International Railway Transport in South-Eastern Europe – requirements and perspectives carriers face

Chief Assist. Prof. Christina Nikolova
Department of Economics of Transport, UNWE
Students Town Christo Botev, 1700 Sofia
tel: 02 8195 284 / 292
e-mail: hrnikolova@dir.bg

Summary: The processes of globalization and European integration call for amendments in the European transport model as well as in the Bulgarian one. These amendments cover prolonged period and they aim at the adjustment of the transport systems to the new logistic necessities of the European economy. The fact that five of the Trans-European transport corridors pass through Bulgaria is an additional incentive for discussing and solving the problems related with the perspective in front of Bulgarian operators licensed for performing international freight and passenger carriages. The emphasis is mainly on the opportunities for collaboration in the field of transport among South-Eastern European countries.

The necessity of consistent development in transport sector imposes the harmonization of the transport legislation of the candidate-states for the European Union with the Acquis Communautaire. It is a prolonged process that guarantees the application of the common transport policy in the EU. The main goals of this policy could be set out in three spheres:

- Improving the quality of transport services through establishing the integrated transport system based on the modern technologies and, thus, protecting environment and raising security of the services;
- Getting the functioning of the united transport market better, that is aiming at the efficiency soaring and expanding the customer choice opportunities. It is supposed to lead to a higher level of services quality while keeping pace with the social standards;
- Further development of the positive externalities through improving the quality of transport relation between EU and the third countries which gives the opportunity for penetrating in foreign markets.

The above mentioned purposes correspond with the requirements for giving open access, for secure and stable transport system and they suppose development of the reliable concepts for improving the competitiveness of the transport companies as well as the infrastructure capacity. Collaborating and discussing the current problems of the transport are, of course, necessary prerequisites for achieving the aims. It is apt to coordinate the measures for applying common approaches for better use of transport infrastructure and securing the rational development of European Transport System for international carriages. With regard to this the opportunities for the achieving the aims by improving the relations between the countries in South-Eastern Europe and by collaboration in

transport sector should be subject to clarification. These opportunities are supposed to be specified in the light on the development and elaboration of the transport technologies and organization of carriages.

The characteristics of the different modes of transport outline different opportunities for cooperation in solving the transport problems as well as taking measures for improving the competitiveness of the transport companies on the European market.

The possibilities for collaboration and for development of the railway transport in South-Eastern Europe are being duly laid out in the paper. The conclusions are based on the analysis of the current conditions and the problems in front of the management of the different railways in the region.

Key words: railway transport, strategic barriers, adaptability, competitiveness, collaboration.

JEL: F51.

I. Introduction

The processes of globalization and European integration call for amendments in the European transport model as well as in the Bulgarian one. These amendments cover prolonged period and they aim at the adjustment of the transport systems to the new logistic necessities of the European economy. The fact that five of the Trans-European transport corridors pass through Bulgaria [2] is an additional incentive for discussing and solving the problems related with the perspective in front of Bulgarian operators licensed for performing international freight and passenger carriages. The emphasis is mainly on the opportunities for collaboration in the field of transport among South-Eastern European countries (SEEC).

The process of joining of Bulgaria to the EU imposes the harmonization of the transport legislation requirements and procedures with the Acquis Communautaire. It is a prolonged process that continue after the admission of the country in the Community and includes three main stages [1] as follows:

- Introducing the Acquis Communitaire in the sphere of transport in country's legislation by using the due national procedures and measures (laws, regulations, decrees etc);
- Applying the new transport legislation through setting up institutions and raising funds required for executing the laws and regulations;
- Control over the observation of legislation by inventing the due measures necessary for guaranteeing law appliance thoroughly.

And while the first two levels are limited in time and their accomplishment is prerequisite for carrying out the engagements taken owing to joining the EU, conducting the third stage of the process is a permanent one and ensures appliance of the European transport policy. The main goals of this policy could be set out in three spheres:

- Improving the quality of transport services through establishing the integrated transport system based on the modern technologies and, thus, protecting environment and raising security of the services;
- Getting the functioning of the united transport market better, that is aiming at the efficiency soaring and expanding the customer choices. It is supposed to lead to a higher level of services quality while keeping pace with the social standards;
- Further development of the positive externalities through improving the quality of transport links between the EU and the third

countries which gives the opportunity for penetrating in foreign markets.

The above mentioned purposes correspond with the requirements for giving open access, for secure and stable transport system and they suppose development of the reliable concepts for improving the competitiveness of the transport companies as well as the infrastructure capacity. Collaborating and discussing the current problems of transport are, of course, necessary prerequisites for achieving the aims. It is apt to coordinate the measures for applying common approaches for better use of transport infrastructure and securing the rational development of European Transport System for international carriages. With regard to this the opportunities for achieving the aims by improving the relations between the countries in South-Eastern Europe and by collaboration in transport sector should be subject to clarification. These opportunities are supposed to be specified in the light on the development and elaboration of the transport technologies and organization of carriages.

The characteristics of the different modes of transport outline different opportunities for cooperation in solving the transport problems as well as taking measures for improving the competitiveness of the transport companies on the European market.

II. Development and state of the Railways in South-Eastern Europe

The Railways in SEEC are facing a crisis. The tendencies in the whole region are toward rail market contraction, increase in operational costs and need for greater governmental expenditures for subsidization of rail services (especially passenger ones). The financial implications of these tendencies are particularly severe. Despite the national economies gradually strengthen, operational costs are doubled in the railway transport. There is a loss of market share comparing to the other modes of transport. The market studies within Phare Multi-country Transport Program revealed a consistent misunderstanding of the changing needs of both passenger and freight customers in the railway transport field [5]. However, most of the railways in the region do not carry out market studies for determining clients' needs. Common complaints from the railways passengers concerned the low level of personal security, limited outlet for tickets sales which necessitating lengthy queues and long delay at international borders. The customers of the freight services are complaining about the lengthy and complex contract procedures, about the lack of tracking and monitoring systems and the lack of freight specialized wagons. In general, railways in South-Eastern European countries are failing to meet the challenges of the developing market economies. The customers have increased requirements and choice which are in favor of the other modes of transport. The situation being as it is, the urgent measures for improving the conditions and the quality of rail services are necessary.

The main barriers to competitiveness of the railways in SEEC are said to be internal for these organization, without underestimate the external threats. Some of the rail enterprises in the region are still operating as centralized systems which delegate minimal responsibilities for their management and impose little commercial accountability. In 2001 the study of the Halcrow consultancy established an index of rail adaptability [3], defined below:

$$A = P * C$$

where:
A is the Index of Adaptability;
P – Power index – reflects the extent to which

each railway is empowered to define its own organisational structure, appoint senior staff, set its own budget, raise finance and dictate the timetable and fares.
C – Index of the Accountability – concerns the extent to which a railway is held responsible for its commercial performance (defined as the percentage of turnover subject to financial targets).

A railway with an Adaptability of 1.0 would have a fully empowered management that is commercially accountable for all aspects of its business. SEEC railways had an average Index of Adaptability of 0.32, barely half that of EU railways (0.62)[1]. Interestingly, the average accountabilities of SEEC and EU railways are similar, suggesting that attempts are being made to introduce some commercial focus. However, low power indices amongst SEEC railways indicate little progress in implementing a more empowered, commercial approach to management. Accountability and power has not been devolved within railway organisations.

The Adaptability analysis was accompanied by a comprehensive benchmarking exercise. A variety of benchmarking methods were used, ranging from simple partial productivity measures to total factor productivity and cost frontier analysis (which measures the overall efficiency of the organisations).

In the table above are presented the values of the key factors for railways benchmarking in SEEC. The results reveal following main trends:

- Only Slovenian railways which are advanced in restructuring have high comparative efficiency;
- All other rail enterprises in the region have negative indexes of productivity and they confirm the theory that rising wages suppress the efficiency when the level of organizational reform is low;

Table 1. Key factors for railways benchmarking

Country	Railway	Total Staff (railway and non-railway staff)/ Gross tonne km	Wagons/ freight Tonne km	Passenger coaches/ Passenger km	Total Factor Productivity	Cost Frontier Analysis
Bulgaria	BDZ	10	10	1	5	3
Macedonia	CFARYM	11	11	11	6	7
Romania	CFR	8	9	2	9	10
Albania	HSh	12	12	10	n/a	9
Hungary	MAV	9	7	3	11	8
Slovenia	SZ	5	6	8	10	11

Legend:
Low efficiency 12 11 10 9 8 7 6 5 4 3 2 1 High efficiency

Source: European Conference of Ministers of Transport, What Role for the Railways in Eastern Europe?, OECD, 2001.

[1] Source: Profitability of Rail Transport and Adaptability of Rail (PRORATA) prepared for DGVII of the European Commission, Halcrow Fox, February 1999.

• If all of the railways in the South-Eastern Europe achieve the level of most efficient one (the Slovenian Railway), then the prerequisites for saving operational costs and long-term savings will exist;
• The perspectives for salaries rising in the SEEC could lead to the growth in the operational costs of the railways.

Consequently, the main threat the railways in the SEEC face is related to the usage of the out-dated, product-led organizational structure, set within institutional framework which prevent management from the powers they need to conduct an effective commercial activity. In addition to the negative tendencies are a variety of operational and technical barriers as follows:

• Lack of management and analytical information about the expenditures and lack of business-planning system in the most of railways in the region;
• Low level of asset utilization as a result of the lack of management information systems;
• Excess of employees hired in all activities;
• Poor infrastructure and vehicle maintaining especially of those performing international carriages as well as terminals and tracking systems;
• Poor coordination in international carriages planning and management.

The study of the railways competitiveness has a significant meaning in the disclosure of the opportunities for improving their state. The main threats and barriers to competitiveness are not discrete issues. These are complex of external, institutional and technical problems. For example: a lack of commercial freedom, an absence of consistent business-planning and lack of management information systems.

The obstacles to competitiveness of the railways in SEEC could be classified in accordance with their influence as follows: market, production and strategic. The responsibility for each barrier and hence the responsibility for its overcoming could be specified towards the owners/ regulators, train operators and infrastructure owners (Table 2). It should be noted that the same or similar barriers appear in more than one category. This once again emphasizes the close interrelations and especially the way the strategic obstacles drive the market and production ones. Although on the production and market level the changes could be done, these changes are restricted in scope and in efficiency, if the strategic obstacles are not changed. If there exist relatively limited opportunities for modeling the interrelations between the railways and the governments, then it should be noted that they have fundamental influence on the possibilities for changes on the other levels. This is extremely important when estimating the barriers to competitiveness of international transport services.

The main conclusions that could be drawn from the analysis of the railways competitiveness in the SEEC are:

• The railways need an explicit concept of the role and the objectives they follow. They should have freedom in the business management and to achieve their goals. Accountability and power should be delegated throughout the railways enterprises as part of matrix of responsibilities, targets and objectives;
• There is a lack of commercial focus. Few, if any of the railways in the region are communicating and listen to their clients to find out what services they want. To a large extend this is due to the institutional framework within which the enterprises exist and to a contract with governments. In other words, the railways are not interested in studying their clients' needs;
• Lack of management information systems and thorough business-analyses and the evaluation processes. This is related also with the relations with government (See Table 2) and

existing organizational structures in which the main responsibilities are delegated to the top-management and on the lower levels the necessary controlling information is not consigned. The managers do not have at their disposal sufficient data for adequate decisions and recourses' conducting even when they are empowered for this. The full potential of management information systems could be revealed only provided that the organizational structures of the railways are such that could give enough power to managers to use these systems;

- It is difficult to conduct any form of business planning and to choose eligible market strategies in view of the fact that the investors, respectively the government does not confide to the management of the enterprises;
- Rolling stock productivity is lower than that in Central and Western European Countries. This leads to higher costs and is related to a lack of adequate management information, business-estimation and monitoring systems;
- The hired staff is more than really needed, which imposes lower labor productivity than this in Western and Central European Countries. The reason is the absence of eligible management information systems but also it has a close link to the relations with government and the delegated powers of management;
- The growing labor costs impose serious problems which to a large extend reduce the effect of staff reduction and rapidly drawing up the operational costs. At the same time the railways fail to achieve positive results from the restructuring;
- Collaboration among railways in the region, and between railways and their customers is on a low level. This leads to lengthy delays on borders, unreliable international services and a general lack of customer confidence. There is a lack of standard operating procedures and technical standards and a unitary body responsible for marketing and international services between countries and along Trans-European Corridors;
- The investments in traction and rolling stocks are very low, that is why it is necessary to ensure that the investments are properly evaluated by railways to have maximum benefit. Failing to address most of the problems mentioned above will see lower level of funds and continued decline of the services offered;
- Customer expectation and requirements rising and the populations want to achieve the standard of live in Western and Central European Countries. The railways failed to keep pace with these changing requirements. When providing international freight services it couldn't proceed from the literate space moving of goods between two points. Transport services should be considered as an integral element in the entire logistic chain. The product offered should rather be a service which enhances the goods flows than vehicles that perform carriages of goods. Freight services will become increasingly important but the railway transport systems of the SEEC fail to meet these requirements.

It should be recognized that in the railways in some of the countries in the region are established and developed good practices and institutional models. Bulgarian and Romanian railways are restructured and the freight traffic is stabilized and does not go down anymore.

The comparisons among the railways efficiency in SEEC show that it is possible to achieve significant cost savings if all of the countries in the region reach level of the most effective railways – Slovenian railways.

The table below presents the barriers to competitiveness of the railways classified by countries. Of course, there are always some exceptions but the goal is to focus on the common problems.

In spite of the reforms undertaken the major part of the railways in the SEEC are still in decline, including those in ascendant (Table 3). Special

Table 2. Barriers to competitiveness

Resposibility	**Production**	**Market**	**Strategic**
Owner/ regulator (government)	◊ Lack of clarity and transparency in the relationship between government and railways ◊ Lack of objectivity and clarity within plans for restructuring, commercialisation, privatisation and access charges, etc. ◊ Insufficient funding for infrastructure and rolling stock rehabilitation ◊ Insufficient subsidies for loss-making services ◊ Strong trade unions inhibiting reform and restructuring	◊ Regulation/control of fares by government, below market levels ◊ There is a lack of flexibility in freight tariffs ◊ High levels of concessionary travel ◊ Government control of timetable ◊ Inadequate compensation for social obligations to operate loss making services ◊ Lack of integration with other modes	◊ Strong state involvement in management and policy ◊ Railway management has limited powers and accountability ◊ Lack of clarity in contract with government for social role of railway ◊ Slow rate of legal reforms and introduction of progressive legislation ◊ Poorly executed and ineffective privatisation ◊ Limited privatisation polices ◊ Limited implementation of EV directives

Resposibility	Production	Market	Strategic
Train operators	◊ Inappropriate organisational structures and accountabilities ◊ Absence of freedom to manage ◊ Absence of business management structure, techniques, tools and skills ◊ Absence of suitable management information systems linked to analysis and evaluation processes. ◊ Absence of market oriented strategies ◊ Absence of personnel training and development strategies ◊ Bureaucratic processes and resistance to cultural change ◊ Poor condition of locomotives and rolling stock ◊ Lack of equipment and spare parts for repairs and rehabilitation ◊ Poor productivity of resources ◊ Poor quality products and delivery ◊ Increasing operational costs for labour, materials and services. ◊ Poor level of cost recovery and significant lossmaking activities ◊ Inadequate revenue collection and protection systems ◊ Lack of common technical standards and operating procedures for international services	◊ Poor ticketing and retailing methods ◊ Poor passenger information ◊ Lack of customer focus ◊ Poor marketing of services ◊ Lack of market research and communication with customers ◊ Poor quality station environment and facilities ◊ Poor quality rolling stock and facilities ◊ Passenger security ◊ Lack of integration with other modes, including car parking at stations ◊ Poor timetabling and low frequency services ◊ Overcrowding ◊ Inflexible and lengthy contract negotiations for freight transport ◊ Freight tariffs are complex and difficult to understand ◊ Lack of specialist freight wagons ◊ Speed and transit times are considered to be poor and unreliable ◊ Tracking of consignments ◊ Delays at border crossings ◊ Poor security of goods	◊ Inappropriate organisational structure ◊ Lack of/ineffective management information systems ◊ Lack of business analysis ethos/ techniques. ◊ Growing financial deficits.

Resposibility	Production	Market	Strategic
Infrastructure owner	◊ Poor condition of infrastructure and significant backlog in maintenance and renewals. ◊ Lack of equipment and spare parts for repairs and rehabilitation ◊ Poor resource productivity ◊ Increasing operational costs for labour, materials and services ◊ Route capacity constraints – single lines, level crossings, permanent speed restrictions, etc. ◊ Excessive networks in need of rationalisation	◊ Poor interchange facilities. ◊ Poor quality station facilities. ◊ Low line speeds. ◊ Inefficient freight terminals and poor freight handling facilities.	◊ Costs of operations and infrastructure are not made explicit and potential barriers to new entrants remain. ◊ Excessive networks. ◊ lack of investment and poor condition ofn infrastructure.
Other/ common		◊ Rising customer expectations. ◊ Liberalisation of road freight. ◊ Rising levels of car ownership. ◊ Low purchasing power of the population in some countries, particularly the Balkans.	◊ Low motivation to restructuring and reform within the rail industry. ◊ Rising labour costs ◊ Growth in car ownership. ◊ Growth of competing modes – car, road freight and in some countries efficient state airlines. ◊ Regional conflict in the Balkans. ◊ Poor economic performance and low purchasing power.

Source: European Conference of Ministers of Transport, What Role for the Railways in Eastern Europe?, OECD, 2001.

attention should be paid to the perspective of raising salaries in the region in connection with the economy growth. This will bring to a paradoxical rise of the risk for the railroads in times of getting economy conditions better. Classifying railroads of SEEC into three groups is based on their similar characteristics. Group one includes Hungary, Slovenia and Greece, which have stable economy but have low cost efficiency. The second group consists of Bulgaria and Romania that find themselves in period of soaring economy, but have not yet accomplished thoroughly their reformation in railways. It needs to be emphasized that the main problems in the SEEC railways are not caused by lack of investments. In most cases problems derive from the fact that due procedures of correct estimation of the investments' needs and for directing the funds for modernization and rehabilitation of the rolling stock and infrastructure have not been duly carried out. Something more, it is even possible raising investments to have little impact on the state of railways companies. This is typical for the third group of countries including Albania, Bosnia and Herzegovina, Croatia and FYR Macedonia. The reason here stems for the low level of the conducted institutional reforms. Besides, railways in all SEEC are not supposed to expect the market growth in all the segments to solve their financial difficulties if not restructured.

Table 3. Common barriers to competitiveness

Country	**Production**	**Market**	**Strategic**
Hungary, Slovenia and Greece	◊ Labour costs rising ◊ Limited management powers ◊ Large networks of branch lines ◊ Poor rolling stock utilisation ◊ Low labour productivity	◊ Train service not market led ◊ Growing customer expectations ◊ Poor retailing/ticketing	-
Bulgaria and Romania	◊ Maintenance backlog ◊ Poor rolling stock utilisation ◊ Low labour productivity	◊ Low speeds ◊ Basic marketing ◊ Poor information ◊ Poor logistical management systems	◊ Growing deficits ◊ Competition from other modes ◊ Contract with government
Albania, Bosnia and Herzegovina, Croatia and FYR Macedonia	◊ Maintenance backlog ◊ Single line working ◊ Low resource and labour productivity	◊ Low speeds ◊ Poor condition of coaches and wagons	◊ Lack of investment ◊ Balkan crisis
All	◊ Passenger security ◊ Theft of freight ◊ Condition of rolling stock	◊ Bureaucracy at borders ◊ No market research ◊ Poor integration	◊ Lack of management information systems ◊ Lack of business evaluation and analysis systems and processes

At that the attitude and the approach to the customers should, by all means, be changed in order to preserve at least the existing market shares.

The complexity of the mentioned problems clearly shows why the situation in railways continues to get worse and the necessity of instant measures are required. Therefore, the priorities for the railways in the region should be implementation and conducting programs that will help to the restructuring and will focus on rising operational efficiency. If more commercial orientation is being imposed, then it will enable invention and carrying out more ambitious marketing programmes.

III. Measures for improving the state and efficiency of the railways in South Eastern Europe and opportunities for partnership

Multitude of researches and recommendations for the railways development [4] define different opportunities for improving their status, efficiency and competitiveness. Some of the opportunities are linked to supporting institutional reforms and commercial liberalization. This, in turn, requires change in the regulatory and institutional frame as a precondition for achieving the expected results. Such kind of changes will bring to a further progress from heavily regulated and controlled structures toward a business orientated companies and even private ones.

Other measures are being implemented in order to get the efficiency better without carrying our implicitly structural reform. These may include changes in exploitation activities, asset management and marketing. Nevertheless, the competitiveness will go up as the institutional and organizational structure change, too. It should be taken into account that the index of adaptability of badly-run but liberalized railways in any case is higher than those of well-run, but with traditionally set structure. When the regulatory frame is made up in such a way as to allow changes in the company adaptability, it is possible to boost the efficiency in their activities, but it will not be evident at once. Most effectively working railways in Europe – those of Sweden, Germany and UK are still relatively less efficient and adaptable. However, at present, the aforesaid countries represent the most successful models in the development and could be singled out as a sample to any other railway. The railways of these three countries have achieved better efficiency through implementing a sequence of successful measures along with the development of their adaptability and as a result they have improved their status as a whole. On the other hand, the measures are strongly related to improving the power index.

Bearing in mind the example with the railways of Sweden, Germany and UK, we can make out an action plan with priority measures. The potential financial benefits from their implementation could run up to around EUR 4-5 billion a year[2]. Major part of the measures aim at improving competitiveness; e.g.: developing organizational structures and accountancy systems, drawing out business plans and implementing new products could easily be applied by the very railways. What matters in this case is that the companies can take decisions by themselves. The external factor influence should not be underestimated as a means to rule the changes and yet this should be handled through partnership between the government and the railways. There should be undertaken regional measures that will incent the railways to action in increasing the market share. This cannot be reached only by

[2] Source: European Conference of Ministers of Transport, What Role for the Railways in Eastern Europe? OECD, 2001.

offering lower prices or increasing frequency of the transport services. At first there should be undertaken a reform in the sector, more power of attorney to be delegated and the costs for control to be estimated. International partnerships, respectively in South East Europe are of strategic importance for implementing new practices and technologies, e.g., through leasing and franchising. The international freights in the region offer the opportunity for including in the private sector as in the exploitation, so in ensuring specialized freight wagons. The following measures could be summarized by countries:

• Albania, Bosnia and Herzegovina and Macedonia: there exists necessity of rehabilitation of the network and rolling stocks, in order to have the normal functioning ensured. The outside, including the political barriers, however, deter the progress. Yet the applying decent models is possible for setting up institutions, work organization and procedures from the other countries in the region that are ahead of the reforms in the sector. These measures are basic in achieving profit from the investments in the infrastructure. Bulgaria and Romania have both some good results in restructuring and institutional reforms in the railways. Measures, that the railways of these countries should take in these sectors for increasing the efficiency are supposed to be directed to the business-management and exploitation issues. The approaches to improving financing and supplying are of major importance, too.
• Of the railways in Hungary, Slovenia and Greece the accent of the perspectives actions and measures for getting better the efficiency, could be put on the government (institutional questions and measures for increasing the responsibilities). In these countries the reforms are on their way for a long time and the first positive results are evident.
• The international freight and passenger transportation in the region are expected to peak considerably until 2015. Nevertheless, the forecast for the railways are rather to generate further market share losses to those of the road and air transport. Although some specific barriers exist on the way of the international transport in South Eastern Europe (e.g., delays in crossing borders, different technical standards and equipment, poor quality of the rolling stock), they can positively be overcome. What matters is that as the domestic so the international transport services in the region as a whole are product-oriented and do not respond to the expectations of the clients. The measures to bring change and redirecting the railways from exploitation to commercial control will add for improving the quality of the international railway freights. There exists an opportunity for penetrating of private companies and developing of innovative services in the field of the freights.

The EU has a clear role in fostering the implementation of the directives linked to ensuring an open access to the railway infrastructure and collecting the charges for its use. By doing this, further institutional reforms base frame is being ensured. If the access to the railways is open for sure and innovative international transport services are to be developed, then the next step is developing system for monitoring. Creating a European Railway Organizations System could become a model that will constantly be expanding and to include all the SEEC.

IV. Conclusion

The crisis in the railways in SEEC could not be prevailed only by investments in new vehicles and infrastructure. Finding solutions to the problems are in the competence of the railways by themselves and their owners – the governments of the countries. In order to rid of the reasons of the low competitiveness and efficiency, organizational and institutional reforms are required. Management should become more independent to posses more rights and responsibilities. It is necessary that the present model of product-oriented management to be replaced with more commercial organization. Along with it, standard business processes could be implemented. This would inevitably lead to considerable savings of exploitation expenses. Reinvestment of funds made by the savings in commercially focused structures will bring to increase in the competitiveness of the railways which will be able to respond to the higher level of demand in the market.

The transport market in the region has every opportunity to grow, yet it is required that the accelerating of the processes on realization of infrastructure projects in the field of transport and carrying out a common infrastructure policy is ensured and based on following principles:

- European orientation, stemming from the integration of the most of the countries in the European economical and political processes;
- Developing the infrastructural policy within the frame of multilateral forums and organizations;
- Combining infrastructural projects on the side of the Black Sea and Danube partnership with common European orientation;
- Taking into account the relation and opportunities for development of the transport and telecommunications in direction to the Middle and Far East, Asia and North Africa.

References

1. Министерство на транспорта, Наръчник *към съвкупното право на Общността в областта на транспорта* (Transport Acquis), он-лайн, http://www.mt.government.bg/documents, 1999г.

2. Мутафчиев, Л., Първанов, Хр., Бакалова, В., Кирова, А., *Транспорт и застраховане*, УИ "Стопанство", София, 2007г.

3. Brown, M., *The Future of Railways in Central and Eastern Europe*. *In:* What Role for the Railways in Eastern Europe*?* European Conference of Ministers of Transport, OECD, 2001.

4. Commission of European Communities (CEC), *White Paper: European transport policy for 2010: time to decide*, 2001.

5. Thompson, L., *Railways in Eastern Europe*. *In:* What Role for the Railways in Eastern Europe*?* European Conference of Ministers of Transport, OECD, 2001. ИА