

Opinion of the European Economic and Social Committee on 'Transport policy in the Western Balkans'

(2010/C 354/08)

Rapporteur: **Mr ZOLTVÁNY**

At its plenary session on 16 July 2009 the European Economic and Social Committee, acting under Rule 29(2) of its Rules of Procedure, decided to draw up an own-initiative opinion on

Transport policy in the Western Balkans.

The Section for External Relations, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 4 March 2010. The rapporteur was Mr Zoltvány.

At its 461st plenary session, held on 17 and 18 March 2010 (meeting of 17 March), the European Economic and Social Committee adopted the following opinion by 132 votes to 2, with 4 abstentions.

1. Recommendations

1.1 Recommendations to the European Union (European Commission)

- continue the enlargement process;
- speed up the process of visa liberalisation with Albania and Bosnia and Herzegovina in order to allow visa-free travel for their citizens to Schengen countries. Also start negotiations with Kosovo ⁽¹⁾ on this issue;
- mobilise all available sources of financing in order to maximise investment in infrastructure projects and use the newly created Western Balkans Investment Framework for this purpose;
- maintain the social dimension as a priority when implementing the treaty establishing a Transport Community. The Social Forum should be supported in order to become an effective instrument for enhanced sectoral social dialogue at regional level;
- support moves towards greener modes of transport such as inland waterways and railways in the Western Balkans;
- take into account assessments of the socio-economic impact of transport networks while developing a common transport policy;
- support the updating of the Core Regional Transport Network in line with needs;
- to take into account the South East Europe Core Regional Transport Network as future part of TEN-T in the process of TEN-T Policy Revision in order to support the further integration of Western Balkans into EU;
- initiate a study on employment in the Western Balkan Contracting Parties of the Transport Community. Also, give due attention to the development of training

programmes for both employers and employees in order to enable them to better respond to changes in the labour market; and

- allocate sufficient human resources to social affairs and social dialogue in the Transport Community secretariat.

1.2 Recommendations to the EESC

- through the work of the Joint Consultative Committees encourage the social partners in the Western Balkan countries to play an active part in social dialogue both at country and regional levels;
- organise a conference on transport policy in the Western Balkans with the participation of representatives of civil society organisations from the Western Balkan countries, the European Commission and the EESC; and
- identify mechanisms for creating and institutionalising future cooperation with the regional Social Forum, which is due to be set up under the treaty establishing a Transport Community.

1.3 Recommendations to the governments of the Western Balkan countries

- strengthen regional cooperation in the field of transport policy and transport infrastructure;
- ensure efficient planning of public investment of regional interest in the transport sector and increase capacity-building in the transport sector;
- implement the necessary reforms and speed up the process of adopting the *acquis communautaire*;
- exploit opportunities for private funding/co-financing of priority projects as well as complementary projects (public-private partnerships) and create a suitable environment for this type of project;

⁽¹⁾ Under UN Security Council Resolution 1244/1999.

- improve transparency in public procurement;
- improve border management and increase the capacity of border crossings in order to speed up and improve the quality of transport at regional level;
- develop coherent policies at regional level that would encourage inter-modal transport and the deployment of intelligent transport systems (ITS);
- continue improving relations with neighbouring countries and resolve open issues in bilateral relations;
- play an active role in the development of the Danube Strategy, which is currently being prepared, in order to take advantage of joint infrastructure projects with EU members and neighbouring countries; and
- involve the social partners, as well as representatives of other relevant civil society organisations in the process of developing regional transport policy and achieve convergence between employment policies and reforms.

2. Background to the opinion

2.1 The role of transport and infrastructure in regional cooperation in the Western Balkans is considered to be a key factor in the overall economic, social and environmental development of the Western Balkan region. The development of the South East Europe Core Regional Transport Network (Core Network) represents an excellent opportunity for the Western Balkan countries to merge their interests and pursue economically and socially advantageous – as well as environmentally friendly – solutions, which benefit the region as a whole. In terms of economic development, the implementation of regional infrastructure projects has a positive impact on regional economies, contributes to the opening of their markets to new business initiatives, and makes trade exchanges between the countries of the region more efficient. The development of the Regional Transport Network in particular helps the governments of the Western Balkan countries tackle high unemployment thus boosting the overall economic development of the region. Better job opportunities and higher labour mobility also contribute to social development. The Regional Transport Network also helps to improve cross-border cooperation and people-to-people contacts. Since transport has a significant impact on the environment, it is essential that environmental issues are taken on board in the development of the Core Regional Transport Network.

The development of the Regional Transport Network has a strong political dimension as well. By developing infrastructure projects, the governments of the Western Balkan countries, together with all other players involved, can prove their willingness to overcome bilateral tensions and problems from the recent past. The development of the Regional Transport

Network therefore contributes to the regional integration of the Western Balkan countries.

2.2 *The role of the European Union in developing transport policy in the Western Balkans*

2.2.1 The EU has a direct interest in the Western Balkans since the region lies at the heart of Europe. All Western Balkan countries are either candidates or potential candidates for EU membership. To reach this goal, they have to fulfil all the criteria and conditions required for membership. Regional co-operation is one of the preconditions for their successful integration into the European Union and is therefore also an essential component of the Stabilisation and Association Process (SAP). For this reason, the EU is keen to support the development of regional projects, including the Core Regional Transport Network, which plays a crucial role.

2.2.2 The EU considers transport to be an obvious and suitable policy area for efficient regional cooperation and therefore believes that transport policy in the Western Balkans can be far-reaching and push the region forward towards alignment with the acquis. The importance of transport policy is further strengthened by the fact that four out of ten Pan-European Corridors pass through the Western Balkans. EU transport policy in the region has three main goals. The first is to improve and modernise the South East European Transport Network for the sake of social and economic development. The second is to improve traffic on the network by implementing soft/horizontal measures. The third is to help bring the region in line with the transport acquis. To develop these priorities, the EU is currently negotiating a treaty establishing a Transport Community with the countries of the Western Balkans (see point 4.3 below).

3. Description of the Core Regional Transport Network

The Core Network has been defined in the Memorandum of Understanding on the development of the South East Europe Core Regional Transport Network as a multimodal network which includes road, rail and inland waterway links in the seven Western Balkan participant countries – Albania, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia, Montenegro, Serbia and Kosovo⁽²⁾, together with a number of designated seaports, river ports and airports.

The Core Road and Rail Network consists of corridors and routes. Corridors are defined as the established Pan-European Corridors (PEC) V, VII, VIII and X, which provide international links to the EU. Routes, of which seven are road and six rail, complete the Core Network with the aim of interconnecting capitals inside the region and capitals of neighbouring countries. The goal is also to connect major regional cities, to provide access to Core Network ports (and airports) and to ensure that remote areas of the region are adequately served. The Core Inland Waterways Network consists of Corridor VII (the Danube) and the Sava river.

⁽²⁾ Under UN Security Council Resolution 1244/1999.

3.1 Core road network

The total length of the Core road network is 5 975 km, consisting of 3 019 km of corridors and 2 956 km of routes. According to the data submitted to the South East European (SEE) Transport Observatory, 13.2 % of the Core road network is classified as poor or very poor, while almost 87 % of roads have been classified as being in medium to very good condition ⁽³⁾.

The road sector is the dominant one which also means that the largest amount of funding is allocated to it. There is a need to improve the quality of the roads in order to reduce delays, congestion and pollution and to improve safety. Despite the efforts of the relevant countries in passing new, more stringent legislation, road safety remains one of the major problems ⁽⁴⁾. According to road safety data, the situation in the SEE region is worrying with a continuous increase in casualties, as a result of accumulated under-investment and a lack of adequate maintenance and enforcement.

3.2 Core railway network

3.2.1 The total length of the Core rail network is 4 615 km, including 3 083 km of corridors and 1 532 km of routes. Only 15 % of the Core rail network is classified as being in good condition, while 19 % is in poor or very poor condition ⁽⁵⁾.

3.2.2 Railways are the weakest link among all the transport modes. Accessibility analysis shows that railways have travel times up to 200 % longer than the respective roads along the same origin-destination pairs. The railway infrastructure is underdeveloped in all the Western Balkan countries. Therefore, there is a need for extensive rail investment in all countries of the region. Another challenge ahead is the restructuring of railway companies, which are often considered to be over-staffed.

3.3 Other transport modes (inland waterways, inland ports, seaports)

3.3.1 The total length of the River Danube (Corridor VII) ⁽⁶⁾ within Croatia and Serbia is 588 km and the navigable length of the River Sava is 593 km. The Core Network also includes seven seaports and two river ports ⁽⁷⁾. With the exception of

about 30 km, the Danube is mostly in good condition, while the condition of the Sava is far poorer ⁽⁸⁾.

3.3.2 Inland waterways present the greenest and cheapest mode of transport. Its disadvantage, however, is the slowness of the transport.

3.3.3 Inter-modal transport is limited and currently comprises mostly land transport of maritime containers to and from the ports. In addition, existing inter-modal terminals are still underutilised. However, there is potential for inter-modal transport of around 10 % with an envisaged increase of 15 % by 2015 in the Core Network.

3.3.4 It can be argued that countries throughout the region are continuously making progress in reforming the transport sector by pursuing their National transport strategies and by introducing new legislation and regulations in compliance with the EU transport acquis and policy. They generally recognise that the reforms should be in accordance with the regional interest, which means that they should not create disparities that may counter the development and effective management of the Core Network. As in the integration process to the EU, some countries are more advanced than others.

4. Framework documents and institutional arrangements

4.1 A common transport policy for the Western Balkans dates back to the Stability Pact for South-Eastern Europe established in 1999. As already stated above, the EU considers regional cooperation as a prerequisite to future EU membership for the Western Balkan countries and a precondition for the development of regional transport policy. The EU has therefore encouraged the Western Balkan countries to develop intra-regional cooperation and enhance coordination in the field of common transport policy. In order to stimulate the development of transport infrastructure in South-Eastern Europe, the Memorandum of Understanding (MoU) for the development of the Core Regional Transport Network was signed between the European Commission and participants from the region in 2004. As a result, the diverse forums involved in regional transport infrastructure activities were replaced by three main coordinated bodies. The strategic decisions are taken by the Annual Meeting of Ministers; implementation of the MoU is coordinated by a Steering Committee; while the South East Europe Transport Observatory (SEETO) serves as a permanent secretariat ⁽⁹⁾. The Memorandum (MoU) commits the participants to jointly develop and implement a multi-annual rolling action plan covering a period of 5 years. Another important role of the MoU is that it provides a framework for a coordinated process leading to the drafting of the treaty establishing a Transport Community with the Western Balkans.

⁽³⁾ South-East Europe Core Regional Transport Network Development Plan, SEETO, December 2008, www.seetoint.org/index.php?option=com_rubberdoc

⁽⁴⁾ European Road Federation and Chamber of Commerce Belgium/Luxembourg/South-East Europe Report: *Networks for Peace and Development* (2006), http://www.erf.be/index.php?option=com_content&view=article&id=157%3Anetworks-for-peace-and-development&catid=18&Itemid=31

⁽⁵⁾ South-East Europe Core Regional Transport Network Development Plan, SEETO, December 2008, www.seetoint.org/

⁽⁶⁾ The importance of the River Danube is recognised in a strategy for the Danube area (Danube Strategy), which is currently being prepared at EU level.

⁽⁷⁾ The following seven seaports are included in the Core Network: Rijeka, Split, Ploce, Dubrovnik (Croatia), Bar (Montenegro), and Durres, Vlore (Albania). Both river ports are located in Serbia, in Belgrade and Novi Sad.

⁽⁸⁾ South-East Europe Core Regional Transport Network Development Plan, SEETO, December 2009, www.seetoint.org/

⁽⁹⁾ The aim of the SEETO is also to promote cooperation on the development of the main and ancillary infrastructure on the multimodal South East Europe Core Regional Transport Network and to promote and enhance local capacity for the implementation of investment programmes, management and data collection and analysis on the Core Regional Transport Network. www.seetoint.org

4.2 The treaty establishing a Transport Community with the Western Balkans, for which negotiations are under way, will replace the existing Memorandum of Understanding. The objective of the treaty is to establish an integrated market for infrastructure, and land, inland waterways and maritime transport systems and services closely linked to the relevant internal transport market of the European Union. The establishment of the Transport Community would accelerate the integration of the transport systems within the region as well as with those of the EU. Apart from speeding up alignment of the relevant legislation, including the relevant social acquis, the Transport Community would allow transport users and citizens to benefit from the accession process more rapidly. The Transport Community would also provide operators and investors in the transport sector with legal certainty, thereby stimulating and speeding up the necessary investments and economic development ⁽¹⁰⁾.

4.3 Other objectives are to create a stable regulatory and market framework capable of attracting investment in all transport modes and in traffic management systems, to increase efficiency in the transport modes and contribute to a more sustainable modal split, as well as to accompany the development of transport with social progress and respect for the environment. It is necessary to underline the fact that the treaty will not become valid in particular Western Balkan countries unless they implement all the necessary acquis.

5. Main challenges facing transport policy in the Western Balkans

The integration of infrastructure represents a big challenge for the Western Balkan countries. While transport infrastructure and facilitation are crucial for economic development, social cohesion and integration, it can be argued that the Western Balkans region is characterised by an extremely fragmented transport system, a depleted transport infrastructure and ineffective transport services. In order to change the status quo, adequate efforts are required in planning, legislation and financing. While responding to these challenges, it should, however, be taken into account that the Western Balkan region has strong specific features – historical, political, economic, social and geographical – and therefore the experience from the extension of the EU transport policy to the twelve new Member States is transferable only to a limited extent.

5.1 Planning

5.1.1 The main driver of integration in the transport sector is regulatory harmonisation and coordination between authorities. The number of actors included in the process of developing regional transport policy requires adequate planning and coordination of activities.

5.1.2 At national level, the implementation of the acquis commits the governments of the Western Balkan countries to plan and implement important reforms in the transport sectors, as well as in other related sectors. An accurate impact assessment should be a complementary part of the process.

5.1.3 Effective planning of public spending and cooperation with other stakeholders, including the social partners and international financial institutions, should be mentioned as one of the important aspects for the effective development of transport policy.

5.1.4 Another related challenge is the need for harmonisation of National transport strategies with regional interests and coordination of the implementation of the Core Network project, in order to support effective management and development of the Core Network.

5.1.5 Last but not least, the development of the SEETO multi-annual rolling action plans for the development of the Core Regional Transport Network requires effective planning and coordination of activities at regional level. Such coordination will also be needed in the regional Social Forum, in which the representatives of the social partners and other relevant stakeholders, including non-governmental organisations from the Western Balkan countries will participate.

5.2 Legislation

5.2.1 The need to adapt national legislation to the acquis communautaire and EU standards in the transport sector is a priority. The transport acquis is particularly extensive, covering market access and social, technical, fiscal, safety and environmental requirements. The Western Balkan countries therefore face the challenge of implementing and enforcing a large body of transport acquis comprising a large number of regulations, directives and decisions. Another challenge is related to the selective transposition and implementation of the Community acquis.

5.2.2 Due to high fragmentation border crossings issues are very important for the SEE region. Currently border crossing waiting times affect significantly efficiency and competitiveness of the Core Network. Additional effort should be made by Western Balkan Participants in order to improve border management and procedures and reduce waiting times.

5.2.3 Environmental aspects should also be highlighted. The application of environmental standards is becoming increasingly important when developing infrastructure projects. Since environmental legislation forms an important part of the acquis, the issue of whether it shall or shall not be applied is not relevant. It can be argued, however, that the Western Balkan countries have been experiencing serious problems in the enforcement of environmental laws.

⁽¹⁰⁾ Commission proposes a Transport Community with the Western Balkans and takes further steps in strengthening cooperation with neighbouring countries in the transport sector, Brussels, 5 March 2008, <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/08/382&guiLanguage=en>

5.3 Financing

5.3.1 The development and maintenance of the transport networks require funding that is not available from the public sector. The coordination of donors therefore plays an important role here. Apart from the EU, international financial institutions (IFIs) such as the European Bank for Reconstruction and Development (EBRD), the World Bank (WB), the European Investment Bank (EIB), the Council of Europe Development Bank (CEB) and bilateral donors should coordinate their activities and allocate the necessary funding. For the governments of the Western Balkan countries, another opportunity to finance the transport networks is through the use of public-private partnerships (PPP).

5.3.2 The importance of the latter was stressed at the ministerial conference held in Sarajevo in September 2009. In the Ministerial Statement, the participants not only recognised and welcomed the important role that the private sector plays in infrastructure development, but accepted the need to develop an institutional and legislative environment that would enable private sector participation in infrastructure projects through the instrument of public-private partnerships. In addition, they declared their commitment to draw up infrastructure projects at regional level and supported the establishment of a Southeast European Public Private Partnership Network⁽¹¹⁾. The declaration provides a good framework for enhancing the development of PPP infrastructure development projects in the region. Its implementation, however, requires reforms, including the reform of legislative and regulatory regimes, as well as the active support of international partners – the European Commission, IFIs and bilateral donors – by means of technical and financial assistance.

5.3.3 Another important measure that is intended to ensure closer cooperation among IFIs, bilateral donors and the European Union is the Western Balkans Investment Framework (WBIF). The WBIF was launched in December 2009 and consists of a joint grant facility and a joint lending facility to finance priority projects in the Western Balkans, among which infrastructure projects play a pivotal role⁽¹²⁾.

6. Economic and social consequences/the role of civil society

The development of regional transport networks represents both an opportunity and a challenge for employers and employees equally. The participation of both groups is essential for the successful implementation of any infrastructure project. It can be argued, however, that neither the employers' organisations nor the trade unions make effective use of their role as social partners vis-à-vis the EU institutions, international donors and financial institutions. On the other hand, the success

of infrastructure restructuring and accompanying reforms is greatly dependent on comprehensive support and general acceptance. This would not be possible without the active involvement of civil society organisations. Dialogue with the social partners and civil society actors should therefore play a vital role in developing any kind of policy in the Western Balkans, transport policy included. The Western Balkan countries, however, are characterised by a weak tradition of social and civil dialogue, underdeveloped consultation mechanisms and a deficient concept of partnership. Therefore, the governments of the Western Balkan countries should be encouraged to enable representatives of the social partners and other relevant civil society organisations to participate actively in the process of developing regional transport policy and drafting reform strategies.

6.1 Employers' organisations

6.1.1 Transport has been one of the most dominant sectors of employment in the region. Therefore, employers should play a role in shaping policies and pursuing reforms beneficial to their companies but also to the employees and citizens of their countries. Sectoral transport organisations and individual employers also have a role in negotiating the priorities for national and regional transport networks and analysing their impact on the promotion of mobility, job creation and preservation, and general benefits to national economies.

6.1.2 The visibility and influence of employers' organisations varies from country to country across the region. Generally speaking, their position is rather weak mainly due to a lack of internal mobilisation capabilities and difficulties in providing effective representation and in pursuing their interests in relations with government and other stakeholders.

6.1.3 There is a need to develop the representation and analytical skills among the members of employers' organisations, which could be of benefit not only to individual countries but also to the EU.

6.2 Trade unions

6.2.1 Transport has been one of the biggest job providers in the region. Social/labour market conditions in most countries are precarious with persisting high unemployment, high rates of poverty and migration in the active population, as well as overburdened social security systems. In the railway sector, on average, 50 % of the labour force has left their jobs within a decade⁽¹³⁾. The railway reform to be implemented by each country involves staff reductions, privatisation of the freight operators and closing of unprofitable local lines⁽¹⁴⁾. The plans to liberalise rail transport will thus impact employment and work conditions.

⁽¹¹⁾ Ministerial Statement on Public-Private Partnerships for Infrastructure Development in Southeast Europe, 25 September 2009.

⁽¹²⁾ Introducing the Western Balkans Investment Framework, http://ec.europa.eu/enlargement/pdf/western-balkans-conference/wbif-a4-def_en.pdf; Western Balkans Investment Framework launched, <http://europa.eu/rapid/pressReleasesAction.do?reference=BEI/09/246&format=HTML&aged=0&language=EN&guiLanguage=en>

⁽¹³⁾ ETF – European Transport Federation, The social impact of EU transport infrastructure policy, 2005. Public consultation contribution.

⁽¹⁴⁾ World Bank, Railway Reform in the Western Balkans. Unpublished paper. World Bank, Washington, D. C., 2005.

6.2.2 Job losses are also affecting the port industry, as well as dependent communities and domestic economies. Similar job losses have occurred in the inland waterways sector.

6.2.3 Trade unions play an important role in assessing the impact of the development of the core regional transport network on employment with the other social partners. Transport unions from the region under the coordination of the European Transport Workers' Federation, have campaigned – both at EU and national levels – for social impact assessments to be mainstreamed throughout the strategic planning and implementation of the treaty establishing a Transport Community⁽¹⁵⁾. Another trade union focus is to achieve convergence between employment policies and reform.

6.3 Other interest groups

The development of infrastructure has a significant impact on the environment. Therefore, environmental protection plays an important role in this process and should be taken into account when planning and developing the infrastructure network. In this regard, environmental organisations have an important role to play. Among them, the Regional Environmental Centre for Central and Eastern Europe (REC) occupies a unique position. Its mission is to assist in solving environmental problems in the region. Its main goal is to promote cooperation among non-governmental organisations, governments, businesses and other environmental stakeholders, as well as to support the exchange of information and public participation in environmental decision-making. The REC has reached agreement with another important regional initiative – the Regional Coop-

eration Council (RCC) – to implement the framework programme *Roadmap for Environmental Cooperation in South-Eastern Europe*, which includes a quarterly series of high-level thematic conferences.

Apart from environmental organisations, the development of infrastructure is of particular concern to consumer organisations throughout the region, as well as a wide variety of non-governmental organisations focusing on local development or associations promoting the use of automobiles, such as the automotive associations.

7. The role of the EESC in developing transport policy in the Western Balkans

The Western Balkan countries are characterised by a weak tradition of social dialogue and underdeveloped consultation mechanisms among the social partners. The involvement of the social partners in the reform processes is therefore a vital prerequisite for a sustainable regional transport policy in the Western Balkans. The EESC can therefore play an important advisory role in strengthening social dialogue in the region, including on the occasion of the Western Balkans Civil Society Forum. The EESC can assist in the identification of partners among civil society organisations in individual countries of the Western Balkans and also assist in the capacity building of these organisations and their members. In addition, the experience of the EESC can be of added value when establishing the regional Social Forum, which should be part of the treaty establishing a Transport Community.

Brussels, 17 March 2010.

The President
of the European Economic and Social Committee
Mario SEPI

⁽¹⁵⁾ The European Transport Workers' Federation has coordinated trade union action with its affiliated members from South-Eastern Europe since January 2003. The ETF covers the following sectors: road, rail, maritime, inland waterways and aviation. There is no European sectoral social dialogue in the ports sector.