degree of decision making to local authorities and providing them with the necessary resources and authority, is expected to improve the quality of services offered to travellers. The objective of the project is to improve coordination of land use and transport policy in urban areas, better use of total public resources and to try alternative organizational models which meet environmental and congestion challenges more effectively than the present model.

34. The integration of environmental concerns into transport policies constitutes a work in progress and discussion about the value of carbon-based taxation is under way in many countries. In Sweden, for example, a debate has been launched on an environmental tax – should it encourage the use of small fuel, or hybrid engines? The outcome may have consequences for the transport system but also for car makers. Infrastructure charging also supports the idea of paying for pollution caused. Better fuel efficiency, the use of alternative fuels and fuel taxation are among the measures being introduced.

35. Road and rail infrastructure projects have been the focus of attention of many Governments in 2005. In more developed countries, activities concentrated on further improvements of ring roads around major cities and alleviation of bottlenecks. In less developed countries, infrastructure projects were targeting at poor and deteriorating infrastructure,

including road-side services. In the Belgium railway network, the main rail connections that are part of the Trans-European Networks will be upgraded, as well as constructing some missing links. The principle of the toll free use of Belgian highways will be abandoned by 2009, due to both environmental and financial reasons. In Lithuania, for example, a new tax on users of buses and goods vehicles has been introduced and linked to vehicle type and period of day.

36. The European Bank for Reconstruction and Development (EBRD), has reported that, in 2005, it provided financing totalling 605 million Euros for road projects in Central, Eastern and South Eastern Europe and several CIS countries. The total value of these projects was about 2.3 billion Euros. In the railway sector, the Bank has provided 135 million Euros for projects in Poland, Ukraine, Russian Federation and Czech Republic. In other countries as well, infrastructure financing also accounted for a significant amount of national budget expenditures - 0.8 % of the GDP in Finland, 1.6 % in Lithuania and about 1.7 % in Switzerland. In Croatia, the Government plans to earmark around 7 % of GDP for future infrastructure investments.

IV. OUTLOOK

37. In 2006, it is expected that Euro-area economies will perform better than in 2005, with a GDP growth of 1.9 %. In Central and Eastern Europe, growth was expected to maintain a higher level with variations between 3.6 % and 6.0 %. In CIS countries, the growth was expected to vary considerably from one country to another with an average of about 5.9 %. It is, therefore, expected that demand for both passenger and freight transport across Europe will continue growing in 2006.

38. In the forthcoming years, infrastructure financing will remain a major issue for many Governments. Ensuring sufficient funds for maintenance and financing of new infrastructure, and involving private sector financing will remain on the agenda of policy makers throughout the UNECE region. Infrastructure charging policies, modalities for their application and their economic implications will be in the focus of regulators. Integrating national transport systems into European transport structures and improving their overall functionality will be a major objective of Governments across Europe, together with increasing safety on the roads and addressing environmental concerns, as well as reducing congestion. Legislative concerns will also increasingly focus on further enhancing competitiveness in transport markets and their liberalization with measures to achieve integrated transport systems.

39. The importance of modern and developed transport connections and an interoperable infrastructure between Europe and Asia have been generally recognized as necessary preconditions for the development of the economies of the countries in the Euro-Asian region. The further development of Euro-Asian transport links, accompanied with transport facilitation and harmonization of transport legislation in these countries will be instrumental in creating the favourable conditions for economic growth, social development and prosperity of people in both Europe and Asia.

Annex

SUMMARIES OF COUNTRY REPORTS

Belgium

1) Road transport shows steady growth with car ownership being among the highest in the world, and freight volumes moving up. Congestion is still mild by international comparison although getting worse around cities. Road transport, despite efforts towards more sustainable modal split and public transport growth, will continue to grow faster than the other modes. Passenger transport on railways shows continuous growth and the results in freight rail traffic are moderate. Intermodal transport remains marginal and inland navigation shows steady growth. 2) Major obstacles to the development of transport are: lack of coherence between transport, environment and fiscal policies; road congestion; scarcity of land for further development of transport infrastructure, and environmental challenges. 3) Among important regulatory activities, attention is drawn to regulations influencing modal split, EU-rules liberalizing the use of rail infrastructure, and regulations affecting road security. All sectors of transport in Belgium had ongoing or completed infrastructure projects in 2005. Important road works at the Antwerp Ring have been completed as well as the railway link to Brussels airport; works on suburban railway around Brussels started as well as works on safety, renewal of inland navigation fleet and connection between Belgian and French inland waterways.

Croatia

1) The number of passengers and, in particular, freight volumes in 2005 increased compared to 2004. The number of rail passengers increased by 6.4 % and transport of freight increased by 17 % in 2005 compared to 2004. The number of road passengers increased by 0.5 % and freight by 4.6 %. In inland navigation, freight transport increased by 128.2 %. The share of road in passenger transport was about 55 % and in freight transport about 52 %, while the railways share was 32 % and 12 %, respectively. Transport volumes have been growing in the last ten years, and the trend will likely continue. 2) The main obstacles to the development of transport were seen in insufficient capacity in urban areas, poor condition of road pavement on certain sections of roads, and inadequate stock of passenger and freight vehicles. Vehicle parks are being slowly replaced with less polluting vehicles. In railway transport, inadequate, obsolete and poorly maintained rolling stock, inappropriate travelling times due to lack of investments for modernization, and postponed restructuring were the main problems. Existence of bottlenecks and unsafe navigable channels on the lower part of Sava River and inadequate port infrastructure with low capacity and a low technology level were main obstacles in inland navigation. 3) The new Public Roads Construction and Maintenance Programme for 2005-2008 took off in 2005 after the successfully implemented previous four year Programme. In 2006, the Railway Act will enter into force. It will serve as a basis for open and non-discriminatory competition in rail transport services. The agency for Inland Waterways has also been established for operational management tasks in accordance with the EU legislation. During 2005, sections of E-65, E-61

and E-751 in a total length of 85 kilometres were put in service. In order to promote infrastructure investments, taxes for financing construction and maintenance of public roads will continue to be levied on producers and importers of petroleum products, payable per litre of supplied and imported petroleum products.

Finland

1) The annual growth of passenger transport between 2006-2011 is estimated between 1-2 % for all transport modes. Altogether, the volumes of transport are growing, road transport in the main network about was 2.2 % compared to previous year. Domestic freight transport growth has been estimated between 2-3 % for all transport modes. International passenger transport is forecasted to grow by 1 % between 2006-2011 and international freight transport by 2 % in the same period. 2) Main problems were changes in the price of fuel and difficulties at the border with Russian Federation (related to customs, licences and other border controls). 3) An infrastructure investment and maintenance project on the E-18 road was started and a 51 km section of road will be opened for traffic in 2008. The level of transport infrastructure investments was about 0.8 % of GDP.

Lithuania

1) The transport sector share in GDP was about 10 % and about 5.3 % in total employment in 2005. Freight transport increased by 6 % in 2005 compared to 2004. Klaipėda Seaport continued to maintain a leading position among Baltic ports in the handling of containers. Road freight traffic also grew by about 1 % in 2005. The number of passengers transported by public transport increased by 3.5 % in 2005 compared to 2004. The shuttle train “Viking”, launched in 2003 to promote combined transport, increased the number of containers transported in 2005 by 13.7 times. 2) Major obstacles to the development of transport Lithuania were: insufficient network of electrified railway lines, poorly developed and non-interoperable rail connections with the EU; traffic safety; increased deterioration of road pavement. 3) One of the major regulatory developments was the approval of the Long-term Development Strategy of the Lithuanian Transport System with a key objective of strengthening the interaction of different transport modes. The Strategy also outlines important elements of the strategy for development of the overall transport sector. Also, the Government approved the State Programme for Road Safety for 2005-2010 aimed at improving road traffic safety. Reform of the railway sector continued in 2005 through implementation of measures adopted in the Law on Railway Transport Sector Reform and Railway Transport Code. In inland navigation, a feasibility study on the organization of the inland waterway in Klaipėda – Kaunas stretch for cargo and passenger shipping started in May 2005 and shall be completed in February 2006.

Norway

1) The volume of road traffic continued to grow, in particular, by heavy goods vehicles. After several years of declining market share, there was an increase in both passenger and freight rail transport in 2004, which continued in 2005. However, road transport maintained its dominance outweighing rail by about 17:1 in passenger kilometres and 7:1 in tonne kilometres. Combined transport plays an important role. 2) Expensive new infrastructure construction and maintenance due to geography, climate and population distribution. Limited rail network and roads of varied quality represent obstacles for heavy vehicle transport. Road congestion is a problem in major cities and some major routes. 3) The public seemed to have well comprehended and accepted a new penalty point system introduced in 2004 designated to cover various violations of road traffic rules. New organizational structure was introduced in several Norwegian cities aiming at improving their transport policy system, and granting local authorities a larger degree of decision-making in transport related policies on local level.

Poland

1) In the first six months of 2005, all transport enterprises carried 4.7 % less freight than in 2004. In first nine months of 2005, railways carried 9.1 % less freight than in the same period of 2004, while road transport carried 13.5 % more in the same period. Maritime transportation decreased by 68.4 % and inland waterways freight transport increased by 2.6 %. In the first nine months of 2005 public transport carried 5.9 % less passengers than in the previous year. 2) The main obstacles to transport developments in Poland were: low level of road transport safety; inefficiency of road administration; obsolete and underdeveloped transport infrastructure; inefficiency of rail transport, old waterway transport fleet, and low quality of public transport services. 3) In February 2005, the Polish Government adopted the Strategy on restructuring of Polish Railways aimed at increasing the competitiveness of the railway transport and improving the efficiency of the Polish Railways. The new Law on Inland Transport Infrastructure should replace the existing, scattered regulations concerning infrastructure financing. A new institution – the National Transport Fund (composed of Road and Rail Fund) will be established to ensure additional financial resources for infrastructure investments. During 2005, E-20, E-30 and E-59 railway lines were upgraded to AGC/AGTC standards. In road infrastructure major works were carried on E-30, E-40, E-67, E-75 and E-77.

Romania

1) All transport modes recorded an increase in volume of freight carried in 2005 compared to 2004. Road transport was estimated up by 3.7 %, rail 1.8 % and inland navigation 4.1 %. In passenger transport, the number of passengers carried by road transport was up by 2.5 % and by rail 0.5 %. 2) Major obstacles to transport developments in road transport were: insufficient capacity of infrastructure, bottlenecks and congestion, as well as better traffic management. In rail transport, efforts were directed at further improving the infrastructure along Corridor no. IV and facilitating border crossing procedures in passenger railway traffic between Romania and

Hungary. 3) Romania continued transposing the European Union legislation in road and rail transport. Consideration of the project for construction of the corridor Budapest – Odessa was initiated, and both countries showed interest, since the eventual motorway would ensure connection between Austria, Hungary, Republic of Moldavia, Romania and Ukraine. Also during 2005, a number of road sections were rehabilitated. On the “E” rail network, the main work was on rehabilitation of sections on E-562 and E-54.

Slovenia

1) A major share of freight transport represents international traffic (93 %) and 67 % of international traffic is transit. The total volume of freight transported in 2005 was up by 0.8 % and the number of passengers grew by 2.5 % compared to 2004. 2) Major obstacles were bottlenecks, and other infrastructure related shortcomings and insufficient number of locomotives in railway transport. 3) The major undertaking was the continued modernization of railway infrastructure on Pan-European corridors no. V and no. X. The total value of railway infrastructure investments in 2005 was about 30 million Euros.

Switzerland

Rail freight traffic in Switzerland continued to grow, albeit slowly. Trans-Alpine railway freight transport was expected to increase by about 15 %, while in road transport a simultaneous decline in a number of vehicles and increase in tonnes transported was expected during 2005. The number of freight vehicles passing the Alps was expected to decrease by 42,000 in the first nine months of 2005 compared to 2004 and reached 906,000 while the average load further increased. Such a trend was mainly due to the improved productivity of road freight vehicles and more optimal loading because of the introduction of the Performance Based Heavy Vehicle Fee. The number of passengers on the Swiss Federal Railways network grew by about 1 % (0.2 % in pass./km). A similar trend could be observed on networks of other rail transport enterprises. 2) Positive impact of the introduction of the Performance Based Heavy Vehicle Fee (PBHV) simultaneously with the increase of the maximum authorized weight continues to be observed. 3) A new Law on Transport of Goods is being elaborated in Switzerland to replace the existing one and to make it possible that objectives established by the Parliament – passage of 650,000 goods vehicles through the Alps - could be met by 2009. Accent is placed on existing measures (PBHV), modernization of railway infrastructure, opening of railway market for trans-Alpine transport and other measures promoting rail transport. Further coordination of measures of the transport policy in Switzerland with the EU policies continued. The Memoranda of Understanding between Switzerland and the Netherlands aimed at improving the rail transport on the north-south axis between the North Sea and Mediterranean started to give results in the area of simplified customs procedures and more efficient utilization of infrastructure. Overall spending on transport increased by 0.3 % compared to 2004 and represented 14.9 % of the spending of the Federal Government and 1.75 % of the GDP. Public transport received 7.5 % more and road transport 1 % less than in 2003.

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