



## **Rail and Inter-modal Working Group**

### **5<sup>th</sup> Session, Belgrade, 4<sup>th</sup> September 2007**

**Chairman:** Mr Frank Jost, European Commission

#### **Members:**

Mr Kujtim Hashorva, SEETO Chairman, Director of Road Transport Policy Directorate, Ministry of Public Works and Transport, Albania  
Mr Zamir Ramadani, Director, Albanian Railways, Albania  
Mr Mustafa Kovacevic, M.Sc. Railway Engineering, Ministry of Communications and Transport, Bosnia and Herzegovina  
Mr Zeljko Cindric, Head of department for Intermodal transport, Croatian Railways, Croatia  
Mr Nikola Kostadinovski, International Relations Assistant, Macedonian Railways, The former Yugoslav Republic of Macedonia  
Mr Milan Bankovic, Executive Director Assistant for Traffic Regulations, Railways of Montenegro, Montenegro  
Ms Vesna Tintor, Chief of Cabinet, Railways of Montenegro, Montenegro  
Mr Miodrag Poledica, Head of Department for Intermodal and Railway Transport, M, Serbia  
Mr. Zoran Sretenovic, Deputy Director, Serbian Railways, Serbia  
Mr. Zeljko Valentinc, Serbian Railways, Serbia  
Mr Xhevat Ramosaj, Managing Director, UNMIK / Kosovo  
Ms Vera Morandini, Economic and European Integration, EC Delegation in Serbia

#### **Observers from Neighbouring Countries**

Ms Adriana Seitan, Head of Legal Assistance Office, CFR Marfa, National Rail Freight Transport Company CFR Marfa SA, Romania  
Mr Alexandru Olaru, Head of Commercial Division – Branch Timisoara, National Rail Freight Transport Company CFR Marfa SA, Romania

#### **Other Invitees-Speakers**

Mr Paulus Guitink, Senior Adviser Central & Eastern Europe, CER - Community of European Railway and Infrastructure Companies AISBL  
Mr Vasile Nicolae Olievschi, Senior Railway Specialist, World Bank  
Mr Dalibor Petrovic, Vicepresident, Railroad Engineer Trade Union of Croatia  
Mr Emil Evenhuis, Consultant RebelGroup Advisory, Project co-ordinator Study on the Impacts of Enlargement in the area of Transport

#### **Other Invitees-Observers**

Mr Branislav Boskovic, Professor, University of Belgrade, Faculty of Transport and Traffic Engineering, Serbia  
Mr Dragomir Mandic, Professor, University of Belgrade, Faculty of Transport and Traffic Engineering, Serbia  
Ms Mirjana Bugarinovic, Assistant, University of Belgrade, Faculty of Transport and Traffic Engineering, Serbia

#### **Permanent Secretariat South East Europe Transport Observatory**

Ms Slavjanka Petruseva, General Manager  
Mr Andrija Gencel, Information Resources Manager  
Mr Dejan Devic, Transport Planning Manager  
Ms Jordana Ficovic, Administrative Assistant

Technical Secretariat  
Tel.: + 381 11 3131799  
Fax: + 381 11 3131800  
Email: [office@seetoint.org](mailto:office@seetoint.org)  
www: <http://www.seetoint.org>

Omladinskih Brigada 1/5th floor  
11070 New Belgrade

1. The chairman welcomed delegates and announced that Mr. Evenhuis and Ms. Tilling will not attend the meeting due to the problem with missed connecting flights. Twenty-seven delegates attended the meeting, delegates introduced themselves.

2. Presentation of Mr. Evenhuis has been deleted from the Agenda. Mr. Jost stressed that Mr. Evenhuis' presentation was supposed to be on the study commissioned by EC (DG Enlargement but also including consultation with DG-TREN), concerned with ten enlargement states, covering all modes of transport. This intention of including this presentation in the Agenda was for new (pre)accession countries to learn from the experience of their predecessors. It would be beneficial to include this presentation for the next RWG meeting, especially since this report has not been finished, yet.

World Bank representative, Mr. Olievschi agreed to have a presentation in the late morning, after Mr. Jost's. The agenda was adopted with these changes.

Mr. Hashorva kindly agreed to provide some comments on Steering Committee (SC) meeting in Sarajevo, the Addendum and the role of RWG.

3. The minutes of the 4<sup>th</sup> meeting were adopted with some changes. BiH's suggestion to delete two sentences on the page 2 starting with 'The BiH delegate..' and ending with '...working group' was accepted. SEETO GM emphasized that remarks should be sent in writing to SEETO Secretariat. Also, EC delegation in Serbia objected that the 8<sup>th</sup> paragraph on TA under IPA should have several minor changes, so it was accepted that they send a written comment to SEETO with a copy to RWG Chairman, in order to correct this text.

4. Debriefing from the 12<sup>th</sup> SC Meeting in Sarajevo - Chairman of the RWG underlined the importance of RWG mandate continuity, respective final report and the intention to express opinion of RWG as the SC has asked for, on the draft Addendum.

SC Chairman presented the main points from the 12<sup>th</sup> SC Meeting concerning the RWG and the Addendum, as well as the steps to follow before the next AMM in Tirana.

RWG Chairman asked if the EC sent a new version of the Addendum in July. SEETO GM confirmed that it is only one version of the Addendum that is made public and that SEETO has received, so comments are based on this version. Regarding the dissemination of the Draft Addendum, as CER had asked, SEETO GM mentioned that the Addendum was distributed by Email to Ministries of Transport. Also, the document was for a month available at the SEETO web site and is still available at the Forum. RWG Chairman agreed that the document was visible enough.

SEETO GM stated that currently RWG as it is, will continue its work until SEETO project is finished and for now it is only until the end of 2007. RWG will continue eventually after that with the new mandate given by the SC and with the new TA from EC. World Bank emphasized that there is goodwill of all involved parties to continue, and there is only a technical matter related to financing. RWG Chairman also raised the question of the Interim Report acceptance at SC meeting. SC Chairman confirmed that the reaction were very positive.

5. SEETO Progress Report – SEETO experts presented the activities around preparing the new MAP and explained the next steps. Data collection progress regarding traffic and infrastructure was explained in detail. Railway investment projects included in the first draft of MAP 2008-2012 and the process of arriving at the SEETO priority list of projects were also presented.

RWG Chairman raised the issue of launching Border Crossing and Data Collection projects as discussed at earlier SC meeting in Brussels. Also related to TA projects, he mentioned that this or next month, EC will publish tenders for TA projects focusing on three major issues: Network Statements; Track Access Charges in Railways and Road Safety Audits. This project will start in January 2008. RWG Chairman emphasized that the intention with this is not to repeat projects like World Bank project ending soon in Serbia, but to complement some of the existing TA projects in the railway domain. Also, important is to have a feedback from member countries what TA projects are underway or foreseen in their respective countries in order to avoid repeating.

6. RWG Chairman referred to UNECE / TER project regarding border crossing delays. Measuring delays at border and comparing different measurements require a clear definition of the ways the delays are counted. Mr.

Technical Secretariat  
Tel.: + 381 11 3131799  
Fax: + 381 11 3131800  
Email: [office@seetoint.org](mailto:office@seetoint.org)  
www: <http://www.seetoint.org>

Omladinskih Brigada 1/5th floor  
11070 New Belgrade

UHL presentation of last RWG was also given as a prime example on Border Crossing issue. RWG Chairman started discussion on the ways how to arrive at the methodology. CER suggested couple of years old studies on delays with the applicable methodologies, one being Scott Wilson study (under ISG, the Transport Project Preparation Facility) on Border Crossing in Western Balkans and the other from the Dutch company ECORYS commissioned by Romania and Bulgaria, covering all activities during border crossing. CER also mentioned a study done by UNECE expert on border delays that was never finished due to its retirement, and tackled time management issues. RWG Chairman reverted to the UNECE workshop in November 2007, and the presentation made by Mr. Meelich, TER Project Management. The problem is that the data/presentation has not been available to the public and it addresses border crossing issues. BiH suggested to RWG Chairman that UNECE should be directly contacted for this permission.

Faculty of Traffic and Transportation Engineering from the University of Belgrade brought their experience with regards to border crossing issues between Serbia and the neighbouring countries. The study funded by German company GTZ on border crossing between Serbia and Hungary, as well as between Serbia and Bulgaria (new bilateral agreement was made enabling for one stop at Dimitrovgrad instead of three stops, namely at Dimitrovgrad in Serbia and Kalotina and Dragoman in Bulgaria). Police, customs, phytosanitary are all now at one place. With Hungary, bilateral agreement could not be reached on border crossing at Kelebija.

#### 7. Railway reform in the signatory countries

Albania representative mentioned lack of funds devoted for the Albanian railway projects. Recently, discussions have taken place at the MoT in order to have important interventions in the railway sector. As a result of one of them, Albania has been concluding an agreement with Montenegro on railway border crossing in order to reduce delays at this border. Recently Albanian National Transport Plan was adopted by the Parliament, and as a follow-up of this study there has been TA to Albanian railways. Now Albania is considering investing some funds from the national budget and has started discussion with IFIs. Some important projects like commuter services on Tirana-Durres line as well as railway infrastructure projects on Corridor VIII, as depicted in the study done by the Corridor VIII Secretariat, will be also submitted to SEETO. Albania is also working on the law to separate operations and infrastructure. Replying to the question of CER representative whether it is viable to have such a separation in a relatively small company, Albanian delegate replied that this is stipulated by terms of the TA. In that sense, TA is available for infrastructure development, as well as for legal matters.

Bosnia and Herzegovina - RWG Chairman briefed others on the situation of rail reform in Bosnia and Herzegovina (BiH) as explained by BiH delegate during the coffee break. BiH has adopted a mandate for its regulative body and the staff election is imminent, so this process has just started. Otherwise the intervention of BiH delegate made on last meeting is still valid and includes two changes.

Croatia - Croatian delegate confirmed the intervention that was made at the last meeting from Croatia, as was stated in the Minutes of the last meeting. In the meantime, Croatia has adopted new railway legislation, as was planned. It is also confirmed that the regulatory body will start its regulatory activities in the beginning of 2009.

Serbia - Serbian delegate, Mr. Poledica briefly informed Working Group about several activities in Serbia concerning railway sector. First group of activities is concerned with legal framework where Serbia has started with amendment of the railway law. The second activity that is at the early stage of development is concerned with the new railway safety law. The third one is regulation related to the transport of dangerous goods. All these laws are planned to be done with assistance of the Twinning project, as was previously presented here at RWG. Another activity is related to bilateral agreements. The first bilateral agreement between Serbia and Hungary on combined transport is in the final phase and should be finished until the end of the year. The second bilateral agreement is related to the border control and crossing procedures in railway traffic between Serbia and Croatia. Serbia has invited Croatian delegation for a meeting on 27<sup>th</sup> September in Belgrade in order to simplify border crossing procedures between these two countries. The third group of activities are related to restructuring process in Serbian railways, and they refer to: (a) HR strategy which implies reduction in number of employees by 33% from 32,000 in 2002 to 21,000 employees at the end of the last year; (b) Rationalization of unprofitable lines and services; (c) Transferring the ownership rights from the ten dependent daughter companies of the Serbian Railways (still left 5 daughter companies within SR) to the Government.

Railway project activities in Serbia – two international loans that were signed last year are: EIB loan of 80 million EUR for infrastructure and EBRD loan of 60 million EUR for rolling stock. Those two contracts and some others

Technical Secretariat  
Tel.: + 381 11 3131799  
Fax: + 381 11 3131800  
Email: [office@seetoint.org](mailto:office@seetoint.org)  
www: <http://www.seetoint.org>

Omladinskih Brigada 1/5th floor  
11070 New Belgrade

are in the process of ratification in the Serbian Parliament. Next year these loans should be realized. As IPA projects for 2007/2008 Serbia proposed 5 railway projects and one intermodal project, mainly dealing with capacity building issue. With regards to the procurement of rolling stock, this Serbian project relates to about 1,100 new freight wagons. The other project concerned with the infrastructure relates to 3 segments of Corridor X in Serbia. The final EC decision Serbia expects in the next year when the realization of these projects is also planned. At the same time freight traffic is increasing on all branches of the Corridor X. Container traffic in Serbia has also increased, to 4-5 container block trains (international freight) per day in transit. A few months ago weekly container train on Belgrade-Bar line was also introduced. In combined transport Serbia expects to establish the first operator, named SerbiaCombi, to be owned by Serbian Railways if the Government adopt this decision. Another project is the one financed by the World Bank on the infrastructure access regime and network statement in Serbia.

The former Yugoslav Republic of Macedonia – From 8<sup>th</sup> August 2007 public enterprise Macedonian Railways started to exist as two companies: Macedonian Railways Infrastructure Transport and joint-stock company Transport Skopje. Currently, four studies on railway reform with the World Bank are underway. These are: (a) with consultant Scott Wilson a study on PSO (Public Service Obligation) –inception report was received and by the end of the month the draft final report is expected; (b) track access charges with the French consultant Sistra - the inception report is expected; (c) staff reduction study – this should be contracted this month; (d) privatization – ToR have just been completed and perspective consultants have been short-listed.

RWG Chairman asked for the former Yugoslav Republic of Macedonia traffic development figures. The former Yugoslav Republic of Macedonia delegate replied that detailed figures will be sent later, but as far as he is aware the freight growth is around 30%.

RWG Chairman suggested inviting consultant Scott Wilson to the next RWG with a presentation of PSO study. The former Yugoslav Republic of Macedonia delegate replied that World Bank has very high opinion (as confirmed by the WB representative at this meeting) about the inception report. They want to correspond with another consultant on the track access charges in order to have the same cost model on this topic and also on PSO. WB representative emphasized that this study is one of the best in Europe and it looks like a training programme. According to him, this study should be finished by the end of October. The former Yugoslav Republic of Macedonia delegate added that at the end of September draft final report is scheduled to be completed, after two weeks is the final report and at the end of November it should be finished.

CER delegate asked about the coordination of two track-access charges in Serbia and former Yugoslav Republic of Macedonia. The former Yugoslav Republic of Macedonia replied that they were invited by the Serbia to attend workshop organized by Serbia at the beginning of October in Belgrade. CER is also considering organization of 3 regional workshops on PSO, in Poland, Baltics and the Western Balkans countries (January/February 2008), with TAEX financial participation and UIC and EIB be co-sponsorships. RWG Chairman recalled the OECD workshop on PSO from January 2006 and suggested to analyze controversial opinions and benefit from the content and the speakers at that workshop.

UNMIK/Kosovo – Managing Director of Kosova Railways gave an update on the related railway activities. In the freight transport this year there is an increase in freight transport with 61 new clients. Kosova railways have also received DMUs from Sweden and will start from the 1<sup>st</sup> October 2007 a new passenger service at the West railway line, around 100 km in length. New UNMIK/Kosovo railway law has been adopted and signed, but the regulatory body has not been established, yet. Concerning the network statement, working group is established that will work on this, but the external support is still needed and TAEX will be asked for help. Starting from May, implementation of EAR project is ongoing, concerned with establishing the transport planning division and related database that also includes railway. From 2005 when the container terminal at UNMIK/Kosovo has been established, noticeable is the large increase in the transport of containers. Container terminal is located 2 km from Kosovo polje and the owner is Kosovo trust agency that is under UN pillar. Furthermore, there are agreements with road container contractors so the service is door-to-door. The containers are usually coming from the port of Thessaloniki and then through the former Yugoslav Republic of Macedonia. For important railway projects UNMIK/Kosovo has dedicated 3.5 million EUR in year 2007 and 4.5 million EUR from national funds.

Montenegro – in July Montenegro Government decided that Montenegro Railways should be divided into separate companies: infrastructure and undertakings. This process should be finished in the next 4 months. In 2008 the Government should prepare these undertakings for privatization and the infrastructure should remain

Technical Secretariat  
Tel.: + 381 11 3131799  
Fax: + 381 11 3131800  
Email: [office@seetoint.org](mailto:office@seetoint.org)  
www: <http://www.seetoint.org>

Omladinskih Brigada 1/5th floor  
11070 New Belgrade

as the state-owned property. Working group in the MoT prepared draft new law on railway safety, similar as ones in Croatia and Slovenia, and sent this draft document to all interesting parties in Montenegro for public discussion, so it will be submitted to the Parliament by the end of the year. Regarding the rolling stock, Montenegro has bought 4 diesel locomotives from Slovenian railways (repaired there). For four months there has been also a container train service between Belgrade and Bar but the problem is the fierce competition and lobbying of the road transport companies.

Also, there are works ongoing at the railway track rehabilitation on the section Niksic-Podgorica, to be finished by the end of the next year. New Czech technic dispatching system will be introduced. By the end of the year Montenegro will have roughly 90% of the track electrified. There are two railway border crossing points at Montenegro, with Serbia and Albania. At Bijelo Polje (Montenegro) and Prijepolje (Serbia) trains are delayed for approximately two hours at each border crossing point. Although the locomotives are the same, when Montenegro became independent, the change of locomotives at the border started, mainly due to administrative, licensing and safety issues. The intention is to solve administrative problems with Serbian colleagues in the next 6 months, and that the same locomotive without replacement goes all the way on the route Belgrade – Bar vv. However, customs and police are the source of delay that they cannot influence.

CER mentioned the World Bank project on Corridor Vc, basically focusing on the port of Ploce but also on rehabilitation works at Corridor Vc, having as a conclusion that there will not be change of locomotives on the borders between BiH and Croatia. BiH delegate replied that locomotive change is still existent for passenger trains, and not so for some freight transport.

8. RWG Chairman had a presentation on the draft Addendum. The emphasis was to start discussion among governments' representatives, especially on market opening matters. Regional approach to this issue is necessary, and governments, EC through TAs and initiatives like MoU, SEETO, etc. are all contributing factors to success. Common solution with synchronized action among countries is needed in order to establish Corridors and not just local links. It is noticeable that the market share of railways, especially on Corridor X, is declining, maybe not so for the freight transport. With the adoption of this Addendum, countries, EC and donors are all expected to benefit from it. Five objectives of the Addendum were presented, as well as the implementation through work by the MoU, peer review, TAs, and transparent share of related reports in the region. The Addendum has been revised again with 6 targets, also including social dimension with DG Employment comments, and the updated version will be available to the SC.

Bosnia and Herzegovina (BiH) delegate wanted to comment infrastructure matters although the RWG is dealing with soft measures and infrastructure is under the auspices of MoU and the SC. WB, EIB, EBRD and other IFIs and donors have invested around 700 million EUR in the rehabilitation of BiH infrastructure. In BiH Corridor Vc and the small part of rail tracks up to Banja Luka are covered by the Core Network. There is also railway alignment from Bosanski Novi via Banja Luka to Doboje and then to Tuzla, Zvornik and further on to Serbia. Although this line is not covered by REBIS, BiH had within SEE Cooperation Process defined its core network in terms of railways as Corridor Vc and the line parallel to the Corridor X. BiH delegate wanted to bring attention of the SC through these minutes on this topic. RWG Chairman insisted that this is the intervention of the BiH delegate and not of the whole RWG.

Representative of the World Bank held presentation about the necessity of the common railway transport area in the SEE. Mr Olievski spoke about the following 4 topics: (a) The transport needs evolution and the expectations from railways; (b) Outlook on railway transportation sector in South East Europe; (c) Key elements for making profitable investments in railways; (d) Defining the regional approach for the railway sector development in South East Europe. Showing the condition of the network, only 10% of the railways are in good conditions, so immediate actions are needed the continuous deterioration of the network. The amount of money needed for the rehabilitation of the network and number of bankable projects still needs to be evaluated. Very conservatively it needs at least 2 billion euro. This amount reaches the affordability of each country, and the major question is how to convince donors and Govs to invest 2 billion EUR to the RW sector. For the SEE the WB prepared a study: „Railway Reform in the Western Balkans“. Working on this problem the World Bank Study – examines the challenges facing the railways of the Western Balkans region (2006). Working on this problem the World Bank Study examined the challenges facing the railways of the Western Balkans region (2006) pointing out to the drastic rail traffic decrease by 72% in PKM and 60% in TKM in the last 15 years. Study bring about the conclusion that there are two constraints to profitable investments in the railways: the government

Technical Secretariat  
Tel.: + 381 11 3131799  
Fax: + 381 11 3131800  
Email: [office@seetoint.org](mailto:office@seetoint.org)  
www: <http://www.seetoint.org>

Omladinskih Brigada 1/5th floor  
11070 New Belgrade

policies in transport sector, and the separation of business of operations and infrastructures while avoiding cosmetic implementations like holdings etc. Business oriented approach should be supported in the non-interference of the government in railway business, solving the issue of historical debts, asset separation, PSO Contracts without cross-subsidies, access charge formula to generate incentives (to manage the railway infrastructure as a business), etc. The organisational model changes also imply changes in form of ownership considering the private capital. Each railway performance is highly dependent of the neighbouring railways justifying the establishment of the SEE Railway Transport Area. Accordingly, the WB proposed several targets. The Addendum has the significant part in the Institutional framework beside the existing MoU of SEETO. The WB is very interested to play its role in this. Coordinating the implementation of the SEE RW TA, the IFI Advisory Group (AG) plans a meeting to support the targets of the Addendum at Brussels in September. The AG will talk to the candidate countries how to harmonise their policies, and also the instrument for preaccession. The WB is a main partner for the Transport Sector being the second largest sector financed in 2006 (14% of the total lending of \$23,6 billion). The WB has increasingly flexible instruments for financing projects. Programs are tailored to meet the individual country needs (country or regional approach). Mr Olievschi concluded that the railways from SEE have a unique opportunity to become reliable companies acting together according to the rules of the EU. The re-construction of the railway infrastructure must take place in parallel with the restructuring of the railways as business-oriented companies. It is the time to create the new tradition in railways, the continuous change, innovation and renewing work practices.

RWG Chairman informed that the coordination with the donor banks (IFIs) has already been underway for a year. Although the document will be sent to the ministries first, DGTREN already held high level meetings with various organisations like EBRD and EIB and they all have perceived the Addendum positively.

Lunch Break.

**The Discussion on a Draft Addendum, Round Table.** In the afternoon session the chairman of the RWG clarified that the intention is to improve the text of the addendum taking into account the results of this discussion and also the comments received by now and to propose to the SC to adopt it on its meeting in Tirana in early October, and started a discussion asking the members to focus on the text of the Addendum.

The representative of Albania and SEETO Chairman told that Albania has no further comments on the Addendum now and they have the target to vote for adoption.

The representative of Bosnia told that they do not have significant remarks on the Addendum, but he had a remark on the core network which does not covering the vast part of the Bosnian Railway Network because it is based on the REBIS study which is outdated. He suggested to keep the REBIS methodology but with new sections. Since the REBIS some new bilateral and international agreements was signed by Bosnia like the agreement with Montenegro on the Capljina-Niksic-Podgorica line and also the AGTC European corridor. He suggested that the MAP 2008-2012 should be modified in this direction.

The SEETO GM intervened on this discussion and noted that the RW WG has no mandate to discuss Core Network Modification, but the SC members and stakeholders.

The representative of the former Yugoslav Republic of Macedonia noted that the goals of the Addendum is corresponding with the National policy and they are waiting for comments from their Law and Regulation body and they will send written remarks after their conclusion.

Montenegro representative told that have the same situation like the former Yugoslav Republic of Macedonia and they will give comments when they get the answers expected in October from their TA and management.

The RWG Chair and SEETO GM warned that October is too late because the deadline was set for September 17<sup>th</sup>. The RWG Chairman have the opinion that the document was enough time for comments and for the procedure, this deadlines were set to meet the timing of the Ministers conference which held only once in a year.

The representative of Serbia Mr. Poledica told that he and his colleague T. Jankovic do not have any comments on the Addendum. But they do not have any confirmation from the Government because they didn't start the approval procedure since they do not have the final text.

Technical Secretariat  
Tel.: + 381 11 3131799  
Fax: + 381 11 3131800  
Email: [office@seetoint.org](mailto:office@seetoint.org)  
www: <http://www.seetoint.org>

Omladinskih Brigada 1/5th floor  
11070 New Belgrade

The RWG Chairman told that the changes will be minimal and mainly editorial. The Commission would propose move social matters, which are now a part of target 2, to a new target number 6.

The SEETO GM clarified the procedure: the governments are not giving approval now, the text will be sent to the governments after the approval of the Steering Committee of SEETO which is in closer communication on higher levels in the governments.

The representative of the WB clarified, that it is a free will of the Country to achieve these tasks. All these actions which are now voluntary will prepare the country for the similar road which should be taken on the way in the accession process of the country. This monitoring will allow the IFIs too to have better insight in the progress and for easier approval for financing in case commitment was noticed.

RWG Chairman explained that the peer reviews are not a new invention it is a standing practice, they are shortly but well explained in the Addendum, a resulting report of each peer reviews will be sent to the participants.

The representative of the Serbian Railways (SR), Mr. Valentic told that in this matter he is not in a position to give a final conclusion. However the SR, being very interested in this Addendum, submitted their conclusions to the Ministry: that the level of implementation should be coordinated with financial consolidation of the Railway company, and that because of the long period of inertness the SR would need some grant funds to be really competitive. He also mentioned that in giving free access for other railways would need to be followed with given access to Europe in terms of reciprocity. His opinion is that the Addendum is prejudicing the organisation of the railway company. Furthermore, the accounting structure which follows the Serbian laws in Serbia could not be in cohesion with the one for the financial reporting needed as the outcome of the Addendum. However, the Serbian representative gave his assurance that the SR are devoted to regional and European integration.

The representative of the WB told that the text of the Addendum is in full compliance with European laws so it contains nothing less and nothing more. When a country signs the Addendum takes no additional obligations than it would take on its road on the accession. It has no mandatory constraints, except for reporting with the directive that the balance sheets should be kept separately from businesses. The SR is a public company that has to publish its results any way. The WB is open for grants and Serbia has already benefited from them. In case of signing the Addendum it will be easier to approve the grants only on the soft measures, but on infrastructure only loans.

The representative of UNMIK/Kosovo told that they discussed the Addendum in the ministries and has not comments on proposals.

The Representative of CER told that they asked for comments from the railways in the Region. Bosnia fully agreed with the text, while Austria was concerned that multimodality was not mentioned in the Addendum as a measure as it should, when talking about interoperability. He also noted that there is no argument to state that the railway market is declining, on the contrary. One of the main reasons for the regional approach: 'to facilitate the economic growth of the countries', is missing from the text. As an example, the container traffic which arrives in China and India is also increasing, hinterland connections should be provided for this traffic. In the same sense, study by Coopers and Lybrand predicts that the container ports will become bottlenecks in a near future. And in a question of PSO contracts he suggested to change the sentence on page 5 for compensation should be "compensation in full". Also, there is no usual practise to approve grants on rolling stock, only to write off historic debts.

The chairman also instructed SEETO to collecting and make available information about TA projects of the interest of this RWG.

ETF Representative excused Ms. Tilling for not attending this meeting. By their opinion the RW policy should be implemented in social stability and not destabilising the labour market and the society. The ETF is working to reach these goals for the SEE together with ECOSOC and the EC. From the region only Montenegro and UNMIK/Kosovo are not members of ETF. They plan a meeting in October about SEETO and the RWG.

The local expert of BAH Ms. Bugarinovic, presented the World Bank's Project on network statement and track access charges in Serbia. The aim is firstly to develop the methodology for rail infrastructure and pricing consistent with the EU directives and structured to encourage international movement, competition and private investment. Second objective is the preparation of the Network Statement for Serbian Railways, and the 3<sup>rd</sup> the

Technical Secretariat  
Tel.: + 381 11 3131799  
Fax: + 381 11 3131800  
Email: [office@seetoint.org](mailto:office@seetoint.org)  
www: <http://www.seetoint.org>

Omladinskih Brigada 1/5th floor  
11070 New Belgrade

development of an Action Plan. The Project is scheduled to start in the middle of March 2007 and end by the ToR in November 2007. Currently, they delivered draft of Network Statements concerning the accessible and applicable dates. Joint effort is underway regarding data collection for access charges model, with comments and suggestions from Serbian Railway, Railway Directorate and Ministry of Infrastructure. Process of restructuring of the Serbian Railways (SR) is not finished yet and decomposition of data must be done, especially in terms of accounting system requirements. Regarding the Network Statement, the Railway Network Association form has been adopted as a reference. The action plan will be done after the workshop on 2<sup>nd</sup> October. RWG meeting participants are invited to this workshop planned to be held in Belgrade. World Bank representative also encouraged the participation of this workshop as a very useful for the railways.

Mr Jost answered to the question of CER about the communication with the ARGE Corridor that they want to collect the developed network statements from the railways and integrate them along the corridor. He also placed a question about the compliancy with the EU regulation. They should know which cost to include, marginal cost of operation also for market segments not defined yet, and also elasticity, because it will be difficult to adjust with the EU regulation.

Ms. Bugarinovic mentioned that there are 4 main costing principles. The directives are not recommending neither specifically, only suggest to take into account operators' ability to pay. Because the projects lasts only 6 months, there has been no time to evaluate the operators. The inception report speaks on the transferability to the neighbouring countries. Professor Mandic added that the methodology is transferable; the approach can be applied to other countries but not the price level and the network.

#### **Any other Business**

The Chairman of the RWG announced that the RWG will continue its work but with some changes from the beginning of the next year, and the delegates will be informed in time. The comments which are taken by now will be revised by the SEETO SC and if justifiable, the Addendum will be amended.

The SEETO GM reminded the participants that the Forum on the SEETO web site is open for discussions and new interesting topics.

The representative of the World Bank told that the WB will be open for financing various projects in all signatory countries in railways. WB is interested in 'horizontal' projects to develop similar programs in the Countries as well as 'vertical' projects for each country to develop different stages in a very flexible way.

The RWG Chairman told that the EC will pay for the peer-reviews and this RWG welcomes the financing.

16.47          Closing of the meeting

## 5<sup>th</sup> Railway Working Group Representatives

Country	Name	Position	Organization	Telephone/Fax	Email
Albania	Kujtim Hashorva	Director of Road Transport Policy Directorate	Ministry of Public Works and Transport	+355 4 258 318 +355 4 232 389 +355 4 258 319	m.jani@hsh.com.al
	Ramadani Zamir	Director	Albanian Railways		
Bosnia Herzegovina	Kovačević Mustafa	B.Sc. Railway Engineering	Ministry of Communications and Transport	+387 33 254-398 +387 33 222-193	m.kovacevic@mkt.gov.ba
Croatia	Zeljko Cindric	Head of department for Intermodal transport	Croatian Railways	+385 1 4577598 +385 1 3783312	zeljko.cindric3@hznet.hr
Macedonia	Nikola Kostadinovski	International Relations Assistant	Macedonian Railways	+389 2 3116-639 + 389 2 2462-330	nkostadinovski@mz.com.mk
Montenegro	Milan Bankovic	Executive Director Assistant for Traffic Regulations and	Railways of Montenegro	+381 81 441 252	dobarduh@cg.yu
	Vesna Tintor	Chief of Cabinet	Railways of Montenegro	+381 81 441 309 +381 81 601 865 + 381 81 601 866	zcg-uprava@cg.yu
Serbia	Miodrag Poledica	Head of Department for Intermodal and Railway Transport	Ministry for Infrastructure	+381 11 3616 613 +381 11 3619 710	poledica@msaotel.sr.gov.yu
	Janko Kovljanic	Deputy Director of International Affairs	Public Enterprise "Serbian Railways"	+381 11 3067 315 +381 11 3616 841	jankok@yurail.co.yu
UNMIK Kosovo	Xhevat Ramosaj	Managing Director	UNMIK / Kosovo	+381 38 536 355	xhevat.ramosaj@kosovorailway.com
EU	Frank Jost	Rail Transport and Interoperability	EU Commission DG TRAN	+32 229 90262 +32 229 93911	Frank.Jost@ec.europa.eu
	Vera Morandini	Economic and European Integration	EC Delegation in Serbia	+381 11 3083254 +381 11 3083201	vera.morandini@ec.europa.eu

### Observers (Representatives of neighbouring states)

Country	Name	Position	Organization	Telephone/Fax	Email
Romania	Alexandru Potocean	Director CFR Marfa	National Rail Freight Transport Company CFR Marfa SA	+40 21 225 12 18 +40 256 49 33 89	Martha.petcu@cfr.ro
	Adriana Seitan	Head of Legal Assistance Office, CFR Marfa			adriaslex@yahoo.com
	Alexandru Olaru	Head of Commercial Division – Branch Timisoara		+40 21 225 1195	iulia.ivascu@cfr.ro

### Other Invitees

	Name	Position	Organization	Telephone/Fax	Email
<b>Speakers</b>	Paulus Guitink	Senior Adviser Central & Eastern Europe	CER	+32 2 213 08 81 +32 2 512 52 31	paul.guitink@cer.be
	Vasile Nicolae Olievschi	Senior Railway Specialist	World Bank	+1 202 473 6893 +1 202 614 0900	volievschi@worldbank.org
	Dalibor Petrovic	Vice-president	Railroad Engineer Trade Union of Croatia	+385 1 4839 002	press@ssh.hr
<b>Observers</b>	Branislav Boskovic	Professor	University of Belgrade, Faculty of Transport and Traffic Engineering	+381 63 390 455	boss@msaotel.gov.yu
	Dragomir Mandic	Professor		+381 11 3091 302 +381 11 3096 207	irata@ptt.yu drama@sf.sf.bg.ac.yu
	Mirjana Bugarinovic	Assistant		+381 11 3091 239 +381 11 3096 704	miras@ptt.yu miras@sf.bg.ac.yu

<b>SEETO</b>	Slavjanka Petruseva	General Manager	SEETO	+381 11 3131799 +381 11 3131805 +381 11 3131800 office@seetoint.org	spetruseva@seetoint.org
	Dejan Devic	Transport Planning Manager			ddevic@seetoint.org
	Andrija Gencil	Information Resources Manager			agencil@seetoint.org
	Jordana Ficovic	Administrative Assistant			jficovic@seetoint.org