



European Commission

# European regulatory framework for rail and International agreements in SEE

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# Aims of the European Transport Policy applied to rail

- ❖ Optimise the use of existing infrastructure
- ❖ Rebalancing the use of modes in favour of environmental friendly modes : rail, inland waterways, shortsea shipping
- ❖ Fair and efficient pricing for infrastructure use
- ❖ Users first





# The objective of the European Railway Policy

The creation of an integrated European railway area to allow cross border services under a single responsibility in order to guarantee the quality of services to the customer





# The main decisions already taken at European level

To ensure fair and non discriminatory access to infrastructure

- ❖ Separation of essential functions i.e. allocation of capacity and charging
- ❖ Open access to infra and services for international freight services
- ❖ Full liberalisation of the rail freight market on 1 January 2007
- ❖ Charging principle : social marginal costs (with possible mark-ups up to full cost)
- ❖ National regulatory body to survey functioning of the market and arbitrate conflicts between infra-manager and railway undertaking





## Market access means...

- End of incumbent's monopoly
- No cross-subsidization possible, strict accounting separation between freight/passengers/infrastructure activities
- Control of State Aid on rail freight activities
- Market prices
- Commercial and management independence of railway companies from the State
- Independent rail regulator
- Independent capacity allocation





# The issue of separation

## Infrastructure management ...

(construction, maintenance, traffic control...)

“Essential functions”

...to be separated from transport operations, i.e. accounts, no transfer of public funds between the two

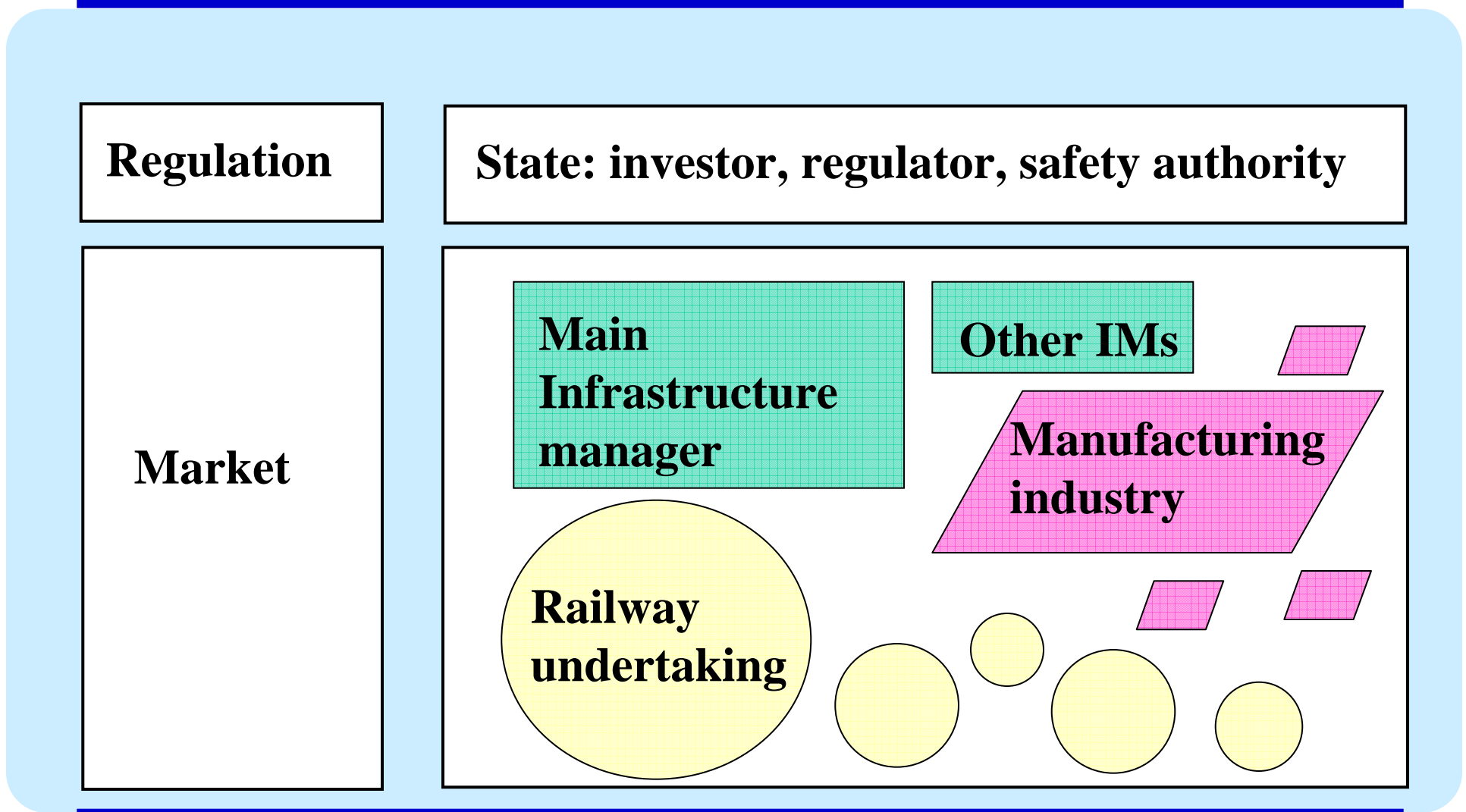
..to be strictly separated, at least:

- capacity allocation
- setting infrastructure charges



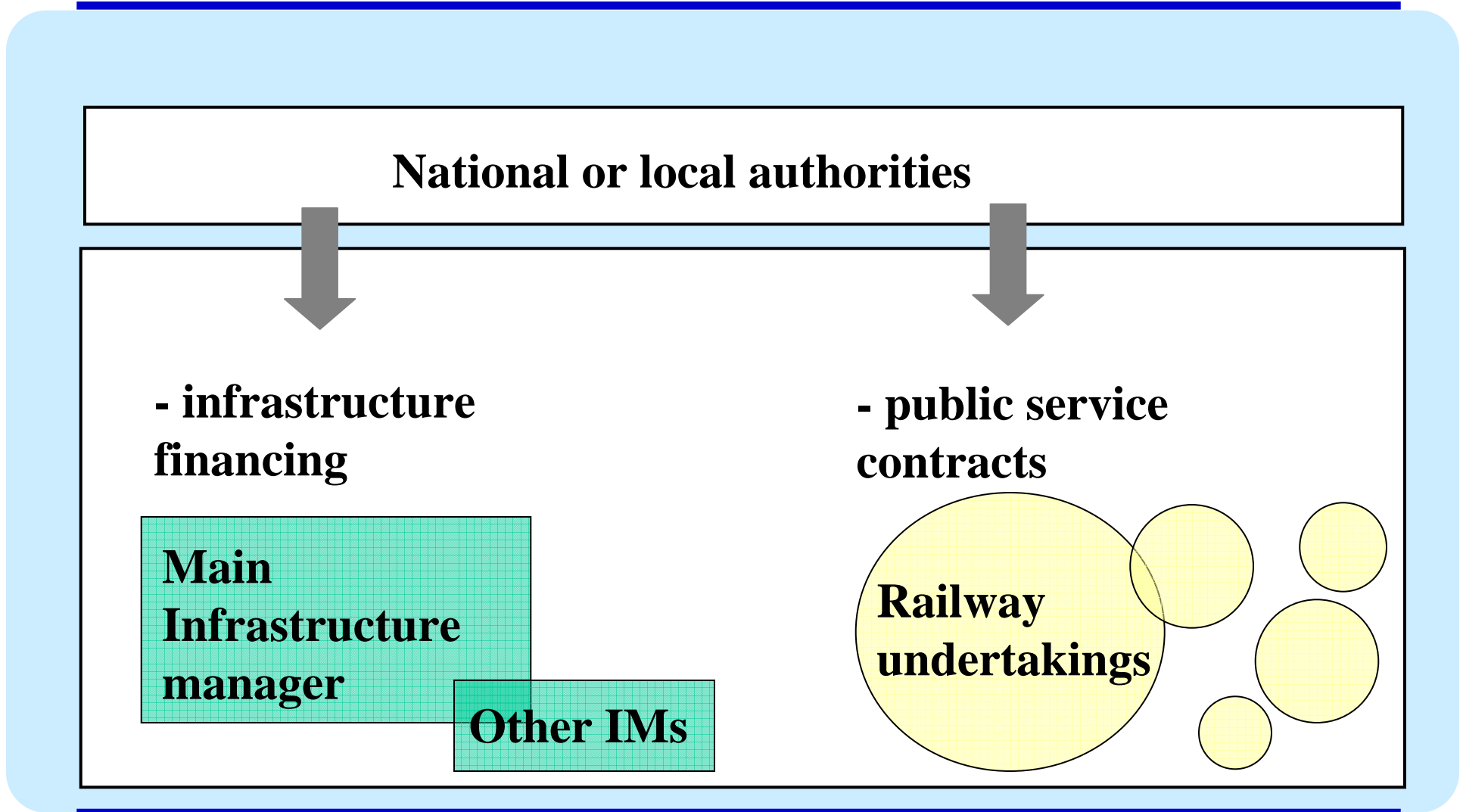


# The State and the Railway sector





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**Regulatory body (market regulation)**

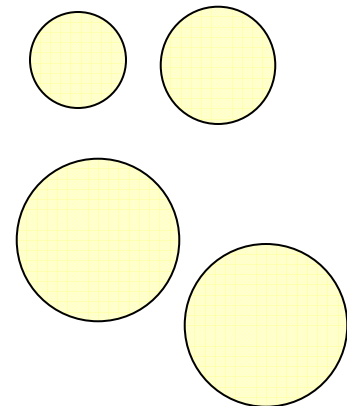


- appeal against decision of the IM (capacity allocation)
- monitor and regulate condition of access (also to facilities such as terminals, marshalling yards...)

**Main Infrastructure manager**

**Other IMs**

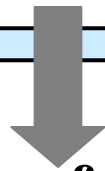
**Railway undertaking**





# The State and the Railway sector

## National safety authority

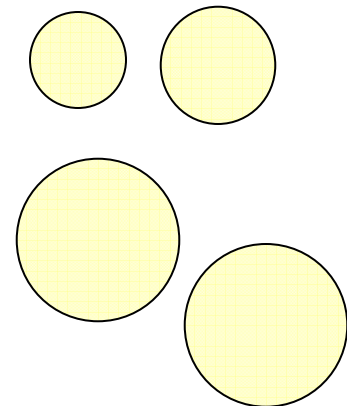


- delivers safety certificates
- authorise placing into service of rolling stock and equipment
- monitor and report on safety levels

**Main Infrastructure manager**

**Other IMs**

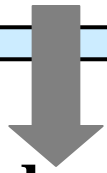
**Railway undertaking**





# The State and the Railway sector

**National investigating body in case of accident/incident**

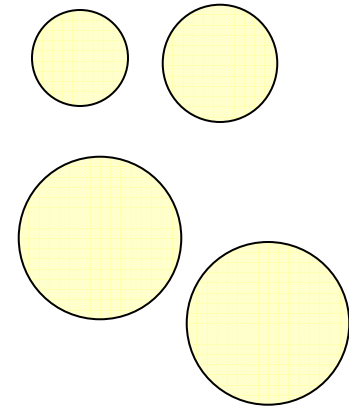


- **Independent accident investigations**
- **report and transparency**
- **co-operation among investigating bodies**

**Main Infrastructure manager**

**Other IMs**

**Railway undertaking**





# Concerns

- **Charging schemes** for the use of infrastructure fitting marginal costs (harmonised structures, no prohibitive levels, no price discrimination)
- Adequate level for **public financing contributions for PSO compensations** in the framework of a PSC
- **Financial viability of IM**
- **Grandfathering attitudes** (Framework contracts between RU and IM, Miscellaneous State payments to incumbents, delays in delivering licences and safety certificates to new entrants)





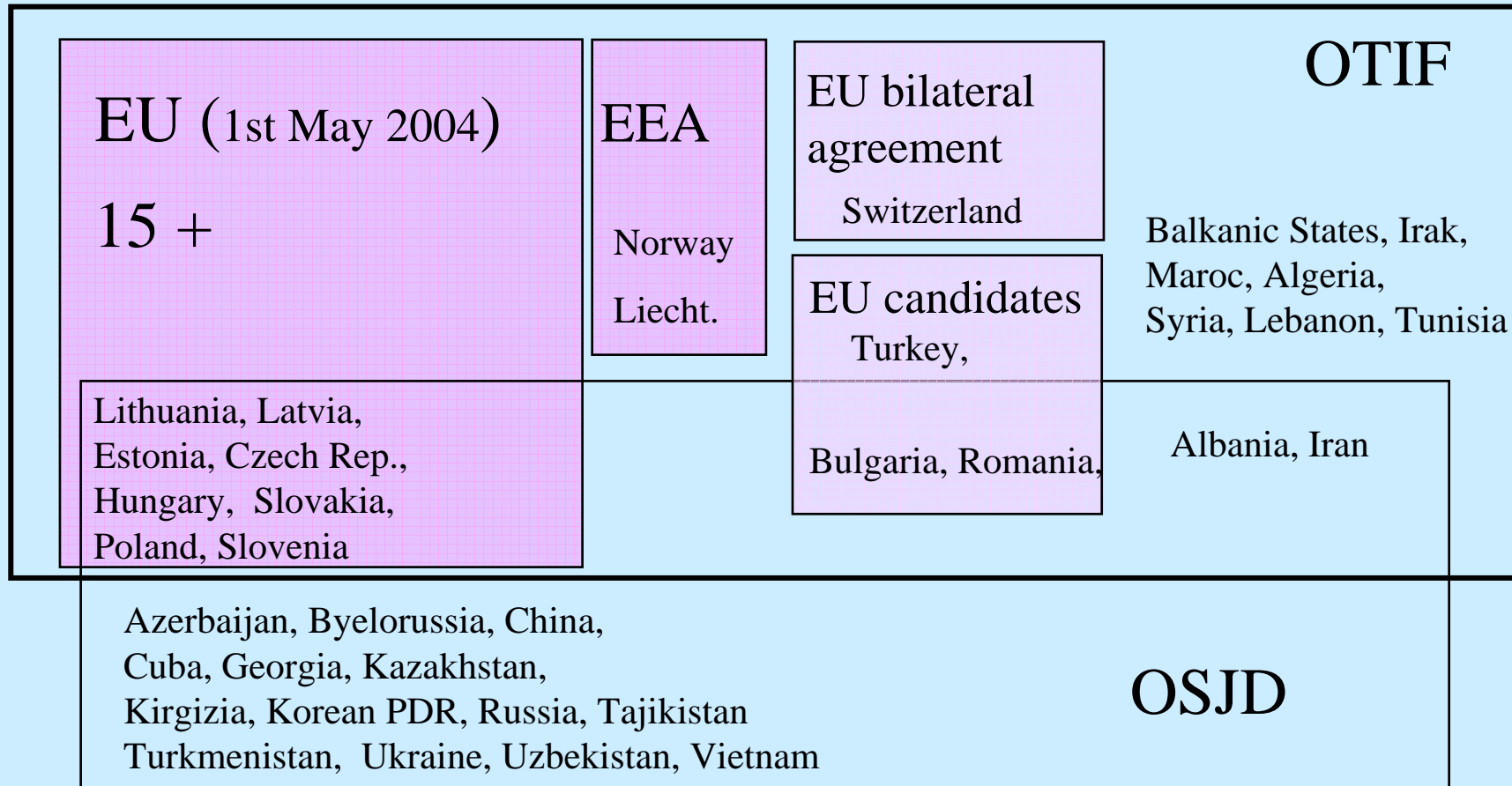
# Action

- Separation of accounts (IM – RU)
- Effective institutions (regulatory body, national safety authority, appeal bodies)
- Common network statement for SE Europe
- Standard access agreements (IM – RU)
- Common allocation of capacity
- Allow authorised applicants
- **Separation of train operation and essential functions** (infrastructure charges, capacity allocation)





# A new railway geography after EU enlargement





## OCTI- OSJD – EU law

- European Community acceding to COTIF on Vilnius protocol taking effect (mid 2006?)
- Community law must prevail: Disconnection clause, accession protocol
- Rolling stock: bilateral agreements at industry level: EC monitoring revision of UIC leaflet 471 and RIV
- Task force on legal interoperability CIM – SMGS: ongoing work with CIT as secretariat
- Revising bilateral agreements on border crossing: EC to organise workshop in 2006





## Western Balkans (1) Legal Basis

- ❖ South-East Europe Core Transport Network and Observatory (SEETO): MoU of June 2004, HR, BA, MK, SR, AL, EU Commission: Working Group on Railways to start June 2006
- ❖ Wider Europe Initiative
- ❖ South East Europe Cooperation Process (SEECF), signed in May 2006 in Thessaloniki (EL)
- ❖ Agreement on European Common Aviation Area (initialled Dec 2005)
- ❖ Protocol on cross-border cooperation along pan-European corridor X, signed 16 June 2006







## Western Balkans (2): Trade and Travel

- Stabilisation and Association Agreements: in effect with HR and FYROM, negotiations with SR, BA and AL
- Autonomous Trade Measures (extended to 2010)
- SEE Free Trade Agreement to replace bilateral agreements
- Local Border Passenger Traffic (without visa) : Proposal to be adopted in 2006?

