

**PKP S.A. RESPONSE TO THE PUBLIC CONSULTATION QUESTIONS OF  
THE EUROPEAN COMMISSION ON THE HIGH LEVEL GROUP REPORT:  
„NETWORKS FOR PEACE AND DEVELOPMENT – EXTENSION OF MAJOR TRANS-EUROPEAN  
TRANSPORT AXES TO NEIGHBOURING COUNTRIES AND REGIONS”**

**I. Do the five main transport axes highlighted in the High Level Group (HLG) report, in your view, represent the main axes for international traffic and what you add/delete, if given the opportunity and why?**

Polish State Railways Joint-Stock Company (PKP S.A.) feels that the five axes highlighted in the HLG report contain the most important transport development directions to international traffic, though one should notice the determined axes avoid as a rule the corridors and lines passing through territory of Poland.

PKP S.A. accepted contentedly that Pan-European Corridors II and III were taken into consideration in the HLG report as the essential ones to development of Europe and transposed onto definite projects within the section of Northern and Central Axis:

- a multimodal connection Berlin – Warsaw – Minsk – Moscow – Trans-Siberian Line,
- a multimodal connection Dresden – Katowice – Lvov – Kiev.

PKP S.A. is of the opinion, however, taking into account the crucial European North-South connections submitted in its previous position is still purposeful, namely:

- Pan-European Corridor VI (E-65/CE-65): Gdańsk – Warsaw/Bydgoszcz – Katowice – Zilina/Ostrava – Breclav;
- Line CE-59: Malmoe Ystad/Świnoujście – Rzepin – Wrocław – Chalupki/Bohumin – Ostrava;
- Line E-59: Malmoe Ystad/Swinoujscie – Rzepin – Wrocław – Chalupki/Bohumin – Ostrava;

The above-mentioned corridors and lines represent a very important axis leading to Balkan countries and Turkey as well as Mediterranean harbours.

Furthermore, a branch IA (Riga – Kaliningrad – Gdansk) of Corridor I was not considered in the report too. This line provides opportunity to connect the EU countries and neighbouring countries such as: Russia, Lithuania, Latvia and Estonia.

We believe the corridors and lines enumerated create a major axis linking North and South of Europe as well as the Baltic Sea basin and the Mediterranean Sea basin, and they have to be put among project proposals of the Group, because they represent a natural extension 2 of 30 priority projects of TEN-T.

Modernisation of the lines being parts of the axis in question would create an alternative to North – South freight traffic liquidating bottlenecks in West Europe: it would contribute to provide a higher cohesion within the UE itself, and then with its neighbouring countries. This axis would also represent the most attractive passenger and freight connections. Thus Corridor I, after modernisation within TEN-T priority projects, will become the most favourable connection for freight traffic of the Baltic countries, Poland and North-East Europe, and the Black Sea basin countries.

We think the postulated line E-28 should also be taken into account in the report as an additional direction of TEN-T linking Warsaw and Kiev with a branch to Moscow or Odessa. The line would represent an ideal response to the common motion made by Poland and Ukraine concerning necessary connection the both capitals by means of multimodal axes, while in the report it was mentioned merely about submission of such a remark by Poland and Ukraine.

## **II. The HLG report outlines a number of measures, on so-called horizontal issues, are these the most important ones and do the recommendations made by the Group help to solve the problems?**

Measures that are to solve horizontal issues, that had been transposed by the Group onto practical recommendations presented in the report, cover such actions as: twinning cooperation between the EU countries and neighbouring countries; implementation of pilot project of electronic data exchange on the basis of TSI-TAF; arrangements of common border station work and rolling stock transfer procedures on the basis of bilateral agreements; introduction of suitable equipment facilitating performance of transport services between countries with different track gauges. Actions submitted by PKP S.A. on horizontal issues were considered in the report, namely: interoperability questions (one-stop shop, data exchange, navigation satellite system), simplification of border procedures, unification of electrification systems, elongation of tracks at border stations, facilitation of rolling stock acceptance procedures and border controls.

PKP S.A. supports the recommendations proposed in the report. The proposals mentioned there can be surely helpful with solving horizontal questions in transport between the EU countries and neighbouring countries. The recommendations proposed by the Group can be also a measure for achievement of harmonisation between the EU railways and these of the countries outside the EU, and in some case an intermediate stage on the way towards reaching interoperability. Introduction of the procedures described in the report seems to be depended only on taking suitable decisions without engaging huge financial means. At the same time we believe a real progress in solving horizontal questions would take place through implementation of bilateral cooperation between the EU countries and neighbouring countries. Such cooperation should be based on bilateral agreements between countries, which would lead to harmonisation of railway systems between the EU and neighbouring countries.

At the same time we indicate that the proposed joint authority would turn out to be difficult to execution, especially in relation to the border crossing on the eastern border of Poland.

## **III. Financing transport investments is a headache. How can the implementation of these axes and horizontal measures be best financed? What could be the role of the private sector and the user charges?**

At the same time we indicate the proposed joint authority for border crossings may turn out to be difficult to implement, especially with respect to the border crossings located on the east border of Poland.

The Group presents several measures aimed at facilitating modernisation and investment tasks proposed in the report. It is noticeable in the report that investment financing issues are of particular importance to the countries being members of HJG, where difficult economic conditions take place in parallel with public deficit.

The Group considers some possible solutions from the point of view of the support by international financial institutions (EIB, EBRD, WB), the European Commission (European Development Fund, studies, training, assistance, new legal instruments) and it stresses the need of legal instruments synchronisation in order to support financing projects. In case of the assistance of this kind, it is also vital to put the projects with prioritised value in the national programmes of states.

The Group emphasizes the solutions of PPP type and underlines the need to make economic analyses, which would become a basis for introduce the PPP solutions outside the EU countries too.

PKP S.A. is in favour of the idea to start searching new and as much as possible widely spread financing sources for railway projects. It seems, however, taking into account the current financial situation of both the countries – members of the Group and the European Union budget, to finance recommendations of HLG would become very difficult or impossible, especially to this group of projects for which commencement of execution was scheduled up to 2010.

Ideas to finance projects are based in a great extent on new financial instruments of the European Commission in relation to the plan of raising the budget for external cooperation by 40% during 2006-2013, but they would turn out to be unlikely in connection with the budget crisis of the Union and financial problems concerning previous projects – e.g. TEN priorities (List of Essen) within the EU.

It seems indication of a method of finance for both investment ventures and these shown within horizontal measures would be decided individually in case of particular project.

Opportunities to finance projects within PPP scheme are also disputable against a scarce experience in such kind of financing, railway transport in particular. The initiative for attracting private funds, especially with respect to the South-East Transport Axis and even the Central one seems to be constrained.

PKP S.A. supports, however, the idea to make a survey by countries covering rules of granting warranty to private investors and organising regional workshops aimed at exchange experience in PPP.

The Group notices there is a significant discrepancy in systems and rates for access to infrastructure in individual European countries in the report. The proposal of HLG says about possible examination of possible use an access fee system depending on distance, where revenues are to be allocated to finance investments covering the major axes that had been identified by the Group.

PKP S.A. is of the opinion that current access rates depend on possible financial support to railway infrastructure provided by the state budget, so that they are highly varied even within the EU itself. Obtaining a uniformed system of access fees along routes of transport axes would be surely a positive step from the business point of view, but this would demand great legal and financial efforts from the side of both the EU countries (new “10” in particular) and the neighbouring countries. PKP S.A. believes organisation of international workshops on this subject matter as a helpful action too.

**IV. For implementation and coordination of the recommended actions, the report calls for either a memorandum of understanding or and international agreement – do these help to achieve the objectives? If not, how would you ensure the implementation and coordination of the actions?**

**V. The Group has envisaged integrating the existing agreements and memoranda of understandings into a coherent framework. Should an international treaty be envisaged for this?**

(a combined response)

Coordination of actions through unification and harmonisation of Memoranda of Understanding is the main measure of implementation of the assumptions proposed in the report.

According to PKP S.A. position, one should implement best solutions from the EU countries related to crossing borders, particularly in the area of simplified procedures, technical solutions and financing modernisation of networks. Exchange of experience in this field is to be achieved by way of cooperation between border regions of the EU countries and the neighbouring countries. Such a cooperation should first and foremost result in harmonisation of border procedures and modernisation plans between neighbouring countries. The above-mentioned actions have to be covered and confirmed at least in some cases by international treaties between the countries interested that would provide them a suitable effectiveness.