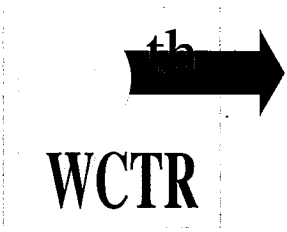

ECONOMIC TRANSFORMATION OF TRANSPORT IN CENTRAL AND EASTERN EUROPEAN COUNTRIES

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Abstract

The decade of 90's will undoubtedly be regarded as a transformation period in Central and Eastern European countries. The aim of the paper is to analyse transformation processes in the range of transport. In the first part it has been determined the main similarities and disparities of groundwork for the transformation. In the next part of the paper there were some analyses on transformation in the quantitative and qualitative aspects. The probable effects both positive and negative as well as chances and threats resulting from the transport integration with the EU have been discussed in the final part of the paper.

INTRODUCTION

The decade of 90's will undoubtedly be regarded as a transformation period. Political changes in CEE countries are of a great importance for the whole world's economy, especially for the future shape of Europe. The significant changes in transformation processes are connected with transport restructuring. There does not exist any complex model of transport transformation in the former socialist countries, because parallel processes were not carried out earlier. It is difficult to compare the transformation in CEE countries with evolutionary changes in other countries due to the fact that historical, political and economic conditions and groundwork of these changes are completely different.

The aim of the paper is to analyse transformation processes in the range of transport in CEE countries. In the first part it has been determined the main similarities and disparities of groundwork for the transformation. The macroeconomic situation of these countries has been compared as well as it has been pointed out both external and internal determinants of transport changes.

In the next part of the paper there were some analyses on transformation in the quantitative and qualitative aspects. Among other things, the transport policy documents in CEE countries have been analysed and their main features identified. Besides, some changes in modal structure of transport have been characterised. Finally, there was an assessment of the advancement of the changes in two main modes of transport (privatisation in road transport and restructuring in rail transport). Moreover, transformation in the range of transport infrastructure system has been determined.

The European Union spatial enlargement is nowadays the biggest challenge of both CEE and EU countries. An adjustment in transport makes an integration strategy a vital element. The probable effects both positive and negative, as well as chances and threats resulting from the transport integration with the EU have been discussed in the final part of the paper.

SIMILARITY AND DISPARITY OF BASES FOR TRANSFORMATION IN CENTRAL AND EASTERN EUROPEAN COUNTRIES

Features of the economy in transition

Transformation is usually defined as a process of profound system changes on all the planes of state functioning. Such a process seems to be unparalleled in a period of the past development of industrial civilisation. Moreover, it was an opportunity to observe a rare case of the transition from one economic system to another. One can single out a few groups of countries in which these processes are being carried out at a different rate (Hubner, 1992):

- first group - centrally planned economies in which reform processes began as the last and their present scope and rate are the least, e.g. Albania, North Korea or Cuba;
- second group - countries in which at an earlier period (before late 80's) some changes took place but they did not upset fundamental dogmas of centrally planned economy while the present changes are being carried out at a slow rate (e.g. in China);
- third group - countries where changes are of a fundamental nature, to which group the CEE countries are included.

A transformation process in all the CEE countries consists in a departure from the mentioned principles and institutional forms in all walks of life. Then common features of transformation process can be identified, which are as follows (Golebiowski, 1995):

- in the sphere of politics - a transition from authoritarian system to multiparty system of parliament democracy,
- in the sphere of economy - a transition from the system of planned economy based on state - owned domination to the market economy based on private ownership, free competition, universal financial economy, direct ties with the world market,
- in the social sphere - a change of the idea of civil liberty, a transition from the division into large social groups (farmer, manual and office worker) into a division relating to an ownership factor (owner of means of production, hired worker), change of the system of values towards personal benefits, tolerance for different viewpoints, and social dialogue.

Restructuring of economy is considered to be a key element of the transformation in CEE countries. Restructuring processes are taking place positively in almost all the countries, both developed and still under development since the market economy is of an evolutionary character. Moreover, the processes of restructuring are aiming at formation of an optimal structure: of ownership, branch, and organisational of economy. On the other hand, in the CEE countries restructuring is of a specific character and it resolves into the basic processes such as privatisation (in socialist economy a domination of state-owned economy), demonopolisation (great role of monopolies in socialist economy) and branch and sector transformations and company modernisation.

Macroeconomic development in CEE countries

Although it is difficult to create at present a real theoretical model, a series of theses has appeared proving that in a process of transformation sooner or later it has to come an economic crisis. It has not been found an answer to the question: to what extent the depth of an economic crisis depends on an initial situation in economy and to what extent it depends on accepted ways and methods of transformation.

The transformation process has turned out in practice far more difficult, longer and more expensive than it was expected at the beginning. The first stage of its realisation has brought such phenomena as: deep break-down of industrial production and national income, increasing unemployment and inflation, decreasing real incomes and consumption. Initially, it was thought that transformation process would have been completed after about five years. Yet at present it is clear that the period of ten years is a minimal time, while referring to the countries where transformation barriers were the biggest and where a deep economic crisis took place, the period of fifteen, twenty years is to be taken into consideration. As an example of the economic situation in CEE countries, the GDP growth and inflation during transformation period is shown in figures 1 and 2.

A trend of economic recession could be observed at the beginning of a transformation process in all the CEE countries while the largest decrease was noticed in the former Soviet Union republics. Likewise, the inflation rate was the biggest there. It was also noticed that the depression was stronger in the south part of the CEE region (excluding the former Soviet Union republics): Bulgaria, Romania, and the countries of the former Yugoslavia. Since 1994 almost all the CEE countries have marked positive rate of GDP growth which is a good indicator for the further process of economic transformation.

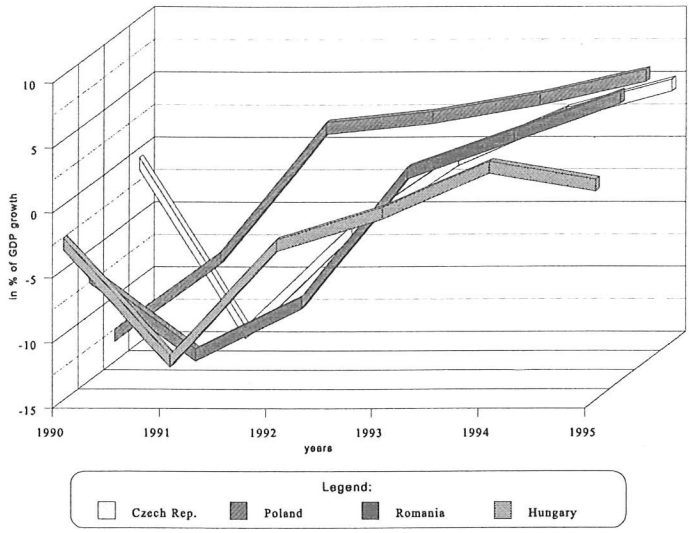

Figure 1 - The GDP growth in selected CEE countries

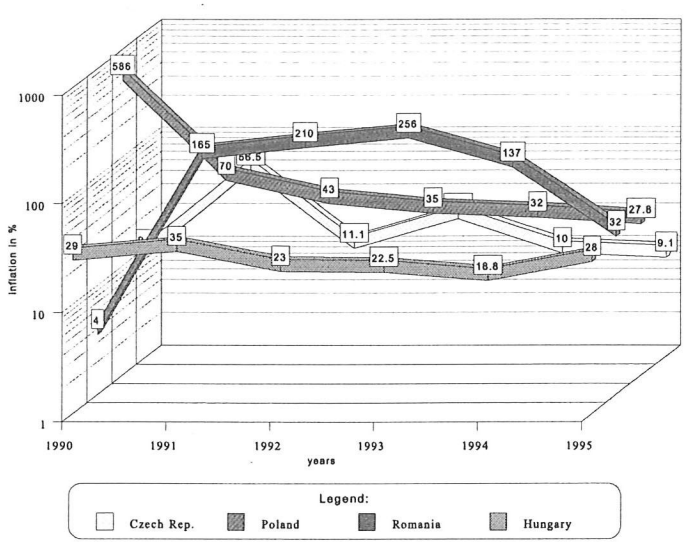

Figure 2 - The increase in wholesale prices in selected CEE countries

External determinants of transport transformation

A fundamental challenge facing policy of the countries in transition is the transport transformation and converting it into a system functioning on the free market bases. The main objective in governmental policy most of the CEE countries is the adjustment to European Union and accession to the EU. Some CEEC countries are tied with the EU by association agreements. Many of CEE countries profit from the EU funds, i.e. the PHARE fund. Yet it is only three CEEC - Hungary, the Czech Republic and Poland, that cooperate with highly developed countries within OECD. Most of the CEEC participates in the works of the Inland Transport Committee of the Economic Commission

for Europe of the United Nations. Ratification or access to international transport conventions within Commission bring nearer the transport sector in CEEC to the European system. European Conference of Ministers of Transport ECMT is a remarkably wide international form of transport co-operation in comparison to the above mentioned structures. This intergovernmental organisation for Transport Ministers in European countries founded in 1953 at present joins 35 full members, including 17 of CEEC (Bak, Selected elements ..., 1997).

It has to be admitted that the most significant organisation in Europe which is being integrated is the European Union dealing with, among others, issues of transport development. The Council of Ministers as well as the Commission oblige the member states and associated states (to some extend) to put into force its *„acquis communautaire"*. It should be remarked, however, that in some CEEC, the real processes of legal and structural adaptations have been going quickly.

QUANTITATIVE AND QUALITATIVE ANALYSES OF TRANSPORT TRANSFORMATION

Transport policy in CEE countries

The objectives of transport policy in CEE countries should be parallel, for activities of central authorities are to serve in overcoming similar difficulties which result from a long standing functioning of transport in an economy administered centrally. The disparities can result from different hierarchy of priority objectives and strategy of activities (Bak, Selected elements..., 1997).

The hipothetic objectives of transport policy in CEEC can be divided into following categories:

- market operations: setting the principles of market regulation and fair competition in market economy,
- market organisation: changing organisational structures, encouraging privatisation processes of transport undertakings,
- infrastructure issues: modernisation of infrastructure, creation of highly advanced transport infrastructure, especially in road and rail transport,
- adapting to European transport system: adjustment to EU, legal adapting to Single Market, approving international conventions,
- social aspects of transport functioning: improvement of services' quality, decrease of harmful influence of transport on environment.

It can be remarked the identity of strategic aims of transport policies in CEEC if there exist governmental documents which constitute the whole policy. In some countries such documents do not perform or existing papers often do not determine the long term strategy in details. Nevertheless, in most CEEC the assumptions of directions of authorities' activity in the transport sector has been worked up in the first half of 90's.

Policy priorities in 6 of CEE countries are analysed in the paper. Sources in form of an official governmental document or other documents are given in parenthesis:

After analysing the priorities of transport policies in CEE countries (author analysed 8 policy documents: Czech, Estonian, Polish, Bulgarian, Hungarian,. Romanian, Latvian, Lithuanian), it can be remarked their similarity and analogy with the mentioned above hypothesis list of the aims in the transport policy. The element of organisational changes have appeared in most countries. The infrastructure improvement was setting as a very important issue. In every document an adapting to European transport system is going to be essential. Social aspects of transport functioning appeared as a postulate of high quality services and protection of the human life environment.

Changes in transport volume and modal structure during transformation period

The creation of a market economy system in the CEE countries affects very considerably changes on the scale of global volume and modal structure of transport. It is worth remarking that demand for transport for hire and reward increases higher than for transport for own-account. Also, the passenger transport growth is higher than freight transport and it is at least as fast (at times even faster) as people's real incomes. In the range of passenger transport, individual motorisation is developing strongly at a cost of public transport, which, except for aviation, is of a strong decreasing trend. It can be also remarked that demand on international carriages is increasing considerably faster than the demand on national and regional carriages (Burnewicz *et al*, Analytical Transport Economics ..., 1998).

In every CEE country in the years 1985-95 a drop of GDP was accompanied by a periodic decrease of the volume of freight carriage operation (in ton-kilometres and of passenger (in passenger-kilometres). However, beginning from 1992, the volume passenger carriage operation tended to increase, drastically accelerating since 1994. Freight carriages have began to increase, but their volume in 1995 made up merely 75 % of the level from 1985, while in the 15 EU member-states is being noted a slight yet steady growth.

During the transition period from 1985 to 1995 a big changes in modal structure of transport in CEE countries can be remarked. Both in freight and passenger carriages, the demand for motor-car transport services and the own-account vehicle use has been growing very dynamically. The structural changes in this range in two selected CEE countries: Poland and Hungary, are illustrated in figures 3 a and b (freight transport) and 4 a and b (passenger transport).

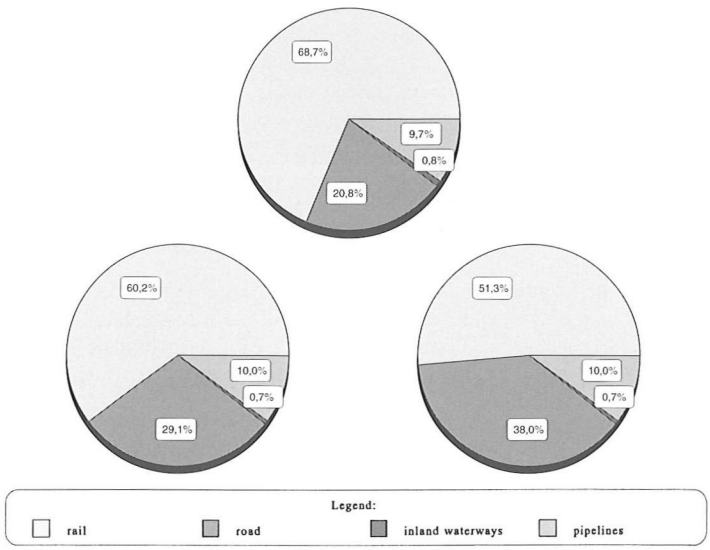

Figure 3a - Modal structure of freight transport in Poland in % according to number of ton-kilometres

On the basis of available and reliable information in that scope, however, it can be determined that the strongest decrease of demand for rail transport services took place in Hungary. In Poland the

significance of railways has been maintained on a relatively high level which is an advantageous phenomenon from the view point of ecological consequences. The inland waterway transport, being of remarkable ecological values, has been only slightly more attractive for consigners only in Hungary (about 5% of the demand) and in the Czech Republic (2% of the demand). In Poland this mode of transport is competitive compared with both road and rail transport.

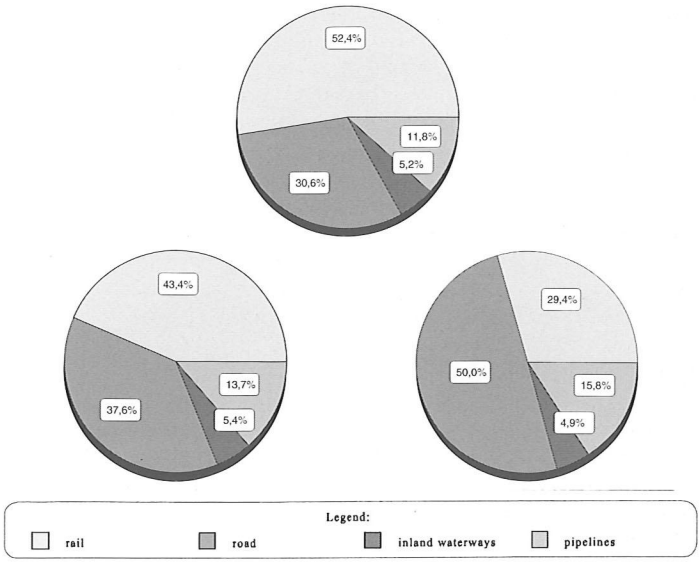

Figure 3b - Modal structure of freight transport in Hungary in % according to number of ton-kilometres

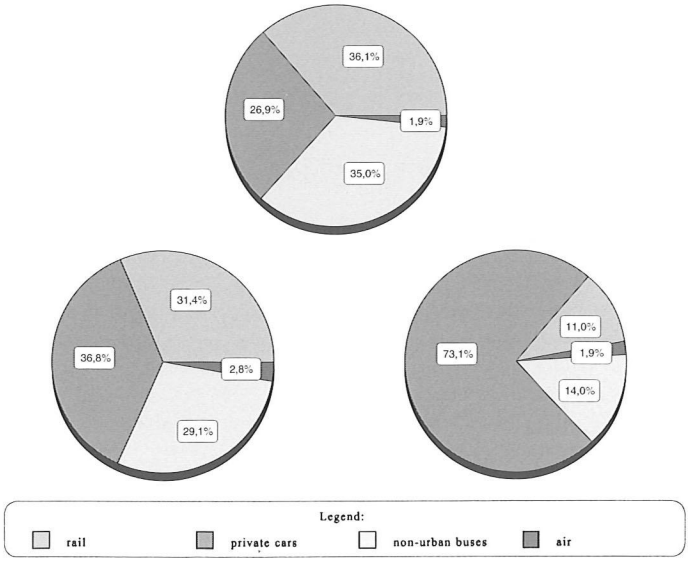

Figure 4a - Modal structure of passenger transport in Poland in % according to number of passenger-kilometres

The comparison of the changes in demand structure in passenger transport of 4 CEE countries indicates a substantial growth of the importance of private motorisation (in Poland over 73% of the passenger-km number) with a significant decrease of carriages by non-urban buses and with slightly lower but steady decrease of demand for rail carriages. The significance of air transport has still been growing, yet in the passenger-km number it does not exceed 2-3%.

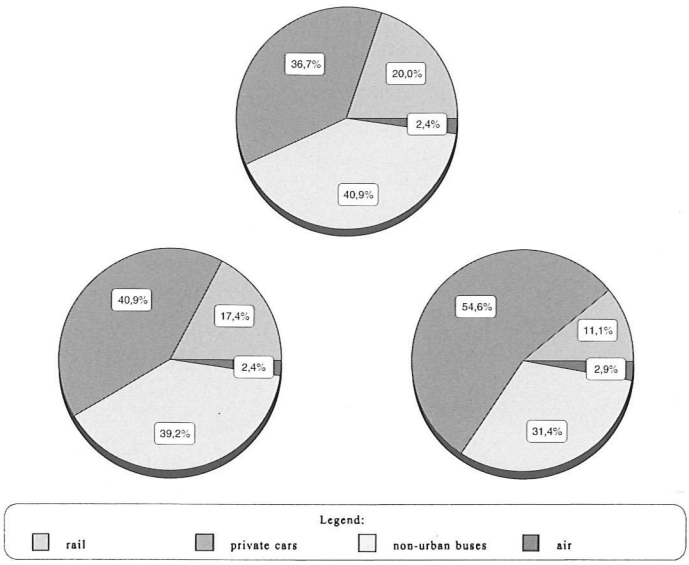

Figure 4b - Modal structure of passenger transport in Hungary in % according to number of passenger-kilometres

Main features of changes on transport markets - transport supply

The barriers and restrictions of transformation in CEEC can be mentioned as follows (Bak, Selected elements ..., 1997):

- the beginning of transformation during the decrease of economic activity (negative macro-economic indicators, i.e. low GDP, high unemployment rate),
- resistance of employees in state transport undertakings resulting from the anxiety of releasing,
- large financial and social costs of transformation as a consequence of adjustment to European technical and structural standards,
- limited rate of legal changes and delays in Parliaments' procedures resulting from a need for amending legal acts in all economy sectors,
- lack of complex strategies for economic and social development which are accepted by societies.

The influence of economic activities on the transport transformation vary within the CEE countries. It has the largest importance in countries where in the period 1990-95 GDP indicator has decreased considerably and unemployment rate increased. The industrial production regress and the decrease of demand in freight transport should not block restructuring of transport. On the contrary, they can encourage the development of new structures which are better adapted to a market-oriented economy. Unfortunately, real practice is going to be different, for instance the switch from railways to road transport should encourage rail enterprises to fast restructuring. The restructuring and

privatization processes in CEEC have certain common features for all those countries and specific features for each of them. The common features are as follows:

- common approval of the need of both restructuring and privatization,
- practical actions on liquidation of monopolistic structures,
- formation of thousands of new small and medium-sized transport enterprises (mainly freight transport),
- encouraging foreign capital and investments,
- creating legal regulations stimulating structural and ownership changes in transport.

The differences between the particular countries are apparent at the moment of starting those transformations, rate of those realization, level of privatization, forms of legal solutions (general or specific for transport). The general conclusion that can be drawn for 1996 is the statement that transformation process is the most advanced in the Czech Republic and Slovenia, slightly lower in Poland and in Hungary, and the lowest in the remaining CEE countries. In every country the leading role in the analyzed transformations comes from formation of small private car undertakings. It is characteristic that the Czech Republic although introducing legal privatization regulations as the latest country it has privatized the car transport the most rapidly. A parallel situation has been taking place in Slovenia. Romania introduced legal acts stimulating the process of demonopolization and transport privatization in 1990 and 1991, supplementing them in 1995 by the act on accelerated privatization. In 1996 out of 253 existing big state car undertakings 223 undertakings were privatized. The privatization processes in Bulgaria and Estonia have began with a delay (1992 and 1994) and the advancement of the processes is still slight.

Forms and rapidness of privatization processes being undertaken in CEEC do not have to and cannot be identical. They depend on national traditions, the employees' opinions, role of Trade Unions and private capital resources. Some of the countries give the priority to „mass privatization" (e.g. the Czech Republic, Poland, Bulgaria, Latvia), others to selling shares to workers (e.g. Slovenia) or to direct sale-off (e.g. Hungary, Poland, Romania).

Advancement of privatization and restructuring in road and rail transport

In the range of **passenger traffic** PKS state-owned enterprises still dominate in Poland, about 170 of which deal with bus service in regular lines. Apart from them, there has appeared a certain number of private bus operators on the market, of which share can be assessed by about 1/5 to 1/6 of total regular bus service. The privatisation of this kind of car transport is excessively lower than in freight traffic (Privatisation and regulation, Seminar, 1996). In Hungary the privatisation of intercity bus transport also takes place remarkably at a slower pace than in freight transport market owing to the difficulties of small private firms which cannot be adjusted to technical standards of access to regular passenger transport. Another hindrance in the process of Hungarian privatisation in the bus transport is the fact that the authorities make a predominant decisions (50% +1) concerning 29 of the VOLAN enterprises. In spite of those barriers the share of Hungarian private operators in the total transport volume (in passenger - kilometres) increased from 2.1 to 15.6% only within the period of 1990-93; and in 1996 exceeded probably 20% - therefore it is at least the same or slightly higher than in Poland. In the countries formed after the decline of the Soviet Union and after dissolution of the gigantic Russian SOVTRANSAVTO new opportunities for creating a new bus transport market have been offered. In Latvia, in turn up to the end of 1994 about 500 private bus enterprises were created, which had in their use about 1100 vehicles.

In the range of **freight transport**, within the years 1990-95 none of the state car transport enterprises in Poland was privatised. In the same period, the Czech company ČSAD (the Czech road transport company) started its privatisation (over 70% out of 80 state undertakings has already been privatised). The Czech Republic is the most advanced Central European country in that sphere. In

spite of slow privatisation processes in Poland, that branch of transport is now characterised by a relatively high level of privatisation. That paradox results from the fact that in the analysed period of time (even earlier) a number of small private firms was established. In most cases those firms kept on repurchasing the fleet from the state-owned enterprises. In other cases different firms purchased the imported stock (recently it is said to be modern).

The structural and ownership changes in Polish road transport are less dynamic than those in Hungary or the Czech Republic. In Hungary practically all the major state-owned enterprises have been transformed into joint-stock companies or limited liability company. Only in the case of HUNGAROCAMION the state is the owner of the remaining 25% shares.

Summing up, in the leading countries (the Czech Republic, Hungary, Poland) the share of private enterprises ranges to 99% of the total number of car undertakings and in the remaining countries it exceeds everywhere 70% of that number. The employment and the fleet capacity owned by the private firms is slightly lower and amounts to 50-60% of the total in the leading countries and 10-50% in the remaining ones.

In the EU policy a promotion of **rail transport** is being carried out resulting from intensified congestion in densely - populated areas, especially in road traffic, and also from growing societies' awareness in the field of environmental protection. In the CEEC the situation is somewhat different for the level of motorisation and density and quality of road infrastructure excessively go astray from the EU standards and the problem of congestion has not reached yet such an importance. In addition the environmental protection issues are not considered as the priority. Nevertheless, the transport policy of CEEC is aiming at restructurisation of railways which will have to adjust to the principles of the market economy and new conditions of international co-operation.

Countries aiming at membership in the EU are obliged to adjust their legal acts on rail transport to the most important directive for current rail transport policy (Directive 440/91) and other Community regulations. Some CEE countries adopted their law, i.e. Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, the Slovak Republic and Slovenia. The highest advancement of railways restructurisation take a place in Hungary, where MÁV undertaking transformed into joint stock company in 1993, and since 1994 the infrastructure has been separated from operation for accounting purposes. The infrastructure is opened for other operators. The process of Slovenian railway undertaking - SŽ, functioning in the form of joint stock company, is also advanced. The division of the Czechoslovak railways into Czech ČD and Slovak ŽSR cause threat for stability of railway undertaking. Hence it is predicted that changes towards Directive 440/91 implementation will be in the highest rate in the range of freight services offered by the Czech undertaking - ČD. In the Czech and Slovak railways the infrastructure has been separated from operation for accounting purposes. In 1995 the special Railway Office was established in the Czech Republic in order to provide licenses to potential private operators. On the opposite, the Belarussian BC undertaking has a status of state-owned enterprise and current law does not predict any structural, organisational and ownership changes. The tariffs are determined by the Council of Ministers and Ministry of Transport. Likewise in Moldova there is no real proposes concerning implementation of the EU Directives. In Poland, the Act of 1995 on the state-owned rail enterprise PKP adjusted the PKP functioning considerably to principles of market economy and integration with the EU. The new element is that the subject of PKP activity is, among others, an allocation of infrastructure lines to other economic units. That statement opened the possibilities of demonopolisations of rail transport market.

Restructuring of infrastructure system

The transport infrastructure of the CEE countries was being developed for the necessities of the system predominated with such industries as: heavy, mining, heavy-chemical, and building materials.

In rail transport the line network was being expanded as long as the early 1980's, which, after the beginning of industry restructuring, disclosed exploitation uselessness of a significant part of the lines of local importance. Even trunk lines (double-track lines, electrified lines) allowed to train traffic at a technical speed below 100-110 km/h. The positive aspects of rail infrastructure are first of all large density of railways lines - parallel or higher than the average in EU as well as large extent of electrified rail lines in several CEE countries, e.g. in Poland, Hungary. On the other hand, the negative characteristics consist in low share of railway lines: with single and double tracks in the total length of standard railways, outdated type of electric traction, insignificant scope of specialisation in a division into the lines: exclusively passenger or freight, which limits the speed of passenger trains as well as it limits both quality and comfort of rail travel and lack of high speed railway networks.

Hard-surfaced public roads were constructed of poor-quality materials and got damaged prematurely; yet in the years 1970-1985 their length increased by 8-9 % in the CEE countries. The biggest infrastructure development occurred in the range of oil pipeline network the length of which was increased over two-fold at the same period of time. The most neglected remained investments in inland-water transport infrastructure of which navigable waterway network was even reduced and degraded in terms of transit depth.

Taking into account road infrastructure it should be remarked that generally density of the total network of public roads is sufficient and slightly departing from the average density in EU. One can mention the following negative and positive characteristics of transport infrastructure in CEE countries:

- poor condition of road network, gross negligence in maintenance work,
- lack of motor-car roads making non-collisional transit traffic impossible,
- low share of motorways and express ways in the total network of hard-surfaced roads (in particular in Poland and the former Soviet Union republics),
- large share of soil-surfaced roads, particularly as regards to out-of-town roads,
- insufficient number of urban ring roads within the interregional road routes,
- insufficient capacity of border crossings towards the routes of heavy passenger and cargo traffic.

Summing up, a quantitative analysis of infrastructural networks shows that the situation in the CEE countries does not depart from an average infrastructural condition in EU. However, quite different findings are presented in qualitative analysis, proving that the quality of saturation of country's territory in transport infrastructure to a large extent differ from West-European conditions, as well as it does not suit the necessities of transport development, especially road transport, in CEE countries.

One of fundamental objectives of European transport policy is the creation of trans-European transport networks. The pan-European conferences held at Crete in 1994 and in Helsinki, Finland in 1997 prove that a united challenge of East and West Europe is the creation of a uniform network throughout Europe by the realisation of a programme of constructing ten pan-European transport corridors (the nine ones have been fixed at the Crete conference, the tenth one in Helsinki).

Transport infrastructure in CEE countries was in the past financed almost entirely from the state budget. The economic transformation opened new opportunities of non traditional financing, e.g. public private partnership, besides using of EU aid funds, credits and other foreign funds. Therefore, the financing issues of transport infrastructure in CEE countries are parallel to those existing in West Europe. On the other hand, budget possibilities of the CEE countries and private resources are significantly lower. The global investment needs in transport infrastructure in the CEE countries are estimated at the minimum of 1% of GDP, which does not allow to finance big investment project - maximum more than 2.5% of GDP. It will be realistic taking into account the fact that economic growth will stay at a higher level and the real values of the investments will be higher and higher (Gaspard, 1996).

The motorway stretches having been built in CEE countries were financed in a number of countries in a non traditional way, e.g. in Poland by a concession system. A concessionist finances about 85% of the project while he can obtain government guarantees for financial means up to 50% of the project. The first experiences of infrastructure investment financing coming from new sources have shown new problems. The private capital involvement is not as high as it was expected. To the reasons of such a condition one can include the following (Wojewodzka , 1997) limited financial resources of private capital, problems with obtaining suitable credits from national and international banks by private investors, limitation of EBRD and EBI credits up to 50% of the costs and being subject to government guarantees.

The CEE countries expect substantial project financing from budget resources, aid funds and preferential credits from banks and international institutions. However, the analyses of a investment condition in the transport of West European countries, as well as the investigation of new needs and their sources of financing, indicates that CEE countries can not expect to a large extent radically easy access to new investment funds. The transport economic transformation does not absolve the state budgets from responsibility and does not allow for the financed reduction from these resources. On the contrary, it is necessary to revive public finances and to allocate bigger budget resources for infrastructural investments in transport.

PERSPECTIVES OF TRANSPORT DEVELOPMENT RESULTING FROM INTEGRATION WITH THE EU MARKET

Transport transformation in CEE countries in a natural way aims at achieving a state of transport already adapted to the system of West European countries. The political, historical, and social reasons make it possible, after the collapse of the socialist countries bloc, to spatially enlarge the EU to the East. The transport adaptation of CEE countries is a dynamic process as it consists not only in putting certain legal acts into practice, i.e. legal adjustment, but also in an adaptation regarding organisation, function and space.

The growth of traffic and intensity of infrastructure use

The researches indicate that integration processes in the EU have not resulted in the expected traffic growth and intensity of infrastructure use. The rate of traffic growth has not been very high. In the years 1970-90 the GDP growth by 1% was accompanied by the growth of freight traffic by 0.93% (including 1.74% by road traffic) and of passenger traffic by 1.24% (including 1.4% by individual motorisation). These data prove slight positive influence of integration processes for the traffic quantity (Short, 1992).

The current EU transport policy being formulated prove that the efforts towards shaping rational modal structure have been undertaken. The creation of the so called Citizens Network refers to the need of both a sustainable development and mobility as well as activities aiming to reduction of harmful transport effect (mostly road transport on the environment. Hence, one can not expect that an integration with European market will cause excessive and unlimited growth of road traffic in the CEE countries.

Intensity of competition and its results in transport

There is an awareness in CEE countries of a risk in an intensified growth of competition once transport markets have been opened. However, in some CEE countries there has occurred too wide opening of the market on transport and forwarding enterprises. In particular a foreign enterprise is able to establish a company e.g. in Poland literally within a few weeks. Such liberal regulations for

foreign firms make open penetration of the market by west renowned enterprises. Meanwhile, west European countries have been applying more restrictive regulations towards CEE enterprises. Some attempts on the part of CEE transport firms last for years and often they end up in a failure while already existing firms meet many barriers making their normal activity difficult.

European dimension of infrastructure investments (additional involvement and new opportunities)

EU countries have, theoretically speaking, substantial opportunities of financing transport infrastructure investments. Meanwhile, the amount of investment expenditures in transport in the European Union, depends to a slight extent on the EU budget. A majority of financial means for this purpose comes from domestic budgets.

However, the European dimension of infrastructure investments creates certain possibilities towards co-financing and a more facile access to EU credits, especially in the range of trans-European Network (TEN) projects. An integration with the European market should abandon practices which are being used in a number of CEEC. These practices consist in financing from transport revenues into different sectors of economy, not belonging to the transport. Owing to existing European practices, CEEC should define their own, domestic revenues coming from the transport sector and to allocate their substantial part into investment and other needs of transport sector. An uncertainty of transport financing seems to be a weak point of CEEC transport policies.

Support for restructurisation and transfer of technology

The policy of transport privatisation in CEEC ought to be differentiated depending on the character of particular modes of transport. The privatisation of big enterprises has to be carried out from the view point of giving it more developmental dynamism and efficiency improvement. It is expected that the privatisation of transport firms will result in strengthening competence of their management and will break still existing decision blockages within the structure: manager - self-government - trade unions.

In some CEEC industrial traditions of the production of transport vehicles and the existing of numerous scientific-research institutions allow to technical acceleration in the transport development. It will be even more possible if there is a transfer of technological inventions from Western European countries.

In the last a dozen or so years a significant stress has been put on more economical fuel consumption, improvement of traffic safety and reduction of a ecological threat in both freight and passenger transport within the EU countries. In CEEC there exist a significantly technological distance in comparison to Western Europe, especially regarding vehicle fleet. Lack of progress in the range of transfer of modern technology in vehicle stock production has made doubtful the existence of this industry (except for the Czech car factory Skoda).

CONCLUSIONS

Central and Eastern European countries have attained abilities of creating international transport system. The EU transport policy also has to adjust to a new situation in Europe. It is worth remarking, that although the directions of transport policy in the CEEC, the general features and barriers seem to be similar, the rapidness of transformation is different. The general conclusion is that changes in transport sector do not proceed in such a quick rate as it could be expected. An advancement of the special significance processes, i.e. privatisation in road transport and railways restructuring, is going to achieve a high level only in few countries.

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