



Mobility Consultants

Assessment of the rail market in the Western Balkans in terms of capacities, policies, economic and technical level of development of freight and passenger transport segments

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Rail

Road

Water

Air



Ports

Green Logistics

Logistics

Multimodal



TCT Technical Committee
21.06.2023
Online and in-person
meeting, Doboj
MS Teams



- The Project
- Task 1: Rail Market Monitoring Report
- Task 2: Transport Market Study
 - Interviews with market decision-makers
 - Forecast on international freight train movements
 - Rail Freight Corridors
 - 13 recommendations

➤ “Assessment of the rail market in the Western Balkans in terms of capacities, policies, economic and technical level of development of freight and passenger transport segments”, financed from the Transport Community, represented by the Permanent Secretariat of the Transport Community Fund.

➤ **Objectives:**

- **Task 1:** Create structure and data collection form for creation and delivery of report on **Western Balkan Rail Market Monitoring** as per Implementing Regulation (EU) 2015/1100 for 2021 as baseline year.
- **Task 2: Update** of the Preliminary Implementation plan, the Transport Market Study, the Inventory of Rail Freight Facilities and the appendixes done in 2017 taking into consideration the latest updates and changes of strategies and data related to rail transport in EU and SEE.

This is the first RMMS of the region fully aligned with the EU RMMS

- Rail modal share is approximately **19%** in freight (tonne-km) and **7%** in passenger transport (pax-km);
- In the SEE Region, about **41%** of the total network is electrified (EU 56% in 2018).
- There were **no congested lines** on the SEEPs network.
- **95%** of total railway pax-km (only in domestic transport) was **PSO**; all passenger service contracts were **directly awarded**.
- There are only **37 railway undertakings with active licences**. The railway market in Bosnia and Hercegovina and North Macedonia is not open yet. In Montenegro, the market was liberalised in 2021.
- The **average market share** of new entrants versus national incumbents was:
 - **24 %** of rail freight market in Serbia and 88% in Albania.
 - **0%** of passenger markets.

- Regional rail market shares are at 19% for freight and 7% for passenger mirroring the low preference of users for this transport mode.
- SEEPs should gather and publish GHG and CO2 emission data according to EU standards to facilitate the tracking and assessment of the environmental performance of their rail systems (Reference Serbia).
- The level of public spending on rail infrastructure per inhabitant is 6 times lower than in the EU. Public funds for infrastructure maintenance in SEEPs are significantly lower than the EU27 average (3,7 times less per line-km and 4,5 times per inhabitant).
- EU legislation requires **multi-annual infrastructure contracts (MAIC)** between the state and the railway infrastructure manager.
 - With **MAICs**, it will be easier for **financing institutions** to allocate the respective funds to the measures.
 - **MAICs** increase the reliability that the funds are used for the measures intended and the measures will be carried out in the timeframe concluded.

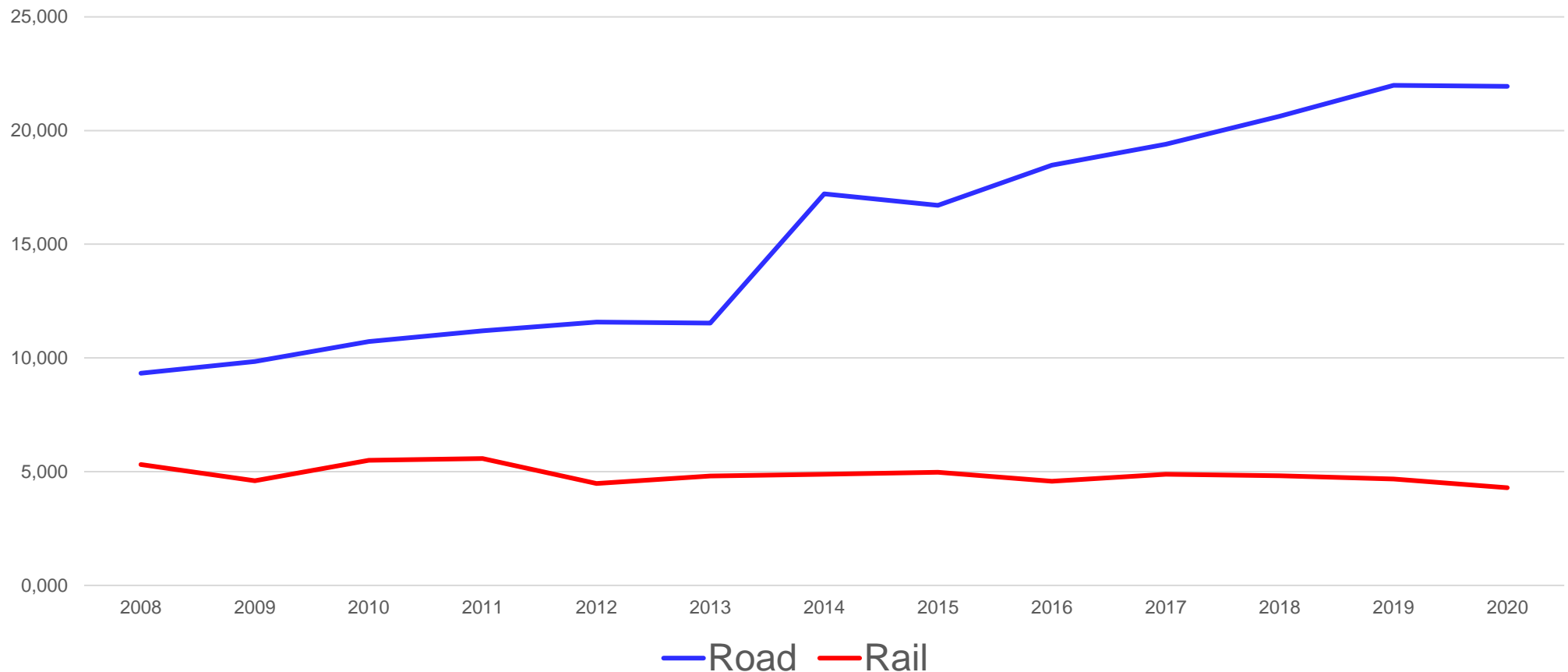
- **The SEEPs face the same challenges as the EU27.** With market-oriented rail services, they might increase the propensity to travel by rail or use the railways for freight transport.
- Need for an **infrastructure charging system** based on direct costs, as stipulated in the EU with Commission Implementing Regulation (EU) 2015/909.
- **Strategic questions** at a political level:
 - The SEEP rail infrastructure shall be predominantly used by passenger services, mostly under PSO rules, as it is the case in the EU27,
 - or continue to be a predominantly freight rail sector, as it is presently the case in the SEEP.
- **Punctuality is a big problem in the SEEP.** One measure used in the EU27 is to include incentives or penalties in the agreements
 - between the infrastructure manager and the railway undertakings and
 - between the railway undertakings and the customer, who are the competent authorities for PSO.

- The PSO Regulation (EC) 1370/2007 has not yet been fully implemented in all SEEPs.
- Moreover, the existing public service contracts are exclusively with the incumbents, based on direct awarding.
- More competition in the PSO market shall contribute to an improvement of the service quality as has been seen in the EU27.
- Open access has a significant impact on the evolution of the modal share of railways, as new entrants generate new volumes due to the market-orientation of their services.
- The over-aging will require systematic measures in order to attract younger people and avoid in the future an increasing lack of specialised workforces because of retirement. On the other hand, female employees should be attracted to railways.

- Interviews and workshop with the decision-makers (shippers, logistics operators, railway undertakings/intermodal operators) are essential to know what they wish the rail to do to shift goods from road to rail.
- The decision-makers finally decide whether investment in rail infrastructure will be profitable and useful since they decide on using the rail infrastructure.
- Otherwise, investment in rail infrastructure shall be stranded costs or White Elephants.
- The principle is: The product shall arrive at the right time, at the right location, in the right condition, at the right price, with a minimum administrative burden.
- It is not the forecast based on transport data of the past that guarantees the shift to rail, neither political statements as proclaimed in White Books or Green Books.
- A successful shift to rail would imply a total transport price reduction of 20 % to 30%.

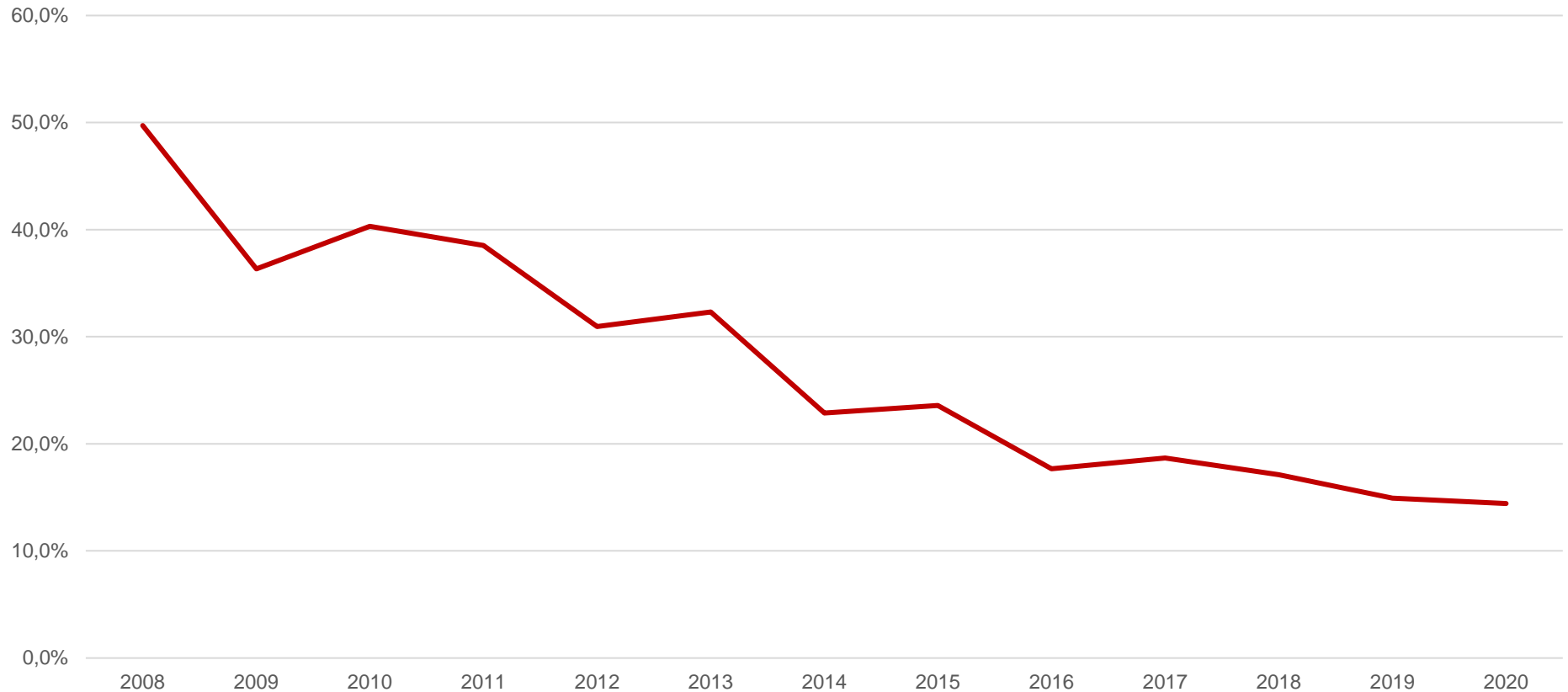
- **Terminals are decisive.** They are the gateways to the corridors. They are like little streams that make a river – the corridor -.
- Therefore, **the last mile to the terminals** and to the shippers' factories – the industrial track - are essential.
- Without a satisfactory last-mile infrastructure, the best and most expensive investment in the corridors will be wasted money.
- Terminal operators and shippers are ready to **co-finance** and provide the last miles.
- Internationally attractive terminals should offer at least **one (1) train per day** in Albania, Kosovo, Montenegro, and North Macedonia, as well as **2-3 trains per day** in Bosnia and Hercegovina and Serbia.
- Other interviews in the Central Europe and the neighbouring countries, in particular Greece, Romania, confirm the findings of the interviews carried out in the Region.

Historical development: road and rail freight transport performance in the SEEPs 2008-2020 (btkm)



Note: road freight data without BA & XK

Historical development: rail freight modal share in the SEEPs 2008-2020 (btkm)



- The striking result of the Transport Market Study is the fact that international freight train movements have significantly diminished since 2008, in some cases, up to 70%.
- Two approaches for the forecast on international freight train movements:
 - The “**business as usual**” **approach** based on historical data starting in 2008, immediately after the Financial Crisis,
 - The **market-oriented approach** which used the historical scenario but added the information on future international freight train movements given by the interviewed and from the Consultant’s own market knowledge.

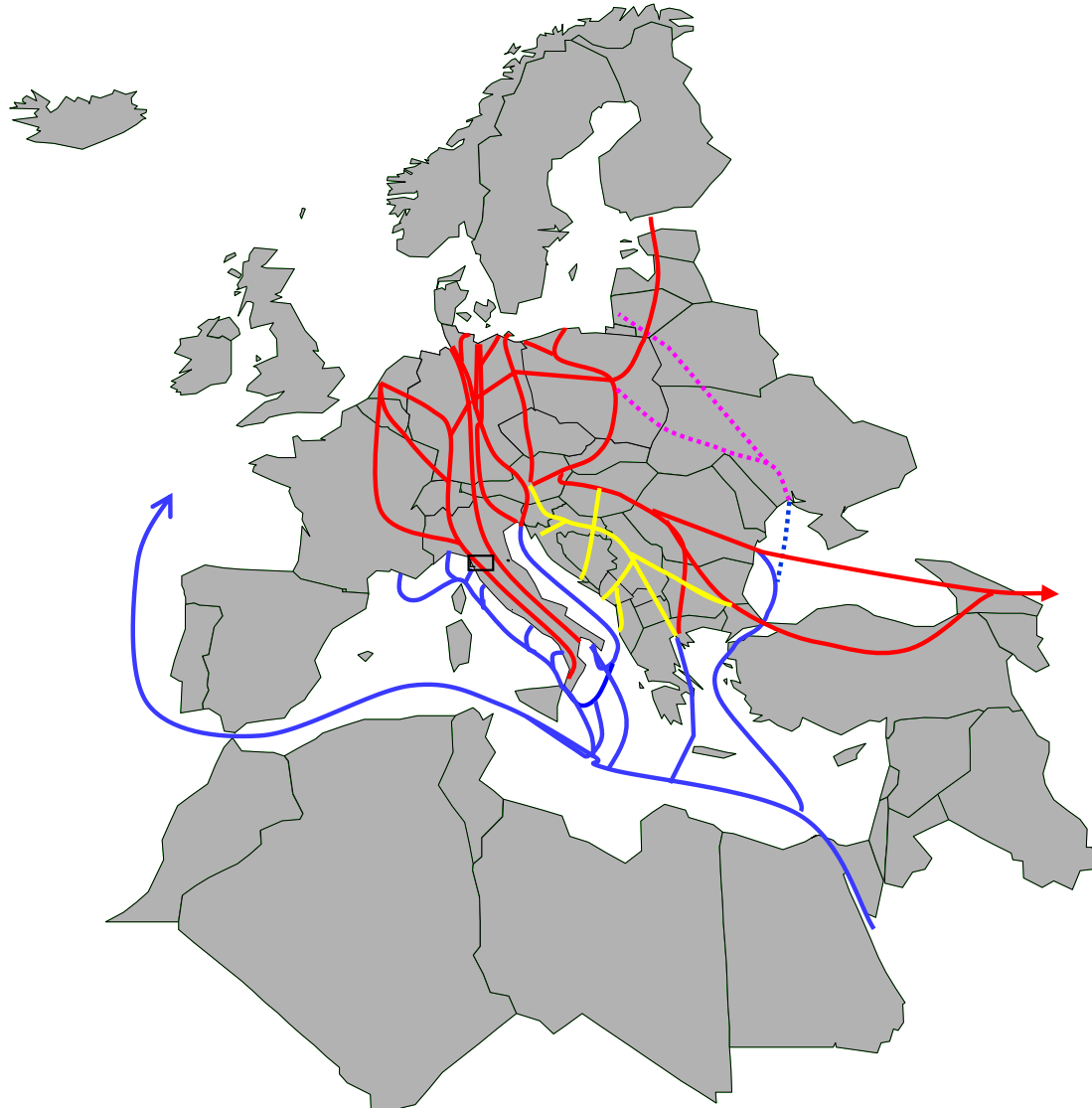
➤ “Business as usual” scenario:

- 2008: **150** international trains per day at the SEEP borders
- 2018: **90** trains per day
- 2022: **55-60** trains per day
- Forecast 2025: **45-50** trains per day
- Forecast 2030: **30** trains per day

The proclaimed shift from road to rail will not happen. On the contrary the shift from rail to road will intensify.

➤ **Market-oriented scenario:** interviews and market observation

- Readiness of decision-makers to invest in terminals and to operate new international trains, mostly container trains – regular shuttle trains -.
- **If such potential is realised, the declining trend can be stopped**
- Forecast 2025: **65-70** trains per day
- Forecast 2030: **70-75** trains per day



Objectives: intermodal competitiveness, better infrastructure conditions, easily pass from one network to the other, reliability of international services, interconnections with third countries

Measures:

- IM should coordinate, consult with users and publish
 - investment plans to enhance capacity, interoperability based on common technical parameters
 - the schedule of works, priority rules for capacity allocation,
 - the implementation plan and
 - the corridor information document.
- Regulatory bodies should exchange information and coordinate decision making
- 11 RFC became operational in 2013, 2015 or 2020
- Governance: Executive Board, Management Board, Advisory Groups

- European Commission Proposal of December 2021.
- The European Parliament's Compromise Amendments of April 2023.
- The European Parliament's Compromise Amendments of April 23.
- Trilogue ongoing

Important for the region:

- The corridor map **does not include rail-road terminals** in the Western Balkans, but only certain ports on the Eastern Adriatic.

- Enter into **direct contact with the market players** to build up a network consisting of the regional transport decision-makers that will produce market-oriented information.
- Establish **advisory group** to regularly exchange proposals and ideas which might result in investment measures.
- Carry out **awareness meetings** at regular intervals in the SEEP with market decision-makers to discuss investment measures and listen to their advice (RFC?).

- Consult the decision-makers in the market **before** proposing investment measures financed/funded by public entities **to ensure the backing from the market.**
- **Top priority: Finance the last mile between the corridors and the terminals** with the possibility of co-financing by the terminal operators in order to ensure an efficient feeder infrastructure to the corridors.

Recommendation 3: The terminal operators

- Have **regular meetings with the terminal operators** to sound out the market situation.
- **Coordinate the investment measures with the TCT Secretariat** investment measures or plans.
- Sound out **co-financing measures**.
- Make available data on their facilities, be it in the **Network Statements**, in the Corridor Information Document, European databank of rail facilities or in other types of platforms.
- Organised meetings between SEEP terminal operators and operators in **the neighbouring EU member states** in order to promote closer cooperation between the terminals and encourage them to offer regular international train services (so-called shuttle services).

Recommendation 4: Real-time information on the estimate time of arrival

- Foster digitalisation of rail operations
- Provide real-time information on the estimate time of arrival of trains/containers/consignments to logistics operators, shippers, and other parties.

Recommendation 5: Short-and medium-term infrastructure measures

- Albania: railway **bridge over Ishem River**, rail access to new terminal in Porto Romano
- Bosnia and Herzegovina: increase in train speed, decrease border crossing time, access to **Port Terminal Brcko**
- Kosovo: **Miradi Terminal**, reopening of **Route 10** Mitrovica – Lesak – Kraljevo for international traffic
- Montenegro: **Port of Bar** rail infrastructure
- North Macedonia: Modernisation of **Skopje Terminal**
- Serbia: encourage more **private terminal operators** to invest in last mile

Recommendation 6: Transposition of Regulation (EU) 913/2010 and its forthcoming amendments

- Facilitate the transposition of Regulation 913/2010 and the new TEN-T Regulation.

- Consequences from the upcoming amendment
 - Stronger integration of network development and operations.
 - Consider future market needs.
 - designate terminal and facilities according to the needs for the market.

Recommendation 7: Transparency and non-discriminatory access to service facilities

- Monitoring the infrastructure managers regarding implementation of transparent and non-discriminatory access:
 - Terminal access in network statements, Corridor Information Document (CID) and on EU portal www.railfacilitiesportal.eu, such as services, hours, contacts, and capacity.
 - Public or private makes no difference when it comes to meeting those legal obligations.
 - Special: clearance gauges for railway undertakings to check the route compatibility.
- **In case of doubt, the railway undertakings should involve the regulatory bodies.**

Recommendation 8: Mutual recognition of vehicle authorisations and availability of rolling stock

- Cooperation of national safety authorities (NSA) to foster availability of rolling stock.
- Facilitate the authorisation process between the NSAs.
- Demand for modern container flat wagons and interoperable traction.
- Promote leasing of interoperable traction by railway undertakings

Recommendation 9: The Model Border Crossing Agreement (BCA)

- **Promote the model BCA** at all internal SEEP BCPs and adjust the BCAs to the market situation by entering into contact with the competent ministries, thus ensuring full conformity with the EU legislation and open access to the SEEP rail networks.

Recommendation 10: One-stop shop (OSS)

- Infrastructure managers should join permanently to provide one-stop shop services “as if the EU corridor regulation had been transposed”.
- International groupings need pre-arranged train paths and reserve capacity out of one hand for any cross-border train service.
- Proposed corridors for OSS in order of priority:
 - Corridor Subotica-Greek border
 - Corridor (HU-HR)-Samac-Bosnia and Hercegovina-Ploce (HR)
 - Corridor Belgrade-Port of Bar
- Take OSS of the Alpine-Western Balkans Rail Freight Corridor (HZ Infrastruktura) as reference.

Recommendation 11: Infrastructure managers as partners in a harmonised corridor management

- Temporary capacity restrictions (TCR): **IMPORTANT: Timely** consultation of users (Annex VII of 2012/34). In international traffic, also harmonised consultation among IMs and users.
- Capacity allocation principles: **PROBLEM:** Diverging train priorities international and domestic.
- Performance scheme: Financial incentives for service quality (punctuality).
- Managing traffic disturbance on RFC: Coordination IM/RU + RU/RU required.
- Monitoring scheme: Harmonise key performance indicators and their calculation.
- Service quality evaluation: User satisfaction survey.

Recommendation 12: Corridor management AWB RFC and future RFC

- Publish recent dwelling times at borders and transshipment times at terminals.
- Provide financial incentives under a performance scheme.
- Actively market amongst market decision makers under the form a brand.

Recommendation 13: The SEEP regulatory bodies

- Facilitate the exchange of best practice between regulatory bodies
- To anticipate and promptly remedy **potentially discriminatory behaviour** notably regarding charges and access conditions of facilities, respecting confidentiality of their sources.
- Regulatory bodies should urge infrastructure managers and facility operators, in particular terminal operators, to **publish all access conditions and prices**.

Thank you for your attention