

## BALKANS TRANSPORTATION SYSTEM AS SHAPED BY THE EU RECONSTRUCTION AID: MODERNIZATION OR A DEAD END STREET?<sup>1</sup>

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The devastating effects of the wars that occurred in the Balkans during the first half of the nineties, combined with the NATO bombings at the end of the decade, have left the region to cope with a destroyed infrastructural system. This post-war inheritance has been particularly harsh for the transportation network in the western Balkan countries, hit by the different armies involved in the violent dissolution of ex-Yugoslavia. Moreover, the previous condition of backwardness of the regional communications net has summed up to worsen the consequences of the war. The eastern part of the Balkans (namely Romania and Bulgaria), have avoided the burden of war, but the antiquated state of its transport infrastructures make it possible to incorporate it in a region whose transportation system, at the end of the nineties, was shattered altogether. In this context, the European Union acted quickly and strongly in order to rebuild and improve the Balkan's transport infrastructure in a timely

<sup>&</sup>lt;sup>1</sup> This analysis doesn't take into consideration Greece, although it is part of the Balkans, because of its totally different infrastructural development following the Second World War.

manner, starting from this strategic point in order to address the process of cultural, institutional political and economical integration of the Balkans, seen as a priority by Bruxelles. The opportunity to re-shape the long term transport policy of the Balkans, as happened in the case of Eastern Europe, has been considered a corner stone along the path of integration of the region inside the western economical (neo-liberal) and institutional (the European Union) systems.

The two main means chosen to carry out this strategy have been: first, the loans or financing schemes made available by the European banks created for this and similar purposes (European Investment Bank – EIB - and European Bank for Reconstruction and development – EBRD); and secondly, the EU direct operations in the field of transportation through programs shaped expressly for countries and regions less economically developed and industrialized (Instrument of pre-Accession – IPA - and the Community Assistance for Reconstruction, Development and Stabilization - CARDS). In the last few years, the European Structural Funds have entered this list with regard to Bulgaria and Romania (which became EU members in 2007).

The mechanism adopted by Bruxelles to implement the above mentioned infrastructural plan for the Balkans is the financing of ports, inland waterways, railways, airports and roads/motorways on which the entitled European agencies agreed upon with local authorities. In this way the logistical needs of each Balkan country involved (and inside them, of each local body) have been reconciled with the EU infrastructural strategies and programs. On the background of this operational, bilateral method there was (and still is) a two-sided advantage. For the Balkan states, there was the necessity of collecting capital and knowledge to promptly rebuild their public infrastructures after the war and at the same time bind the EU in what would have been an integration process now well under way. On the other hand, the European Union and its member states found an underdeveloped region to invest in

and also revive their private national banking and construction sectors with a wave of new job orders for the years to come. Moreover, in the eyes of European economical and political leaders, the infrastructure to be built could bring to European capital, not only several million brand new consumers, but also the possibility to enlarge the European free market zone in a region bigger than France, where low wages, taxation and regulations, plus cheap resources not already exploited, made it a desirable destination for transferring factories and productive facilities.

Inside the Balkan transport improvement and strengthening program cited above (which we consider here from its beginning in 1991 until the end of 2010), the lion's share of the gross amount of financial resources, coming from the different European institutional sources, was focused on roads and highways. This decision has been promoted by Bruxelles and the main EU member states with a strategic viewpoint, and thus in a conscious way. The priority granted to the individual road transport model has diverted key investments, ready to be put into practice, towards a long list of motorway projects in any different Balkan country. Therefore, at the financing stage (the early nineties), the European institutions and agencies had already chosen cars and trucks as the major means of transport of the future in the Balkans. The number of road and highway structures financed in the Balkans have been, as a result, much higher than rail and similar projects. The European Bank for Reconstruction and Development has committed 2,6 billions of euro, on the total 6,8 billions, to roads construction in the Balkans. The case represented by the European Investment Bank programs in the area, allows us to analyze some single country disbursement and to have a clearer view of the recent past and current situation in the field. Romania has spent 67% of the EIB funds allocated to transportation on various kinds of highways. In Bulgaria the proportion is 59%; for Croatia 40% and Slovenia 93%. Just inside these nations 5 billions euro have been earmarked to

highways and roads infrastructures in the last 15 years. Almost 50% of all the funds supplied by EIB to the Balkan states have been directed to the transport sector, and therefore mainly to highways and roads. This evaluation brings the total amount of spending for roads in the Balkans to approximately 30% - 35% of all sectors touched by the EIB (comprising other kind of transport, environment, energy and private sector activities). The picture which emerges is of a definitely unbalanced allotment of EIB investments in favour of road transport.

Moreover the Balkans are crossed, in diverse directions and for different lengths, by five out of ten Trans European Corridors, which constitute the Trans European Network - Transport (TEN-T, a network of transport connections intended to link in a efficient way, all geographical regions of the recently enlarged Europe). The Roads and motorways under construction in this region alone, because of the advancement of the TEN-T program, are worth almost eleven billion euro and stretch for thousands of km. This EU plan for transportation is the biggest single project in the Balkans and, as can be clearly seen, is provided with massive financial support, which have been invested since 2007 and will continue until the forecasted end of road works in 2015. The impact of this policy is broadened by the effect of such enormous public investments and grants (by EIB, EBRD and TEN-T), which encourages commercial banks to commit a considerable additional amount of loans. In this way more and more road projects are approved and financed, deepening the trend set by the EU and its highway-oriented transportation policy. Notwithstanding railroad infrastructures existing along the motorways inside the TEN-T scheme, the growth of car and truck driven transport is far more sustained than the movement of passengers and goods on train. This circumstance reveals a precise cultural and economic trend, affirmed through specific funding strategies, pointed to an old and outdated conception of the regional and national transportation system. In fact the vast amount of funds devoted

by European institutional agencies to roads, and their subsequent transformation in complex and widespread highway infrastructures in the Balkans, follow the same pattern of western Europe during the three decades after the Second World War, a model that fell into a manifest crisis twenty years ago.

The way transport has been developed by European agencies and banks in the Balkans are, as we have seen, strongly oriented towards individual means such as car (for people movement) and truck (for goods and services). As a direct consequence of these European led financial policies, the last ten years have seen a 60% decrease in the train passengers in the Balkans, with an equivalent increase of car passengers. This scenario is influenced by the economic and productive model pushed forward in the region, as well as in the whole European Union. The forecasted and sought-after growth in commercial exchanges, imports in and exports from the Balkans, expected to double ten years from now, is a pattern favoured by the European economic policies. This will bring an expansion of traffic and thus a mounting need for road infrastructures. On the other hand the investments made or planned in this sector, funded with billions of euro, will surely direct the upcoming increase of traffic on roads and motorways. The car and truck traffic is predicted to triple in the next ten years and to reach the western level in the next twenty years. The bilateral and multilateral Free Trade Agreements (FTA) combined with the future European Union membership of all the Balkan states, will stimulate the transport intensity, frequency and distance, while at the same time the transportation strategy focusing on highways is directing this increasing traffic on roads through cars and trucks.

This trend will require more and more fuel, being born and developed around the private transport system. The near term shortage in fossil fuel availability; the consequently fast rising price of hydrocarbons; the already known costs of pollution on health and nature that come along with the spreading of cars and trucks, and the

congestion of city transport, are the main reasons to consider the transport model promoted in the last years in the Balkans out of date and counterproductive. Moreover the expanding road network will remove vast wooded areas, spoiling one of the main assets of the region, while the greenhouse gas emissions will rise as a consequence of the much higher consumption of fuel. It is a celebrated massive investment, which seems to turn into an old-fashioned transport system that requires environmental, social and economic conditions belonging to the fifties and sixties of the last century. The individual system of transport is, as demonstrated by the western experience, unsustainable and extremely energy hungry both of prime materials and of fuel. This model can't be replicated on a larger scale for unavoidable health and resources accessibility reasons: rising air pollution levels and the approaching end of oil and other raw materials reserves. In terms of unaffordable monetary expenses, as well as in terms of environment damage, the infrastructural projects carried out in the Balkans seems to be against the region's public general interest. The Balkan trend toward this kind of transportation will inevitably reveal itself in the medium-long term as a costly and harmful dead end street.

At the same time, alternatives remain underestimated and underfunded. The indispensable reduction of long distance transport of goods, the rationalization of civil transport environmental costs and the energy savings, have been put aside, while the majority of investments focused on roads and the individual-oriented automotive industry. While the Balkan road network surely had to be improved after the fall of the communist regimes and the ensuing wars, an excessive emphasis has been given to highways and roads, excluding other kind of sustainable collective transports from being developed. In fact, even though a certain degree of individual means of transport is unavoidable, but on the contrary desirable, a greener and urgent alternative in the sector is structurally prevented by the huge investments already committed and implemented by EU agencies and banks. The local politicians evidently

haven't been able to trace the outline of an innovative transport policy and have surrendered to market influence without trying to channel the upcoming financial opportunities in the direction of a sustainable transport system in the interest of the majority of citizens. Considering the data and at the official declarations of European and local politicians, the chance to reshape the Balkan transport network into a future and environment oriented infrastructure seems to be disappearing.

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