

Eye on Southeast Europe



Transportation Infrastructure Development in Southeastern Europe—Part II

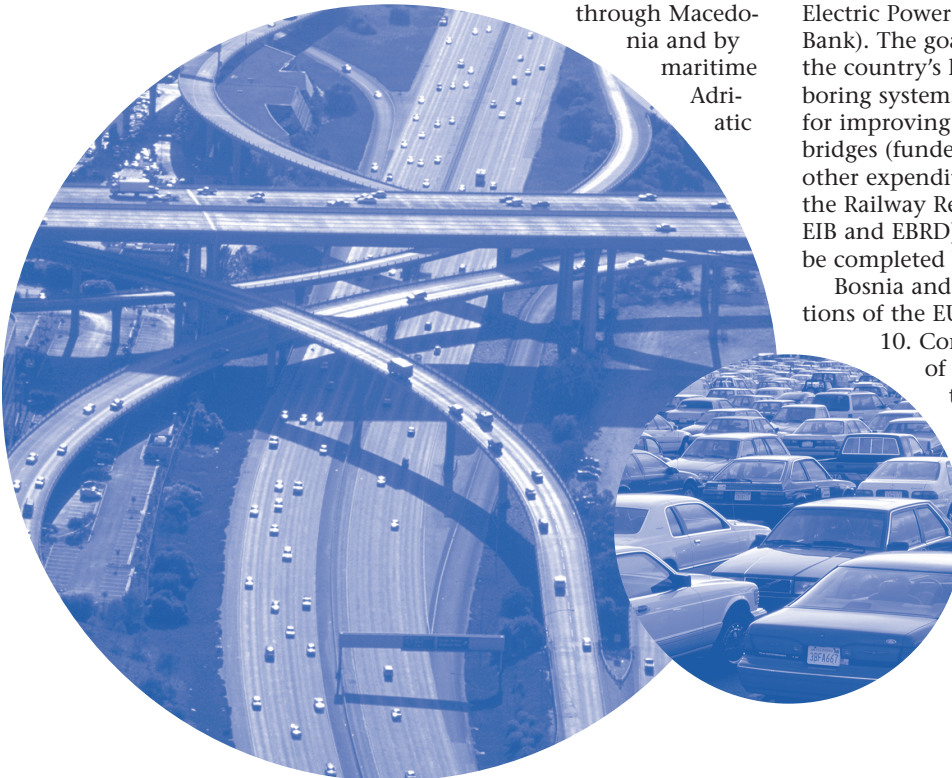
by Arben Zajmi

This article—the second of three on transportation infrastructure in Southeastern Europe—gives a detailed description of the transportation networks in Albania, Bosnia and Herzegovina, Bulgaria, Croatia, and Kosovo. Part three will cover the remaining countries of the region (Macedonia, Romania, and Serbia and Montenegro) and will provide information on how U.S. companies can become involved.

Albania is located on the eastern bank of the Adriatic Sea. It has a population of 3.1 million and gross domestic product (GDP) per capita of approximately \$1,588. A study financed by the European Union (EU) predicts an exceptionally large, long-term increase in overall transportation needs throughout Albania.

Two important EU transportation corridors—8 and 10—pass through Albania (please see part I of this article for additional information about the corridors). The port of Durrës is the Adriatic gateway for Corridor 10, which ends at the Black Sea. Corridor 10 involves a vertical passageway through the Montenegrin-Albanian border toward the Albanian-Greek border. Those two corridors connect Albania and continental Greece with Europe's interior road networks. Because Albania borders Macedonia, which borders Bulgaria, Albania is linked to Bulgaria

through Macedonia and by maritime Adriatic



traffic. Albania's government is also planning to construct a highway linking the port of Durrës with Pristina—the capital of Kosovo—at an estimated cost of \$300.5 million. Albania has another significant port, Vlora, in the southern part of the country.

In Tirana, the "Mother Theresa" international airport is undergoing two major upgrades, which are expected to be complete by 2006. These and other projects—including the port of Saranda, which supports passenger and freight services to Greece and Italy—currently have priority to improve circulation through the Albanian ports of entry for the August 2004 Olympic Games in Athens. The current projects in Albania—at a cost of more than \$490 million—largely funded by the World Bank, the European Bank for Reconstruction and Development (EBRD), the European Commission (EC), and the European Investment Bank (EIB).

Bosnia and Herzegovina has a population of 4 million and a GDP per capita of approximately \$1,093. Bosnia and Herzegovina is geographically sandwiched where Croatia meets Serbia and Montenegro. It has a mere 20 kilometers of coastline with the Adriatic Sea. Current infrastructure projects in Bosnia and Herzegovina are valued at \$373 million, \$130 million of which will go toward the third Electric Power Project (funded by the World Bank). The goal of the project is to reconnect the country's high-voltage network with neighboring systems. An equal portion is earmarked for improving road networks and constructing bridges (funded by the EIB and EC). Among other expenditures, \$80 million will go toward the Railway Recovery Project (funded by the EIB and EBRD). Those projects are expected to be completed by 2006.

Bosnia and Herzegovina also includes sections of the EU transportation corridors 5 and 10. Corridor 5 cuts through the middle of the country, passing through the capital of Sarajevo, and Corridor 10 grazes the border with Croatia. Road transportation is

the core of Bosnia and Herzegovina's transportation system. The 21,700-kilometer road network consists of 3,800 kilometers of primary roads and 4,800 kilometers of regional roads, with the remainder being local roads. Even though much of the damage to Bosnia and Herzegovina's 1,030-kilometer rail network has been repaired, rail services are only gradually being restored. Much of the recent repair work was completed under the internationally funded Emergency Transport Reconstruction Project. The EBRD is considering a follow-up project to upgrade rolling stock. The main Bosnian access to the Adriatic Sea is at the Croatian port of Ploce, and a number of ports are on the Sava river: Bosanska Gradiska, Bosanski Brod, Brcko, and Orasje. Of the more than 20 airports in Bosnia and Herzegovina, only four are open to commercial traffic: Banja Luka, Mostar, Sarajevo, and Tuzla.

Bulgaria, situated along the Black Sea coast, has a population of 7.6 million and a GDP per capita of \$1,838.

Four EU transportation corridors pass through Bulgaria: 4, 8, 9, and 10. Corridors 4 and 9 traverse Bulgaria vertically north and south and Corridor 8 serves as a horizontal link from the Adriatic Sea to the Black Sea. Corridors 8 and 10 overlap and share the same road as they pass through Bulgaria. Bulgaria's transportation infrastructure is reasonably well developed, but it has suffered over the past decade from low spending and poor maintenance. However, the development of the EU transportation corridors should

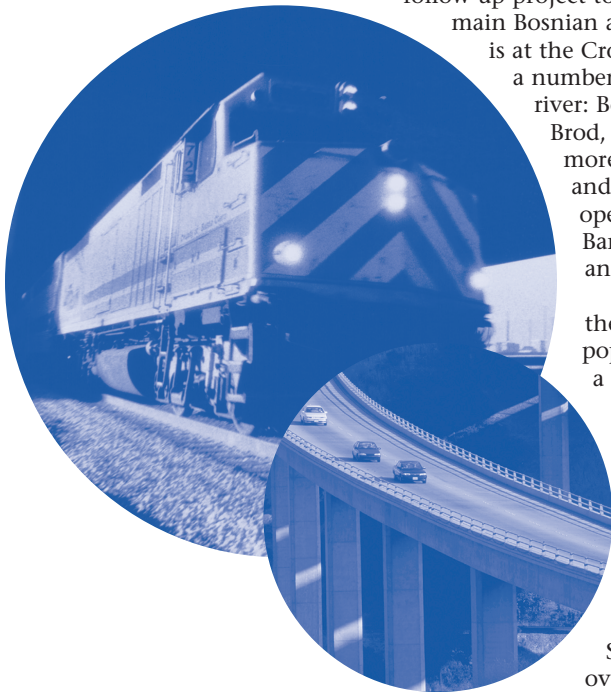
lead to a gradual improvement in transportation routes.

Some of Bulgaria's major projects include the construction of a new Danube River bridge and the reconstruction and electrification of the railways in the Plovdiv region. The first will allow for a second fixed bridge over the Danube River, which passes between Bulgaria and Romania. The second will upgrade and electrify the railway lines along Bulgaria's borders with Greece and Turkey. Those projects should be completed between 2005 and 2007. A rail link between Bulgaria's capital, Sofia, and the capital of Macedonia, Skopje, is also expected to be completed within the next few years. Bulgaria has four relatively modern major ports—two on the Black Sea (Burgas and Varna) and two on the Danube (Ruse and Vidin). The process of port modernization is expected to occur over the next few years. For example, a project involving \$120 million of Japanese financing will provide the port of Burgas with a terminal that has the capacity to handle 15 million tons annually by 2005, and two new terminals are planned in Varna. Air transportation is the least significant mode of freight transport, carrying just 4,000 tons in 2001.

Croatia has a population of 4.4 million, an extensive coast on the Adriatic Sea, and a relatively high GDP per capita of approximately \$5,000. EU transportation corridors 5 and 10, intersect and pass through Croatia. Croatia's two important ports, Ploce and Rijeka, serve as Adriatic entrances to two segments of Corridor 5. One segment intersects the Danube River at Ploce and is a very important link to multimodal regional transportation. Both corridors 5 and 10 constitute significant access points to the main EU networks.

The Croatian government has poured resources into its roadway construction program to create and rehabilitate 400 kilometers of motorways that link the capital, Zagreb, with main trading cities on the Adriatic coast and with the regional capitals of its neighbors by the end of

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To see maps of the corridors referred to in this article, please visit the following:

- <http://bulletin.rec.org/bull103/corridors.html>
- <http://www.unece.org/trans/main/ter/Countries/Corridors/corr3.jpg>
- <http://www.unece.org/trans/main/ter/Countries/Corridors/corr5.jpg>
- <http://www.unece.org/trans/main/ter/Countries/Corridors/corr7.jpg>
- <http://www.unece.org/trans/main/ter/Countries/Corridors/corr8.jpg>
- <http://www.unece.org/trans/main/ter/Countries/Corridors/corr9.jpg>
- <http://www.unece.org/trans/main/ter/Countries/Corridors/corr10.jpg>

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2005. The existing Zagreb-Karlovac motorway has been extended to Rijeka—the country's major port—and to Pula on the Adriatic coast. Large tracts of roadway between Zagreb and Split have been completed, and one has also been constructed between the Slovenian border and Zagreb. The railroad system is also important. In 2002, Croatia had 2,726 kilometers of track, 36 percent of which are electrified. Maritime communications are also important for Croatia, with its long coastline and large shipping fleet.

Kosovo (currently administered by the United Nations Mission in Kosovo) has a population of 2 million with a per capita GDP of \$1,329. Kosovo is bordered by Albania, Macedonia, and Serbia and Montenegro.

Kosovo has a road network that comprises 647 kilometers of main roads and 1,287 kilometers of regional roads. The roads remain somewhat damaged, mostly because of the lack of maintenance. Albania is planning to construct a highway linking the Adriatic port of Durrës with Pristina, the capital of Kosovo. Although the condition of the main roads has improved, the condition of secondary and local roads remains poor, and the need for bridge improvement is critical. Although the

Ministry of Transportation has been able to increase its budget for road infrastructure and maintenance, more is needed.

Two of the largest contributors of funds are the World Bank and the European Agency for Reconstruction. Kosovo's existing non-electrified, standard-gauge, single-track railway network has a combined length of 330 kilometers. Freight traffic consists of 60 percent military traffic and 40 percent commercial traffic. Passenger traffic lines have increased since 2002 and cover the entire territory of Kosovo twice daily. In May 2002, the Serbian and United Nations Mission in Kosovo railways signed an agreement to reopen the northern line to Serbia, which began running in December 2002. Kosovo also has an international airport near Pristina.

To summarize, this article has described the transportation networks in Albania, Bosnia and Herzegovina, Bulgaria, Croatia, and Kosovo. U.S. companies interested in becoming involved in Southeastern Europe's transportation sector must understand the networks and how projects contribute to the larger regional initiatives presented in the first article of this series. Part three will give a detailed profile of Macedonia, Romania, and Serbia and Montenegro and will conclude the series by elaborating on more specific commercial opportunities for U.S. companies to contribute to more efficient transportation, communication and trade in Southern Europe.

For more information on transportation infrastructure in Southeastern Europe, please visit CEEBIC's Southeast Europe Initiative page at www.mac.doc.gov/ceebic/SEE.htm.



* Note for Calendar of Events

For a more complete list of events, go to CEEBICnet: www.export.gov/ceebic.

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