Institutional Development and the Accession Process: The Case of Transport

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Abstract. Institutional development is considered an important lever for economic development as well as the consolidation of democracy in Central and East European countries preparing for accession to the European Union. This article explores the meaning and relevance of this claim for the transport sector. It reviews empirical evidence from Hungary, the Czech Republic, Poland, Slovenia, Slovakia, Bulgaria and Romania on the subjects of legal approximation vs. implementation and institutional structures in general and for specific areas of transport legislation. The information available suggests that the problems currently faced with respect to legal approximation to European Union directives and regulations are only marginally related to institutional constraints specific to the transport sector. They have rather more to do with generic barriers related to institutional practices and learning processes as well as welfare concerns associated with the entry in a common market which whilst preaching free access and competition is in many respects considerably regulated and protected with technical and fiscal standards which can be legitimately considered as strict from the perspective of less advanced economies.

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Introduction

The institutional context of any society affects economic performance in more than one way. According to North (1990), it will affect both transformation and transaction costs through the constraints – formal and informal – it imposes on individual and/or organisational behaviour (but also through the opportunities it creates for the latter). Furthermore institutions are the principal mediators of ideologies which through political culture exert a lasting influence on economic development. Overall, 'the polity and the economy are inextricably interlinked in any understanding of the performance of an economy' (p.112).

The recognition of the role of institutions for economic performance and by default for economic analysis has led to the development of a separate discipline within economics, namely economic institutionalism (Parsons, 1995). How economists study institutions and for what purpose is different than either sociologists or political scientists. Parsons (1995) distinguishes next to economic institutionalism between sociological and political institutionalism. The sociological tradition in the study of institutions has tended to focus on the organisational aspects of institutions, more generally, how they function and how their organisation affects policy decisions or 'decision situations' (Szelinick, 1957; March and Olsen, 1972; Kiser and Ostrom, 1982). Based on a critique of the limitations of this approach, political scientists have tended to focus on the relationship between the state and institutions in an attempt to bring back in the concept of power and power relations (Amenta and Skocpol, 1989; Weaver and Rockmann, 1993; Hall, 1986).[1]

Case studies of institutional development abound in all three traditions, but with few exceptions there has been no systematic elaboration of a method of institutional assessment analysis – not even in fields like social policy or education which have been the main concern of institutional analysts.

[1] Hall (1986) takes a wider view and defines institutions more flexibly as 'the formal rules, compliance measures and operating practices that structure the relationship between individuals in various units of the polity and economy' (cited in Parsons, 1995). Hall further argues that economic policy can be explained in terms of five structural variables or sets of institutions: the organisation of labour; the organisation of capital; the organisation of the state; the political system and the structural position of the country in the international system. This approach to institutional development is not the one taken in this study. However, inevitably when one talks about constraints or resistance to institutional change, transformation or learning, it is with this wider set of practices that one is confronted with. In other words, it is important to keep in mind that institutional change is not alone a process of administrative or bureaucratic reform but one which pre-supposes changes in social relations.

The accession process and institutional development

There are two principal sets of criteria for accession to the European Union: political and economic criteria. An important lever to both economic development and the process of democratisation is institutional development. Just how much weight the EU places on institutional development can be seen by looking at the official accession criteria as put forth by the European Councils in Copenhagen 1993, Madrid 1995 and Luxembourg 1997.

"As stated in Copenhagen, membership requires that the candidate country has achieved:

- stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities;
- the existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union;
- the ability to take on the obligations of membership including adherence to the aims of political, economic and monetary union.

Membership also requires that the candidate country has created the conditions for its integration through the adjustment of its administrative structures, as underlined by the Madrid European Council in December 1995. While it is important that European Community legislation is transposed into national legislation, it is even more important that the legislation is implemented effectively through appropriate administrative and judicial structures.

The Luxembourg European Council (December 1997) also underlined that 'as a prerequisite for enlargement of the Union, the operation of the institutions must be strengthened and improved in keeping with the institutional provisions of the Amsterdam Treaty'." (European Commission 1999, p.10)

Three of the five criteria directly concern the development of institutions in the accession countries. This is also why over many years, the focus of the PHARE programme has been technical aid with a focus on institutional development. There are two underlying assumptions to this institutional 'vision' of the Union that are worth explicitly noting:

First, that the institutional make-up of liberal democracy based on plurality, interest representation, civil society and consensus-building, provides the best context for economic performance—directly through the reduction of transaction costs and indirectly, via technology, through the reduction of transformation costs. Real-socialism was not conducive to sustainable economic performance in the long-run: the prevalence of hierarchies and the lack of transparency made it very difficult to achieve and maintain competitiveness in a globalised context and tended to perpetuate underdevelopment.

Second, that there is a necessity to change the existing institutional structures so as to approximate those of the West European prototype. Institutional development is, however, typically incremental and slow – yet for accession, major changes are expected in a comparatively short period of time. What this has in practice often meant is the 'letting die' of earlier institutional structures whilst in parallel establishing new ones, an approach which has nevertheless been associated with high social costs. One thing is however clear, whatever way is chosen towards institutional development, this will itself involve transformation costs.

In this latter connection Mayhew (1998) notes that 'the current strategy is a very dangerous one, and has never been applied to previous applications for membership' (p.224). Furthermore he underlines that the European Union, without admitting it, 'imposed a programme of legal approximation, without giving any guarantee of membership. This is the reason that certain observers in Central Europe caution against a too rapid approximation in areas where there are economic difficulties' (p.224).

The process of legal approximation poses several problems for the accession countries. There are fundamental economic problems related to the structural problems in the fields of agriculture, industry, trade and income differentiation. There are also technical problems inherent in the fact that Community legislation is itself continually changing and that the Acquis does not necessarily represent the latest developments in any particular field. But more 'daunting' is the process of implementation. Being aware of this the Commission is never tired of drawing a distinction between transposition and implementation (Commission Opinion, Synthesis Report, 1998). Finally, it is also important to remember that legislation is not equivalent to policy, yet the ultimate goal is to approximate policies; and that this cannot be done without carrying out economic impact analysis for the various sectors.

Mayhew (ibid.) identifies the following problems in the institutional area regarding the approximation of legislation (in any field):

- 'the weakness of organisations in the market economy which can take on the burden of self-regulation or voluntary regulation;
- the lack of experience and precedent in the new institutions which have been created since the reforms began;
- the lack of trained personnel to staff the new institutions;
- the question of training and retraining staff in these institutions
- the difficulty of creating the conditions under which individuals and companies can have access to the courts in these specific areas of market economy regulation' (p.222)

As shown above the Commission underlines that part of institutional development is the development of an efficient administration or civil service. The main problems in this field are:

- ‘the lack of appreciation at government level of the administrative burden of preparing for accession to the European Union;
- a generalised refusal by government to pay salaries to civil servants which are competitive to private sector salaries, with all the associated problems of attracting good staff;
- the relatively weak development of appropriate management techniques for the civil service at government level;
- the lack of adequate training for civil servants, both in the techniques of efficient management and in the specialised areas required by the preparation for accession;
- in some countries, the difficulty of sacking inefficient civil servants due to the over-protective labour rules in the government sector;
- in some sectors, the inadequate staffing levels required for the new tasks related to regulating a market economy and preparing accession.’ (ibid. p.228)

Country backgrounds

The countries under investigation differ in many respects. Table 1 compares them across some major socio-economic indicators.

Bulgaria is a medium-size country with just over eight million inhabitants. Following a short upbeat period in the beginning of the nineties, it has faced difficult times during the last several years and a serious economic crisis in the years 1996 and 1997. The economic situation has been slowly improving since 1998. Nonetheless Bulgaria is still the country with the lowest GDP per capita of all the accession countries.

The Czech Republic is the second richest of the accession countries in terms of GDP per capita. 10 million inhabitants make it a medium sized country. For most of the 1990's the Czech Republic experienced strong economic growth whilst maintaining its low unemployment rate. Since 1998 the economy has been drawn into a recession but growth rates are expected to be positive again for the year 2000.

Hungary is a country of 10 million inhabitants. In terms of GDP per capita Hungary lags a little bit behind the Czech Republic and Slovenia but the combination of its economic and political stability with the commitment to carry out the necessary institutional and economic reforms have made it the prime candidate for accession.

Poland is by far the biggest of the 12 accession countries. Its 39 million inhabitants make it almost twice as big as the second largest country, Romania. Stable GDP growth throughout the 1990's has improved the economic situation but nevertheless Poland's GDP per capita is only a little more than half of that of Slovenia.

Romania is the second largest accession country with twenty million inhabitants. It has the second lowest GDP per capita which corresponds to 31 per cent of the European average. The Romanian economy has been experiencing negative growth rates since 1997. Compared to the other accession countries agriculture plays a much more important role in Romania, contributing 19% of GDP.

Slovenia is a small country with two million inhabitants and displays the highest average GDP per capita among accession countries which in turn corresponds to 68 per cent of the European average. Slovenia has experienced consistently high growth rates over the last years and appears to has swiftly and successfully coped with transition as well as independence. Light industries and the service sector have expanded significantly over the last decade, thus rendering the country's economic profile analogous to that of post-industrial societies in the West. Unemployment could be kept at moderate levels and the problems faced in the labour market are similar to those being faced in West European countries.

Table 1: Comparative Economic Statistics

		Bulgaria	Czech Republic	Estonia	Hungary	Latvia	Lithuania	Poland	Romania	Slovak Republic	Slovenia
Population	million	8.3	10.3	1.5	10.1	2.5	3.7	38.7	22.5	5.4	1.9
GDP Nominal 1997	€ Billion	9.0	45.9	4.1	40.4	5.0	8.5	119.8	30.9	17.2	16.1
Nominal GDP/Capita	€	1,100	4,500	2,800	4,000	2,000	2,300	3,100	1,400	3,200	8,100
Relative GDP/capita at PPP	Index EU=100	23	64	37	49	27	30	37	31	46	68
Real GDP Growth 1998 (1)	%	2.5	-2.7	4.0	5.0	4.0	4.0	4.8	-7.3	4.4	4.0
Exports 1997	€ billion	3.1	20.1	2.6	16.8	1.4	3.4	22.7	7.4	7.3	7.4
Imports 1997	€ billion	2.9	24.0	3.9	18.7	2.4	4.9	37.3	9.9	9.1	8.3
Share of 1997 GDP in:											
Agriculture	%	15*	5**	7**	6*	7	11*	5	19	5	4*
Transport & Communication	%	7*	8**	9**	8*	17	9*	6	10	8	7*
Manufacturing	%	20*	28**	15**	20*	21	24(1)	20	27	24	24*

Source: Eurostat

* - 1996   ** - 1995

(1) share of industry, ERBD ***Transition Report Update***, April 1999

The role of transport

Transport and communications generally amount to no more than 10% of GDP in the industrialised countries (see Table 1). Transport alone is estimated to contribute between 3% and 6% to GDP in the accession countries. How can it then be argued that the transport sector is one of the sectors central to the process of EU Enlargement? How can it be explained that transport is, together with agriculture and environment, the main focus of the EU's pre-accession assistance?[2] The answer lies in the strategic importance of transport for economic development and the degree to which the European Commission exerts influence on the transport sector as compared to other sectors of the economy.

First the notion of the strategic importance of transport for economic development follows the argument that a well functioning infrastructure, be it in transport, telecommunications, electricity or water, is a prerequisite for any economic development. In most CEE countries transport infrastructure development lags behind the level of the EU countries. As opposed to telecommunications infrastructure, private companies are not expected to invest sufficient amounts to raise the quality of transport infrastructure to levels desired by the national governments and the EU. Second, quite apart from infrastructure, the existence of a well functioning market for transport services enables companies to conduct business efficiently and raises the attractiveness of a country for foreign investment. Third the countries of the European Union have a strong self interest in developing and opening the transport markets in the CEEC in order to allow their own companies to conduct business.

Besides agriculture, transport is arguably one of the economic sectors within the EU most influenced by the central authorities in Brussels,

[2] PHARE, ISPA

particularly by the Commission. There seem to be two reasons for this. First the operation of vehicles is not confined to any particular country and therefore uniform social and technical standards are required. Second the national policies of protecting generally state owned airlines and railway companies from foreign competition violate the ideas of the Common European Market. The Commission has recognised the importance of functioning markets for transport services. It has also been trying to improve the attractiveness of railway services by forcing the member states to completely deregulate their transport markets.

The more general points made above on institutional development also hold true for the transport sector. Practically all the directives of the Transport Acquis have institutional implications, whereby the scope of institutional development naturally differs significantly (between directives as much as between countries). Two examples can help make this point clear:

Council Regulation No.2407/92 on licensing of air carriers envisages the licensing of airlines on equal terms and the implementation of EC competition rules in air transport. The implementation of this directive necessitates the establishment of a licensing authority if such is not available; the staffing of this authority with competent personnel and/or the training of existing personnel; and the co-ordination with the agency in charge of competition policy more generally. The institutional ‘costs’ for implementing this directive will vary significantly from country to country depending on the existence or not of a licensing authority and/or an agency in charge of competition policy.

Council Regulation No. 3820/85 is concerned with the establishment of driving times and rest periods for truck drivers. The costs for the implementation of this regulation relate more to the impacts of the application of this directive on the national carriers and to the costs for the implementation of relevant recording equipment. On the institutional side, it is important to establish a monitoring body; to organise for measurements that can in turn feed into transport statistics; and possibly to organise for training of truck drivers.

Greater is the scope of institutional change required by the Directive on the Restructuring of National Railways (and the separation of infrastructure from the operation of services). The implementation of this directive will necessitate the replacement of the existing hierarchies with a set of new more specialised institutions. This is undoubtedly a long-term goal and one that has been difficult to implement in Western Europe as well. It is also one of the directives possibly facing the most ‘resistance’ by reason of the likely implications in terms of loss of jobs it will have.

It should be added that many of the expected changes involve not only the training of personnel for carrying out a range of new tasks; but also a change of mentality when approaching these new tasks – the transformation of the public sector into an efficient ‘business-like’ service is proving a complex task also in many advanced industrialised societies which have invented the new managerial approaches. It is all the more complicated in Central and East European countries.

Legal approximation: transposition vs. implementation

The Transport Acquis comprises a set of more than 100 directives and regulations which together set out the regulatory framework for transport activities in the European Union, thus of the Common Transport Policy. Directives need to be transposed into national law prior to becoming effective. This is not necessary for regulations which surpass national law.

Thus the problem of approximation is posed. When discussing approximation the European Agreements that set the premises and conditions for accession distinguish between transposition and implementation. Transposition refers to the adoption and subsequent enactment of European legislation; implementation concerns enactment and is thus primarily about the realisation or enforcement of policy.

Not surprisingly in most accession countries transposition has been easier thus faster to realise than implementation. Differences can be observed in the degree to which EU legislation has been transposed as well as in the procedures of transposition. Three good examples for varying levels of transposition and different approaches are Bulgaria, Romania and Slovenia.

In Bulgaria approximation in the field of transport has been characterised by the passing of main framework laws accompanied by a set of regulations on specific themes. Many of these framework laws were passed only recently (or are upcoming) and were drafted to fully comply with the Transport Acquis. Thus the degree of transposition is high. The approach of using framework laws instead of drafting and passing individual pieces of legislation has undoubtedly increased the speed of legal approximation while still allowing for an unabbreviated democratic process to take place.

In Romania important pieces of legislation have been introduced in the form of 'ordinances' or 'emergency ordinances'. Thus, for instance, the restructuring of the Romanian railways was realised entirely on the basis of ordinances and emergency ordinances. Ordinances are prepared by members of the government and submitted for consultation to the Legal Council of the Parliament. The Legal Council checks ordinances for legal consistency and gives its opinion to the Council of Ministers. Once approved, ordinances enter into force upon their publication in the Official Journal. Ordinances remain valid for limited time after which they have to be passed as law by parliament or be withdrawn. The widespread use of government ordinances in restructuring and reforming the Romanian transport sector has allowed for a pace of reforms difficult to achieve with laws passing through parliament prior to being enacted. On the other hand one could argue that the democratic legitimisation of the legislative process suffers from these procedures.

The process of legal approximation in Slovenia most closely resembles the approach taken by most of the current EU Member States. Single pieces of legislation are drafted by the competent institutions, pass through the council of ministers, are then debated in parliament and finally, after revision, voted on. This procedure allows for the most transparent and democratically most sound decision process but it also takes the most time to carry out reforms and adopt new legislation. This may explain the surprisingly small difference in the level of transposition of the Transport Acquis between Slovenia and a country like Bulgaria which is generally much less advanced in terms of approximation.

One of the unexpected results of the study 'Costs and Benefits of Enlargement' (Halcrow Fox 1999) was the little correlation between transposition and implementation of EU transport legislation. Whereas it was expected to find transposition to be generally more advanced than implementation it was surprising to find that there are also countries with less than perfect transposition but near perfect implementation of EU legal norms. The paragraphs below provide some examples.

In terms of implementation we can classify the accession countries in four clusters (see Graph 1):

- Countries which are close to completing the process of transposition but which also fare well regarding implementation. In this cluster we find mainly Hungary.

- Countries where the shortcomings of the legal approximation do not adequately reflect the high degree of implementation/enforcement of transport legislation. In this cluster we find the Czech Republic and Slovenia.

- Countries which are doing well in terms of transposition but are behind in terms of implementation. In this cluster we find Bulgaria and Slovakia.
- Countries which are not advanced in terms of transposition thus also fare badly in terms of implementation. In this cluster we find Romania.

The situations as described by Clusters 1 and 4 correspond to the expected results for the highly advanced accession countries on the one hand and for those that are lagging behind on the other. Clusters 2 and 3 deserve some more attention.

Particularly interesting is the case of Cluster 2. In the Czech Republic and Slovenia the level of implementation is at least as high as in Hungary, in Slovenia even significantly so. This can not be seen, however, by purely looking at the tables of legal compliance as produced by the bilateral screening procedures. A good example is the legislation on the transport of dangerous goods by road. According to the screening results Slovenia does not fully comply with the relevant EU Directives[3] whereas Hungary does. Looking at the issue in more detail the picture completely changes. The non-compliance of Slovenia is actually caused entirely by domestic regulations which are stricter than those of the EU[4]. On the other hand the enforcement of legislation, as reflected in the frequency of checks, was found to be better in Slovenia than it was in Hungary.

The countries in Cluster 3 are characterised by a commitment to fast legal approximation without always possessing the resources or the political will to fully implement the new legislation. On the whole Slovakia is obviously much more advanced than Bulgaria both in terms of transposition and in terms of implementation (see Graph 1). Yet there is a

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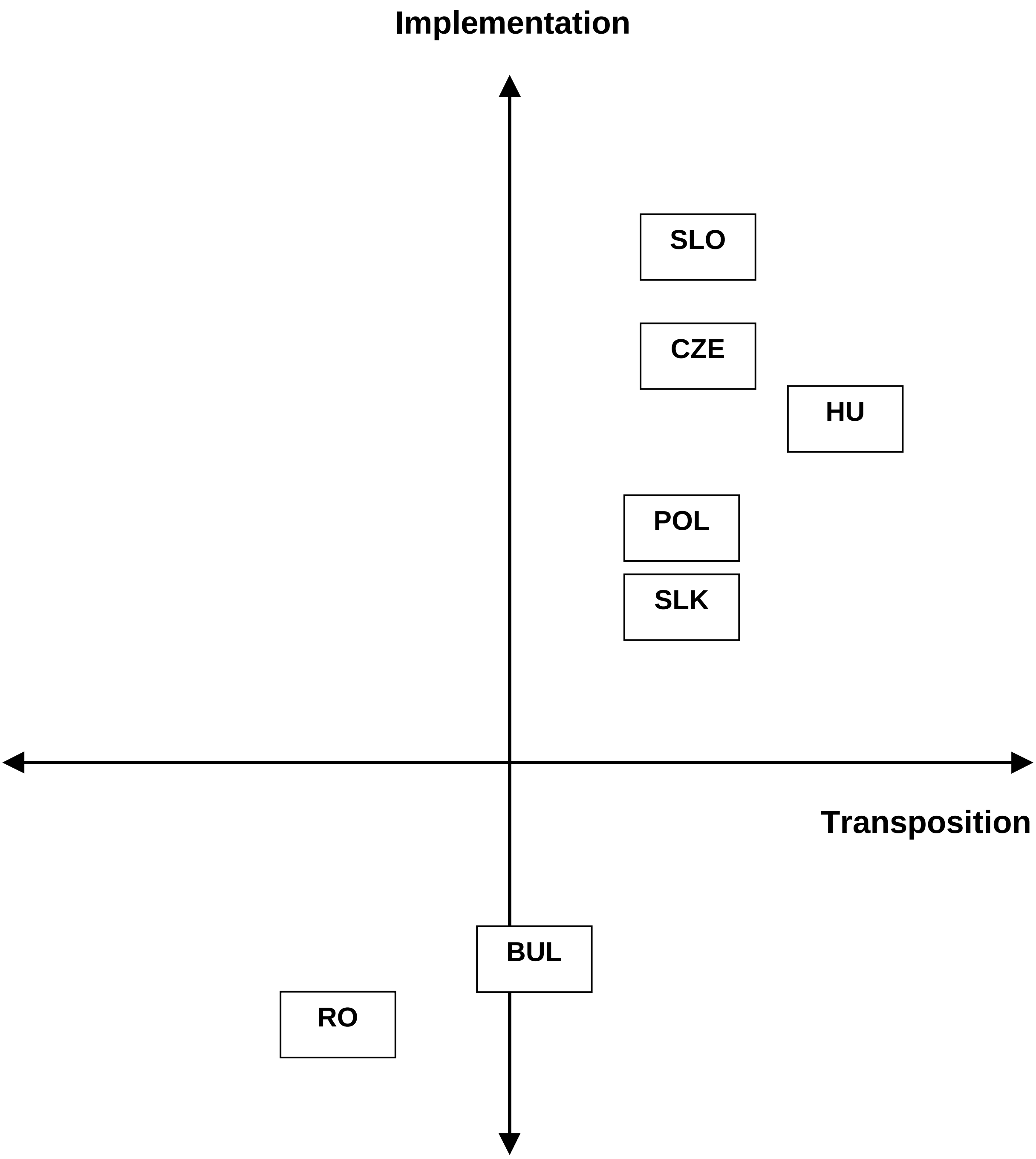
[3] CD 94/55, CD 95/50 and CD 96/49

[4] The regulations in question concern the signs identifying the dangerous substances carried.

similarity in that looking solely at the level of legal transposition one could overestimate the countries' degree of approximation.



Graph 1: Transposition and Implementation of the EU Transport Acquis in Selected Accession Countries

Institutional structures and organisation

Differences in the process of approximation are also reflected in the actual or emerging institutional structures in the transport sector. In most countries the Ministry of Transport (MoT) holds the competencies for strategic transport policy and the setting and enforcement of technical standards. All other areas like transport infrastructure, enforcement of social legislation, road safety, enforcement of traffic rules, etc. are assigned to different authorities depending on the country.

In general it was observed that the transport related institutions were understaffed especially with regards to the so called 'middle management'. Even more striking than the lack of personnel was in many cases the absence of efficient management structures and co-operation between institutions. Two examples illustrate this point.

The registration of road vehicles in Romania is undertaken by the district police authorities. The records are kept on paper sheets in the files of the local district authority. Thus neither the central police authority nor the MoT or the National Commission for Statistics have any access to reliable vehicle registration data. There is a sufficient number of computers available to change the practice of keeping records and yet the absence of adequate rules and management structures has so far prevented the necessary changes.

In all countries, except for Slovenia, the frequency of roadside checks of vehicles carrying dangerous goods are well below the requirements of the Transport Acquis. In most cases, however, this is not due to a lack of staff but rather to the designation of authorised institutions. The only authorised institutions in most accession countries are the vehicle inspectorate or similar authorities. Since the traffic police are perfectly capable of performing the basic checks the frequency of checks could be raised by simply supplying the police with the international checklist and changing current practices.

The following paragraphs give a brief overview over the particular differences in the institutional structures in transport in the accession countries under study.

The institutional framework in Bulgaria is characterised by some recent or upcoming institutional reforms (within likewise the Ministry of Transport) aiming at clarifying responsibilities by mode, but overall there is quite a high degree of centralisation of functions at the Ministry of Transport, also regarding implementation. The exception is the road sector where competencies are shared with the Ministry of Interior and the Ministry of Regional Development and Public works. The latter is responsible for the construction and maintenance of most of the road infrastructure in Bulgaria.

In the Czech Republic the Ministry of Transport and Communications centralises planning but shares this as well as implementation with other agencies – in the road sector with district offices and the Ministry of Social Affairs; in the rail sector with the Czech Railways; in the air sector with the Civil Aviation Authority and in the waterborne sector with the Industrial Register.

Hungary has a small policy/strategic department employing only 65 people at the Ministry of Transport, Communications and Water. The responsibility for implementation lies mainly with the General Inspectorate for Transport (GIT). The position of the GIT is unique in that it is responsible for the enforcement of legislation in road, rail and inland waterway transport. Other competencies are diffused among the police, the civil aviation administration and the customs office.

Poland's major actor is the Ministry of Transport and Maritime Economy – a separation of this ministry leading to the establishment of a new ministry to deal exclusively with maritime transport is being planned. In the process of restructuring the 49 regions of the country and thereby reducing their number to 16 some competencies have been shifted from the MoT to the regional governments. Examples include the maintenance of local roads.

In Romania we can likewise observe a high degree of centralisation at the Ministry of Transport with respect to both strategy and implementation, whereby decentralisation would appear to be moving faster for the rail and maritime sectors. Romania is also the only country with quite a high degree of regional decentralisation.

The institutional competencies for transport in Slovenia are divided between several Ministries. Due to the size and the history of the country there is very little regional autonomy in transport. The MoT is directly responsible for all matters of road infrastructure, transport policy and the licensing of road transport operators. The Slovenian Ministry of Interior is the competent institution for road transport safety including the transport of dangerous goods, for the registration of road vehicles and for driving licenses. The Chamber of Commerce and Industry and the Chamber of Small Business are involved in the procedures for the allocation of permits for international transport and the record keeping for the international carriage of goods by road. The Ministry of Labour, Family and Social Affairs is responsible for social legislation in road transport.

Cluster specific analysis

The heterogeneity of the legislation in the EU Transport Acquis suggests that not all parts are equally relevant for institutional development. Indeed parts of the Acquis are not expected have any significant institutional implications whatsoever[5]. For the empirical analysis of the institutional impacts of accession those pieces of legislation in the Transport Acquis were filtered that are considered to require significant changes in institutional structures and/or to be particularly costly. In a second step the remaining parts of the selected parts of the Acquis were organised to form ten clusters to allow for an in depth empirical study. The ten clusters are the following:

- Environmental Impact Assessment
- Transport Statistics
- Transport of Dangerous Goods
- International Road Market Access
- Access to the Profession (Road)
- Social Measures (Road)
- Technical Requirements (Road)
- Competition
- Port/Flag State Control (Maritime)
- Technical Requirements (Inland Waterways)

The empirical part of the study analysed for each of the clusters the level of approximation, the current institutional structures and the changes needed to accomplish full compliance. The results of the cluster analysis are in turn discussed below.

Environmental Impact Assessment

The EU Environment Acquis requires that an Environmental Impact Assessment (EIA) be carried out for each major transport infrastructure

[5] e.g. Directive 97/44 on summertime arrangements

project. Even though the rules for this assessment are specified in some detail there is still a wide variety of different procedures used in the current Member States. Therefore the level of compliance in the accession states was much more difficult to establish than in any other cluster. In many countries the quality of the EIA is dependent on the source of funding for the particular infrastructure project. The projects funded by the World Bank and the EIB tend to be subjected to a full scale EIA whereas nationally funded projects in some countries are often assessed less carefully. A detailed analysis showed that the total costs of EIA can be very high[6] but only a small proportion of these costs can be attributed to the work of government institutions. Only in Romania it was found that profound institutional change will be necessary in order to be able to carry out EIA on a regular basis. The necessary steps to be taken include the establishment of a department for EIA either in the MoT or in the Ministry of the Environment, the employment of up to 20 new staff, the creation of co-ordination structures between the new department and the relevant stakeholders and the training of staff.

Transport Statistics

The quality of transport statistics is vital for transport planning, policy and research. None of the countries studied can currently the full range of transport statistics required by the EU. The statistical offices were found to be understaffed and in most cases the process of changing the methods of data collection and processing had just barely been started. All statistical offices are expected to undergo institutional reforms. The training of staff is usually carried out through exchange programmes with EUROSTAT.

Transport of Dangerous Goods, Social Measures, Technical Requirements, Port/Flag State Control

The institutional impacts of the four clusters ‘Dangerous Goods’, ’Social Measures’ ‘Technical Requirements’ and ‘Port/Flag State Control’ are

[6] The costs of proper EIA were found to be approximately 1% of total infrastructure costs.

primarily connected with the enforcement of legislation. New and stricter legislation will necessitate the employment of additional staff and the training of new and existing staff. Enforcement is expected to be carried out in the framework of the already existing institutions in the CEEC.

There will be, however, also a profound effect of this legislation on providers of transport services. In effect, the technical and social standards of the European Union currently form a barrier for CEEC transport operators to entering the EU markets. Instead of removing these barriers upon accession they will rather be extended to include domestic transport markets as well. The cost of adjusting to the new requirements will be considerable and it is more that doubtful that all operators will be able to bear it.

International Road Market Access and Access to the Profession

The institutional changes resulting from changes in 'International Road Market Access' and 'Access to the Profession' are mainly going to affect procedures and management structures within the existing institutions. Only very rarely it was found that there was a need for the establishment of a new institution, like for example the establishment of the 'Road Administration' in Bulgaria.

Competition

The functioning of the national systems for safeguarding competition crucially depend on a well developed legal system and the interaction between the government authorities and the legal system. The basic requirement of establishing an authority for competition has been fulfilled by all countries concerned. Whether these authorities are equipped with all the necessary resources and competencies will have to be judged by their record of safeguarding domestic competition.

Total Costs

The total costs of institutional changes resulting from the adoption of the Transport Acquis were found to range between Euro 5 million and Euro

300 million depending on the size of the country and their current level of approximation. This corresponds to 0.03% to 0.25% of one year's GDP. To put these figures in perspective two points have to be made. First it has to be stressed again that the study in question only analysed the institutional framework for one sector of the economy, namely transport. Second the figures presented above only specify the monetary costs of institutional transformation but they do not say anything about how difficult it will be to achieve the desired effects even if large amounts of money are spent.

Conclusions

Two conclusions can be drawn from the analysis of institutional transformation in the transport sector. First it is very obvious that the emphasis in analysing the degree of approximation should increasingly be shifted from transposition to implementation.

Second except for Bulgaria and Romania all countries studied are on track to basically meeting the accession criteria in the transport sector within the next 2-4 years. By then the level of implementation and enforcement is expected to be at least as high as in some current Member States.

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