



SCREENING CHAPTER 14 TRANSPORT POLICY

AGENDA ITEM I: LAND TRANSPORT/RAIL/ Market and Infrastructure Access

**Country Session: The Republic of TURKEY
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Content

- Overview
- Legislation
- Responsible Authorities
- Current Situation of Railways
- Ongoing Studies
- Future Plans



Overview

History of Railways

- Year 1856 : Construction of the first railway line (Izmir-Aydin)
- Year 1924 : Railways were nationalised. Directorate General of Anatolian Baghdad Railways (4,000 km)
- Year 1927 : Ports were connected to railways. General Administration of State Railways and Ports (5,500 km)
- Year 1950 : The length of railways has reached to 9,204 km
- Year 1953 : TCDD became a State Economic Enterprise (9,441 km)



Overview (CONT'D)

History of Railways

- Year 1984 : TCDD became a State Economic Enterprise (10,263 km)
- Year 2004 : Railway length has been increased to 10,948 km.
- Year 2005 : Railway Restructuring Studies in accordance with EU legislation has started.
- Year 2006 : 150th anniversary of Turkish Railways.



Overview (CONT'D)

Financial Outlook (Million €)

	2001	2002	2003	2004	2005
Total Revenue	1065,35	828,03	849,80	815,25	1183,11
Total Expenditure	2086,77	1356,34	1226,72	1227,81	1318,06
Balance (Deficit)	-1021,42	-528,31	-376,92	-412,55	-134,95

Source: TCDD



Overview (CONT'D)

Rail Network

- Main Lines 8.697 Km
- Secondary Lines 2.287 Km
- TOTAL 10.984 Km

- Electrification 2.336 Km (21%)
- Signalling 3.111 Km (28%)
- Double Track Main Lines 406 Km (5%)
- Triple Track Main Lines 36 Km (0,3%)

- Single Track Train Operation on 95% of the network.



Overview (CONT'D)

Rolling Stock

- 461 diesel mainline locomotives
- 71 electric mainline locomotives
- 68 shunting locomotives
- 49 diesel multiple units
- 87 electric multiple units (commuter transport)
- 996 passenger cars
- 16.102 freight wagons



Overview (CONT'D)

Investments

Years	Allocation (million €)	Expenditure (million €)	Realisation Rate (%)
2002	162	77,76	48
2003	148,8	114,58	77
2004	400,7	216,43	54
2005	517,5	258,76	50
2006	693,9	208,1*	30*

Source: TCDD

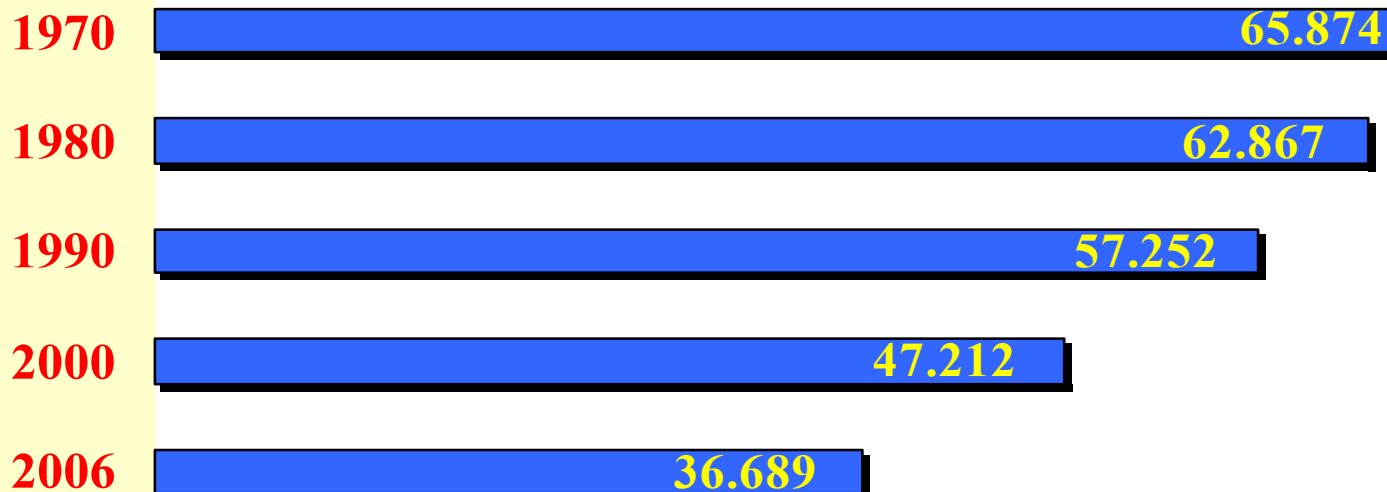
* January-August



Overview (CONT'D)

Employment - TCDD

Number of employees between years 1970-2006





Overview (CONT'D)

Production – TCDD (2005)

- Shares of goods and passenger transport by rail are 5,7% and 2,2% respectively.
- Approximately 30% of total port handling is realised at TCDD ports.



Overview (CONT'D)

Services – TCDD

	2001	2002	2003	2004	2005	2006 (Est.)
Passenger Transport (Million Persons)	52	48	50	51	52	60
Passenger Transport Revenue (Million €)	58	56	62	62	77	104
Freight Transport (Million Tons)	14,6	14,6	15,9	17,9	19,2	20,4
Freight Transport Revenue (Million €)	89	105	125	146	173	208
Port Handling (Million Tons)	34,6	36,3	41,5	46,7	44,6	50
Port Handling Revenue (Million €)	179	186	195	195	212	242

Source: TCDD



Overview (CONT'D)

Permanent Way - Characteristics of the Existing Network;

- Curve radius 30% out-of-standard (< 1000 m.)
- Gradient 25 % out-of-standard (>% 0,1)
- Axle load 2.4% out-of-standard (< 20 tons)
- Sleeper type 38 % out-of-standard (wooden, steel)
- Rail age 34 % out-of-standard (> 25 years)



Legislation

- Law on the Organisation and Duties of the Ministry of Transport No 3348
(Official Gazette:17 April 1987, no 19434)
 - regulates the tasks and duties of MoT (DLH and DGLT)
- Decree Law on State Economic Enterprises (SEEs) No 233
(Official Gazette:18 June 1984, no 18435)
 - defines the legal status of SEEs
- TCDD's Incorporation Statute on TCDD's Rights and Obligations
(Official Gazette: 28 October 1984, no 18559).
 - defines responsibilities and competences of TCDD



Responsible Authorities

- The Ministry of Transport (MoT)
 - DG Construction of Railways, Ports, Airports (DLH)
 - DG Land Transport (DGLT)

- Turkish State Railways (TCDD)



Responsible Authorities (CONT'D)

➤ MoT:

- determines and plans rail transport demands and needs
- defines the basic principles and policies regarding the arrangement of rail transport systems
- regulates relations with the related international railway organisations



Responsible Authorities (CONT'D)

- DLH is responsible for:
 - construction of new railway lines
 - preparation of the plans and programs of the railways and the facilities and equipments regarding these



Responsible Authorities (CONT'D)

➤ DGLT is responsible for:

- ensuring that railway transport is carried out in accordance with the national security, economic, technical, social needs and aims
- promoting rail transport in harmony with other modes
- co-ordinating all international activities in the field of railways



Responsible Authorities (CONT'D)

TCDD:

- Operates and renews railways, ports and piers
- Guides and coordinates affiliated companies
- Carries out all kinds of complementary activities regarding rail transport: maritime, land transport including ferry operations



Responsible Authorities (CONT'D)

TCDD:

- Manufactures rolling-stock and similar vehicles, sets up warehouses, depots, passenger facilities
- Undertakes railway construction works as a contractor in Turkey and abroad



Current Situation of Railways

TCDD

- is affiliated to the MoT.
- is a State Economic Enterprise,
 - whole capital is paid by the State.
- benefits from monopoly rights concerning the operation of railway services in Turkey.



Current Situation of Railways (CONT'D)

5 main units in the headquarter:

- Installations Department
(electrification, signalling, telecommunication, traffic)
- Permanent Way Department
- Freight Transport Department
- Passenger Transport Department
- Rolling Stock Department.



Current Situation of Railways (CONT'D)

➤ 7 Regional Directorates

- Istanbul, Ankara, Izmir, Sivas, Malatya, Adana, Afyon

➤ 3 affiliated companies:

- TULOMSAS: Locomotive, Motor and Freight Wagons
- TUVASAS: Passenger Cars
- TUDEMSAS: Railway Machines and Freight Wagons

➤ 4 factories active in railway industry

- a switch factory, two concrete sleeper factories and a rail-welding factory



Current Situation of Railways (CONT'D)

Employees at TCDD in 2006:

Related Departments	Number	%
Infrastructure, traffic management and rolling stocks	20.327	55
Train operations	5.262	14
Affiliated companies, e.g. manufacturing locomotives, freight and passenger wagons	4.951	14
Ports	4.722	13
Plants for switches, sleepers and rail welding	1.427	4
TOTAL	36.689	100



Current Situation of Railways (CONT'D)

Main conventions and organisations to which TCDD is a party:

COTIF

CIV

CIM

CIT

ICF

EUROFIMA

OTIF

RIC

RIV

UIC



Current Situation of Railways (CONT'D)

- TCDD receives four types of subsidies;
 - for track maintenance and repair from MoT
 - for some uneconomic lines from the Undersecretariat of Treasury (UT)
 - for some express trains from the UT
 - for ferry traffic on Van Lake from the UT



Ongoing Studies

Why a Reform?

TCDD:

- Does not operate on fully commercial principles
- Has a monopoly on management of the infrastructure and on provisions of rail transport services
- Does not have separation of infrastructure management and provision of transport services
- Does not have separation of accounts



Ongoing Studies (CONT'D)

- Does not have a well effective cost accounting system to calculate unit costs related to infrastructure.
- Does not have a charging system and a performance scheme as;
 - the rail sector is not open to other railway undertakings
 - an independent infrastructure manager is not set up yet

In addition:

- No Independent Regulatory Body
- No Network Statement



Ongoing Studies (CONT'D)

“Turkish Rail Sector Re-structuring and Strengthening” Project, financed from EU funds, aims;

- Re-structuring of railway sector
- Re-structuring of TCDD



Ongoing Studies (CONT'D)

Within the framework of Twinning Project;

Technical studies on :

- drafting of General Railway Framework Law
- drafting of TCDD Law
- drafting of By-Laws on “Interoperability”, “Safety”, “Licensing” and “Access to Railway Infrastructure”
- identification of necessary bodies are underway.



Ongoing Studies (CONT'D)

Within the framework of service component of the Project:

“New TCDD Organisation, Financial Relations with Government and Financial Management Information System”

- A business unit and sub-sector based new TCDD
- Financial Management Information System (FMIS):
 - to measure financial performance (profit and loss)
 - to monitor actual performance
- Improvement of skills and knowledge of managers
- Public Service Contracts (PSCs) between Government and TCDD
- Separate accounting for infrastructure, operations and Public Service Obligations (PSOs)



Ongoing Studies (CONT'D)

Expected Outcomes of the Project

- Re-organisation for separation of the management of infrastructure from railway transport services.
- Separation of accounting for infrastructure, transport services (passenger & goods) and PSO.
- Free and non-discriminatory access to the railway network.
- Independent allocation of the capacity and charging.



Ongoing Studies (CONT'D)

Expected Outcomes of the Project

- Fully commercial operation of transport activities at New TCDD.
- Provision of long term financial viability of the Infrastructure Manager (IM).
- Preparation of the network statement under responsibility of IM.