



Role of the Hungarian Rail Association

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Introduction

- Founding: 2006
- Mission: development of the railway sector in Hungary, enhancement of competitiveness, representation of interests of Hungarian railways domestically and on international level

- Members:

State owned	MÁV Zrt, GySEV Zrt, MÁV-START Zrt
	MÁV Cargo Zrt
Private	Train Hungary Kft, Central European Railway Zrt Magyar Magánvasút Zrt, Mátrai Erőmű Zrt Szentesi Vasútépítő Kft., MÁV Hajdú Kft/KÖZGÉP Kft

- Further potential members: six additional rail license holders

Organization

General Meeting

Auditor

Board:

Dr. János Berényi, Chairman & CEO
Dr. László Mosóczi, MÁV-START Zrt. Chairman & CEO
Tamás Kozák, MÁV Cargo Zrt. CEO
Sándor Ács, GySEV Zrt. Deputy CEO
Márton Kukely, CER Zrt. Deputy CEO

Working Organization

Infrastructure Committee

Chairman: Péter Jándi, MÁV Zrt.

Operative Rail Committee

Chairman: Norbert Kőrös, GySEV Zrt.

Communication Committee

Chairwoman: Mónika Kurdi, MÁV Cargo Zrt.

Membership Committee

Chairman: Dr. Sándor Gyurkovics, attorney

TAF TSI Application Committee

Secretary: András Forgács, Rail-IT expert



Activities and Results

- Cooperation agreements: Ministry of Transport, Ministry of Environment, National Transportation Authority, Capacity Allocation Company, industry organizations (VDV, etc.), civil environmental groups
- Domestic memberships: Transport OP Monitoring Committee, ERTMS Implementation Committee, Project Technical Content Jury
- International memberships: UIC, G4, CER
- Regulations:
 - Track Access Decree
 - IAF Decree
 - Amendment of Week-end Truck-stop Decree
 - Amendment of Railway Act
- Development:
 - Transportation Operative Program / Action-plan
 - TAF TSI and ERTMS implementation
 - International appearances
 - Self-regulation initiatives of the industry's players



Aims

- IAF: substantial – 20-30% - reduction of current levels
- Regulations:
 - influence completion of missing Railway Act decrees
 - influence pending comprehensive review of Railway Act
 - achieve enactment of Passenger Transportation Act
 - enact decree on rail traffic rules
 - regulatory changes for road sector to re-balance competitive conditions
- Financing:
 - public service contracts for passenger transportation and infrastructure management
 - consolidation of accumulated operating debt of state owned railway companies
 - inclusion of TAF TSI in National Development Plan
 - receipt of maximum allowed rail development funds (from EU and other government sources)
 - secure necessary rail development funding beyond 2013

Problems of Rail in Hungary 1: Infrastructure Access Charges

	Rail	Road
Length of network	7 800 km	31 000 km
Length and ratio of charged network before April 1, 2007 and after April 1, 2007	7 800 km 100 % unchanged	460 km 1.5 % 700 km 2.3 %
Infrastructure access costs	HUF 3.50 / tonkm	HUF 0.20 / tonkm only on charged roads

- **Sixth highest** rail infrastructure access cost in the EU.
- **Eighteen-fold difference** between the infrastructure access costs of the two sectors (where applicable).
- Only **2.3% of road network charged** vs. 100% of the rail network



Problems of Rail in Hungary 2: **Competitive Conditions vs. Road**

- Usage based road charging: date of introduction delayed three times, presently slated for 2009, but signs of further potential delays seen
- Week-end truck stop easing: the government announced plans to loosen the two-decade-old regime of week-end truck stops
- Megatrucks/gigaliners: Hungarian arm of unified European road lobby is also aiming to achieve the introduction of these road-monsters with false application of environmental arguments

Problems of rail in Hungary 3: Infrastructure Development 2007-2013

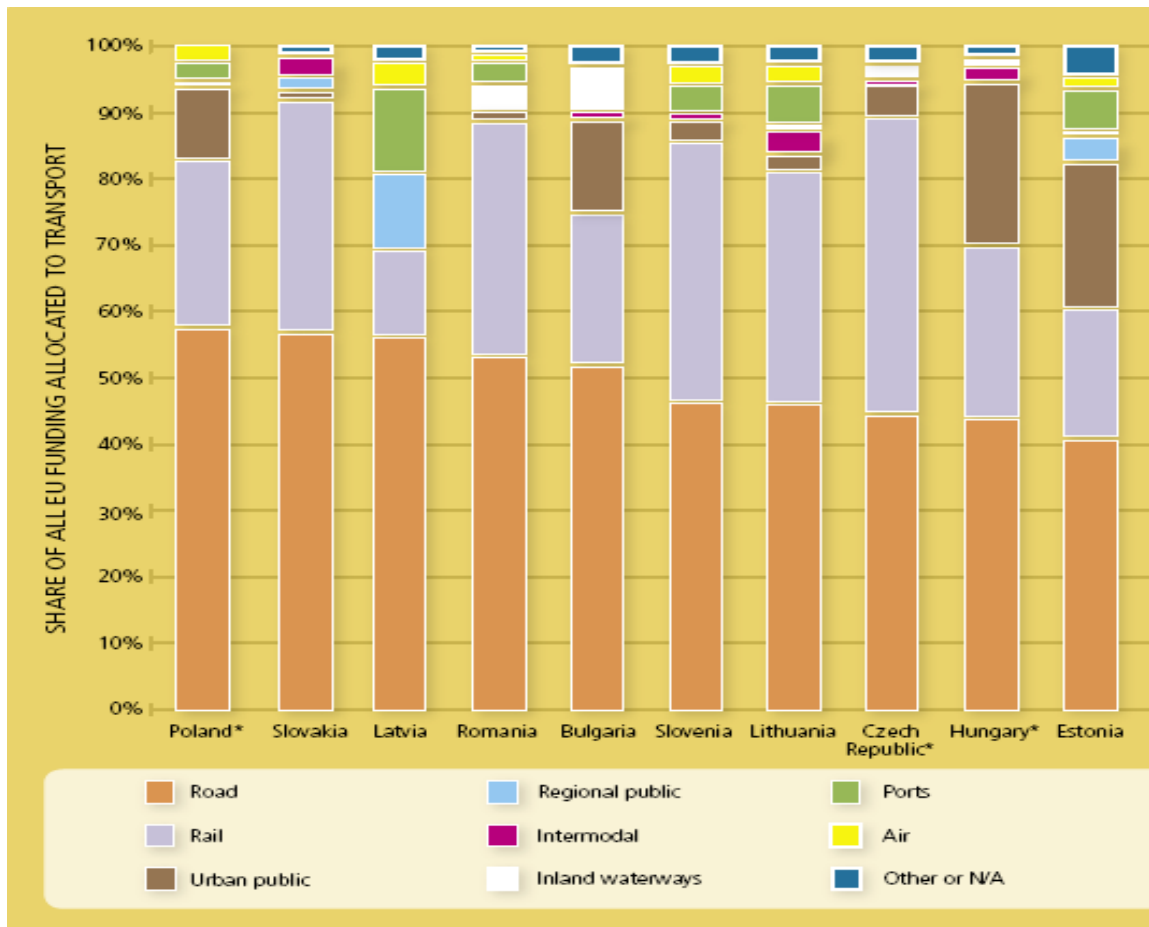
Sector ratios of National Development Plan:

- Road: 44%
- **Rail: 33%**
- Urban*: 22%
- Water: 1%

Only €2.4 billion* is destined for rail projects over 7 years!

MÁV plans €400 million bond issue (with government guaranty) for infrastructure improvements

(if urban to include Metro 4 of Budapest that could further reduce rail's project allowance)*



Note: Based on financial allocations in the final draft Operational Programmes submitted by CEE countries to the European Commission.
* For Poland, Czech Republic and Hungary, there is additional funding for transport in their regional OPs, not included in the graph.

Source: CEE Bankwatch Network & Friends of the Earth Europe (April 2007), Community of European Railways presentation at CEE Rail conference (May 2007)



Problems of rail in Hungary 4: **Financing of Public Services**

- Passenger services:
- no public service contract,
 - severe shortfall in ongoing operations financing,
 - operations shortfall of past years caused mounting debt
 - irrational „cost-saving“ resulted in poor condition of rolling stock
 - lack of development funding meant technological stagnation
 - severe under-capitalization of passenger services by today

- Infrastructure operation:
- no public service contract,
 - irrational „cost-saving“ resulted in poor condition of the overall rail infrastructure
 - lack of development funding caused stagnation at 1980's technological levels
 - substantial undercapitalization of infrastructure management by today



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