

ALBANIA, MACEDONIA AND RAILWAY CORRIDOR VIII, AS A GOOD OPPORTUNITY FOR ECONOMIC DEVELOPMENT

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ABSTRACT: *This paper aims to identify the role of railway transport in economic development in Albania and Macedonia. It also aims to identify the importance of Railway Corridor VIII as a good opportunity to reduce costs of transport and shortening distance of travelling for freight trains. The future of railway transport is considered golden. Railways transport is considered as an effective and ecological transport, factors these which can be used in their marketing. Yet are issues related to high technology, their accuracy, providing good service and affordable tariffs that serve as attractive in the development of railways.*

KEYWORDS: Albanian railway, Macedonian Railway, economic development, social development, VIII Corridor, Albanian transportation

INTRODUCTION

Albania has a geographical position in the Balkans. It serves as a bridge to the West for trade relations between the countries. Despite its convenient geographic position geographic favours made by the state to encourage foreign businesses to invest in Albania Albania's trade relations with the EU in 2012 left much to be desired. For countries with which the EU imports Albania still ranks last in the 60-with 0.1% or 2,376 million euros. In the list of the trade partners Albania is ranked 68th with 01% of the total, or 3,489 million euros. Developed railway infrastructure will give another impact to the economic development in the country and will contribute positively in trade relations.

The hypothesis of this paper is:

How important is the development of railway network between Albania and Macedonia?

The objectives of this paper are:

- Obtain an extended view of railways in Albania and Macedonia
- Identifying the importance of this transport on development of these countries

LITERATURE REVIEW

Railways directly influenced the development of cities and economies around the world. As one of the most powerful tools that capitalism used to his arrival, railways gave contribution in the development of various industries, in the early mines factories and plants and then transport of the passengers. In our country the railways were built relatively late compared to other countries of the world. In this chapter we will present a historical overview of the Albanian railway. Globalization of the economy and liberalization of markets has resulted in an urgent need of transport of products from one place to another. In our days, the products are transported not only in close geographical locations but also internationally. Expansion of the

European Union member states and other new or aspiring candidates was accompanied by the growth of markets and therefore, goods and passengers traveling from one place to another.

If one takes a look at the railway map of Europe will observe important differences. While in some of its states, mostly in those of central and northern part of it, rail transport is well developed; in eastern and southeaster part the situation is quite different. It must be admitted that during these two latest centuries since the first use of railway, trains are a potential mean for goods and passengers. But while developed countries have insisted in terms of strengthening and development of the transport that has a direct reflection on the economy, states of the former Communist bloc have a backward system of this kind of transport.

Europe has identified the liberalization of railway system as one of the most effective ways of developing transport. The adoption of directives in the early 1990s marked important steps in this direction. The gradual liberalization of railway seemed an enabling entry of private operators and network expansion has made this process a successful result. On the other hand it is worth to mention that in the context of the liberalization of transport it is an emphasis on sharing service operator by operator infrastructure. Indeed, one of the conditions of liberalization and meeting the standards for countries aspiring to join the EU is the separation of operators. The purpose of this standard is to increase rail efficiency and effective manner. In the former Communist bloc, including Albania, and Macedonia, it is already done the separation of operators.

METHODOLOGY

This qualitative study employs the characteristics of railway system in Albania and Macedonia. The purpose is to find out how railway in Albania and Macedonia can provide an economic development. The case study was written based on literature, official data from Albanian and Macedonian railways, and round tables with experts of the field, economy, sociology, business etc. All these sources and discussions gave us information to prepare this paper. The second used tool is literature review. Studies, articles and different publications on this subject have been the focus of this paper, as a secondary data source.

RESULTS

Albanian Railway is a state monopoly. It owns the status of anonymous company JSC and is supervised by the Ministry of Transport and Public Works. This company has full rights on all sectors of the track since the possession of infrastructure, operations, Finance, human resource management etc. AR operates in the market as the only company without other competitors. Its role is envisaged by the Code of Railways, approved by parliament. Every year HSH balance the loss issue, ranging in amount of 2.1 million dollars (2005-2009). It is almost recovered it impossible operational costs. The length of the railway in Albania is 447 kilometres, of which 424 are in use, 23 kilometres out of function. The following tables will describe major railway lines, their length, the speed of trains and number of stations.

Since 1991, when Albania was engulfed by important political and economic changes, it was accompanied by a degradation and neglect of the railways. The number of passengers continued to be similar occasionally to that of the previous decade, but the receipts were not written down. The railway line connecting our country with Montenegro was raided. Only a year later, in 1991, began the launch and the degradation of railways. The abandonment by

passengers was favoured by sealing and destruction of mines, factories and plants, the disintegration of agricultural cooperatives, agricultural enterprises, and state enterprises all over the country. It led to the use of them and the need for trains down to maximum. The train schedules become increasingly rare. On the other hand, due to the transition period, upon wagons, locomotives and passenger compartments, tracks, signalling system, were exercised acts of vandalism that seriously damaged the railway system. An important factor to the abandonment of trains was their speed which was already too low compared with vehicles traveling on the road. Preference to the road system led to increase of the investments in this field. Very soon passengers would turn to road transport vehicles, buses and private vans, having good conditions but higher prices compared to those of rail. Currently the state of Albanian railways is destitute. The number of passengers is always decreasing. Although Albania has obtained the status of EU candidate and must implement directives rather toward improvement and rehabilitation of the rail network, so far no significant actions have been taken. An Albanian state subsidy package covers losses of rail to market liberalization.

The rail network in Macedonia stands up to 925 kilometres stretch spread across the country. From this railway line, about 235 kilometres or 33% of the network and 83 train stations are wired. About 214.9 km belong to Corridor 10 trans-European rail. According to the railway network in Macedonia, 391 km and 278 km main lines are secondary lines. Here not included lines under construction in the framework of the project for the construction of Corridor 8 railway. Railway stations in Macedonia serve to the movement of passengers and goods. Skopje Station is an exception because it is used for the transportation of passengers only. The main north-south line of the Macedonian railway starts with Nis in Serbia ending to the Port of Thessaloniki in Greece, linking so Corridor X rail Macedonia. This line passes through several of its major cities, like Kumanovo, Skopje, Veles, Negotino, Demir Hisar, Miravci and Gevgelija.

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ntercity trains connecting Kumanovo, Skopje, Zelenikovo, Veles, Negotino, Demir Hisar, Miravci and Gevgelijan with Serbia and Greece. Macedonia is part of the eastern section of Corridor 8 railway. The positive effects of this potential project in the field of railway will be extensively treated in a separate chapter of this dissertation. However, this part will address issues to feasibility, economic and social effects of this Corridor for the Macedonian state. Benefits of the eighth rail corridor are expected to bring enough positive effects for Macedonia, among which the most important are the links that will create the tenth and fifth corridor. This way it will be possible shortening the distances between different cities. Furthermore we present a list of expectations of building the Corridor:

Shortening the distance from the Macedonian capital Skopje with Bulgarian, Sofia. The distance that will be provided by the railway, expected to compete distance road transport currently offering. The estimates provide a permeable distance in about an hour, which is positive. With the construction of this corridor is expected that Macedonia is only 200 kilometres away from the Black Sea and about 150 kilometres from Istanbul. If we refer to the corridor study of 8, learned that the average speed of trains that will travel in this corridor will be of a length equal to 100km / h. This way, the distance from Skopje to Istanbul will be about an hour and an half.

In the space of eight rails corridor is projected to circulate 10 freight trains a day. Under the provisions of this project, the weight that will keep these trains, it is estimated to be 400 trucks.

This way, it will not only reduce fuel costs, environmental pollution, but will also reduce the traffic on the roads. On the other hand, railway lines will be built by Kristollopogji in Greece, which will connect the border crossing point Kapshtice with Lin, will provide good opportunities for the development of transport of passengers and goods. From this railway line, not only Albania will have access to the rail link with Greece, but also Macedonia. Thessaloniki, as an important tourist destination of Greece, will be more vulnerable to the wider Macedonian citizens. The latest positive effect, but not of less importance, is the fact that improving rail transport for goods and especially for passengers, will enable the creation of large facilities for Macedonian citizens. They will thus have closer coastal mountain destinations in Albania, Bulgaria, Greece and Turkey. It will give them the opportunity to explore and areas within Macedonia.

DISCUSSION

One of the most important benefits of Macedonia in terms of railway development was the signing of the Joint Declaration of the transport ministers of Serbia, Slovenia and Croatia, in Belgrade on 30 July 2010, a tripartite agreement aimed at reconciliation for the creation of a joint company called cargo 10, which will enable faster transport of goods in the 10 rail corridor. Tripartite company operates in the market with the speedometer because its purpose was shortening and simplifying procedures at the border. Experts who initiated this agreement calculated that one of the benefits of Cargo 10 was the reduction from 57 hours to 35-40 hours of travel from Ljubljana, Slovenia, to Istanbul, Turkey, thanks to procedures reduction. The company started its activity in October 2010, thus drawing to become part of it, and Bosnia and Herzegovina on 3 October this year. Though it was not a direct signatory to this agreement, Macedonia has plenty of benefits, given by its railways used by Cargo 10. This company gave a new impetus to the development of transport of goods in Eastern Europe doubling its volume. With the construction of the railway Corridor VIII, Albania will benefit greatly from this agreement, for the fact that it misses only 3 kilometres railway line linking it with Macedonia, which is Lin village in Albania with the town of Struga, Macedonia. In this way, goods from Albania could be shipped in a shorter time in the direction of Turkey, but also in Serbia, Croatia and Slovenia.

IMPLICATION TO RESEARCH AND PRACTICE

Previous studies about railways in Albania and Macedonia have never been focused on both two countries related to the benefits of Railway Corridor VIII. The contribution of this paper consists in analysing of economic development between two countries through railway transport. It also will serve as a base to support a detailed study on the management of rail transport in Albania and Macedonia in the future.

CONCLUSION

The construction of Corridor VIII will have a positive impact to some states from the shores of the Adriatic, Black Sea and Caspian Lake. Planned construction of this corridor appears to have aims at linking and economic exchanges of Italy, Albania, Macedonia, Georgia, Armenia, Azerbaijan, Turkmenistan, Uzbekistan, Kazakhstan and Kyrgyzstan. Turkey is another country which will benefit from the construction of this corridor, although it is not part of it. There is only 50 kilometres railway line to Istanbul, the share of the central axis of this corridor. The

Turkish government has expressed its interest to construct this railway line, adding to the possibility of economic and social exchanges between the countries.

However, it is worth to note that the three countries that will benefit most from the construction of this corridor are Albania, which marks the starting point of this Corridor, Macedonia, which serves as a transit line and Bulgaria, which is the last point where the corridor ends. Economic and social effects of this Corridor are numerous, considering the fact that these three countries are emerged from the former communist bloc, where Macedonia and Albania are in a political and economic stage more or less the same, while Bulgaria which is already a member of the European Union, is more developed.

While Macedonia is still under negotiation to get the status of candidate country to the European Union, despite political tensions in the country that make it part of the former Yugoslavia have greater opportunities to develop after the construction of this corridor. The fact that Macedonian citizens' visa-free travel and the country has signed free trade agreement CEFTA, increases the possibilities to benefit from this corridor. On the other hand, Albania enjoys a more advantageous position than its neighbour, as has already managed to gain the status of EU candidate. Furthermore, the geographical position favours Albania, as it is doused in 1/3 of its area by the Adriatic and Ionian Seas, which marks the starting point of Rail Corridor VIII.

Conditions continue to remain the same, although Albania gained candidate status conditional on European Union. The first prospective comparison with the other countries, Albania in this regard is left behind. Railway Law was approved late and did not comply with the regulations rules under EU directives. Railway situation remains so backward in terms of both cargo transportation and passenger in it.

Even though some of the countries that are members of CEFTA in 2006, but economic relations have not been successful for the fact that road transport costs are higher than those of railway. It is worth noting the fact that Albania has important trade partner Macedonia. The works on the outcome of this corridor will further develop these relations. The development of this transport, which accounted to offer lower fees than other means, could promote the development of trade between countries in the region and beyond. Besides commercial exchanges between countries involved in Corridor VIII, Albania has geographic favour to serve as a key for transport from the Adriatic Sea to the Black Sea. Upon rational Albanian government and interest groups for starting work on a much faster time, will promote and develop trade significantly in these countries. In the future is thought to be succeeding railways transport, as considered with good reputation in environmental issues. There are many studies in literature as western and Eastern Europe to treat railroad as an attractive market for investment.

FUTURE RESEARCH

This paper aims to bring attention to the value of the construction of Corridor VIII in establishing economic relations between the countries affected by this transport, especially Albania and Macedonia. It will serve as the basis for a deeper study in the future, even though it must be admitted that until now, this project has not been any major development.

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