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The poster features the EUR MED logo and the European Union flag at the top. The title is "Seminar cum Study Tour France / United Kingdom" with the dates "September 11th-20th, 2006". Below the title, it states "Acquis Communautaire: railway directives and their implementation; EU experience and potentials for adaptation in MEDA countries". The central image shows a high-speed train on a track. Below the train is a map of Europe with the UK, France, and Greece highlighted. At the bottom, it lists "Consortium Partners" with logos for gtz, TRADEMCO, CCNETS, SYRA, and the EUR MED logo.

Paris, 10th September 2006

Seminar cum Study Tour France / United Kingdom

The railway reform process in
Greece – state of play and
outlook

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The Greek Railway Operator

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Consulting, Research, Development

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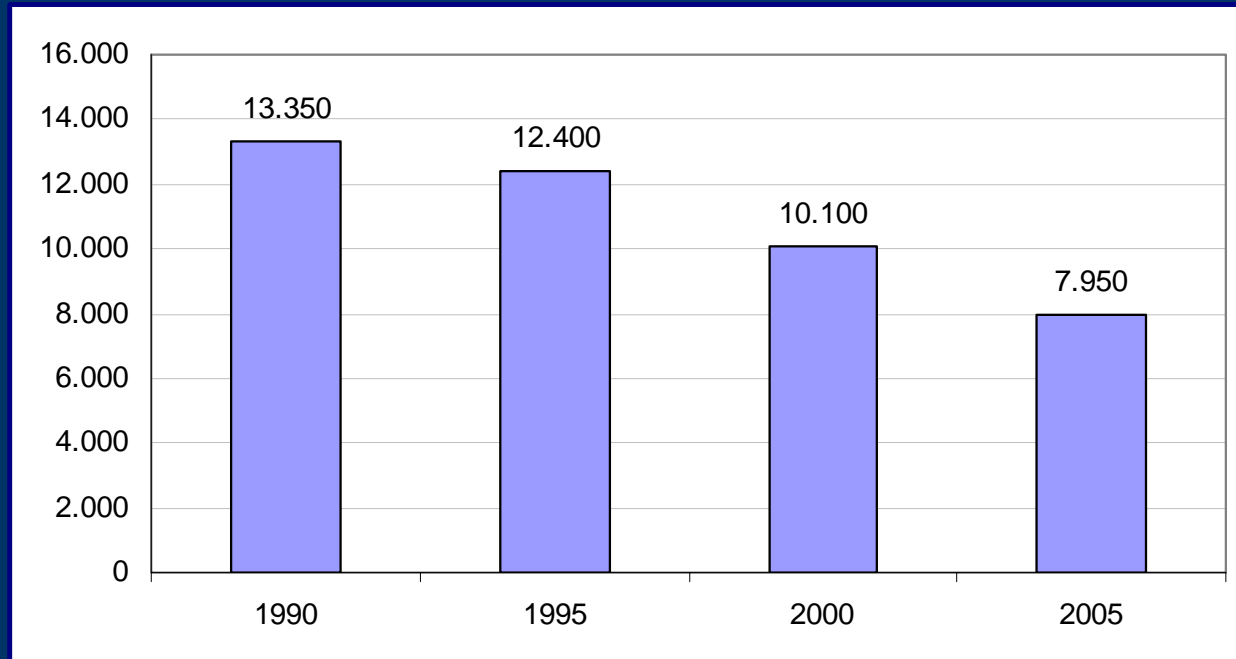
1. Historical Evolution of OSE (1/2)

- Established in 1970 as S.A. succeeding the previous legal entity of SEK
- In 1983 OSE was socialized – labour participates in management
- In 1996, was allowed to establish subsidiary companies and has prepared its first B.P. 1997 – 2001 (updated in 1998 for the period 1998 – 2002)
- In 2003, in view of the reorganisation a new transitional organigram (comprising 6 General Directorates) was applied. In addition, by law, the Public sector will be responsible for PSOs until the end of 2007
- In 2004, the new B.P. 2003 – 2007 was approved and in 2005 the Unit on Monitoring of the B.P. has finalised its activities



1. Historical Evolution of OSE (2/2)

- In 2005 the 1st Railway Package of E.C. was endorsed (P.D. 41/2005) requiring the establishment of 2 subsidiaries namely Infrastructure Manager and Railway Operator
- Evolution of OSE Personnel





2. Endorsement of Initial E.C. Directives (1/2)

- Directive 91/440/EC: Endorsed in 1996 (P.D. 324/96). It refers –among others- to:
 - autonomy of rail operators,
 - separation of accounts of infrastructure and operations,
 - specifications of rail infrastructure and safety rules,
 - establishment of access fee for use of infrastructure and
 - financial recovery.
- Directive 95/18/EC: Endorsed in 1998 (P.D. 76/98)
 - It refers to licensing of rail operators.
- Directive 95/19/EC: Endorsed in 1998 (P.D. 180/98)
 - It refers to the liberalisation of the right of use of rail infrastructure and to implementation of access fees

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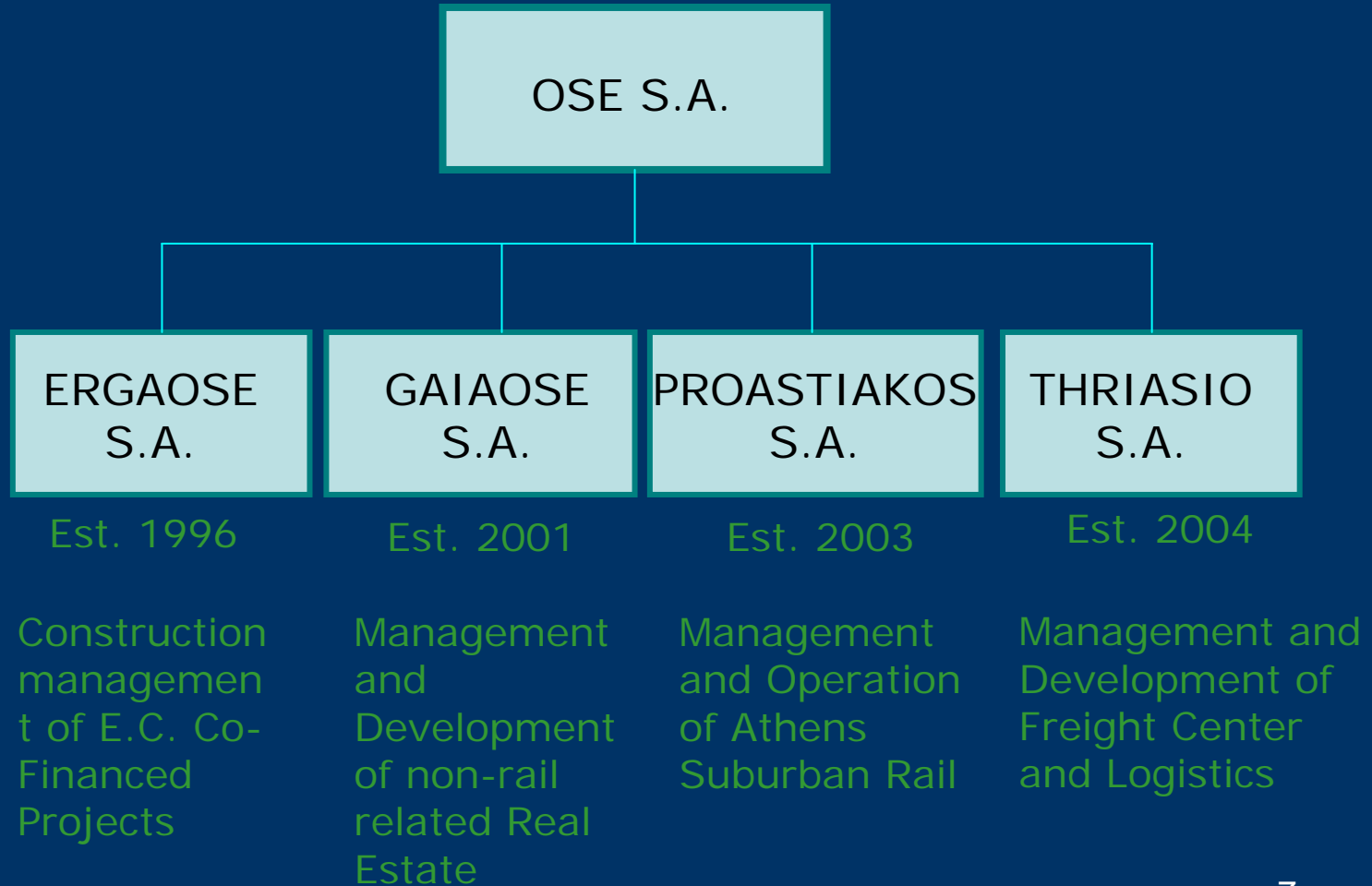


2. Endorsement of Initial E.C. Directives (2/2)

- Directive 96/48/EC: Endorsed in 2001 (P.D. 345/01)
It refers to the interoperability of high speed trans-european rail network.

From 1996 until late 2005, in practice in Greece, only the separation of accounts of infrastructure and operations was applied (since 1998) in an aggregate manner not based on analytical accounting.

3. Structure of OSE Group prior to Reorganization





4. First E.C. Railway Package (1/2)

- It concerns 4 E.C. Directives
 - 2001/12/EC (physical separation of infrastructure management)
 - 2001/13/EC (licensing of railway operators)
 - 2001/14/EC (distribution of infrastructure capacity)
 - 2001/16/EC (interoperability of conventional rail network)

To be endorsed by member countries until March 2003

- In Greece the directives were endorsed only 2 years later by the P.D. 41/2005 (Directives 12, 13, 4) and the P.D. 139/2005 (Directive 16)



4. First E.C. Railway Package (2/2)

- The P.D. 41/2005 replaces previous P.D. (324/96, 76/98, 180/98) and transposes into the Greek law the Directives 2001/12, 2001/13 and 2001/14.

It sets the directions for the adaptation of OSE into the requirements of the 1st Railway Package. More specifically:

- Establishment of National Rail Infrastructure Manager (until end 2005)
- Establishment of Railway Operators (until end 2005)
- Financial Recovery of OSE by creating a separate account where the accumulated debt is assigned and by allowing the public financing / subsidy of railway infrastructure development - management - maintenance

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5. The P.D. 41/2005 (1/5)

- For the Railway Operator
 - It has managerial autonomy
 - It applies commercial companies principles
 - It has autonomy in setting fares and tariffs
 - It decides for personnel, actives and purchases
 - It identifies internal organisation
 - It prepares business / financing plans
 - A separate account is created for the monitoring of PSO's



5. The P.D. 41/2005 (2/5)

- For the Infrastructure Manager
 - Supervised by the Ministry of Transport
 - Prepares and publishes Network Statement
 - Manages investments in rail infrastructure
 - Maintains, modernises and expands the network
 - Operates according to private economy rules
 - Balances revenues with expenses
 - Prepares business / financing / investment plans
 - Calculates, imposes and collects access fees for the use of infrastructure (based on equal treatment principle)
 - Prepares specifications for infrastructure and rolling stock and set safety rules
 - It is subsidised by the State



5. The P.D. 41/2005 (3/5)

- For the Holding Company
 - Keeps ownership of rail infrastructure
 - Keeps separate account for debt depreciation
- For the Ministry of Transport as Regulatory Body
 - Supervises the rail market
 - Makes sure that competition rules are respected
 - Arbitration in case of disputes
 - Ensures non discriminatory regime
- Licensing of Rail Operators
 - Within 12 months from establishment
 - Issued by Ministry of Transport in 3 months
 - Prerequisites for licencing



5. The P.D. 41/2005 (4/5)

- Network Statement by Infrastructure Manager
 - Type of infrastructure and terms of access
 - Principles of charging and services provided – access fees
 - Principles and criteria for capacity distribution
- Safety Issues
 - The Infrastructure Manager sets specifications for infrastructure and rolling stocks as well as safety rules to be approved by Ministry of Transport
 - The conformity of rolling stock and Rail Operators to safety principles is certified by recognised bodies (national or international) of Quality Assurance
 - The Infrastructure Manager issues safety certificate for the Rail Operators

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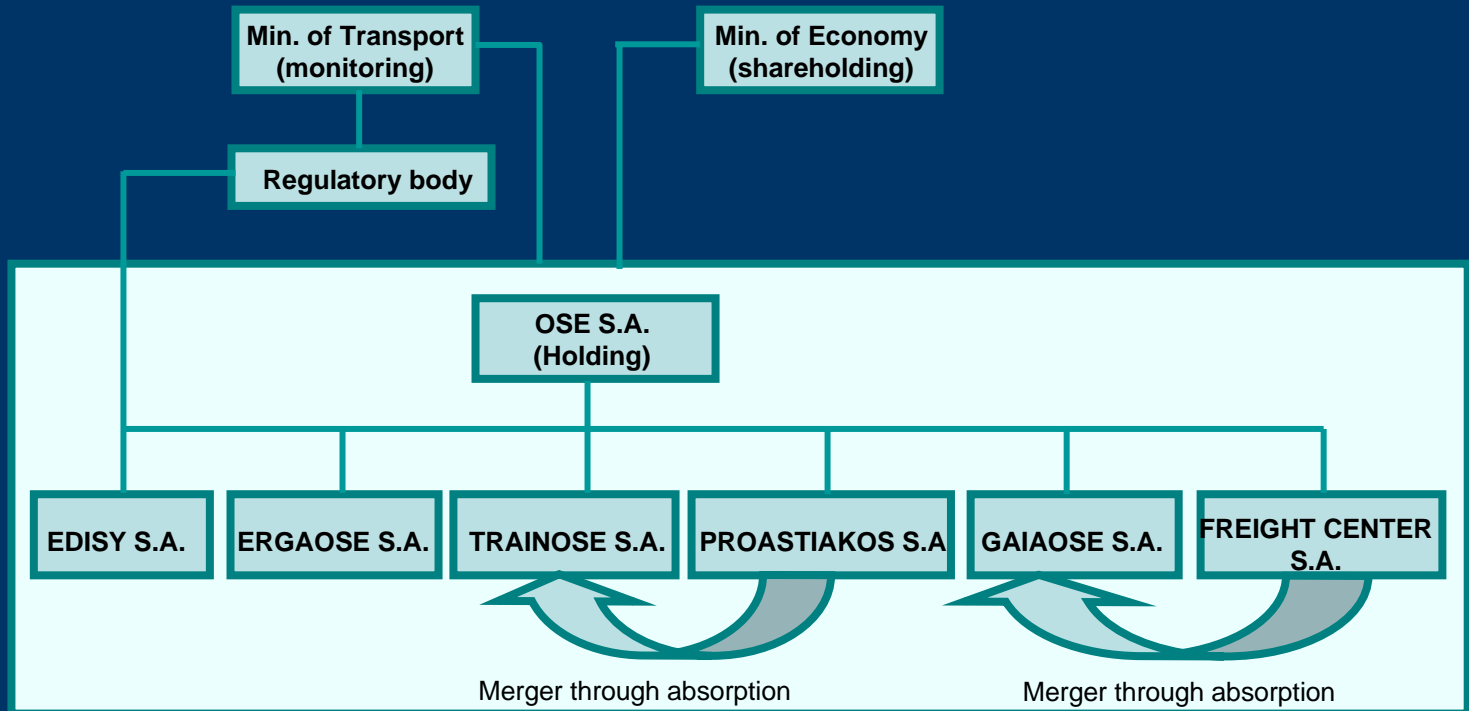
5. The P.D. 41/2005 (5/5)

With the 2nd Railway Package (Directive 2004/49/EC) an independent (to OSE) body should act as Safety Authority and another independent body (to OSE and to Ministry) should investigate accidents and incidents – This Directive is still not endorsed yet in Greece.



6. OSE Reorganisation (1/6)

The New Structure of the Group





6. OSE Reorganisation (2/6)

- The Holding Company (OSE S.A.)
 - Owns rail infrastructure, assets and rolling stock
 - Keeps minimum number of personnel (~250 persons)
 - Sets the overall strategy
 - Ensures corporate cohesion and internal-communication
- The National Rail Infrastructure Manager (EDISY S.A.)
– est. December 2005
 - Manages, maintains and operates the rail network
 - Certifies Rail Operators
 - Distributes capacity
 - Regulates traffic
 - Implements investments in rail infrastructure
 - Collects access fees from Rail operators
 - Collects subsidies for operational deficits and investments
 - Maintains rolling stock



6. OSE Reorganisation (3/6)

- The Railway Operator (TRAINOSE S.A.) – est. December 2005
 - Provides passenger and freight transport services (incl. Suburban railway operations)
 - Decides on scheduling and fares
 - Pays for the use and maintenance of rolling stock
 - Collects subsidies for PSOs
 - All operation except freight, recognised on PSO till 2008
- ERGOSE S.A.
 - Implements -as project manager- all E.C co-financed projects and investments
 - Complies to the technical and operational specifications set by EDISY S.A.
- GAIAOSE S.A.
 - Manages and exploits the non-rail assets / real estate of OSE including freight centers

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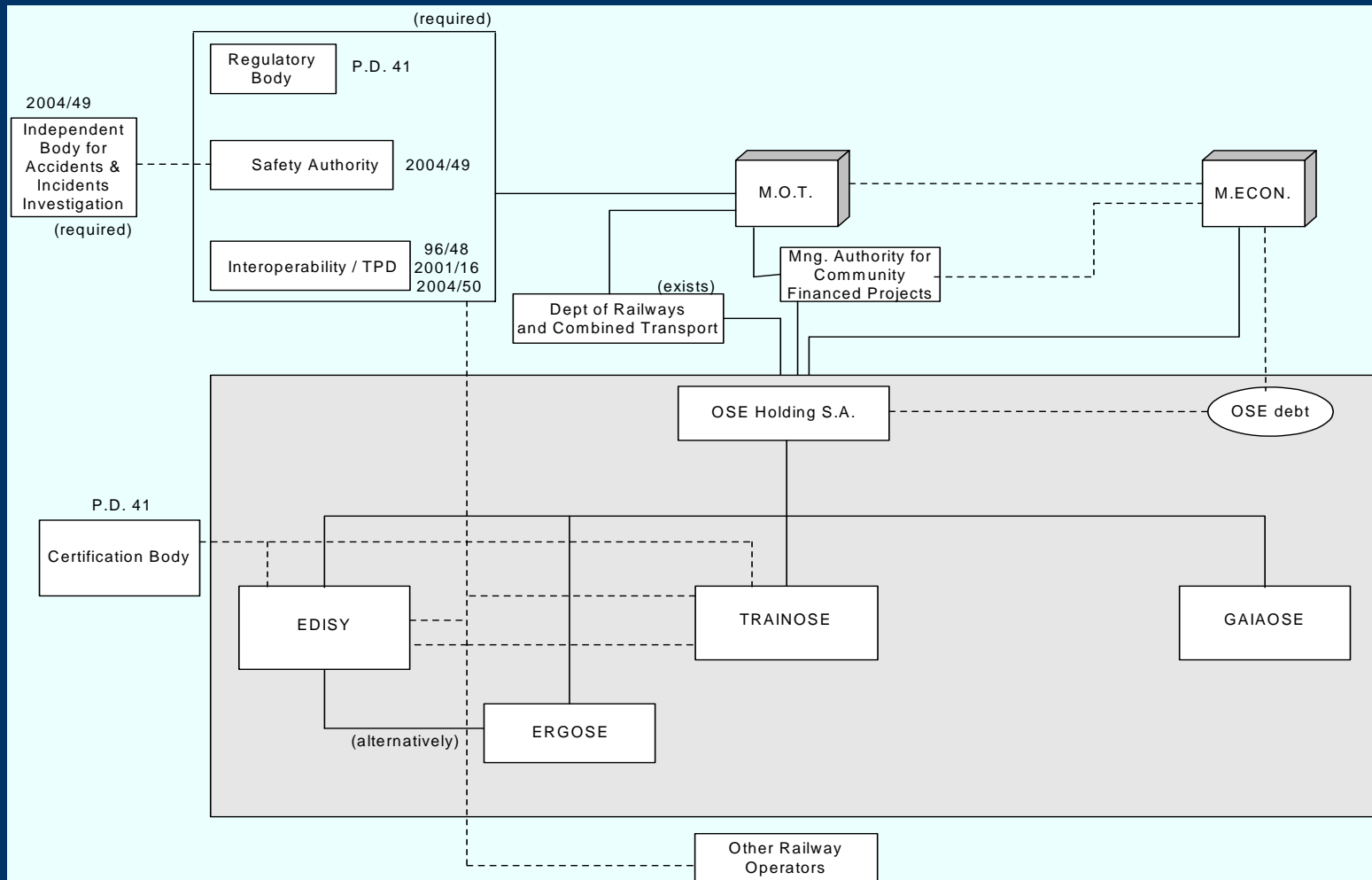
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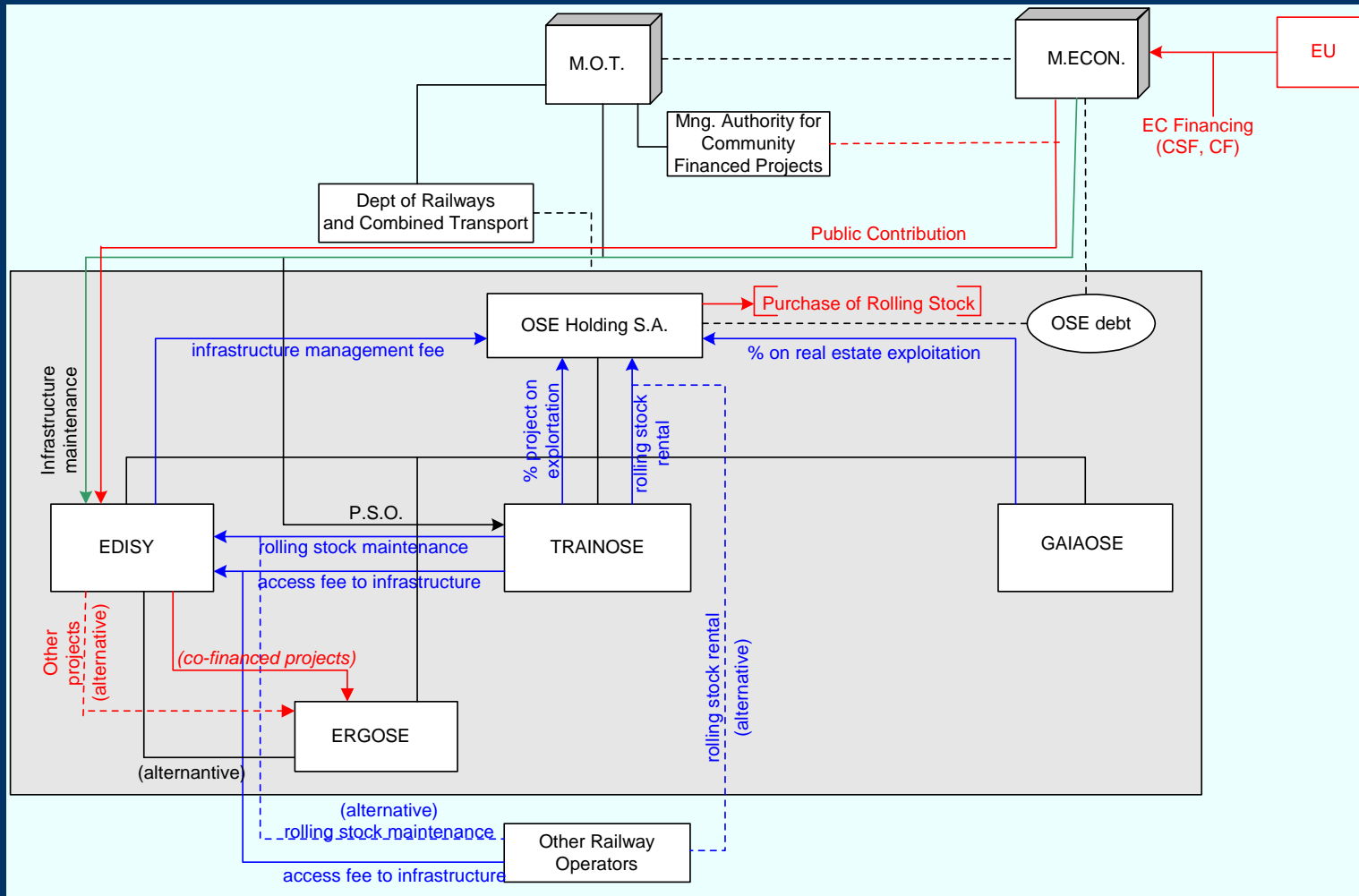
6. OSE Reorganisation (4/6)

Communications between intervening parties



6. OSE Reorganisation (5/6)

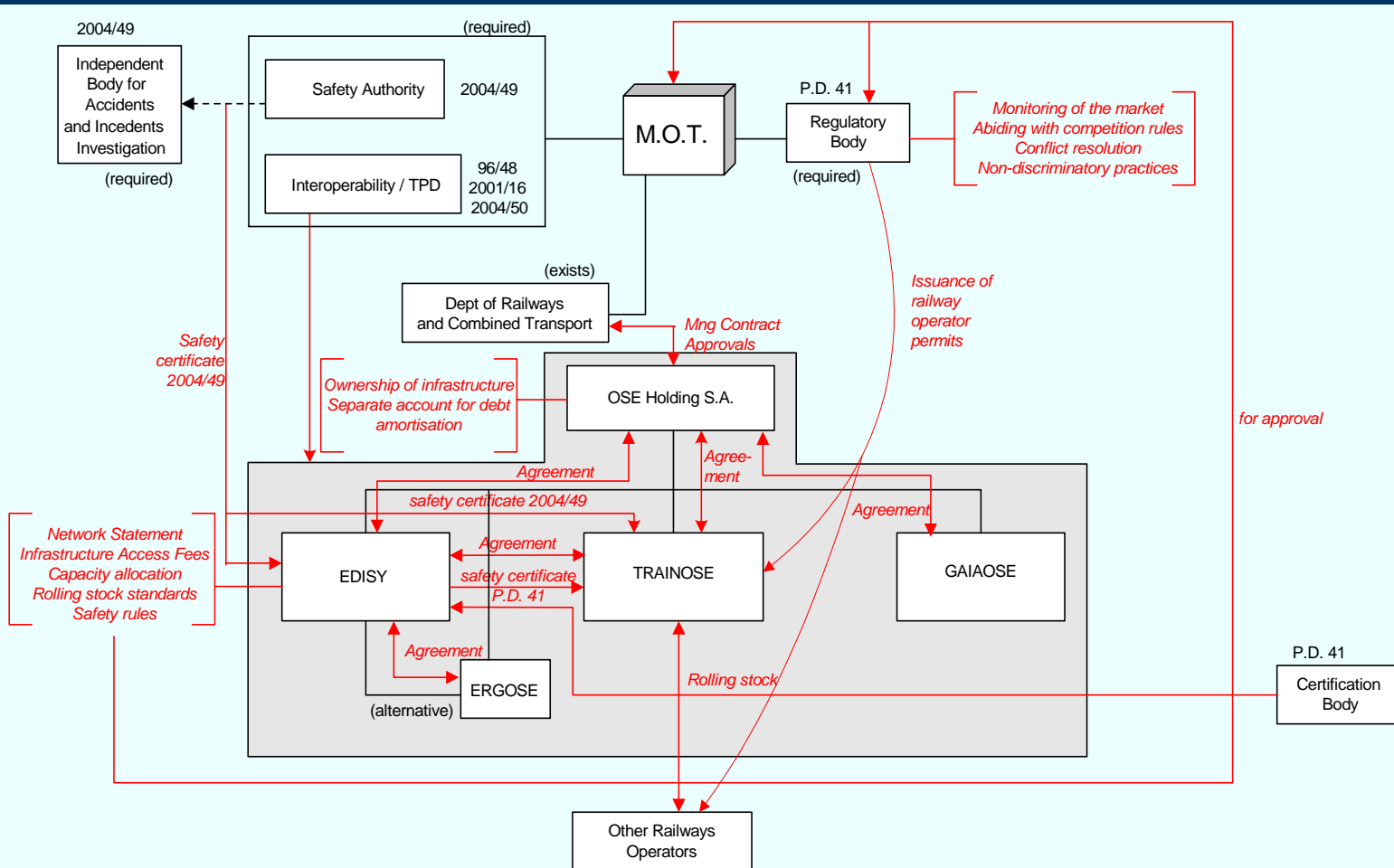
Financial Interrelationships





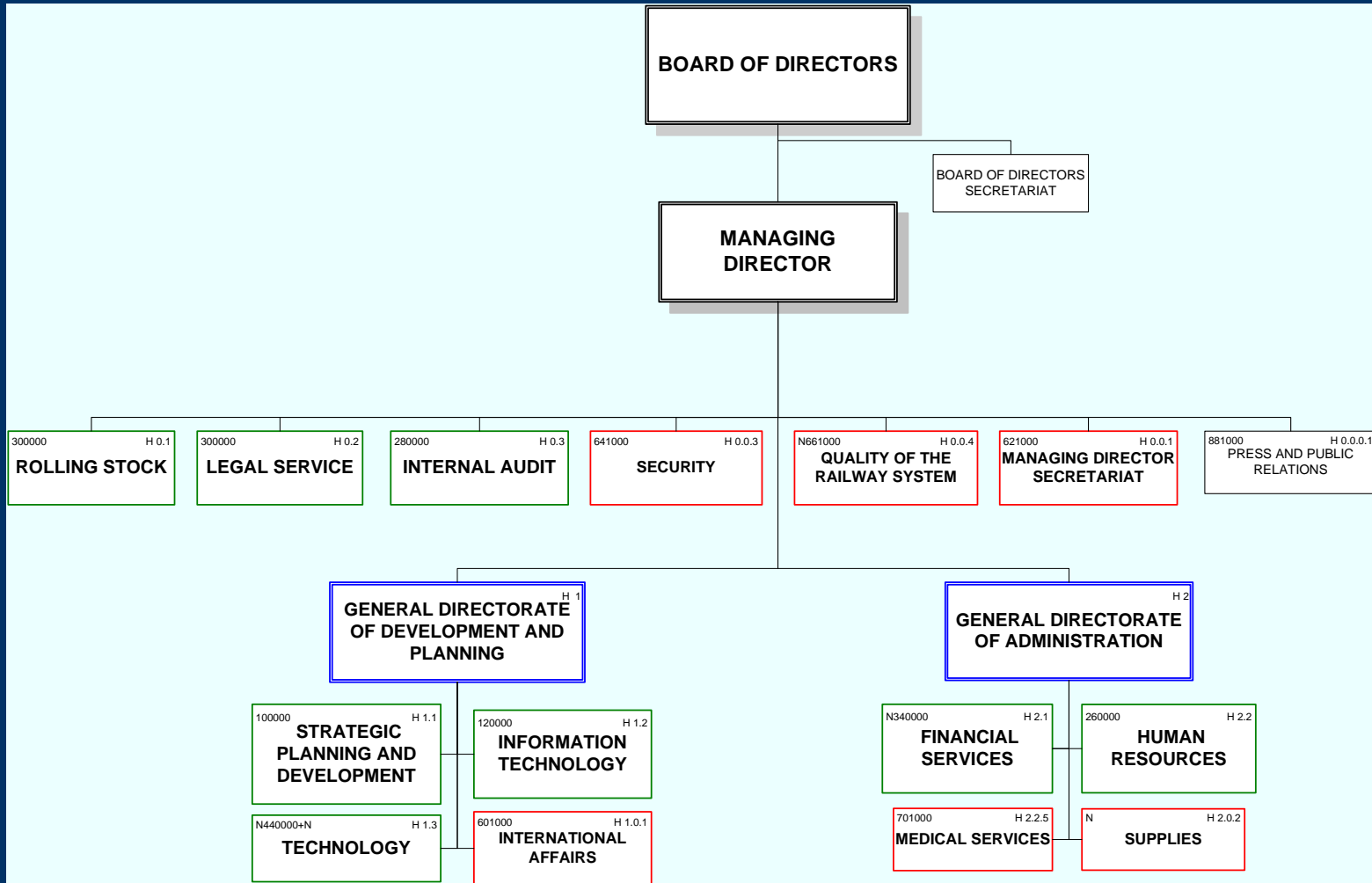
6. OSE Reorganisation (6/6)

Contractual Relations / Approach



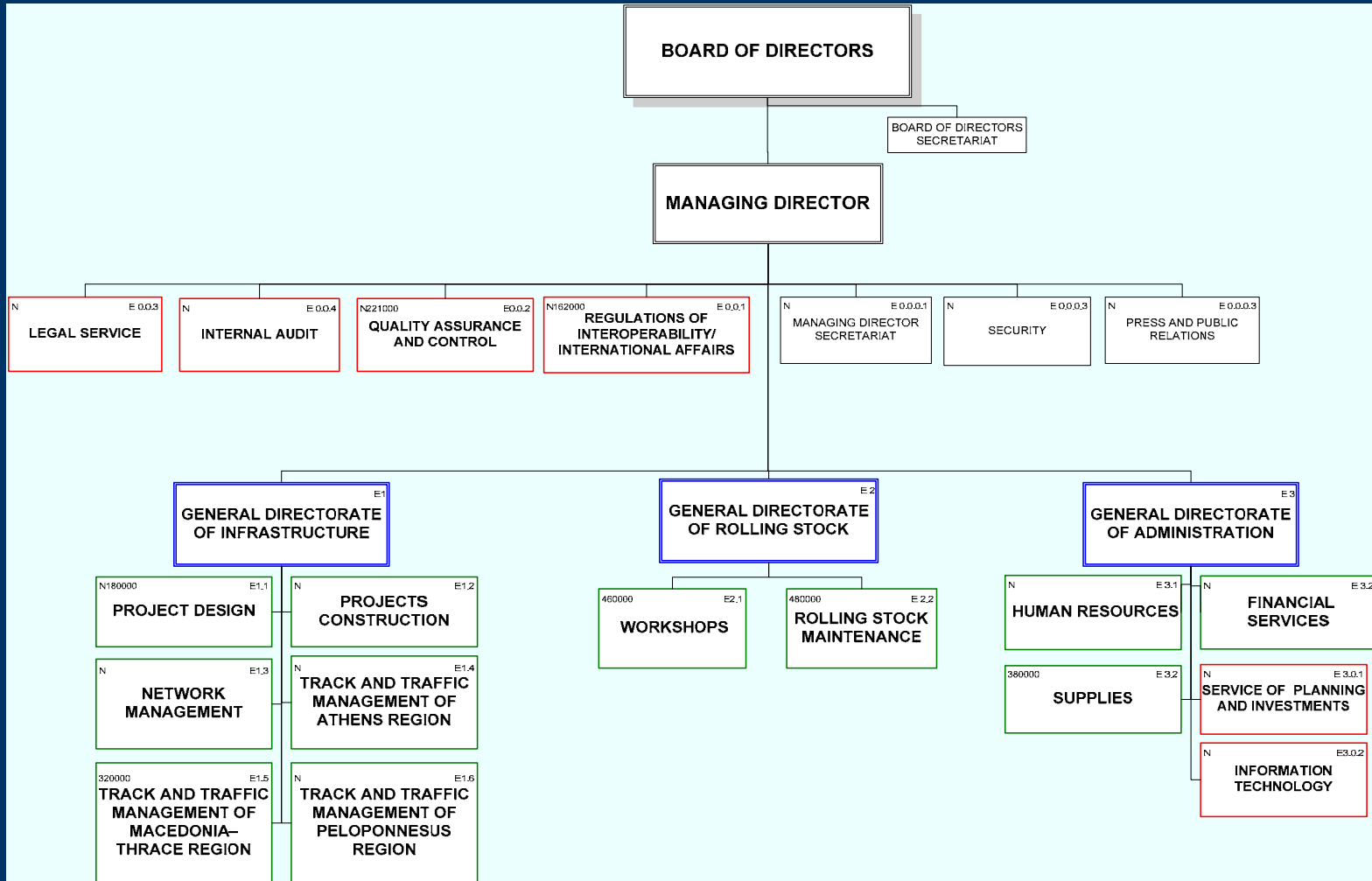
7. Current Status (1/3)

Organigramme of OSE Holding S.A.



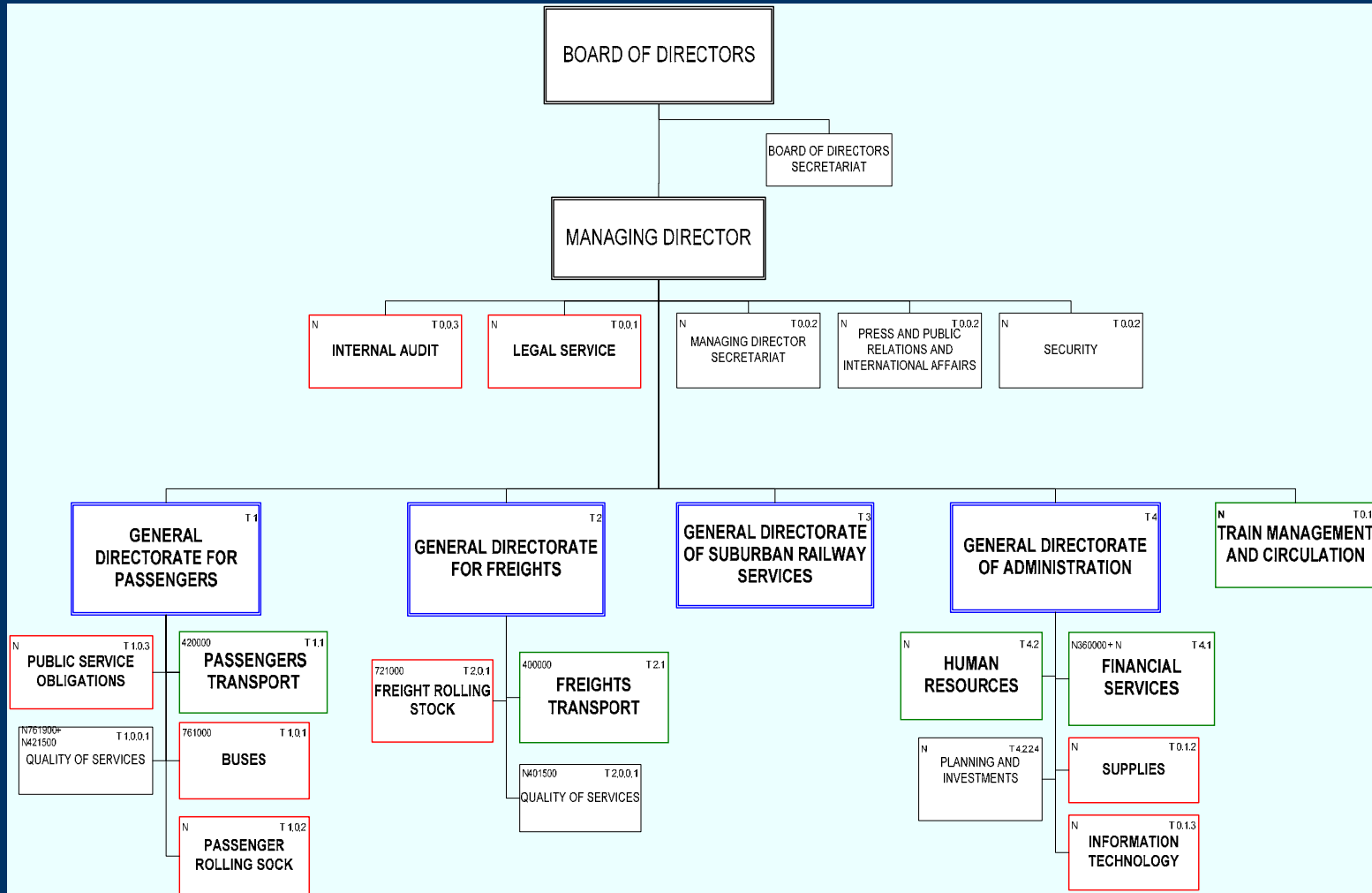
7. Current Status (2/3)

Organigramme of EDISY S.A.



7. Current Status (3/3)

Organigramme of TRAINOSE S.A.



8. Resistance to change – Opportunities and Threats (1/2)

■ Opportunities

- Each company to develop more specific aims and business targets
- To develop a more immediate and more compelling profit based orientation regarding the way that economic and other targets are set
- To adopt a more customer-market oriented approach regarding both the type of services provided as well as the ways by which these services are provided
- To better feel the need and find it easier to promote innovative services as well as exploration of new markets, and national-international networking especially regarding the field of intermodal freight and passenger transportation
- To develop more proper accountability processes for both internal (intra-organizational) and external (to shareholders and customers) relations

(continues)

8. Resistance to change – Opportunities and Threats (2/2)

■ Opportunities (continued)

- To establish with the State the contract of Public Service Obligations regarding passenger transportation on a more objective basis and conditions that will cover the full cost of the provision of this service.
- To base the finances of the organization on a more robust and “healthier” basis.

■ Threats

- Risk of opposition especially regarding the way the change is perceived by existing employees and their trade unions.
- Time-consuming procedures for implementation of the reforming plan, due to the internal and external environment
- Timely creation by the State of several Bodies necessary for the unhindered operation of the new companies
- Viability of the new companies

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9. Further Actions (1/2)

1. To implement the organizational plans of the Companies succeeding the integrated company of OSE (OSE Holding , EDISY S.A , TRAINOSE S.A)
2. Definition of the interfaces between the new companies
3. Cost calculation and tariffs determination for the services provided between the new companies
4. Adaptation of OSE Group to the needs of the legislation of the 2nd Railway Package of EU

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9. Further Actions (2/2)

- Second E.C. Railway Package

It concerns one Regulation (881/2004/EC) for the establishment of European Railway Organisation and 3 Directives aiming to the creation of common European area

- 2004/49/EC (railway safety)
- 2004/50/EC (interoperability)
- 2001/51/EC (access to infrastructure)

to be endorsed by member countries until April 2006

No action so far taken by Greece.

Thank you for your attention