

Albanian Railways
General Directorate of Albanian Railways
Economic and Internal Services Unit
Internacional Relations
Internacional Relations Responsible

PRESENTATION REPORT

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Presentation for Albania in the meeting of Podgorica on 14 November 2012

General Report of Albanian Railways:

Regarding the new Railway Law, have already gathered comments, suggestions and comments from all interested Albanian parties, like: Railway Sector in the Ministry of Public Works and Transport, Albanian Railways, Railway Inspectorate and Institute of Transport. Assignment was completed in March 2012 and it is anticipated that the new Draft of the proposed Railway Act is presented to the Parliament for approval in September 2012. And actually, currently about Railway Code of the Republic of Albania is preparing a new Draft with the appropriate changes.

IPF's second project for the rehabilitation of Durres – Tirana railway line is in its original conditions in design and in performance of a complete economic and financial evaluation of the entire rail network that has been approved by the European Bank for Reconstruction and Development. The task will begin in December 2012 and will last 9 – months. The estimated cost of the Project is about 1.2 million Euro and the source of funding is the European Western Balkans Joint Fund. The two independent components of this project will be carried out in parallel ways.

Given the very difficult financial situation Railway, starting from 1 March 2012, the General Directorate of Albanian Railways with the approval of the Supervisory Board to reduce the number of employees by 400 people. Despite declining numbers of such staff, employment, current traffic levels, there is still a significant problem associated with high wage costs.

Despite arrangements, negotiations with Unions, as well as the Ministry of Finance and the Ministry of Labour and Social Affairs to provide the necessary package to reduce support staff, the implementation of the above measures is difficult, with a greater social impact.

In connection with the relevant Legislation:

1. The realizations of 2012 main thrust legal framework which must comply with European legislation gradually in the field as well as institutional strengthening.

During this year is approximate and approved in principle the agreement among the Council of Ministers of the Republic of Albania by the Government of Montenegro for committing of transport Border Railway between the two countries - Decision no. 492, no. 18. 2012. Is compiled and published for Instruction No. 10 dt. 07/09/2012 (on passenger rail transport rules "which is in compliance with the European Legislation".

2-.Reforms foreseen to be undertaken during the years 2013-2015: In accordance with the strategic documents and national MSA Implementation Plan (approved by Decision no. 486, dated 25.07.2012) are working in the directions to be programmed as follows:

a Legal reform:

Foreign consultants has prepared the preliminary draft of the law "on the railway system in the Republic of Albania". The draft is in process of consolidation and development of the final version which is expected to be adopted during 2013. Also programmed draft bylaws acts in technical and regulatory field.

b-Functional and structural reform:

On the basis of the draft of the new law, provided that in the period of 2013-2015, HSH be divided into four separate enterprises.

Infrastructure Enterprise,

Two companies of transport (passenger and freight),

Database repair tools will initially be a joint stock company, and further state property to be privatized.

The bill provides for the creation of the Albanian Railway Authority which will be independent and will consist of market regulation sector, railway safety authority and notification sector.

Accidents and Incidents Investigation Office Railway (body Investigation) in accordance with European Legislation will be an independent unit of the Albanian Railway Authority.

About the Network Statement:

Is in the end, remains to be completed only the third Appendix, because the Appendix one, two, four and five are finished, as are completed formal changes and it is expected that during this period will be published in the Internet. In this Network Statement we find:

Legal structure for the composition of the network situation, the conditions to use Public Railway Infrastructure, Railway Infrastructure, Intenerar allocation to trains, Legal framework, Rates, Legal basis on rates.

Assignment Description:

The Albanian Railway Company (Hekurudha Shqiptare – HSH), is responsible for rail infrastructure and rail operations on the Albanian rail network. There has been a prolonged period of low investment and maintenance work has been restricted to essential work only. The track is in workable but in poor conditions. The rolling stock is old and in need of renewal. Signalling is almost completely life expired. There is a need to provide a regular service of a quality that will attract passengers to the railway to ease the congestion on the road. The railway system in Albania was constructed to serve industry and still does so – the steel, cement and petroleum industries, all for rail transport.

Market monitoring:

For the period of the third quarter, market monitoring results:

- We are in pursuit with Society "PANSPED" to start the transport of ferro nickel from Metallurgical Combine in Milot and then to export auto tools, quantity 1250 for day.
- Euro Albanian Shipping LTD in the directions of Bajza, Durres with the representatives of Mr. Artur Dedja for technological waste to former Metallurgical Combine.
- We realize contacts with "Alko Metal" Society, with the president, Mr. Kalem Hyka for technological waste transportation to former Metallurgical Combine to Kosovo*¹ with about 50,000 tons, refuses transport by rail due to the higher cost of the railway, as these goods are sent with auto tools from Elbasan to Kosovo.
- We realize contacts with Mr. Renato Beqiraj and Mr. Artan Kuqo, the transport of iron ore to the Sea Port of Durres, with exports to China and later treaties are also for export to Bosnia.
- Entrepreneurship "Concrete Plus Company" requires transport of ballast for Koplik - Vora, about 5000 m³ (cubic meters) per week, te

¹ *"*This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence*"

continue to reach agreements with this society for the establishment of the square of the discharge, and technical problems. Is determined the

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labor group from Infrastructure Management Unit.

- We realize contacts with Society "GMA", Tirana, with the president, Mr. Artur Farruku to transport ballast in the direction of Montenegro in the amount of 20,000 - 30,000 tons. I've been given and while transportation charges are pending for an answer.
- We realized contact with a company from the Czech Republic represented by Mr. Vasko Rukov, Head of Technical Services range from Vlora transport in the Czech Republic, for about 1,000 tons of greenhouse per month, to reconcile with Society "PANSPED", to guarantee transport which has provided the required number of carriages, until now this Society is in reach agreements with Selenica mine, for ensuring the quality Certificate.
- We realized contacts to continue to transport grain in rail road through Society "AIBA" that this provides commodity in Serbia through it means sending cement and taking cereal in Novi Sad.
- With Flour factory, Tirana , we continue treaties of transport in ex-Factory of goods in Lushnje, for this and incoming lines in the factory has been put on alert. So far this company supplied with cereals from Russia and around 10,000 tons for month, after cereals from Serbia are not an appropriate quality for the production of bread.
- Society "KURUM" - nine months has shipped with an amount of 52,654 tons of scrap. This transport has had quality problems and high market price.
- Virgin oil transport - has concluded that oil sales contracts Virgin from K.P.TH.N., Ballsh, for transport in Novi Sad for the year 2011 to 2012. Restarting the transport was not made possible in the third and fourth quarter, as the Serbian side requirements in the price and in the quality of the product.
- Contacts with Petrolifera, Vlore - Z. Gazmend Shalsi for possible transport oil from fields, Fier to Vlora, from these results that contacts oil loading point to Albpetrol is completely destroyed and in this line discharged wastewater and white and in fact in these conditions this transport is not carried.

Material Prepared in 06.11.2012 for Monitoring the market, by:

Traffic Marketing Sector

Goods Business Unit

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Thank You!