

Philosophical, Political and Socio-Economic Aspects of Integration. The Case of the Transport Sector in the Baltic Sea Region (BSR)¹

Ignacy H. Chrzanowski

(School of European Integration, Szczecin; Maritime Academy, Szczecin)

ABSTRACT:

Traditionally, the progress of integration has been slow in the area of transportation. Already, the Treaty of Rome has intentionally left out the issues of sea and air transportation which were subsequently tackled by the European Union, although not entirely. The reasons for that are certainly complex and multifarious but the conflicting interests of states, the role of transport for the national economies, disparities in the level of transport infrastructure and the quality of services provided, and the sheer lack of political will are amongst the most important. This paper is looking into these issues and attempts at finding the genuine causes of this state of affairs in the transport industries of the Baltic Sea Region.

1. Introduction

The term "integration" has been so widely used that it may sometimes appear irrelevant. Yet it would be difficult to overestimate its significance, especially at this time of uncertainty and concern about the economic future of the world. Integration is one of the few alternatives to protectionism, discrimination and economic inefficiency. Economic integration is for nations what a forest is for trees; it holds them together.

The word itself combines different aspects; from philosophical and political considerations to social and economic ones, embracing elements of history, sociology and even psychology or anthropology. Nonetheless, it is hardly of a finite nature as one can always add new aspects to an analysis of integration. Countless books and papers have been written on the subject and many conferences and seminars have been held. Yet in the mind of an average person integration is usually associated with something that goes beyond the concept of nationality. Integration in an economic sense is international in nature.

To the opponents of integration, particularly the type of integration that is embodied by the EU, and they are many, integration means the loss of national identity and even a part of sovereignty. We leave this issue to political scientists and philosophers. What is of particular significance is focusing on how economic integration affects our everyday lives, especially in one particular area: *transportation*.

2. Economic integration

The many definitions of "economic integration" aim to demonstrate how different economic entities are connected. We can consider integration among various phases of the production process (we then speak of "horizontal" or "vertical" integration) or integration of separate sovereign economies, such as the EU, ASEAN, MECOSUR, ECOWAS, etc. The main objective of the latter type of integration is to reduce or completely remove trade barriers and improve the overall economic conditions in the countries affected by the integration movements.

¹ The views expressed in this paper have been reflected in the author's earlier publications: I. H. Chrzanowski, *Factors Affecting the Viability of a Single Transport Market of BSR. Preliminary Concepts*. "Firma i Rynek". 1/2011

Economists usually define several distinct stages of integration as follows:²

1. Preferential trading area
2. Free trade area
3. Customs union
4. Common market
5. Economic and monetary union
6. Complete economic integration.

Without entering into a detailed discussion of integration, one should emphasize that even the EU, which is by far the most evolved stage of economic, political and social integration³, falls short of a complete integration. However, even this level of integration, while offering definite advantages to its members, does not convince its many opponents that all the 27 members of the EU are better off with the integration.

1. A single market – the ultimate goal of economic integration

There are also various definitions of a “single market”. The one provided by CAVITAS (2010) defines it as the EU project to create a free market within EU and mould Europe into a single economy. Despite the tremendous progress within the EU, it cannot be described as a true single market yet, mainly because it does not have a unified taxation or welfare system, the single currency (the Euro) is not used by all members of the EU, and some countries have not adopted certain common rules such as the Schengen Convention (CAVITAS 2010). In political terms, the EU is not a sovereign entity since it does not possess a constitution, unique foreign representation and other aspects of a sovereign country. Neither does it have a single military/defence force.

Since such large disparities exist between particular countries of the EU in terms of wealth and economic advancement, one can seriously doubt whether the genuine single market that the EU aspires to create can be achieved rapidly. It is also arguable whether the single market within the EU can be achieved globally, without fully integrating particular economic sectors, such as the transport sector, for instance. One is tempted to rapidly conclude that it cannot be done. Therefore, only incremental progress of the integration process seems to be more realistic, signalling that the establishment of a genuine single market in the EU may still be some time away.

Notwithstanding these objections, it would be unjust to deny the progress made so far. The EU has made a historic progress as far as bringing nations and economies together is concerned. This is so because a single market offers some undeniable advantages:

1. By standardizing national regulations, the single market makes it easier for the companies and individuals to carry out business in the EU. By removing red-tape, introducing uniform criteria, giving people freedom to settle in a country of their choice the single market enables a faster economic growth.
2. Economic ties created this way are beneficial for European stability. It is now almost unthinkable that conflicts such as WWII may re-occur again in Europe.

² This description of various stages of integration can be found in most textbooks on international economics. See for instance: J. Tinbergen, *International Economic Integration*. Elsevier: Amsterdam 1954; J.E. Meade, *The Theory of Customs Union*. North Holland Publishing Company 1956; A. Tovas, *The Theory of Economic Integration: Past and Future*. Brussels 1994.

³ Of the integration movements of modern times, the union between Poland and Lithuania that survived 400 hundred years was probably one of the most complete. The two nations actually merged into one economic, political and military union known as “Rzeczpospolita Obojga Narodow” (“Republic of the Two Nations”).

3. A single market helps to create a strong and liberal Europe of universal values.
4. It improves self-esteem of the Europeans and gives them the sense of belonging to the same European heritage.

Nonetheless, a single market a concept also has certain *disadvantages* which can be summarized, but not limited to:

1. National governments continue to resist single market measures, often in the name of a nebulous "national interest" to the effect that the system cannot work properly;
2. A single market cannot fully operate across an area with such different cultures and levels of wealth;
3. The single market has not removed regulations; it has just moved them to a European level. Frequently, these regulations may exceed in complexity those functioning at the national level. (CAVITAS 2010)

Yet the single market *is* an option. Without the single market the European integration will not be accomplished.

4. A single transport market: can irreconcilable be reconciled?

If the concept of a "single European market" is a possibility, no matter how long such a process may take, then it should also be the case for the transport industry. But the barriers in this area are much greater, and this is so for a number of reasons:

1. Transport systems, even in the "old" EU member- countries, were created with the rationale of catering for the national interest first. There is little doubt that governments continue to think this way and are willing to introduce all kinds of protectionist measures that favour national carriers;
2. Just a few years ago it was unthinkable that national railways would ever agree to let foreign rail operators to use their infrastructures. But it was similarly unthinkable 20-30 years ago that such monopolies as Bell-Canada, ITT and numerous others would be broken for the benefit of the customers. Just remember that 25 years ago it cost CAD 3.00 a minute to call Europe from Canada. Now you can talk virtually for hours for that same amount. Despite efforts to date, nobody has to be convinced that Poland suffers from one of the highest telephone tariffs in the world to the detriment of individual consumers and businesses.
3. There are physical impediments to the process of integration of transport networks, such as, different rail gauges, sub-standard road networks in some countries, cumbersome procedures, taxation system, etc. Although, one needs to recognise that there has been tremendous progress throughout the EU to remove these impediments and bring national transport systems closer to one another.
4. Other problems surface related more to existing mentality and prejudice rather than pure economics. Virtually every country's political elites believe that supporting national industries, no matter how obsolete and inefficient, is in their national interests. Conversely, by doing so, they act against these interests depriving consumers of net savings that foreign participation in transport operations, or other economic activities for that matter, could offer.

These objections are not limited to politicians only who act principally to please their constituencies in order to be re-elected. They have to conform to the popular opinions that prevail in their states. Ordinary citizens also have to be convinced that transport integration will serve their interests as well. A direct rail line from Szczecin to

Berlin, cutting the travel time by half, would do more for transport integration in the region than countless declarations, conferences and symposia.

Opposition to economic integration is in the nature of things and is not limited to Poland or any other country in the Baltic Sea Region. It is sometimes easier to travel from Canada to overseas and do business there than to do business between Canadian provinces. And all this inefficiency is in the name of protecting national (local) interests and not in the interest of consumers who would greatly benefit from the liberalization of trade between Canadian provinces. The same is true for other regions as well.

All this is to say that the biggest obstacle in the process of building a single market throughout Europe is the traditional thinking of not only the political elites but also of the majority of the population. And in order to remain in power, politicians will do anything to convince people in their constituencies to vote for them, even if this means misleading them.

5. Common interest versus national priorities; which one will prevail?

Therefore the progress towards a single transportation market would require a rather dramatic shift in the traditional approach to the issue of integration and universalism. Needless to say that whilst this «recalibration» would be long and difficult, it will eventually lead to some consensus. One just needs to consider the private trucking business in this country, which is increasingly taking advantage of the new possibilities offered by a single market – hence, if truckers can do it, so can other businesses. After all they have a competitive advantage over other EU operators in the form of lower labour costs. Simply lifting standards and level of expertise will enable them to fully reap the benefits of a united Europe.

Is it therefore possible to be open to others and protect your own interests? I believe it is. What is more, being open to others does not necessarily mean surrendering one's own vital interests. Openness and self-interest are not mutually exclusive. They are complimentary because being open to others may lead to reciprocity.

Regional and pan-European integration of the transport system cannot be achieved immediately. This will be done in stages, the first stage being a need to put your own house in order, without integration of transport at the national, or even local level, there can be no regional integration, and even less a pan-European integration. In other words, to join regional and/or continental integration in the transport sector this country has to achieve integration at the national level. What does that exactly mean?

6. The inherent nature of transport integration

There are many aspects of the transport integration process and almost all of them are reflected practically in relevant legislative frameworks. The Transport Integration Act 2010 of the Australian State of Victoria can serve as a good example of such an attempt to define the scope and contents of transport integration⁴. The purpose of the Act is to “create a new framework for the provision of an integrated and sustainable transport system in Victoria”. The Act seeks to *unify* (integrate-emph. I.Ch) all elements of the Victorian transport portfolio to ensure that transport and land-use agencies work together towards the common goal of an integrated and sustainable transport system. It defines the “transport system” as the one which includes *inter alia* the following elements:

- Heavy and light rail system including both trains and trams;

⁴ For details of the Act see the official website of the Victorian Government legislation.

- Roads and vehicle, including cars, trucks and bicycles;
- Ports and waterways, including commercial ships and recreational vessels;
- Air transport system (Transport Integration Act 2010).

“Transport system” as defined by the Act includes not only system infrastructure and conveyances but also such things as:

- Communication systems and other technologies;
- Strategic, business and operational plans;
- Schedules, time-tables and ticketing systems;
- Labour components;
- Service components.

It is noteworthy that the Act has an overreaching status in the hierarchy of Victoria’s transport legislation. All other Victorian transport laws, including those relating to particular aspects of the regulation of trains, trams, roads, ports, transport projects and safety are identified as “transport legislation” under the Act and are therefore captured by its framework and are subordinate to it (Transport Integration Act 2010).

As expected the Act does not apply directly to the private entities contracted to provide metropolitan passenger rail and tram services, nor does it apply to metropolitan and regional bus operators. These, however, must have regard to the framework established by the Act.

Even this succinct description of the provisions of the Transport Integration Act of the State of Victoria clearly shows the *comprehensive* nature of this legislative framework. Transport integration process cannot and must not be based on disparate pieces of legislation, relative to particular modes of transport and particular segments of the transport industry: infrastructure, operations, safety and security etc. It requires a uniform and comprehensive legal framework. Can such a foundation be provided for Poland⁵ and other countries of the region? There is no simple answer to this question.

There can be no transport integration without regard to the *crucial interdependence* between transport planning and land-use planning. The relation between the two includes among other things the following aspects (Transport RTD 2000):

- Higher residential densities lead to shorter trips and lower levels of car use;
- Higher employment density leads to greater use of public transportation, which translates into lower levels of car use, but the trips are usually over longer distances;
- Mixed residential and commercial developments lead to shorter trips and lower levels of car use;
- “Traditional” neighbourhoods have shorter trips and lower levels of car use than car-dependent suburbs⁶;
- Developments which are close to suitable public transport services generate higher levels of public transport use⁷.

⁵ How little the transport system is integrated in the city of Szczecin can easily be seen by taking a ride on a bus or tramway. If you have to switch the modes you will easily notice that their schedules (time-tables) are not synchronized. It is common to see the tram or bus you intended to switch to take off right in front of you. And the next one will leave 20 minutes later.

⁶ This aspect is extremely important in North America when the uncontrolled expansion of suburbia resulted in catastrophic levels of car use. Resulting social and economic costs are difficult to assess.

⁷ There are some important examples of this trend in Finland where new developments arise along the existing rail lines, thus taking extra burden off major highways.

These factors play a significant role, for instance, in property values. In the US and Canada the time spent on a highway is proportionate to property values. The longer your drive from the city centre, the cheaper the house is to buy.

Needless to say the above factors will have a different impact upon transport integration in each and every country of the region under review, even at a sub-regional and local level. But they will all have a common ground, viz. a close relationship between transport planning and land-use. There is no doubt that there is still a lot to do in this respect.

7. The Baltic Sea Region (BSR)- a ground for transport integration

The European Union is the classical example of multilateral character of integration. The 27-nation bloc is moving more and more decisively towards a single market for goods, capital and people. The other blocs, such as CARICOM, NAFTA or even ASEAN are not there yet. (Not to mention ECOWAS which has made very little progress in the process of economic integration.)

One of the main reasons for that in the case of ECOWAS is the fact that the economies of the members of ECOWAS are not complementary to each other, rather competitive. When you compete neck to neck with your neighbour you are unlikely to enter into cooperative association with him. Ghana cannot increase her share of cocoa market without first curbing the dominant position of the neighbouring Cote d'Ivoire, the world's leader in cocoa production and exports.

However, the countries of BSR are *generally complementary* to each other to a large extent. Nothing prevents the Polish educational system from catering for the educational needs of our neighbours. But first the Polish educational system has to improve its standards, particularly in terms of linguistic skills. The Polish factories need not be the European version of what the Mexican "maquiladoras" are to the US businesses but they certainly can use their advantage of distinctive competencies, to use Michael Porter's term, and lower labour costs. The Polish hospitals and clinics, dental centres, and the like, could cater more extensively for people from other EU member-states, but that cannot be done without further integration and deregulation of the transport sector throughout the EU. I personally found out that is certainly not easy or affordable to travel from Szczecin to Zurich, a distance similar to that from Montreal to New York where one can perform a round trip within one day and have ample time to go on errands at either end of the journey.

The BSR is a particularly important area in this respect. The Baltic Sea, the Northern Europe's Mediterranean, is bordered by some of the most developed countries in the world. Norway, who does not have a Baltic shoreline, has vital interests in the Baltic Sea. Eight of the nine Baltic States are members of the EU. Only Germany, Denmark Sweden and Russia have direct access to ocean sea lanes while Poland, the Baltic States and Finland have only the Baltic Sea coast.

There are special features of the Baltic Sea and they are as follows (TRANSLAND 2000):

- 2,000 ships at any time and a steady growth in traffic;
- 85 million people in the bordering areas;
- Low temperatures;
- Brackish water and long residence time of water;
- Slow degradation of hazardous substances.

These characteristics alone shape the Baltic Sea and its bordering areas into a vital element of the European transportation network. It is in the Baltic Sea Region that important transportation axes cross from North to South and East to West.

Yet the transport system of BSR is to a very large degree *disjointed* i.e. *not integrated*. It goes without saying that this disjointed nature of the BSR transportation system deprives these countries of considerable economic advantages and runs counter to the process of further economic integration of this region⁸.

8. Transport integration in BSR

All the above remarks lead us to one important question: how far the factors discussed so far apply to the process of creating a single transportation market of the region - is it feasible or is it a pure utopia and wishful thinking? When the fathers of the European Union put their dream into effect some 60-odd years ago, few people would believe what has been achieved. It seems impossible to overcome the differences between the original six member countries, the former enemies in WWII. Gradually, the number of member states was increased to embrace most of the European 40 or so countries. At the time of its inception the bloc was limited to the nations of Western Europe and it was just as unthinkable that two generations later it would embrace most of the former socialist states of Central and Eastern Europe.

The same can be expected of the single market of BSR and while it may take a generation or two to create it, sooner or later it will become a reality. Because it is in the nature of things that nations have to cooperate rather than confront each other. Confrontation is in nobody's interest.

9. Brief review of progress of transport integration in various geographical areas

Before an attempt is made to outline the likely path leading to the creation of a single transportation market within BSR, let us provide a brief review of what has been achieved in this domain in other parts of the world. We will specifically cover the following integration movements, apart from the EU which will be omitted for the purpose of this short paper: NAFTA, CARICOM, MECOSUR, ECOWAS and ASEAN.

NAFTA (North American Free Trade Association)

During its 18 years' existence NAFTA has never evolved beyond its main scope of a free trade association. The 3 member states: the U.S., Canada and Mexico have not attempted to create any form of formal integration in the transport sector. Mutual links between transport operators within NAFTA are regulated through bilateral agreements. The reasons for that are both economic and political and are the result of very different economic structures and level of wealth, particularly between the U.S. and Mexico. Cooperation in the transport sector within NAFTA has a strictly practical character and issues are dealt with on a case by case basis. Nothing indicates that this state of affairs will quickly change and the NAFTA member-states will move towards implementation of cooperation in their transport sectors.

CARICOM and MECOSUR

The nations of South and Central America and the Caribbean have their own version of trade groups. Two of them, viz. CARICOM⁹ and MECOSUR¹⁰ deserve attention

⁸ What a disjointed transport system means in practical terms is best seen in Africa. The nations of this Continent sustain huge economic losses due to high transportation cost. More on this topic see: United Nations Commission for Africa: ENECA: Chapter 7: Transport, Communications and Energy.

⁹ CARICOM, also known as the Caribbean Single market and Economy (CSME) is an organization of 15 Caribbean nations and dependencies. The full members are: Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, San Kitts and Nevis, Santa Lucia, Saint

in the context of this paper. There are also other groups, such as an association of the Andean nations which play a much lesser role.

Geography is the main factor of the two economic associations. Particularly in the case of CARICOM where sea and air transport play the crucial role because of these nations' insular character. This was emphasized in a paper presented at the 37th Annual Conference of the Caribbean Shipping Association held in Santo Domingo in October 2007 (VACCIANNA 2007). However, these nations have a long way to go to make their transport systems more integrated, the main obstacles in this process being protectionist measures and barriers erected by some governments.

ECOWAS –the Economic Community of West African States

ECOWAS¹¹ is an association of 15 West African Nations: Benin, Burkina Faso, Cape Verde, Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Nigeria, Senegal, Sierra Leone and Togo. Two other nations: Niger and Cote d'Ivoire were suspended in 2009 and 2010 due to military coup and falsified elections.

ECOWAS, whose objectives are the promotion of economic integration, creation of a common market, coordination of sectoral policies and harmonization of fiscal policies, is an interesting case from the transport integration perspective; and without entering into a detailed discussion of this issue it should be emphasized that the lack of proper coordination and cooperation in the transport sector the economies of this area suffer a serious setback. Protectionist measures by these countries, long delays at the border, disjointed transport network, particularly in the case of railways deprive these nations of the advantages transport integration generates. There is no doubt that the transport integration process in ECOWAS has a long and bumpy road to follow.

ASEAN

ASEAN¹² or the Association of the South-East Asian Nations groups ten countries. In the context of this paper it is probably the most significant example of what transport integration means for economic progress, in many respects comparable to the achievements of the European Union, although realized in a much shorter period of time.

Table below clearly shows that transport is an extremely important contributor to these nations' GDP, which is double, or in the case of Indonesia, even triple the typical share of transport in GDP of most industrial countries:

Vincent and the Grenadines, Trinidad and Tobago. The associate members are: Anguilla, Bermuda, British Virgin Islands, Cayman Islands, Turks and Caicos Island. The nations with an observer status are: Aruba, Colombia, Curacao, Dominican Republic, Mexico, Netherlands Antilles, Puerto Rico, Saint Martin and Venezuela.

¹⁰ MECOSUR, founded in 1991, is an economic and political agreement between Argentina, Brazil, Paraguay, Uruguay, Bolivia, Chile, Colombia, Ecuador and Peru have associate member status and Venezuela had signed a membership agreement but it has not been ratified yet by all founding member nations.

¹¹ ECOWAS was founded on May 28th 1975 with the signing of the Treaty of Lagos.

¹² ASEAN was founded on August 6, 1967 with five members: Thailand, Indonesia, Malaysia, Singapore and the Philippines. Currently, there are 10 members: Brunei Darussalam, Myanmar, Cambodia, Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand and Vietnam. Papua and New Guinea and Timor-Leste are candidates. There are also extended sessions of what is known as ASEAN-plus including such countries as China, Russia and Australia.

Tab. 1. Transport sector's contribution to GDP of selected ASEAN member states (2003 figures)

Country	Contribution to GDP in %
Indonesia	16.3
Malaysia	6.7
Philippines	7.2
Singapore	11.0
Thailand	7.8
Combined	11.2

Source: ASEAN Finance and Macroeconomic Surveillance Unit Database

This unusual significance of the transport sector in terms of its contribution to GDP is partially due to geography (Indonesia and Philippines) or strategic position in relation to shipping lanes as is the case of Singapore. But there is also another factor, viz. the significance of intra-ASEAN trade. In terms of value, intra-ASEAN trade represents almost a quarter of the total trade of the Association (ASEAN 2011). The ASEAN countries have made significant progress in regional transport cooperation since the inaugural ASEAN Transport Ministers Meeting in 1996 in Bali, Indonesia. Since 1998, several regional transport agreements were concluded:

- The mutual recognition of commercial vehicle inspection certificates;
- ASEAN Highway Network development;
- Goods in transit facilitation and five implementing protocols;
- Air freight service liberalization (ASEAN 2011).

In addition, cooperation frameworks are in place for transport infrastructure integration, transport facilitation and competitive air services. These policies have been incorporated into the national development agenda of ASEAN member countries (ASEAN 2011). ASEAN transport cooperation focuses on continental development of the trans-ASEAN transportation network. It covers major highways, railways, ports and airports, facilitation of cross-border transport through the goods in transit, inter-state and multimodal transport agreements, conducting policy and development projects and studies, as well as capacity building programs and mutual sharing of best practices and experiences (ASEAN 2011).

The achievements of ASEAN member states in the field of transport integration can be a source of inspiration not only for the other developing nations' economic associations but even, in many respects, for the European Union. As such, developments in ASEAN member states transport sector should come under close scrutiny by those who are or will be involved in policy formulation and implementation in this field of economic activity in BSR.

10. Single transport market in BSR; what needs to be done first?

This paper would miss its purpose if an attempt to formulate some priorities for a type of blueprint or road map for regional integration was not developed over the next few years. This paper is a start and presents a handful of loose ideas that may or may not be relevant. Experience shows, the road to regional transport integration will be probably extensive - but there are few alternatives to integration. Transport is a very capital-intensive activity, countries must make sure that their transport capacities are optimised. This cannot be done on an individual basis and cooperation among the nations of the region is crucial.

The establishment of a single transport market in BSR would certainly mean one thing; internal (nation-wide) competition will be replaced by region-wide

competition. That means that carriers/operators from the member states will be allowed to compete for cargoes and passengers with their counterparts in the host country. This is already happening when you note the number of air passengers from Szczecin and its surroundings using Berlin airports to fly to West European cities or making overseas connections¹³.

Thus availability of reliable and reasonably affordable transport services to the inhabitants of the region, regardless of the nationality of the carrier, will be the first and most important test of transport integration. Unreliable, non-competitive carriers will be swept out from the market unless they can secure government support. But such support runs counter to the very idea of cooperation and integration. Therefore making sure that the common interest would prevail over national interest is a prerequisite for the promotion of transport integration in the region. But such an idea will undoubtedly be a non-seller with the politicians who often wear their patriotic hats to please the constituencies.

There will also undoubtedly be a conflict of interest between transporters and the consumers of transport services because the once popular saying "What is good for General Motors is good for the United States" no longer applies here. One should rather say "what is good for the consumer of transport services is good for the country".

A market is a place (in figurative terms of course) where the conflicting interests of sellers and buyers clash. As a result of such a clash, which by no means has to be violent, a compromise is reached and this compromise is nothing more than a price for a good or service that will be acceptable for both parties. Transport market is no exception to this rule. Any attempt to distort this formula will penalize one or the other party in economic terms.

Thus the transport integration process in BSR will face a formidable difficulty in what should be the finding of an acceptable level of competitiveness among the transporters from all the member states, while preserving the transporters' right to a decent profit. How to ensure this is certainly beyond the scope of this paper.

Market liberalization is one of the preconditions for a successful move towards an integrated transport market in BSR. This liberalization has already been achieved to a considerable degree in the airline industry. If it could be achieved in this sector where many carriers existed only thanks to protectionist measures by the respective governments, so it should be possible to achieve it in other modes of transport as well. This is just the question of political will.

11. Brief conclusions

Obviously, many questions relative to the issue of transport integration in the BSR remain unanswered in this paper. This however does not mean that they should not be asked. The European integration is also a regional integration with the BSR being *the other "Mediterranean"* of the European Union. The only country bordering the Baltic Sea, The Russian Federation, is not a member of EU but has vital economic and political interests in the region. What happens in the region is crucial for Russia and conversely, what takes place in Russia affects all the countries of BSR.

It is simply inconceivable that such a vital sector as transportation will be left to its own fate. Transport integration, and its most spectacular facet – a single transport market – is simply the prerequisite for further advancements in integration within the European Union as a whole.

Much has been achieved in terms of transport integration of BSR. Much more still needs to be done, particularly in terms of the popular perception of integration and its

¹³ This trend will be further strengthened with the opening of a new airport for Berlin and the improvement of rail connections from Berlin to the border with Poland.

benefits. Particular interests of the nations involved in this process seem to be the major obstacle in this respect. Discussions and papers such as this one are the starting point to further rational development of an integrated transport system in the region.

Bibliography

- ASEAN (2004) Gears Up for Economic Integration. November 2004.
ASEAN (2011) Transport Action Plan 2005-2010. The Official website. The ASEAN Secretariat. February 2011.
CAVITAS (2010) EU Facts: Single Market. Last updated on 18 November 2010.
Meade J.E (1956), *The Theory of Customs Union*, North Holland Publishing Company.
Tinbergen (1956), *International Economic Integration*. Elsevier: Amsterdam.
Tovias A. (1994), *The Theory of Economic Integration: Past and Future*. Brussels.
The Transport Integration Act. The Official Website of the Victorian Government.
The United Nations Economic Commission for Africa : Chapter 7 : Transport, Communications and Energy.
Transport RTD Programme: TRANSLAND – Final Summary Report. EUROPA< Cordis >Archive. June 2000.
Vacciana S (2007), *Are we ready? What are the implications for Caribbean shipping?* Available: www.cwjamaica.com. Paper presented at the 37th Annual Conference of the Caribbean Shipping Association in Santo Domingo, Dominican Republic, October 2007.