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STUDY OF THE SITUATION OF RAILWAYS IN MEMBER COUNTRIES

Transmitted by the Government of Serbia and Montenegro

New developments to be observed subsequent to the reorganization of the rail sector with special attention to the setting up of new railway companies

Law on Railway

The National Assembly adopted the Law on Railway on 26 February 2005.

The main objectives that the Law should achieve are the following:

- efficient improvement of the railway system of the Republic of Serbia;
- integration of the railway system in the market of transport services, and
- Integration of Serbian railways into the railway system of the European Union.

The Law on Railway regulates a way and conditions of managing the public rail infrastructure and performance of transport in railway traffic.

The decision of the Government of the Republic of Serbia on the establishment of the public enterprise for public rail infrastructure management and public rail transit (hereinafter "Zeleznice Srbije", Public Enterprise) defines a new organizational structure of the national railway enterprise.

The Law on Railway and the Decision of the Government on the establishment of "Zeleznice Srbije", Public Enterprise make a whole regulation of railway traffic in the Republic of Serbia.

The Law on Railway makes the conditions for the following:

- free and equal access to the public rail infrastructure for all interested operators (both domestic and foreign), in order to improve service quality and reduce operational costs in mutual competition;
- independent operation of railway enterprises, which implies liberal setting up of prices according to market principles;
- splitting the railway system into two parts, a part responsible for rail infrastructure management, organization and regulation of the traffic (infrastructure manager), and a part responsible for transport in passenger and freight traffic (carrier);
- separate financing of rail infrastructure managers and those who carry out the budget of the Republic of Serbia and units of local self government in the following ways: provision for lack of means for maintenance works of public rail infrastructure, organization and regulation of railway traffic, as well as construction, reconstruction and modernization of rail infrastructure performed by a public enterprise and providing subventions for unprofitable lines in passenger traffic by the Republic of Serbia and a local self government unit;
- Introduction of Public Service Obligation for certain lines;
- Payment of the truck access charges by carriers;
- Establishment of the Railway Directorate, a separate organization, which is directly under the Government of the Republic of Serbia.

Establishment of the Railway Directorate

The Railway Directorate was established by the Law on Railway. The Railway Directorate started to operate in August 2005. Appropriate staff were chosen for the Directorate, and the budget was provided for commencement of the operation.

The main tasks of the Railway Directorate:

- following and drawing up of regulations in the area of railway traffic and their harmonization with EU regulations;
- issue transport licenses and safety certificates;
- logistic support to the Government in deciding on business in the area of railway, technical and technological systems.

Investments in railway infrastructure and railway rolling stock.

Railway Infrastructure

Loan EIB I

During 2002-2005, a credit from the European Investment Bank (EIB) amounting to €70 million was realized. This credit was used for major overhaul of the most critical sections on the Serbian part of Corridor X (E70 and E80) and the Belgrade-Bar line (E79). The amount of work done by sections is as follows:

- Dimitrovgrad-State border with Bulgaria – €15.9 million
- Kusadak-Velika Plana – €16.4 million
- Cortanovci-Petrovaradin – €13.4 million
- Resnik-Valjevo –€18.5 million.

Loan EIB II

The Railway Enterprise of Serbia (JP Železnice Srbije) on behalf of the Republic of Serbia is going to receive loans from the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD) towards the financing of a Programme of Railway Rehabilitation and Reconstruction II in Serbia.

The EIB financed components concern rehabilitation of railway lines to be financed with a loan of up to €80 million as follows:

1. Belgrade - Sid line: Reconstruction and modernization of the railway line for speeds of up to 160 km/h, section between Batajnica and Golubinci station, from 21 km to 25 km. Works include the section from Batajnica station to Nova Pazova station overhauling works on one part of the left track and the whole right track of the double-track line, reconstruction of the existing interlocking system and OCL at the distance between stations. Nova Pazova station - reconstruction of tracks and connecting tracks, construction of station platforms, including subway, station square reconstruction, reconstruction of the existing interlocking system and OCL according to new track design. Stara Pazova station reconstruction of tracks and connecting tracks, construction of station platforms, including subway completion, reconstruction of the existing interlocking system and OCL according to new track design. Section from Stara Pazova station to Golubinci station - completion of work on construction of the right track (substructure and permanent way), procurement and installation of equipment for OCL, signalling, interlocking and telecommunication systems.
2. Belgrade - Niš line: Modernization works will be reconstruction, i.e. construction of the new Jovac – Čuprija double-track section, 7.2 km long, due to bad condition of single-track bridge over the Velika Morava River.
3. Nis - Dimitrovgrad line: Modernization works will be rehabilitation works on the 59 km long Čele Kula – Staničenje railway line section, from 5 km to 64 km. Works include: urgent works on the substructure (correction of railway alignment layout elements in about 40% curves, rehabilitation of weak spots in the road bed, placing of sub-base on the railway line sections with earth road bed, placing of blinding course in rock cuts and cut-and-fills, drainage of road bed and station areas, rehabilitation of culverts, gauge extension on

particular line sections in rock cuts, protection of slopes, regulation of watercourse and hydro engineering works, all other works required for improvement of road bed stability and bearing capacity). Reconstruction of stations: extension of arrival and departure station tracks in order to enable usable length of 635 m for trains with 120 axles, enabling one relief track, usable length of 750 m in Ostrovica station. Urgent works on the permanent way: complete replacement of permanent way structure on the open track and station tracks with new rails on concrete sleepers with flexible fastening set and new points, rail welding to make continuous welded rail.

The rehabilitation of the railway bridge “Bogojevo” on the international railway line E 771

In 2005, negotiations between Serbia and Montenegro and the Republic of Croatia have started on rehabilitation of the railway bridge Bogojevo (E 771, Subotica-Bogojevo-Erdut-Vinkovci-Strizivojna-Vrpolje-Slavonski Šamac-Bosanski Šamac-Sarajevo-Čapljina-Metković-Ploče), on the border railway line Bogojevo-Erdut. Until the end of 2005, the "Protocol on cooperation in rehabilitation activities on the common railway bridge between Bogojevo and Erdut" will be signed and rehabilitation work will start on the railway bridge Bogojevo. The work is expected to be completed in the first half of 2006. The Project of rehabilitation will be realized from donations from the Kingdom of Norway and the Kingdom of Belgium, which were provided by Republic of Croatia, as well as funds from the Government of the Republic of Serbia.

Railway rolling stock

Loan EBRD I

The Government of the Republic of Serbia and the “Serbian Railways” received credit from EBRD amounting to €57 million which was used for three components:

- modification of electric locomotives amounting to €25 million;
- supply of mechanization and spare parts supply for current and investment maintenance of railway tracks amounting to €22 million, and
- Social programme amounting to €10 million.

The first component is still in a realization phase. The two other components have been completely realized.

Loan EBRD II

The EBRD component concern rolling stock to be financed with a loan up to €60 million as follows:

- Purchase of up to 1,750 freight wagons;
- Purchase of a wheel lathe.

The purchase of new freight wagons is necessary because of a big market demand for a certain series of wagons. In this connection, the next types of wagons need to be provided:

- Series Eas – 1,200 wagons,
- Series Habis – 300 wagons,
- Series Rils – 100 wagons,
- Series Regs – 150 wagons.

Modernization of freight wagons

Within the project of repair of 1,000 freight wagons, a Consortium was founded, consisting of “Zeleznice Srbije”, and domestic overhauling enterprises, “Želvoz” Smederevo, “Goša – Fabrika šinskih vozila” Smederevska Palanka, “Fabrika vagona” Kraljevo, “MIP – workshop of rail cars” Čuprija i “Vagonka” Niš.

Due to the shortage of almost 2,000 freight wagons “Zeleznice Srbije” could not completely meet the continual needs for transport of goods of the Serbian economy. The modernization of wagons includes their general repair, modification of breaks and bogies and instalment of new monobloc wheels. There is an objective to improve the state of railway freight rolling stock and to offer more qualitative service to users and, at the same time, to provide work to Serbian wagons factories.

By overhauling 1,000 freight wagons “Zeleznice Srbije” will enable a considerably bigger scope of work and profits, which is extremely important in conditions of decreased State subventions and market-oriented enterprises.

INTERNATIONAL COOPERATION

Austria

The Bilateral Administrative Agreement was signed between the Ministry of Capital Investments of the Republic of Serbia and the Austrian Ministry for Transport, Innovation and Technology. A Working Group was established for cooperation in fields of railway infrastructure and rolling stock. The public enterprise "Serbian Railways" is participating in this cooperation.

Germany

A Working Group was established for cooperation in fields of railway infrastructure and rolling stock. The public enterprise "Serbian Railways" is participating in this cooperation.

Spain

Concession credit of 35%.

- Big repair with modernization of 10 sleeping four-axis passenger cars, type Y
- Overhaul and modernization of 10 two-part diesel engine trains, serial 712/714
- 400 four-axis freight cars.

70% goods and services of Spanish origin;
15% local expenses;
15% goods and services of third countries.

Cooperation with Sweden SIDA

Donation (consultancy services)

Feasibility study: Environmental impact assessment and preparation of requests presentation for disinfection of the stations Lapovo and Ranzirna in Makis

Two million in Swedish Krona (SKr 2 million).

CARDS

- Capacity Building (2004)
- Twinning (2005)
- PIU II for ZS (2005)
- Feasibility study for Belgrade railway node (2005)
- Feasibility study for the railway line Nis-Dimitrovgrad (2005).

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