

## 6.5 Long Term Development of Inland Water Transport

Inland water transport plays a minimal role in Poland, accounting for less than 1% of total cargo transport. Major commodities transported are sand and gravel, coal and iron ore on a local basis. Maintenance and investment have been neglected for many years, resulting in fragmented navigable channels.

Historically, inland water transport has been losing its raison d'etre as merits of road transport evolves. Inland water transport in a market economy could attract customers only if it can compete with other modes of transport in terms of cost, reliability and flexibility. High costs of transshipment greatly lower the competitiveness of inland water transport. Currently, there seems to be no positive prospect for revitalizing inland water transport in Poland.

In the long future, some reasons might necessitate revitalization of inland water transport in some heavy traffic corridors, for example: (1) limitation of land availability for land transport could necessitate inland waterways; and (2) environmental criterion might surpass economic criterion. However, it is quite uncertain when and where such necessities arise.

The projects worthy of studying would be maintenance of waterways between ports of Szczecin and Berlin in a short term perspective as well as connection of the Oder with the Rhine - Mein - Danube system in a long term perspective.

[For details, refer to Main Text, Chapter 6, Section 6.4]

## 6.6 Internationalization of Air Transport

The Polish air transport sector has undergone drastic and chaotic changes since the introduction of the Economic Transformation Program in January 1990. Major issue seems to have stemmed from a radical swing from rigidly controlled to decentralized administrative framework under a deficiency of funds to support the institutional change. Sharp decline of air passengers exacerbated the situation.

First of all, air transport administration system needs to be restored with a view to converging dispersed interest and activities of the participants into a unified policy direction. The MTME needs to establish a unit to fulfill the responsibilities of planning, budgeting, supervising and monitoring of national civil aviation. At the same time, it is recommended to create a new civil aviation authority ("Polish Civil Aviation Bureau (PCAB)") by restructuring the existing General Inspectorate of Civil Aviation (GICA) and Polish Airports State Enterprise (PPL) for the purpose of integrating every aspect of the air transport into one organization. Rationalization and modernization of the air transport sector could not be achieved by mere "decentralization policy" without relevant government leadership, particularly in a chaotic transition period. MTME needs to establish and officially announce a national air transport plan which comprises airport, air space, airlines and administration based on the various studies performed in the past.

It is proposed that the national airports be classified, for instance, into five categories so as to clarify the national priority for airport development, with a short term emphasis on Classes 1 and 2 airports:

- (1) Class 1 Airport: state owned international airport (Warsaw, Krakow and Gdansk)
- (2) Class 2 Airport: state owned regional/international airport (Katowice, Poznan, Rzeszon, Szczecin and Wroclaw)
- (3) Class 3 Airport: domestic/regional airport jointly owned by state and local government (Koszalin, Slupsk, Zielona Gora, Bialystock, Bydgoszcz, Lodz, Lublin and Olsztyn)
- (4) Class 4 Airport: general aviation airport owned by local government
- (5) Class 5 Airport: privately owned airports administered by local government

Air space control system needs to be improved with a view to complying with the requirements of the European Air Traffic Control Harmonization Program (EATCHP). Revenue from air space control should be used for improving its equipment as well as cross subsidizing the improvement of airports at least during the transition period.

Long term strategies on airline development should also be worked out by taking possible strategic alliance with foreign carriers into account so as to survive keen competition among international airlines. Replacement of the Soviet made aircraft with the Western made now undertaken by LOT should be reviewed from this aspect. Existing restrictions on regional flights (domestic and international disconnected) need to be revised to encourage better communications with foreign countries. Participation of private airlines should be encouraged to the domestic routes where small aircraft is more suitable for the demand.

[For details, refer to Main Text, Chapter 7]

**CHAPTER 7 FINANCING SYSTEM FOR  
THE TRANSPORT SECTOR**



## **CHAPTER 7 FINANCING SYSTEM FOR TRANSPORT SECTOR**

### **7.1 Needs for Financing System of the Transport Sector**

Due to the tight fiscal conditions of Poland, budget allocation to the transport sector has been decreasing in real terms. Even on a yearly basis, though 14,738 billion zloty was originally budgeted to the transport sector at the beginning of 1991, the actual budget disbursement during the year was retrenched to 10,759 billion zloty (73% of original budget). This makes it impossible to implement routine and periodic maintenance, not to mention new investments.

Recurrent subsidies for the State Owned Enterprises (SOEs) were the biggest expenditure item accounting for 41% of the total MTME budget expenditure in 1991, out of which almost 80% was disbursed to PKP. Financial performance by PKP has a decisive influence on the transport sector. If PKP continues to absorb the same portion of the subsidies for the future, the remaining transport sectors will continue to be in a chronic shortage of finance.

As discussed in the preceding sections, the remaining transport sectors have strong financial demand with a view to: (1) modernizing management and operation so as to be competent in a market economy; (2) replacing outdated vehicles, vessels and aircraft; (3) modernizing transport infrastructure to the international standards; and (4) adjusting existing systems to the level acceptable by the EC norms. Government support is essential for achieving these objectives, particularly in a transition period from the centrally controlled system in a closed world to a market economy in an international scene.

Each mode of transport needs efforts to rationalize its redundancies and raise fare levels which used to be regulated at lower than costs. At the same time, however, both new and replacement investments are required to comply with the demand seeking for transport services of higher quality. To cope with these requirements, a financial scheme is needed for the transport sector.

### **7.2 Development of Financial System for the Transport Sector**

Transport system is one of the important national infrastructure to support economic activities and people's lives. From this point of view, many countries supported and regulated the transport sector. However, due to the inefficiencies fostered in the regulatory regime, it has become a common policy to introduce market principles to the sector through deregulation and privatization.

However, it is obvious that market principles cannot solve everything, particularly the initial modernization investments of outmoded facilities and systems inherited from the old regime. A government supported financial scheme is needed to secure continuity and consistency of their programmed modernization.

It is proposed to establish special funds earmarked for the transport sector to avoid great downward fluctuation of the available funds which are entirely dependent on the general budget at present. This should basically be based on the user pay principle by each mode of transport excluding railway which needs strict government supervision over the rationalization for the years to come. However, it is most likely that additional funds from the government will be needed especially in the initial stage of funding.

Conditions for establishing special funds for the transport sector are that:

- (1) the government needs to reinforce general revenue bases, for example, through imposition of proper charges on various public services
- (2) current level of fares and fees should be reviewed and revised to recoup the costs incurred including discontinuance of discounting, maintenance and depreciation
- (3) projects and programs to be supported by the fund in a particular transport sector should be scrutinized through economic and financial evaluation
- (4) any regulations prohibiting or discouraging private participation (domestic and foreign) should be lifted to encourage inflow of private capital

### **7.3 Special Funds Earmarked for Roads**

Insufficient and deteriorated road network and facilities incur higher cost on the society through increasing travel time and vehicle operating costs. Absence of international standard motorways might impede the Polish integration with the international community, the EC in particular, and put an obstacle to international transit between the east and the west as well as between the north and the south. Improvement of border crossings, environmental protection, and traffic safety measures are also needed for the integration.

In addition, the Polish road network needs to be improved and developed to cope with the increasing international as well as domestic traffic demand. However, budget allocation to roads under the jurisdiction of GDDP has continuously been declining: road budget in 1992 is almost 25% that of 1986, or 38% of that of 1990. The situation is further worsened for communal/local roads.

However, due to the repeated rise of registration and fuel turnover taxes since 1990, government revenue from road user charges has substantially been increased. It is estimated that the revenue from road user charges will far exceed the budget allocated for road maintenance and development by as much as 3.8 times in 1992. This infers that a substantial part of road user charges is allocated to other expenditures.

Under the circumstances, it is proposed to establish a special fund earmarked for roads with a view to achieving efficient allocation of resources and to securing stable availability of funds to the roads and road transport sector. Scale of the funds should gradually be increased by taking account of the general fiscal constraints of the country as well as investment requirements for the Polish integration with the EC. The minimum scale in the initial stage, however, should be large enough to cover at least routine and periodic maintenance and small improvements.

### **7.4 Diversification of Financing System**

Quality improvement of road networks, especially construction of motorways, is needed for the Polish integration with the international community as well as stimulation of regional development. However, the quality improvement needs large capital investment which is extremely constrained by the government's fiscal conditions. Private capital (domestic and foreign) needs to be invited to road infrastructure development including motorways, bypasses and bridges, coupled with toll charges.

Due to the existence of various competing projects in surrounding countries as well as the uncertainties for the future of Poland, it would not be easy to attract private investors to road development in the form of "Build, Operate and Transfer (BOT)", "Build and Operate (BO)", "Build, Operate and Own (BOO)" and the like. The government, therefore, needs to take substantial part of project risks to relieve investors' burdens which would include change in design, delay in land acquisition, inflation, interest and foreign exchange risks, and resultant cost overrun of projects.

Level of tolls greatly influence financial viability of projects. However, upper limits of tolls exist because of users' willingness to pay and existence of the alternative routes along motorway corridors. If toll revenue is not sufficient to make projects feasible, additional revenue sources need to be found including value capture along the motorways, especially development benefits in the motorway corridors.

A toll road agency should be established aiming at overall management and operation of the toll road network in terms of standards, network planning, construction scheduling and terms and conditions of concessions.





**CHAPTER 8    PLAN OF ACTION FOR  
THE TRANSPORT SECTOR**



## CHAPTER 8 PLAN OF ACTION FOR THE TRANSPORT SECTOR

### 8.1 Capital Investments under Financial Constraints

Large capital investment is currently required to revitalize the new Polish economy not only in the transport sector but also in the various economic sectors. At the same time, however, prudent fiscal policy has to be maintained to hold down the public deficit at a level that is consistent with other macro-economic objectives, viz controlling the inflation and maintaining external credit-worthiness. Under the circumstances, capital investment should be determined based on a deep understanding of how limited resources can be spent most efficiently and effectively in areas in which public spending will be used.

In the transport sector, huge capital requirements are amassing in view of the modernization of the outmoded infrastructure and facilities, capacity increase to cope with the increasing demand, and adjustment of the existing systems adaptable to the EC standards. Substantial amount of funds are also needed for restructuring the transport industries as well as improving environment protection and traffic safety. These capital requirements need to be satisfied in a step-wise manner toward the integration with the EC.

During the economic transformation process in Poland, however, fiscal outlays of the government tended to exceed its revenues every year, resulted in the declining budget allocation to the transport sector. If this situation continues for the coming years, transport infrastructure and facilities will be further degraded and modernization of transport industries will be retarded. In such a case, the transport sector will become one of the largest bottlenecks for the nation's overall economic activities and internationalization.

The government should establish special funds earmarked for the transport sector especially during the economic transformation period when a stable budget allocation to the transport sector cannot be assured from the general budget. At the same time, various measures should be sought in the transport sector for raising funds, including review and revision of present user charges, introduction of tolls and new kind of charges, and encouragement of private investments to the sector.

In addition to the above internal financing, there is a possibility to introduce loans from international and bilateral sources. However, attention needs to be paid to the following three aspects associated with borrowing: (1) external financing usually cover the external portion of project costs excluding local currency portion; (2) capital investments are followed later by recurrent costs which should be paid by the borrower; and, not to mention, (3) repayment of capital and interest in installment afterwards.

### 8.2 Policy for Developing Plan of Action

Judging from the current situation of Poland, it is recommended that, instead of promptly resorting to external financing, a prudent restructuring process needs be furthered, particularly in terms of cost reduction through efficiency improvement, revenue increase through proper pricing, raising additional funds through introduction of user pay principle, inviting direct foreign investments and careful screening of capital investments.

Development of the Polish transport sector, in brief, is dependent mainly on:

- (a) progress of legal institutional changes toward a market economy;

- (b) rationalization and modernization of transport industries adaptable to a market economy and compatible with the EC standards; and
- (c) the government initiative to encourage the growth of environment of fair market competition and the relevant financial scheme.

The following rules need to be focused on developing the "Plan of Action" for the Polish transport sector:

- (a) programs to encourage prevalence of market principles and efficiency improvement should precede capital investments;
- (b) maintenance, rehabilitation and small improvements of the existing assets should precede new capital investments; and
- (c) in terms of new capital investments, those for accelerating the Polish integration with the international community should precede those for other purposes.

The "Plan of Actions" for the Polish transport sector is prepared based on the above understanding and development policies.

### **8.3 Plan of Action for the Polish Transport Sector**

Plan of Action for the Polish transport sector is proposed as shown below for short term (1993 - 1996) and medium term actions (1997 - 2000).

It is very likely that many of the actions proposed will take several years from their initiation to completion. Those actions listed in short term will need follow-up actions to complete in the later stage while those listed in medium term will need preparatory studies for their implementation in the preceding stage. In this sense, there is no definite distinction between short and medium term actions. As a rule, however, those actions that need urgent initiation are listed in short term. This rule applies as well to the order of actions listed in each term.

8.3 Plan of Action for the Polish Transport Sector

Sectors	Short Term Actions (1993-1996)		Medium Term Actions (1997-2000)	
	Policy Measures	Actions	Policy Measures	Actions
Railway	<p>SRL-1 Preparation of medium/long term policy for PKP restructuring through rationalization and modernization toward clarification of PKP autonomy and integration with the EC railway system</p>	<ol style="list-style-type: none"> <li>(1) definition of roles and functions of railways in the future international and domestic transport market</li> <li>(2) identification of major responsibilities of the state and PKP including the future possibility of privatization</li> <li>(3) reassessment of resources available for restructuring of the railway system including capital, technologies and competent managers and engineers</li> <li>(4) establishment of medium/long term policy for PKP restructuring</li> </ol>	<p>MRL-1 Review and revision of the medium/long term policy and short term action programs based on the evaluation of the performance by 1996</p>	<ol style="list-style-type: none"> <li>(1) elaboration of market strategy in view of the competitiveness with road and air transport for passengers and with road and maritime transport for cargoes</li> <li>(2) elaboration of the decentralized management system to reflect advanced human resource development</li> <li>(3) further rationalization of employment to achieve higher productivity</li> </ol>
	<p>SRL-2 Preparation of short term rationalization program in line with the medium/long term policy with a focus on streamlining the enlarged railway system and rationalization of employment</p>	<ol style="list-style-type: none"> <li>(1) review of business performance of railways in the European countries hopefully by market segments</li> <li>(2) analyses of cost structure and productivity of PKP with a reference to international standards</li> <li>(3) identification of focal segments for particular rationalization in terms of significant cost burdens and low productivity</li> <li>(4) decision on the actions to be taken with due consideration to adopting necessary measures</li> <li>(5) implementation of the rationalization program</li> </ol>	<p>MRL-2 Strengthening of international cooperation with railway systems of neighboring countries</p>	<ol style="list-style-type: none"> <li>(1) intensification and diversification of business cooperation with neighboring railway systems</li> <li>(2) adjustment and coordination of railway systems with neighboring countries to facilitate mutual riding in</li> <li>(3) full compliance with the EC policy guidelines in developing costing and information system</li> </ol>

Sectors	Short Term Actions (1993-1996)		Medium Term Actions (1997-2000)	
	Policy Measures	Actions	Policy Measures	Actions
Railway	SRL-3 Preparation of short term modernization program in line with the medium/long term policy with a focus on improving competitiveness with road transport and introducing new prospective businesses	<ol style="list-style-type: none"> <li>(1) review of modernization programs and business activities undertaken by railways in various countries</li> <li>(2) enumeration of alternative modernization programs by category which might be applicable to PKP in view of intensifying competition with road transport and international integration</li> <li>(3) evaluation of alternatives based on a series of criteria of costs, benefits and available resources</li> <li>(4) development of time scheduled modernization programs and their implementation</li> </ol>	MRL-3 Acceleration of modernization program with a focus on high speed train, combined transport services and commuter trains in large urban agglomerations	<ol style="list-style-type: none"> <li>(1) introduction of high speed train operation on the highly potential railway lines including the CMK line</li> <li>(2) encouragement of international combined transport services through growing international forwarders, developing combined transport terminals, and providing efficient feeder transport services</li> <li>(3) improvement of commuter train services based on thorough examination of market demand and available railway facilities</li> </ol>
	SRL-4 Preparation of short term programs for improving legal institution surrounding PKP and management and operation of PKP	<ol style="list-style-type: none"> <li>(1) mitigation of economic regulatory schemes imposed on PKP particularly in terms of tariff setting and train operation including closure of unprofitable lines</li> <li>(2) early development of costing and management information systems</li> <li>(3) development of employment reduction schemes with an emphasis on curtailing recruitment</li> <li>(4) reorganization of PKP toward a decentralized decision making system based on market</li> <li>(5) training of PKP management to be adaptable to a market economy</li> <li>(6) establishment of general rules for development and maintenance of railway infrastructure and train operations</li> </ol>	MRL-4 Clear definition and demarcation of responsibilities between the state and railway company (or companies)	<ol style="list-style-type: none"> <li>(1) clear demarcation of responsibilities for development and maintenance of railway infrastructure and train operations</li> <li>(2) financial independence of railway company (or companies) from the state</li> </ol>

Sectors	Short Term Actions (1993-1996)		Medium Term Actions (1997-2000)	
	Policy Measures	Actions	Policy Measures	Actions
Roads and Road Transport	SRD-1 Preparation of medium/long term road network development policy with due consideration to road financing and administrative as well as international connections	<ol style="list-style-type: none"> <li>(1) identification of road projects (maintenance, rehabilitation, improvement and development) in stages through elaborated traffic estimation, costing and evaluation systems</li> <li>(2) preparation of guidelines for improving international communications in terms of road network, border crossing and unification of user pay principle</li> <li>(3) preparation of road financing schemes for the future to secure stable maintenance and development of road networks</li> <li>(4) outlining of improved road administration system with a view to attaining higher efficiency (public - private relations) and wider comprehensiveness (foreign - Polish government and central - local government relations)</li> </ol>	MIRD-1 Review and revision of the medium/long term policy and short term action programs based on the evaluation of the performance by 1996	<ol style="list-style-type: none"> <li>(1) further improvement of road administration system including central - local government relations and GDDP</li> <li>(2) further elaboration of road financing system through introducing external costs of road use and expansion of cost coverage by road user charges</li> </ol>
	SRD-2 Preparation of short term action program with a focus on maintenance, rehabilitation and small improvement of road networks and improvement of border crossings	<ol style="list-style-type: none"> <li>(1) identification of serious traffic bottlenecks to be solved and their cost estimation</li> <li>(2) improvement of border crossing with a focus on procedural improvement and environmental protection</li> <li>(3) development of selective sections of international motorway</li> <li>(4) selection of priority projects and programs with due consideration to financial resource availability</li> </ol>	MIRD-2 Acceleration of motorway construction through encouraging private participation	<ol style="list-style-type: none"> <li>(1) revision of road network development program by reflecting the evolution of traffic demand</li> <li>(2) augmentation of functions of the toll road authority to expand motorway construction</li> </ol>

Sectors	Short Term Actions (1993-1996)		Medium Term Actions (1997-2000)		
	Policy Measures	Actions	Policy Measures	Actions	
Roads and Road Transport	SRD-3	Preparation of short term action program for securing financial sources for roads	(1) establishment of a special fund earmarked for roads based on road user charges with due consideration to size of the fund and rules of distribution between central and local governments  (2) introduction of tolls and encouragement of private capital participation in motorway construction and operation by easing existing restrictions	MIRD-3	Strengthening of environmental protection and traffic safety measures  (1) strengthening of environment standards as well as inspection and enforcement systems to satisfy the EC norms by 2000  (2) further improvement of traffic safety measures to the EC standards including grade separation of major railway/highway crossings
	SRD-4	Preparation of short term action program for streamlining road administration	(1) acceleration of ongoing GDDP restructuring toward privatization and private participation  (2) streamlining of hierarchical structure of GDDP (headquarter - regional - district - site offices) with a view to reducing duplication and excessive segmentation of works  (3) restructuring of existing dual road administration system through MTME and the Council of Ministers for better coordination between national and local road systems  (4) establishment of toll road authority to develop international motorways	MIRD-4	Unification of business rules and practices of the trucking industry with those of the EC  (1) introduction of truckers' qualification system based on their business performances as applied in the EC  (2) adjustment of social conditions including drivers working conditions
	SRD-5	Preparation of medium/long term road transport development policy in view of the future integration of the Polish road transport services with those of the EC	(1) preparation of policy guidelines for modernization of the trucking industry gearing to the future integration with the EC  (2) preparation of policy guidelines for future compliance with the EC standards on environment protection		



Sectors	Short Term Actions (1993-1996)		Medium Term Actions (1997-2000)	
	Policy Measures	Actions	Policy Measures	Actions
Roads and Road Transport	SRD-6 Preparation of short term action program for rationalization and modernization of the road transport industry	<ol style="list-style-type: none"> <li>(1) review of modernization programs for the trucking industry experienced by foreign countries</li> <li>(2) development of the MTME's information and monitoring system of the trucking industry</li> <li>(3) encouragement of establishing voluntary truckers associations to facilitate rationalization and modernization of owner operator truckers</li> <li>(4) introduction of financial institutions to facilitate replacement of aged truck fleet for improving fuel efficiency and exhaust gas emission</li> <li>(5) introduction of domestic licensing system based on management, technology and reputation</li> </ol>		
	SRD-7 Preparation of short term action programs for improving exhaust gas emission control	<ol style="list-style-type: none"> <li>(1) development of staged improvement programs of controlling exhaust gas emission and other pollutants</li> <li>(2) strengthening of vehicle inspection system to guarantee road worthiness of vehicles</li> <li>(3) strengthening of law enforcement on environmental protection</li> </ol>		
	SRD-8 Preparation of short term action programs for traffic safety	<ol style="list-style-type: none"> <li>(1) improvement of road traffic safety measures including vehicle inspection system</li> <li>(2) strengthening of traffic safety education and enforcement through the concerted efforts of related agencies</li> </ol>		

Sectors	Short Term Actions (1993-1996)		Medium Term Actions (1997-2000)	
	Policy Measures	Actions	Policy Measures	Actions
Ports and Maritime Transport	SPM-1 Preparation of medium/long term policy for revitalizing Polish ports and maritime transport to be competitive with land transport	<ol style="list-style-type: none"> <li>(1) analyses of competitors' (rail and truck) services in terms of transport cost, time, frequency and reliability from consignors' point of view</li> <li>(2) preparation of alternative strategies to enhance competitiveness of ports and maritime transport from domestic and international point of view</li> <li>(3) estimation of various constraints as well as costs to be imposed on each alternative strategy</li> <li>(4) development of medium/long term policy for revitalizing Polish ports and maritime transport based on the comparative analyses of strategies</li> </ol>	MPM-1 Review and revision of the medium/long term policy and short term action programs based on the evaluation of the performance by 1996	<ol style="list-style-type: none"> <li>(1) further efforts to invite more liner calls to the Polish ports through improved cargo handling efficiency</li> <li>(2) making efforts to increase port cargo handling volume through promoting foreign and domestic investments to port areas</li> <li>(3) making efforts to increase international transit cargoes through Polish ports through efficiency improvement in ports and inland transport</li> </ol>
	SPM-2 Introduction of port decentralization policy with increasing local government participation	<ol style="list-style-type: none"> <li>(1) demarcation of responsibilities for port management between central and local governments</li> <li>(2) clarification of relationship between local governments and port authority</li> </ol>	MPM-2 Encouragement of port sales activities to major ports on the North Sea coast, the Baltic League countries and inland countries	<ol style="list-style-type: none"> <li>(1) increasing contact with potential customers to the Polish ports to clarify their needs</li> <li>(2) analyses of customers' needs in the light of current services supplied by the Polish ports to improve and develop the level and kind of services</li> <li>(3) development of new services and marketing strategies to potential customers</li> </ol>
	SPM-3 Preparation of short term action program for rationalization and modernization of Polish ports with a focus on international containerization	<ol style="list-style-type: none"> <li>(1) development of container handling facilities in Szczecin/Swinoujscie port area to cope with international containerization</li> <li>(2) improvement of port operation efficiency through encouraging actual competition among port business operators</li> </ol>	MPM-3 Ratification of remaining international conventions and their implementation for attaining full conformity with international practices	

Sectors	Short Term Actions (1993-1996)		Medium Term Actions (1997-2000)	
	Policy Measures	Actions	Policy Measures	Actions
Ports and Maritime Transport		<p>(3) introduction of port cargo information system which centralizes information dissemination as adopted in the western countries for higher efficiency</p> <p>(4) improvement of inland transport system to and from ports</p>		
	SPM-4	Preparation of short term action programs for modernization of Polish shipping companies and diversification of their services	<p>(1) diversification of shipping business services of Polish three shipping companies to effectuate actual competition</p> <p>(2) introduction of institutional support for replacement of aged vessel fleet</p> <p>(3) elaboration of seamen training program for adapting them to vessels of advanced technology</p>	
	SPM-5	Strengthening of MTME's leadership functions to coordinate various agencies concerned with Polish container transport services	<p>(1) study on establishing two port authority systems comprising Gdansk/Gdynia and Szczecin/Swinoujscie port complexes and define their roles and functions</p> <p>(2) establishment of a committee to encourage container transport through Polish port complexes comprising shipping companies, port authorities, inland transport operators and consignors under the leadership of MTME</p>	
Air Transport	SAT-1	Re-intensification of air transport administration by the central government to alleviate chaotic situation created by the decentralization policy	MAT-1	<p>Review and revision of the medium/long term policy and short term action programs based on the evaluation of the performance by 1996</p> <p>(1) confirmation of settlement of the chaotic situation and restoration of order in the sector</p>

Sectors	Short Term Actions (1993-1996)		Medium Term Actions (1997-2000)	
	Policy Measures	Actions	Policy Measures	Actions
Air Transport		<p>(2) identification of major issues and their inter-relationship which have caused chaotic situation of the air transport sector</p> <p>(3) development of measures to alleviate present chaos of the air transport sector including temporal suspension of decentralization policy and establishment of such new machinery as Polish Civil Aviation Bureau (PCAB)</p>		<p>(2) introduction of active measures to encourage the development of Class 1 (international) and Class 2 (regional-international) airports</p> <p>(3) introduction of gradual decentralization policy of airport management and operation depending on the above confirmation.</p>
	<p>SAT-2 Preparation of medium/long term policy for air transport development with a focus on accelerating internationalization</p> <p>SAT-3 Preparation of short term modernization programs of airlines to improve productivity</p>	<p>(1) analyses of the future roles and functions expected to air transport services in view of the competing transport services of road and rail transport</p> <p>(2) identification of prospective air transport markets from international point of view with due consideration to intensifying competition among major international air carriers</p> <p>(3) identification of legal institutions, administration systems and air transport facilities which hinder the identified future prospects</p> <p>(4) development of medium/long term policy for air transport development by taking account of air transport studies supported by international and bilateral technical cooperations</p> <p>(1) review of the aircraft replacement program in the light of market demand and future prospect of domestic air routes</p>	<p>MAT-2 Encouragement of further internationalization of air transport services</p>	<p>(1) intensification of bilateral air traffic negotiations with neighboring countries including the Baltic League nations and the CIS</p> <p>(2) introduction of increasing regional-international air routes of Class 1 and 2 airports</p>

Sectors	Short Term Actions (1993-1996)		Medium Term Actions (1997-2000)	
	Policy Measures	Actions	Policy Measures	Actions
<b>Air Transport</b>		<ul style="list-style-type: none"> <li>(2) further rationalization of redundant employment as well as training of management groups</li> <li>(3) intensification of marketing and sales activities in close relation with domestic and international travel agents</li> <li>(4) search for possible business alliances with major international air carriers</li> </ul>		
	SAT-4 Modernization and development of airports infrastructure	<ul style="list-style-type: none"> <li>(1) completion of ongoing airport projects</li> <li>(2) improvement of customs, inspection and quarantine systems in major regional airports</li> </ul>		
	SAT-5 Preparation of short term modernization program of Air Traffic Service system (ATS)	<ul style="list-style-type: none"> <li>(1) review of the feasibility study on the ATS carried out by ICAO</li> <li>(2) development of modernization program of the ATS with due consideration to financial aspects</li> </ul>		
<b>Urban Transport</b>	SUT-1 Initiation of traffic management system on a progressive basis		MUT-1 Wider application of traffic management system including area traffic control system in Warsaw and other main cities	
	SUT-2 Economic and financial review of uncompleted urban transport projects to determine whether to proceed or discontinue		MUT-2 Further rationalization and modernization of urban transport enterprises including demonopolization and privatization	
	SUT-3 Rationalization of management and operation of urban transport enterprises		MUT-3 Completion of uncompleted priority projects and construction of bypasses to congested urban centers	

Sectors	Short Term Actions (1993-1996)		Medium Term Actions (1997-2000)	
	Policy Measures	Actions	Policy Measures	Actions
Ministry of Transport and Maritime Economy (MTME)	SMT-1 Preparation of medium/long term transport policy and short term action programs to lead the transport sector toward a market based system and the future integration with the EC	<p>(1) review of the existing transport policies and programs from a view point of possible market evolution and available financial sources by each mode of transport</p> <p>(2) intensification of inter-modal coordination and adjustment with a focus on best supporting the country's transition to a market economy as well as the curtailment of excessive financial burdens on the state</p> <p>(3) development of revised medium/long term transport policy and short term action programs with a focus on predominantly important issues to be solved</p>	MMT-1 Review and revision of the medium/long term policy and short term action programs based on the evaluation of the performance by 1996	<p>(1) preparation of short term action programs to complete the Polish transport integration with the EC transport system</p> <p>(2) preparation of medium/long term policy as well as short term action programs for accelerating international transport linkage with other countries</p>
	SMT-2 Creation of effective management mechanisms of plan-do-see functions in MTME to properly reflect the changing transport market and the resultant changes of roles of each mode of transport	<p>(1) development of information and monitoring system of the transport market and the performance of transport industries</p> <p>(2) development of mechanism to intervene and guide the market and industry where it is necessary to avoid unfair competition</p>		
	SMT-3 Development of appropriate coordination function between each mode of transport and between central and local governments	<p>(1) improvement of connections of railway, maritime and air transport with road transport through inter-modal coordination</p> <p>(2) improvement of connections of urban and inter-city road network through better coordination between local and central governments</p>		

Short Term Actions (1993-1996)		Medium Term Actions (1997-2000)		
Sectors	Policy Measures	Actions	Policy Measures	
Ministry of Transport and Maritime Economy (MTME)		(3) improvement of local and central government relationship particularly in technical, administrative and budgetary terms		
	SMT-4	Development of structured programs for the Polish transport integration with the EC transport systems including environment protection	<p>(1) clear identification of the important issues to be involved in the integration</p> <p>(2) evaluation and prioritization of these issues in view of budgetary, structural, procedural and social requirements and impacts</p> <p>(3) identification of constraints to impede immediate improvements</p> <p>(4) development of a staged time schedule for implementation of necessary measures</p>	
	SMT-5	Development of financing systems of the transport sector to secure stable improvement of transport services	<p>(1) review and revision of kinds and levels of fees and charges imposed upon users in the light of costs incurred on the services</p> <p>(2) development of machinery to reserve the user fees/charges for the transport sector development</p> <p>(3) establishment of rules to expend the reserved funds in each branch of the transport sector</p>	
	SMT-6	Reorganization of MTME to lead the transformation of the transport sector from the centrally controlled system to a market based system	(1) introduction of modal structure to the existing functional structure for understanding the whole of the picture of each mode and guiding them properly toward a market based system	

Sectors	Short Term Actions (1993-1996)		Medium Term Actions (1997-2000)	
	Policy Measures	Actions	Policy Measures	Actions
Ministry of Transport and Maritime Economy (MTME)		<ul style="list-style-type: none"> <li>(2) establishment of "Transport Policy Council" attached to the Minister of MTME</li> <li>(3) increase of the number of MTME officials through partial integration of PKP, GDDP, GICA and PPL</li> <li>(4) preparation of training programs for MTME officials as well as for those in each branch of transport so as to acquaint them with a market based system and management technologies</li> </ul>		





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