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Re-integration of Railways in the Western Balkans

**A Presentation for the SEETO working group
on Rail Transport and Interoperability**

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Main challenges facing the sector

- Railway sector has experienced fragmentation since transition (now eight railway operating companies), with significant reduction in competitiveness;
- Traffic has declined markedly (transition, conflict and closure of old heavy industries), increased competition from road-based modes;
- Poor resource productivity and damaged aging assets requiring replacement; investments needed to meet international obligations of 'core network' or 'corridor' designations (Corridor X 'backbone');
- The levels of operating and capital subsidy are increasingly incompatible with fiscal constraints



Opportunities for Western Balkan railways

- **Increased direct trade with western Europe and more long-distance traffic**
 - higher value industrial and consumer goods
- **Transit trade between Turkey/Bulgaria/Greece and Western and Central Europe**
- **Potential for greater integration of rail systems in Western Balkans for the wider industry benefit**
- **Access to EU regional grants for transport investment**



The Regional Reform Objectives

- Ensure development plans for rail are consistent with both national and regional Sector Wide Policies and Strategies
- Provide for appropriate level of rail transportation in those markets where it has a viable economic or social future
- Allow for the efficient provision of necessary social services
- Allow for the option of reducing public support to the sector
- Renew only those rail assets necessary to meet those objective



The Regional Reform Process

- Reform of Railway Infrastructure
- Reform of Railway Operators
- Reform of Government Support for Railways
- **Reform of Regional Relationships**



Reform of Regional Relationships

- Integrating railway service: in marketing and pricing, operations and run-through (block) trains
 - Contractual arrangements, pooling of equipment, joint ventures to operate international services, improved documents and data sharing
 - Harmonize legal interoperability (EU/COTIF and OSJD zones; CIM/SMGS consignments)
- Phased approach, possibly start with main corridor X:
 - Improve movement of international rail freight in/across the region
 - Focus initial phase on low-cost, horizontal measures, possibly combined with investment components
- Build upon available studies: GTZ, Scott-Wilson, and Ecorys Rail border crossing studies; Work done by Railway committees

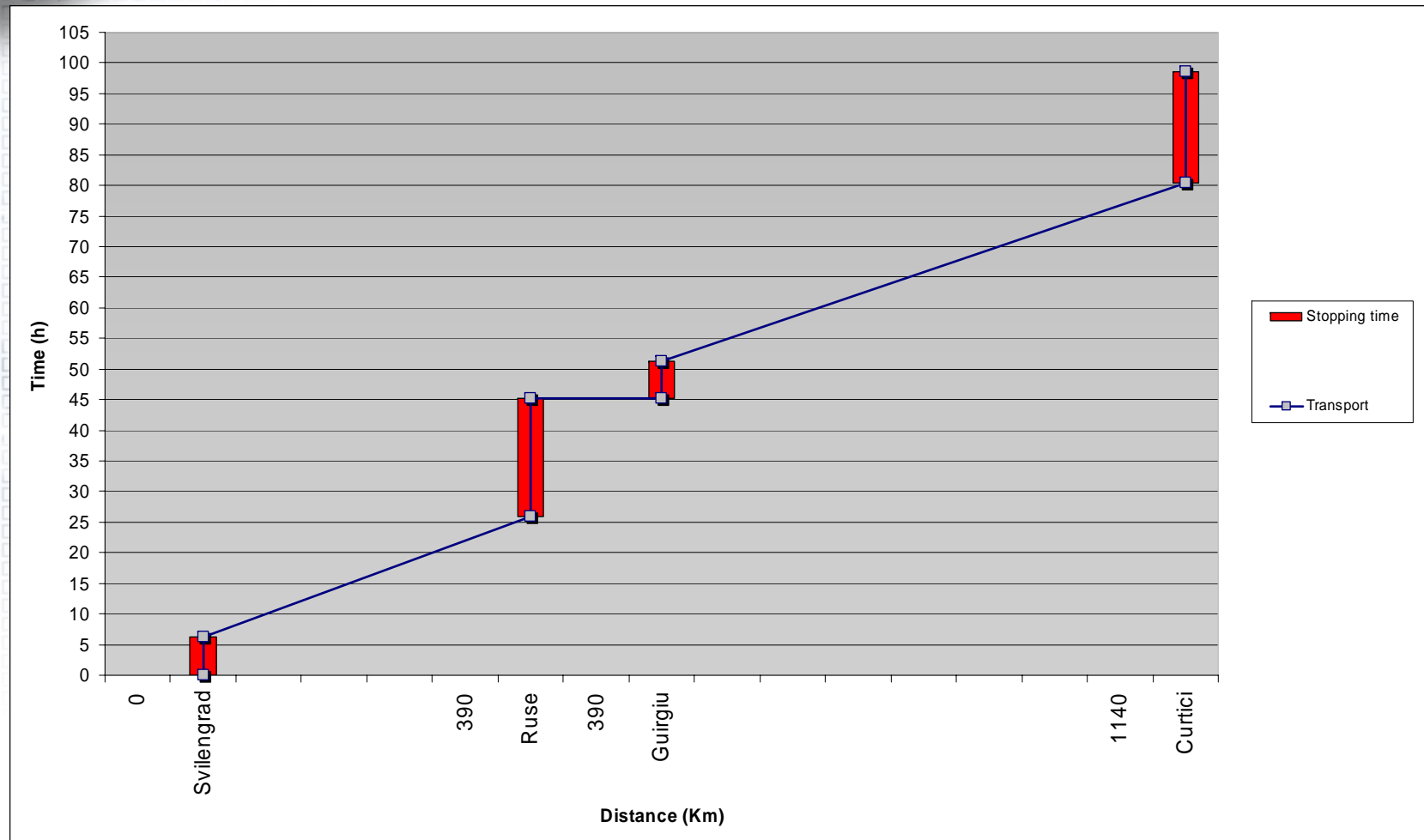


Pan-European Corridor X





Time breakdown on Corridor IV/IX rail transport





Key next steps

- More detailed assessment of needs and tailored reform agenda across the individual railways, with a view to maximizing re-integration
- Develop a Common Regional Network Statement to enhance interoperability and seek Government approval for these common rules
- WB to launch a regional lending approach through a horizontal APL, similar to that currently used in the energy sector, to promote reform and regional integration, with eligibility criteria based on adoption of common rules
- Prepare Action Plan for streamlining of border crossing procedures, for submission to high-level policy makers at regional level



Coordination and Partnership

- Corridor Committee activities (X, IV, VIII)
- SEETO Multi-Annual Plan (EC, Western Balkan countries)
- Infrastructure Steering Group (EC, IFI's, Stability Pact)
- Bilateral activities and interests (e.g. technology transfer)



WB External Website address

Railway Reform in the Western Balkans report

<http://siteresources.worldbank.org/INTECAREGTOPENERGY/Resources/WesternBalkansRailwayReportFinalDec2005.pdf>

Thank You