

Minutes
of the Slovenian-Hungarian Joint Working Group Meeting
on the Divača-Koper 2nd Track

Budapest, Ministry of Foreign Affairs and Trade, 12 September 2016

The Joint Working Group held its 6th meeting in order to specify the modalities of the financial concept and the act of the special purpose vehicle (2TDK) of the SI side, the ongoing study by Századvég Foundation of the HU side and to exchange information about the current state of the Divača-Koper 2nd Railway Track (DK2) project. The list of delegation members forms part of Annex 1.

The Hungarian side confirmed its interest in the project and delivered information about the progress report prepared by the Ministry of Foreign Affairs and Trade, and submitted to the government in August 2016. The government made note of this progress report as a significant mark of their continuous interest.

- Hungary stays strongly committed to take part in the railway and port developments. Hungary's aim is to acquire and receive enough information and understanding about the project in order to propose a coherent financial scheme that will make the contribution to the 2TDK's financial framework until November of 2016. Since the offer about the 200 million EUR capital injection needs strong justification, the Hungarian side reiterated its 3 participation criteria:
 1. The possibility of acquiring a minority share stake in the Port of Koper, thus gaining influence on the operations of the Port.
 2. In proportion to the Hungarian investment participation in 2TDK, the Hungarian side would like to ensure the conditions needed for the participation of Hungarian firms in the DK2 construction works.
 3. To ensure fair market operability and guarantee basic principle of competition between regional rail freight routes, Hungary would like to take part in the rail freight traffic through the Republic of Slovenia via the involvement of the Hungarian railway cargo company GYSEV Cargo Zrt.
- An informal dialogue was started after the last working group meeting between the GYSEV Cargo Zrt and SŽ Tovorni promet. The Hungarian side asked for a concept within two weeks of the two companies for their possible cooperation according to the participation criteria Nr. 3 of Hungary. The Slovenian side confirmed to invite SZ to talk about the scheme with GYSEV.
- Hungary sustains its financial offer not just about the capital injection but also about an affordable and personalised loan from the EXIM Bank.
- The Hungarian side provided information on request of the Slovenian partners about the Budapest-Belgrade railway development. For Hungary the project means the partly renewal of the railway cargo corridor from Greece to

Central Europe. Since EU funds do not cover all the investment needs of the Central European countries, the Hungarian section of this project will be financed mostly from a Hungarian-Chinese loan agreement which is under finalisation. The Hungarian State Railways (MÁV Zrt.) will create a joint venture with two Chinese companies. This joint venture will be responsible for the tendering and project management after some further legal adjustments.

Századvég Foundation presented the purpose and the first results of their ongoing study which will be ready by November 2016. They identified direct and indirect effects concerning the Port of Koper and the DK2 developments.

The first findings presented clearly show that no railway concession would provide background for return on investment for Hungary which has to be reflected in the financial scheme.

Slovenia – on the basis of data and information they received from JASPERS – informed Hungary about the possible CEF application methods available for all EU countries.

1. 1st call: open from November 2016 until end of January 2017 with a total budget of 1,2 bn EUR.
2. Special call: open from January 2017 with a budget of 1 bn EUR
3. Blending call: open from September 2017 with a total budget of 1 bn EUR.

Depending on the final price calculation (1-1,2 bn EUR) for DK2, the Slovenian side could possibly make a bid for the 3rd call. Slovenia is interested in finding the cheapest possible solution and the best CEF condition for implementing the railway project. The Slovenian side admitted the resources to be provided with in this case will have been in 2018 available. They also confirmed that in case this scenario takes place, according to the current financial concept 1/3 of the total amount of the given call would have been applied by the Slovenian side.

- Slovenia named mag. Žarko Sajič, the director of 2TDK Project Development Company as the contact person for Századvég Foundation.
- Information about the debate between the Port of Koper and the Slovenian government was given by Hungarian request. The government persisted to change the supervisory board in order to raise the transparency of the operation of the Port. After the political turbulences – hearing in the Parliament – the Slovenian government believes it can manage the current situation.
- Slovenia declared that it does not plan to build the Pier 3 at Port of Koper in 10 years.
- In May 2016, the government of Slovenia accepted an act for special purpose vehicle, which has to be harmonised with the usual regulations for state-owned companies. This process will be fulfilled in few weeks thus it will be

published at latest in October 2016. A new law on concession will come as well.

The Hungarian side initiated to discuss the elements of the Memorandum of Understanding signed by the Prime Ministers in Brdo pri Kranju on 22 January 2016.

- Hungary attracted the Ministry of Infrastructure's attention to the 2 small scale cross-border road developments between Lendvadedes-Dedeskecskés - Dolga Vas and Orfalu - Budinci. These road connections were submitted in the Interreg V-A Slovenia-Hungary Cooperation Programme. The evaluation bodies are the Slovenian Managing Authority and the Secretariat who carry out a decision in December 2016. The implementation of these projects can bring tangible results in short time and would further strengthen the commitment of both sides to the cooperation.
- The development of the M70 motorway in Hungary starts this year and may be finished in the third quarter of 2018.
- Concerning potential delays in traffic caused by the electric power supply change at the border Slovenia assured Hungary that the issue is being solved in 6 months but the need for locomotive change remains at least until 2019.
- Faster passenger train connection between Budapest-Ljubljana can only be reached when the two countries decrease the number of stops on both sides. New modern vehicles are equipped to work on three electrification systems but neither Slovenia nor Hungary can serve their railways with such locomotives. The route between the two capitals can be shortened by 40 minutes in Hungary and 120 Minutes in Slovenia in 1-1.5 year. The experts of the two Railway Companies continue to talk about the possibility.
- Hungary finishes its railway developments between Hodoš and Budapest by the end of 2017.

Members of the Slovenian-Hungarian Joint Working Group

Slovenian delegation:

- mag. Klemen Grebenšek, Minister of State, Ministry of Infrastructure
- mag. Miranda Groff Ferjančič, Minister of State, Ministry of Finance
- mag. Darja Kocjan, Director General, Ministry of Infrastructure
- Dr. Robert Kokalj, Director General, Ministry of Foreign Affairs
- Damir Topolko, Director, Infrastructure Directorate of the Republic of Slovenia
- Ksenija Škrilec, Ambassador of Slovenia in Budapest
- Matej Čepeljnik, Ministry of Finance
- Rok Jeram, Ministry of Infrastructure

- mag. Žarko Sajič, Director, 2TDK, project development company Ltd.

Hungarian delegation:

- Dr. László Szabó – Deputy Minister, Ministry of Foreign Affairs and Trade
- Péter Kiss-Parciu – Deputy Minister of State, Ministry of Foreign Affairs and Trade
- Dr. László Mosóczi – Deputy Minister of State, Ministry of National Development
- Antal Nikolett – Deputy Minister of State, Ministry for National Economy
- Edit Szilágyiné Bátorfi – Ambassador of Hungary in Ljubljana
- Dr. Krisztián Janzsó – Head of Cabinet, Ministry of Foreign Affairs and Trade
- Adrienn Szücs – Deputy Head of Cabinet, Ministry of Foreign Affairs and Trade
- Balázs Szilágyi – Head of Unit, Ministry of Foreign Affairs and Trade
- András Tóth – Head of Unit, Ministry of National Development
- János Boda – CEO, GYSEV Cargo
- Gábor Szócs – Director, EXIM Bank (International Acquisition, Foreign Representative Offices)
- Ádám Réti – Budget expert, Ministry for National Economy
- László Márton – Transport coordinator, Ministry of Foreign Affairs and Trade
- László György – Századvég Foundation
- Representatives of Századvég Foundation