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## TRANSPORT POLICY AND THE SITUATION OF POLISH TRANSPORT BEFORE AND AFTER ACCESSION TO THE EUROPEAN UNION

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This article is an attempt, on the one hand, to present the influence of transport policy on the condition of the Polish transportation industry and its economic situation, and on the other, to show the opportunities and dangers for the Polish transportation infrastructure and market in view of our accession to the European Union.

**Keywords:** transport policy, transportation industry, infrastructure

### INTRODUCTION

Transport policy should always consciously and intentionally support the development of the transportation system at three levels:

- national,
- macroeconomic,
- international.

Transport policy at a national level should aim at finding a balance between development, maintenance and modernization of the transportation infrastructure, and regulation of the transportation market.

The macroeconomic dimension of transport policy should be based on generating and maintaining a long-lasting economic, social and ecological equilibrium. It should also coordinate the development of a transportation infrastructure network and facilitate the interregional mobility of people.

The outcome of activities at an international level should be the coordination of the national transportation industry with both the European and the worldwide market in all of its segments.

The accession to the European Union stressed even more the importance of all three dimensions. Any malfunction of at least one of them, especially

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during the first years of membership, could greatly understate the importance of the Polish transportation system in the European system.

This article is an attempt, on the one hand, to present the influence of transport policy on the condition of the Polish transportation industry and its economic situation, and on the other, to show the opportunities and dangers for the Polish transportation infrastructure and market in view of our accession to the European Union.

## 1. POLISH TRANSPORT POLICY BEFORE ACCESSION

Discussions concerning transport policy in Poland before accession to the European Union were largely based on speculations and guesswork. We can practically say that its fundamental principles were not defined.

Debates on the document *Transport policy* prepared by the Ministry of Transportation in 1994–1995 eventually did not specify directions of development, priorities or sources of financing. Furthermore, programs *Odra 2005* and *Odra 2006* turned out to be inconsistent, even in terms of dates, with *Transport policy*. The latter did not mention the issue of building highways. In 1998 the Ministry of Transportation issued *Outline of Transportation Infrastructure Development until 2015* which brought little improvement to transport policy activities. Poland did however issue a few documents (e.g. *Development Programs of 1998*, *National Strategy for Transportation Sector*, *National Strategy for Transportation Development until 2006*, *National Transport policy for 2001–2015*) which could suggest that there was a consistent transport policy before Poland's accession to the European Union. All of them were rather illusive and quasi-political, though.

The major drawbacks of the Polish transport policy before accession to the European Union seemed to be:

- allocation of resources and activities in development of “background” transportation infrastructure; superficial treatment of more urgent matters, e.g. maintenance and extension of local and provincial roads,
- disadvantageous relations between coordination of development of transportation infrastructure and regulation of the transportation market (marginal treatment of improvement of market mechanisms concerning transportation industry),
- lack of thorough analyses concerning external transportation costs in relation to fares and tolls for using the infrastructure,

- lack of correlation between transport policy and other types of policy (financial, tax, regional, etc.),
- limited abilities of Polish transportation institutions to absorb resources from the Union,
- erroneously identified priorities of development, frequent changes of decision, defective coordination between financial and real planning and insufficient use of absorbed means.

Focusing on development and financing infrastructure, while neglecting regulations concerning transportation market, resulted in:

- inappropriate use of transportation potential,
- squeezing Polish carriers out of the market,
- higher prices for transportation services,
- other negative macroeconomic and fiscal effects.

The aforementioned disadvantageous relations between the coordination of development of the transportation infrastructure and the regulation of the transportation market also resulted in undesirably high expenditure on rail and road infrastructure. One example may be the strong concentration of finance on the development of pan-European networks, mainly in East-West transportation corridors (highways A2 and A4, development of parallel railroads E20 and E30). Those investments overshadowed other urgent needs concerning e.g. the maintenance and extension of local and provincial roads. Such tendencies, together with the closing of some sections of regional railroads, may lead to congestion, restriction of people's mobility, distortion of competition rules and disproportions in regional development (Grzelakowski 2002, p. 8).

The Polish transport policy lacked activities which could effectively influence the transportation market where there are reserves concerning lower costs and improved quality of transportation services. It also lacked analyses of external transportation costs and their calculation for separate transportation branches, thus they were not included in the prices of transportation services.

The activities of the government in the pre-accession period showed that it was unaware of the influence of decisions concerning the transportation infrastructure on the market and transportation users. Another disadvantage was too many investments at a time, with limited resources.

Despite the fact that transport policy in the pre-accession period concentrated on the development and modernization of transportation

infrastructure (with marginal treatment of regulation of the market of transportation services), the results have left a lot to be desired.

There are distinct differences between Polish and West European transportation infrastructures. These concern both parameters and technical solutions. The density of the road network in Poland at the turn of 2003 and 2004 was lower than the average in the then fifteen EU countries by 44 km/100 km<sup>2</sup> (Poland: 79 km/100 km<sup>2</sup>, the then fifteen countries: 123 km/100 km<sup>2</sup>). Surfaced roads covered only 249,000 km. Such a discrepancy in road density shows the clear difference between Poland and EU countries as regards accessibility to road infrastructure. Poland is among the countries where the length of highways is the smallest. In order to catch up with the European average, Poland would have to build around 5,000 km of highways which does not seem possible within the next 20 years. Another characteristic feature of Polish road infrastructure is its bad quality. In 2001 only 29% of the Polish road network was considered good, 37% satisfactory, and 34% bad. With the accession to the Union, only 3% of national roads conform to EU standards concerning weight per axle (115 kN). The same refers to traffic volume. In comparison to EU countries, there is an irregular distribution of traffic, where the average traffic volume of 10,000 vehicles a day is located on about 4,200 km of the roads. It is evident that the development of the road infrastructure (which is a subject matter of transport policy) cannot keep up with the dynamic development of the car industry. The situation is similar when we take into account railroad infrastructure. Only 13% of the basic Polish railroad network allows passenger trains to go at the speed exceeding 120 km/h and freight trains exceeding 70 km/h. The density of railroads is very irregularly distributed, and the railroads unevenly loaded. There are no railroads which could be suitable for fast trains (200-250 km/h) (Grzelakowski 2003, pp. 3-4; Wojewódzka-Król 2000, p. 11).

The major consequences of the faulty transport policy were:

- wasting public financial means designed for maintenance, modernization and development of transportation infrastructure,
- relatively low level of people's mobility,
- relatively low level of flexibility of the labour market and limited development of tourism,
- lack of an effective market of transportation services,
- low inflow of foreign capital being a result of lower attractiveness,
- loss of international competitiveness in numerous commercial sectors,
- deficiencies for carriers being a result of the lack of external harmonization (lack of consistence between transport policy with regional

and fiscal policies), lower competitiveness of the companies activities in the country, and finally, longer periods of time for the execution of transportation services.

Therefore, activities within the Polish transport policy in the pre-accession period have negatively influenced the situation of Polish transportation industry and undermined its position in the European transportation system.

## **2. TRANSPORT POLICY OF THE EUROPEAN UNION – OPPORTUNITIES AND DANGERS FOR THE POLISH TRANSPORTATION SYSTEM**

The European Community's transport policy stresses objectives which facilitate integration, liberalization of the market of transportation services, environment protection, traffic and transport security, equal treatment of EU carriers in dealing with third countries. The transport policy within the Union seems to have shifted from a policy concerning separate branches of transportation to a complex policy which encompasses all the elements of the transportation system. It also means a shift from internal EU policy to a common external transport policy (The evolution is presented in detail in: Ciamaga, Latoszek, Michałowska-Gorywoda, Oręziak, Teichman 2002, pp. 191–212).

In 1992 the Rio Declaration and Agenda 21 (Agenda 21 covers global, national and local plans in each sector of activity which influence environment) on sustainable development were adopted by 178 countries which led to the acceptance of the Strategy for Sustainable Development in Transport (the issue of sustainable development of transportation is especially discussed in the Lisbon Strategy of March 2000 and its amendments during the Göteborg summit in 2001 and the Barcelona summit in 2002: *Communication... 2001*; *The Lisbon Strategy... 2002*).

It was based on the assumption that the economic, social and environmental balance must be sustained (More in: *Transport... 2000*).

The *Strategy* specified the possibilities to achieve long-term objectives of sustainable development as regards transportation and related areas, as well as the objectives contained in the White Paper, European Transport Policy for 2010: Time to Decide, published in 2001.

Concerning objectives, assumptions and basic directions for changes in the European transport policy, according to the Lisbon Strategy of the White Paper published in 2001 (its syntactic summary, including activities which may be successful, is contained in Grzelakowski 2003, pp. 1–7; Dembińska-Cyran 2002, pp. 8–11) and the Polish Transport Policy for 2001–2015 for Sustainable Development of the Country, we tend to agree with Skala-Poźniak (see: Skala-Poźniak 2002, pp. 58–64) who discusses the intended investments in view of their accordance with the strategy for sustainable development and the policy of the European Union. One of the main objectives of the strategy of sustainable development in transportation (although contrary to market tendencies) is to restrain the dynamic growth of road transport. Nevertheless, according to the Government Economic Strategy (see: *Government...* 2002), the development of infrastructure (mainly transportation) is seen as one of the major factors stimulating economic growth. The most important specific factor stimulating economic growth is said to be investments in highways, fast roads and national roads. Investments in railroads, airports, sea and river transport were treated marginally. The inconsistency with European priorities concerning rail transport resulted in turning down the planned investments, as most Polish road projects within the strategy for ISPA have not been accepted by the European Commission.

At the same time we certainly cannot deny that the quality of Polish national roads is insufficient. Unfortunately, one of the results of the transportation policy may be the poor condition of local roads, since the *Government Economic Strategy* focuses only on highways, fast roads and main national roads. The quality gap between them and local roads will become even greater, and that will hold back the development of peripheral areas. Such investments would surely be advantageous for local communities, as they would trigger employment and business activities, and undoubtedly the scale of investments is smaller.

The assessment of opportunities and dangers for the Polish transportation system in view of its relation to European transport policy is mainly based on the difference between the regulation and real spheres.

Adjusting the Polish transportation system to the appropriate regulation instruments of the EU will bring about results which come from (see Table 1):

- harmonization of competence conditions in all kinds of transport,
- technical harmonization,
- social harmonization,
- fiscal harmonization,
- liberalization of access to the market of transportation services,

- acceptance of quality criteria for access to job opportunities,
- breaking down borders.

Table 1

Opportunities and dangers for the Polish transportation industry resulting from Poland's accession to the EU

OPPORTUNITIES	DANGERS
<p>Development and further transformation of a transportation system within a strategy for sustainable development.</p> <p>Slowing down decline in demand for rail transport resulting from stimulating development of combined transport and promoting agglomeration and regional rail passenger transport (the so-called Service of General Economic Interest, SGEL)</p> <p>Including the Odra River corridor in the trans-European transportation network TEN and gaining preferences for the North-South corridor.</p> <p>Increased number of modern transportation stock in all kinds of transport, thus decreased maintenance costs of modern stock.</p> <p>Increased work security for carriers.</p> <p>Improved sea-life conditions and sailing security.</p> <p>Improved traffic security.</p> <p>Simplified customs at borders in road transport.</p> <p>Development of logistic centers.</p> <p>Enhanced access to infrastructure and increased number of connections.</p> <p>Fewer barriers in international shuttle passenger transport.</p>	<p>Increased cost of business activity in road transport.</p> <p>Replacement of monopolistic, unprofitable Polish Rail state company with stronger and more effective monopolist (freight transport could be taken over by licensed rail companies such as DB Cargo or NS Cargo).</p> <p>Slowing down execution of modernization of road network (TINA) resulting from EU preference for railroad infrastructure.</p> <p>Increased cost of public transport resulting from a uniform model of closing contracts for public passenger transport based on the SGEL system.</p> <p>Irregularities in developmental investments due to insufficient legal regulations or lack of experience in effective investment management.</p> <p>Ousting Polish sea navigation out of market due to competition from foreign carriers.</p> <p>Establishing connections bypassing Poland due to slow development of combined transport.</p>

Source: Author's conclusions based on: Grzelakowski 2003, pp. 5–6; Friedberg 2000, p. 5; Wojewódzka-Król 2000, p.10; Kromer 2002, pp. 2–3.

We should remember however that during the first years of our membership in the European Union negative results are likely to prevail.

This is a result of the under-developed Polish infrastructure and long-lasting marginal treatment of regulations in the market of transportation services.

## CONCLUSIONS

Upon entering the European Union on 1 May 2004, the Polish transportation system became an element of a uniform transportation market. That naturally implies that our national situation will now be dependent on other markets of the European Community. The duration of our membership is of course still too short to precisely assess the result of the accession. That will be possible later in the future. Meanwhile we can only speculate, but that does not mean that we do it without real bases.

In conclusion, the most obvious advantages of our accession to the European Union seem to be (more in: Kramer 2002, pp. 1–7):

1. The Polish transport stock will be modernized which will be possible through implementing integrational solutions within the transportation system and other areas (company law, customs union, small and big companies, taxes, environment) and through structural funds.

2. Transport will increase its share in generating the gross national product resulting from quicker development of international rather than national transport (longer distances, greater value of services) and introduction of EU proportions concerning paid transport and transport for private use.

3. The rate of mobility growth (instruments that can be used to restrict mobility growth are described in: *POSSUM. Policy Strategies...1998*) of the Polish economy will become similar to those of one in the other member countries.

Unfortunately, due to the misjudged transport policy of the 1990s, in the first years of our membership in the European Union we are likely to experience a slump in the tourist market due to inconvenient transport connections with areas that are attractive for tourists. Peripheral regions may also encounter problems in attracting foreign investors. Such problems result from limited transportation accessibility. Polish carriers may also expect problems resulting from adaptation difficulties. Due to under-developed infrastructure some carriers (e.g. Polish Rail) are afraid they will not survive competition from other companies.

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