



**Economic and Social
Council**

Distr.
GENERAL

TRANS/SC.2/2001/10
6 August 2001

Original: ENGLISH

ECONOMIC COMMISSION FOR EUROPE

INLAND TRANSPORT COMMITTEE

Working Party on Rail Transport
(Fifty-fifth session, 16-18 October 2001,
agenda item 4)

STUDY OF THE SITUATION OF THE RAILWAYS IN MEMBER COUNTRIES

Transmitted by the Governments of Belarus, Czech Republic, Denmark, Georgia, Germany, Hungary, Latvia, Lithuania, the Netherlands, Slovakia, Slovenia, Sweden, The former Yugoslav Republic of Macedonia, Turkey, United Kingdom

Note: During its fifty-second session (5-7 October 1998) and fifty-third session (6-8 October 1999) the Working Party on Rail Transport considered inter alia the relevance of railways in the transport market (TRANS/SC.2/190, para.18; TRANS/SC.2/192, para.17). In this connection, it requested Governments to provide information on the following questions which have an impact on the railways in member countries:

- (a) Data on past and future developments of rail passenger and goods traffic;
- (b) New developments to be observed subsequent to the reorganization of the rail sector with special attention to the setting-up of new railway companies;
- (c) Investments in (i) rail infrastructure and (ii) railway rolling stock.

The Working Party may wish to consider the replies which are reproduced below.

* * *

BELARUS

Compared with 1999, freight shipments contracted by 3.1% in 2000, or 1,609,400 tonnes, to 49,961,100 tonnes.

It is forecast that freight shipments will total 52 million tonnes in 2001, with further growth in shipments of petroleum products, ferrous metals, ferrous scrap, timber, and other freight is envisaged.

The Development Plan for Freight and Passenger Traffic Transiting Belarus by Road or Rail in the Period to 2005 was approved by Decision No. 33 of the Council of Ministers on 11 January 2001. The Plan outlines a package of measures conducive to the growth of transit freight and passenger traffic, including the development of border and road infrastructure to facilitate the movement of goods and people; improvement of the regulatory and legal framework covering the fee structure for transit carriers and customs procedures; ensuring that cargoes and vehicles remain intact and that freight and passengers are transported safely.

The implementation of the Plan will pave the way for growth of between 10 and 30% in transit freight traffic on the railways, and an increase in freight turnover of 10.1%. At current tariff levels, this should translate into supplemental revenue of approximately \$105 million over five years.

The existing dimensions and routes of passenger trains operating on railways in Belarus, the CIS countries and the Baltic States have been retained, as have passenger routes and through wagons running on European railways.

There are no plans to develop new routes.

The railway sector in Belarus has not been restructured as such. Belarusian Railways is the sole economic entity authorized to manage public rail transport. It is a State corporation subordinate to the Council of Ministers of the Republic of Belarus. The railway network is in public ownership.

In the period 1993-1996 Belarusian Railways was part of the Ministry of Transport and Communications; this arrangement did not result in an improvement in the situation of rail transport. The separation of the railways from the Ministry in 1996 did not entail any changes in the status of the assets controlled by the constituent organizations of Belarusian Railways. As before, Belarusian Railways does not own these assets but exercises operational management over them. Separation from the Ministry had a positive impact on the fortunes of Belarusian Railways: economic indicators improved and cooperation regarding rail transport with other countries' international transport organizations was simplified.

Between 1995 and 1999, and especially during the first half of this period, economic activity in Belarus continued to decline and the economic and technical fabric of a number of interdependent industries unravelled. Changes in the structure and flows of rail goods traffic led to a steady decline in its volume and a consequent shortage of funds for modernization and adoption of the latest technologies.

At least 25% of the Railways' "gross internal product" must be spent on capital investment in order to guarantee simple reproduction.

The following figures reflect the fluctuating level of investment:

1996 - 19%;
1997 - 16.4%;
1998 - 11.5%;
1999 - 25.9%.

Investment notwithstanding, the proportion of the Railways' fixed assets at the end of its service life rose as follows:

1995 - 38.6%;
1996 - 39.9%;
1997 - 49.8%;
1998 - 51.9%;
1999 - 55.7%;
2000 - 57.5%.

In the case of certain types of rolling stock, for example TEP-60 and M-62-class locomotives, diesel multiple units, certain automated telephone exchanges, electrical interlocking devices, and certain types of wagons, the proportion in this situation is close to 100%.

In these circumstances, the identification of investment priorities for railway safety and optimal use of capital investment is a matter of urgency.

Owing to financial constraints and the unfavourable investment climate, investment policy is focusing on engineering improvements aimed at minimizing consumption of material resources so as to cut the operating costs of the various structural components of the railway.

This investment strategy yields a swift cash return on the expected volume of traffic at the first stage of development - that will in turn enable subsequently substantial structural improvements; amelioration of the system of management, and diversification of the functions of maintenance and repair enterprises and hence growth in exports of work and services and the creation of new jobs (this last point is particularly important for our sector, which employs highly skilled specialists who have undergone lengthy training).

The development of the European network of regular traffic on Belarusian Railways is being implemented within the framework of the Rail Transport Council of the CIS countries, the Organization for Co-operation between Railways (OSZhD) and the Railway Cooperation Organization and also on a bilateral basis through the conclusion of agreements with other railway administrations.

CZECH REPUBLIC

(a) Data on past and future developments of rail passenger and goods traffic:

<u>Passenger transport</u>	Results expected in 2000	Business plan for 2001
Sales (CZK m)	4,810	5,181
Transport performance (millions of person/kilometre)	7,820	7,900
Passenger number	199	199.5

<u>Freight transport</u>	Results expected in 2000	Business plan for 2001
Sales (CZK m)	20,629	20,600
Transport volume (mil. Tons)	89,770	87,400
Transport performance (millions of ton/kilometre)	17,285	16,800

- (b) New developments to be observed subsequent to the reorganization of the rail sector with special attention to the setting-up of new railway companies:

Foundation of a new joint-stock company as of 1 January 2002 and the Transformation Act coming into force are expected.

- (c) Investments in (i) rail infrastructure and (ii) railway rolling stocks:

- **Investments into the railway infrastructure** are directed now into the sections of pan-European corridors connecting Berlin – Prague – Vienna and Scandinavia with the South of Europe as they pass the territory of the Czech Republic. The expected completion of the railway corridor ‘Berlin – Prague – Vienna’ is in 2002, while that one of the ‘Scandinavia – Southern Europe’ corridor is in 2004. In years to come the capital expenditures will be directed mainly to the completion of the modernization programme and optimization of major railway centres within both corridors to be completed approx. in 2010. Intensive development activities significantly drain funding abilities of Czech Railways curbing thus investment projects at other railway lines.

Furthermore, optimizations programme of other lines classified into the AGTC Agreement as well as connecting and alternate lines. The remaining lines where no optimizations or modernizations are planned will be gradually brought to the standard condition and some of them, in the connection with price increases, electrified.

Development activities of high-speed VRT lines are planned only after the 2010 year.

- **Investments into the rolling stock** in separate years will depend directly on own funds of Czech Railways and governmental subsidies.

Modernisations, reconstructions and procurement of **new rail vehicles** in 2001 will be financed directly through state-guaranteed loans. On 28 July 1999, by its Resolution No. 798, the Czech Government approved the provision of the state-guaranteed specifically orientated loan, aimed – inter alia - to financing of contractually secured supplies of type 471 electric units. In 2001 about CZK 175 m will be used out of this loan.

On 27 November 2000, by its Resolution No. 1201, the Czech Government adopted the provision of state-guaranteed loan for the development project ‘**Revitalisation of the Czech Railways rolling stock**’. This loan will be used for modernization and reconstruction of rail vehicles and purchases of type 471 electric units accounting for total amount of CZK 840m.

Modernisations and reconstructions will be performed with Aee Class & WLAB passenger cars and driving vehicles of types No. 151, 371, 372, 854, 362, 240 and 210.

In 2001, modernizations, reconstructions and purchases of new freight cars will be financed solely through state-guaranteed loans. According to the above Resolution No. 798 of 27 November 2000 of 28 July 1999, about CZK 180m will be used to finance the supplies of Sgnss Class combined-transport freight cars.

According to the Resolution No. 1201 of 27 November 2000, the financial means available through the state-guaranteed loans in total amount of CZK 240m will be used for modernisations and reconstructions of freight cars of Classes Rills, Rs, Tams, Smmps and Fals.

DENMARK

(a) Data on past and future developments of rail passenger and goods traffic:

Key figures on railway production of DSB (the Danish National Railway Operator), which is using the state owned railway infrastructure:

	1999	2000
Train journeys (million journeys)	149	154
Passenger-km (million)	5141	5381
Production – Passenger trains (million km)	55	55
Freight traffic (1,000 tonnes)	7455	7869
Ton-km (million)	1938	2086

Key figures on railway production of De Danske Privatbaner (the Danish Private Railways). The Danish Private Railways have their own rolling stock and infrastructure and have traditionally been owned by the state, the municipalities, the counties and private investors. So far there are no figures concerning the year 2000:

	1999
Train journeys (million journeys)	12
Passenger-km (million)	205
Production – Passenger trains (million km)	8
Freight traffic (1,000 tonnes)	323
Ton-km (million)	11

(b) New developments to be observed subsequent to the reorganization of the rails sector with special attention to the setting-up of new railway companies:

Traditionally DSB Goods (the freight division of The Danish National Railway Operator, DSB) has consisted of two services, DSB Freight Parcels services and DSB Freight Whole-load services.

During May 2000 DSB Freight Parcels services was sold to the company DF Logistik A/S owned by Danske Fragtmand. Further, in December 2000 it was decided to let DSB Freight Whole-load services form part of the German-Dutch Railion Group. After the agreement Railion will be owned by Deutsche Bahn AG with 92 percent, the Nederlandse Spoorwegen NV with 6 percent and DSB with 2 percent.

From the first of January 2001 the Danish state's ownership of the Danish Private Railways has been transferred to the Danish counties. Accordingly, the Danish State do not any longer take part in the ownership and economic administration of the Danish Private Railways.

(c) Investments in(i) rail infrastructure and (ii) railway rolling stock:

Banestyrelsen (the Danish National Railway Agency responsible for state owned railway infrastructure) invested the following sums in renewal of the rail network, in new rail infrastructure and in other matters in 1999 and 2000:

Mill. DKK	1999	2000
Renewal of the rail network (reinvestments)	103	360
Investments in new infrastructure 768	955	
Other investments (cars, IT, inventory, machines etc.)	107	71

DSB (the Danish National Railway Operator) invested the following sums in new railway rolling stock and in other matters in 1999 and 2000:

Mill. DKK	1999	2000
Investments in new railway rolling stock	676	2192
Other investments	766	714
Total investments	1442	2906

The Danish Private Railways invested the following sums in rail infrastructure and railway rolling stock in 1999 and 2000:

Mill. DKK	1999	2000
Total investments	71	68

GEORGIA

(a) Data on past and future developments of rail passenger and goods traffic:

Passenger Transportation

1. Transported passengers in millions

Transported	Prospective				
2000	2001	2002	2003	2004	2005
2,2	2,3	2,3	2,4	2,5	2,5

2. Passenger turnover in million PKM

Transported	Prospective				
2000	2001	2002	2003	2004	2005
452,9	470,0	480,0	490,0	500,0	500,0

3. Revenue earning from passenger transportation. Thousand Lari (National currency)

Transported	Prospective				
2000	2001	2002	2003	2004	2005
4672	5000	5100	5200	5300	5300

Freight Transportation

1. Transported freight in million tones

Transported	Prospective				
2000	2001	2002	2003	2004	2005
11,5	13,0	13,5	14,5	15,0	16,5

2. Freight turnover in million TKM (Tariff)

Transported	Prospective				
2000	2001	2002	2003	2004	2005
3912,1	4350,0	4620,0	4990,0	5140,0	5690,0

3. Revenue earning form freight transportation. Thousand Lari (National currency)

Transported	Prospective				
2000	2001	2002	2003	2004	2005
153763	179000	190200	205150	211500	232830

Currency Rate : 1 US Dollar = 2,06 Lari

GERMANY

(a) Data on past and future developments of rail passenger and goods traffic:

Passenger and freight mileages of Deutsche Bahn AG and private railways in the period 1997 to 1999 were as follows:

		1997	1998	1999
Passenger traffic	Passenger-km (billions)	73.9	72.4	73.6
– Long-distance	Passenger-km (billions)	34.8	34.3	34.6
– Urban and regional	Passenger-km (billions)	39.1	38.1	39.0
Freight traffic	Tonne-km (billions)	73.6	73.7	71.6

In 2000, Deutsche Bahn AG was able to increase its passenger mileage by 2.1 percent to 74.4 billion passenger-kilometres compared with the previous year. Freight mileage increased by 12.8 percent to 80.6 billion tonne-kilometres.

(b) New developments to be observed subsequent to the reorganization of the rail sector with special attention to the setting-up of new railway companies:

In 1994, the basic structures of Deutsche Bahn AG were established when the lawmakers adopted, with a large majority, the regulations governing the reform of the railways. The central features of the reform were a strict separation of governmental and entrepreneurial responsibilities and the Federal Government's commitment to write off the historical debts of the railways with the aim of enabling the new company to start operations unencumbered.

Within the scope of its newly gained autonomy, DB AG is able and obliged to adapt its internal structures to the requirements of national and international competition. Over the past seven years, DB AG has taken many measures to transform the public sector railway system into a modern service undertaking. It has increased investment and marketed a range of new, demand-driven services.

By implementing the second stage of the reform of the railways, which took commercial effect on 1 January 1999 and involved hiving off its corporate divisions to form the public limited companies DB Reise & Touristik AG (long-distance services), DB Regio AG (local and regional services), DB Cargo AG (freight services), DB Netz AG (infrastructure) and DB Station & Service AG (passenger stations), DB AG evolved its business structure in accordance with the legal requirements, thereby strengthening its decentralized entrepreneurial responsibility and market proximity. These management companies have the power to take decisions for their sectors and have profit responsibility. The holding company is responsible for control, coordination and supervision.

The chairman of DB AG's board of management, Hartmut Mehdorn, introduced changes in the management structure of DB AG, effective as of 1 April 2000, which affect the following spheres in particular:

- On the DB AG board of management, responsibilities for **local/regional services and long-distance services** were combined in a joint division;
- A new, independent division, **Marketing**, was created on the board of management
- **Group divisions** for passenger services, freight services, passenger stations, track infrastructure and real estate were created. This does not affect the legal autonomy of the hived-off management companies. However, as a whole, responsibilities are focused more on the DB AG board of management (holding company). The management companies are subordinate to the group divisions.
- To enable the DB Group to present itself on the market with a uniform trademark, cross-sector activities, e.g. in the spheres of marketing and public relations, are concentrated on the board of management of the holding company.

The Federal Government wholeheartedly welcomes the steps initiated by the DB AG board of management to bring about organizational changes within the DB Group and measures taken on top of this to intensify international cooperation among railway companies.

This is especially true of DB AG's cooperative schemes in the field of cross-border railfreight following the foundation of the *Railion* joint venture with Netherlands Railways (merger of DB Cargo AG and NS Cargo NV), which is open to further partner companies.

The Federal Government believes that international cooperation among European railway companies is of great importance for the future development of railfreight. Rail transport will not be able to assert and expand its position on the freight transport market unless the obstacles that exist in cross-border transport are significantly lowered. Similar cooperative ventures are also required in the field of rail passenger transport, so as to be able to make greater use in international transport of the market potential that exists here.

(c) Investments in (i) rail infrastructure and (ii) railway rolling stocks:

In the period 1997 to 1999, investments in rail infrastructure and rolling stock (state-owned and private railways) were as follows, in DM billion:

	1997	1998	1999
i) Infrastructure	9.3	8.7	13.5
ii) Rolling stock	1.8	1.3	2.2
Total investment	11.1	10.0	15.7

HUNGARY(a) Data on past and future developments of rail passenger and goods traffic:

The national railway company, MÁV Co. Ltd carried 154.2 million passengers and performed 9.6 billion passenger-kilometres in 2000, by 0.6% respectively 1.9% more than in the previous year. With regard to the step by step increase of living standard, to the measures of the railway management to make passenger transport better and more effective, a slight increase under 1% per year is envisaged for the period 2001-2005 with a progressive commuter traffic component.

In 2000 the volume of goods, 43.6 million-ton remained on basis level while the performance of 7,8 billion net tonne-kilometre brought a 4.5% increase over 1999. For the next 10 years' period at a yearly 5% increase of GDP in average with 2% increase of freight transport a minimum addition rather stagnation is prognosed for goods traffic by rail with respect to the further advance of road transport as a result of the large motorway and highway construction program taking place now in Hungary. Hence, railway's 30% market share will diminish though remain well over the 16% proportion in the European Union now.

(b) New developments to be observed subsequent to the reorganization of the rails sector with special attention to the setting-up of new railway companies:

Outsourced non-core activities into 106 affiliated companies in 1992-1993, within the framework of the national railway company divisional managements have been formed for the special services in 1998 and separate inside balance sheets were produced for the infrastructure and for the undertaking railway for the year 2000, at first.

From 2001, the reorganization of the railway business is going further on in Hungary in the form of a comprehensive reform process adhering to the recent EC directives on the railways. Accordingly, the Government decided to set up the independent body for train path allocation from 2002 and all preparatory actions have been launched to transform different activities, freight, infrastructure management, passenger transport gradually into separate companies. Rules for entry into railway transportation are in preparation, as well. A postponement is requested, however, at

the negotiations on the accession to EU, to liberalize railway business in Hungary internationally since the national enterprises were not competitive because of their obsolescent equipment.

(d) Investments in:

(i) Rail infrastructure

The traffic on the new line of 19 km to Slovenia will commence by the 2001/2002 timetable following the rehabilitation programme for 1998-2010 for the main lines in Hungary, in US\$ 4 billion value in total, seven sections of pan-European corridors IV, V and X more than 660 km altogether, are in rehabilitation, modernization and electrification respectively, three of them financed in part by EU (ISPA) grants and one by loan from international financial institutions for the deadlines 2001-2006.

The result will be the elimination of extended speed limitations of the original design speeds 100-120 km/h, the extension of sections apt for 140 km/h, the electric traction on 100 km and the settling interoperable train influencing system. New means to obtain funds for further projects of similar contents to implement the rehabilitation program are envisaged.

(ii) Rolling stock

For the period 2001-2005, the renewal of 235 coaches (from 2000 in total), of the 350 pieces fleet of the dominant type of electric locomotives, the purchase of 25 electric locomotives and of 10 multi-current locomotives of high capacity, more than 50 diesel motor units and more hundreds of special wagons in the course of refreshment of the 20 thousand stock is planned, by loans from abroad.

LATVIA

(a) Data on past of rail passenger and goods traffic:

	Unit of measurement	1998	1999	2000
Carried freight	Mill.tonnes	37.9	33.2	36.4
Freight turnover	Mill.tkm	12995	12210	13310
Carried passengers	Mill.	30.1	24.9	18.2
Passenger turnover	Mill.pas.km	1059	984	715

(b) New developments to be observed subsequent to the reorganization of the rail sector with special attention to the setting-up of new railway companies:

See Figure 1 in Appendix.

(c) Investments in (i) rail infrastructure and (ii) railway rolling stock:

Investments in railway infrastructure over the period 1998-2000 (mill.EURO)

Title of the project	1998	1999	2000
Capital repair of rail road	8.1	3.7	7.8
Change of shunts	3.6	3.8	2.9
Reconstruction of Mīlgrāvis bridge	1.8	3.7	
Purchase of equipment	6.6	9.3	1.2
Modernisation of telecommunication network	3.2	0.1	12.5
Construction of micro processor centralisation system in Riga passenger and Torðakalns stations		0.6	7.1
Construction of change points	0.8	0.03	
Construction of Sea Park and connection road in Ventspils railway junction	0.3		0.6
Other infrastructure projects	3.3	7.2	0.9

Investments in railway rolling stock over the period 1998-2000 (mill.EURO)

Title of the project	1998	1999	2000
Modernisation of electric trains		0.4	0.4
Modernisation of diesel trains	3.5	1.2	
Capital repair and modernisation of freight wagons	0.2	0.6	1.6
Middle repair of freight diesel locomotives		0.6	1.4
Middle repair of passenger diesel locomotives		0.2	0.2
Middle and capital repair of passenger wagons	0.3	0.5	1.0
Other rolling stock projects	2.2	2.8	0.6

LITHUANIA(a) Data on past and future developments of rail passenger and goods traffic:**Table1.** Goods and passengers carried by railway transport:

	1999	2000	2001 (foreseen)
Total goods carried (mln.tones)	28.3	30.7	28.4
Including:			
Inland transport	4.6	4.7	4.7
International transport	23.8	26.1	23.7
Including:			
Import	4.3	4.0	3.7
Export	4.4	4.1	4.2
Transit	15.1	18.0	15.8
Total passengers carried, (mln.passengers)	11.5	8.9	7.4
Including:			
Inland transport	10.0	7.4	6.0
International transport	1.5	1.4	1.4

(b) New developments to be observed subsequent to the reorganization or the rail sector with special attention to the setting-up of new railway companies:

The liberalization of railway activities by introducing equal operational conditions for private as well public operators is foreseen. In January 2001 the Government approved the basic guidelines of the reform of Lithuanian railway sector. It foresees the improvement of legal and economic conditions for railway's activities, reorganization of the JSCSP "Lithuanian Railways" ("LR") and creation of equal conditions for railway operators.

Priorities will be given to ensure the independence of the management of railway undertakings and appropriate separation of infrastructure management from the transport operations into framework of the necessary restructuring of railways as well as reorganization and strengthening of the railway administrative capacities.

As regards the development of legal and economical conditions for the activities of the railway sector it is supposed that the state will be more involved in financing of the railway infrastructure (modernization and development).

The legitimization of commercial relationships in the passenger services' market is planned by the adoption of the relevant Government Resolution and by the Law on the Amendments of Railway Transport Code. It is being planned to conclude an agreement for the execution of the public service obligations, as specified in the provisions of the Regulation 1191/69.

(c) Investments in (i) rail infrastructure and (ii) railway rolling stocks:

- Investment to railway infrastructure in 2000 included 22.62 million EURO.
- Investment to rail rolling stocks in 2000 included 3.76 million EURO.

NETHERLANDS(a) Data on past and future developments of rail passenger and goods traffic:

	1995	1996	1997	1998	1999
Goods in million tonnes	20,9	20,8	22,9	24,9	25?
Passengers (in millions)		305	306	316	

Prognoses in million tonnes	2010	2020
	53	77

(b) New developments to be observed subsequent to the reorganisation of the rail sector with special attention to the setting-up of new railway companies:

NS has become an independent company. The former company is divided in several units: NSR (passengers) and NS-Cargo (freight).

Since 1998 there are two new freight rail companies operating, ACTS and Shortlines. The third Company is Railion Benelux (formerly NS Cargo).

It is to be expected that more rail companies will access the market in the near future. Besides NSR, the largest passengers rail company, there are three smaller rail companies: Noordned, Oostned and Syntus operating the net.

(c) Investments in (i) rail infrastructure and (ii) railway rolling stocks:

In 1995 the Dutch Government approved to build the Betuweroute, a dedicated freight rail from Rotterdam to the German border. This railway will be connected with the German network. The betuweroute will be finished in 2005.

Another investment concerns the HSL-zuid (high-speed-railway) to Brussels which will be finished in 2003.

The Flamish and Dutch Government have started the procedure to develop a new freight railway from Roosendaal to Antwerp. This railway will improve the rail capacity for border crossing freight trains between the port of Rotterdam and the port of Antwerp.

SLOVAKIA(a) Data on past and future developments of rail passenger and goods traffic:

Kind of transport	Transport performance unit	1996	1997	1998	1999	2000
Passenger traffic	Million passengers	70.37	65.67	66.71	67.30	66.81
Good traffic	Million tonnes	58.15	59.38	56.57	49.12	54.18

Demand for passenger railway traffic was stabilized after a period of a fast drop at the onset of 1990. The drop was primarily caused by development of individual traffic. The other main cause to the drop is unemployment approaching the limit of 20 % in the Slovak Republic by the end of 2000. In the upcoming years, a favourable effect of enlivening economy, increase of purchasing power as well as mobility of population upon passenger railway traffic is expected. A strengthening of interest in it in the urban areas in relation to creating integrated transport systems is anticipated in relation to tourism development, a growth of distance transport is expected. In 1999, a crisis of industries linked with railway freight traffic culminated. Influx of foreign direct investments to industries of the Slovak Republic, strengthening in a distinct way since the end of 1999, meant enlivening and stabilization of these industries. It was favourably shown in a growth in the volume of goods and raw materials transported by railway. Within the next years as well as in relation to expected integration of the Slovak Republic into European and Trans-Atlantic structures, a growth of international trade and, subsequently, also that of traffic of goods and raw materials by railway is expected.

(b) New developments to be observed subsequent to the reorganization of the rail sector with special attention to the setting-up of new railway companies:

In 2000, attention was paid to restructuring the railways and to creating conditions for establishment of market conditions in the area of railway transport.

Foreign carriers may run transport on a railway administrated by the ŽSR, based on a licence granted for operation of transport on railway administrated by the ŽSR and based on a concluded contract of operation of transport and railway administrated by the ŽSR. Whereby the following is considered:

- conditions of entering the railway administrated by the Slovak Republic by foreign forwarders;
- prices of using a transport route;
- registry of performances and deeds circulation;
- payment terms.

A strategic task for 2001 will be the implementation of the Project of transformation and restructuring of the ŽSR and, for 2002 and following years, its completion. The strategic aim of this process is to revitalize the railway transport providing for improvement of services and lowering their price through competition of operators in the open railway transport network of the ŽSR.

Basic documents governing this process are the Resolution of the Government of the Slovak Republic No. 544 of 30 June 1999 on Draft of Economic Stabilisation and Transformation of the ŽSR and the Resolution of the Government of the Slovak Republic No. 830/2000 of 18 October 2000 on the Project of Transforming and Restructuring of the ŽSR.

Based on the Governmental Resolution No. 830/2000, performance of transformation of the ŽSR has the following major objectives:

- to achieve economic efficiency of the railways and to consider it the main task of transformation;
- to objectivize and to gradually decrease financial demands of the railways upon the state budget;

- via economic competition inside the railways and among separate kinds of transport, to create conditions for market orientation of the enterprise;
- to strengthen orientation on customers needs;
- to enhance the architecture of organizational structure and, via improving information, to enhance the level and the number of management stages;
 - after a transient period, to create conditions for a rise of environment interesting in terms of investments for future entrance of foreign capital and (until 2005) to create conditions for full privatisation of commercial activities in freight as well as passenger transport;
 - to attain social discounts by provision of addressed discounts via sectorial ministries;

The transformation will be governed by the following principles:

- the ŽSR will be preserved as an operator of railways (transport route) owned by the government;
- the hitherto operations of forwarder (passenger and freight transport) will be detached from the ŽSR to a separate joint-stock company;
- there will be created conditions for denationalization and privatization of service and auxiliary activities having been performed by the ŽSR yet.

The project of transforming and restructuring provides for the position of railways within the society in the way so that the railways in the Slovak Republic fulfil their economic, social and cultural mission and are able to be integrated into the railway network of the European Union.

At the same time within the process of transforming and restructuring, a definition of relationship of the State to the railways transformed shall occur, so that there will be an explicit expression of the commitment and obligation by the Government to pay for performance in public interest, to meet its liability to develop the railway transport infrastructure of the country as the most ecological and safe kind of transport within the country as well as the conditions to liberalize activities of the operator of the railways and those of forwarder on the railways.

(c) Investments in:

(i) rail infrastructure

The considered investments into the railway infrastructure for 2001 amount 5 billion SKK being intended for upgrading of the railway corridors.

(ii) railway rolling stock

The considered investments into rolling stocks for 2001 amount 4.2 billion SKK.

SLOVENIA

(a) Data on past and future developments of rail passenger and goods traffic:

Goods transported

	1990	1991	1993	1996	1997	1998	1999	2000
in 000 tonnes								
Total	22,445	17,380	11,900	13,138	14,343	14,375	14,203	15,064
Inland transport	3,620	3,099	2,046	1,801	1,586	1,573	1,730	2,028
International transport	18,825	14,281	9,854	11,337	12,757	12,802	12,473	13,036

in million NTKM

Total	4,209	3,272	2,262	2,550	2,852	2,859	2,784	2,857
Inland transport	543	448	300	247	212	210	222	297
International transport	3,666	2,824	1,962	2,303	2,640	2,649	2,562	2,560

Passenger transported

in 000

Total	21,096	15,466	12,636	13,683	13,568	13,907	13,756	15,010
Inland transport	15,674	12,912	11,594	12,870	12,743	12,971	12,987	14,171
International transport	5,422	2,554	1,042	813	825	936	769	839

in million PKM

Total	1,429	834	566	613	616	645	623	705
Inland transport	642	481	453	510	511	521	523	593
International transport	788	353	113	103	105	124	100	112

The cut-off of the railway link to the former southern republics of Yugoslavia in 1991/1992 due to the war, the social and economic changes in the countries of the former Eastern Bloc, the restructuring of the Slovenian economy were the factors which the Slovenian Railways have had to face since 1991 and made the market position of Slovenian Railways even worse.

After 1993 the volume of transport started to increase as a consequence of behaving in a more commercial manner and adapting to market needs, which were one of the main goals of the Rehabilitation Programme of the Slovenian Railways for the period 1993-1996. The revitalization of the corridor No. X, the transport route which was cut-off in 1991/1992 and increased quality of the transport on the corridor No. V with the direct link between Slovenia and Hungary which has been recently built and put into operation, can bring to the Slovenian Railways new expectations for increasing the volume of services.

(b) New developments to be observed subsequent to the reorganization of the rail sector with special attention to the setting-up of new railway companies:

The restructuring process of the Slovenian Railways

In 1993 the Slovenian Parliament adopted the Act on the Method of Operating and Financing Transport within the Existing Railway Network and the Reorganization and Ownership Restructuring of the Slovenian Railways.

The two documents mentioned above are the documents on which the restructuring process of the Slovenian Railways started. The Slovenian Railways were organized in accordance with the said Act as a state owned joint stock company obliged to perform the so-called public services. The Act introduced the principles of Directive 91/440. The service of public interest were considered to be passenger transport and combined transport, development and the maintenance of the railway infrastructure. For services of public interests, the Government of Slovenia and Slovenian Railways sign every year separate contracts.

However, the European Community railway policy development required a modification of the 1993 Act. The new Railway Transport Act, passed by the Slovenian Parliament in November 1999, has directly incorporated the provisions of the Directive on the licensing of railway undertakings (95/18) and on the allocation of railway infrastructure capacity and the levying of charges for the use of railway infrastructure and safety certification (95/19). The Railway Transport Act foretells also the adoption of a special law on the railway restructuring, and a law which will enable the company privatization. Today the Slovenian Railways are an uniform company, 100% in the ownership of the State. In its interior there are two business areas: the infrastructure area which includes the infrastructure maintenance and traffic management ; and the transport area, which includes business units for freight and passenger transport, as well as traction and technical wagon activities. The business areas are completely separated in the sense of accounting statements. The present organisation sets the framework for further organisational changes of the railway company legal status following the newest "infrastructure package" (12/2001, 13/2001, 14/2001).

(c) Investments in (i) rail infrastructure and (ii) railway rolling stocks:

In 1995 the Slovenian Parliament adopted the Slovenian Railways Infrastructure Development Programme. The basic objective of the programme is the harmonisation of the Slovenian Railways infrastructure with the infrastructure in EU, taking into consideration uniform technical parameters determined in UIC, AGC, AGTC, TER documents. The upgrading and development of the railway infrastructure according to the programme refer to three basic mutually separated, however functionally connected clusters:

- rehabilitation of the existing lines
- upgrading of the existing lines
- construction of high speed lines

The first step of the implementation of the programme was the investment cycle on the Slovenian Railways in which EBRD and EIB participated with loans in an amount of 125.7 million ECU.

Approximately 80% of the amount has been used in Corridor V. The projects financed have been: 148 km of overhaul, 50 km of catenary renewal, axle load increase up to 22,5 t, elimination of bottle necks, digital telecommunication system, supplementation of the information system.

The programme has been prepared for the modernization of freight and passenger vehicles. The realisation of the programme started with the procurement of 3 tilting trains, 30 motor train units and 50 wagons for freight transport. The forecast for contract for 50 multisystem locomotives has been published in Official Gazette of the Republic of Slovenia.

SWEDEN

(a) Data on past and future developments of rail passenger and goods traffic:

Passenger transport by rail		Freight transport by rail	
Billion passenger-km ¹		Billion tonnes-km ²	
1970	4,6	1970	16,2
1975	5,6	1975	15,0
1980	7,0	1980	15,6
1985	6,8	1985	17,2
1990	6,4	1990	18,3
1995	6,3	1995	18,6
1997	6,3	1997	18,4
2010	7,9	2010	20,3
2020	8,1	2020	21,1

1. Children 0-15 years are not included in the figures.
2. Goods transported less than 100 km are not included.

Source: Swedish Institute for Transport and Communications Analyses.

(b) New developments to be observed subsequent to the reorganization of the rail sector with special attention to the setting-up of new railway companies:

Split-up of the Swedish State Railways (SJ)

In 1988 it was decided to split the railway in two separate parts and create one operator (SJ) and one track authority (Banverket). Another step in the railway deregulation process was taken during the year 2000 when it was decided to split SJ, still a state-owned entity with commercial objectives, into six different limited companies from 1 January 2001. These six companies are named: SJ AB (provider of passenger train services), SJ Green Cargo AB (provider of freight train services), Jernhusen AB (real estate), EuroMaint AB (rolling stock maintenance), TraffiCare AB (cleaning and other services) and Unigrig AB (IT services). The idea is that the core activities in SJ AB and Green Cargo shall be directly owned by the State, while the other companies probably will be sold later on.

Passenger activities

During the year 2000 the tendering and railway policies launched in the 90's came into full effect. After a couple of tendering procedures three new operators entered the scene at the beginning of 2000.

The commuter services in the Stockholm area, earlier operated by SJ, were taken over by Citypendeln AB which is owned by the French company Via-Cariane and a small Swedish firm, BK Tåg AB. The interregional train services along the West Coast between Gothenburg and Malmö were won by a specially constructed company dominated by Via-Cariane. This company, called Sydvästen, went bankrupt after four months and SJ continued the activities. The night train services between southern Sweden and the very north of the country was won by a private company named Tågkompaniet, founded by former managers from SJ. A new tendering procedure for these night services from 2002 will be carried out during 2001.

The year 2000 was the first full year for the private airport commuter train between Stockholm Central and Arlanda Airport. This service is run by A-Train AB and is based on a contract until 2040. When the Öresund bridge was opened in July 2000 train services between Sweden and Denmark started as a joint project between SJ and DSB.

On behalf of a special company created by four county transport authorities SJ AB from June 2001 will operate passenger services across county borders in the middle of Sweden. This is a new traffic concept and new trains have been purchased for this service.

SJ AB is still the only holder of concessions for interregional passenger services, even if the just mentioned co-operation between four counties in a way challenges this monopoly.

Freight activities

The national railway network has been open to any approved freight train operator or authorised applicant since 1996. However, there is still only one nation-wide freight operator and that is SJ Green Cargo AB. There is also a handful of short-line operators. A special company (MTAB) has been created for the iron ore services between the mines in the very north of country and the harbours in Luleå and Narvik in Norway.

Source: National Rail Administration.

(c) Investments in (i) rail infrastructure and (ii) railway rolling stock:

Investments, million SEK, current prices

	1995	1996	1997	1998	1999
Infrastructure ¹	9 951	8 708	5 822	6 412	5 653
Rolling stock	984	401	535	477	443

1. The bridge across Öresund is not included.

The figures come from the EUROSTAT Common questionnaire and cover the National rail administration and the Swedish State railways.

Source: Swedish Institute for Transport and Communications Analyses.

THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA

(a) Data on past and future developments of rail passenger and goods traffic:

Types of rail traffic have realized the following scope of work:

Description	1999	2000	Index 2000/99
A. Passenger traffic			
1. Transported passengers	1661.87	1882.11	113.15
2. Travelled passenger km	149702	175938	117.53
a) local transport	149119	174823	117.24
b) international transport	583	1115	191.25
B. Goods traffic			
1. Transported tones	2165.64	3231.75	149.23
2. NTKM	379693	527468	138.92
a) local transport	14784	22204	150.19
b) international transport	364909	505264	138.69
- import	272180	352717	129.59
- export	64596	89589	138.69
- transit	28133	62958	223.79

(b) New developments to be observed subsequent to the reorganization of the rail sector with special attention to the setting-up of new railway companies:

The restructuring of the Macedonian Railways is ongoing, and it will include all directives from the Council of the European Union.

There are no other railway companies in the Republic of Macedonia.

(c) Investments in:

(i) Rail infrastructure:

At the end of 2000, the overhaul of part of the regional railway Smokvica – Gevgelija began; the reconstruction of the railway Zgropolci – Demir Kapija and Miravci – Gevgelija in order to enable it for speed of 130 km/h. Financial support for this project is expected from the Stability Pact and the budget of the Republic of Macedonia. The most significant activities are in connection with the superstructure on part of the railway Kadina Reka – Pcinja, necessary to maintain the Corridor 10 in a rightly condition with the current parameters. In addition, during the year 2000, the realization of the project for electrification of the railway Gevgelija – Idomeni has been finalized, and new SS, TK and informatics radio installations have been determined.

The construction of Corridor 8 is ongoing. (30% realized)

(ii) Railway rolling stock:

Procurement and reconstruction with modification

- electro-motor vehicles – 2
- electro locomotive – 3
- goods vehicles – 45
- reconstruction and modification of DMV (diesel motor vehicles) – 2

TURKEY

(a) Data on past and future developments of rail passenger and goods traffic:

TCDD

	1995	1996	1997	1998	1999	2000	2001 (Programme)
PASSENGER TRAFFIC							
Number of Passengers(1000)							
Suburban	80,983	77,917	83,871	84,442	72,873	61,128	80,000
Mainline	23,652	20,398	23,182	25,332	26,058	24,215	27,450
Domestic	23,522	20,225	22,951	25,114	25,955	24,131	27,300
International	130	173	231	218	103	84	150
GRAND TOTAL	104,635	98,315	107,053	109,774	98,931	85,343	107,450
Passenger - Km (1.000.000)							
Suburban	2,097	2,014	2,178	2,188	1,883	1,592	2,080
Mainline	3,700	3,215	3,662	3,972	4,263	4,240	4,686
Domestic	3,661	3,163	3,592	3,911	4,233	4,215	4,640
International	39	52	70	61	30	25	46
GRAND TOTAL	5,797	5,229	5,840	6,160	6,146	5,832	6,766
FREIGHT TRAFFIC							
Tonnes (1000)							
Domestic	14,295	15,116	16,293	14,403	14,336	17,180	17,600
International	993	740	1,112	1,447	1,213	1,353	1,300
GRAND TOTAL	15,288	15,856	17,405	15,850	15,549	18,533	18,900
Tonne-Km (1.000.000)							
Domestic	8,288	8,685	9,331	7,973	7,951	9,427	10,138
International	228	229	283	403	286	334	344
GRAND TOTAL	8,516	8,914	9,614	8,376	8,237	9,761	10,482

(b) New developments to be observed subsequent to the reorganization of the rail sector with special attention to the setting-up of new railway companies:

In parallel with the developments in European countries, TCDD has also started the restructuring studies in the last quarter of 1995 with the support of the World Bank and financed

from the Japanese Grant. Within this study, core and non-core businesses have been identified. It is planned to liquidate or outsource the non-core assets/services.

New organization structure will be designed based on customer-oriented lines of business approach in order to accommodate the new management processes. These lines of businesses will include passenger, freight, workshops and network. The downsizing of the corporate units is under consideration. The separation of infrastructure and operations on accountancy basis according to 91/440 has been started. On the other hand, the preparation of a new Railway Law which will provide free access of third parties to the railway network and which will clarify the responsibilities between TCDD and Government is going on.

It is aimed to reduce the costs and increase revenues and to increase the market share and improve the financial structure of railways by restructuring of TCDD.

For improving financial and operational performance of business units, considerable emphasis will be placed on improving revenue yields by increasing tariffs and service quality improvement.

Such market and product development initiatives as withdrawing from markets which can only be served at high cost and concentrating on markets for which rail has a long-term strategic advantage are under consideration.

Strategies to secure improvements in cost structures are outlined as:

- outsourcing activities which can be procured in competitive external markets
- rationalizing excess capacities in maintenance facilities
- consolidating the passenger and freight businesses at fewer stations and terminals
- investment in more appropriate technologies, scrapping equipment with high operating cost and maintenance requirements
- eliminating regional administrations

Productivity improvements are targeted through:

- mechanisation and specialization
- improvements in management and operational processes
- incentivising the workforce
- improvements in information systems

Business improvement strategies will be supported by a capital investment programme, averaging US\$ 160 million per year and a downsizing of the workforce (some 40% of the current workforce) which will cost about US \$ 75 million over a 10 year period.

The main elements of the capital investment programme are:

- expenditure of \$70 million pa on infrastructure renewal
- expenditure of \$75 million pa on new traction
- expenditure on the development of new information systems to support commercialization

By the implementation of the restructuring plan, TCDD's operational ratio is projected to decrease from 4.24 in 1995 to 1.33 in 2010.

After restructuring, annual Government support will be only 40% of current levels in real terms and the railway will provide much better value for that Government support.

By the end of the 2010, it is projected that there will be no longer a spiralling of debt. On the other hand, the restructuring plan will increase the opportunities for private sector participation in the railway in the medium and longer terms.

Restructuring is required a significant cultural transformation within TCDD and management education and training, particularly in the early stages of restructuring. This will be achieved by intensive training and communication programmes.

(c) Investments in (i) rail infrastructure and (ii) railway rolling stock:

It is planned to make totally 110 trillion TL investment on the railway transport sector in 2001. 26 trillion TL of this is for the projects of rolling stock and 84 trillion of this is for infrastructure investments.

UNITED KINGDOM

(a) Data on past and future developments of rail passenger and goods traffic:

There has been an overall upward trend in rail journeys since the mid-1990s. Since May 1997 passenger journeys have increased by 17 % and there has been a 22 % increase in freight moved by rail. Despite recent events described below, the long-term upward trend in passenger and freight journeys is expected to continue. In July 2000, the Government published a Ten-Year Plan for investment in transport, which plans for a 50 % increase in rail passengers, measured by passenger kilometres and an 80 % increase in rail freight, by 2010.

Rail travel in the latter part of 2000 and the early part of 2001 was significantly affected after a broken rail derailed a passenger train in October 2000. Following this accident, the entire network was checked for faulty rails, and emergency speed restrictions were imposed as a safety precaution. Passenger and freight traffic were both affected. The three main passenger usage figures – passenger kilometres, journeys and revenue – and freight usage therefore all showed a reduction during the first nine months of the financial year 2000/01 compared with the same period in 1999/00. Passenger kilometres decreased by 4%; passenger journeys by 0.3%; and passenger revenue by 6.1%. Total freight tonnes lifted decreased by almost 7%. Within this total coal saw a relatively small reduction of 1%, while other goods saw a reduction of 11%.

The Government has implemented initiatives with the industry and the regulators to ensure the full recovery of the network, and to ensure that rail remains a growth industry.

(b) New developments to be observed subsequent to the reorganization of the rail sector with special attention to the setting-up of new railway companies:

The railways provisions of the Transport Act 2000 (the Act) established the Strategic Rail Authority (SRA) on 1 February 2001. The SRA had been operating in shadow form since April 1999. The SRA has subsumed the roles of the British Railways Board and the Franchising Director. Certain former functions of the Rail Regulator - notably his consumer protection function – has transferred to the Authority; as has the Secretary of State for Transport's responsibility for providing financial assistance to rail freight operators in England.

The SRA has statutory duties to promote rail use for passenger and freight services, plan the strategic development of the network, work closely with other transport providers, and promote the integration of rail with other modes of transport.

The Act also gives the SRA and the Rail Regulator enhanced powers to take enforcement action against poor performance by railway operators.

The SRA is in the process of negotiating replacements to the current short passenger rail franchises (those due to expire in 2004). This process started under the shadow SRA in 1999. It is currently expected that the process will be complete during 2003. The replacement franchises are likely to run between 10 and 20 years, compared with the 7-year term for which most of the short franchises were initially awarded. Franchise replacement aims to secure a sustained improvement in performance and a step change in customer service through increased levels of investment.

As part of its work towards franchise replacement, in 2000 the shadow SRA set out an indicative map of likely future rail franchises based on the creation of three distinct service groupings – Long Distance High Speed, London Commuter and Regional services. The new franchise areas are designed to relate better to each other, to provide improved accessibility for passengers and ensure sufficient capacity and investment to provide for a 50% increase in passenger kilometres over the next 10 years.

Following the accident in October 2000, referred to in paragraph (a) above, it became clear to the Government that action needed to be taken to ensure that the privatized company responsible for railway infrastructure, Railtrack Plc, could concentrate more effectively on its core job of the day to day maintenance and renewal of the network. The Government has therefore agreed to the re-phasing of some £1.5 billion of grants to bring forward money already allocated to Railtrack. This agreement provides the basis for a new relationship between Railtrack and the Government. To enable Railtrack to concentrate on maintenance and renewal, it will be necessary to supplement the company's role in delivering major enhancement projects. This will be done by bringing in third party finance and project delivery through public-private partnerships. The first public-private partnership will be a new joint venture project finance and delivery vehicle for the upgrading of the East Coast Main Line, which will provide a 25% increase in capacity on this key route. In addition, the funding and construction of the second stage of the Channel Tunnel Rail Link will be through a new public-private partnership.

(c) Investments in (i) rail infrastructure and (ii) railway rolling stock:

Annual historic investment on rail infrastructure and rolling stock is shown in the attached spreadsheet file and chart.

The Government's plans for future investment on rail infrastructure and rolling stock were set out in "*Transport 2010: The Ten-Year Plan*", published in July 2000. Those plans envisaged £ 14.7 billion of public sector rail investment in the ten years 2001/02-2010/11. It is estimated that a public sector investment programme of that order would enable the Government to lever in private capital of £ 34.3 billion, making total rail investment of £ 49 billion over the ten-year period.

The breakdown of the £ 49 billion of total rail investment between 2001/02 and 2010/11 is broadly:

- i. £ 38 billion of enhancement and renewals investment for passenger services;
 - ii. £ 7 billion investment in new and replacement rolling stock; and
 - iii. £ 4 billion investment in rail freight.
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