

MPRA

Munich Personal RePEc Archive

Transport as the factor of sustainable economic development

Ukaj, Fatos

15 April 2010

Online at <https://mpra.ub.uni-muenchen.de/22319/>
MPRA Paper No. 22319, posted 26 Apr 2010 23:51 UTC

Dr. Fatos Ukaj
University in Pristina,
Faculty of Applied Science in Business, Pejë,
Kosovo,
fatos_ukaj@yahoo.com

April 2010

Transport as the factor of sustainable economic development

Abstract

One of the key elements in achieving sustainable economic development of the country is transport, including roads and other infrastructure.

The strength and role of the services has grown in developed countries, but has brought a new investment cycle in countries of Balkan, including Kosovo.

The transport sector is introduced to us as an economic branch, with a capacity to generate new jobs and possibilities for employment. The level of the destruction of environment is in direct link with the transport sector. Changes needed to be done in order that the transport sector would be able to respond on the demand of the domestic economy and society, but also be able to meet the standards that are implemented in Europe. The adjustment will have to be based on the resources country has, and possibilities to find the loans with accepted interest, that will finance the development of the sector. Introduction of the new approach to management will result with identification of all qualitative and quantitative dates' about the actual situation and the objectives for future.

Key words: sustainable development, transport, investment, standards.

1. Introduction

The geographic position of the Kosovo itself is in great need for improvement in the transport section and in related preconditions, to stay in touch with neighbor countries and globally. Transports include in a group of wide elements and activities. We may list the services of the road transport, water, and air, but also the modern ways of transferring goods and information. Each branch of transport has a specificity, tools and standards. All of them have a common characteristic which is the product that in this case is composed of the services. In these economic activities we also meet the supply and demand. The supply is composed of services in different dimensions that are different depending on the characteristics of the branch. Demand in this case is composed from needs of the user of the services that may be individuals, enterprises, economic and non economic subjects.

Importance of the geographical position of the country is noted from early periods and now it is very important connecting with neighbor countries, using transport as a connection bridge and other ways of being part of regional and global network of transport junction. South East Europe in the past decades has faced changes in all means, including the need and demand for a new transport services. Here we refer to all kinds of the transportation. With the energy sector, transport system is the most important potential of Kosovo, as a driver of economic development, particularly in small and medium enterprises, which indirectly may have an important role in the process of creating new jobs and reduce unemployment. Transport activities have an intermediary role of creating a link between producers and consumers, which brings the need for managing these activities to be in the right time and place, the benefit for producers and consumers is the possibility of saving their time in order to have a product or service in a place where is the most comfortable for them. We are aware that times ago the transport activities were separated into public transport and business transport activities, those activities had a role in fulfilling the needs of producers and consumers.

Learning in the first place from neighbor countries as: Macedonia, Albania, Montenegro, Serbia, Croatia and Bosnia and Herzegovina, and wider in Europe, analyzing their experience in the industry of Transports, Kosovo can make advanced steps in the way of transforming this economic activity in order to be able to attract investitures to invest in the transport resources already have and develop new one. Investments will automatically generate new positions for employment of young people, which will help in decreasing unemployment, which is already on 40% of available working force in Kosovo.

Table 1. Cumulative job seekers by gender and qualification

Cumulative registered

Year Month	Total	Female	Unskilled	Semi-skilled	Skilled	Secondary school	High school	University
2009-12	338.895	161.131	203.764	13.355	28.849	87.681	2.184	3.062

Source: MLSW, Labour and Employment Department

2. Actual position and role of Transport as a economic activity

Transport as a part of Kosovo's national economy has different fields where different subjects are operating. We are able to identify right now the road traffic, air traffic, railroad, telecommunications, and as organized in two ways from the private sector and from the state public enterprises and institutions. To measure the position and the role of the transport in the economic development, we should be able to identify the development on global dimensions. We should be able to understand the way and the level the changes that happened in economy, technical and technologic upgrade on the last decades, it will be a noted change in the role and

importance of the Economic activities in Transports. We are noticing the change of the world trade exchange in favor of services turnover on account of decreasing exchange of goods.

Table. 2. Number of registered businesses by the activity section

Year Quarter	Total registered businesses in period	Transport, post, and Telecommunication	Transport, post, and Telecommunication businesses registered in %
2008 - Q4	332	100	30.12%
2009 -Q4	560	218	38.92%

Source: MTI, Office for Business Registration

As a part of transition process after 20 years of stagnation, Kosovo has been developing a Ministry that is named as the Ministry of Transport and Telecommunication, this development has been facing problems and challenges on this activity. The problem of professionals of Transports was noticed since the beginning and that is reflected in slowing down the developments in this field of economy. Recommendation is to engage the professionals and experts with international experience. Since we are declared for economic integrations in EU then at first point is necessary to adopt law regulations that will make possible integration, especially codes that are a way to be integrated in traffic infrastructure on European trends. The new EU legislation, particularly Regulation 1370/2007/EC, has introduced a new concept of providing such services, defined as Public Service Obligation-PSO. Actually this ministry is administering the fields of: Civil Aviation, Railway and Maritime Transport, Department of Information and telecommunication Technologies, department of Vehicles, Department of Road Transport, and Department of Road Infrastructure. Having this structure the ministry is involved in the main problems of Kosovo and its development, the problem was the structure inherited through the Public enterprises that use to operate in these fields. The Ministry and Government are doing their best in transforming the transports and related issues, in first place through privatization of resources, attracting investors in investing in Kosovo through PPP (Private, Public, Partnership), and giving the resources through concession. All this is to be done to achieve the upgrade of conditions in transports and create new capacities for Kosovo.

Road Traffic – Planning strategy for the development of traffic in the general globalization environment of the economy, cause factors that must be taken into account:

- In the future development of transports and traffic important role will be on the connections made with neighbor countries and wider, especially the part that will be linked with corridor X,
- Integration processes in Europe defiantly will reflect on the Balkan countries in coming years,
- In the same time with integration in EU transport system, Balkan will run the integration of the economy in EU economical, political and other institutional integration.

To achieve a stage of the beginning integration processes it has to be identified the real stage of the road infrastructure that is not in the satisfied level, that is reflected on:

- Low percentage of highways in the network of roads,
- Low level of the projects with standards and quality of roads in the most of arterial roads,
- Dissatisfied condition of the roadways,
- Dissatisfied condition of the signaling in traffic,
- Insufficient level of safety in traffic,
- Direct impact on the environment,

The Ministry has done several attempts to go forward in building the network of the roads, and now is in the stage of negotiating the beginning of the road in highway level that will make connection with Albania in one side and Serbia in other part of Kosovo. Some emergent steps have to be done from the ministry in order to:

Adopt the strategy that will calculate clearly the real needs and potentials for investing, look into the actual tenders for roads, concession policies, and possibilities to enter in credit arrangements with financial institutions, coordination with local institutions in making priorities (e.g. connections with Montenegro), analyze the existing projects, complete a case record on actual projects and prepare a extremely transparent new one.

The roads and road traffic is a potential for a new cycle of investments and it will reflect on the employment of the technical capacities of domestic enterprises and human resources when we are aware that unemployment is at 40% rate of country.

Railway- the network of the railways in Kosovo is inherited from a socialist period and it was in bad condition, it is in a length of 333 km, not including the industrial railways used by mines and other. The railway network of Kosovo is linked with the Macedonia and Serbia that are the way Kosovo is integrated in Global railway network. The network and other infrastructure (Tracks, Station Buildings, Signaling, and Telecommunication) are managed from a Public enterprise “Kosovo Railways” that is doing its best to setup the best way for bringing the railways to a stage of safety and rentable (affordable) use of it. The Railway connects all major cities of Kosovo and is a project of linking with Montenegro and Albania as well. The transport done in this way is in bad state elsewhere in Europe, but without investment it cannot be expected to be ready to integrate railways in EU system. Respectively the Ministry has to bring a strategy that will involve in this project business community and international institution interests in this way of transport.

Air Traffic- has a big increase in the business, physically and financially, historically the air traffic was controlled by state enterprise JAT of Ex Yugoslavia, after 1999 the public company

“Pristina Airport” has been created and involved on air traffic, firstly through operating departure and arrivals, without managing airspace (air control was done by Internationals-KFOR). There are several other airports with agribusiness destination which are not operative at the moment, also there is developed new airport in the city of Gjakova that is expected to bring on operation in future. Pristina Airport is operating with more than 1 million passengers during year, creating a profit and possibilities for employment.

It is needed to invest on upgrade of the Airport and bring specialists able to operate in all fields including control of airspace. The Ministry of Transport has the intention to give Pristina airport in long term to investitures in concession, which will have to invest and upgrade the potentials of airport. The Ministry has to negotiate the contract and be careful not involving other airport or airspace of country in concession, that will bring Kosovo to situation not being able to expand on this branch of transport. The geographic positions of Kosovo airports have a possibility of attracting the passengers from neighboring countries as it is 100 km from all Countries like Serbia, Montenegro, Macedonia, and Albania. Kosovo has to prepare a strategy for air traffic in acquisition and deployment conditions in order to negotiate and achieve establishment of European Aviation Area (ECAA), having as a guide to achieve the integration and possibility to manage air space, being competitive, protection of national interests and much more, protecting the environment.

Number of flights and passengers at Pristina Airport

Year Month	Executed flights	Incoming passengers	Outgoing passengers	Total passengers
2008 - 12	405	49.027	36.102	85.129
2009 -12	455	52.905	41.589	94.494

Source: Prishtina Airport

Post and Telecommunication- is the branch of communication present through offered services of Post and Telephony that is managed by a public enterprise PTK, where the owner of shares is Government. Other services in Mobile Telephony, Kosovo has two operators, first is public owned operator VALA, and second one is Company IPKO where the majority of owners are foreign partners with domestic minority partners. In the mean time thanks to improvement of technology, the internet is available as a modern form of communication that has made possible many individuals and companies to provide their services.

Transformation of the Post and Telephony Company PTK and qualified for a market competition it is inevitable that has been accepted by the majority of similar companies in the region. So named Postal system that is present in Kosovo is similar to this one in region, which require adapting to requirements of surrounded postal systems. Having as goal integration in EU postal systems must be compatible with Postal Directive of the European parliament and Council since 1997 and 2002.year, with which from Postal system is required to maintain their primary social

function through the offer of universal postal services in non discrimination manner and a higher quality at affordable and unique prices. In the process of integration in European postal area the Kosovo postal system must be restructured with the new investment in technology, investment in development and modernization of the network, privatization, dividing themselves from the government in order to be ready to get in free market competition. Respective Ministry is in process of preparing the part of PTK business, Mobile Telephony for privatization, this will bring the rest of companies at a situation that will remain without comfort of having the income from mobile telephony that has covered the stagnation in the postal and fix telephony services. The future and survival of the traditional postal services and fix land telephony will be possible if the service providers will use the advantage of its benefits through partnership and alliances. In future for sure that in a certain extent the postal system will depend on the national policies relating to postal services.

3. Conclusion

The experience of developed countries and countries in Central and Eastern Europe that have gone through the process of transition shows an increasing role and importance of service industries where transport is also listed. Development of Kosovo among other factors is planned to be based on the development of the road network and sustainable transport system that is in the phase where we can say that a bit is done but the hard piece of the work still must be done and that is preparing and innovating a strategy for privatization, stabilization of ongoing projects on transports with the necessary actions on the regulation of the management systems on transport, and finding ways to define long term development strategy. All analyses show that Kosovo's participation of services in GDP is increasing, also employment and exports. It is evident that the transition process, as well as the dynamics in development of transport network will not take place uniformly on the entire territory of Kosovo. Once more we will stress that the dynamic development of the transport network should be well designed and structured, not randomly which indicates the necessity of making an adequate strategy compatible with the national strategy for economic development. Sustainable development is one that meets needs of actual generation, without denying the ability of future generations to meet their needs and the right to be able to utilize resources of the country.

References:

1. Armand Krasniqi, Fatos Ukaj, "Menaxhimi i Destinacionit ne Turizem", 2010, Peje.
2. Charles W.L. Hill, "International Business-Competing in the Global Marketplace: Postscript 2001, New York, McGraw-Hill/Irwin.
3. Armand Krasniqi, Fatos Ukaj, "Zakonodavna kompatibilnost zemalja Jugoistocne Evrope sa Evropskim Zakonodavstvom u Oblasti Informisanja i Medija", rad objavljen u zbornik radova sa II medjunarodnog naucnog simpozijum Novi Horizonti Saobracaja i Komunikacija 2009, Doboj 20-21 11.2009, BiH, str.1-6.

4. Fetah Recica,Asib Alihodzic,Husnija Bibuljica, "Razvoj Saobracaja u Funkciji Privrednih Potencijala na Kosovu", rad objavljen u zbornik radova sa II medjunarodnog naucnog simpozijum Novi Horizonti Saobracaja I Komunikacija 2009, Doboj 20-21 11.2009, BiH,str.1-8.
5. Enti i Statistikave te Kosoves,
<http://www.ks-gov.net/ESK/dmdocuments/Buletini%20Tremujor%20Janar%202010.pdf>
6. Ministria e transportit dhe post-tekomunikacionit, <http://www.mtpt.org/?page=15&lang=2>,
7. Aeroporti I Prishtines, <http://www.airportpristina.com/page/sub/id/c5/s23>
8. Ministria e Tregtis e Industris, <http://www.mti-ks.org/?cid=1,370>