

Memorandum of Understanding
on the development of the South East Europe Core Regional
Transport Network

The signatories to the present Memorandum of Understanding, the following named "Participants",

Desiring to promote the regional and international transport of goods and passengers in South East Europe by way of progress in implementing the South East Europe core regional transport network, as developed in the European Commission's working document of 15 October 2001 on transport and energy infrastructure in South East Europe, and further clarified and elucidated by the TIRS and REBIS technical studies of 2002 and 2003 and the Luxembourg, Skopje and London high-level meetings of February, May and June 2003;

Considering that the Pan-European Corridors developed following the Second Pan-European Transport Conference in Crete in 1994 and the Third Pan-European Transport Conference in Helsinki in 1997, and in particular Corridors V, VII, VIII and X, form an essential basis for this network;

Considering the fundamental importance of regional and inter-regional co-operation as a basis for the core network, providing the essential pre-condition for the development of appropriate road and railway links, waterways, ports and airports for the benefit of South East European countries and their immediate neighbours;

Considering that the European Council in Thessaloniki approved the Thessaloniki agenda for the Western Balkans which states that, "The drawing up of an integrated regional transport strategy, consistent with the trans-European Networks and taking into account the Pan European Corridors (in

particular Corridors V, VII, VIII, and X), is a high priority;

Desiring furthermore to develop adequate interconnections with the extended Trans-European Transport Network of the enlarged European Union;

Conscious of the fact that infrastructure development is a long-term process, requiring sustained commitment and planning on the part of all concerned;

Welcoming the actions already undertaken in the region by the countries concerned, as well as by the Stability Pact for South Eastern Europe, the European Community Institutions (the European Commission and the European Investment Bank), the international financial institutions (in particular the European Bank for Reconstruction and Development, and the World Bank), other international organisations (UN/ECE, EC, ECMT, etc.) and projects/initiatives stemming from their programmes (e.g. UNECE TEM/TER, SECI, TTFSE, CARDS);

Welcoming in particular the role played by the European Commission in the region drawing on its experience in the TINA (Transport Infrastructure Needs Assessment) process and approach followed with the accession countries;

Recognising the links to the work carried out by the secretariats of Pan European Corridors V, VII, VIII, and X, and by those neighbouring countries that are member states or accession states.

Acknowledging:

- the principles, as set out in the Stabilisation and Association Process, of co-operation between the European Union and the countries of the region and the need for co-operation between the countries of the region;

- the need to increase regional and inter-regional co-operation among the countries of South East Europe and to foster the conditions for peace, stability

and economic growth;

- the need to accompany investment programmes in the region by increased co-operation in the field of regulatory and administrative procedures in order to improve the flow of transit traffic and intra-regional traffic;

Recognising that the present document is an expression of firm political intent, although not amounting to legally binding obligations on the part of participants or observers;

**AGREE ON THE FOLLOWING MEMORANDUM OF UNDERSTANDING AS
A FURTHER STEP TOWARDS A COMMON OBJECTIVE OF REGIONAL
CO-OPERATION IN SOUTH EAST EUROPE**

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1. Aim

The aim of this Memorandum of Understanding is to co-operate on the development of the main and ancillary infrastructure on the multimodal South East Europe Core Regional Transport Network (hereinafter the Network) and to enhance policies in this area which facilitate such development. The development of the Network should include maintenance (including preventive measures and repair), reconstruction, rehabilitation, upgrading and new construction of main and ancillary infrastructure as well as its operation and use with a view to fostering the most efficient and environmentally friendly transport modes on a regional scale. Thus, both infrastructure and related services, including administrative and regulatory procedures, are within the scope of this Memorandum.

The Memorandum of Understanding furthermore envisages close co-

operation among participants on the harmonisation and standardisation, wherever feasible, of technical standards and regulatory or administrative provisions affecting the flow of transport in and across the region, in accordance with EU standards and directives. This includes co-operation in and, where possible, harmonisation of customs and border control procedures. This co-operation will include a commitment to carry out any institutional reforms needed for efficient transport management in the region (including measures to eliminate corruption or malpractice relating to administrative or tendering procedures), and an undertaking to exchange information on a regular basis concerning the progress of such reforms.

The Memorandum also commits the participants jointly to develop and implement an annual and multi-annual rolling action plan (covering a period of 4-5 years) agreed by all participants in order to provide a platform for most efficient use of funds and know-how provided by public and private sources.

Finally, this Memorandum seeks to promote and enhance local capacity for the implementation of investment programmes, management and data collection and analysis in the countries of the region.

2. Definition of the Network

The multimodal Core Transport Network for South East Europe is defined as per the maps included in Annex I.

It shall be considered as referring not only to the road, rail and inland waterway alignments and nominated air and seaports indicated, but also to any interconnection or transshipment facilities, in particular combined transport infrastructure. It shall also include ancillary installations such as signalling, installations necessary for traffic management or toll charges, access links, border crossing stations, service stations, and freight and passenger terminals

on the routes of the Network, as defined above.

The Core Network is based in part on the alignment of the relevant pan-European Corridors which cross the region (notably Corridors V, VII, VIII and X). Where the Network alignment is based on a Corridor, it will automatically follow any modifications which occur in that Corridor.

The Network may need to be modified over time for other purposes. Any such modification shall be agreed by the participating signatories on the basis of a reasoned analysis and justification submitted by the Network steering committee. Any modifications shall be reflected in the maps mentioned above and in the relevant sections of the action plan.

3. Studies

The Participants wish to co-operate on the studies needed to put this Memorandum of Understanding into effect, and in particular to implement, or update, the action plan mentioned above.

The terms of reference for these studies should be co-ordinated between the Participants as far as criteria, methodology and other aspects covered by this Memorandum of Understanding are concerned, using for this purpose the staff and facilities provided by the permanent secretariat and transport observatory mentioned in Section 10.

As a first task, an inventory of existing studies concerning the Network should be compiled and the conclusions of these studies should be made available to all Participants concerned, upon request. The Commission working document of 15 October 2001 and the TIRS and REBIS studies shall be regarded as the essential basis for this inventory.

The Participants shall commission further studies, as necessary, relating to

the infrastructure or operation of the Network and shall make the results of these studies available to the Network Secretariat.

The studies should be carried out according to best international practice, taking due account of the requirements of the private sector and any other relevant institutions involved during the different stages of planning, implementation, operation and use of the infrastructure.

The Participants are prepared to co-operate on the question of financing the necessary studies as appropriate. Tenders for studies should be launched pursuant to rules recognised in the EU and agreed between all the parties involved. Participants declare their readiness to take all the necessary steps to ensure that the studies can be carried out efficiently, such as providing all the requisite assistance and information.

4. Exchange of information

The Participants are ready to make the information relevant to the development, use and operation of the Network available to each other on an ongoing basis through the permanent secretariat described in Section 10.

This would include the detailed data required for the establishment of an action plan, such as the state of the infrastructure on the Network, traffic flows, waiting times at borders, cross-border activities, specific maintenance, reconstruction, rehabilitation, upgrading, investment, environmental and organisational measures planned or undertaken. Exchange of information on the financial resources allocated or to be allocated to the development of the Network from public or private sources will be particularly important in order to ensure regional harmonisation of investment planning, as will the sharing of full information concerning the national transport plan of each participating country.

The exchange of information envisaged would also cover the legal and regulatory framework for private participation in the development, use and operation of the Network, as well as the relevant economic and social data, including data which may be the subject of concession contracts.

The results of these studies and exchanges of information should be systematically compiled by the permanent secretariat and made accessible to Participants in the steering committee and to other institutions or organisations which have demonstrated substantial interest in contributing to the development of the Network. The information database established and maintained by the permanent secretariat will be GIS-based; using the tools developed for this purpose by the REBIS study, and will be compatible with the GIS database being developed by the European Commission.

5. Technical standards and interoperability

The Participants are prepared to work towards a common set of technical standards needed to secure optimum interoperability of all sections of the Network, including interoperability between the various transport modes. Such technical standards would cover electrification, gauge and communications for the rail part of the Network; axle load capacity and signalling systems for the road and rail part of the Network; plus safety and environmental aspects, toll systems in line with EU Directives, and traffic management.

Standards set by European Union Directives, the UN-ECE transport conventions and agreements or CEN, CENELEC and ETSI European Standards for the various transport modes will be adhered to as appropriate in order to secure interoperability with the technical systems established in the internal market of the EU.

6. Border crossing and customs co-operation

Since excessive waiting times at border crossings may impede any improvements resulting from the development of the Network, the Participants commit themselves to encouraging and promoting, through co-ordinated action with the competent authorities, the installation of joint border crossing posts and joint or shared controls as well as co-operation between customs services in order to minimise waiting times and improve long-distance conditions for rail and road traffic, thus enhancing overall transport cost efficiency in the region. Participants undertake to promote joint studies on the infrastructure and organisational measures required for this purpose and to agree timetables for the implementation of the ensuing measures, which will form part of the Network action plan. Standards set by International Agreements or by the European Union in this area will be complied with.

7. Framework for participation of economic and social partners

The Participants intend to provide for maximum private sector involvement in the development, operation and use of the Network. To this end, dialogue with the private sector and the international financial institutions should take place during the planning and implementation stages of project studies. The private sector should be kept informed of actions planned or undertaken under this Memorandum of Understanding and its comments should be taken into account as far as possible, either by granting active observer status to representatives of the private sector in the steering committee or by way of regular meetings between the private sector and the secretariat.

The Participants jointly aim to create the legal and financial conditions necessary for private sector participation in the development and operation of the Network.

Participants will examine the possibility of setting up common bodies or regional companies to carry out actions necessary to develop the Network. Taking into account the constraints of national law, they agree to investigate possibilities of entrusting achievement of the relevant goals of this Memorandum of Understanding at least in part to private enterprises.

Likewise, the Participants recognise the important role to be played by the social partners, (civil society, NGOs), and in particular transport trade unions, in the implementation of the South East Europe transport network, and commit themselves to a structured social dialogue with the relevant organisations in order to ensure that they are involved in the processes of change and development that will accompany implementation of the Network. In this context, the permanent secretariat will seek co-operation with the relevant study group of the European Economic and Social Committee (EESC), which has experience in promoting social dialogue in the context of the Pan-European corridors.

8. Ministerial meetings

Ministers of the countries or organisations signing this Memorandum of Understanding and senior representatives of other participating international organisations agree to hold ad hoc meetings from time to time (at least once a year) in order to review progress and if necessary to consider changes in the basis of co-operation or the objectives or coverage of the Memorandum. Such meetings shall normally be convened at the instigation of the Steering Committee chairman.

9. Steering Committee

A Steering Committee to be composed of high-level representatives of the

Participants will co-ordinate the joint work under this Memorandum of Understanding. Each Participant should appoint one representative and one deputy representative to the Steering Committee and notify all other Participants. Steering Committee members should normally be senior civil servants, with the authority to represent their administrations and at the same time able to provide the continuity of commitment which may not be available from a political minister.

The Steering Committee will meet as necessary, but at least twice a year. It should decide on its rules of procedure by unanimity, and should elect a chairman to guide its activities and represent it in international forums. Representatives from the private sector, the social partners, the relevant Corridors, the IFIs and other institutions, as well as experts, could be invited to its meetings as observers, as appropriate.

The Steering Committee may consider creating standing sub-committees or ad hoc Working Groups for specific tasks in order to increase the potential for achieving the goals of this Memorandum of Understanding.

The Steering Committee will regularly report on its work to the Participants in this MoU.

10. Implementation

The information exchanged and studies carried out by the Participants, together with the extensive information provided by the TIRS and REBIS studies and by other sources (for example, the proposed transport observatory), will form the basis for defining priorities, budgets and time plans for the specific measures needed to co-ordinate development of the Network, facilitate this essential task and comply with similar undertakings agreed in the context of the Corridor Chairmen's meeting. A South East Europe Transport Observatory, (SEETO), will be established. It will be located in Belgrade where appropriate office space will be made available.

SEETO will have a permanent secretariat, self sustainable in the long run, which will support the Steering Committee by: facilitating communication between the participants; preparing and updating the annual and multi-annual rolling plan for the implementation of Network projects and priorities, in order to achieve maximum cost efficiency of scarce funds; and, collecting data on the core network.

The work plan should commence with an inventory of the Network, using the studies mentioned above and all other information supplied by the Participants. It should develop, under the guidance of the steering committee, and of the Ministers, if necessary, a set of jointly agreed regional objectives and priorities and a rolling programme of projects for achieving them. Further details on the proposed action plan are provided in Annex II.

The Secretariat will also have responsibility for maintaining close and regular contact with the relevant international agencies and donor or lending organisations active in the region. The Secretariat will, in addition, be responsible for co-operation with the relevant Pan-European corridors affecting the region, in particular Corridors V, VII, VIII and X. Where these Corridors overlap with the alignment of the Core Network, the secretariat will be expected to work towards a comprehensive exchange of information with the Corridor secretariats in order to ensure total compatibility between Corridor and Network development.

The Participants undertake to examine all possibilities for providing such additional resources as may be necessary to assist the Steering Committee and secretariat in carrying out their responsibilities (including, for example, resources for assisting in project preparation and collecting and analysing traffic data via a regional transport observatory).

The Participants undertake to discuss and rapidly resolve any issues of difficulty which may arise out of the operation of these monitoring tools, in a spirit of full co-operation and transparency.

11. Closing remarks

Co-operation in the context of this Memorandum of Understanding is based on a voluntary commitment and will continue until the objectives of the initiative have been achieved. Where any of the Participants so requests, this Memorandum of Understanding shall be reviewed and may be amended by common consent on the basis of a proposal submitted to the Participants by the steering committee.

In any event, a review of the continuing relevance and efficiency of the arrangements contained in this Memorandum shall be conducted no later than five years after it comes into effect.

This Memorandum of Understanding does not contain obligations governed by international law

This Memorandum of Understanding shall become effective on the date of its signature by the last of the Participants listed below.

Done at Luxembourg, on 11 June 2004

For the Republic of Albania

For Bosnia and Herzegovina

For the Republic of Croatia

For Serbia and Montenegro¹

For Serbia

For Montenegro

For the former Yugoslav Republic of Macedonia

And, for the United Nations Interim Administration Mission in Kosovo acting for the Provisional Institutions of Self Government.

For the European Commission,
Mrs Loyola de Palácio,
Vice-President

¹ Kosovo is under international administration in line with UNSCR 1244 of 10 June 1999.

ANNEX I
MAPS

ANNEX II

The Core Network Action Plan

The action plan will be based in the first instance on the information provided by the REBIS study and other relevant sources, including the participating countries and donor or lending agencies, and will cover at least the following items:

- full inventory of infrastructure of the core network by transport mode
- actual and forecast traffic flows for each element of the inventory up to 2015
- identification of main bottlenecks (both infrastructure and service-related, including border crossing issues)
- prioritised work plan for dealing with bottlenecks on the core network, taking account of the optimisation, on a regional basis, of investment planning, particularly with respect to the rate of return and the timing of investment projects
- identification of total investment and maintenance costs for the network, per mode, indicating funds already committed, funds provisionally allocated, and areas where funding is still needed
- explicit linkage (where relevant) between the identified core network priorities and the medium-term priorities of the national transport investment plan of each participating country
- explicit linkage (where relevant) between the core network priorities and the priorities of the underlying Corridors, particularly where these link up with the Accession countries and with the extended Trans-European Transport Network (TEN-T)

- target implementation schedule for each prioritised element in the plan, with the most reliable possible information for years one and two, and best estimates for subsequent years (three to five).

The action plan will be monitored, updated and rolled forward on a regular basis (annually). Monitoring will be based on practicable outcome indicators to be selected by mutual agreement among the participants (e.g. shorter journey times, increased traffic flows, improved transit or cargo handling times, reduction in border waiting times, elimination or reduction of administrative procedures, reduction in travel or freight costs). Mere project completion will not be regarded as such as an adequate indicator.