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GLOSSARY

Abbreviation	Estonian name (if applicable)	English name
ORGANISATIONS		
	Edelaraudtee AS	South-West Railway Ltd (passenger operator)
	Edelaraudtee Infrastruktuuri AS	South-West Railway Infrastructure Ltd (IM)
EE	AS Eesti Raudtee	Estonian Railways Ltd (freight operator and IM)
	Elektriraudtee AS	Electrified Railway Ltd (passenger operator)
	AS GoRail	GoRail Ltd (international passenger operator)
	AS Spacecom	Spacecom Ltd (freight operator)
	Westgate Transport OÜ	Westgate Transport LLC (freight operator)
ERI	Raudteeinspeksioon	Railway Inspectorate
IM	Raudteeinfrastruktuuri-ettevõtja	Infrastructure manager
MEAC	Majandus- ja Kommunikatsiooniministeerium	Ministry of Economic Affairs and Communications
LEGAL FRAMEWORK		
EEK	Eesti kroon	Estonian kroon (Estonian currency)
NGO		Non-governmental organisation
PSO		Public service obligation

1 EURO = 15.6466 Estonian Crowns by Estonian Central Bank

1 ORGANISATIONS INVOLVED IN CARRYING OUT PUBLIC TASKS

Public tasks are distinguished according to the following clusters of activities:

- Separation, licensing and charging
- Interoperability and safety
- State aid, competition and public service obligations
- Statistics

The following organizations play a central role in Estonia's railway sector:

- Railway Inspectorate
- Estonian Competition Board
- Estonian Ministry of Economic Affairs and Communications
- Infrastructure Managers
- Railway Undertakings

1.1 Current organisations

1.1.1 Railway Inspectorate

With the implementation of the new Railways Act the Estonian Railway Administration was reorganised into the Railway Inspectorate in 31 March 2004. The Inspectorate has many regulatory functions.

Organisation chart

Income and expenses

2003 budget of ERA was about 8,26 million kroons.

Number of employees

30 in September 2004

Legal constitution

The Inspectorate is a government office under the supervision of the Estonian Ministry of Economic Affairs and Communications that in performing its tasks represents the Estonian State. Since June 1999, 21 operating licences and about 830 engine driver licences have been issued by Estonian Railway Administration. After 31 March 2004 Ministry of Economic Affairs and Communications is issuing operating licences. Since 31 March 2004 Ministry of Economic Affairs and Communications has issued 4 new operating licences.

Clients

The main clients of the Inspectorate will be railway undertakings, infrastructure managers, the state and in some cases Competition Board and police, Tax and Customs Board, Border Guard

Contact details for clients

Railway Inspectorate

Lastekodu St 31, Tallinn 10113

Estonia

Tel +372 605 7401

Fax +372 605 7410, +372 605 7411

E-mail: rinsp@rinsp.ee

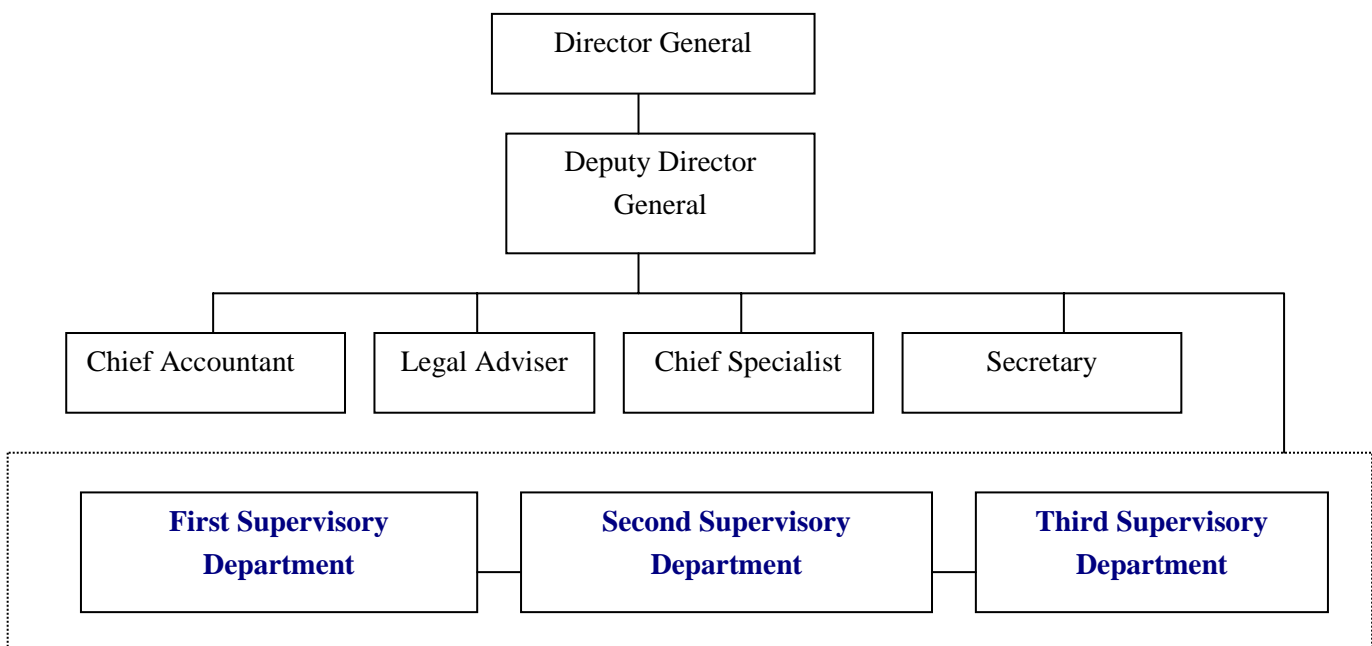
Web: <http://www.rinsp.ee/atp/eng/>

Autonomy of organisation

The Railway Inspectorate was established on 31 March 2004 and is in its work directed by the Railway Act of the Republic of Estonia, Orders and Resolutions of the Government and Minister of Economic Affairs and Communications and other legal acts. Management function is stipulated by the Statutes of the Railway Inspectorate. So, the organisation has a high degree of autonomy, and power to enforce provisions.

1.1.2 Estonian Competition Board

Estonian Competition Board is in charge of monitoring and enforcing competition level in Estonian Railway Market. It cooperates closely with the Inspectorate. Currently the Competition Board is pursuing an investigation over competition levels (especially regarding track access and charging) concerning the activity of Estonian Railways (Eesti Raudtee Ltd.), which is an infrastructure manager and an operator at the same time.

Organisation chart

The main task of the competition board is to evaluate the competition levels between rail operators and prevent the concentration occurrences in the railway market of Estonia.

Income and expenses

Not relevant

Number of employees

The number of personnel employed has changed in accordance with the increasing workload and the number of employees in 2005 is 37.

Legal constitution

The Competition Board was established on October 21, 1993 and it is subordinated to the Ministry of Economic Affairs and Communications. It is a governmental institution.

Clients

Railway undertakings, infrastructure managers, the state and ERI are the main clients of the Competition board.

Contact details for clients

Estonian Competition Board

Kohtu 8,

15184 Tallinn

Estonia

Tel: +372 611 3942

Fax: +372 611 3943

Email: compet@konkurentsiamet.ee

Web: <http://www.konkurentsiamet.ee/>

Autonomy of organisation

The Competition Board exercises state supervision in respect of compliance with the Competition Act (1998). The Competition Board is subordinated to the Ministry of Economic Affairs and Communications hence some staff appointments will be made by the ministry personnel. The Competition Board does not require approval (besides staff selection) and is not controlled.

1.1.3 Estonian Ministry of Economic Affairs and Communications

Under the new Railways Act, the Minister of Economic Affairs and Communications issues or refuses to issue the operating licences, also suspends, terminates or revokes the operating licences, decides on the approval and publication of transport rules and operating rules and amendments,

decodes on the approval of the plan for enlargement of railway infrastructure capacity, settles complaints concerning the distribution of railway infrastructure capacity, verifies the compliance with the separate accounting requirement etc.

Organisation chart

Income and expenses

Not relevant

Number of employees

5 people work in Ministry Railway Division.

Legal constitution

The Ministry is the state institution

Clients

Railway Inspectorate, railway undertakings and the infrastructure managers are the main clients of the MEAC in terms of state aid, operating licences, competition, transport rules, operating rules and public service obligations. Competition Board can also be a client.

Contact details for clients

Ministry of Economic Affairs and Communications

Harju str. 11, 15072 Tallinn

Phone: +372 6 256 342

Fax: +372 6 313 660

E-mail: info@mkm.ee

Web: <http://www.mkm.ee/>

Autonomy of organisation

The Ministry of Economic Affairs and Communications is governed by its statutes approved by the Government of the Republic of Estonia Regulation no. 323 on 23 October 2002.

1.1.4 Infrastructure Managers

In Estonia, there are two public railway infrastructure managers namely Estonian Railways Ltd. (693 km) and South-West Railways Infrastructure Ltd. (320 km). Estonian Railways Ltd is both infrastructure manager and railway undertaking at the same time, South-West Railways Ltd has different companies for passenger traffic and infrastructure management. (. They operate on their own infrastructure (they are the owners) and charge operators who want to acquire track access. South-West Railways Ltd. is concern and is divided for five separate undertakings – Edelaraudtee AS, Edelaraudtee Veeremi OÜ, AS Ühineneud Depood, Edelaraudtee Infrastruktuuri AS, Edelaraudtee Halduse OÜ. The South-West Railways Ltd's infrastructure is only used by their own railway

undertaking, while Estonian Railways Ltd. infrastructure is used also by other railway undertakings. South-West Railways Ltd. has subsidiary for the public passenger service. South-West Railways Ltd. is passenger and freight operator. Passenger traffic forms about 95 per cent of all traffic on South-West Railways Infrastructure Ltd's infrastructure. Estonian Railways Ltd must also keep separate accounting of revenues and costs relating to the areas of transport services and infrastructure management.

Organisation chart

Estonian Railways Ltd. has infrastructure service department within the company structure doing IM tasks. Edelaraudtee Ltd. has created a separate company "Edelaraudtee Infrastruktuuri AS" (100% shares are owned by a mother company) to deal with infrastructure management.

Income and expenses

Estonian Railways Ltd. IM is not a separate company hence the income for particular department in charge of infrastructure management is not known.

Estonian Railways Ltd as infrastructure manager

(in EUR)		2003	2004*
INCOME	a. Income from Infrastructure access charges	64,638,132	68,409,303
	b. Subsidy from the State	-	-
	c. Total	64,638,132	68,409,303
EXPENSES	Total	34,832,679	42,361,791
RESULT	Total	29,805,389	26,047,512

As the infrastructure manager is a commercial company, the income will cover the expenses.

*** - provisional data**

The following table gives estimation of what each TO paid to each IM in 2002,

2002 charges TO/IM estimated in MEEK per year			
	Infra manager		
Train operator	Eesti R	Edela R	Total
Eesti Rail freight	823	0	823
Linkoil	223	0	223
Elektriraudtee	18,1	0	37
Edelaraudtee	7,3	51	51
EVR Ekspress Express	5,8	0	5,8
Total	1077	51	1140

The 2 tables show different results. The first table shows the numbers of Estonian Railways Ltd, the second one the estimations of Alain Sauvart, a consultant in Estonia.

The total Estonian Railways Ltd infrastructure access fee amounted to 64.84 million euros in 2003 and 68.4 million euros in 2004.

Number of employees

The number of employees in the Estonian Railways Ltd (AS Eesti Raudtee . Infrastructure Service department was around 100 (this number is actually much higher). The number of employees in Edelaraudtee Infrastruktuuri AS was 230 people. As a remark, the classification for the above figures is obviously different in Estonian Railways Ltd. and South-West Railways Ltd. Otherwise the number of employees is illogical to me (R.U).

Legal constitution

Estonian Railways Ltd. is a private joint stock company (66% of shares are owned by Baltic Rail Services, a British based consortium and 34% of shares are owned by Estonian state). The IM department is a structural part of the Estonian Railways Ltd. organization. South-West Railways Infrastruktuuri AS as IM is a daughter company of South-West Railways Ltd, which is owned partly by British company GB Railways (20%) and by local investors (80%).

Clients

Railway undertakings, ERI, Competition Board and the state are the clients of the infrastructure managers.

Contact details for clients

AS Eesti Raudtee
Pikk 36, 15073 Tallinn
Tel: (0) 615 8610
Fax: (0) 615 8710
E-mail: raudtee@evr.ee
Infrastructure dept. : (0) 615 8610

Edelaraudtee Infrastruktuuri AS
Kaare 25, EE-72213, Türi
Tel: +372 38 571 23
Fax: +372 38 571 21
Email: edel@edel.ee
Web: www.edel.ee

Autonomy of organisation

Since both companies are private, the guidelines they receive are only from their managerial boards. Currently as infrastructure managers, companies have to follow legal rules laid out in the new Railways Act (2004). The Government of Estonia has the right to independently designate a railway for public use for a fair charge if the use of the railway infrastructure is necessary for the provision of public utility transport services in the public interest.

The methodology of the access fee calculation is issued by the Ministry of Economic Affairs and Communications. (upon the increase in volume the fee charged per unit decreases.)

1.2 Authorities required by the 2nd Railway Package

The second Railway Package demands for the establishment of a national safety authority and an independent investigation authority. Most probably the Railway Inspectorate will be the safety authority. The independent investigation body is in Ministry of Economic Affairs and Communications.

2 ORGANISATION OF PUBLIC TASKS

The new Railways Act, which came into effect at 31. March 2004, liberalises further the railway services and compels Eesti Raudtee Ltd. to compete on an equal basis with other operators for traffic quotas. It's not difficult to have an access to the network for the reasons that by new Railways Act the Railway Inspectorate is independent body, who allocates capacity . At the present time there are two railway undertakings, who compete with Estonian Railways Ltd for freight traffic. Spacecom Ltd has 9 lines and Westgate Transport LLC has 9 lines from the total capacity of the Estonian Railways Ltd. network. The new law will provide to the Ministry more possibilities to access to Estonian Railways Ltd' accounting documents, which will foster greater transparency. The competition for quotas is in effect from 2005 traffic period.

2.1 Separation, licensing and charging

2.1.1 Investigation of accidents (2001/12)

Responsible organisation

Investigation unit in the Ministry of Economic Affairs and Communications

Objectives, tasks and responsibilities

The Government of the Republic established a structural unit in the Ministry of Economic Affairs and Communications for organisation of the investigation of railway traffic accidents or railway incidents (hereinafter: *investigation unit*), which unit is independent in its investigation-related decisions. There is 1 civil servant responsible for the railway investigations.

The investigation unit has the right to engage experts into the investigation and submit proposals to the Minister of Economic Affairs and Communications for establishment of investigation commissions. Institutions associated with the investigation are required, within the limits of their competence, to provide the necessary assistance to the investigation unit, members of investigation commission, or experts.

The main objective of investigations concerning railway traffic accidents or railway incidents is identification of the reasons of a railway traffic accident or railway incident, or collision, if necessary, in order to prevent the occurrence of such accidents, incidents, or collisions in the future.

Procedure

The investigation unit is required to investigate first level and second level railway accidents.

The investigation unit has the right to decide whether a railway accident, railway incident, or collision shall be investigated. Upon making of the decision, the investigation unit is required to take into consideration the severity of the railway accident, railway incident, or collision. Upon evaluation of the severity of a railway accident, railway incident, or collision, the investigation unit shall take into account the opinion of the Railway Inspectorate and other circumstances.

The investigation unit, investigation commissions and experts have the right to access the location of the railway traffic accident or railway incident, the rail vehicles associated with the accident or incident, railway infrastructure, traffic control equipment, and signalisation equipment. The investigation unit, investigation commissions and experts shall also have the right to question all persons who have information important from the viewpoint of the investigation and to access independently or in co-operation with an institution conducting criminal investigation all information and documents pertaining to the case.

Legal basis of procedure

Railway Act; § 42. Investigation of railway traffic accidents and railway incidents
Rescue Act (RT I 1994, 28, 424; 1998, 39, 598).

2.1.2 Safety certification of rolling stock and railway undertakings (2001/12)

Responsible organisation

Railway Inspectorate

Objectives, tasks and responsibilities

Management of a public railway, provision of rail transport services for passengers, or provision of rail transport services for goods is allowed in the case if the undertaking has both a valid operating license and a valid safety certificate, which confirms that its railway infrastructure and organisation of railway traffic, or its rail vehicles and personnel meet the requirements arising from Railways Act.

Procedure

- (1) An undertaking applying for issue or renewal of a safety certificate for the purpose of managing a public railway shall submit the following documents to the Railway Inspectorate:
 - 1) an application;
 - 2) a list of the persons responsible for railway safety and railway traffic; the list shall set out the given names and surnames of the persons, their personal identification codes (or, in the absence thereof, the date of birth), and copies of the professional certificates issued to them;
 - 3) a list of railway infrastructure constructions and buildings by main tracks, station tracks, and special purpose tracks (track identification, limits and code of the register of railway traffic, location of constructions and buildings, type, name, and identification), with short description of their technical condition;
 - 4) a report on verification of the compliance of railway infrastructure and railway traffic organisation with the established requirements.
- (2) An undertaking applying for issue or renewal of a safety certificate for the purpose of providing rail transport services for passengers or rail transport services for goods shall submit the following documents to the Railway Inspectorate:
 - 1) an application;
 - 2) a list of locomotive drivers employed by the undertaking; the list shall set out the given names and surnames of the locomotive drivers, their personal identification codes (or, in the

- absence thereof, the date of birth), and the data concerning the locomotive driver's licences issued to them – number of the licence, type of locomotive that the driver is entitled to drive, issuer of the locomotive driver's licence, place and date of issue;
- 3) a list of assistant locomotive drivers; the list shall set out the given names and surnames of the assistant locomotive drivers, their personal identification codes (or, in the absence thereof, the date of birth), and copies of the professional certificates issued to them;
 - 4) data concerning the rail vehicles possessed by the undertaking and registered in the state register of railway traffic or subject to registration in said register, which the undertaking intends to use for provision of rail transport services for passengers or rail transport services for goods (type of rail vehicles, subtype, code of the register of railway traffic, manufacturer, year of manufacture);
 - 5) a report on verification of the compliance of rail vehicles with the established requirements.
- (3) In order to apply for a safety certificate or renew a safety certificate issued earlier, foreign railway undertakings or associations of railway undertakings shall submit the data specified in subsection (2) of this section only concerning their activities in Estonia.
 - (4) If the circumstances serving as the basis for issue of a safety certificate have changed, and if the changes result in the need for amendment of the safety certificate data provided for in Section 22 (5) of this Act, the undertaking shall submit a respective application to the Railway Inspectorate.
 - (5) Before submission of an application for issue, amendment, or renewal of a safety certificate, the applicant is required to pay the state fee. The applicant must indicate in its application the information concerning payment of the state fee.

Legal basis of procedure

“Railways Act” § 21. Application for issue, amendment, or renewal of safety certificate

2.1.3 Licensing of railway undertakings (2001/13)

Responsible organisation

Ministry of Economic Affairs and Communications

Objectives, tasks and responsibilities

Chapter 2 of the Railway Act establishes the various types of operating licences and the fields of activities requiring an operating licence, as well as the principle that a foreign railway undertaking or association of railway undertakings need not apply for an operating licence if it has been issued in the respective foreign state and if the states have agreed upon mutual recognition of operating licences

Procedure

- (1) A person who applies for an operating license shall submit the following documents to the Minister of Economic Affairs and Communications:
 - 1) an application;

- 2) in the case of a company being founded, a copy of the articles of association or of the partnership agreement;
 - 3) in the case of a company being founded, an officially authenticated copy of the memorandum of association;
 - 4) in the case of an operating company, a copy of the previous fiscal year's approved annual report;
 - 5) if the annual report is lacking, or if the annual report submitted has been composed and approved earlier than six months before the submission of the application, a copy of the interim accounting report as at the end of the month preceding submission of the application for the operating licence;
 - 6) a list of the members of the management board of the company and other persons with management rights; the list shall set out the given names and surnames of the persons, their personal identification codes (or, in the absence thereof, the date of birth), residences, information concerning their education or professional experience, their recent places of work or service, and written confirmation prepared by said persons concerning their compliance with the requirements provided for in clause 11 (1) 2) of Railways Act;
 - 7) documents concerning the compliance of persons specified in clauses 11 (2) 3) and 4) of Railways Act with the established requirements;
 - 8) a copy of the liability insurance contract specified in clause 11 (1) 7) of Railways Act or, in the case of a company being founded, a confirmation from the insurer concerning the entry into a liability insurance contract.
- (2) Before submission of the application for an operating license, the applicant is required to pay the state fee. The applicant must indicate in its application the information concerning payment of the state fee.

Legal basis of procedure

“Railways Act” § 12. Documents necessary for application for operating license

§ 63. Railway Inspectorate in capacity of capacity allocation body

General notice following paragraphs

(1) A railway infrastructure manager shall transfer the activities specified in subsections (3) and (4) of this section to the Railway Inspectorate if the undertaking uses its railway infrastructure for provision of rail transport services, or if it is not impartial or independent upon making of decisions concerning distribution of capacity for the reason that a railway undertaking belonging to the same group of companies as the railway infrastructure manager is applying for capacity or that the railway undertaking applying for capacity is connected with the railway infrastructure manager through control for the purposes of the Competition Act.

The Paragraphs 50 to 62 of the Railway Act are about independent railway infrastructure managers; however in Estonia all railway infrastructure managers (Estonian Railways Ltd and South-West Railways Infrastructure Ltd) are also railway undertakings or they belong to the same concern. The

tasks of the railway infrastructure managers are reviewed and approved or non-approved by the Railway Inspectorate as mentioned § 63.

2.1.4 Track access (2001/12)

Responsible organisation

Railway Inspectorate & railway infrastructure managers

For the whole capacity allocation process, § 63 of the Railways Act stipulates that the following tasks are transferred from infrastructure manager to Estonian Railway Inspectorate when infrastructure manager also operates on its infrastructure or is for some other reason (cases described in the act) biased in the procedure: approval of Network Statement; inspection of applications for paths; conduction of coordination process and preparation of coordination decision; decision to declare the capacity to be exhausted; approval of traffic plan; setting of infrastructure fees based on the methodology (approved by the MEAC) and accountancy data from the infrastructure manager. A Capacity Allocation Board (more than 50% of the members must be representatives of RI) is established in the Railway Inspectorate for the mentioned purpose. All the decisions in the process are proposed by the Capacity Allocation Board and must be approved by the Director General of RI. If the “conflict of interest” does not occur then the procedure of allocation is as described below. In practice, Capacity Allocation Boards have been established for allocating network capacity in 2005 and 2006 both on Estonian Railways infrastructure and South-West Railways infrastructure..

Objectives, tasks and responsibilities

(1) Railway undertakings have the right to use railways designated for public use for the provision of rail transport services without discrimination with regard to usage fees, time and other conditions of use of the railway infrastructure.

Procedure

For use of capacity, a railway infrastructure manager may conclude an agreement with the applicant for up to five consecutive traffic timetable periods. A railway infrastructure manager may conclude an agreement for use of capacity for a term longer than mentioned above, but not for a term longer than ten consecutive traffic timetable periods, only based on approval of the Minister of Economy and Communications; in such a case, the applicant is required to make or undertake in writing to make long-term investments for the provision of rail transport services, and conclusion of a long-term agreement may not prevent the use of railway infrastructure by other railway undertakings.

In general, railway undertakings having the respective operating licence have the right to apply for railway infrastructure capacity.

The Railway Act establishes the main services and additional services ensuring access to railway infrastructure that a railway infrastructure manager must provide to all railway undertakings without discrimination and on an equal footing. A railway infrastructure manager may refuse to provide additional services ensuring access only in the case if the railway undertaking has alternative

possibilities for replacement of said services. In the case if a respective agreement is reached, other services may be provided by a railway infrastructure manager to a railway undertaking; such services are referred to as supplementary access services.

Legal basis of procedure

“Railways Act” § 50. Access to public railways

2.1.5 Developing the capacity allocation framework (2001/14)

Responsible organisation

Railway Inspectorate & railway infrastructure managers

Objectives, tasks and responsibilities

What concerns the regulation of capacity distribution, an important role is played by the co-ordination procedure that a railway infrastructure manager is obliged to conduct if several applicants apply for the same share of capacity or partly overlapping shares of capacity. Co-ordination procedure of capacity distribution means the activity of a railway infrastructure manager upon fitting of all applications into the traffic timetable by way of negotiating with all applicants and making of proposals to them in the manner most favourable for all applicants.

Procedure

If a co-ordination procedure of capacity distribution shows that all applications associated with a part of a railway network cannot be acceded to, a railway infrastructure manager declares the capacity of the respective part of the railway network exhausted and notifies the Minister of Economy and Communications about it immediately. In the case if capacity is exhausted, a railway infrastructure manager has the right to distribute the capacity by access fee auction, in which case the shares of capacity are allocated to the applicants that make the highest bid. In the case if capacity is exhausted, the principle that as many railway undertakings as possible should be granted shares of capacity must be followed upon distribution of the capacity by the railway infrastructure manager. A reasonable restriction taking into account the market situation will be provided for in the railway network statement, which restriction will establish the upper limit of the capacity to be distributed that a rail transport undertaking may be granted in the case if the capacity is exhausted, irrespective of the criteria for distribution of capacity. Another important aspect is that in case if the capacity to be distributed is exhausted, railway undertakings that belong to the same group of companies or railway undertakings which are connected through control are considered as a single railway undertaking – such arrangement ensures access to the railway infrastructure for as many railway undertakings as possible in case of capacity exhaustion as well.

There is no capacity problem in Estonia at the moment. The most troublesome line is Lagedi-Maardu line.

Legal basis of procedure

“Railways Act” § 55. Distribution of capacity and procedure for co-ordination

2.1.6 Publishing of capacity allocation framework (2001/14)

Responsible organisation

Railway infrastructure manager

Objectives, tasks and responsibilities

Procedure

The traffic timetable must be approved not later than four months before commencement of the traffic timetable period, and a term of 30 days must be provided to railway undertakings and other persons interested for submission of their opinions, which opinions must be taken into account upon composition of the traffic timetable, if possible.

Legal basis of procedure

Railways Act; § 52. Schedule of capacity distribution

2.1.7 Setting of infrastructure charges (2001/14)

Responsible organisation

Railway Inspectorate

Objectives, tasks and responsibilities

(3) A railway infrastructure usage fee for the main services ensuring access and additional services ensuring access shall include the costs for the grant of the use of railway infrastructure and reasonable business profit.

Procedure

(6) The railway infrastructure usage fees for main services ensuring access, additional services ensuring access and supplementary access services, and the usage fees for one-time shares of capacity intended for specific purpose shall be determined by the Minister of Economic Affairs and Communications on the basis of the established methodology for calculation of railway infrastructure usage fees.

In practice ERI is not lenient to change charges often since it can harm long-term contracts. Currently Estonian Railways Ltd. IM charges are about 10-20 times lower than those of IM South-West Railways Ltd. It is due to the fact that the infrastructure has different utilization level for both IMs.

Legal basis of procedure

“Railways Act” § 59. Agreement on use of railway infrastructure and usage fee

2.1.8 Collection of infrastructure charges (2001/14)

Responsible organisation

Infrastructure managers

Objectives, tasks and responsibilities

The fees collected from infrastructure charging will be used to cover maintenance, the organisation of railway traffic and the granting of the use of railway infrastructure to railway manager's expenses.

Procedure

Collection of fees is done monthly

Legal basis of procedure

2.1.9 Publishing of charging framework (2001/14)

Responsible organisation

Railway infrastructure manager

Objectives, tasks and responsibilities

Railway infrastructure manager should inform on charging mechanisms through network statement.

Procedure

(1) A railway infrastructure manager is required to compose for each period of traffic timetable, after consultation with the railway undertakings, capacity distribution bodies involved, and other persons concerned, a network statement reflecting the conditions of access to railway infrastructure. A railway infrastructure manager shall make the network statement available to persons interested on a site approved by the Minister of Economic Affairs and Communications not later than four months before expiry of the term for submission of applications for capacity. A railway infrastructure manager is required to keep the network statement updated and to amend it whenever necessary.

(3) A railway network statement shall include the following:

2) the details for calculation of the railway infrastructure usage fee, both in the case of main services ensuring access and additional services ensuring access (and in the case of supplementary services, if necessary), in accordance with the methodology for calculation of railway infrastructure usage fee established based on subsection 59 (6) of Railways Act, and the presumed amount of usage fee for the next traffic timetable period;

Legal basis of procedure

Railways Act § 51. Disclosure of conditions of access to railway infrastructure

2.1.10 Appeal to decisions related to charging and capacity allocation (2001/14)

Responsible organisation

Competition Board or the Minister of Economic Affairs and Communications.

Objectives, tasks and responsibilities

(1) If an applicant is of opinion that it has been treated in a discriminatory or otherwise unfair manner by the railway infrastructure manager, the applicant has the right to file a complaint with the Competition Board or the Minister of Economic Affairs and Communications.

Procedure

An applicant has the right to have recourse to the Minister of Economic Affairs and Communications especially in the case of decisions of the railway infrastructure manager that concern:

- 1) railway network statement concerning the conditions of access to railway infrastructure;
 - 2) criteria included in railway network statement;
 - 3) distribution procedure and results thereof;
 - 4) establishment of usage fees;
 - 5) distribution of one-time shares of capacity intended for specific purpose.
- (2) If an applicant is of opinion that it has been treated in a discriminatory or otherwise unfair manner upon performance of the activities specified in subsections (3) and (4) of Railways Act by the Railway Inspectorate, the applicant has the right to file a complaint with the Minister of Economic Affairs and Communications.
- (3) The Minister of Economic Affairs and Communications shall make its decision concerning the complaints filed within two months after acquisition of all the necessary information. By its decision, the Minister of Economic Affairs and Communications shall deny the complaint or issue to the railway infrastructure manager a precept for elimination of the violation, granting a term therein for the elimination.
- (4) If the Minister of Economic Affairs and Communications has reason to presume that the railway infrastructure manager has committed an offence provided for in the sections 399-402 of the Penal Code (RT I 2001, 61, 364; 2002, 86, 504; 82, 480; 105, 612; 2003, 4, 22), he or she shall submit the complaint and the collected materials pertaining to the case to the Competition Board.
- (5) If an applicant or a railway infrastructure manager disagrees with the decision of the Minister of Economic Affairs and Communications, it has the right to have recourse to the court, except in the case provided for in subsection (4) of this section, if the Minister of Economic Affairs and Communications decides to submit the complaint to the Competition Board.
- (6) In the case if a capacity distribution decision has been contested, the shares of capacity shall be used in accordance with the contested decision until the dispute is settled.
- (7) In the case if decisions of the Railway Inspectorate provided for in subsection 63 (4) of this Act are declared invalid or repealed, a railway undertaking or other owner of rail vehicles may

demand compensation of direct material damage only. 1 case has reached to the court in 2004 and 2 cases in 2005..

Legal basis of procedure

“Railways Act” § 64. Settlement of complaints

2.2 Interoperability and safety

Estonia has been advised in the last report on Accession to complete further legislative alignment in the rail sector, notably regarding the infrastructure and rail interoperability issues. Estonia needs to increase the cooperation with neighbouring network infrastructure managers for the allocation of capacity at the international level. At the moment it is done through bilateral and international agreements. One must note that Estonia is in a very special position in terms of (required) interoperability in railways. More than 90% (maybe 60-70%) of cargo in Estonia is carried by rail. Most of the cargo is being transported to and from Russia, which eventually accounts for a 10-15% of Estonian GDP. Estonia sees interoperability with Russia as a priority. Due to earlier signed agreements (1993) with OTIF and OHSD Estonia is obliged to transport a certain amount of cargo to Eastern neighbours. A broader gauge also ensures easier interoperability with ex-soviet republics. In end, the special agreements Estonia has with Russia are similar in nature to those proposed by EU directives. The technical standards are different though.

Estonia recently started a project in cooperation with Dutch Ministry of Transport to implement the interoperability and safety requirements.

2.2.1 Drawing up Technical Specifications for Interoperability (TSIs) (96/48 and 2001/16, art. 5)

Responsible organisation

Railway Inspectorate

Objectives, tasks and responsibilities

One of the competences of the Railway Inspectorate is to verify railway infrastructure undertakings compliance with the requirements established in the rules for technical use and the operating rules of railway infrastructure managers.

Procedure

Not available

Legal basis of procedure

International agreements

2.2.2 Appointing of Member State representative in the Advisory Committee (96/48 and 2001/16, art 21)

2.2.3 Regulation of interoperability (96/48 and 2001/16, art 8 and 20)

Responsible organisation

Ministry of Economic Affairs and Communications

Objectives, tasks and responsibilities

Railway infrastructure manager must provide conditions for interoperability

Procedure

) Any railway infrastructure manager or other owner or possessor of a railway whose railway joins with a railway owned by another person or possessed by another person shall permit connection to its railway infrastructure and allow passage of rail vehicles via its railway onto the joining railway.

Legal basis of procedure

“Railways Act”. §8, Connection with other Railways

2.2.4 Authorisation of (sub)systems (96/48 and 2001/16, art 14)

Not implemented

2.2.5 Control on (sub/system) operation and maintenance in accordance with regulations (96/48 and 2001/16, art 14)

Not implemented

2.2.6 Approval of Notified Bodies (96/48 and 2001/16, art. 20) please indicate which are the approved Notified Bodies and their relevant tasks

Not implemented

2.2.7 Assessment/control of Notified Bodies (96/48 and 2001/16, art. 20)

Not implemented

2.2.8 Assessment of conformity and/or suitability of (sub)systems for use (96/48 and 2001/16, art 13)

Not implemented

2.3 State aid, competition and public service obligations

2.3.1 Monitoring of competition (1017/68, 2001/12 and 01/2003)

Responsible organisation

Estonian Competition Board: The Third Supervisory Department

Objectives, tasks and responsibilities

Estonian Competition Board is an organization trying to monitor and enforce competitive environment in the Estonian market.

Procedure

Not available

Legal basis of procedure

Statutes of the Competition Board (1993)

Competition Act (passed on June 5, 2001) and entered into force on October 1, 2001

2.3.2 Enforcing of competition (01/2003)

Responsible organisation

Estonian Competition Board: The Third Supervisory Department

Objectives, tasks and responsibilities

Estonian Competition Board is an organization trying to monitor and enforce competitive environment in the Estonian market.

Procedure

Main tasks of the third Supervisory Department of the Competition Board:

- To define goods markets and to proceed competition restriction cases in the sectors of transport, construction, financial services, culture and education;
- To grant exemptions to agreements restricting competition in the same sectors, to analyse competitive situation and to provide advice to undertakings;
- To prepare drafts of decisions and precepts to be issued by the Director General of the Competition Board and his Deputy and to prepare administrative offence reports, to exercise supervision over the compliance with the issued precepts;
- To perform other tasks given by Director General or his Deputy;
- To exercise control in respect of concentrations.

Legal basis of procedure

Statutes of the Competition Board (1993)

Competition Act (passed on June 5, 2001) and entered into force on October 1, 2001

2.3.3 Complaint handling related to competition (01/2003)

Responsible organisation

Estonian Competition Board

Objectives, tasks and responsibilities

Tasks of Estonian Competition Boards include (among others):

- to investigate the agreements and contracts restricting competition;
- to process the cases of abuse of dominant position by undertakings;
- to grant exemptions to agreements restricting competition in the same sectors, to analyse competitive situation and to provide advice to undertakings.

Procedure

Not available

Legal basis of procedure

Statutes of the Competition Board (1993)

Competition Act (passed on June 5, 2001) and entered into force on October 1, 2001

2.3.4 Evaluation of annual PSO claims (1191/69)

There is no need to evaluate PSO claims/economic disadvantages in Estonia, because the passenger provision is done through a direct contract between government and the railway undertakings. Government provides a flat subsidy amount to operator who has to ensure the provision and quality of the passenger service. No operators have exceeded the designated subsidy amount for passenger transport yet. For South-West Railways Ltd the subsidy amounted to EEK 140 million in 2002, 140 million in 2003, 134 million in 2004 and 135 million in 2005. .

Passenger PSO provision is done through a direct contract between government and the railway undertakings.

The services are divided between the electrified lines around Tallinn inside Harju County (Elektriraudtee AS) and the regional diesel lines (Edelaraudtee AS). The Ministry of Economic Affairs and Communications is the contracting authority. The total contracting sums vary; the contracts are signed every year.

Public passenger transport subsidies 2002-2005

<i>Year</i>	<i>Edelaraudtee AS</i>	<i>Elektriraudtee AS</i>
2002	140 000 000	42 274 700
2003	140 000 000	51 500 000
2004	134 000 000	50 000 000
2005	135 000 000	45 000 000

All sums are in Estonian kroons (1€ = 15.6466 EEK).

The contracts are signed every year.

Concerning Edelaraudtee AS, public procurement procedures were made 2000-2001, but no other railway undertaking besides Edelaraudtee AS bid and the procedures was cancelled. At this moment the contracts are signed every year. The Ministry of Economic Affairs and Communications is looking for opportunities to take procedures to sign long-term contracts for public passenger transport.

All lines receive 'pso' subsidies, except international lines, which are operated by GoRail Ltd. About 84 per cent of Edelaraudtee AS's public passenger transport costs and 67 per cent of Elektriraudtee AS's public passenger transport costs are covered by subsidies. Other costs are covered by ticket and other public passenger transport revenues.

2.4 Statistics

2.4.1 Collection of financial data from railway undertakings (1192/69)

Responsible organisation

The Ministry of Economic Affairs and Communications and the Railway Inspectorate

Objectives, tasks and responsibilities

Right of Minister of Economic Affairs and Communications and Railway Inspectorate to information and access to objects of supervision

Procedure

(1) Railway undertakings and the employees thereof, other owners or possessors of railway infrastructure or rail vehicles and the employees thereof, undertakings that belong to the same group of companies with the railway undertaking and the employees thereof, and undertakings involved in railway constructions works and technical maintenance or rail vehicle repair and the employees thereof are required to provide the Minister of Economic Affairs and Communications or an official authorised by the Minister of Economic Affairs and Communications and the Railway Inspectorate

with correct and complete information necessary for the performance of state supervision duties at their first request.

Legal basis of procedure

Railways Act, §74. Right of Minister of Economic Affairs and Communications and Railway Inspectorate to information and access to objects of supervision

2.4.2 Collection of financial data from infrastructure managers (1108/70)

Responsible organisation

The Ministry of Economic Affairs and Communications

Objectives, tasks and responsibilities

verify the compliance with the separate accounting requirement provided for in subsections 4 (2) and (3) of Railways Act;

Procedure

(2) For performance of the duty provided for in clause (1) 6) of this section, a railway infrastructure undertaking whose railway has been designated for public use and who has concluded agreements with railways or railway organisations of other states, which agreements bring about rights or obligations to third parties, shall submit to the Minister of Economic Affairs and Communications quarterly reports on performance of such agreements by the 15th date of the month following each respective quarter according to the data applied for by the Minister of Economic Affairs and Communications.

Legal basis of procedure

Railways Acts § 71. Competence of Minister of Economic Affairs and Communications

2.4.3 National contribution to Community statistics on rail transport to Eurostat (91/2003)

Statistical Office of Estonia

3 TRAIN OPERATING COMPANIES

In Estonia, up to July 1, 2000, operating licenses for the management of railway infrastructure or for the provision of railway transport services have been granted to ten enterprises, the most important of which are the following: Eesti Raudtee Ltd. , the main railway undertaking in Estonia – operates domestic and international freight services on its own infrastructure. Edelaraudtee Ltd. – operates domestic passenger and freight services both on its own infrastructures and on the infrastructure of the Eesti Raudtee Ltd.. Elektriraudtee Ltd. – operates local passenger commuter traffic in the Tallinn area. GoRail Ltd. operates international passenger services over Eesti Raudtee Ltd infrastructure to and from Russia; Estonia has no through rail passenger connections with the other Baltic States since 1998. In addition, there are also a number of privately owned sidings and rail services that operate in part on the infrastructure of Eesti Raudtee Ltd. (very marginal ones). The new owner of the Eesti Raudtee Ltd.- Baltic Rail Service (BRS) is not interested in the development of passenger traffic. It purchased the railways to make them profitable, but it is much easier to make money on cargo trains that run very frequently through Estonia carrying Russian oil and petrol to the West. Spacecom Ltd and Westgate Transport LLC are also railway undertakings, who operate freight services.

3.1 List of train operating companies

Freight operations

- Estonian Railways Ltd – (Eesti Raudtee AS)
- Spacecom Ltd
- Westgate Transport LLC
- South-West Railways Ltd (Edelaraudtee AS)
- And 20 more operators with a license (they are not operating on the main lines)

Passenger operations

- GoRail Ltd
- Electrified Railways Ltd (Elektriraudtee AS)
- South-West Railways Ltd (Edelaraudtee AS)

3.2 Safety license

All operators mentioned, have safety licenses.

Eesti Raudtee Ltd. as infrastructure manager lost their safety license from September 2001 till October 2001 (the newly bought American locomotives were too heavy); however it did not suspend its services. The situation was resolved through direct negotiation between Eesti Radutee Ltd. and Railway Administration and some technical changes.

3.3 Market shares/transport volumes

Freight operations

Transit from Russia makes about 91.5% of Estonia's traffic operations, 3/4 of which involves oil freights. Estonia's freight volumes remained on the same level in 2004 compared with previous year. The tonnage exceeded 43,2 million tons (Eesti Raudtee Ltd. has most of the freight market).

FREIGHT TRAFFIC ON RAILWAYS by Year, Month and Indicator.

Freight, thousand tonnes

2004	72 257
2003	72 228
2002	71 021

Footnote:

In the ascending total only the data presented to the database have been summed up.

*Total freight include freight form all operators

** Source: Estonian Statistical Office

Passenger operations

The number of people using the passenger railway Edelaraudtee Ltd. (Southwest Railways) fell from 3.5 million in 2000 to 1.67 million in 2001. The main reason for the decline was a decrease in government subsidies that resulted in the closure of some lines. The railway was sold to the British firm GB Railways and the government subsidies are expected to decrease. It is worth to note that there is no through connection from Estonia to Latvia and Lithuania and passengers have to travel through the Russian Federation. The bus competition for international and national passenger carriage is very high.

PASSENGER TRAFFIC ON RAILWAYS by Year, Month and Indicator.

Passengers, thousands

2004	5 272
2003	5 066
2002	5 187

Footnote:

In the ascending total only the data presented to the database have been summed up.

* Total passengers include passengers from GoRail Ltd, Elektriraudtee AS, Edelaraudtee AS.

** Source: Estonian Statistical Office

4 NGO'S

Type of NGO	Number of NGOs	The main activity of 2 key organizations (include name)
Industry		
User	1	Estonian Consumer Protection Board
Trade Unions	1	Trade Union of Estonian Railway Workers
Total # of members		
Environmental		
Other		Estonian Infrastructure and Transit Development Foundation – promotion and marketing of Estonia as transit country

4.1 Industry associations

Not existing

4.2 User groups

Estonian Consumer Protection Board (ECPB)

The ECPB is a national authority the main task of which is to protect the legitimate rights of consumers and to represent their interests, to develop and implement consumer policy in accordance with the provisions of the UN Guidelines, of the Consumer Protection Act and of European Union consumer policy.

4.3 Trade unions

Trade Union of Estonian Railway Workers (ERAÜ), The Estonian Railwaymen's Trade Union and the Trade Union of Estonian Locomotives Drivers are looking after the employees' interests. Currently, ER is undergoing downscaling of the labour force and unions are closely involved in negotiations with the owners (800 people were layed off in 2002, 400 layoffs are planned for 2003). In 2002 unions demanded from the company to follow the agreed rules regulating working and rest time. The Trade Union leaders' position is that layoffs cannot be carried out without analysing the consequences and only for cutting the number of employees. Strikes and protest actions have been exercised by these unions as well. Smaller cities in Estonia are very dependant on income received from railways. Some places (Tapa) acquired 80% unemployment after EE layoffs, hence the relation between the company and the unions is quite tense.

4.4 Environmental groups

4.5 Other

Estonian Infrastructure and Transit Development Foundation is a non-profit organisation founded in May 1999 by the Estonian Government with full backing from the local infrastructure and transit industry. The Mission of the Foundation is to be a:

- Promoter - working out, implementing, coordinating and financing public and private projects aimed at developing Estonian transit sector.
- Marketer - introducing and promoting the transit potential of Estonia worldwide relying on public and private projects in the local transit sector.

5 FURTHER FACTS AND STATISTICS

5.1 Complaint statistics and information

There were major complains in Estonian railway market over the privatization. The true structure and the accuracy of the information concerning the winner of Eesti Raudtee Ltd. tendering, a consortium called Rail Estonia, has been questioned. In February 2001 a separate group of three judges was appointed by the court to investigate the procedures and the management of the process by the Estonian Privatization Agency as well as the MoT.

In February 2001 the winner of Edelaraudtee Ltd. tendering, GB Rail (UK), demanded increased subsidies because otherwise, some main services, such as the ones between Narva and Tallinn, and Tartu and Tallinn, respectively, would have to be discontinued. Nevertheless subsidies were called off. Subsequently in 2001 March, the rail service was actually canceled in South of Estonia . This initiated widespread discontent, because the commencement of a bus service along the discontinued lines had not been planned for and a lot of employees were used to commuting on these lines. The services were restored half a year later when the government finally agreed to provide subsidy. The affect of the crisis was the loss of passengers their trust in trains in Estonia.

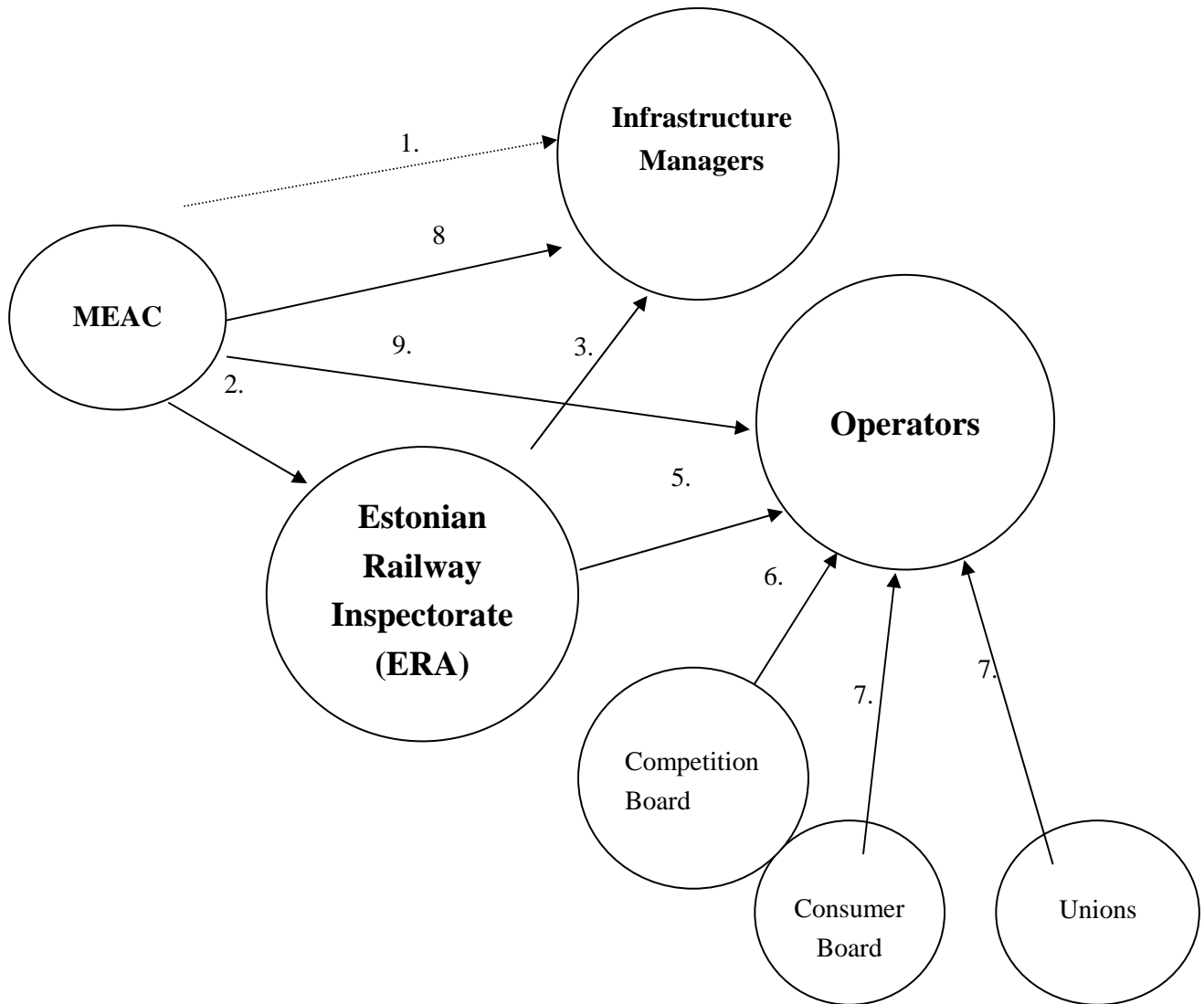
The major disagreement between Eesti Raudtee Ltd. and Railway Administration was over American locomotives that replaced Soviet-made ones. The safety certificate was canceled for these locomotives because they were too heavy for the Estonian tracks. There were other technical discrepancies as well. The dispute was solved by negotiation between Eesti Raudtee Ltd and Railway Administration and some technical upgrading of the locomotives. The case was never brought to court.

5.2 Railway accident statistics

TRAFFIC ACCIDENTS AND FIRES ON ESTONIAN PUBLIC RAILWAYS by Year, Type of accident and Indicator.				
	Accidents on crossings total	on crossings with automatic signal	Fires in trains	Running over persons
1993				
Accidents	22	19	2	23
Persons killed	1	1	0	18
Persons injured	11	11	0	7
1994				
Accidents	24	15	2	23
Persons killed	8	8	0	17
Persons injured	7	6	0	6
1995				
Accidents	30	17	2	30

TRAFFIC ACCIDENTS AND FIRES ON ESTONIAN PUBLIC RAILWAYS by Year, Type of accident and Indicator.				
	Accidents on crossings total	on crossings with automatic signal	Fires in trains	Running over persons
Persons killed	12	8	0	22
Persons injured	12	7	0	8
1996				
Accidents	22	15	0	29
Persons killed	0	0	0	23
Persons injured	21	15	0	7
1997				
Accidents	19	13	2	17
Persons killed	8	5	0	14
Persons injured	10	10	0	4
1998				
Accidents	17	11	1	27
Persons killed	4	4	0	19
Persons injured	13	11	0	8
1999				
Accidents	18	10	2	23
Persons killed	1	1	0	15
Persons injured	4	3	0	9
2000				
Accidents	18	10	0	35
Persons killed	2	2	0	18
Persons injured	0	0	0	17
2001				
Accidents	16	5	0	22
Persons killed	0	0	0	13
Persons injured	0	2	0	13

6 GRAPHICAL OVERVIEW



1. Supervision over separation of accounts
2. Legal control, complaints against RI
3. Safety certificate, inspection, track access, access fees
5. Concession License Safety –certificate Inspection
6. Monitoring, Enforcing
7. Influence
8. Licence
9. PSO contracts, government subsidies, licence