

Rail and Inter-modal Working Group 1st Session, Belgrade, 23 June 2006

Chairman: Mr Enrico Grillo Pasquarelli, European Commission
Deputy Chairman: Mr Fran Jost, European Commission
Members: Ms Tatjana Jankovic- Head of Railway Infrastructure Group Ministry of Capital Investment, Serbia
Mr Danijel Kracic, Senior Adviser, Ministry of Sea Tourism and Development, Croatia
Mr Xhevat Ramosaj, Managing Director, Kosovo Railways, UNMIK / Kosovo
Mr Risto Trajceviski, Assistant Manager, Macedonia Railways, FYROM
Mr Mustafa Kovacevic, Ministry of Transport and Communications, Bosnia & Herzegovina
Mr Arben Keci Director of Technical Directorate, Albanian Railways, Albania
Ms Zdravka Poleksic Vice Director, Railways of Montenegro, Montenegro

Other participants from the CARDS Area

Mr Romir Ametaj Ministry of Public Works Transport and Telecommunications, Albania
Mr Goran Ilkoski, Traffic Engineer, Croatian Railways, Croatia
Mr Antoni Pesev, Former Minister/ Consultant, FYROM
Mr Mimcilo Rakocevic, Vice Director, Railways of Montenegro

Observers from Neighbouring Countries

Mr Zhoro Dimitrov Head Railway Administration Executive Agency Bulgarian Railways
Mr Alexandru Potocean, Director National Rail Freight Company, CFR Marfa, Hungary
Ms Erika Tarr, Councillor Railways, Ministry of Economy and Transport, Hungary

Presenters and Guests

Mr Ad Toet, Adviser Central & Eastern European Countries, CER, Brussels
Mr Paulus Guitink, Senior Transport Specialist, World Bank
Mr Jeremy Acklam, SEDP Project Manager, Telematics Application for Freight TSI
Mr Frank Weppner, Manager International, German Railways
Mr Daniel Muller Jentsch, Economist, Office for South East Europe, World Bank / EC

Permanent Secretariat South East Europe Transport Observatory

Mdme Slavjanka Petruseva, SEETO General Manager
Mr Goran Kecman, Planning Manager
Mr Andrija Gencal, Information Resources Manager
Ms Jordana Ficovic, SEETO Administrative Assistant

Adviser Mr Douglas Rasbash, SEETO Project Manager

1. Mdme Petruseva welcomed participants to the first meeting of the working group; thanking the European Commission for support and Mr Pasquarelli for Chairing the working group meeting. She referred to the contents of materials and to the Multi Annual Plan for the development of the core network of SEE distributed to all delegates.

2. Mr Pasquarelli welcomed the delegates and made a keynote statement. He stated the importance of inviting neighbouring countries to the working group, noting that a representative of the European Workers Federation should also be invited to the next meeting. He stressed the importance of the linkage of the group through the Steering Committee to the Annual Meeting of Ministers, as set out in the MoU of 14th June 2004. The EC recognised that the railways of the region are not integrated into the EU and may also not be integrated regionally either. The aim of the integration process was to establish a single railway market and to ensure that the railway sector contributes to the Lisbon Agenda. He emphasised that when markets are integrated investment flows, that integration requires a sound legal basis for cooperation, such as exists in aviation and energy. The purpose of this first meeting of the Working Group was to establish the tasks needed to move the region forward in a integrated way to form a single European Railway Area. Harmonised implementation of the Aquis through a regional approach was necessary; examples were given of the separation of accounts of track and operation, technical interoperability and the corridor approach. He referred to the De Palacio process for extending the Pan European Transport Network, but emphasised that the working group was not about infrastructure but about reform. He concluded by reminding delegates of their responsibility to customers by concentrating on outputs rather than processes.

3. Introductions were given by all delegates

4 The agenda was adopted without comment.

5 The results of the session of the SEETO Steering Committee of 26 April 2006 were presented by Mr D. Rasbash; The SC had met 6 times in one year, the SEETO had also been operational for about one year. The Steering Committee adopted the first Multi-Annual Plan for the Development of the Core Network. The MAP for 2006 to 2010 was summarised. The Plan included soft measures as well as construction projects. Of the 34 soft measures approved by the SC, 14 concerned railways and 4 Inter-modal Transport. The Working Group had to concentrate on soft measures. The SC considered the most important to be monitoring the implementation of the Aquis to ensure a regionally harmonised approach; actions to reduce waiting times at railways borders and preparation of regional railways strategy and common railway network statement. The SC expected concrete results that could be implemented. He advised that MAP was a rolling process that would be updated annually. *(Note that reference to the relevant soft measure in the MAP will be made in the notes of the meeting)*

6 Terms of Reference of the working group was presented by Mr Frank Jost (EU Commission) He re-emphasised that the working group mandate did not include investments which would be covered by the SC. The Terms of Reference required the WG to produce an inventory of railways reforms; reviewing national strategies, arrangements for open access and network statements, especially the regulatory regime and capacities for implementation. The WG should expect to meet 4 times per year. The WG must decide what kind of report to be submitted to the SC and what the priorities are for the soft measures in the MAP.

The Chairman asserted that the WG process must be driven by the representatives and a co-chairman should be appointed as a trusted person.

7 The state of reform of the railways sector was described by each member:

Albania has approved the new railways code that set up the legal commercial basis; the country had signed a cooperation agreement with Montenegro to remove border controls and list visa controls in order to generate freight traffic. Albania stated its priority in institutional reform and reconfirmed its interest in regional cooperation. Reference was made to the core network and priority investments.

Bosnia & Herzegovina advised that according to the SAA (Stability and Association Agreement) changes had to be made to the institutional framework. There was a new law on railways and a twinning programme with France to provide the technical assistance for implementation. The new law created a regulatory board. The member advised that BiH had two railway companies, though it was agreed that IM (infrastructure management) was to be carried out by one body. Reference was made to the core network.

Croatia had started restructuring in 2004 with a target to improve the financial situation, reduce staff and rationalise un-economic lines. The new railways law of 2003, applied from 2006, included bi-laws that would enable market liberalisation, establishing a non-monopolistic environment. Safety was covered also. A programme to advance implementation of the Aquis had been started and further steps to liberalise the railway sector were being planned.

UNMIK Kosovo exists as a joint stock company, with infrastructure and operational functions separated, though still under a single management organisation. In the near future complete separation is planned. A

regulatory authority is envisaged. Kosovo has approved a multi-modal transport policy and is establishing a data base for traffic.

FYROM is carrying a project supported by the World Bank that will separate functions and create new enterprises for possible privatisation. The programme will prepare the regime for open access, user charges, staff retrenchment, asset disposal etc. The plans to liberalise the railways sector for Macedonia Railways reflect its geographical position between Greece and Serbia.

Montenegro is planning to create a private railway freight operating company and is starting passenger services that will link it with Albania.

Serbia passed a new railway law March 2005; its aim is to set up Serbia railways as an autonomous commercial company. It is currently 100% government owned and restructured into 2 divisions for infrastructure and operations. The process of downsizing unprofitable parts of the network has started and retrenchment has reduced personnel to 19,000. Traffic is increasing, new loans for improving the core network are being negotiated, capacity building in the Ministry will create conditions for a regulatory body. An inter-modal strategy will be finalised soon (October 2006). Working bilateral agreements with Bulgaria and Croatia have reduced waiting times at borders.

8 Discussions followed – the Chairman remarked that it was clear that all members are progressing reform. The need for restructuring arises from financial and economic expediency, EU directives being the catalyst. It matters that reforms should be harmonised. The Chairman pointed to the possible disparities that may emerge through individual consulting or twinning exercises as the need for harmonisation may not be apparent. He urged participants to drive the process taking care to regionally harmonise laws, regulations and implementation. The model for regional collaboration could be the single aviation area (June 2006) or the Energy Treaty. A question arose as the number of the minimum number of protagonists to an agreement. The Chairman responded that it had to be two or more; it was up to members to drive the process. He directed attention of members to the World Bank study on Balkans Railways on page 62 that showed practically no implementation, he remarked that establishing implementation capacity was crucial. Issues regarding the extent of the core network or investments were ruled by the Chairman as inadmissible and out of the mandate for the WG. *(Note that - moving towards a Treaty would implement, to a large extent the MAP soft measures adopted by the SC)*

9 Cooperation of Railways – Mr Ad Toet introduced the remit of the CER that included all railways represented at the working group – 53 members including new-wave railways companies as well the classic or old school. He presented depressing statistics regarding investment in railways that fell short of guidelines. He illustrated the wide range of access charges that indicated different economic and political conditions and the lack of stability in the sub-sector. For example in Holland 83% of track costs are met by Government. In May 2006 Railway CEO's supported a common approach to the development of railways in South East Europe and set out in 5 measures, including a common network statement, prioritisation of investments, (rapid) solutions for reducing waiting times at borders and implementation through a MoU or Treaty. Mr Toet also advised that the CER was concerned over rolling stock capacity in SEE and advocated a regional approach. The comprehensive presentation is obtainable from the SEETO web site. *(Note that CER*

recommendations advances implementation of MAP soft measure Rw 04 – the preparation of a common network statement and Rw 06)

10 A short briefing on High Level Group trans-European axes was given by Mr Frank Jost, recognising that all present were engaged in the process. He re-emphasised that the HLG focussed on horizontal measures as well as investments such as technical interoperability, legal harmonisation and resolution of border crossing delays. The presentation is available on www.seetoint.org

The subject of open access to rail infrastructure was introduced by Mr. Frank Jost. The concerns were that there was a lack of harmonisation, especially in the user charges that had to be based on social marginal costs plus a commercial mark up; that capacity be allocated independently and in an unbiased way; access conditions to be harmonised; accounts between infrastructure and operations to be fully separated and transparent; common approach to the network statement – not to reinvent the wheel and the allowance of authorised applicants to use the network without restrictions. *(Note that actions arising from Mr Josts presentation would be compliant with MAP soft measures Rw 07 harmonise user charges and Rw 08 with respect to PSO and Rw11 Harmonising and simplifying freight conditions)*

11 Discussions following these presentations followed; Mr Jost advised that there was a new working agreement on border crossings for corridor X and a memorandum on the development of a high speed rail network. He advised that a straight forward solution for reducing border processing time for passengers is to carry out checks on moving trains between nearest stations. SEETO commented that it made a submission to the EC that commented that the SE Network was in name only, consisting of series of links, with little of no reference to nodes, the development of which is crucial to improving inter-modality. The Chairman considered that the region was getting overwhelmed with agreements, but what was important was for the WG to take positive concrete steps. FYROM proposed avoidance of bilateral agreements until framework for harmonised approach is agreed; Serbia suggested a structured approach, a clear agenda that established steps, the information needed and reporting for each. Kosovo proposed a time schedule for implementation and to be as concrete as possible; Hungary proposed a series of comon border crossing agreements; Croatia supported sharing best practise in bilateral agreements, undertaking to submit theirs; SEETO recommended also taking into consideration the requirements of the user; CER said that opportunity presents itself and should not be missed because railways cannot wait. TAF / TSI argued that a possible Treaty needed to be borne from a common sense of market and or information. EC (Mr Jost) reminded that the main client of the WG is the SC and the AMM (Ministerial Meeting) and that the experts needed to advance measures can be brought in as needed. Serbia suggested presentations by Sweden and Slovenia on access charging; World Bank reminded that the MoU covered border crossings; Croatia desired that SEETO collect and collate all agreements (SEECP / TTFSE / Corridor development memoranda etc) and put them on the SEETO web site. The Chairman quoted from the MoU – sections 4 on sharing information and section 6 on border crossings. He wound up the discussion requiring SEETO to prepare an action plan based on the soft measures in the MAP for adoption by the WG.

12 Following lunch, Mr Paulus Guitink, presented information on the latest status of the Transport and Trade Facilitation in SE Europe Programme and World Bank Regional Rail Programme. The programme for the second phase TTFSE II was being introduced bilaterally, focussing on rail and reform of border control management and the use of informatics. ((*Note that the TTFSE II initiative related to MAP soft measure Rw03*))

The World Bank was committed to the improvement of the regional railways and had published an appraisal on Western Balkans Railways (*in SEETO Library*) and was engaged with many of them bilaterally to restructure, improve finances and prepare for EU Directives. Also the WB has a regional funding instrument which it intends also to use for rehabilitation and upgrading. The presentation is on the SEETO web site.

13 ECMT and UN ECE activities were summarised by Mr Jost mentioning that data had been collected since 2002 at railway border crossings that showed waiting times of 3 to 6 hours. The delays were attributed to poor working conditions, infrastructure and coordination between the four ministry functions that operated the borders. He cautioned further research and data collection. The World Bank added that for FYROM, borders classified as international were continuously manned by all agencies and that delays, from having to wait for the arrival of appropriate authorities had been eliminated. The Chairman noted that the WG was only attended by railway personnel not customs, immigration, and other agencies.

14 Mr Jost also briefed the WG on EU customs policy especially the requirements to introduce the simplified transit procedure and consignment note in the future and to provide information electronically and in advance for pre-clearance. (*refer to MAP soft measure Rw 09*). Gradually, candidate countries join the regime, others have to prepare to join and in doing so will improve border control efficiency. This led naturally to the next presentation. Before doing so, the Chairman stressed the importance of the development of telematics – a crucial element.

15 Technical Specifications on Interoperability Telematics Applications for Freight (TAF) was presented by Mr. Jeremy Acklam its project manager. The TAF TSI, developed as a part of the Strategic European Deployment Plan, focuses on the common exchange of data for railway freight. Compliance with the TAF TSI will be mandatory for future EU members. The speaker advised that a key point for the WG to bear in mind is that there could not be an open market without information / data that pertains to that market. The benefits were many, but summarised as increased product / service quality, improved utilisation of assets and an enhanced market share. The start of cooperation within SEERail would be a common business strategy. (*refer to MAP soft measure Rw 13*). The scope of the cooperation could be a part of the Treaty (*refer to MAP soft measure Rw 14*). Mr Acklam confirmed that the TAF TSI for SEE would be supported especially if the protagonists acceded to the requirements of a common approach. The methodology developed for the EU 25 was transferable.

Kosovo Railways comment was that it had no traffic data base at present but proposed a joint policy for collection of data. SEETO advised that it had an ongoing data collection system and looked forward to responses from all participants. That based on this response, the WG can decide the next steps to be taken. Albania commented on the formats of data; Mr Acklam advised that format was not an issue, content was.

SEETO asked if it is possible for a TAF / TSI to be developed for a corridor, Mr Acklam confirmed that it was, the key requirement for any common approach – such as the possible common network statement – is a that common market has to be recognised, as exists in SEE for transit.

16 The operators point of view of cross border operations was presented by Mr Frank Weppner of German Railways International Freight Unit – Railion - that ran several pilot trains in a project to test the system. Starting by advising of the project objectives of generating growth, providing quality, enhancing the product and improving flow of information he went on to describe the results of the experimental trains from the Cologne to Halkali (Turkey). The train, powered by interoperable locomotives took 3.5 days concluding that quality can be found, even in existing conditions, with the right equipment and management. The main benefits were summarised as being +30% improvement in asset utilisation. Demand existed for 7/8 trains per week. *(A note for delegates; The Austrian Railways, by way of information, is doing the same with Vienna – Istanbul; this is also a part of implementing soft measures Rw 02 – through operations facilitation plan and Rw05 Preparation of a product plan for Corridor X)*

17 Discussion Delegates

There was relatively little discussion at the end of the meeting – it is noted for the record that several delegates had left the meeting.

18 Conclusions and next steps

Mr Jost concluded that the coverage of the meeting had been deliberately comprehensive to ensure wide coverage of the mandate and soft measures proposed in the MAP. He appreciated the participation of delegates but hoped that it may be more comprehensive and concrete in future meetings. He recommended an approach where the principle / priority subjects were covered separately at subsequent meetings in a focussed and concentrated way rather than, try to cover all subjects. In that respect he outlined the subject matter for next 3 meetings – these are give more substance...

Meeting 2 Network Statements

The agenda will cover the preparation of network statements and access agreements; an expert will present a common form, delegates will be expected to adopt the common form for application. The SEETO will place the common form on the web site for members analysis and comment at the next meeting. The meeting will also focus on the institutional arrangements necessary for the implementation of the network statement and access regime. Delegates agreed that the formulation of the network statement was priority. Delegates agreed to submit legal and other documents to SEETO. Delegates agreed to participate in a Questionnaire, organised by SEETO to determine the status of the implementation of the EC directives and brief the meeting. Delegates will also be expected to have formulated a view on a common network statement to make concrete recommendations for the SC and AMM. The meeting will take place 3rd week in September in Belgrade.



Meeting 3 Border Crossings

The aim of this meeting is for delegates to agree a set of measures to improve the performance at railways border crossings, the meeting will be attended by experts from the 4 border functions and from EC. The project manager for the TTFSE II – Mr Paulus Guitink and the Chairman of the Working Group for the implementation of the Corridor X border crossing protocol (signed in Corfu 15-06-06). The SEETO will present an analysis of bilateral agreements submitted by Members; performance data for each border will also be available for reference by members. The meeting will take place in March 2007 in Belgrade

Meeting 4 Harmonising Railway Access Charges

The basis for user charges will be agreed, the methodology for its calculation and the extent to which the charges can be introduced in a harmonised way – say over the core network or for corridors – will be determined. The Serbian Railways is advancing with a project to implement access regime and user charges, will be requested to provide evidence and the World Bank will be invited to provide expert input. The meeting will take place in Belgrade in June 2007. *(The fourth meeting in the year)*

19 SEETO is expected to provide secretariat and advisory services, present analysis, prepare notes of each meeting and an interim report.

20 Chairman's closing comments:

Attendance of the meeting showed good will and a disposition for regional cooperation. But there is a need for correspondence by members to requests for information. There is also a need for constancy of representation at the WG. Overall there is need for concrete and positive results that can be included in the resolutions of Ministers at their subsequent Annual Meetings.

Finally the selection of a local co-chairman would be welcomed by the EC and a proposal will be made at meeting 2.

17.30 Meeting closed

Minutes Approved

ChairmanDate.....