



JOINT CENTER FOR ALBANIA-SERBIA RELATIONS

TRANSPORT LINKAGES BETWEEN ALBANIA AND SERBIA

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Background

Being for quite a long time on the periphery of empires and characterized as a backward region, what is now termed as Western Balkans, manifests existing drawbacks in terms of connectivity with the broader European network of routes, railways, and ports. Despite various differences in terms of infrastructure development and investment, most of the Western Balkan region lags behind compared to other regions or countries in the European Union. Nonetheless, there exist concrete efforts and organizations that encompass

projects, policies and initiatives to ameliorate the infrastructural conditions in Western Balkans and enhance the transport cooperation and interdependence among countries within the region and their links with broader transport networks in European Union. Since the establishment of the Maastricht Treaty in 1992, the EU has pursued a consistent transport policy that prioritizes interconnectivity of EU routes with non-EU member states. This policy follows and complements the SEETO strategy with the TEN-T network.



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Albania and Serbia constitute two countries of the Western Balkan region that are strategically positioned as nodal linkages of transport routes. Albania is in a favorable position that links the Mediterranean basin with the East and Serbia links the Western Balkan region with the Danube basin and henceforth with North of Europe. However, given the salient role of regional inter-state organizations such as the RCC and the SEETO “whose most obvious areas of cooperation include transport and energy infrastructure”¹, and the EU push towards connectivity in the region via also the Berlin Process, the countries of Western Balkans such as Albania and Serbia in particular, have a more conducive environment to engage in improvements of the transport interconnections and mutual

projects of cooperation in this policy field. For example, the SEETO network’s priority is to “avoid the isolation of the region from the main transportation corridors of the EU, which surround the Western Balkans”². This policy brief presents the current state of play regarding the shared pitfalls and further improvements in transport policy of Albania and Serbia. In general, the Western Balkans’ transport infrastructure is characterized by “insufficient length of highways, non-uniform transport infrastructure, and lack of high-speed railway lines”³. This policy brief shall also address the potential of this particular policy in enhancing economic relations and growth between the two countries. The policy brief intends to provide a set of recommendations.

¹ Holzner, Mario, Robert Stehrer and Hermine Vidovic. “Infrastructure Investment in the Western Balkans”. 2015 p.6

² Ivanov, Tsvetan, and Deyan Matov. “European Transport Networks- The Road to Economic Connectivity in South East Europe”. 2013 accessed at : <http://top100.seenews.com/2013/10/european-transport-networks-the-road-to-economic-connectivity-in-southeast-europe/>

³ Ivanov, Tsvetan, and Deyan Matov. “European Transport Networks- The Road to Economic Connectivity in South East Europe”. 2013 accessed at : <http://top100.seenews.com/2013/10/european-transport-networks-the-road-to-economic-connectivity-in-southeast-europe/>

State of Play: Albania

Albania shares the same features of transport infrastructure with most of the countries of the Western Balkans, with few exceptions as regards the motorways, which have experienced a boost in financial investments in the recent years. The first railway to be constructed in Albania, being also the last one in the region was in 1917⁴. It appears paradoxical that a country positioned at the intersection of important routes and networks between East and West has been characterized for decades by insufficient infrastructure, few regional interconnections and recently by de-industrialization. As a specialized report on Western Balkans infrastructure states: “Not only did infrastructure start late, but there were also weak development networks”⁵. However there are certain dimensions of the existing configuration of the transport network in Albania that would make the country

advantageous in principle with regard to economic development and inter-regional transport linkages. Experts on transport policies argue that Albania possesses strategic leverage as other maritime countries, related to the ports: “The ports contribute significantly to the expansion of economic activity not only in Albania, but also in other countries by supporting the economic integration of these countries”⁶. In more concrete terms, experts of transportation policies identify the port of Durres: “...the Albanian port of Durres is the western end of the Pan-European Transport Corridor VIII, which has an essential role to play in the economic development of the country and the Western Balkan region. Durres is considered as one of the most important ports in the Adriatic Sea, because it could play a significant transit role in passengers and goods transportation to the other European countries”⁷.

⁴ Holzner, Mario, Robert Stehrer and Hermine Vidovic. “Infrastructure Investment in the Western Balkans”. 2015

⁵ Holzner, Mario, Robert Stehrer and Hermine Vidovic. “Infrastructure Investment in the Western Balkans”. 2015, p.3

⁶ Mazrekaj, Ramadan. “Albania as a Bridge of Routes and Transport Corridors between the Adriatic and the Black Sea”. *Academic Journal of Business, Administration, Law and Social Sciences*. 2015.p. 194

⁷ Mazrekaj, Ramadan. “Albania as a Bridge of Routes and Transport Corridors between the Adriatic and the Black Sea”. *Academic Journal of Business, Administration, Law and Social Sciences*. 2015. p. 199

Nonetheless, a strategic advantage does not easily translate into concrete economic development and growth. One of the main reasons for the transport bottlenecks and the laggard status is the focus on the construction of national transport routes, albeit themselves insufficient. "Transport systems in SEE have traditionally developed along national lines. ... infrastructure planning remained for years (and still does) focused on national priorities more than on those trans European"⁸. A positive development in the transport sector in Albania is the increase in the motorway construction within the national transportation routes. According to the recent data and to the prospective prognosis of the future development of European transport motorway routes Albania, compared to Serbia and other countries in the SEE region, has experienced "significant expansion in their modern road networks"⁹. Furthermore,

Albania has been considered as a "leader in motorway density"¹⁰ in Western Balkans. Albeit this considerable improvement certain limitations and concerns remain to be addressed. First of all, the financing of sustainable transport routes cannot be solved through national budgets and secondly, there is a lack of qualified personnel in "administrative and financial planning"¹¹. In this respect, a number of transport projects may remain unimplemented. The local willingness to modernize the transport infrastructure can be more effective if integrated within the transport projects of the SEETO and TEN-T networks of regional and European scale. It is important to note that economic investments in transport infrastructure when confined to national routes might not "improve the interoperability on major routes"¹², nor eliminate "existing bottlenecks to mobility and complete missing sections"¹³.

⁸ SEETO 2012 Report, p. 5

⁹ Holzner, Mario, Robert Stehrer and Hermine Vidovic. "Infrastructure Investment in the Western Balkans". 2015, p.7

¹⁰ Holzner, Mario, Robert Stehrer and Hermine Vidovic. "Infrastructure Investment in the Western Balkans". 2015, p. 9

¹¹ Holzner, Mario, Robert Stehrer and Hermine Vidovic. "Infrastructure Investment in the Western Balkans". 2015, p.5

¹² SEETO 2012 Report, p. 48.

¹³ SEETO 2012 Report, p. 48.

¹³ Ivanov, Tsvetan, and Deyan Matov. "European Transport Networks- The Road to Economic Connectivity in South East Europe". 2013 accessed at : <http://top100.seenews.com/2013/10/european-transport-networks-the-road-to-economic-connectivity-in-southeast-europe/>

One of the most ineffective current sectors of the transport policy and network in Albania, which was effected by the de-industrialization of post-communist economic change, is the railway sector. Although, the Western Balkan countries are described as suffering from “lack of high-speed railway lines and poor condition of the existing railway network”¹⁴ Albania is the country that is the less equipped and integrated within the rail network. Experts indicate that Albania is “de-facto not-integrated in the Rail Freight Corridors”¹⁵. At the same time the current state of the rail network in Albania is not conducive to “generate and sustain international traffic, and the national network is quite minimal”¹⁶. The railway track in Albania is 447 km of single track that goes mostly to main cities such as Durres and Tirana,

and the railway track that links Albania to Montenegro albeit the inauguration in 2004 needs further restoration and improvement¹⁷.

The government transport strategy foresees investments in the railway network that link main cities within the country or link Albania to the Montenegro border and to Greece. Contrary to Albania, the Republic of Serbia has a more developed and effective railway network, which is comparable to the conditions in Romania and Bulgaria.

In terms of airports and air transportation, Albania has managed in the last decade to modernize the only international airport that it has, namely, the Tirana International Airport. On the other hand, Belgrade is considered as becoming a regional hub for air transportation in the region.

¹⁴ Selenica, Geri. <http://lexo.al/shqiperia-pozicionohet-shume-keq-strategjikisht-ne-transportin-ballkanik/> 2015.

¹⁵ Selenica, Geri. <http://lexo.al/shqiperia-pozicionohet-shume-keq-strategjikisht-ne-transportin-ballkanik/> 2015.

¹⁶ Mazrekaj, Ramadan. “Albania as a Bridge of Routes and Transport Corridors between the Adriatic and the Black Sea”. *Academic Journal of Business, Administration, Law and Social Sciences*. 2015. P. 197

¹⁷ IPA National Programs Serbia

State of play: Serbia

The Republic of Serbia has devised a national strategy of transportation policy, as most of the other countries in the region that is focused on the most of the transport sectors “in order to achieve economic feasibility of the sector”¹⁸ and to “integrate the domestic network into international transport tendencies”¹⁹. On the other hand, the transport sector is considered by the Serbian government as an important facet of the Fiscal Strategy 2013-2015. There is a similar awareness as in the case of Albania that the national transport network needs to be modernized and that it has to be part of the larger regional and European transport system.

The road transport network in the Republic of Serbia has a total length of 38,000 km. However, despite its well-developed structure it has suffered from “insufficient investments and previous inadequate maintenance”²⁰.

Regarding the railway network, Serbia is better than Albania or

other countries in the region having a more extensive railway network. The total railway network extension in the territory of Serbia is 3,809 km, of which 1,768 km are main lines and the remaining lines are electrified (1,247 km). The main cities that are the nodal points of the railway network include Belgrade and Nis. According to the reports, the railway network density is uneven, and that double-track network of the railway is still minimal. At the same time, the Serbian transport sector is still far from being intermodal, given that most of the transport traffic usage is dependent on the road transport network. Experts that have prepared the strategy of transport sector in Serbia delineate that “the present modal split, which is estimated at about 80-85 percent for road transport, 10-15 % for railway, and about 7 % for IWT, will probably continue for some time...”²¹ Apart from the need to diversify the overall transport network, there is recognition that an efficient and expansive transport

¹⁸ IPA National Programs Serbia

¹⁹ Strategy of Railway, Road, Inland Waterway, Air and Intermodal Transport Development in the Republic of Serbia 2008-2015, p. 10.

²⁰ Strategy of Railway, Road, Inland Waterway, Air and Intermodal Transport Development in the Republic of Serbia 2008-2015, p. 16

²¹ Technical Assistance for the Evaluation of Transport Sector Implemented and Financed by IPA Program and other Donors in the Republic of Serbia- Final Evaluation Report 2013, p. 31.

network is conducive to economic development. This is to be realized through integration in the TEN-T or SEETO regional and international network. "...good international transport connections are important to allow trade, industry and tourism to prosper"²²- experts evaluating the transport sector in Serbia say. A promising sector for the Republic of Serbia, which has a better potential of development and modernization, constituting an important part of the transportation policy is the railway sector. "In 2015, the Republic of Serbia has a strategic position on the railway market of South East Europe. Railways represent an efficient and ecologically acceptable transport system, well organized and market oriented"²³. Thus the railway network transportation can substitute and provide a useful alternative to the cumbersome road transportation. As this policy brief will show in the next section, the railway sector constitutes one of the important transport linkages between Albania and Serbia as part of the regional transport network and European connectivity agenda.

Concerning the air transportation, the city of Belgrade has become recently a regional hub of air transportation together with the two main international airports. As the transportation strategies specify: "Aviation development resulted in competitive market, increasing the number of passengers and of the amount of the cargo at the territory of the Republic of Serbia"²⁴. The 'Nikola Tesla' Airport has become after its expansion and modernization an effective regional entrance and transit point for the South East European region with regard to tourist and business flights²⁵. The National Background Report on Transport for Serbia, effective a few years ago, presents as a national strategy in transport policy, given the context of a globalized economy that this situation "calls for a greater degree of integration between states"²⁶. An important step in this process is what the strategy considers as the "effective inclusion of Serbian transport network into wider regional and European transport network"²⁷.

²² Strategy of Railway, Road, Inland Waterway, Air and Intermodal Transport Development in the Republic of Serbia 2008-2015, p. 35

²³ Strategy of Railway, Road, Inland Waterway, Air and Intermodal Transport Development in the Republic of Serbia 2008-2015, p.49

²⁴ Strategy of Railway, Road, Inland Waterway, Air and Intermodal Transport Development in the Republic of Serbia 2008-2015, p. 51.

²⁵ Tošić, Vojin and Radoslav Jovanović. National Background Report on Transport for Serbia. 2009: p.14.

²⁶ Tošić, Vojin and Radoslav Jovanović. National Background Report on Transport for Serbia. 2009: p.14.

²⁷ IPA National Programs Serbia

Transport Linkages between Albania and Serbia

The last agreement between Albania and Serbia in relation to the transport policies, if we exclude the recent signed agreements, was in 1982 that involved mostly freight transportation. The current agreements between the two countries have intensified the relation between Serbia and Albania in the transport sector by increasing the potential for the free movement of goods and peoples. Apart from the standard agreements on transport policies, both the two countries have envisioned concrete major transport investment in infrastructure that would enhance the position of the countries in the region. A central investment in infrastructure for the Republic of Serbia is the construction of the Corridor X and the railway network that it entails. Within the overall objective of the modernization of the transport system in Serbia, the government intends as a main objective to: “modernize the transport system within the Pan-European corridor X that is considered a driver for economic development, specifically

by increasing the capacity for intermodal transportation within the Corridor”²⁸. To this aim, the government has invested thus far 1.2 billion Euro apart from the International Financial Institutions’ investment. This corridor links the South Eastern Europe to the region of Central Europe.

Regarding Albania, one of the most important investments in the transport infrastructure is related to the Corridor VIII both in the road sector and the railway sector. This corridor stretches throughout the Southeast Europe and links the Port of Dures to the other countries of the region such as Macedonia and Bulgaria. The railway part of the Corridor VIII in Albania include Tirane-Dures-Lin and Vore-Han i Hotit. This existing railway sector is already confined within the national territory and requires further improvement and modernization.

In terms of the infrastructure projects that link Albania and Serbia two of them are of important note. One of these is the highway

²⁸ See: <http://www.cclaw.al/eu-will-fund-infrastructure-projects-for-albania-and-western-balkans/>

that links Niš-Prishtina-Durres. This particular project has the support of both governments. The representatives of both countries are aware of the interconnectivity effects that the transport infrastructure projects have for Albania and Serbia. "Prime Minister Rama noted that big infrastructure projects ...are European projects which promote the interconnection of Western Balkan countries"²⁹. As for the investment, a large share of the investment for such a project shall come from the international financial institutions such as the ERDB. It goes without saying that the construction of this highway shall increase the flow of goods, tourists, and facilitate economic growth. Another infrastructure project that is suggested by the

Serbian government includes the Belgrade-Podgorica-Shkoder highway³⁰. A prospective shared project that is related to the railway sector of transport policies involves the government of Albania, Kosovo and Serbia. A number of experts and associations have emphasized the importance of this railway project that connects these countries. The railway path starts in Milot, Albania to Prizren and continues in Niš³¹. Another favorable investment in infrastructure that would be profitable to both countries, according to experts, is the development of the Port of Shengjin as a hub for transportation, besides that of Durres. As transport experts claim this port reduces the distance between sea and land in the road networks of the region.³²

²⁸ See: <http://voiceofserbia.org/content/transport-integration-west-balkans-european-network>

²⁹ See: <http://lexo.al/shqiperia-pozicionohet-shume-keq-strategjikisht-ne-transportin-ballkanik/>

³⁰ See: <http://acp.al/news/381/Infrastruktura-ne-Shqiperi-kerkon-edhe-2.5-miliarde-euro-investime>

Policy Recommendations

- Reinvigoration of transport linkages between the two countries constitute a sustainable investment that yields positive spill-over effects in economic growth and interconnectivity
- Intermodal split and the focus on more environmental friendly transport sectors should continue to be a priority in infrastructure investments in both countries
- Large scale infrastructure projects could place both the countries and the region at the intersection with the European transportation networks
- Transportation investment in Albania and Serbia increases the leverage of these countries within the regional scope of influence.
- Transport investment could constitute an initial step in sustaining further cooperation in other sectors between Albania and Serbia.