

INFRASTRUCTURE

TRANSPORT

2.00

WHITE BOOK BALANCE SCORE CARD

Recommendations:	Introduced in the WB:	Significant progress	Certain progress	No progress
Amendment of legislation and implementation practices to allow for an efficient registration of electric vehicles in Serbia, the introduction of specific incentives (including tax benefits) relating to the purchase and import of these vehicles, as well as building the infrastructure. Also, an adequate regulatory framework should be provided, in order to enable the development of this sector, which will take into consideration constructive recommendations of relevant stakeholders	2017		√	
Increase the quality control and inspection of materials when performing the works; implement international quality and public sector project management standards	2014		√	
Establish public-private partnerships in the vital transport areas not reserved for the state, which the state cannot make fit, restructure, or modernize independently i.e. where doing this in cooperation with the private sector would be more optimal and efficient	2014		√	
Invest additional efforts in opening the railway traffic market with the aim of establishing the necessary institutional structures. Application of European standards while implementing technologies on the railway network, in order to ensure interoperability and unimpeded traffic between neighbouring countries, with the aim of increasing transport through Serbia, is the key feature in that sense	2014		√	
Implementation of measures to improve intermodality features within the Serbian transport system	2014		√	

CURRENT SITUATION

The significance of the Republic of Serbia in terms of all kinds of transport is undisputed, not just for Balkan countries, but for the whole of Southeast Europe. Developments concerning transport would be most appropriately reviewed through five forms of transport: road, rail, water, air, and intermodal.

Endeavours to achieve the levels of development of the European Union (EU) are also present in this segment, which is evidenced by the implementation and harmonization of Serbian legislation with the EU acquis. The underlying basis for these activities is the General Master Plan for Transport in Serbia (TMP), adopted in 2009, which contains the guidelines and plans for the road, rail, water, air, and intermodal sectors of transport until 2027. At the same time, the General Master Plan for Transport in Serbia is the basis for existing and future projects, financed out

of pre-accession and accession funds of the EU, as well as other sources of financing.

In terms of legislation, the sector of road transport is certainly the most extensive, having in mind that this is the most common type of transport. Out of 5,000 kilometres of Serbian roads, 1,100 kilometres is highlighted as high-priority in terms of rehabilitation, in accordance with the Transport Strategy and the aforementioned General Master Plan. An improvement in this area has been achieved by adopting regulations regarding dangerous cargo and transport licences, while the regulations regarding the transport of goods have been made compliant with European regulations.

Rail transport is the sector where the need for modernization is the strongest, something intensively worked on over the past few years. In the rail sector, which has certainly seen some progress, it is necessary to keep opening up the

market for private operators and ensure the sustainability of the restructured railway companies.

The waterways, and Serbia's international connectedness through them, are underutilized, while another pressing issue in this sector is the financing of the reconstruction and modernisation of water transport, as the funds required for upgrading ports, waterways, and related systems, as well as their maintenance, are extremely large. An innovation is represented in amendments to the Law on Inland Navigation and Ports.

Intermodal transport, with three partially constructed terminals, is still in its infancy, with a tendency of further development over the coming period.

The three main features of the state of transport in the Republic of Serbia are current maintenance of existing infrastructure, investment in/modernization of infrastructure, and harmonization with European standards. Goals to be achieved are investment in infrastructure and investment in and maintenance of the existing transport network.

POSITIVE DEVELOPMENTS

Last year, as well as this year, works on all forms of transport have continued, not just in the technical sense, but also in terms of closing contracts and negotiations with executive authorities of neighbouring countries, as well as foreign investors.

The emphasis has been placed on building Corridors 10 and 11. In August 2019, works on the Obrenovac – Čačak highway section on Corridor 11 were finished, and works on the Surčin – Obrenovac section are expected to be finished at the end of 2019. The southern part of Corridor 10, the highway through the Grdelica gorge, has been finalized and opened to traffic. Construction on the Preljina-Požega section of Corridor 11 began in May 2019 and is expected to be finished within 36 months. The Government of the Republic of Serbia plans the construction of the section of Corridor 11 between Požega and Boljare, part of the Belgrade-South Adriatic highway corridor, and negotiations with China Communication Construction Company are soon to begin.

Some of the projects that lie ahead for the competent ministry are building the Belgrade – Budapest railway, building the Niš – Merdare – Priština highway, and reconstructing

the Belgrade – Bar railroad, while work is under way on producing project documentation for the Belgrade – Sarajevo highway.

Under a project titled "Implementing an electronic system of marking waterways (AtoN)," which is being carried out by the Ministry of Construction, Transport and Infrastructure with the aim of improving navigation safety as well as implementing modern IT technologies in water transport management, the complete contracted equipment will be installed during 2019. Also, under a project titled "Hydro-technical and excavator works in critical sectors on the Danube River in Serbia," preparatory works are under way between Bačka Palanka and Belgrade for the launch of works at the Danube's section near Čortanovci.

During 2019 the preparation of technical documentation has been in progress for building a new port in Belgrade, whose construction is expected in December 2023.

The rail sector cooperation with countries in the region has continued this year - at the beginning of September 2019 a project to reconstruct the Niš - Dimitrovgrad railway will commence, which is important due to the fact that this railway connects the Republic of Serbia and the Republic of Bulgaria, and which is targeted for completion at the end of 2023. During 2019, the rehabilitation of the railway along Corridor 10, in the total length of 112 km, is expected to be completed.

In the air transport segment, during 2019 the reconstruction of a runway at the Nikola Tesla airport is expected to be finished. Also, it should be pointed out that the Nikola Tesla airport posted positive quarterly business results for the January-March period. The opening of a part of the military airport Morava in Lađevci near Kraljevo for civil flights occurred at the end of June of 2019.

Having in mind all ongoing projects, it is evident that investing into the transport infrastructure represents a priority.

REMAINING ISSUES

Traffic safety is the most important issue when it comes to transport problems. The number of fatalities and injuries is growing, which is not in accordance with the Strategy for Traffic Safety on Roads 2015 – 2020.

Another ubiquitous problem in road traffic is financing – state funding and foreign investments are not sufficient for

the maintenance, rehabilitation, and construction of roads, an aggravating circumstance given that this issue is directly connected with traffic safety.

One of the pending issues is the lack of a suitable incentive scheme for the purchase and import of electric vehicles (including tax benefits), as well as for building the infrastructure, which may become a notable obstacle for the country's green energy agenda, jeopardizing the strategic importance of Corridors 10 and 11. On the other hand, it is encouraging that the Ministry of Construction, Traffic and Infrastructure has recognized the need for improvements in this area, and electric charge stations have already been installed on Corridor 10 at certain points.

Modernization is the biggest issue in the rail sector. There is still a lot of work to be done to improve this form of transport, as a great number of railroads are not even being used, and the speed of trains on certain sections is not satisfactory. Attention should be paid to a longer-term plan

for improvements in rail transport and its linkage to road transport, in order to increase intermodality.

Another issue is the public image of rail transport. Public opinion should be actively changed by changing the marketing policy.

The utility of airports other than the Belgrade and Niš airports should be increased, and a long-term strategy of utilization of Serbia's overall air traffic infrastructure should be devised.

When it comes to water transport, the biggest issue is financing – substantial funds are needed to renovate infrastructure dating from the former Yugoslavia. The modernization and maintenance of the water transport system cost a lot. It is encouraging that EUR 66.5 million worth of investment has been announced towards the development of river transport and the protection of natural characteristics of the Danube in the coming years. One of the positive examples is the reconstruction of Smederevo Port.

FIC RECOMMENDATIONS

- Amendment of legislation and implementation practices to allow for an efficient registration of electric vehicles in Serbia, the introduction of specific incentives (including tax benefits) relating to the purchase and import of these vehicles, as well as building the infrastructure. Also, an adequate regulatory framework should be provided, in order to enable the development of this sector, which will take into consideration constructive recommendations of relevant stakeholders.
- Increase the quality control and inspection of materials when performing works; implement international quality and public sector project management standards.
- Establish public-private partnerships in the vital transport areas not reserved for the state, which the state cannot make fit, restructure, or modernize independently i.e. where doing this in cooperation with the private sector would be more optimal and efficient.
- Invest additional efforts in opening the railway traffic market with the aim of establishing the necessary institutional structures. The application of European standards while implementing technologies on the railway network, in order to ensure interoperability and unimpeded traffic between neighbouring countries, with the aim of increasing transport through Serbia, is the key feature in that sense.
- Implementation of measures to improve intermodality features within the Serbian transport system.