

GENERAL OVERVIEW OF THE CURRENT SITUATION ON MEDA RAILWAY REFORM

by

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OVERVIEW OF THE CURRENT SITUATION IN MAGHREB COUNTRIES

DIAGNOSTIC

- **International railway corridor Casablanca – Tunis (Transmaghreb) is on a good technical status (track renewal and signalling and telecommunication modernisation are already done, under implementation or scheduled).**
- **In general, there is an important spare capacity for international traffic.**
- **Some capacity constraints exist in Algeria where some line sections of the corridor still have single track.**
- **In general, the railway market share is lightly decreasing even if the traffic is increasing in volume in some countries (+ 6% per annum in Morocco, + 1,5% in Tunisia).**

OVERVIEW OF THE CURRENT SITUATION IN MAGHREB COUNTRIES

RAILWAY REFORM

- **From the institutional point of view, railways are moving from a monopolistic state company status to various schemes giving more administrative and financial autonomy and leading to at least a partition between infrastructure and operation accounting systems.**

OVERVIEW OF THE CURRENT SITUATION IN MAGHREB COUNTRIES

RAILWAY REFORM

- Morocco started the process to convert the ONCF in a joint stock company with the state as a shareholders. The state will remain the owner of the railway domain and concede to the ONCF the use of existing assets and the right to operate. ONCF can operate itself or subcontract to a third party certain rail services. ONCF has to maintain all assets without financial assistance from the state and is free to set railway tariffs.**

For railway network extensions, the state can call the private sector for building and operation.

OVERVIEW OF THE CURRENT SITUATION IN MAGHREB COUNTRIES

RAILWAY REFORM

- **Algeria: The government promulgated a new railway law (01-13) which ended the monopolistic status of SNTF and gave the free access to the railway network, making possible the concession concept with authorisation to operate for new railway operators.**

In addition, railway tariffs were liberalised (except for suburban services) and financial compensation is only given for the public service obligations carried out by the railway operator.

The SNTF has a very impressive investment programme of line rehabilitation and network extension.

OVERVIEW OF THE CURRENT SITUATION IN MAGHREB COUNTRIES

RAILWAY REFORM

- Tunisia: The law 93-90 (1998) gives to the state the full ownership of fixed assets and appoints SNCFT as the manager by delegation of the Infrastructure, on the one hand, and allows, on the other hand, to operate the railway system on commercial basis. As a result, SNCFT remains a monolithic company for infrastructure and operation activities.**

Private sector operators will be allowed to operate some suburban and tourist passenger and freight services.

OVERVIEW OF THE CURRENT SITUATION IN MASRECK COUNTRIES DIAGNOSTIC

- **Major constraint due to two gauge systems (narrow and standard).**
- **Major seaports are not always connected to the rail system.**
- **Railway market share is less than 10% and lightly decreasing.**
- **Container transport and intermodality concepts are at the beginning of implementation.**
- **Political background to operate railway on a regional basis (Hijaz Railways).**

OVERVIEW OF THE CURRENT SITUATION IN MASRECK COUNTRIES RAILWAY REFORM

- **Some railways are migrating from the status of state monolithic company to privatisation of rail services (Aqaba Railway Corporation).**
- **Some others remain entirely under the control of the state (Hijaz Railways and Syrian Railways).**

OVERVIEW OF THE CURRENT SITUATION IN MASRECK COUNTRIES RAILWAY REFORM

- **Syria: As a political background, in December 2001, the governments of Jordan, Saudi Arabia and Syria agreed to launch the reconstruction of the Hijaz railways. There is the wish to separate, in the future, the infrastructure ownership from the operation that could be progressively carried out by the private sector.**

OVERVIEW OF THE CURRENT SITUATION IN MASRECK COUNTRIES RAILWAY REFORM

- **Egypt: ENR capital and source of revenue partly consist of the properties and funds allocated or assigned by the state and its activities are generally subject to the supervision of the Minister of transport.**
The introduction of Public Private Partnerships in the railway sector will sustain its revitalisation and its development by offering a better quality of service for a lower cost.
- **Lebanon: The hostilities that ravaged the country affected the railway very severely and major parts of the system became unusable.**

OVERVIEW OF THE CURRENT SITUATION IN MASRECK COUNTRIES RAILWAY REFORM

- **Jordan: Hijaz Jordan Railways (HJR) is one department under the responsibility of the Minister of Transport.**
A new privatisation process of Aqaba Railway Corporation is restarting. The idea is to establish a Public Railway Company owning the infrastructure and to contract the operation and the maintenance of the infrastructure to the private sector.
- **Israel: The railway system is not a state company but has been converted to a joint stock company with the state as the major shareholder.**

OVERVIEW OF THE CURRENT SITUATION IN TURKEY DIAGNOSTIC

- **Key role on the Europe-Asia corridor.**
- **Rail passenger and freight traffics are decreasing (-4% per annum).**
- **Low railway market share (4 to 5%).**
- **Significative international freight traffic (13%) with Europe, Syria, Iran, Irak.**
- **Low international passenger traffic.**
- **Good connections of the railway system to main seaports.**
- **Existing rail container transport.**
- **Intermodality concept taken into account (Inland container Terminals).**
- **Main constraints are rail missing links in the Van Lake and in the Bosphorus strait.**

PERSPECTIVE OF RAILWAY TRANSPORT IN TURKEY RAILWAY REFORM

- **On going railway restructuring will revitalise the railway sector.(1)**
- **Restructuring of TCDD is one of the commitments of the Government included in the Accession Partnership and National Program for the Adoption of the Acquis of EU. The on-going restructuring studies have been evaluated for their alignment with the EU acquis with the support of EU Commission.**
- **An Action Plan covering 2003-2008, based on Gap Analysis is prepared and a Project is approved by EU commission. The 1st phase is the Twinning Project.**

PERSPECTIVE OF RAILWAY TRANSPORT IN TURKEY RAILWAY REFORM

- **On going railway restructuring will revitalise the railway sector.(2)**
 - **The assistance of Turkey as candidate country to EU will require a complete recasting of the books of TCDD to show the results of each activity separately and clearly and to end the cross subsidies from ports to rail and from freight to passengers.**
 - **Restructuring and cooperation with private sector is envisaged:**
 - ✓ ***Wagons are rented to private sector;***
 - ✓ ***Changes have been made in TCDD Main Status to give private sector access to the infrastructure with their own locomotives, wagons and staff. Agreements and Regulations are prepared.***
 - ✓ ***Outsourcing of certain Services to Third Parties (like catering);***
 - ✓ ***Transfer of Suburban Services to Municipalities;***
 - ✓ ***Transforming Factories into joint Ventures.***

PERSPECTIVE OF RAILWAY TRANSPORT IN TURKEY RAILWAY REFORM

➤ **On going railway restructuring will revitalise the railway sector.(3)**

- **Such framework will have to define the new status of TCDD as the Infrastructure Manager from one side and as the main Train Operating Company one the other side.**
- **As a result, TCDD will be organised in four business units (freight, passengers, workshops and infrastructure).**
- **Business units will have a separate accounting system and a Management Information System (MIS) will be implemented. In addition, an independent Railway Regulatory Authority should be settled in order to control train path allocation, infrastructure peage and licensing.**

PERSPECTIVE OF RAILWAY TRANSPORT IN TURKEY RAILWAY REFORM

- **In depth modernisation of the Ankara-Istanbul line will foster freight traffic and also passenger traffic particularly due to high speed train services.**
- **Implementation of the Marmaray Project (with the Bosphorus tunnel) which will link Europe to Asia and will foster the international railway traffic.**