
14th Meeting of Working Group Railway and Intermodal Policy Tirana, June 8th (14:00) – 9th (13:00), 2011

Chairman:

- **Frank Jost**, Rail and Transport Operability, DG MOVE, European Commission

Members:

- **Miranda Jani**, Senior Advisor for International Relations, Albanian Railways, Albania
- **Svetlanka Popovska**, Head of Railway Infrastructure Units, Ministry of Transport and Communications, the former Yugoslav Republic of Macedonia
- **Vida Stevanovic**, Coordinator for Railway Transport, Ministry of Transport and Maritime Affairs
- **Milan Bankovic**, Executive Director Assistant for Traffic Regulations, Railway Infrastructure of Montenegro, Montenegro
- **Zoran Sretenovic**, Deputy Director, Public Enterprise "Serbian Railways", Serbia
- **Xhevat Ramosaj**, Chief Executive Officer, Kosovo under UNSCR 1244/99

SEETO - South East Europe Transport Observatory

- **Nedim Begovic**, Regional Railway Expert, SEETO

Guests and Observers

- **Klaus J. Uhl**, CEO, Vienna Consult
- **Wolfgang Schausberger**, Project Manager, Vienna Consult
- **Francois Begeot**, European Delegation to Albania
- **Ernest Noka**, Deputy Minister, Ministry of Public Works and Transport, Albania
- **Ervin Minarolli**, General Director, Ministry of Public Works and Transport, Albania
- **Qemal Sino**, Head of Railway Policies Section, Ministry of Public Works and Transport, Albania
- **Leonard Garuli**, Director of Economic Department, Albanian Railways, Albania
- **Tihana Cerovac**, Advisor, Rail Market Regulatory Agency, Croatia
- **Dragica Flam**, Advisor, Rail Market Regulatory Agency, Croatia
- **Biljana Zdraveva**, Head of Department for railways, Ministry of Transport and Communications, the former Yugoslav Republic of Macedonia
- **Nikola Kostadinovski**, Adviser for Railway Traffic, Railway Regulatory Agency, the former Yugoslav Republic of Macedonia
- **Zivko Radovanovic**, Head of Department for Railway Infrastructure, Ministry of Sea, Transport and Infrastructure, Croatia
- **Goran Radosavljević**, Coordinator for EU integration, Public Enterprise "Serbian Railways, Serbia
- **Sefedin Sefaj**, CFO, Kosovo under UNSCR 1244/99
- **Sejdi Hoxha**, Chairman of the Board, Kosovo under UNSCR 1244/99
- **Ardian Metež**, Project Manager, European Delegation to Albania
- **Adam Andreski**, Team Leader, Louis Berger, Albania

Apologies for absence from

- **Miroslav Đerić**, Senior Expert Associate for Railway Infrastructure, Ministry of Communications and Transport, Bosnia and Herzegovina
- **Miodrag Poledica**, Head of Department for Intermodal and Railway Transport, Ministry of Infrastructure, Serbia
- **Dragan Nestic**, Head of the Group for International Affairs, Ministry of Infrastructure, Serbia

1. Welcome and recent developments

The meeting was opened by the representative of the European Commission and the Chairman of the RWWG, Mr. Jost who greeted all the participants and welcomed them to the first RWWG meeting in 2011. He expressed his satisfaction for the continuation of the RWWG meeting in 2011 and thanked all the members for participating.

Mr Jost introduced and welcomed Deputy Assistant of Albanian Ministry of Public Works and Transport, Mr. Ernest Noka who made an opening address to RWWG participants. Mr. Noka informed the participant about the current situation in the transport sector of Albania, with special reference to the railway sector. It was stated that the railway sector in Albania is in the reform process; new laws have been prepared as well as new studies in order to boost the railway revitalization. It should be noted that 14th RWWG meeting was hosted by the EU Delegation to Albania.

2. Adoption of the agenda

Due to the presence of representatives of Rail Market Regulatory Agency of Croatia, agenda was supplemented by their presentation.

Conclusion: After slight changing of agenda, it was considered as adopted.

3. Round Table

The Chairman asked the Participants to inform about the progress in rail reform process and the novelties which have been made from the last meeting of RWWG in November 2010.

Albania – In the period from the last RWWG meeting, many new developments have taken place in the rail sector of Albania. As a part of Technical Assistance to the Ministry of Public Works and Transports, a study has been performed by Louis Berger with the aim of reviewing the current rail legislation and drafting a new rail law which should be in compliance with EU Directives. After the first review of consultants proposal, it was noticed that chapter on safety was left out. To this end, twinning project was proposed under IPA 2012 to support the Ministry in establishing effective regulatory institutions for the rail sector.

It was stated by the Chairman that the new laws are not completely aligned with the EU Directives and that consultant proposals have to be guided in order to have fully conformed laws.

Regarding BC agreements, negotiations with Montenegro started, SEETO framework agreement was used as a basis for the negotiations. As a result, common action plan has been agreed in order to timely solve all the technical questions and to assure conformity in all relevant institutions. In order to discuss the technical hurdles in establishing railway connections between two countries, experts from the former Yugoslav Republic of Macedonia and Albania held a meeting in May, 2011.

Concerning rail infrastructure projects, two projects have been funded by the IPF: Study on the infrastructure and signaling improvement, where existing condition were assessed and remedial measures proposed and Preparation of necessary project documentation for the section of Tirana - Durres.

Croatia – has continued with the process of aligning rail legislation with EU *acquis communautaire*. To this purpose new Ordinances to the Railway Safety Act were adopted; Ordinance on technical requirements to be complied with energy infrastructural subsystem and the Ordinance on internal rules in railway traffic. By the end of June 2011, it was envisaged to adopt two new Ordinances: Ordinance on requirements for authorization for railway vehicle maintenance workshops and the Ordinance on rolling stock register.

Regarding institution building, Croatian Railway Safety Agency was established, the chairperson and four members of the Agency Administrative Council were appointed as well as Agency's director. In addition, the Statute of the Agency has been approved by the Government. Further steps such are

adoption of other operational acts and staff recruitment are underway. Rail Market Regulatory Agency is fully staffed and operational. At the end of 2010, Agency submitted the first report for the 2009 to the Croatian Parliament; report was adopted in the beginning of 2011.

Railway infrastructure manager HZ Infrastruktura Ltd., according to the provisions of Multi annual agreement, delivered all the necessary documentation such as financial reports for the year 2010, the Business Plan for the year 2011 and the Railway Infrastructure Construction, Modernisation and Maintenance Plan for the year 2011. Since 2009, Infrastructure manager has been regularly publishing the Network Statement in Croatian as well as in English, last being released in the end of 2010 for 2012.

The technical assistance project "Restructuring and development of the Croatian railway system within the framework of EU legislation", which was funded by the PHARE 2006 programme, was completed in November 2010. The project eased the implementation of the relevant EU rail acquis into the national legislation and delivered several drafts of bylaws as well as draft model for the new law for railways, which will be used as a basis for the development of the new legislative railway acts in Croatia.

the former Yugoslav Republic of Macedonia - informed about the progress in implementation of EU rail acquis and objectives of the Addendum. In the period from the previous RWWG meeting, Law on interoperability and Law on transport of dangerous goods were enacted. Amendments to the Safety Law, Law on the Rail System and Law on Contracts for Carriage by Rail are in preparation. The purpose of the proposed amendments is to completely transpose EU directives and create a harmonised system with all required entities and services fully functional. Due to the acquisition of 36 new freight wagons, new rulebook for putting rail vehicle in service is adopted; rulebook is completely aligned with the EU legislation.

Directorate for Safety has been established within the Ministry of Transport and Communications last year. Currently Directorate employs seven people of different technical qualifications, which is sufficient for current normal functioning. To date, one application was submitted by the Slovenian Railways-Subdivision Alpe Balkan Kargo Skopje for obtaining Safety Certificate Part B. Railway Undertaking was denied, due to the non fulfilment of all needed requirements.

Concerning PSO, the Ministry of Transport and Communications and MR Transport Company signed in February, 2011 a Public Service Contract (PSC) for period of two years. The amount of compensation, which is accounting around 3.1 million €, is set to equal the amount of TAC paid by the MR Transport Company to the IM.

Regarding BC Agreements, negotiations about the modified version of the Framework Agreement with Kosovo under UNSCR 1244/99 are ongoing, waiting for the response of responsible authority from the side of Kosovo under UNSCR 1244/99. Initial letter for the opening of the BC negotiations has been sent to the respected Ministries of Serbia and Greece, up to date there was no response.

Multi Annual Contract between the Ministry of Transport and Communications and the Infrastructure Manager is in preparation phase. It is envisaged to sign three year agreement with 246 million MKD, 277 million MKD and 300 million MKD allocated respectively in the period from 2011-2013. Signing of the Multi Annual Contract is expected by the end of August 2011.

On the subject of traffic flows, passenger traffic has been increasing, especially on the section Bitola-Skopje. Conversely international passenger train between Belgrade and Thessaloniki has stopped from February 2011 and there is no more passenger traffic with Greece. In order to re-establish passenger traffic, meeting was agreed between MR Transport Company and Greek Railways to decide upon operating a train from Skopje to Thessaloniki. To this date meeting was not held. Freight traffic has been declining, due to the increased transport prices (almost 200% per tonne km).

Montenegro – reported preparation of nearly forty bylaws to further specify provisions of the Law on Transport Safety. First priority group of bylaws is expected to be finished by the end of September, 2011. In addition, new Law on Railways and amendments to the Law on Railway Transport Safety are being prepared.

Railway Directorate started with operation in March 2010 encompassing great number of responsibilities such as licensing, regulatory activities as well as tender, contracting and scrutiny procedures for railway infrastructure. Under the scope of the Railways Directorate it is envisaged to form National Safety Authority, whilst Accident Investigation body will be formed within the Ministry of

Transport and Maritime Affairs. Railway Directorate in the beginning of 2011 employed two new staff members', currently eight staff members are employed in the Directorate. In order to achieve full administrative capacities, total number of 17 employees is needed.

Network Statement has been regularly published for several years; 2011 version is being prepared and is expected to be finished and published on the website of IM by the end of the month. Along three previously formed railway companies, in December 2010, AD Railway Vehicles Maintenance was established with majority state ownership. Negotiations about privatisation of the freight rail company Montecargo with the Romanian company Grampet were terminated and the tender has been cancelled. New tender is expected to be announced by the end of the 2011.

Border Crossing Agreement between Montenegro and Serbia has been ratified in mid 2010, but provisions of the agreement have not been implemented yet. Four Protocols have been signed between all relevant border institutions. Additionally, in April of 2011, first meeting of the Joint Border Commission comprising delegations of all relevant institutions of both concerned countries was held. It is expected to fully implement provisions of the agreement by the end of 2011.

Mr. Jost pointed out that the contracting parties should not be incumbent railway undertakings, due to the possible discrimination if the new RU would appear.

Ms. Stevanovic presented current activities of rail infrastructure rehabilitation project Railways of Montenegro (2007-2012). Most of the projects are related to rehabilitation of the rail Route 4 Bar-Belgrade, another ongoing project is electrification and renewal of rail line Nikisic – Podgorica in total length of 56.6km.

Mr. Jost suggested that Montenegro and Albania should consider common rail infrastructure development plan in order to bolster traffic flows between two countries. Currently Albania is producing study on the economic viability of the rail network and this could be considered as an opportunity to create common goals to revitalize rail transport.

Regarding traffic flows, it was stated that passenger traffic in 2010 declined for 2.9% in comparison to 2009, while freight traffic had remarkable increase of 43% in comparison to 2009. In concern to future activities, Feasibility study for rail line Bar- Belgrade has been finished by Italian experts and the steps for further development of this line are in progress. Just recently, a pre-feasibility study for construction of new rail line to Bosnia and Herzegovina has been finished.

Mr. Jost was interested about significant increase in freight transport and what sections did contributed the most to this ascent. It was explained that all sections and not just the main ones in Montenegro had increase in freight transport; therefore, the increase is so noticeable.

Mr. Jost asked about the prolongation of the process of enactment of new safety legislation. It was answered that the process of enacting new Safety Law is coming to an end and that safety directive will be included; it is expected to have new Safety Law by the end of the year. One of the reasons for the delay is that only two persons are responsible for rail issues within the Ministry.

Serbia – in the last period process of rail reform was advancing, new Law on Railways and new Safety Law have been prepared and are expected to be adopted by the end of July. New laws have been prepared by the help of twinning project with France. Both draft laws have been finished and are now in Government procedure.

A new Joint Stock Company has been formed, which comprises of four daughter companies: Passenger transport, Freight transport, Infrastructure Manager and Asset management. The, new joint stock company will become the owner of all railway assets, whilst now state is the owner. Concerning indebtedness, `mother` company and 3 daughter companies will be without any debt and the Asset management company will inherit all the debt.

Mr. Jost was interested what `assets` will be included under the aegis of Asset Management Company, just land or rolling stock as well, and to whom is the new joint company responsible. It was explained that most of the land will be in the ownership of the Asset management company and rolling stock will be divided among Passenger and Freight Company, and concerning responsibility `mother` company will be answering to the Government.

After adoption of the new railway law, the Railway Regulatory Board will have full operational capacity. It was pointed out that currently, the Railway Regulatory Board is responsible to the Government and not to the Ministry of infrastructure.

Mr. Jost asked what pieces of EU legislation the new prepared laws include. It was stated that laws include the second railway package and some parts of the third railway package.

Concerning rail infrastructure, great number of new projects is planned in the future. Loan is being negotiated with the EBRD for the amount of 300 M€. Projects to be financed by this loan are reconstruction and modernisation of the railway line Stalac-Djunis; reconstruction of the railway line Belgrade-Rakovica-Resnik and project for procurement of material and equipment for rehabilitation of Civil and Electro Technical Infrastructure on Corridor X; rehabilitation of critical sections of the railway Corridor X with purchasing rail maintenance machinery and procurement of 15 new multi-system locomotives.

Another loan with the European Investment Bank is being negotiated for modernization of the railway line Stara Pazova – Novi Sad, requested value for the project is 200 M€. In addition, loan in the amount of 120 M€ for the reconstruction and modernization of the railway line Nis-Dimitrovgrad is being negotiated with the Czech Republic Export Bank. Credit in the amount of 800 million dollars for the construction of new railway line Valjevo-Loznica, construction and reconstruction of Belgrade railway junction, reconstruction of the rail Route 4 Beograd –Vrbnica was received from the Russian Government. It was stated that IPA funds are used for the preparation of all necessary project documentation.

Mr. Jost was interested how the Serbian Railways succeeded in negotiating that many projects and financing in such a short time. It was explained that this is due to the change of company's policy, where the company is now much more opened for obtaining external loans.

Mr. Ramosaj was interested in development of multimodality in Serbia and existence of any consultancy in this field. Participants were informed that currently a Study facilitating intermodal transport in Serbia is underway, which should elaborate further development of multimodality in Serbia.

Mr. Sretenovic offered to make presentation on restructuring of the railways in Serbia on the next RWWG meeting. Offer was accepted by the Chairman and all of the members of the RWWG.

Kosovo under UNSCR 1244/99 - presented current state of the rail sector. Several studies have been completed. The feasibility study for the Rail Route 10, which was done by the IPF, is finished. WBIF funded preparation of Feasibility study for the rehabilitation of all rail lines (excluding Route 10), to be finished by the end of this year or beginning of the next year.

General Law on rail is finalized and will soon enter in Governmental procedure. It is expected that in August 2011, new law will be adopted by the Parliament. Several main documents are being prepared: agreement of transfer of assets, agreement on financing of infrastructure and PSO agreement.

All the necessary documents for establishment of Railway Regulatory Board are being finalized and it should start with operation in the near future. Concerning BC Agreement, negotiations with the former Yugoslav Republic of Macedonia are underway and meeting is being planned with the representatives of the Government to expedite signing of the agreement. Regarding transport flows, positive development in freight transport were reported, which have increased for 22%.

4. Rail market monitoring the 2010 survey

Mr. Jost presented the results of the rail market monitoring survey. Purpose of the survey is to present current state of play in the EU rail market sector. Freight and passenger transport flows in 2009 in comparison to 2008 have been presented as well as market share of non incumbent companies in the EU Member States, as a simple indicator of market opening. Additionally, the share of the passenger transport performance under PSO and share of the conventional rail network covered by multi-annual contracts have been presented.

Mr. Jost, informed the participants about the new developments in the EU legislation and the new White Paper for transport which has been adopted by the European Commission with a roadmap of 40 concrete initiatives for the next decade. Concerning implementation of EU rail Directives, European Commission launched an infringement procedure against ten Member States, for not completely aligning their legislation with the EU Safety Directive. DG MOVE is currently preparing a new legislation on insurance in rail sector.

It was stated that for the next year, the European Commission will propose new legislation such as market opening for the domestic passenger service, mandatory competitive tendering for passenger services as well as establishment of single EU Regulator for the railway to deal with procedures between two Member States.

Concerning safety, the White Paper proposes single safety certificate, which presupposes disappearance of national part B certificate, where everything would be integrated in part A. Another novelty is interoperability telematics application for passenger transport (TAP TSI) which has been adopted in May 2011.

5. Analysis of rail border crossing procedures in South East Europe

Mr. Uhl gave a presentation on the most common border crossings problems in the rail sector of South East Europe with special reflection on Corridor IV and Corridor X. Major reasons for the border crossing delays as hurdles to the free transport flows were stated as well as different approach between the state and private operators. In addition, the need for institutional and regulatory improvements as well as introduction of new technology was pointed out. Regional cooperation between relevant authorities is imposing as a crucial factor of facilitating border crossing procedure and improving competitiveness of the rail transport.

6. Experience of a market regulator

6.1. Railway Regulatory Agency, the former Yugoslav Republic of Macedonia

Mr. Kostadinovski presented responsibilities and activities of the rail market regulatory agency in the former Yugoslav Republic of Macedonia.

Mr. Jost was interested about increased cost of Track Access Charges and higher number of ad hoc requests. It was explained that this increase is regarding freight transport and is consequence of economic crisis, where freight operator did not request sufficient number of path capacity and is now compelled to use ad hoc requests which are more expensive. On the other hand, IM imposed restrictions on ancillary tracks and increased pricing on several sections due to excess path capacity which all led to increased cost for infrastructure capacity.

Mr. Jost was interested about the payments of the RU and whether they have been made on the basis of scheduled train runs or actual train runs. It was explained that RU are making payments according to the actual train runs.

Mr. Ramosaj asked about responsible authority for safety, considering RRA is responsible just for licensing. It was clarified that Directorate for Safety, institution within the Ministry, is responsible for safety issues and that this was an interim solution for the beginning. In the future it is planned to relocate Directorate to be totally independent.

Ms. Stevanovic was interested in passenger right protection, and what are the responsibilities of the RRB in this field. It was noted that inside the PSC, measurable quality standards are mentioned which protect the passenger rights, according to which the passengers could complain to the RU or the client protection authority. RRA in this type of situation is a monitoring body which reports its findings to the Parliament.

6.2. Rail Market Regulatory Agency, Croatia

Ms.Tihana Cerovac and Ms.Dragica Flam presented experience of the Rail Market Regulatory Agency in Croatia.

Mr. Jost was interested in RRA responsibility with regards to the negotiations between infrastructure manager and railway undertakings and the RRA annual report to the Parliament. It was answered that, in practice there were no negotiations and to date RRA did not supervise any negotiations between RU and IM. Concerning annual report, report for 2010 has not yet been submitted to the Parliament and report for 2009 was submitted, but due to only three months of work there were not many discussions.

Mr. Jost commented on the new Croatian legislation on Sea ports and recommended to the RRA to be actively involved in preparation of the law from the rail aspect, in order not to have contradictory laws.

Ms. Popovska raised the question about the current supplier of traction. It was explained that HZ Infrastructure buys electrical power from national electrical supplier and then sells it to the Railway Undertakings.

Ms. Cerovac pointed out that the RRA organized second meeting of rail market regulatory bodies in South East Europe, with the goal to exchange information and experience of regulatory authorities.

7. White Paper

Mr. Jost informed the participants about the new White Paper. It was stated that main goal of the recently published White Paper is further harmonization of EU transport and full modal integration. Growing congestion and poorer accessibility, increasing oil price and persistent oil dependency are presenting future challenges to be solved. Measures are elucidated through 4 `i` (internal market, innovation, infrastructure, international) and roadmap of 40 actions to create integrated EU transport area.

Concerning railways, importance of opening the domestic rail passengers market to competition and development of an integrated approach to freight corridor management are highlighted in the White Paper, as well as creation of single transport document in electronic form (electronic waybill). In addition, the role of the European Railway Agency in the single railway undertaking safety certification and supervision on national safety measures was stressed.

8. Closing remarks

The Chairman thanked all participants for attending the 14th RWWG meeting and for their active involvement and announced at least one more meeting until the end of 2011.