

I RAILWAY REFORM

Railways Law („Official gazette RS”, No 45/13) was adopted on 22 May, 2013, as part of the process of harmonization with the following EU regulations: Council Directive 91/440/EEC of 29 July 1991 on the development of the Community's railways, Council Directive 95/18/EC of 19 June 1995 on the licensing of railway undertakings, Directive 2001/14/EC of the European Parliament and of the Council of 26 February 2001 on the allocation of railway infrastructure capacity and the levying of charges for the use of railway infrastructure and safety certification and Regulation (EC) No 1370/2007 of the European Parliament and of the Council of 23 October 2007 on public passenger transport service by rail and road.

Railway safety and interoperability Law („Official gazette RS”, No 104/13) was adopted on 26 November, 2013, as part of the process of harmonization with the following EU regulations: Directive 2004/49/EC on safety on the Community's railways (Railway Safety Directive), Directive 2007/59/EC the certification of train drivers operating locomotives and trains on the railway system and Directive 2008/57/EC on the interoperability of the rail system to establish a more effective system of control, monitoring and improving the safety of the railway system.

The implementation of these laws is going to provide development and improvement of safety of rail transport and improvement of market access of railway transport services. In addition, these laws expand the jurisdiction of the Directorate of Railways, as a Regulatory body, the Licensing body and the National safety authority.

To this point, eight bylaws were adopted in accordance to the Railways Law. Some of these bylaws include the relevant provisions of Directive 34/2012/EC on the single European railway area. In this regard, we single out:

- Rulebook on content and form of the Network statement (Official gazette of the RS”, No 97/13), adopted on 31 October 2013;
- Regulation on the categorization of railway lines („Official gazette RS”, No 115/13), adopted on 25 December 2013;
- Rulebook on charges for issuing of the license for carriage in railway transport („Official gazette of the RS”, No 3/14), adopted on 30 December 2013;
- Rulebook on charges for issuing of the license for railway infrastructure management („Official Gazette of the RS” No. 003/2014), adopted on 30 December 2013;
- Rulebook on railway infrastructure elements („Official gazette of the RS”, No 10/14), adopted on 17 January 2014;
- Rulebook on the licenses for carriage in railway transport („Official gazette of the RS”, No 9/14), adopted on 23 January 2014;
- Rulebook on the licenses for railway infrastructure management („Official gazette of the RS”, No 9/14), adopted on 23 January 2014.

II RESTRUCTURING OF THE "SERBIAN RAILWAYS" JSC

Restructuring of the "Serbian Railways" JSC takes place in slow motion. In accordance with the obligation stipulated by the new Railways Law, the duty of the "Serbian Railways" JSC is to carry out the separation of infrastructure management activities from the activity of providing transportation services, by 31 May of 2014.

The preparation of the founding acts for controlled companies (Company for management of railway infrastructure and Company for transport of goods and passengers) is

underway. The current "Serbian Railways" JSC will continue to exist as a founder of two controlled companies, and it will be a separate legal entity. All of these three entities will form a Group of companies.

The Company for the rail transport of goods and passengers will be separated into two companies, Company for the transport of goods and the Company for the transport of passengers, by the end of 2014.

III MAIN PROJECTS ON MODERNIZATION OF RAILWAY INFRASTRUCTURE

Some of the main infrastructure projects are:

- **Railways Rehabilitation Project II** - a loan from the European Investment Bank (EIB IV) in the amount of 80 million euros. The project comprises three components, i.e. the reconstruction and modernization of the section Batajnica - Golubinci on the railway line Belgrade-Sid-State border; section Gilje-Cuprija-Paracin on the railway line Belgrade-Niš and section Cele Kula-Staničenje on the railway line Niš-Dimitrovgrad-Bulgarian border (the last component will be financed from the credit of the Czech Export Bank, with the approval of the EIB). The first component is completed, and in the 2014 we will continue the contracted work on the construction of new double track line with a length of 10.2 km (according to the custom dynamic plan works completion is planned for the 1st August, 2014) and the purchase of equipment and works on reconstruction and modernization of electrical installations in the section Gilje-Cuprija-Paracin (works commenced on 06 November 2013, the deadline for completion is November of 2014, while the completion of works to complete a new electronic signaling and safety equipment for the station Čuprija novembar 2016.) . The rest of the planned work on the construction of a new bridge over the Velika Morava river , a distance of 322.5 m , which is not carried out due to the bankruptcy of the lead partner of the contractor, and will be continued after conducting the tender procedure and the election of a new contractor.

- **Project Rolling stock - Electric Multiple Units** - a loan from the European Bank for Reconstruction and Development (EBRD III) in the amount of 100 million euros. The project includes the purchase of electric multiple units. The contract with the Swiss company "Stadler Bussnang AG" was signed on 04 March 2013. Delivery of the first electric train is expected at the beginning of the last quarter of 2014.

- **Project Corridor 10** - a loan from the European Bank for Reconstruction and Development (EBRD IV) in the amount of 100 million euros. The project includes three components: 1) the Rehabilitation of the railway sections along Corridor 10, including the purchase of machinery for track maintenance and 2) acquisition of around 15 multi-system electric locomotives. In 2014, within the component Rehabilitation of the railway sections along Corridor 10, contracted delivery of new materials for the rehabilitation of the superstructure of 6 sections along Corridor 10 and the new machinery for the maintenance of infrastructure construction will be continued. In the procurement process initiated for about 15 multi-system electric locomotives, the conclusion of the contract with the selected bidder is expected in mid of 2014.

- **Railway line Rehabilitation Project** - a loan from the European Bank for Reconstruction and Development (EBRD V) in the amount of 95 million euros. The project includes the reconstruction of the section Belgrade-Rakovica-Resnik and rehabilitation of sections along the Corridor 10. In 2014, preparation of the necessary project documentation will be continued, and procedures of procurement of materials and works will be launched. At the end of 2013, the procedure of procurement of the General design for reconstruction of the section Rasputnica G - Rakovica – Resnik was initiated, while initiating of the procurement procedure for other documentation is planned for 2014.

- **Infrastructure projects and rolling stock** - a project loan of the Government of the Russian Federation to Government of the Republic of Serbia in the amount of 800 million USD. With the participation of the Republic of Serbia of 15%, the total value of the project amounts to 941 million USD. In 2014, it is planned to finalize the necessary project documentation, financing of land expropriation and commencement of the works on construction and electrification of the second track of the Belgrade Center-Pancevo main station (Annex 1), and the completion of necessary documentation, land expropriation and commencement of work on all 6 sections of Corridor 10 after the signing of Annex 2 of the Contract, ending the negotiations and signing of Annex 5 for the purchase of DMV trains, as well as the completion of necessary documentation and preparation for signing other annexes.

- **Railway station Belgrade Center – Phase 1** – Loan of the Kuwait Fund for Arab Economic Development in the amount of 10 million Kuwaiti dinars (26 million euros). The project includes the construction of the missing tracks, construction and equipping of the rail platforms, the contact network and telecommunications facilities with the installation of new pieces of equipment and the construction of access roads, etc. In 2014, the process of procurement of works and selection of contractors is planned to be completed, as well as the beginning of the reconstruction of the station Belgrade Center - Phase I.

- **Reconstruction and modernization of the railway line Niš–Dimitrovgrad–Phase I** - Czech Export Bank loan in the amount of 51 million euros. The project includes the supply of materials and equipment and works on the reconstruction of section Cele Kula-Staničenje, safety-signaling and telecommunication systems, etc. Preparatory work is expected to begin in 2014.

Also, other ongoing projects are:

- **Railway line Nis-Brestovac** – financed from IPA III, as part of PPF4 in amount of 1.5 million euros. The consultant Louis Berger prepared Preliminary design for reconstruction of railway line Nis-Brestovac (22km) with EIA and Feasibility Study.

- **Novi Sad-Subotica, and bypass around of city of Nis** – Preparation of the technical documentation for reconstruction of the railway line Novi Sad-Subotica-Hungarian border by consultant Louis Berger, is ongoing. It is financed from IPA fund in amount of 3.95 million euros. The deadline for the project is in June 2015. The consultant will prepare Feasibility Study, EIA, Preliminary design, CBA, and tender documentation for next main phases of planning/construction.

Technical documentation for bypass around of city of Nis is financed from IPA fund in amount of 0,942 million euros. Deadline is March 2015.

- **Technical Assistance to Serbian Railways JSC in restructuring of selected fields** – project began in April 2012 by consortium AT Kearney-Trademco, and was financed from IPA 2008 in amount 0.5 million euros. Project was successfully completed at the end of 2013.

- **Master Plan for Railways** - in accordance with support of the EIB and WBIF, in February 2012, Ministry of Transport of Republic of Serbia and Italferr S.p.A. signed a contract for consultant services for Technical assistance to railway infrastructure (Master plan for railways) in amount of 0.8 million euros. The overall objective of the project is to develop a plan for the railway sector investments in Serbia in the period 2012-2021, and to provide support for institutional building within the Ministry of Transport and the "Serbian Railways" JSC, for investment planning. Also, the results of the Master Plan for Railways will be a good basis for negotiations between the Ministry, "Serbian Railways" JSC and MFI. The project runs until the end of April, 2014.

IV INTERNATIONAL COOPERATION

Within international cooperation, the most significant activities are related to the conclusion of international agreements.

Agreement between the Government of the Republic of Serbia and the Government of the Russian Federation on cooperation in the field of rail transport, which was signed on 10 April 2013, in Moscow and the Agreement between the Government of the Republic of Serbia and the Cabinet of Ministers of Ukraine on cooperation in the field of rail transport, which was signed on 06 June 2013, in Belgrade, were confirmed by the National Assembly of the Republic of Serbia on 27 November 2013 year.

The World Bank has approved assistance to the Ministry of Transport which is reflected in the preparation of the policy note - "Supporting the Rail Policy Reform" whose task is to analyze the current state of the railway system in the Republic of Serbia, taking into account the legal, financial and operational aspects, assets, employees, etc, and to establish recommendations for further reform in this system. In this regard, the World Bank mission was in Belgrade from 09 up to 13 December 2013th year. It is expected that the project will be completed by the end of June of 2014.

The Ministry of Transport actively participates in EU Strategy for the Danube Region through the Coordination of the Priority Area 1b - To Improve Mobility and Intermodality (rail, road and air transport).

**Prepared by
Milijan Milić,
Advisor in the Ministry of Transport
Republic of Serbia**