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DEVELOPMENTS REGARDING TRANSPORT POLICIES

Implementation of market economy principles in the transport sector: the way ahead

**Note by the secretariat based on the information received from Belarus, Bosnia Herzegovina,
Bulgaria, Hungary and Latvia**

Note: In accordance with the request of the Working Party (TRANS/WP.5/28, para. 17) the secretariat is reproducing below the amended version of document TRANS/WP.5/2000/4.

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1. BACKGROUND

This document summarizes the responses given by transition countries to the document *Analysis of Problems Encountered during Implementation of Market Economy Principles in the Transport Sector* (TRANS/WP.5/2000/3), that was prepared and circulated by the secretariat following the request of the Working Party at its twelfth session (TRANS/WP.5/26, paras. 16 and 19). The answers provided by the countries are reproduced in the annex to the document.

Transition countries were requested to comment on the document TRANS/WP.5/2000/3, with particular attention to the following topics:

-Strategies for the privatization of remaining large state-owned enterprises (mainly those dealing with international haulage). These enterprises seem to present the highest challenge: unprofitable services, large organizations, subsidies.

- Competition development, including the licensing of foreign operators (cabotage), and the establishment of transparent, non-discriminatory tax systems for domestic and foreign hauliers.
- Development of intermodal competition, with measures to promote rail and combined transport and to limit the development of road haulage.
- The renewal of the transport fleet, in order to comply with the EU vehicle regulations, and to better respond to market needs (increase use of large road tractors, light utility vehicles, and vehicles suitable for non-accompanied combined transport).
- Supportive measures for the renewal of rolling stock of railway undertakings.
- Development of combined transport facilities.
- Enforcement of social and technical standards in the road sector.
- Improvement of the reliability of national transport statistics.
- Development of new, customer-oriented services by railways, particularly for international transport.

2. SUMMARY OF THE ANSWERS RECEIVED AND PROSPECTS FOR FUTURE WORK

According to the answers received, the privatization process in the road sector is making further progress. Freight transport seems to be most advanced, and the process has been completed in some countries such as Hungary. However, privatization of road passenger transport faces major problems: companies are being transferred to regional or local authorities, but it is felt that full privatization could lead to the abandonment of non-profitable services and would further weaken public transport 's share in modal split.

The development of competition in road haulage seems to have made most progress in international services. National regulations are being put in line with EU's *acquis* in accession countries, but discrimination of foreign hauliers through a variety of means (special authorizations, special taxes...) has not disappeared. Taking into account the positive influence that foreign competition is having in international haulage, there is a case to assess the real impact of the access to cabotage transport by foreign hauliers, and to consider whether easier access of domestic hauliers to international services (including cabotage abroad), could serve as a means to stimulate the modernization of the sector and the renewal of the fleet.

Prospects to limit the development of road haulage are dim. As the Hungarian Government states, the reform of economic structures and the progress of trade with Western Europe (concerning high-value goods) favours road transport. This trend is further favoured by the modernization of road transport management, compared to the difficulties faced by any serious attempt to reform railways. The comments received concerning rail and combined transport suggest that the main strategy for their promotion continue to rely on heavy public investment in infrastructure and equipment.

Freight transport performance per unit GDP in transition countries continues to be much higher than in Western Europe. This suggests that Governments should couple their infrastructure investment programmes with measures to improve transport efficiency and to reduce transport demand.
