

Center for Ecology and Sustainable Development's Response to the Public Consultation on the Report of the High-Level Group on TEN-T Extension

1. Do the five main transport axes highlighted in the High Level Group (HLG) report, in your view, represent the main axes for international traffic and what would you add/delete, if given the opportunity, and why?

Before raising concerns on specific priority axis and projects through Serbia and Montenegro we would like to raise several general issues that need to be taken into account when the transport project in the country are evaluated.

Serbia and Montenegro does not have up-to-date National Strategy for development of the transport sector. There is namely Strategy from 1998, which does not reflect the newly established political and economical situation. What is more, the 1998-strategy is not publicly available and therefore Serbian citizens are not aware for its existence.

Regarding the administrative capacity and weight of the governmental structures dealing with transport we would like to mention that there is no proper Ministry for TRANSPORTATION but only the Ministry of Capital Investments, that is in charge for all sectors of transport, telecommunications, housing, e.g. all highly intensive investments in Serbian infrastructure works.

Currently there is ongoing process for formulation of new Strategy that is highly nontransparent as the methodology and principles for development of the strategy are not clear and public consultations are not envisaged. The policy is drafted by the consultants from SIDA (Swedish Government) and with the experts from the Ministry of Capital Investments without any involvement of the other relevant Ministries, institutions, experts, NGO or other independent experts. Even the contact person for whole process is just provisionally informed on this topic. The only available information is that this process is financed by the European Agency for Reconstruction (EAR), which is in charge for development Master Plans (finished Master Plan for Inland waterways) which will at the end constitute the whole National Strategy. The process is expected to be finished in two years.

Therefore, we find that the elaboration of the Serbia and Montenegro Transport policy is done in contradiction with the EU principles of integration of environmental policy and sustainability in the policy documents. CEKOR appeal to the EC to require public participation in the development of the Transport strategy for Serbia and Montenegro as condition for approval of the EU assistance for the priority projects.

We welcome the fact that HLG report give priority for multimodal axes especially because the governmental approach currently is only in favour of the road / highways development.

- *Inland waterways Danube and Sava*

Regional Project No. 1a: Reconstruction of the Sava river to 1990 standard (phase 1)

Regional Project No. 1b: Reconstruction of the Sava river to a higher navigability class (phase 2)

CEKOR is aware of the Master Plan made by EAR that includes massive dragging of the Sava River. The project is of great concern, as it will affect sensitive environmental and agriculture land and settlements near to the river. There will be huge problems also with thousand of tones of mud, rocks and etc. that are going to be extracted and Serbia does not have experience how to treat. The dragging of Sava will respectively affect Danube in the zone where Sava flows in Danube.

A few years ago the Great Vojvodina Channel was dredged. This is situated in the Vrbas municipality where there is a huge agricultural complex and there was almost an epidemic of Meningitis when the channel was dredged. We know there is a possibility of avoiding these kind of drastic situations, but there is a serious need for numerous precautionary measures, learning how to implement safe methods/ technologies of dredging, and serious strategic planning about what to do with the mud, rocks etc that will be dredged from rivers. In almost the whole River Sava in Serbia there are a lot of unexploded rockets, bombs, boats etc.

There are several areas of high natural value which would be harmed, but the Zasavica Natural park, an almost completely untouched wetland with many rare and endemic species of flora and fauna, and the Obedska Bara Natural protected wetland area are absolutely endangered by any plans to widen the River Sava.

The EAR Master Plan was developed in absolutely non-transparent and non-participative manner. There was absence of information and consultation with the affected people, leaving close to the river or using the agriculture land along the river. Latest have great concerns for the environmental and social impact of the proposed dragging.

- *Multimodal connection Salzburg – Ljubljana – Zagreb/Budapest – Belgrade – Nis, - Rehabilitation of the railway line along Corridor X*

Serbia, project No.6 Reconstruction and modernization of railway line Hungary border-Belgrade-Nis- Bulgaria/FYR of Macedonia borders, including bridge over Danube in Novi Sad

There is already ongoing rehabilitation of the railway line along Corridor X in Serbia. The Nis-Dimitrovgrad section is finished and the Belgrade-Novı Sad section is supposed to be completed soon. However, we consider that there is major problem with the competitiveness of railway transport along the Serbian part of the corridor that will not be resolved only with the planned reconstruction. The construction of the missing sections of the motorway along the corridor, such as the Nis – Dimitrovgrad section, is developing very quickly and therefore will provide quicker and cheaper transportation. There is a need for major development in the horizontal measures that stimulate rail transport, such as user charges covering the external costs of road transport and facilitation of border crossing for goods and passengers.

At the same time we would like to bring your attention to the fact that local railway lines in Serbia are constantly deteriorating. Many local destinations are starting to be abandoned, such as the ones in Banat (part of the Vojvodina province), especially Subotica-Sombor. There is a similar situation on the “Southern Route” to Montenegro where the terrible state of trains may have recently caused the serious fatal accident in Moraca gorge in Montenegro. We are concerned that local and regional railway lines will never be upgraded and extended in other directions if the Serbian government concentrates its investments in the development of Corridor X as suggested in the HLG report. Subsequently, it will affect also the functioning of the Serbian railway system and further detract from improvements to provide a comprehensive freight and passenger transport service.

- Road upgrading Corridor X

Serbia, Project No. 22: Road upgrading Hungarian border-Belgrade-Nis-FYR of Macedonia border

There are several projects along the corridor that are to be constructed or their design is in very advance stage, such as:

- 1) Subotica bypass, Belgrade bypass
 - 1a) Highway upgrading from Horgoš (EU Border)- Novi
- 2) Bridge over Danube in Beska locality, Bridge over Sava River (EBRD) is to be decided company that will build it
- 3) “Southern highway” to South Adriatic coast E- 763 (deciding of concession from Belgrade- Pozega)
- 4) Upgrading of road from Nis- FYR Macedonian Border
 - 4a) Starting of works on Nis- Dimitrovgrad highway

While the highway projects in Vojvodina province are profitable and economically justified, the upgrading of the section Belgrade-Pozega, and Nis-Dimitrovgrad to motorway standards could be highly controversial from the economic and environmental point of view. Therefore the Serbian government proposes concessions for construction of the above-mentioned sections in a package with toll collection in Vojvodina. Such a financial agreement would cause large political opposition in Vojvodina that could even lead to potential political instability. This will also have an indirect impact on the maintenance of the whole road network, as currently road tolls are the main source of income for the Serbian Road Agency. The issue of private concessions of the roads already financed by IFIs credits and loans is even more problematic, and needs to be analysed thoroughly. We appeal to the EC to more closely examine the proposals for highway concessions in Serbia, which feature non-transparent and controversial agreements.

2. The HLG report outlines a number of measures, on so-called horizontal issues, are these the most important ones and do the recommendations made by the Group help to solve the problems?

- Ensuring that Strategic Environmental Assessment is carried out on the plans for development of the corridors

CEKOR appeal to the EC to advise Serbia Government to conduct SEA for the new Transport Strategy mentioned above. We consider that SEA will be crucial for development adoption of the strategy that address the transport sector impact on the environment, climate change, but also on regional development and local economy. This will ensure that most environmentally friendly alternatives on axis level are chosen and that duplication of the capacity of transport infrastructure is avoided. **Technical support from the EC** for proper implementation of the Strategic Environmental Assessment on national transport policy will be fundamental.

- Enforcement of the precautionary principle when transport projects could harm valuable biodiversity sites that are still not protected according national legislation.

Several of the transport transit corridors pass currently through valuable biodiversity and unique landscape site such as Ovcarsko-Kablarska canyon, Pester plateau, Sicevac canyon, Grdelica Gorge. Simple extension of the existing road to the motorway standards will have detrimental impact of number of protected species and habitats. Serbian government should be strongly advised to thoroughly implement the precautionary principle for valuable biodiversity sites and to consider alternative routes for the transit corridors as pointed also in the HLG report.

We also are concern that there is little understanding among the general public for the importance and need for protection of the biodiversity. Therefore we consider that Serbian government should allocated sufficient human and financial resources for awareness rising on the EU Habitats and Birds Directives and benefits for society from the implementation of the environmental legislation.

- Ensuring transparency and public participation in project development, implementation and public procurements

We see real problem with access to information in Serbia and Montenegro and even concerning information on proposed routes, environmental impact assessment, feasibility studies, up today information on process of financing of projects (loan/ tender process/ concession or not etc.). Public consultation and public involvement in the strategic documents and projects are not the case in the country, so all the time interested public is far behind happenings and get information only at the stage that is impossible to influence the process.

What is more, the lack of transparency creates great opportunities for development of the corruption cases. For example in 2005 there were corruption scandal linked to the purchase of the used trains.

- Ensuring sufficient public resources for maintenance of regional transport networks and promotion of sustainable transport modes

CEKOR is seriously concerned that the plans of Serbia&Montenegro government to construct economically invaluable motorway projects will compromise countries ability to maintain and develop the regional transport network. The decision-making about development of the motorways in the country features highly untransparent and driven by political interests. Financial agreements with the public banks and concession contracts for construction are also not publicly available and often controversial.

For example, the concessions are mostly given in wrong manner like: The concession for construction of the motorway from Belgrade to Cacak (in the direction to Montenegro coast E- 763) is planed to be complimented with the right for collect toll money from one of the most intensive parts in Vojvodina (Border with EU- Novi Sad- Belgrade- Nis). This type of contract is proposed in order to make the Belgrade to Cacak Motorway construction more attractive, as the project itself is not economically viable. However, it poses the question for the public need of this motorway in case there is not enough traffic¹ to justify its construction. This is from the other side also highly critical for future sustainability of regional and local road network because the collection of the road-tolls in Vojvodina is one of the biggest incomes of Road directorate that is supposed to finance upgrading, maintain and new building of this lower class roads in the whole country.

CEKOR also consider that motorway construction plans in Serbia&Montenegro could have also negative impact on the country economy in general. The motorway construction creates temporary employment, but it brings heavy burden for the national budget in much longer term, e.g the period of the concession or loan payment. This is especially valid for the projects that are oversized or not economically viable, which we show is often the case in the country. We believe that there are other priorities for investment of the limited public resources that could bring higher and permanent employment and benefits for the society, including in the transport sector such as development of the local railway freight and public passengers transport, public transport in the cities and adjustment of trains in order to accommodate transport of disable people.

3. Financing transport investments is a headache. How can the implementation of these axes and horizontal measures be best financed? What could be the role of the private sector and user charges?

CEKOR does not consider that Serbia&Montenegro government have difficulties to find foreign investors for the motorway construction. We show that even in the cases of the economically invaluable projects the government proposed a shames of Public-private – partnership that are able to attract private companies. However, we see serious lack of funding and strategy for financing the secondary and third class road and railway network.

In Serbia the user charges are temporarily used as tool for attracting investors, but there is no sustainable strategy for financing the maintenance of the existing infrastructure. Not to

¹ The unofficial assessments of ADT (national Road Agency) and our own analyses shows that the daily traffic in the region of Bela Palanka accounts for no more than 4000 vehicles

speak that there is not even mentioning of internalization in the road charges of the all social and environmental cost that are currently paid by the general public.

4. For the implementation and coordination of the recommended actions, the report calls for either a memorandum of understanding or an international agreement – do these help to achieve the objectives? If not, how would you ensure the implementation and coordination of the actions?

We have no expertise on achieving co-ordination of infrastructure construction, but are mainly concerned with the implementation of horizontal measures as mentioned above. For these, the requirement to implement the horizontal measures suggested in this document should become part of the Bilateral Agreements between EU and neighbouring countries and a condition for granting EU aid to neighbouring countries.

According to us the Serbian Transport Sector greatly benefit from experiences-sharing and cooperation with other countries and especially neighboring countries. And not only the governmental sector, but also the civil society need to learn on lot of fields of: protecting environment; protecting social and economical interests of poor/ middle class/ general public; lessons to learn on methods how to protect the regional and local transport networks and so on.

5. The Group has envisaged integrating the existing agreements and memoranda of understandings into a coherent framework. Should an international treaty be envisaged for this?

We do not have experience on that issue.