European Union extends transport network into accession states

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The European Union (EU) is in the midst of developing a new transportation network that by 2020 is to stretch across the continent, linking the EU's original members and opening up the accession countries of the former eastern bloc.

Made up of over 30 trans-European transport networks (TENs), the series of new or improved transport routes was initially drawn up in the early 1990s but has been amended many times to cope with the changing demands of European big business.

The amount of central funding earmarked by the EU for the TENs projects has been acknowledged by EU Transport Commissioner Neil Kinnock to be a fraction of the total amount necessary. Therefore, much of the expense is to be borne by the individual countries through which the routes pass.

For the eight "accession countries" on the EU's eastern border—Estonia, Latvia, Lithuania, Poland, the Czech Republic, Slovakia, Hungary, Slovenia—due to join the Union in June of this year, this means they are essentially being required to pay heavily for their entry into EU.

For example, Lithuania, whose population numbers only 3.5 million with a per capita GDP of just over 4,000 euros, has to invest over 2 billion euros in 1999-2015 to carry out the minimum requirements for integration of its transport system into the EU. For this it has had to borrow substantial sums from the European Investment Bank (EIB) and the International Monetary Fund, as well as engaging in expensive private finance projects and diverting funding from other areas of spending.

Besides providing a bonanza for large construction outfits, the multibillion euro TENs are intended to benefit European big business generally, facilitating its ability to relocate to lower wage areas while maintaining access to their main markets. Low-wage countries within the EU that are experiencing the highest growth rates—such as Ireland, Spain and Greece—have received many of the priority TENs: a high-speed train from Madrid to Dax, a trans-Pyrenees rail freight route, a major redevelopment of Greek motorways, two road and rail projects in Ireland, a new road/rail network from Portugal through to Germany.

However, it is the 10 new members that are to join the Union in June—especially those on the EU's eastern border—that are increasingly attracting inward investment. Therefore, EU transport policy has to a large extent started to focus eastwards.

While the priority TENs routes begun in the 1990s have been largely concerned with infrastructure within the current 15-member EU, the new eastern member states about to join the EU are in line for several new transport projects to take advantage of the region's low wages, tax breaks and proximity to EU markets.

Road haulage is the favoured means of connecting the region's production centres to Western markets, with a doubling in the total length of motorways in Eastern Europe over the past 10 years—a trend set to continue over the next decade.

Warsaw is developing as a major transportation axis for routes in and out of the former Eastern bloc, with the road network to Finland and the E-30 Berlin-Moscow international highway currently under redevelopment.

Other routes through Warsaw marked for upgrading are the E-77, running from the key Baltic port of Gdansk to Vienna, and the E-67 Warsaw-Prague route. A number of other new road projects have also been suggested for future development, including one linking Germany with Belarus and the Ukraine via Warsaw. Korean car makers Daewoo, Italian steel concern Lucchini, French electronics giant Thomson, US-based Levi Strauss and Ford, and Sweden's Intercelluloza all have major investments in the greater Warsaw area.

There are also new TENs rail routes in the accession countries—the high-speed railway from Slovenia to the Ukrainian border, a newly integrated railway between Paris and Bratislava, a railway axis from Athens to Dresden via Budapest and Prague, and the railway axis Warsaw-Kaunas-Riga-Tallinn. These improved rail routes are intended to facilitate the exploitation of the natural resources of Central and Eastern Europe, as well as moving industrial output being manufactured in the region. Audi and GM have major car factories in western Hungary, Volkswagen a large factory in Bratislava.

While fortunes are lavished on corporate interests, local infrastructure has not enjoyed any comparable boon from EU transport plans, with motorists in many of Europe's towns and cities—especially those of the accession countries—continuing to drive on pot-holed roads that have suffered from chronic underinvestment.

Most of the dilapidated and potentially deadly Soviet-era rail tracks and rolling stock of the former COMECON will remain in place for those local routes not vital to European business interests. Entire regions not touched by the influx of foreign capital are to remain cut off from the expansion of Europe's transportation systems. Many of the Soviet-era industrial towns and the rural areas in the region have not recovered from the economic collapse following the restoration of capitalism in the early 1990s. These poorer areas, in which most of the population of the accession countries live, can expect little from the EU's infrastructure projects.

The EU is no longer willing to generate even the limited economic development seen in many backward areas of the Union over the past 30 years, such as in the poor accession countries of the 1970s and 1980s—Ireland, Spain, Portugal and Greece. The injection of infrastructural funds that have been made available to economically backward areas like the Spanish provinces of Galicia and Extremadura will not be replicated in the new accession countries.

With a total population of around 75 million, the 10 new accession countries will have to compete fiercely for the meagre central resources on offer. The EU's Structural and Cohesion funds for 2000-2006, which aim to improve the infrastructure of the Union's poorest areas, will allocate less money per year over the period than in 1999.

According to Tony Thirwall in *The euro and 'regional' divergence in Europe* (New European Research Trust: London, 2000), the sums that the EU will be diverting to infrastructural improvements in the accession countries compares badly with federal funding of poor areas in the US. Even the wealthiest areas of the accession countries such as Slovenia and Prague would take decades to catch up with the average GDP per person of the current EU, a trajectory that would be impossible to sustain as it is dependent on sustaining current levels of growth of around 5 percent over the entire period.

As well as large variations between the wealth of the current 15 member EU and its eastern neighbours, there are growing disparities within the national economies of the accession countries. Martin Heidenreich of the University of Bamberg states: "The enlarged European space is ... characterised by an extraordinary heterogeneity between prosperous metropolitan regions, service dominated and industrial regions, and old industrial and agricultural regions. While four fifths of the Western European population live in metropolitan, core industrial or tertiary regions, this is true for only eight percent of the Central and East European population [including Romania and Bulgaria]" [*Regional inequalities in the enlarged Europe* (University of Bamberg, 2003) p.15].

While economic disparities between areas were a feature of life during the Soviet era, the eastern accession countries have faced intensified social and regional inequalities simultaneously with preparations to join the EU. Hundreds of former Soviet bloc industrial centres dedicated to producing output for the USSR have been ruined. These old industrial centres, often producing heavy industrial or military output, include much of eastern Poland, Hungary, the Czech Republic and Slovakia outside of Bratislava. Workers laid off in these areas are faced with little chance of regaining decent employment.

Even the areas of Poland and Slovakia that have attracted substantial inward investment remain plagued by high unemployment. The agricultural sector in the accession countries has fallen even further behind that of its EU equivalent, threatening ruin for tens of thousands of small farmers as they come into direct competition with European agribusiness.

On the other side of the coin, a very few areas have experienced significant growth since the restoration of capitalism and the move towards the EU. The conurbations that have generated almost all of the region's economic growth over the past decade—a "Central European city belt" according to Heidenreich, comprising Gdansk, Warsaw, Prague, Budapest and Bratislava—have become major locations for European capital seeking the cheapest labour costs and easiest avoidance of taxation, while maintaining access to EU markets.

Almost every major transnational firm from Ford, GM and Volkswagen Group to Citibank and Societe Generale have established themselves in these areas. Besides the region's national capital cities and a few other cities such as Gdansk, there has been little economic growth since the massive recession that hit the former Stalinist states following the collapse of the Soviet Union. Thus the high growth rates of the eastern accession countries—averaging annual growth in the former twice that of the EU over the last decade—are based on the extraordinary growth of a few areas that has not brought any significant benefits to the vast majority of the countries' populations. And within those cities, the basis of the growth rates is the low wage, low tax and minimal regulation conditions maintained by the national bourgeoisie directly at the expense of the living and working conditions of the working class.

With EU funds targeted at connecting a small number of lucrative eastern cities to western markets, little is left to improve conditions for the poorer areas, leaving towns and regions to squabble for a new transport route to be near them—often at the expense of social and environmental concerns.

One example of this is found in a controversy over the Via Baltica expressway—road corridor from Helsinki to Warsaw—in Poland on four sites of international importance for the conservation of animals, plants and natural habitats. The development planned and partly financed by the European Union (EU) will lead to the expansion of over 1,000 kilometres of existing roads linking the main industrial centres of Poland, the Baltic States and Finland, as well as improving access to their natural resources such as timber.

For part of its route the Via Baltica will cross the Podlasie Province in northeastern Poland, which has some of the last major wilderness areas in Europe. An alternative route that does not cut through such important natural areas is available, but regional politicians and businesses lobbied heavily to have the route pass through the wilderness areas, thus passing by the economically depressed regional capital, Bialystok.

The Polish Society for the Protection of Birds and the World Wildlife Fund (WWF) have both expressed concerns about the possibility of the expressway going through the environmentally sensitive areas. According to WWF Poland, when approving the route for the Via Baltica expressway, the Polish government did not carry out an environmental impact assessment. It also ignored several protests from scientists, including the Board of the Biebrza National Park that is among the threatened areas.

The highly targeted allocation of EU funds combined with pressures on the accession countries to provide billions of euros to subsidise the transport needs of big business, is an expression of the predatory character of the entire EU expansion process. Far from opening up a prosperous future for the majority of people in the new member states, the infrastructure projects planned by the EU indicate that corporate Europe intends to use EU expansion to undermine the social needs of the vast majority of the European population, east and west.