

# RAIL TRANSPORT

## Croatia



# Rail Transport

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Quick reference guide enabling side-by-side comparison of local insights into industry structure and regulatory bodies: market entry; market exit; competition law; price regulation; network access; service standards; safety regulation; financial support; labour regulation; environmental regulation; and recent trends.

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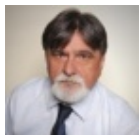
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## GENERAL

### Industry structure

How is the rail transport industry generally structured in your country?

The state controls and manages rail infrastructure. Access to rail infrastructure for cargo and passenger transport is free.

The state-owned company that manages and controls rail infrastructure for public use of international, national and local importance is HŽ Infrastruktura (HŽI). Rail infrastructure is public domain. The Railway Act provides that infrastructure management and control is for public use. HŽI manages 2,617 km of a total of 2,988 km of railways in public use.

The remaining railways are privately owned by companies for their internal non-public use and by local authorities for commuter use.

HŽI is in charge of organising, maintaining, upgrading, constructing and regulating the use of the railways. Approximately 55 per cent of the rail infrastructure is in the international rail transport network. It functions as a crossway, connecting the rail networks of all European and Middle Eastern countries. The rail infrastructure for international connections is integrated into the Trans-European Transport Network (TEN-T).

Since Croatia became a member of the European Union (EU) in 2013, the national railway infrastructure has gained significant importance in EU rail transportation projects as an integral part of three pan-European corridors. EU membership provides access to various financing funds available to a new member state for investment in the modernisation and development of EU railway infrastructure. At present, more than 20 modernisation and construction projects involving rail infrastructure, worth more than €2 billion, are under way, in various stages of progress.

HŽI must ensure free access to rail infrastructure for private cargo and passenger operators. To ensure that all private cargo operators receive equal treatment, general terms and conditions for access to rail infrastructure are in force and are binding for all individual contracts that HŽI concludes with rail operators. There are 15 operators who have entered into individual contracts with HŽI, comprised of 13 private operators and two state-owned operators: Hrvatske Željeznice Cargo, Zagreb (HŽC) and Hrvatske Željeznice Putnički Promet, Zagreb (HŽPP).

In the freight transport sector, private rail operators compete with the state-owned HŽC.

Despite the fact that passenger rail operations have been available to private operators since 2019, at the time of writing no private passenger carrier has applied for approval with the Ministry of Maritime Affairs, Transport and Infrastructure.

Passenger rail transportation is organised by the state-owned company HŽPP, which is the national passenger rail carrier.

*Law stated - 01 June 2023*

### Ownership and control

Does the government of your country have an ownership interest in any rail transport companies or another direct role in providing rail transport services?

The rail network infrastructure is owned by the government. It was inherited from the previous political system when the rail infrastructure was under public 'social ownership'. The rail infrastructure was built by the state and made available to rail operators under social ownership. The ownership transformation that took place at the end of the twentieth century followed the previous structure and organisation of rail activity. The rail infrastructure – including

freight and passenger transport – has not been privatised, but rather opened to private rail operators.

The government also has ownership interests in both rail operations (freight and passenger transportation services) as the service provider via HŽC and HŽPP. These two rail operators were formerly rail operators under social ownership and were transformed into state-owned entities.

Freight and passenger operations are open to the private sector.

In cargo rail services, the state-owned HŽC competes with more successful private operators. HŽC has suffered losses for a number of years.

With regard to passenger transport, in 2018 the Ministry of Maritime Affairs, Transport and Infrastructure entered into a 10-year Public Services Agreement with HŽPP, enabling HŽPP to cover losses in passenger operations by means of state subsidies. Subsidies also enable HŽPP to invest in passenger rail transport vehicles, equipment and passenger transport in general. The grounds for the Public Service Agreement can be found in the Treaty of Accession of Croatia from 2011. The Public Service Agreement ensures that passenger transport is upheld as an activity of national interest.

*Law stated - 01 June 2023*

### Are freight and passenger operations typically controlled by separate companies?

The regulations applicable to freight and passenger transport differ, and from a regulatory point of view it is more convenient for the shareholders to divide freight and passenger operations into separate companies.

However, in practice there are no shareholders apart from the government, which established two separate companies for both operations.

Only the government has established separate companies: HŽC for freight and HŽPP for passenger operations. The others are freight operations companies only.

*Law stated - 01 June 2023*

## Regulatory bodies

### Which bodies regulate rail transport in your country, and under what basic laws?

There are three regulatory bodies: the Ministry of Maritime Affairs, Transport and Infrastructure; the Croatian Regulatory Authority for Network Industries (HACOM); and the Croatian Railway Safety Agency (CRSF).

The Ministry of Maritime Affairs, Transport and Infrastructure regulates rail carrier requirements and grants licences for cargo and passenger rail carriers. A rail carrier licence is a basic approval that a rail operator must obtain to operate in Croatia and the EU. All data on rail carriers' licences is shared within the EU members' respective regulatory bodies; they enable rail operators to operate within the EU.

HACOM is the national regulatory body that regulates the rail services market for the benefit of rail operators and for the development of the European rail market. Furthermore, HACOM ensures a free market and fair competition for rail service providers and provides protection for rail passengers.

The CRSF is the state regulatory body that regulates the safety of rail infrastructure, transport vehicles and equipment.

Licensing rail operators, free market access and safety are the purposes of the three rail regulatory authorities divided between three different government bodies.

The Railway Act, Rail Services Act, Rail Services Market Regulations and Passengers Protection Act, and Rail Safety and Interoperability Act are the basic laws that provide the regulatory structure and authorities of the Ministry of

Maritime Affairs, Transport and Infrastructure, HACOM and the CRSF.

Apart from these basic laws, there are a number of other national laws and regulations that affect the regulatory bodies and are applicable to rail transport organisations and standards, rail service providers, freight and passengers as rail service customers, market access, pricing, security, etc. Rail activity and related operations are well regulated, not only on a national level but also within the EU.

The EU rail rules and regulations are an integral part of the national legislation and are incorporated directly or through harmonisation processes as the *acquis communautaire*. All national basic laws are harmonised with the EC *acquis communautaire*.

*Law stated - 01 June 2023*

## MARKET ENTRY

### Regulatory approval

Is regulatory approval necessary to enter the market as a rail transport provider? What is the procedure for obtaining approval?

Regulatory approval is required to be able to enter the market as a rail transport provider.

The Ministry of Maritime Affairs, Transport and Infrastructure grants rail carriers approval for rail service providers. To obtain an approval, a rail carrier must meet certain requirements, which may include good standing, financial and rail expertise requirements and mandatory and voluntary insurance cover requirements.

Approval granted by the Ministry of Maritime Affairs, Transport and Infrastructure to a rail carrier is effective within all EU countries and vice versa, and the approval obtained by a rail carrier in other EU countries is recognised in Croatia as well.

The procedure is an administrative proceeding regulated by the Railway Act and Rail Services Act as *lex specialis* substantive law legislation. The Administrative Proceedings Act and Administrative Trial Act are procedural laws *lex generalis*.

*Law stated - 01 June 2023*

Is regulatory approval necessary to acquire control of an existing rail transport provider? What is the procedure for obtaining approval?

Regulatory approval is not required to acquire control of an existing rail transport provider unless it affects an existing granted carrier's licence.

A licensed rail carrier must notify the Ministry of Maritime Affairs, Transport and Infrastructure of any change of control within 30 days from the date of change in control.

The Ministry of Maritime Affairs, Transport and Infrastructure must consider whether such a change in control affects the existing granted licence. It decides whether the licence should be upheld, amended or set aside because of the change of control.

Certain Croatian Regulatory Authority for Network Industries (HACOM) approvals might also be required if the acquired control affects free market and competition issues supervised and regulated by HACOM.

Furthermore, general market competition protection regulations are applicable in the case of the acquisition or merging of rail operators.



*Law stated - 01 June 2023*

### Is special approval required for rail transport companies to be owned or controlled by foreign entities?

No, there is no approval requirement for rail transport companies to be owned by foreign entities. It should be noted that EU state entities are not considered foreign entities, and they have free access on the same terms and conditions as any other domestic entity.

*Law stated - 01 June 2023*

### Is regulatory approval necessary to construct a new rail line? What is the procedure for obtaining approval?

HŽ Infrastruktura (HŽI) is the only entity that can construct a new railway line for public use. The decision on the construction of a new railway line must be passed by the government, and it must be proposed to the government by the Ministry of Maritime Affairs, Transport and Infrastructure.

The Croatian Railway Safety Agency grants approval on the technical and safety aspects of the construction of a new railway line.

In addition, HŽI should satisfy general approval requirements for infrastructure construction projects.

Croatia has a well-developed national and regional rail network for public use, and there is no need for the construction of new railway lines. However, the existing rail network has not been maintained properly; it has not been upgraded or modernised. The government's rail development policy is to modernise the existing network according to EU standards rather than constructing and investing in new railway lines. Some new railway lines have been or will be constructed to replace the old ones that it is not possible or worth it to modernise.

*Law stated - 01 June 2023*

## MARKET EXIT

### Discontinuing a service

What laws govern a rail transport company's ability to voluntarily discontinue service or to remove rail infrastructure over a particular route?

Only HŽ Infrastruktura (HŽI) can, by virtue of a government decision and a previous proposal by the Ministry of Maritime Affairs, Transport and Infrastructure, remove rail infrastructure over a particular route. It is not explicitly regulated by the Railway Act, but it arises from the provision on the closure of rail from public use. The closure of a railway excludes it from public use, but it does not necessarily mean the removal of the infrastructure on the respective route.

In freight and passenger transport, a licensed rail carrier may not freely or voluntarily discontinue services if it will significantly affect its existing carrier's licence. Whether the discontinuation is significant depends on the elements based on which the carrier's licence was granted. To ascertain the significance, the Ministry of Maritime Affairs, Transport and Infrastructure considers how the discontinuation of services would affect a previously granted licence. If the carrier's licence would be significantly affected by the discontinuation of the service, the Ministry of Maritime Affairs, Transport and Infrastructure will not allow the discontinuation.

The Railway Act governs the discontinuation of services, closure of rail routes and removal of rail infrastructure.

A passenger rail carrier that is recognised as the national passenger rail carrier and bound by the Public Services Agreement, as is the case with Hrvatske Željeznice Putnički Promet, Zagreb (HŽPP), cannot voluntarily discontinue passenger services. Continuous and uninterrupted passenger transport is in the national interest, and no voluntary actions that would jeopardise this are allowed by law. The purpose of the Public Services Agreement is to prevent unilateral voluntary actions of the rail operator in the passenger transport sector that might jeopardise regular passenger transport.

*Law stated - 01 June 2023*

On what grounds, and what is the procedure, for the government or a third party to force a rail transport provider to discontinue service over a particular route or to withdraw a rail transport provider's authorisation to operate? What measures are available for the authorisation holder to challenge the withdrawal of its authorisation to operate?

When the Ministry of Maritime Affairs, Transport and Infrastructure is allowed to suspend a rail carrier's licence, the rail operator is forced to discontinue services on a particular route. The ground for this lies in changes to the rail carrier's licence requirements, and when the existing carrier's licence is significantly affected by new circumstances that were not present at the time of approval of the carrier's licence.

The procedure is administrative. No second instance administrative proceedings on appeal are provided. The carrier's licence holder may file the administrative writ with the administrative court for the court's review of the administrative act passed by the Ministry of Maritime Affairs, Transport and Infrastructure and run the administrative trial versus the Ministry of Maritime Affairs, Transport and Infrastructure.

*Law stated - 01 June 2023*

## **Insolvency**

Are there sector-specific rules that govern the insolvency of rail transport providers, or do general insolvency rules apply? Must a rail transport provider continue providing service during insolvency?

The general regulations on insolvency for companies in difficulties and bankruptcy apply to rail transport operators.

However, sector-specific financial and good-standing requirements are provided for obtaining and upholding the rail carrier's licence. In the case that these sector-specific financial and good-standing requirements are no longer satisfied, a rail carrier approval might be temporarily or permanently suspended.

If a rail carrier holds approval, it must provide services even if insolvent.

In the case of bankruptcy, a rail operator must prove that financial restructuring will enable the continuation of services; otherwise, the carrier's approval will be suspended. The latter may be considered a sector-specific rule. A general bankruptcy regulation is that the company in bankruptcy ceases its business activities, and only the completion of contractual duties performance started before the bankruptcy is allowed.

*Law stated - 01 June 2023*

## COMPETITION LAW

### Competition rules

Do general and sector-specific competition rules apply to rail transport?

Both general and sector-specific competition rules apply to rail transport. Both are harmonised with the EU competition regulations.

The Croatian Competition Agency is the regulatory body for general free market competition protection.

The Croatian Regulatory Authority for Network Industries (HACOM) is the sector-specific free market rail transport competition regulatory body.

The exception is Hrvatske Željeznice Putnički Promet, Zagreb, which has a Public Services Agreement with the government for passenger transport.

*Law stated - 01 June 2023*

### Regulator competition responsibilities

Does the sector-specific regulator have any responsibility for enforcing competition law?

HACOM must ensure, on a non-discriminatory basis, free and fair market competition and equal market access to rail infrastructure to all rail operators. HACOM also supervises tariffs and considers complaints of rail operators on violation of free and fair market access and competition.

HACOM has no responsibility for enforcing sector-specific competition law. However, HACOM's rulings are administrative acts that may be reviewed in administrative trials by administrative courts in two instances, and even further by the Constitutional Court, as free market and free entrepreneurship are constitutional rights and values protected by the Constitution.

*Law stated - 01 June 2023*

### Competition assessments

What are the main standards for assessing the competitive effect of a transaction involving rail transport companies?

HŽ Infrastruktura's General Terms and Conditions; individual contracts with rail operators; and operators' tariffs supervised by HACOM create standards for free and fair market access and for assessing competitive effects to all rail carriers.

Rail operators who think they are faced with unfair competition can file a complaint and apply for remedies with HACOM. HACOM must follow and apply the same non-discriminatory standards in all matters, whether at the request of an interested party or ex officio when provided by the rules of law.

*Law stated - 01 June 2023*

## PRICE REGULATION

## Types of regulation

### Are the prices charged by rail carriers for freight transport regulated? How?

As a general rule, prices in freight transport are not regulated.

However, tariffs are supervised by the Croatian Regulatory Authority for Network Industries (HACOM) and prices should fall within the standards of free and fair market competition, following the *acquis communautaire*. The majority of freight rail carriers are engaged in the international rail transport of containers and bulk cargo within neighbouring countries and within the EU.

HACOM also has an inspection and advisory role with regard to pricing. In these roles, HACOM must submit annual reports, which also include price status and which create and affect pricing standards.

*Law stated - 01 June 2023*

### Are the prices charged by rail carriers for passenger transport regulated? How?

As a general rule, the prices charged for passenger transport are not regulated. However, the prices and tariffs must meet standards for passenger transport and follow the *acquis communautaire*.

Since Hrvatske Željeznice Putnički Promet, Zagreb receives subsidies for interrupted passenger transport and is, for the time being, the sole passenger carrier, passenger prices are indirectly regulated by provisions of the Public Services Agreement.

In addition, the government has passed regulations on privileged discounted rates for passenger categories on the basis of social welfare, including students, retired people and disabled people.

*Law stated - 01 June 2023*

### Is there a procedure for freight shippers or passengers to challenge price levels? Who adjudicates those challenges, and what rules apply?

Price levels cannot be challenged, but HACOM has a duty to supervise that a certain standard established in practice is maintained in tariffs. No procedure is provided for the adjustment of price levels.

On an individual basis, a passenger who is harmed by an operator may file a complaint with HACOM. HACOM should decide on the complaint within 30 days through an administrative proceeding.

HACOM also has inspection authorities for the protection of passengers. Fines in misdemeanour proceedings may be charged in case of the violation of passengers' rights.

The Rules of Rail Services Market Regulations and the Passengers Protection Act apply to passengers' protection as substantive law, and the Administrative Proceedings Act and Administrative Trial Act as procedural law.

*Law stated - 01 June 2023*

### Must rail transport companies charge similar prices to all shippers and passengers who are requesting similar service?

No; as a matter of law, they must charge similar prices to all shippers and passengers who are requesting similar

services.

If the service is the same, charging different prices might constitute discriminatory action and violation of access to a free and fair market – as such, unfair competition rules may apply.

In practice, certain standards are established by HACOM's supervision and inspection authorisations. To be competitive, rail carriers have similar prices and service terms that may vary slightly, mostly because of particularities of transport (for instance modern and functional wagons as a more advanced service).

*Law stated - 01 June 2023*

## NETWORK ACCESS

### Sharing access with other companies

Must entities controlling rail infrastructure grant network access to other rail transport companies? Are there exceptions or restrictions?

Yes – as the rail infrastructure manager, HŽ Infrastruktura (HŽI) must grant network access to all licensed rail carriers. The Railway Act and HŽI's General Terms and Conditions provide legal, administrative, technical and financial aspects of access to the rail infrastructure.

Individual contracts on access to rail infrastructure are signed by HŽI with a rail carrier granting access to the infrastructure on a non-discriminatory basis.

There are no exemptions or restrictions on a discriminatory basis.

The Croatian Regulatory Authority for Network Industries' (HACOM) regulatory and supervisory duty is to ensure equal access to infrastructure to all licensed rail carriers.

Furthermore, HACOM must resolve complaints submitted by an individual injured party concerning discriminatory actions or other actions that violate the party's right to free and equal access to rail infrastructure.

*Law stated - 01 June 2023*

### Access pricing

Are the prices for granting of network access regulated? How?

HŽI's General Terms and Conditions set out the pricing principles that are followed in individual contracts with each rail carrier and its tariffs.

HACOM supervises the General Terms and Conditions; individual contracts of rail carriers; and their tariffs, which all must be within the main standards established not only on a national level but also at the EU level as the *acquis communautaire*.

HACOM also has an inspection and advisory role with regard to infrastructure access and pricing. In the scope of these roles, HACOM must submit annual reports, which create and affect pricing standards for infrastructure access and also include the status of prices.

*Law stated - 01 June 2023*

### Competitor access

## Is there a declared policy on allowing new market entrants network access or increasing competition in rail transport? What is it?

No, there is no declared policy on allowing new market entrants network access or increasing competition in rail transport. As a matter of national law and the EU *acquis communautaire*, all market entrants should have equal free and fair market access to the rail infrastructure network under the same competition terms.

However, technical and safety requirements on some network routes may limit new entrants or increase competition demands in access to network routes.

*Law stated - 01 June 2023*

## SERVICE STANDARDS

### Service delivery

Must rail transport providers serve all customers who request service? Are there exceptions or restrictions?

Rail transport providers must serve all customers who request service.

The basic principle of the EU *acquis communautaire*, which binds Croatia either directly or via harmonisation of national legislation, provides universal European rail network and free market access on a non-discriminatory basis. There are no exemptions or restrictions in this regard.

*Law stated - 01 June 2023*

## Are there legal or regulatory service standards that rail transport companies are required to meet?

Yes, legal and regulatory service standards that rail transport companies are required to meet are provided in the EU *acquis communautaire* and these standards should be met directly or via implementation in national legislation.

These standards are established and maintained by the Croatian Regulatory Authority for Network Industries' (HACOM) inspection and advisory role. HACOM must submit annual reports, which deal with all aspects of HACOM's authorities, including tariffs, prices and infrastructure access.

*Law stated - 01 June 2023*

### Challenging service

Is there a procedure for freight shippers or passengers to challenge the quality of service they receive? Who adjudicates those challenges, and what rules apply?

Shippers and passengers can complain about the quality of services they receive from carriers or HŽ Infrastruktura to HACOM. In administrative proceedings, HACOM is obliged to decide on complaints.

Service receivers are entitled to initiate an administrative trial against HACOM's decision with the administrative court. The rules of the Administrative Litigation Proceedings Act apply in the administrative trial.

*Law stated - 01 June 2023*

## SAFETY REGULATION

### Types of regulation

#### How is rail safety regulated?

The Rail Safety and Interoperability Act provides that Croatian Railway Safety Agency (CRSF) is the regulatory body responsible for rail safety.

In addition, the Railway Act, with safety principles and a number of rules and regulations on technical safety requirements regulates safety aspects that should be implemented by rail transport participants, from HŽ Infrastruktura (HŽI) and rail carriers to contractors of construction works and service providers on the stations.

National safety regulation is fully harmonised with the *acquis communautaire* through the implementation of the Common Safety Methods of the European Railway Agency .

*Law stated - 01 June 2023*

### Competent body

#### What body has responsibility for regulating rail safety?

The CRSF is the body responsible for regulating rail safety.

The CRSF has four departments, which deal with:

- the rail infrastructure;
- rail carriers;
- rail vehicles; and
- the rail inspection of safety aspects.

Each of these departments is responsible for the regulation, implementation and supervision of the safety of aspects of the rail network.

*Law stated - 01 June 2023*

### Manufacturing regulations

#### What safety regulations apply to the manufacture of rail equipment?

The EU *acquis communautaire* known as the Common Safety Methods – Risks Evaluation and Assessments (the CSM-REA) is the basic guidance for national regulations on the manufacture of rail equipment.

The CRSF regulates, provides implementation and supervises on an operative basis whether manufactured products and equipment meet regulatory requirements. Certification of manufactured products and equipment according to regulatory requirements is the activity of the CRSF's departments for rail vehicles and rail equipment.

*Law stated - 01 June 2023*

## Maintenance rules

### What rules regulate the maintenance of track and other rail infrastructure?

The CSM-REA is the basic guidance for national regulations on the manufacture of rail equipment.

The CRSF regulates, provides implementation and supervises on an operative basis whether manufactured products and equipment meet regulatory requirements. Certification of manufactured products and equipment according to regulatory requirements is the activity of CRSF's Departments for rail vehicles and rail equipment.

*Law stated - 01 June 2023*

### What specific rules regulate the maintenance of rail equipment?

The CSM-REA is the basic guidance for national regulations on the maintenance of rail equipment.

The CRSF regulates, provides implementation and supervises rail equipment maintenance on an operative basis. Upholding of certification of manufactured products and equipment according to the regulatory requirements is the activity of CRSF's Department for Rail Equipment.

*Law stated - 01 June 2023*

## Accident investigations

### What systems and procedures are in place for the investigation of rail accidents?

The Air, Maritime and Railway Traffic Accidents Investigation Agency (AIN) is a state agency, established according to the EU *acquis communautaire*, that investigates rail accidents. Their investigations are public; they explain the circumstances of an accident, its causes and deficiencies in the rail organisation and system. AIN recommends measures to prevent similar accidents. Their findings and report are published on their website and are publicly available.

HŽI must perform internal investigations, which are primarily focused on the rail infrastructure conditions and HŽI's omissions as rail infrastructure managers. An HŽI investigation should also establish the required measures and improvements for the prevention of similar accidents.

The public prosecutor is also obliged to perform investigations and press criminal charges in all cases involving severe accidents. Severe accidents are those where the material damage exceeds a value of approximately €100,000, or those that caused severe personal injuries or fatal consequences.

*Law stated - 01 June 2023*

## Accident liability

### Are there any special rules about the liability of rail transport companies for rail accidents, or does the ordinary liability regime apply?

The ordinary liability regime applies to rail transport companies and is generally applicable to other cargo and passenger transports.

National legislation requires mandatory liability insurance for damages caused to passengers in the passenger transport sector and to third persons in the case of tort liability. Furthermore, additional voluntary insurance is required



to obtain the rail carriers' licence.

*Law stated - 01 June 2023*

## FINANCIAL SUPPORT

### Government support

Does the government or government-controlled entities provide direct or indirect financial support to rail transport companies? What is the nature of such support (eg, loans, direct financial subsidies, or other forms of support)?

HŽ Infrastruktura (HŽI) and Hrvatske Željeznice Putnički Promet, Zagreb (HŽPP) receive direct and indirect support for investment in rail infrastructure and passenger transport.

In general, according to EU free market and competition policies, direct subsidies for covering the losses of companies in financial difficulties are not allowed.

However, funding, grants and even subsidised tenders of the EU via the Croatian government for a number of investment projects in the national economy open various opportunities for governmental support of rail companies and rail-related facilities. In addition, Croatia is still utilising EU access funding.

*Law stated - 01 June 2023*

### Requesting support

Are there sector-specific rules governing financial support to rail transport companies and is there a formal process to request such support or to challenge a grant of financial support?

HŽI and HŽPP receive direct and indirect support for investment in rail infrastructure and for passenger transport.

In general, according to EU free market and competition policies, direct subsidies for covering the losses of companies in financial difficulties are not allowed.

However, funding, grants and even subsidised tenders of the EU via the Croatian government for a number of investment projects in the national economy open various opportunities for governmental support of rail companies and rail-related facilities. In addition, Croatia is still utilising EU access funding.

*Law stated - 01 June 2023*

## LABOUR REGULATION

### Applicable labour and employment laws

Are there specialised labour or employment laws that apply to workers in the rail transport industry, or do standard labour and employment laws apply?

The Labour Act applies as the basic employment legislation for all employees in Croatia.

In addition, the Labour Act provides that collective agreements should establish employees' benefits in greater detail based on the rights and principles set out in the Labour Act.

HŽ Infrastruktura, Hrvatske Željeznice Putnički Promet, Zagreb and Hrvatske Željeznice Cargo, Zagreb traditionally have very strong union organisations that represent, negotiate and organise employees of these state-owned rail companies. Since the terms of collective agreements generally have limited effectiveness, negotiations for new collective

agreement terms between rail companies' management and unions are very often connected with strikes and other legally permitted pressure tools to achieve better terms of employment for rail staff.

*Law stated - 01 June 2023*

## ENVIRONMENTAL REGULATION

### Applicable environmental laws

Are there specialised environmental laws that apply to rail transport companies, or do standard environmental laws apply?

There are no rail sector-specific laws; standard environmental laws apply. However, rail companies run environment-friendly policies and implement specific environmental protection measures in their respective businesses.

*Law stated - 01 June 2023*

## UPDATE AND TRENDS

### Key developments of the past year

Are there any emerging trends or hot topics in your jurisdiction?

Following a focus on the highway, airports and ports on the Adriatic coast, modernisation of the rail infrastructure has taken priority on the government's recent agenda. According to modernisation plans that will be supported by EU funding, modernisation of the railway infrastructure will be the main infrastructure investment project in the coming decade.

Tourism, sea and land transportation and transportation-related services create and hold an important share of the national economy.

Modern highways, airports and Adriatic Sea ports enable a huge number of tourists and cargo, the latter especially in containers, to arrive in the country and flow via these transportation facilities. However, a sub-standard rail network became and was finally recognised as a bottleneck for tourism, transportation and transportation-related services to be able to operate at full capacity.

Considering the EU's integrated Trans-European Transport Network; covid-19 pandemic consequences; energy crises; environment-friendly regulations; and green business requests and regulations, the modernisation of the Croatian railways is a strategic interest that will remain in focus for a longer period of time.

*Law stated - 01 June 2023*

## Jurisdictions

	<b>Belgium</b>	Norton Rose Fulbright
	<b>Croatia</b>	Maćešić & Partners
	<b>Germany</b>	Norton Rose Fulbright
	<b>United Kingdom</b>	Dentons
	<b>USA</b>	Sidley Austin LLP