

SEETO, 5th Meeting of Rail and Inter-modal Working Group
Belgrade – September 4 2007

IMPACT OF ENLARGEMENT

Outcomes from the study

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“Life shrinks or expands in proportion to one's courage.”
Anais Nin, US (French-born) author & diarist (1903 - 1977)



Contents

"We adore chaos, because we love to produce order." M.C. Escher

- 1. The study**
- 2. General trends in transport**
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The Study

"In the middle of difficulty lies opportunity." Albert Einstein



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Purpose of the study

“Evaluate the impact of the 2004 enlargement on the European transport market. Focus on the effects in the field of road transport, rail transport, inland waterways, maritime transport and air transport“

Through that:

- **Present lessons learned for future enlargements**
- **Formulate recommendations for further integration within EU-27**

Approach

- **Statistics to identify main trends and focal points for study**
- **14 case studies**
- **2 workshops (Budapest (April 24) and Riga (May 3))**
- **Generalisation of findings: formulation of preliminary conclusions, lessons learned and recommendations**
- **Seminar in Brussels (June 27) for discussion of conclusions, lessons learned and recommendations**

Case Studies

- 1. Railway sector reform in Baltic States**
- 2. Railway sector reform in Poland**
- 3. The development of railway finances and financing**
- 4. Strategic position of road transport and combined transport in Hungary**
- 5. Freight Transport in the Danube Corridor**
6. Alteration of public transport system in Hungary
7. Development of traffic safety, in particular in Hungary and Latvia
8. Reduction of road transport emission levels due to fleet renewal
9. Integration of the Polish road transport into EU-market
10. Implementation of Road Inspectorate in Poland
11. Development of logistics industry in Czech Republic
12. Implementation of port state control in Poland
13. Implementation of fleet state control in Malta and Cyprus
14. Development of the market for air carriers (Hungary, Latvia)

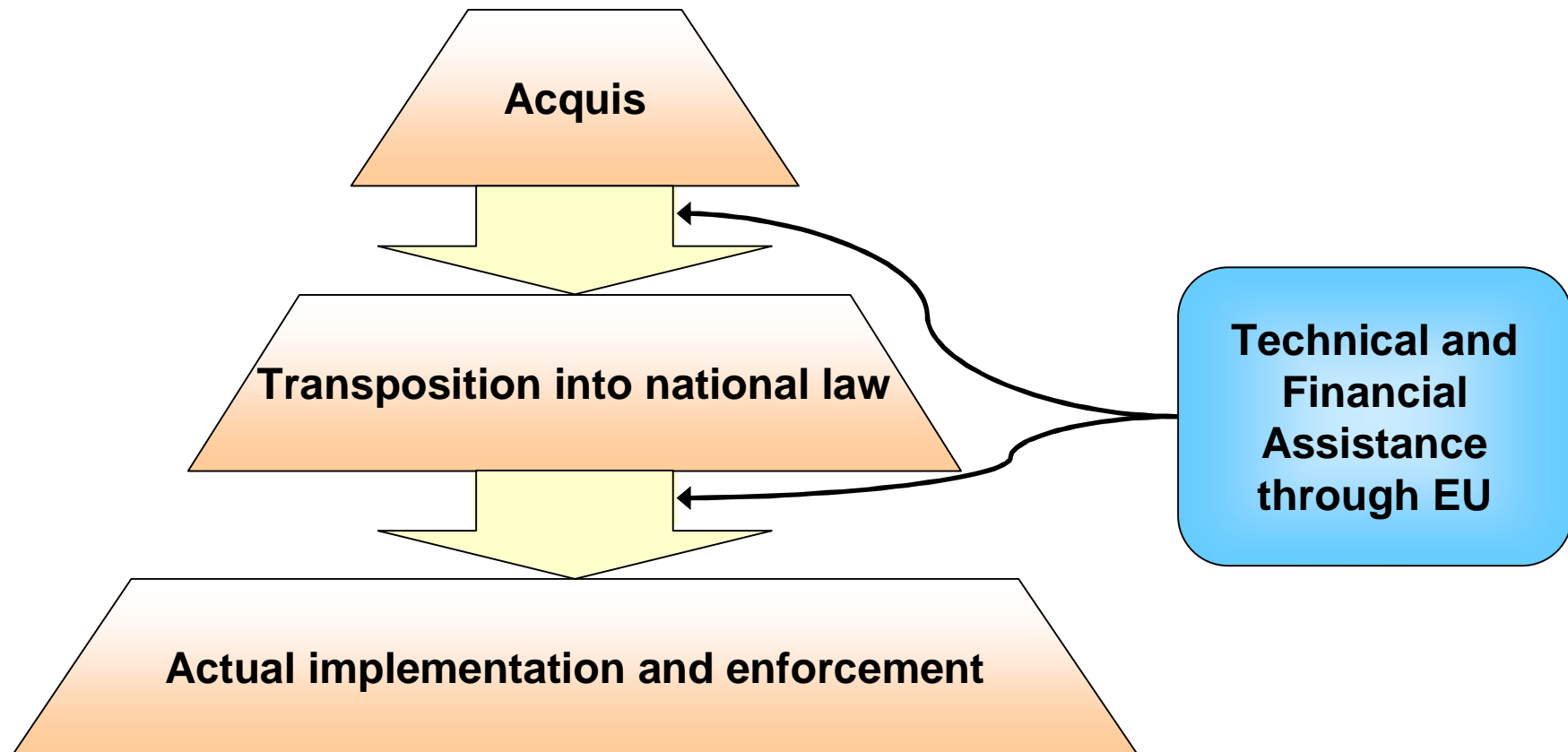
Transport Acquis

"Advice is judged by results, not by intentions." Cicero

- **Contents in very general terms:**
 - Market access
 - Standards on safety, security, environment, working conditions
 - Pricing and taxation
- **Some key facts:**
 - Transport Acquis is about 10% of total Community Acquis
 - By end 2004 it comprised 7780 pages
 - While end 1999 it counted 2896 pages... hence 'accession was jumping on a running train'
 - Also other parts of Acquis (Environment, Social) are relevant for transport

Transposition and Implementation

"Advice is judged by results, not by intentions." Cicero



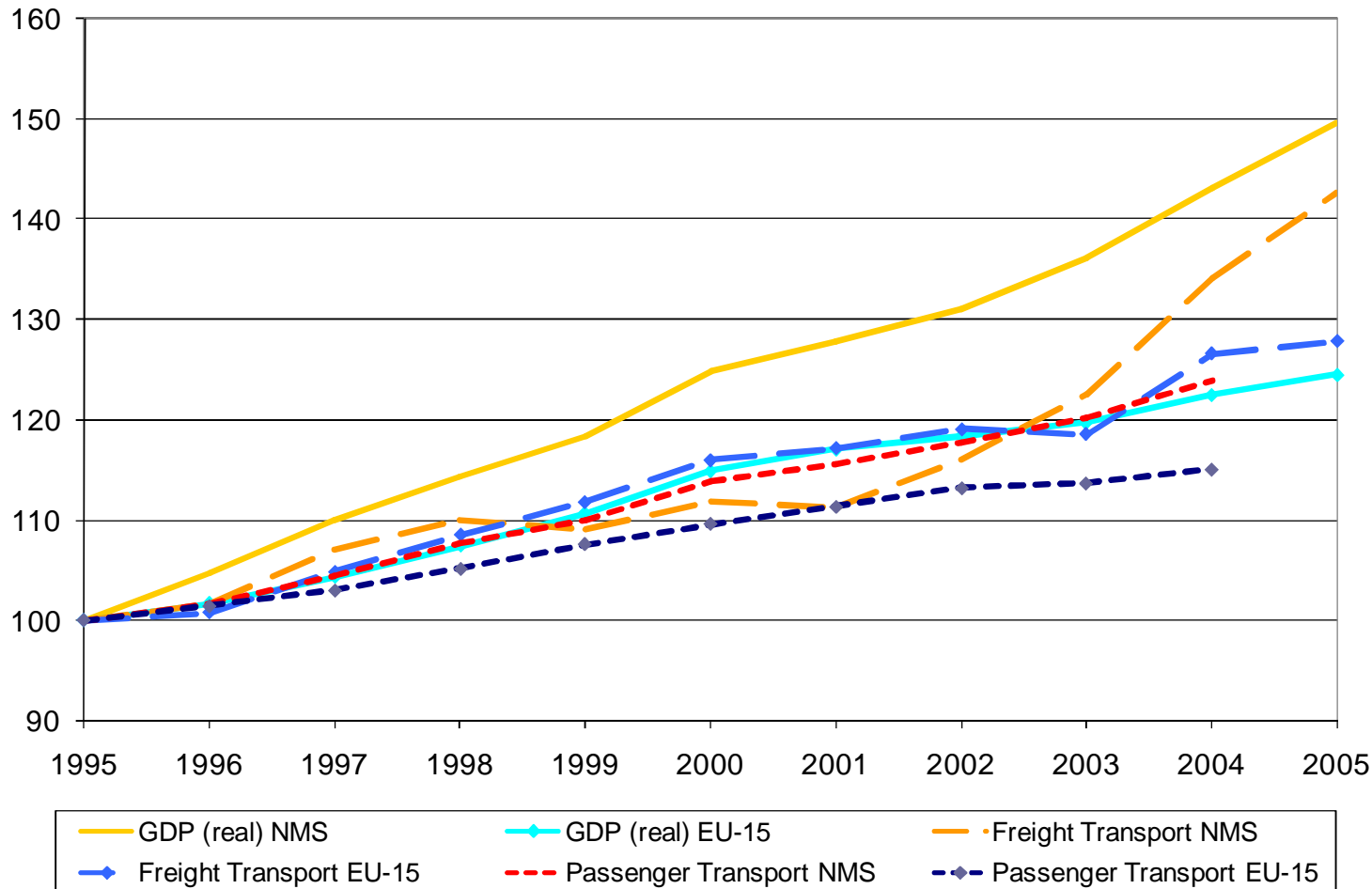
General trends

"In the middle of difficulty lies opportunity." Albert Einstein



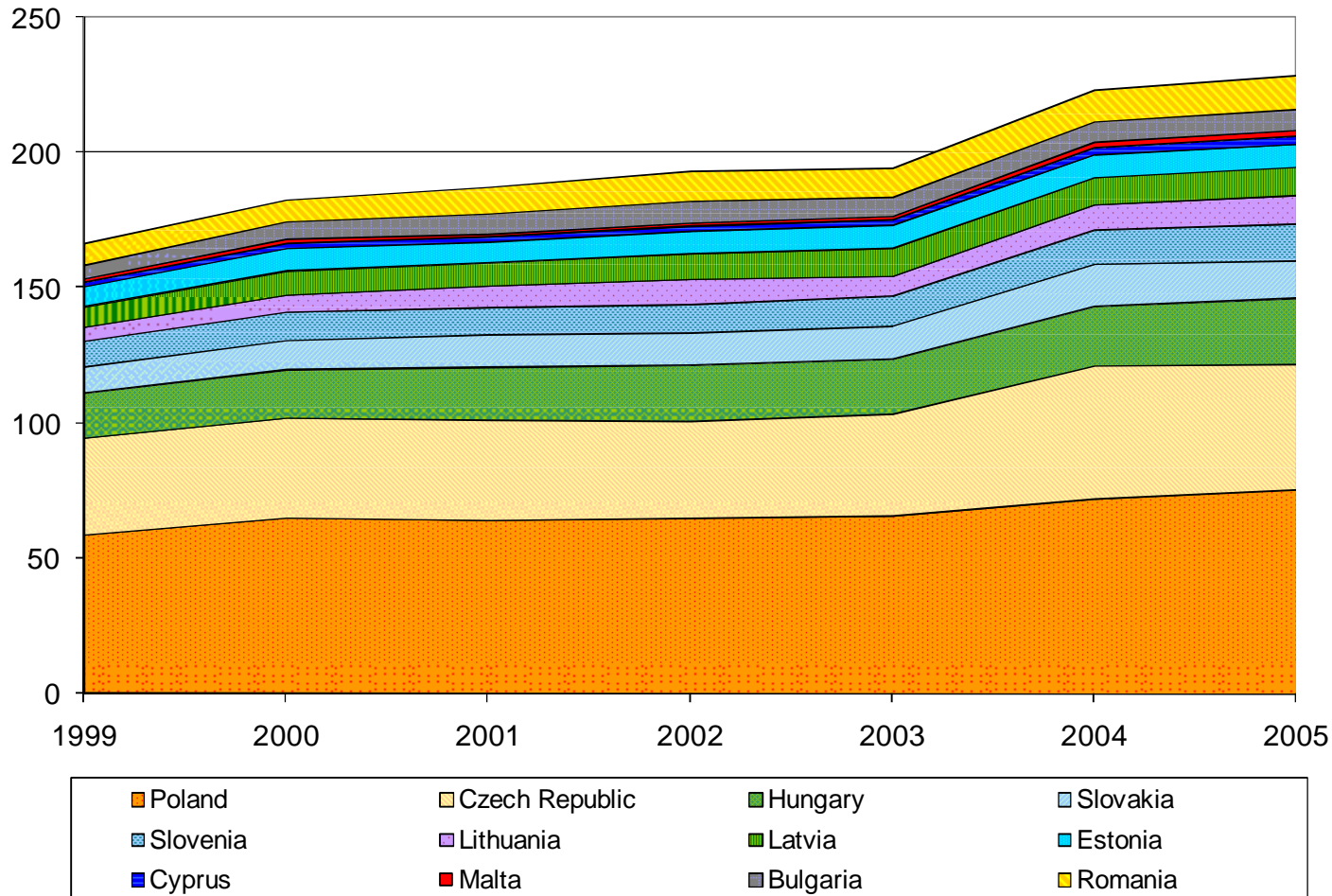
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Overall development in transport NMS and EU-15



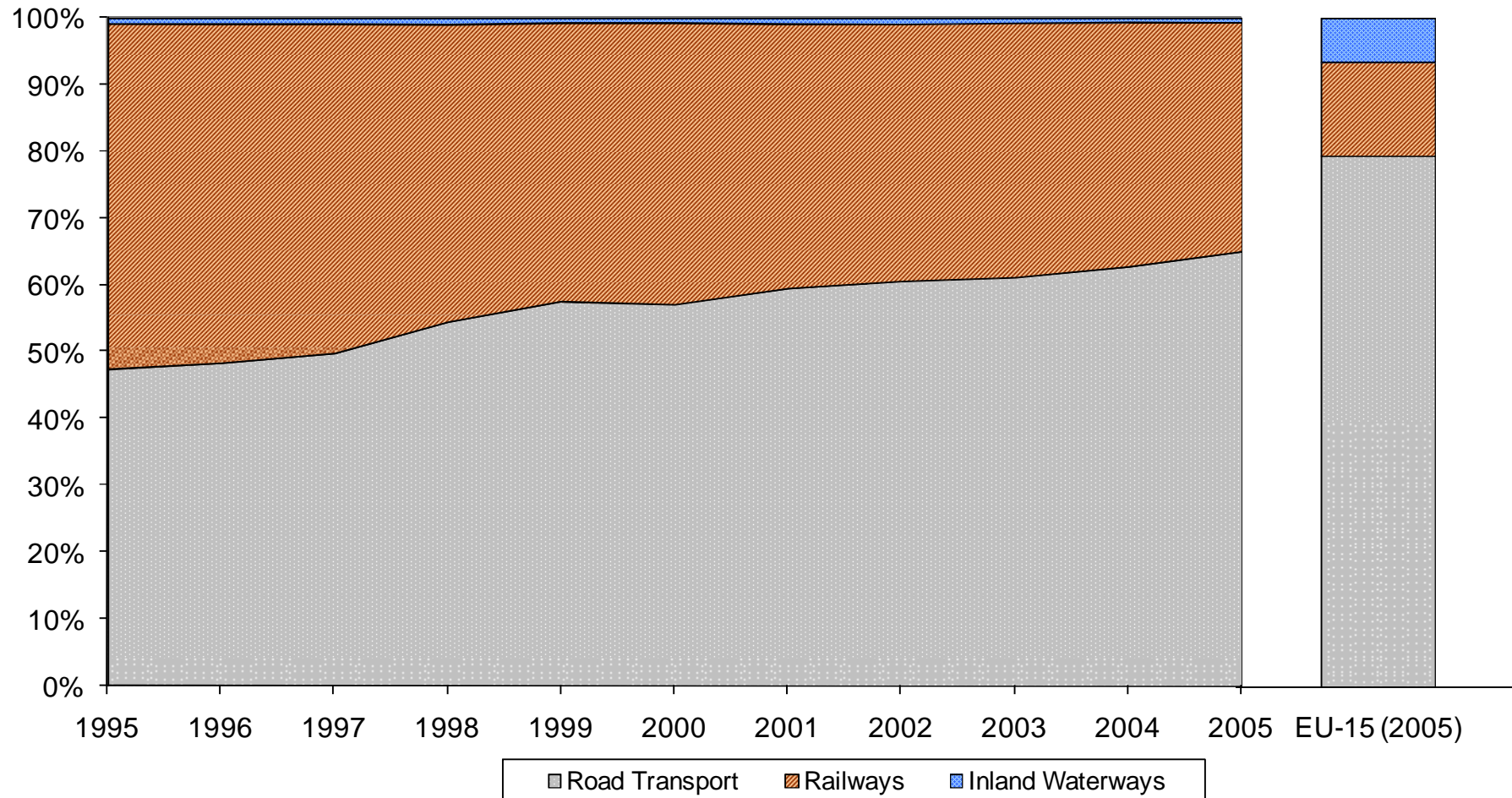
Development of Real GDP and development of freight and passenger transport in NMS and EU-15 (1995=100)

Development of trade flows EU-15 - NMS



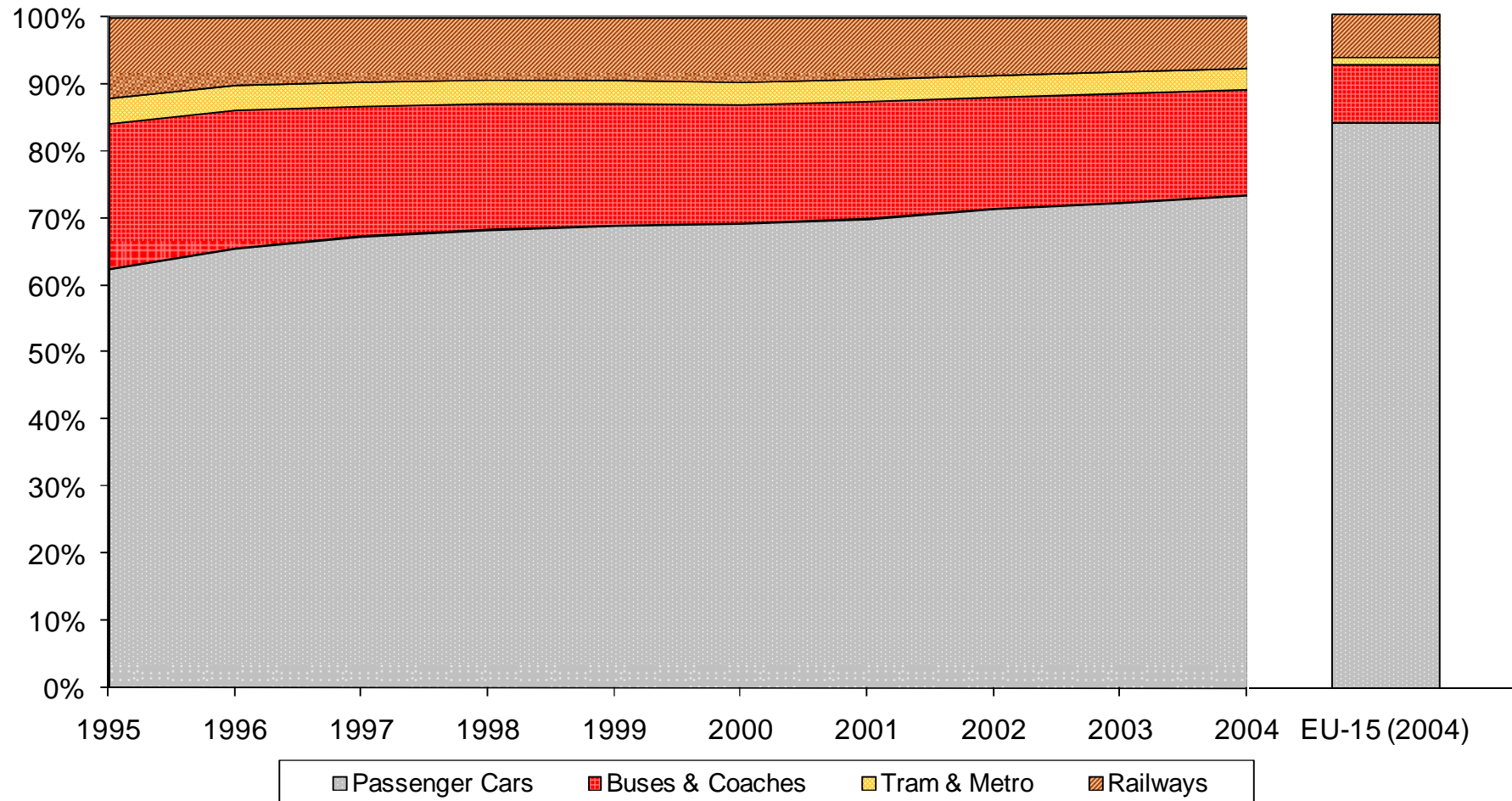
Development of trade flows (import + export) between EU-15 and NMS, in million tonnes

Freight Transport – Modal Split NMS



Development of modal split for freight transport (inland modes) in NMS

Passenger Transport – Modal Split NMS



Development of modal split for passenger transport over land in NMS

Findings

"In the middle of difficulty lies opportunity." Albert Einstein



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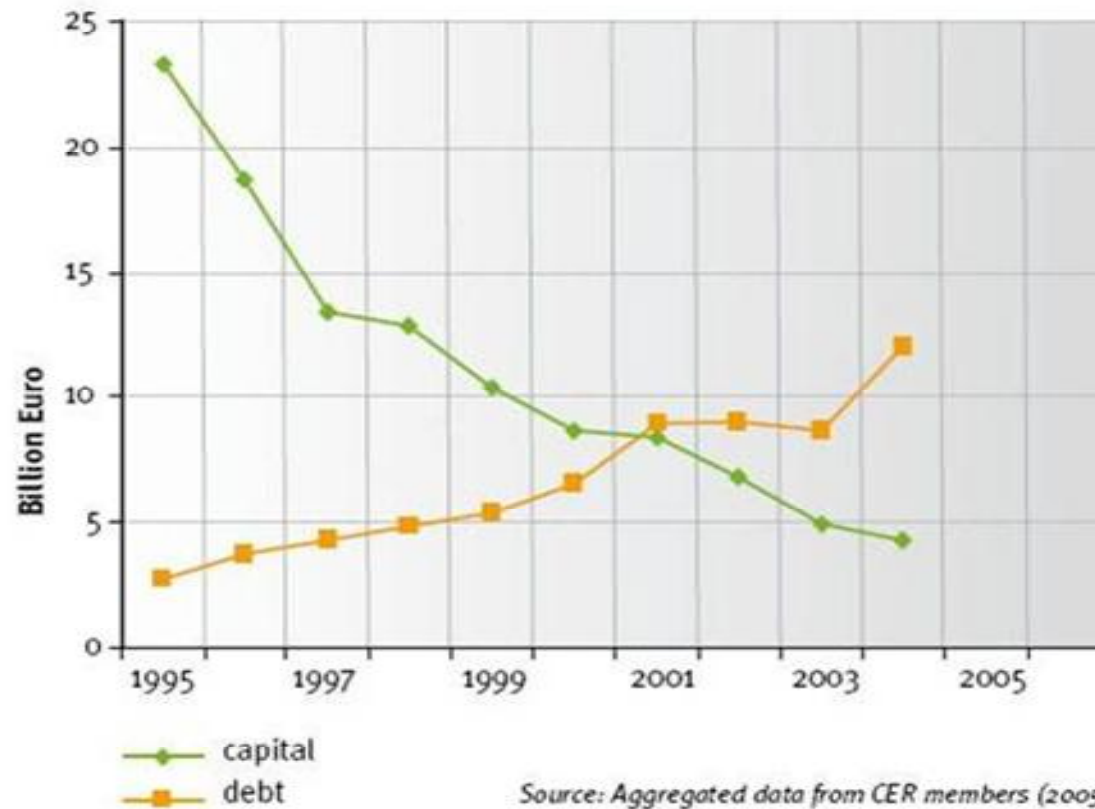
General findings

- **Focus has been on transposing legislation, sometimes at the expense of implementation in real life**
- **Fears of large scale disruptive effects and job loss in the EU-15 due to competition in NMS, where wages are much lower, have not been proven justified**
- **Road transport in NMS, especially international road transport, is developing into professional logistics industry**
- **Liberalisation of air carrier market has led to a wider choice and lower fares**
- **The very significant maritime fleets of Malta and Cyprus now conform to international safety, environmental and security standards, while the number of ships that have reflagged to a state outside the EU has remained limited**

Findings on Railway Transport

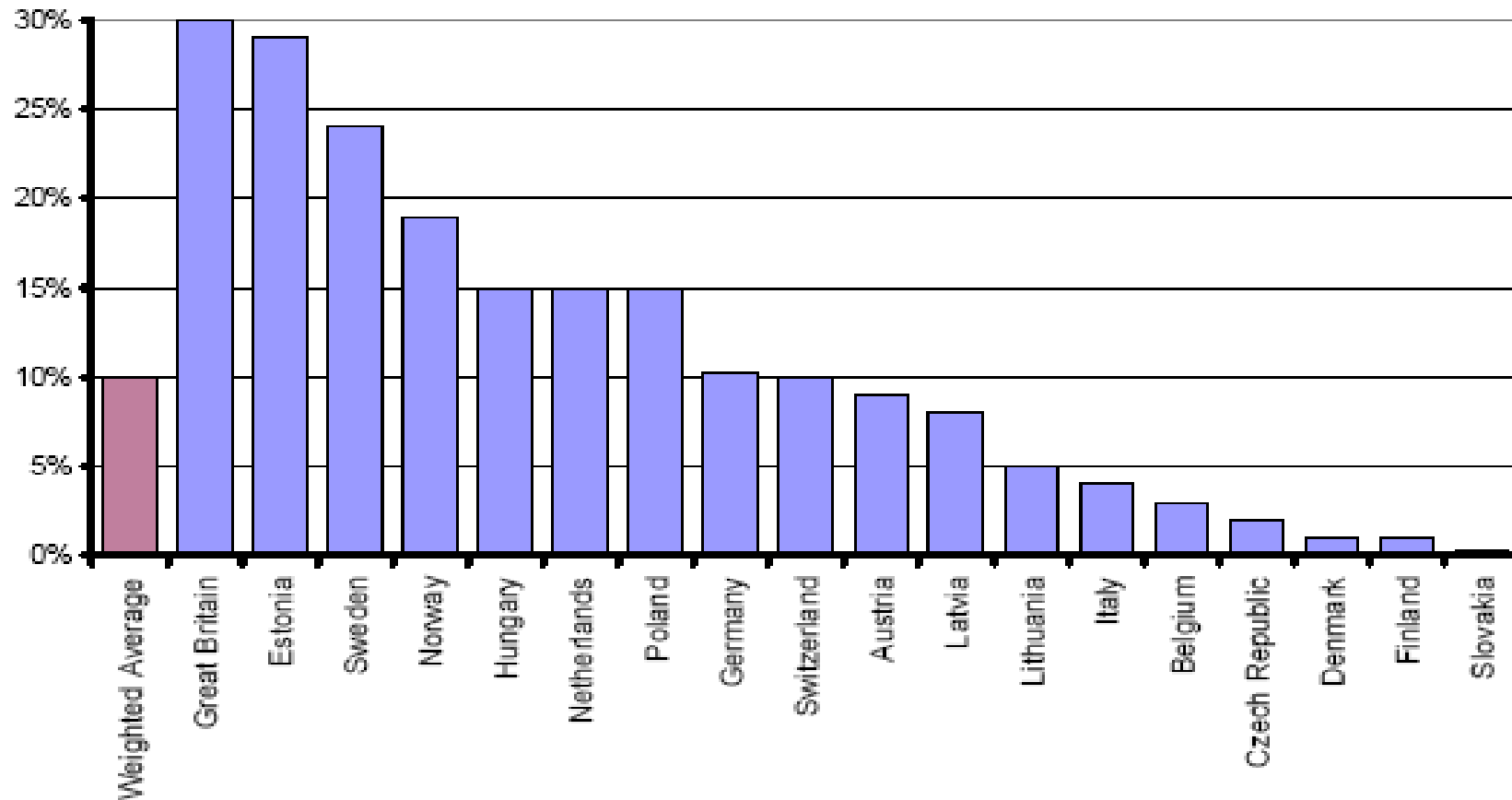
- **Railway reform in NMS is not uniform**
- **Operational bottlenecks persist:**
 - *Maintenance backlogs in infrastructure and rolling stock*
 - *Financial problems of railway undertakings (under compensation, historic debt)*
 - *Time consuming procedures at borders*

Findings on Railway Transport – Financial instability



Capital and debt of railways in Central and Eastern European Countries

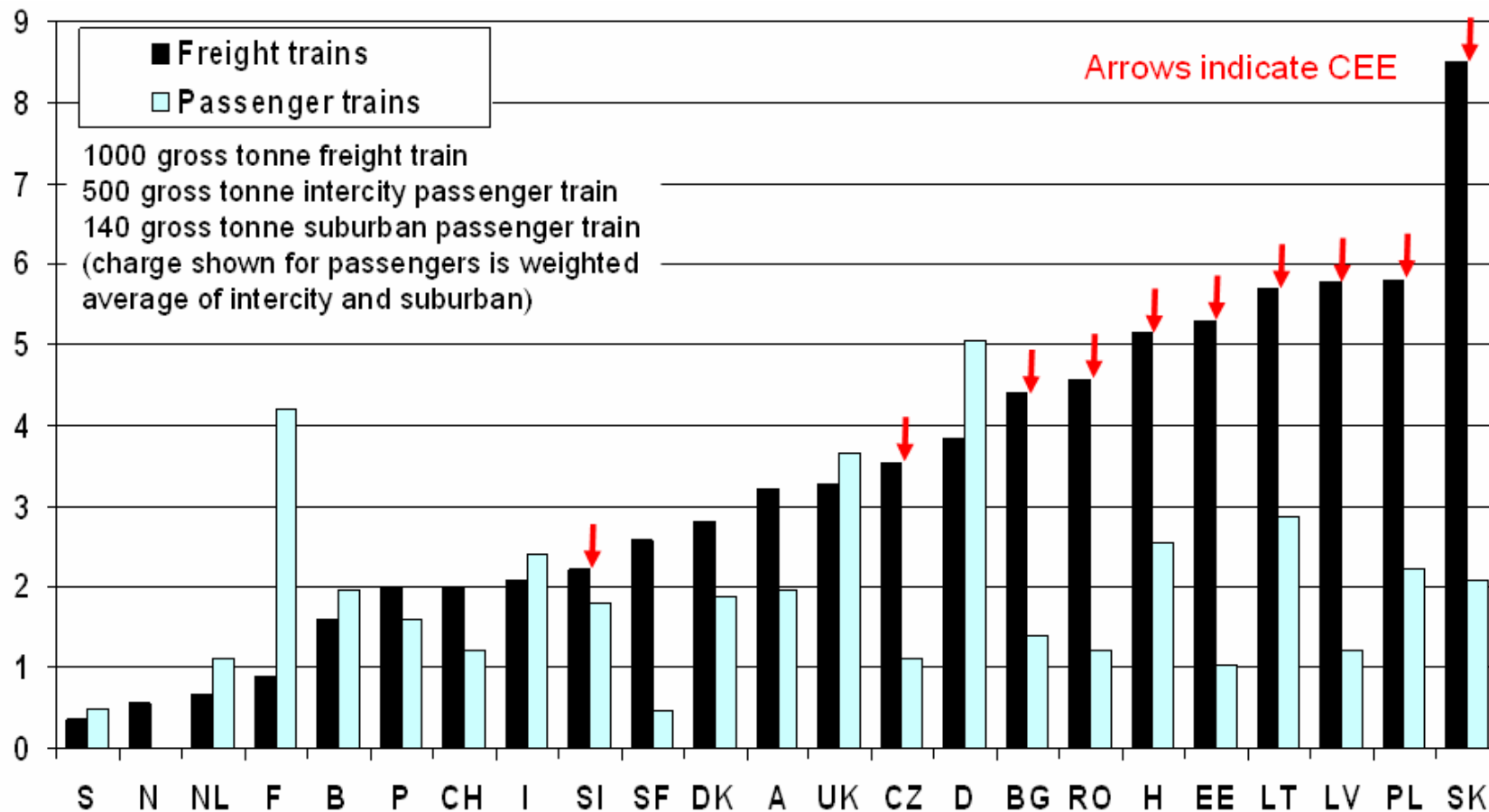
Findings on Railway Transport – Private operators are emerging in freight railway transport



Market share (tonne-km) not held by largest operator in 2004 (Source: Steer Davies Gleave (2005); Railimplement)

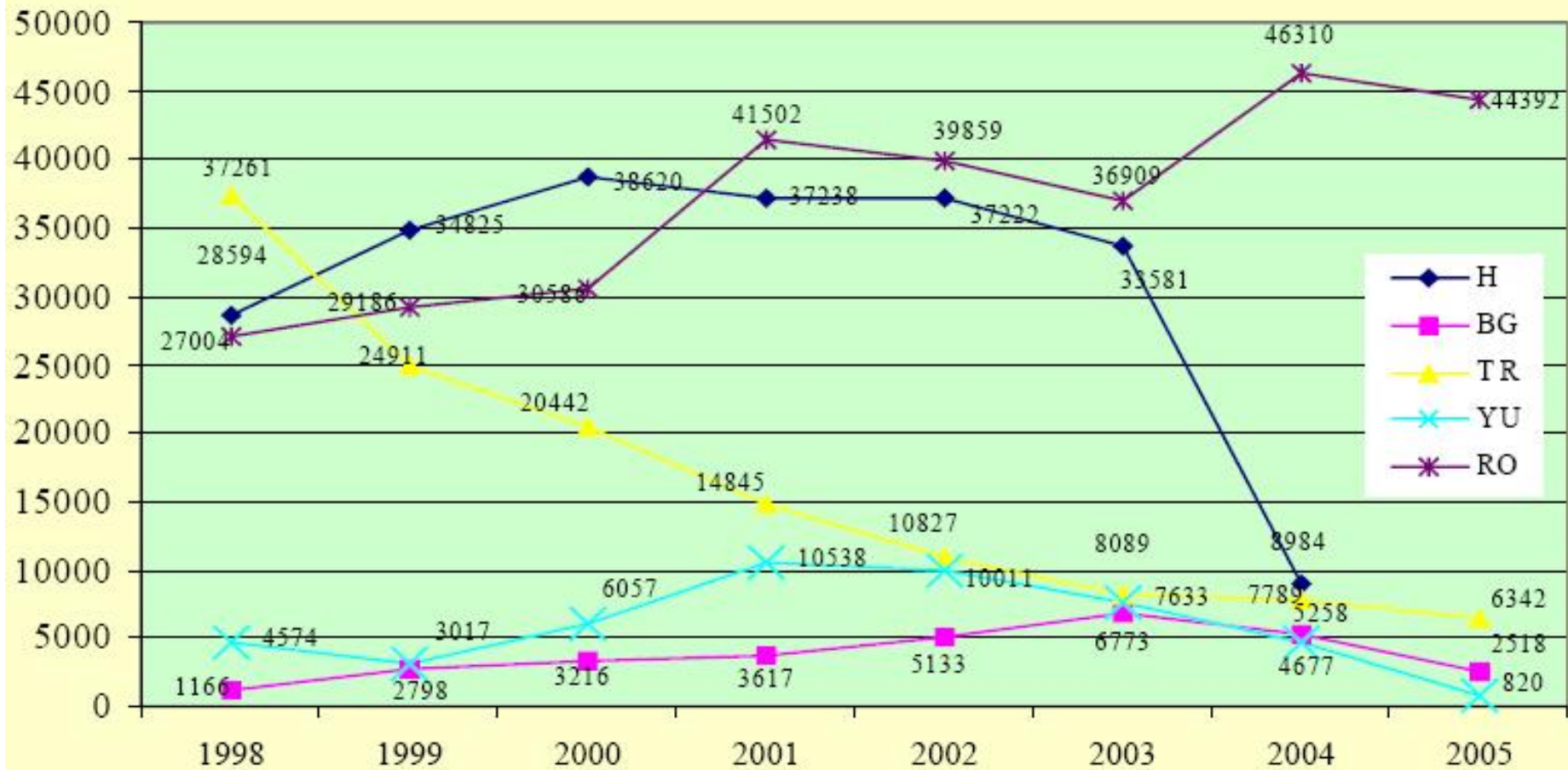
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Findings on Railway Transport – Access charges tend to be high in NMS, especially for freight transport



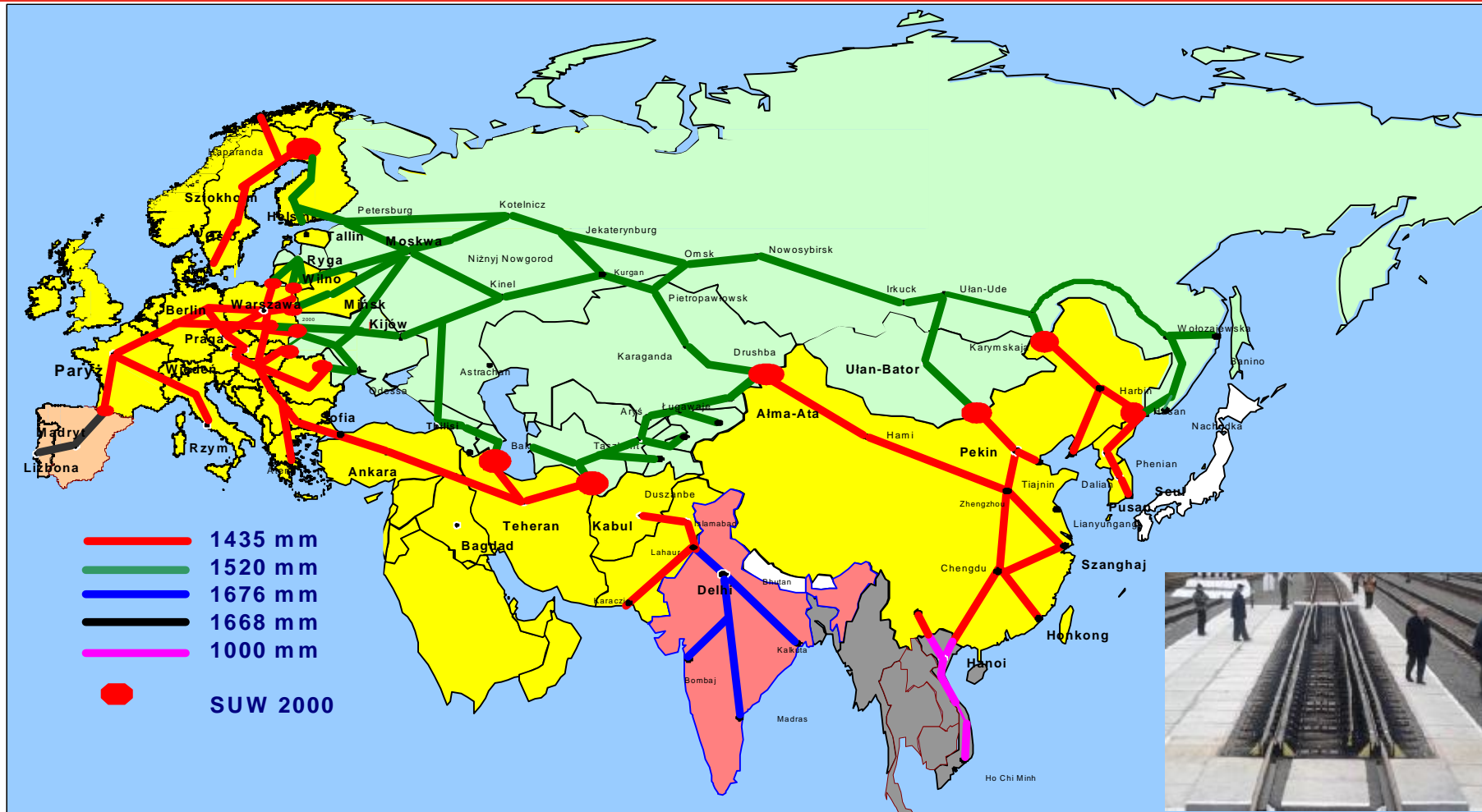
Average access charges in 2004 (euro/train km, excluding cost of electric traction)
 (Source: ECMT (2005): Railway reform and Charges for the use of Infrastructure)

Findings on Railway Transport – Collapse of Combined transport (Rolling Highway)



The number of trucks forwarded by train in Hungary by nationality (Source: J. Berényi, KTI)

Findings on Railway Transport – New strategic initiatives to make railways competitive



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