
16th Meeting of Working Group Railway and Intermodal Policy (RWWG) Skopje, December 01st (14:00) – 02nd (13:00), 2011

Chairman:

- **Frank Jost**, Single European Rail Area, Directorate General for Mobility and Transport, European Commission

Members:

- **Miranda Jani**, Senior Advisor for International Relations, Albanian Railways, Albania
- **Andi Permeti**, European Integration Specialist, Ministry of Public Works and Transport, Albania
- **Miroslav Đerić**, Senior Expert Associate for Railway Infrastructure, Ministry of Communications and Transport, Bosnia and Herzegovina
- **Danijel Mileta**, State Secretary for Transport, Ministry of Sea, Transport and Infrastructure, Croatia
- **Liljana Bosak**, Senior advisor, Ministry of Sea, Transport and Infrastructure, Croatia
- **Goran Matesic**, Chairperson, 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
- **Svetlanka Popovska**, Head of Railway Infrastructure Units, Ministry of Transport and Communications, the former Yugoslav Republic of Macedonia
- **Nikola Dimitrovski**, Director, Railway Regulatory Agency, the former Yugoslav Republic of Macedonia
- **Nikola Kostadinovski**, Adviser for Railway Traffic, Railway Regulatory Agency, the former Yugoslav Republic of Macedonia
- **Kire Dimanoski**, Freight Transport, MR Transport JSC, the former Yugoslav Republic of Macedonia
- **Milan Jankuloski**, Head of ETF, PE MR Infrastructure, the former Yugoslav Republic of Macedonia
- **Vida Stevanovic**, Economics Advisor in rail transport, Ministry of Infrastructure and Energy, R. Serbia
- **Zoran Sretenovic**, Deputy Director, Joint Stock Company "Serbian Railways", R. Serbia
- **Ljiljana Gordic**, Assistant Director, Joint Stock Company "Serbian Railways", R. Serbia
- **Sefedin Sefaj**, CFO, Kosovo under UNSCR 1244/99
- **Martin Halilaj**, Head of Division for Railways, Kosovo under UNSCR 1244/99

SEETO - South East Europe Transport Observatory

- **Nedim Begovic**, Regional Railway Expert, SEETO
- **Mate Gjorgjievski**, Transport Law Expert, SEETO

Guests and Observers

- **Paul Appleton**, HM Principal Inspector of Railways, Office of Rail Regulation
- **Ekaterina Genova**, National Expert-Regulation Safety, European Railway Agency
- **Frank Walenberg**, Walenberg Rail Assessment
- **Manuela Manolis**, Transport Inf. & Policy, Delegation of the EU in Skopje

Apologies for absence from

- **Zamir Ramadani**, General Director, Albanian Railways, Albania
- **Milan Bankovic**, Executive Director Assistant for Traffic Regulations, Railway Infrastructure of Montenegro, Montenegro
- **Danijela Đorić**, Adviser for Railway Transport, Ministry of Transport and Maritime Affairs
- **Miodrag Poledica**, Head of Department for Intermodal and Railway Transport, Ministry of Infrastructure and Energy, R. Serbia
- **Dragan Nestic**, Head of the Group for International Affairs, Ministry of Infrastructure and Energy, R. Serbia
- **Xhevat Ramosaj**, Chief Executive Officer (CEO), Kosovo under UNSCR 1244/99

1. Welcome and recent developments

Mr. Begovic opened the 16th RWWG meeting and welcomed all participants. He introduced Mrs. Biljana Zdraveva, Head of Department for railways, Ministry of Transport and Communications who gave an introductory speech presenting the current situation in the rail sector in the former Yugoslav Republic of Macedonia. She mentioned several infrastructure projects on rail Corridor X and Corridor VIII which are to be implemented in the years to come.

2. Administrative matters

- Adoption of Agenda – Agenda was adopted without changes
- Adoption of the draft minutes from the 15th RWWG – Minutes were adopted with included comments from the RWWG members

3. Round Table

The RWWG members informed about the most recent activities in rail reform process from the last meeting of RWWG in November 2011.

Albania – Mrs. Jani presented latest developments in the rail sector of Albania. She informed about the meeting of the Prime Ministers of Albania and the former Yugoslav Republic of Macedonia related to the construction of the missing links on Corridor VIII as well as the new railway terminal in Struga. Importance of the project for both countries was highlighted. Draft Rail Law is still under revision. Concerning institutional capacity, common investigation body encompassing rail and air transport was established, further plans are to include maritime sector in the scope of the common investigation body.

Concerning the publicly owned railway company “Albanian Railways”, it was stated that RU has problems with overstaffing and low productivity, therefore staff reduction (200 employees) was planned for the beginning of 2012.

Result of market monitoring showed that economic crisis affected the heavy industry in Albania, contributing to the decline in transport flows. In order to prevent further decrease, Albanian and Montenegrin Railways agreed to make additional efforts in preserving transport flows. In this spirit, agreement was made to retain equal level of transport charges for the next year. Furthermore, negotiations are ongoing for the harmonisation of commercial policy (e.g. granting tariff discounts for specific types of goods on the quantity offered for transport and their direction).

Bosnia and Herzegovina – Mr. Djeric stated that in the short period between two RWWG meetings there were not any changes in the rail sector of Bosnia and Herzegovina.

Croatia – informed about the latest activities in the rail sector. In regard to the railway infrastructure, rehabilitation of section Vinkovci - Tovarnik (Corridor X), financed from ISPA funds, is in its final phase. Rehabilitation of the rail bridge in vicinity of Zagreb has been completed on 15th November, 2011. Furthermore modification of the electrification system (upgrade from 3kV to 25kV) on Corridor Vb, section Moravice – Rijeka - Bakar is in final phase and is expected to be placed in the operation in 2012. Reconstruction of section Ostarije - Knin- Split is ongoing, where usage permit for approximately 40km has been already issued.

Several IPA funded projects are to be implemented in the forthcoming period: Zagreb main railway station signalling and interlocking system; project documentation for "Upgrade and renewal on railway line Dugo Selo – Novska (Corridor X)" and Okucani – Novska railway rehabilitation and upgrade.

Mr. Matesic from the Rail Market Regulatory Agency (RMRA) informed about their latest activities. Annual report for the 2010 has been prepared; novelty is production of regulatory accounts which will enable RMRA thorough assessment of IM and RU accounts. One of the main reasons for necessity of account assessment is to abolish all cross subsidy cases. In regard to the rail infrastructure in the seaports, the Agency launched an obligatory opinion in which it was stated that previous interpretation of the Port Authorities and HZ Holding concerning usage of Port`s infrastructure was not correct. Additionally, the Agency has made several corrections to the Network Statement.

the former Yugoslav Republic of Macedonia – Mrs. Popovska informed about the preparation process for drafting new bylaws that will be in accordance with EC's Decisions, Regulations and Directives. Concerning the issue of international freight transport, condition with Greece has improved and trains are running according to the timetable which has contributed to the increase in freight transport.

Serbia – Ms. Stevanovic presented current progress in the rail sector in Serbia. The draft Law on the Railway Safety and Interoperability has been completed by the Working group. Currently, the process of collecting opinions from all relevant stakeholders is taking place. Draft Law is expected to be adopted by the Parliament in the beginning of 2012.

Concerning traffic flows, for the first ten months of 2011, 3% growth of freight transport was recorded. Conversely, passenger transport declined for 16% in comparison to the same period in 2010.

In regard to the issue of border crossing, progress has been made on several border crossing points. The Republic of Bulgaria has prepared proposal for amending the Agreement on Rail Border Crossing control and procedures in rail transport. Meeting between representatives from Serbia, Bulgaria and the European Commission is planned, where all the issues should be resolved. Agreement has been amended in a manner required by the Bulgarian side.

Regarding BC with Montenegro, preliminary design for the common railway station will be finished by the end of the year. Afterwards, Montenegrin Infrastructure Manager will start with the preparation of the main design and adaptation of railway station for accommodation of Serbian border authorities.

Draft Border Crossing Agreement between the Government of the Republic of Serbia and the Republic of Hungary has been submitted to the Hungarian side and their response is pending. Furthermore, draft Rail Border Crossing Agreement between Croatia and Serbia has been submitted to Croatia in August 2011. New Agreements are drafted to include articles which provide border control of freight trains in marshalling yards in hinterland.

Kosovo under UNSCR 1244/99 - informed about the current progress in the rail sector. New General Law on Railways has been approved by the Parliament and is expected to be signed by the President. Ministry of Infrastructure is reviewing five year strategy for development of Multi modal transport, strategy contains large part related to the development of the rail sector.

In concern to the rail infrastructure, terms of reference for the Feasibility study of all rail lines (excluding Route 10) has been prepared, project is planned to be finished in 2012.

In regard to the institutional building, the Railway Regulatory Authority started with drafting of all needed regulations and instructions for licensing, certification, authorization and safety.

The EC funded project "Support in the Implementation of Transport Community Agreement" is in progress. Recently, rail experts from Kosovo (under UNSCR 1244/99) visited EU Member States in order to exchange best practices in the railway sector.

Network Statement is being finalized by the Infrastructure Manager INFRAKOS, final approval and publishing is expected in beginning of the December 2011. Railway Undertaking TRAINKOS announced new passenger line from Pristina to Mitrovica in 2012. Concerning transport flows, since establishment of normal functioning of rail transport from the Greek side, slight increase was recorded.

Mr. Frank Jost, Chairman of the RWWG made a recap of the previous 15th RWWG meeting, where he summarized all the recommendations and suggestions made on the meeting.

Following conclusions were stated:

- Transparency and clarity of the licensing conditions expedites the process
- To consider publishing of minimum insurance coverage
- Apply the same insurance requirements on every railway undertaking; variation may be possible according to the type of service
- Two month targeted time for granting licences should be respected
- Taking into consideration the current situation in the region, 1 million € represents reasonable amount for insurance coverage in the region
- Even though situation varies in Europe, it is best to consider the option where insurance covers two occurrences
- During the licensing process, consultation with other agencies is necessary (e.g safety authority, trade register) in order to prevent overlapping of verification process
- Data exchange between different rail agencies should be organised more efficiently

4. Restructuring of Serbian Railways

Mr. Sretenovic delivered presentation on the rail reform in Serbia and unbundling of public owned Serbian Railways. He stated that the restructuring process started in 2001 with many incremental institutional and organizational changes. Presentation is available on the official SEETO web site.

Mr. Matesic was interested in a planned separation of accounts and how it was envisaged. Mr. Sretenovic highlighted that this issue will be resolved within the preparation of new Rail Law. Additionally he noted that Holding company will not have the same connections with all daughter rail companies, where Infrastructure Manager will have the highest level of independency.

Mr. Dimanoski raised the question of path allocation. It was elucidated that path allocation will be done by IM and in some cases by the Regulatory Body.

Mr. Dimanoski was interested if the Safety Management System (SMS) was implemented in Serbia. It was explained that currently SMS is not implemented; however it was indicated that in 2012, IPA should allocate certain amount of funds for this purpose.

Mr. Matesic was interested in functioning of the Regulatory Body. It was underlined that Regulatory Body is established in 2005; it is independent in functioning and is partially funded by the State budget.

5. Safety Certification and Authorisation Assessment

Mr. Appleton gave presentation on issuing safety certificates and authorisation assessment.

Mr. Jost was interested about the train accident data and if they were including border crossing. It was explained that there have been no passenger or workforce fatalities in train accidents for 4 years, including border crossing.

Mrs. Popovska commented on Government support to railways (£3,960 million) and asked to which Rail Company was this amount directed to. It was answered that the Government support is to the Infrastructure Manager.

Mrs. Popovska raised the question of procedures of verification of SMS. It was explained that verification presents a large process which can include up to 60 people. Firstly, rolling working plan is formed, where several teams are established to monitor different areas (e.g. signalling, telecommunications, border crossing etc.). Tasks are further divided and temporally distributed to be verified in 5 year period (validation of the licence). In the distribution of tasks, highest priority areas are checked first.

Mr. Jost was interested about the interface between issuing safety certificate and further checking by the ORR (Office of Rail Regulation). It was highlighted that during the assessment for the safety certificate, general description of management system is being reviewed and not all the details of SMS procedure. Management system is observed as a whole, while on field auditing of all stated procedures is done after issuing the licence.

Mr. Jost asked if the licence issuing was dependant on the approval of SMS. Mr. Appleton explained that before entering the network, RU has to have all the certificates, licences, authorisation etc.

Mr. Jost requested more information on what happened in cases when it had been determined that RU was no longer fulfilling all requirements upon issuing the licence. Mr. Appleton mentioned one example, where it was discovered that RU was not managing Government money in a transparent way. Due to the already allocated paths, the State had to overtake the company and continue with the transportation. In this particular case, whole certification process had to be finished in two months.

Mr. Jost commented that acquiring of all necessary licences by the new entrant requires certain amount of time and funds. It was highlighted that RU require certain amount of capital to enter the market and due to this reason ORR was trying to be involved with the train company to explain all the necessary procedures and expenditures.

Mr. Jost was interested in ORR`s additional requirements except from those stated in the Regulation. It was stated that only the requirements stated in the Regulation are cited as criteria for the certificate. In addition, clear explanations of the requirements were given in order to avoid confusion and only one document was published as guideline.

Mr. Jost informed about the similar tool of the EC, called Interpreter Guideline where EC provides interpretation of the EU laws adopted by the European Parliament and where is clearly stated what is a subject to infringement.

Mr. Jost was interested in cases when applicant hires a consultant within the assessment process. Mr. Appleton highlighted that the main point is to have RU

which is capable to carry out SMS by itself, whether they have consultant or not is less important.

Mrs. Popovska was interested about the training and allocation of inspectors to the RU. It was noted that allocation depends from various factors, e.g size of operations. Usual procedure in auditing RU is examination of all documents by the inspectors which is followed by a field examination.

Regarding training, it was underlined that inspectors have great number of advanced training sessions. Basic requirement to become an inspector is to have a degree; afterwards candidates are recruited according to their behaviour, and organisational and planning skills. When candidates are selected, 3 year training course begins, resulting with a post graduate diploma and certain amount of on job experience. After finishing the training course, candidates are taking tests for inspectors. It was pointed out that examination is quite rigorous.

Mr. Jost was interested what sort of background inspectors need to have, relating to the problem in the region, where it is hard to find capable people from the railways. Mr. Appleton elucidated that it is not obligatory to have an inspector with rail background and he recommended that the regional authorities should train their inspectors.

Mr. Jost asked about the procedure when the applicant does not agree with inspector's decision and deems that the conditions are too excessive. It was explained that it is possible to contact the President of the ORR to discuss with him this issue or lodge a written complaint and in cases when this was not deemed sufficient, applicant could complain to the Parliament. It was noted that possibility of administrative and judicial appeal exist, however ORR always tries to settle these issues in a reasonable administrative process. If the applicant comes with cogent arguments, Director assigns related case to another inspector for review.

Mr. Jost commented that ORR is one of the most independent agencies, one of the first where the CEO (President) and the budget were approved by the Parliament, and this example is stated in the new recast.

6. Rolling stock approval process

Mr. Walenberg from Walenberg Rail Assessment gave his presentation on the topic rolling stock approval process. The presentation is available on the official SEETO web site.

In regard to TSI, Mr.Jost commented that "open points" have to be filled by national rules. Mr. Walenberg added that "open points" are concretely identified and are obliged to be filled by the national rules (e.g level of safety is an "open point" as well as interlockings). Additionally, Mr. Walenberg recommended that Regional Participants should review their national rules, and exclude everything what is stated in TSI. Furthermore, after exclusion of redundant data, the remaining data should not be conflicting with the TSI`s. In addition, all surpluses of outdated data should be deleted. Moreover, Mr. Walenberg suggested using current projects of procurement of new rolling stock to apply TSI`s and to upgrade national safety and technical rules.

Mr. Jost commented that when RU applies for vehicle authorisation and the country does not have related national rules, than the safety authority cannot reject issuing licence.

In regard to the cross acceptance activities and the Geographical Interest Groups, it was stated that if the Regional Participants' rail networks have been built according to European standards (e.g German), they would be able to join one of the Interest Groups (e.g German standards, BeLuxDE Interest Group).

Mr. Jost raised the question of expertise needed for rolling stock authorisation. Mr. Walenberg noted that the personnel needs to have good knowledge of national rules and have certain level of knowledge of the TSI`s. It was pointed out that this procedure is usually done by a team of people and if some Regional Participants do not have qualified personnel, knowledge could be acquired through rolling stock procurement projects.

Mr. Jost commented that in the process of procurement of new rolling stock, supplier should be asked to assist the NSA. Furthermore, it was pointed out that during the procurement of new rolling stock, Regional Participants should pay attention is the supplier in conformity with the right TSI`s. Additionally, he was interested what would happen with existing rolling stock, on which it was answered that "Grandfather rules" should be applied equally to all RU`s.

Mr. Jost asked about the procedure when locomotive which has been approved, is not in conformity with TSI. It was stated that firstly this issue has to be checked by the NSA to determine the background. If the omission was made by the NSA, this is a subject to court procedure, especially if the same rules are applied differently.

Mrs. Popovska was interested in cases when vehicle is authorised according to one TSI`s and new TSI comes out. It was explained that in such case, authorisation does not change, because the rolling stock should comply with the TSI according to the time it is put in service. Mr. Walenberg emphasised that in the case of renewal of rolling stock, reference to the appropriate TSI should be stated in the contract. In cases when the renewal is close to the completion and the new TSI is published, Member States should prior inform about advanced stage project and that they will not be able conform to the new TSI.

In addition, Mr. Walenberg confirmed that in cases when the vehicle is authorized in one Member State according to old TSI`s and operates in another country, the NSA of the latter country should approve the vehicle. Regarding the cases when vehicles entering network are not suitable to the network, only those parts which can be conflicting (e.g network requirements) should be checked.

Mrs. Bosak was interested in requirements for DeBo and has it been assigned in any Member State. It was explained that requirements for DeBo are similar as for NeBo and that currently ERA is preparing requirements for accreditation of DeBo.

7. Activities of the European Railway Agency relative to the South East European Region

Mrs. Ekaterina Genova gave presentation about the most current activities of European Railway Agency. She informed that EU agency was applying for EC funded projects which intended to develop and prepare Member States or Accession countries in the various fields. EU Agencies sign agreements with EC in which terms and condition of the agreement are stipulated, while in the annexes work programme is added. Most recently, ERA renewed the agreement for Western Balkan Beneficiaries which will last until 2013. Two seminars are planned, first will be regarding Safety Management System and will take place in Croatia. According to the provisions of the agreement, two representatives per Regional Participant are envisaged to be reimbursed.

Mr. Jost was interested in peer reviews which are supposed to be carried among NSA`s. It was explained that peer reviews among NSA`s have started and will continue.

Mr. Jost raised the question whether the initiator for the project were the Beneficiaries or ERA. It was explained that ERA takes the initiative by informing all the Beneficiaries about the project and the planned work programme.

During the discussions on the invitees for the ERA seminars, SEETO proposed that the contacts of the Railway Working Group members could be used when invitations are sent by ERA.

8. Recent developments at EU level in railways

Mr. Jost informed about the latest developments in the rail sector of the European Union. The following was stated:

- EC adopted a proposal for the new TEN-T guidelines, waiting for the acceptance of the EU Parliament. Regarding railways, main points stated in the guidelines are: infrastructure should be adopted to bear train length of 750 m and 22.5 t axle load, ERTMS should be deployed on the whole network, maximum gradient 12.5 per mill.
- on 24-25 November the last RISC Committee adopted:
 - Draft Communication on the second set of common safety targets as regard to the rail system
 - Draft Communication Regulation amending Regulation concerning the technical specifications for interoperability regarding the telematics system
- First reading of the recast,
 - Independence of the regulator reinforced,

- President of the RRA to be appointed by the Parliament. President will need to have experience from other industries and not just the rail sector.
- President of the Regulatory Board will have cooling off period of two years (must wait at least two years before assuming position in RU)
- Competences of the regulator will be extended; connections with safety authority will be enhanced.
- If NSA considers that a future decision will be relevant for competition it has to consult with Regulatory Body before issuing the licence.
- The Regulatory Body may address recommendations to the NSA which can be declined only by a reasoned opinion
- Concerning the business plan of the Infrastructure Manager, the Regulatory Body shall assess it only relatively in terms of its conformity to the regulation and not economic evaluation
- Regarding infrastructure charges, the Regulatory Body must check that market can bear levied charges
- No suspensive effect of court appeal (e.g if the applicant goes to court, decision of the RB is still effective)
- EU acceded to OTIF, who launched new activities called rail facilitation which will lead to new annexes
- UNECE adopted short annex regarding cross border activities, document is published on their web page

Mr. Kostadinovski was interested in type of decisions that NSA must contact the RB, and what happens in cases where NSA is not satisfied with RB`s decision. It was explained that initiative is on the Safety authority which must assess whether its decision would impact the market and if this is the case, it will ask for an opinion of the RB. In its opinion, the RB has to state clear reasons and afterwards adopt a decision. As a last instance, there is an administrative and judicial appeal on the national level.

9. AOB

Mr. Jankulovski suggested to the Chairman and the RWWG members that on the next meeting, the IM of the former Yugoslav Republic of Macedonia gives a presentation on the Railway Infrastructure Management System software.

10. Closing remarks

The Chairman thanked all participants for attending the 16th RWWG meeting and for their instructive and enlightening presentations and comments. He announced next meeting on 15 and 16th March, 2012.