

SUMMARY OF THE RAIL REFORM IN THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA

I am pleased to be here on this regular meeting of the Working Group Railways and glad to see once again so many familiar faces. Thanks for the invitation to Mr. Jost as well who is helping us to exchange our rail reform experiences amongst us all at different levels.

Regarding our future membership in the EU we are obliged to be in line with the EU rail acquis. Just to remind everyone we all have started and are at the same time continuing to do so especially on institutional aspect.

• Primary law adopted and in effect

The former Yugoslav Republic of Macedonia is one of the countries, which has repeatedly updated its rail legislation, with a partial attempt to align to EU law.

Just to remind you all the following laws are passed by the Assembly of the former Yugoslav Republic of Macedonia and published in the Official Gazette:

- Law on the Safety of the Rail System
- Law on the Rail System
- Law on contracts for carriage by Rail
- Law on interoperability within the Rail System
- Law on transport of dangerous goods by road and rail and
- Law amending the Law on transport of dangerous goods by road and rail

The following laws are in phase of preparation which also will be proposed to the Government of the RM after the elections are over:

- Law amending the Law on the Safety of the Rail System,
- Law amending the Law on contracts for carriage by Rail and
- Law amending the Law on the Rail System

The proposed laws which are amending the current laws are because of the further transposing of the parts which were omitted from the EU directives. Somehow the puzzle shows by itself that there is a need to implement some articles from the directives which are very much needed to put in function certain entities, services and etc. So, all mentioned laws have been already drafted and will be revised once again before sending them for comments to relevant institutions. I want to stress that all stakeholders have been informed about the proposed draft text of the amended laws and joint meetings were held as well. Therefore as a conclusion every interested party has been contacted and given an opportunity to give its own opinion or comments before taking the next step.

• Secondary law adopted and in effect

The secondary law is still in force which was prepared from the ceased laws. However, new by-laws were adopted and published which have arisen from the laws in force. So, to clarify, all by-laws are in effect until they are replaced with new once.

There are working groups formed for different areas which are responsible for drafting new by-laws.

Recently we have adopted a rule book for putting a rail vehicle in service which is in line with the EU legislation. That was an ad-hock requirement for the new arrived 36 flat bed freight wagons for the MR Transport Company and was a top priority to prepare such by-law.

<ul style="list-style-type: none">• Institutional and organisational arrangements established
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Safety Authority:

The Directorate for safety in the rail system was formed for the purposes of performing the activities related to the safety of the railways, as an authority within the Ministry of Transport and Communications last year. A director at that time was appointed by the Government of the former Yugoslav Republic of Macedonia, upon a proposal from the Minister of transport and communications. The director shall have a term of office for a period of four years.

For its functioning it is important to inform you that currently has sufficient staff number which counts up to seven people and a mix of different technical qualifications to meet its obligations against the rail laws.

The Directorate does not has an own budget as the Agency does but it is independent in its decision making. They have a variety of tasks related both to safety and to interoperability for example: they did authorise putting in service the 36 freight flat wagons; will check the RU's and IM's SMS if they are operating accordingly to it; to monitor, promote, develop and enforce the safety regulatory framework.

Decisions taken by the Directorate are subject to judicial review.

The Directorate is already part of the web site of the MoTC and soon will update its separate web-site, again under the web-site of the MoTC.

So far one application was filed by the Slovenian Railways-Subdivision Alpe Balkan Kargo Skopje asking to be issued a Safety Certificate Part B and has been denied with a brought Decision by the Directorate. The SR did not fulfil some of the requirements against the law such as: documentation was submitted on Slovenian language without authorised translation on the language of the former Yugoslav Republic of Macedonia, the train driver license is not readable, it is not mentioned anything about the ECM, then what kind of dangerous goods will be transported and their codes as well. The Slovenian Alpe Cargo is allowed to lodge an appeal if it feels unfairly treated, but so far at my knowledge up till now it didn't.

For your information currently there is no independent RU yet, neither from inside nor from outside the region.

The Agency prepared its annual program for work and development and annual financial plan which was enacted by the Management Board at the end of January this year.

<ul style="list-style-type: none">• Financing of the railway infrastructure:

This year, 2011, the Government adopted an Annual programme for constructing, reconstructing, modernization, renewals and maintenance of the railway infrastructure which provides means for realization in total amount of 3 million Euros.

<ul style="list-style-type: none">• PSO
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According to Article 134 of the Law on the rail system, the services of public interest in rail transportation of passengers will continue to be performed by MR Transport JSC until its privatization and / or liberalization of railway transport of passengers in the country.

The MoTC and MRT have signed on February 9, 2011 the PSO contract for the period 2011 to 2013. Under this agreement, MRT will be compensated for some of the cost it will incur during this period for operating certain passenger services at the request of government. The level of compensation over this period of 190 million MKD (about 3.1 million Euro) is set at a level that is equal to refund of the Track Access Charges that MRT pays to IM. Thus, it does not cover other operating costs after deducting collected revenue.

There are funds provided through an EBRD loan for technical co-operation.

The Project will contribute to transition through the provision of further assistance to the on-going railway restructuring process. This will take the form of ensuring that there is the correct environment for open access, through support for the Agency and assisting the MoTC with the establishment of a Safety Authority. The project will also address cost recovery by assisting in defining an appropriate level and structure for the Public Service Obligation (PSO).

<ul style="list-style-type: none">• Bilateral Agreements:
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The MoFA has sent through a diplomatic channel the modified version of the Framework Agreement to the competent authority of the Republic of Kosovo. There is no reply from their responsible authority so far.

The last time I have informed you that a letter has been sent to the MoFA to initiate eventually to begin negotiations with the Republic of Serbia and the Republic of Greece for the same purpose done with the Republic of Kosovo, and again no response.

<ul style="list-style-type: none">• Network Statement:

Following the Law, the infrastructure manager is continuing to prepare the NS for the 2011 as a single format which is on its web site, on the language of the former Yugoslav Republic of Macedonia, but eventually not on English language, without any charge (free copy).

The Network Statement is an integral part of the Standard Contract for the use of the railway infrastructure concluded between the PE MR Infrastructure-Skopje and the railway undertaking.

(Just to remind you all and for the record: The PE MR Infrastructure-Skopje acquired candidate status RNE, starting on January 1, 2010.)

<ul style="list-style-type: none">• Track access charge (TAC):

The Government of the former Yugoslav Republic of Macedonia gave its consent to the Decision on determining the amount of compensation for use of the railway infrastructure, according to the method for calculating the fee CM + and the tariffs for the TAC. The method was agreed on the SEETO meetings for using the rail Corridor X.

• **Multi-annual contract (MAC):**

The idea of multi-annual contract between IM and MoTC as an instrument to have IM's financial situation to be balanced and stable. This contract will help the IM to be able to adopt its maintenance strategy, so the infrastructure is kept to an appropriate quality and safe level.

The MAC is prepared with planned annual budget allocations for 2011-2013 are 246, 277 and 300 million MKD respectively.

The MAC is expected to be sign at the end of August this year.

• **Additional information:**

Passengers are increasingly using rail, especially with traffic returning to the fast train Pelagonija Express that runs on the route Bitola-Skopje and vice versa, introduced in mid December with an entry into force of the new timetable.

Passenger traffic for Greece is completely stopped from the mid February. I am talking about a train that commuted between Belgrade and Thessaloniki. MRT got in touch with the Greek Railways and in principle they both agreed to hold a meeting on which will decide to operate a train from Skopje to Thessaloniki, but such a meeting up to now did not take place.

Freight traffic:

The rail freight volumes are declining. The freight traffic is reduced to Greece because of the increased transport prices almost 200% per tonne km.