

UPDATE ON THE RECENT ACTIVITIES OF THE GOVERNMENT OF THE REPUBLIC OF SERBIA

Legislative activities

Law on cableways for the transport of persons which for the first time regulates this area in the Republic of Serbia on that level, was adopted by the National Assembly of the Republic of Serbia on 28th April 2015. By that, harmonization with *Directive 2000/9/EC of the European Parliament and of the Council of 20 March 2000 relating to cableway installations designed to carry persons* was made. Also, this law is harmonized with new Law on construction and planning.

Law on Contract of Carriage by Railway, adopted by National Assembly of the Republic of Serbia on 28th of April 2015 provided harmonization of the Serbian legislation with the *REGULATION (EC) No 1371/2007 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 23 October 2007 on rail passengers' rights and obligations* and COTIF Convention. Also, the reason for the preparation of this new law is that the previous law which regulates this area was from 1995 and outdated.

In accordance to the Law on Railways and Law on Railway Safety and Interoperability, during the period from March 2014 till now, the following bylaws were adopted:

- Rulebook on timetable („Official gazette of the RS”, No 39/14);
- Rulebook on designation of railway rolling stock („Official gazette of the RS”, No 74/14);
- Regulation on the Methodology for evaluation of the elements for determining of the track access charges („Official gazette of the RS”, No 122/14);
- Rulebook on the official uniform and form of the official identification card of the republic inspector for railway traffic („Official gazette of the RS”, No 129/14);
- Rulebook on time schedule for allocation the capacity of the railway infrastructure („Official gazette of the RS”, No 140/14).

When it comes to the bylaws, in previous period was also prepared and the Draft Regulation on rules of the calculation the charge for the PSO by whose adopting the harmonization will be done with the Regulation 1370/2007 on public service obligations in railway and road transport, and defining the way for calculating the recoupment for PSO based on concluded contracts for the PSO. At this moment, named regulation is in the internal procedure of the State authorities of the Republic of Serbia, and its adoption by the Government is still to come.

Also, in order to further improve the situation in the railway sector, there are ongoing procedures on the drafting of the Law on Amendments to the Law on Railways, as well as the Law on Amendments to the Law on railway safety and interoperability. In the recent period, there were several meetings of working groups responsible for drafting the draft laws.

Restructuring of Serbian Railways JSC

Deadline for the Restructuring of the JSC „Serbian Railways”, i.e. for separating infrastructure management from providing transport services, was May 2014, but that deadline was prolonged as at the end of 2013 the World Bank approved free assistance to the Republic of Serbia which was reflected through the preparation of the Study „Railway Reform Policy Note”. In the past period the World Bank team completed the Study which includes detailed analysis of the present state of railway system in Serbia, taking into account legislative, financial and operational aspects, property, employees, etc. Study also foreseen and concrete actions specified in the Action plan, which is an integral part of Study.

Key elements of the reforms are: (1) transformation of the JSC „Serbian Railways”, (2) implementation of the new railway laws, (3) modernization of the corridor network and rolling stock, and (4) liberalization of the market.

The Government of the Republic of Serbia in the previous period actively joined the execution of actions defined in the named Action Plan. In this regard, at the end of 2014 a Government Working Group, at a high level, in charge of managing the reform process of "Serbian Railways" JSC was formed, the new management of that company was appointed (for the first time after a conducting a public tender) and the instructions to the Assembly of "Serbian Railways" JSC for urgent preparation of the founding act for the four new companies (holding, the company for managing the railway infrastructure and the companies for the passenger transport and freight transport), was given. It is envisaged that the new companies will become operational from 1st July 2015.

Also, in parallel with these activities the other reform actions will be carried out, such as the development and adoption of corporate and financial reform plan of "Serbian Railways" JSC (which will be implemented with the support and active participation of the EBRD, the World Bank and the EU Delegation in Belgrade), preparation and implementation of the working plan for phased reduction of surplus labor and resources, and others.

Infrastructure and rolling stock procurement projects

All Railway Infrastructure Projects are in accordance with General Transport Master Plan of the Republic of Serbia and also all Projects belong to SEETO Comprehensive Rail Network.

Ongoing infrastructure projects are:

1. New double track Railway line between station Gilje and station Cuprija for 160 km/h. (Length is 10,2 km) with bridge over river Morava (Length is 322 m) financed by the EIB loan – 28 million euro. This section belongs to the Corridor 10. The objective is increasing infrastructure capacity, taking in consideration that currently line is single track. Construction works are around 80% completed. Deadline for completion – the end of 2015.
2. Construction of the rail – road bridge over the Danube river in Novi Sad at the site of demolished Žeželj Bridge. Source of funding is IPA, the Republic of Serbia and the City of Novi Sad, in total around of 50 million euro. Expected deadline for completion of the project implementation: 31st December 2015.
3. Procurement of new materials for rehabilitation of the railway lines along Corridor X (material for the reconstruction of 6 sections). Source of funding is EBRD IV loan – 35 million euro.

4. Modernization of existing and construction of new track between Belgrade and Pancevo. This section belongs to Belgrade Rail Node. The objective is increasing the infrastructure capacity and improvement quality of service in urban passenger transport. Construction works are 35% over. It is financed by the Russian intergovernmental Loan – Annex 1. – 90 mil euro. (85% loan + 15% Serbian Budget). Construction works started in March 2014. Estimated end is November 2016.
5. Reconstruction of station capacities within the Railway station Belgrade Center. This station will be main passenger railway station in Belgrade rail node. The objective is emphasizing efficiency of developing more passenger care through interconnecting international and local transport facilities. Source of funding is Kuwaiti Fund – 26 million euro.
6. Overhaul of 112 km on Corridor 10. There are six sections, three on north of Serbia and three on south. The project goal is rising the level of security and efficiency of rail transport. The project is financed by the Russian intergovernmental Loan – Annex 2. – 90 mil euro. (85% loan + 15% Serbian Budget).

Finance secured infrastructure projects are:

7. Modernization of existing and construction of new track between Stara Pazova and Novi Sad. Length is 44 km. This section belongs to Corridor 10. The objective is increasing the infrastructure capacity and improvement quality of service in international and local passenger and freight transport. Estimated implementation costs are around 400 million euro and fund are planned within the Russian intergovernmental Loan – Annex 3. – that will be signed in forthcoming period. Main design for the Project is under preparation and will be finished in June 2015. Expected start/end of implementation of the Project is October 2015/2018.
8. Overhaul of the railway line Belgrade – Vrbnica (Bar), that is 287km long, as part of the Russian intergovernmental loan (Annex 4). This section belongs to SEETO Route 4. The objective is increasing the infrastructure capacity and improvement quality of service in international and local passenger and freight transport. Estimated implementation costs are around 200 million euro (Russian intergovernmental Loan – Annex 4. – will be sign in forthcoming period). Expected start/end of implementation of the Project is 2016/2018.
9. Reparation and rehabilitation of construction and electro-technical infrastructure on Corridor X with the procurement of equipment for maintenance. Source of funding is EBRD V Loan: 95 mil euro.

Also, planned infrastructure projects (negotiation is ongoing), are:

10. Reconstruction of the railway line Belgrade – Novi Sad – Subotica – State Border (Kelebija), 108 km long, that includes modernization of the existing and construction of the second track for both passenger and freight transport, in order to provide speeds up to 200 km/h. This section belongs to the Corridor 10. The objective is increasing infrastructure capacity, taking in consideration that currently line is single track. Named project will be implemented through the Serbia-Hungary-China cooperation mechanism.
11. Reconstruction and modernization of the railway section Sićevo – Staničenje of the railway line Niš – Dimitrovgrad (1st phase).

When it comes to the procurement of the rolling stock, there are following ongoing and planned projects:

12. EBRD III Project Rolling stock – Procurement of the 21 electric multiple-units under a contract with the Swiss company "Stadler Bussnang AG". The project is worth 100 million euro and financed by the EBRD III loan. Till now 11 EMU were delivered

and planned deadline for project completion and delivery of the last train is December 2015;

13. Russian Loan - Annex 5 – Procurement of 27 diesel motor trains in total value of 100 million USD. Managers of the "Serbian Railways" JSC and the "RZD Internacional" signed a contract for delivery of 27 trains, in Belgrade 16th October 2014.

Cross-border agreements

The Agreement on border procedures between the Government of the Republic of Serbia and Government of FYR Macedonia on joint border station Presevo – Tabanovce was signed on 16th April 2015, in Skopje, FYR Macedonia. The Agreement was prepared according to the SEETO framework in order to shorten the border-crossing procedures and fasten the operation of railway transport between the two countries

The National Assembly adopted the Law on Ratification of The Agreement on border procedures between the Government of the Republic of Serbia and Government of FYR Macedonia on joint border station Presevo – Tabanovce, on the session held on 28th April 2015.