

## 65 Years of OSJD Activities in Eurasia

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### Summary

The Organisation for Co-Operation between Railways (OSJD) is an international organisation established on the basis of the “Provisions on the Organisation for Cooperation between Railways” international agreement. The year 2021 is significant for the OSJD since the Organisation celebrates 65 years of its existence. The past years were a period of constant development of the OSJD, full of important events and changes, both within the Organisation itself and in the economic and geopolitical situation of the regions in which it functions. The OSJD has always been focused on the development and improvement of railway transport in Eurasia through the development and improvement of transport corridors and the harmonization of transport law. It is one of the major organisations in the railway sector, actively operating and cooperating with other important international organisations functioning in the railway transport sector, such as the International Union of Railways (UIC), the International Rail Transport Committee (CIT), and the Intergovernmental Organisation for International Carriage by Rail (OTIF), whose task is to promote, cooperate, develop, improve, and facilitate international railway transport as a means of transport that could meet the challenges in terms of mobility and sustainable transport. As part of this cooperation, the OSJD is focused on the constant improvement of railway transport through the simplification of border procedures and the harmonisation of transport documents, which is exemplified by the common CIM/SMGS consignment note. The purpose of this article is to outline the main tasks and roles of the Organisation in the development of railway transport in Eurasia in recent years.

**Keywords:** OSJD, railway transport, international organisations, Eurasia, consignment note

### 1. Introduction

The change of political conditions in Europe and Asia after World War II and the increased cargo and passenger traffic between the countries of the Eastern Bloc resulted in the need to develop harmonised legal and economic bases for the organisation of international cargo and passenger transport by rail. The establishment of the OSJD was preceded by intensive preparatory work. As a result, in 1951, the first normative documents regulating international passenger and cargo transport by rail were drafted and agreed. These were the following:

1. The Agreement concerning International Passenger Traffic by Rail (MPS) and the related Service Instructions;
2. The Agreement concerning International Goods Transport by Rail (MGS) and the related Service Instructions;
3. The rail transport tariff for passengers, luggage, and express shipments in direct international transport;

4. The Common Transit Tariff for the transport of goods through the countries that signed the agreement on the transport of cargo by rail in direct international transport (MGS);
5. The provisions on mutual use of carriages in international transport (PPW);
6. The provisions on the settlements related to the MPS and MGS agreements.

The said agreements, provisions, and tariffs were introduced on 1 November 1951. The management of the MPS and MGS agreements was entrusted to the Polish State Railways, which, for that purpose, set up the MPS-MGS Management Office in Warsaw. After several years, these documents were significantly re-drafted and given new names: SMPS (the Agreement concerning International Passenger Traffic by Rail) and SMGS (the Agreement concerning International Goods Transport by Rail). The number of signatories of these agreements also increased. With time, the cooperation between railways became closer and the

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volumes of passenger and cargo transports increased, which resulted in the need to expand the cooperation into more areas of railway operations. A new structure turned out to be necessary: a structure that would meet the new requirements thanks to a comprehensive approach to railway operations. In order to manage and supervise the cohesion of international railway transport, a high-level governing body that would define the policy and the strategy in terms of railway transport had to be appointed. In June 1956, a Ministerial Meeting of ministers responsible for railway transport in ten countries was held<sup>2</sup>. This was the first meeting of the supreme body of the OSJD; it was there that the decision to establish the Organisation was made. The OSJD Committee, based in Warsaw, was formed as the executive body and the depositary of all the agreements executed within the OSJD.

## 2. The fundamental goals, tasks, and directions of activity of the OSJD

The OSJD focuses on the strategic goal of its transport policy, which is the development of international railway transport, including combined transport between Europe and Asia, as well as boosting the competitiveness and efficiency of railway transport. The policy of the OSJD member states is focused on maintaining and strengthening the position of railway transport on the international markets of transport services, as well as on ensuring stable international trade. Another important goal is to integrate the railway systems of the OSJD member states with the global transport system within the common transport area by means of efforts intended not only to solve general issues, but also to overcome difficulties in various transport areas and corridors, as well as on specific border crossings. The fundamental areas of activity of the OSJD are as follows:

- the development of international rail transport between Europe and Asia, including combined transport;
- cooperation in terms of transport policy and the legal and ecological aspects of railway transport;

- management of the following agreements: SMPS (the Agreement concerning International Passenger Traffic by Rail) and SMGS (the Agreement concerning International Goods Transport by Rail); the agreements on the provisions concerning the use of cargo carriages in international transport (PGW), the agreement on the provisions concerning the use of passenger carriages in international transport (PPW), the agreement on the international passenger transport tariff (MPT), the agreement on the harmonised transit tariff (ETT), the agreement on the international transit tariff (MTT), the agreement on provisions concerning settlements in international passenger and cargo transport, as well as of other legal and normative/technical documents applicable in international transport;
- formulating the general rules of harmonised international transport law in terms of railway transport;
- working out activities intended to increase the competitiveness of railway transport versus other means of transport;
- the development of cooperation intended to improve regulations concerning the operation and modernisation of railway lines used for international transport and the technical conditions on such lines;
- participating in the solving of problems concerning international cooperation in which the OSJD railways are involved;
- cooperation with other international organisations that have the same or a similar profile of activity<sup>3</sup>.

In this context, the OSJD is the basis of railway transport between Europe and Asia in the 21<sup>st</sup> century, bringing together railway law systems and different track gauge systems.

## 3. Members and structure of the Organisation [2]

Currently, the OSJD covers an area of 37.5 million km<sup>2</sup> that is inhabited by more than two billion people. The railway network of the OSJD member

<sup>2</sup> The Meeting was attended by the representatives of the People's Republic of Bulgaria, the Hungarian People's Republic, the German Democratic Republic, the People's Republic of China, the Democratic People's Republic of Korea, the People's Republic of Mongolia, the Polish People's Republic, the Romanian People's Republic, the Soviet Union, and the Czechoslovak Socialist Republic.

<sup>3</sup> In addition to the activities listed above, the OSJD actively cooperates in terms of railway transport with a number of governmental and non-governmental organisations, including UNECE, UNESCAP, DG MOVE, EAEC (the Eurasian Economic Commission), UIC, ERA, CCTT, FIATA, FTE, UPU, CTC, TMTM (Middle Corridor), ECO, CRT (the Council for Rail Transport of the CIS), UITP, and FERRMED. Cooperation with these organisations with respect to international railway transport is fruitful, allowing for an expansion of the scope of the tasks and activities carried out.

states is built up of approx. 300,000 km of railways through which more than 5.5 billion passengers and 5.6 billion tons of cargo are transported every year (excluding the crisis caused by COVID-19). When the Organisation was established, the operational length of all railway lines of the OSJD member states was approx. 227,000 km. The dynamics of changes in

the operational length of railways in the OSJD member states in recent years is presented in Figure 1. As a result of geopolitical changes, the number of OSJD member states has increased; today, the Organisation has 29 members (with South Korea joining in 2018)<sup>4</sup>, which is presented in Figure 2. Currently, works are under way to accept new member states. In addi-

Fig. 1. The dynamics of changes in the operational length of the railway network and electrified lines (the left y axis of the chart concerns changes to electrified lines, while the right y axis concerns changes to the total length of the lines) [10]

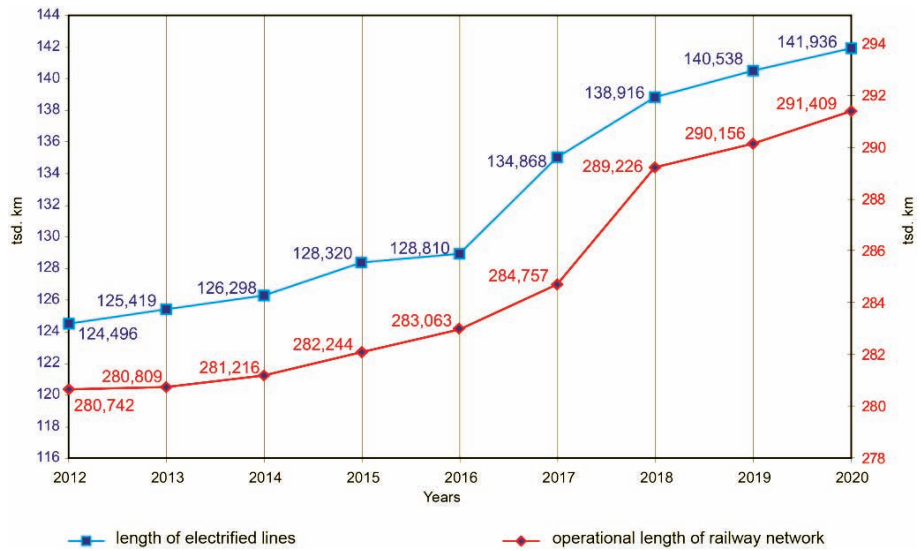


Fig. 2. OSJD member states [10]

<sup>4</sup> These are the following countries: the Republic of Azerbaijan, the Republic of Albania, the Islamic Republic of Afghanistan, the Republic of Belarus, Republic of Bulgaria, Hungary, the Socialist Republic of Vietnam, Georgia, the Islamic Republic of Iran, the Republic of Kazakhstan, the People’s Republic of China, the Democratic People’s Republic of Korea, the Republic of Korea, the Republic of Cuba, the Kyrgyz Republic, the Republic of Latvia, the Republic of Lithuania, the Republic of Moldova, Mongolia, the Republic of Poland, the Russian Federation, Romania, the Slovak Republic, the Republic of Tajikistan, Turkmenistan, the Republic of Uzbekistan, Ukraine, the Czech Republic, and the Republic of Estonia.

tion, the German and Finnish railways and the Russian Federal Passenger Company have the status of observers within the OSJD. Furthermore, numerous enterprises, institutes, and organisations from Eurasia whose operations are related to railway transport have the status of affiliated enterprises. In January 2021, there were 40 members, with their gradually-increas-

ing number, i.e. with more enterprises declaring the will to accede<sup>5</sup>. In the structure of the Organisation, the supreme authorities are the Ministerial Conference and the Conference of General Directors of the Railways of the OSJD Member States<sup>6</sup>.

The structure of the Organisation is presented in Fig. 3. In the periods between the meetings of the governing

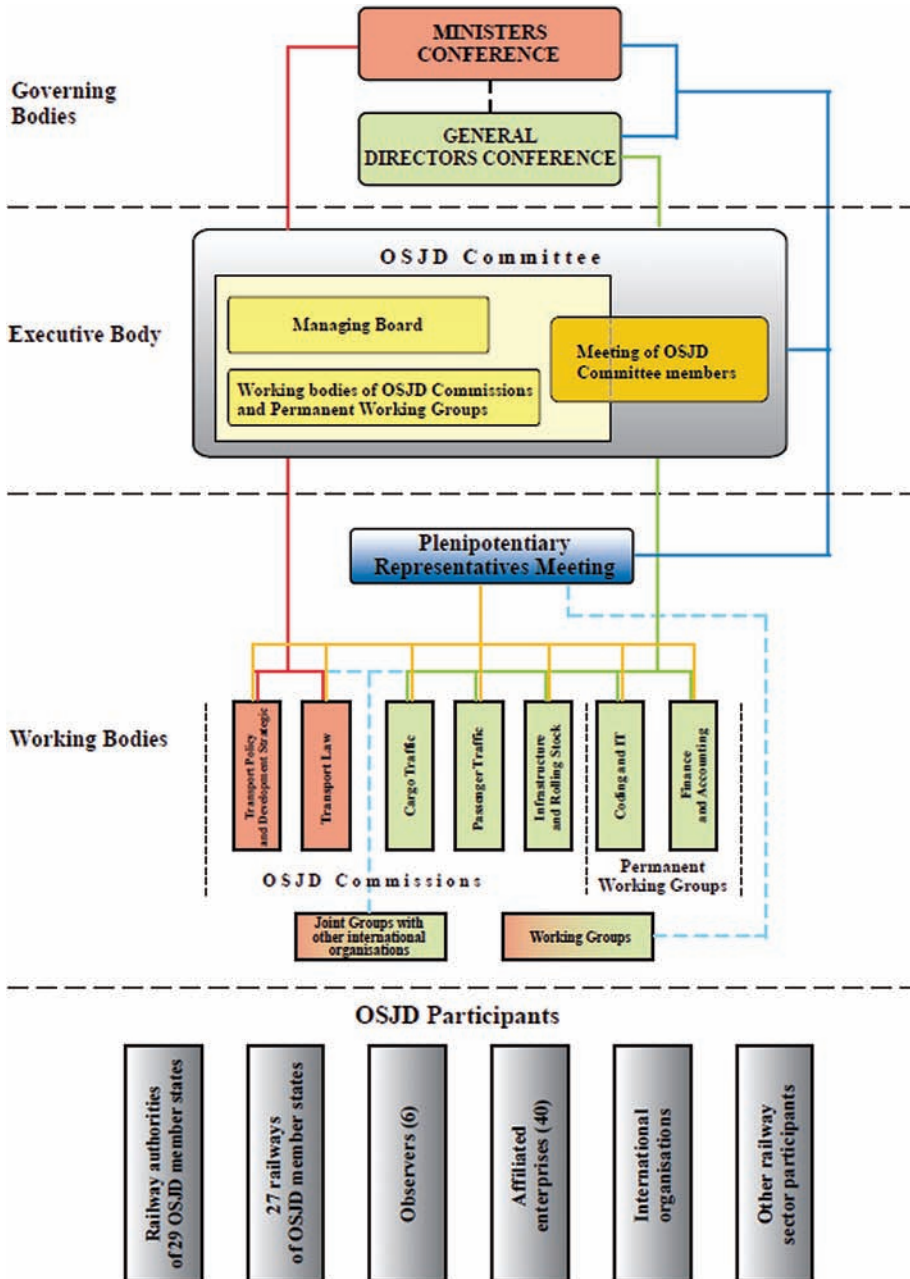


Fig. 3. Structure of the OSJD [6]

<sup>5</sup> In April 2021, during a meeting of the Conference of General Directors of the Railways, new enterprises, e.g. from Austria, the Czech Republic, Hungary, and Poland, were accepted.

<sup>6</sup> In connection with the structural changes in the railways of many OSJD member states and the emergence of railway enterprises as independent business entities, in 1992, during the 20th Ministerial Conference in Ulaanbaatar, Mongolia, it was decided to establish a governing body of the OSJD at the level of railway enterprises: the Conference of General Directors (authorised representatives) of the OSJD

bodies, the work of the Organisation is managed by the OSJD Committee as the executive body. The working bodies of the OSJD are five Commissions and two Permanent Working Groups. A Commission is made up of a number of Ad Hoc Working Groups and Joint Working Groups created together with other organisations. Examples of Ad Hoc Working Groups include:

1. Ad Hoc Working Group on the issues of vocational training/education in the field of railway freight traffic;
2. Ad Hoc Working Group of the OSJD Commission on Transport Law in the field of updating the Rules for the Transportation of Dangerous Goods;
3. Ad Hoc Working Group of the OSJD Commission on Transport Law for railway and waterway traffic.

The Organisation pays particular attention to cooperation with other international organisations as part of joint expert working groups. These include the OSJD/ERA Contact Group that focuses on cooperation between the ERA and OSJD in terms of joint actions taken by the owners of the railway systems of EU and non-EU Member States that use tracks which are 1520 mm, 1524 mm, and 1435 mm wide; the Joint Working Group (Legal Group) of CIT/OSJD on the harmonisation of CIM/SNGS transport law; the Joint OSJD/UIC Group on coding and IT; the OSJD/UIC Joint Working Group of concerned railway companies in reviewing and converting the OSJD/UIC joint leaflets, included in the priority list into draft OSJD/UIC international technical solutions in the field of railway transport of voluntary accession. This is extremely important because the railway links between the OSJD member states feature significant distances (8000–12,000 km), various climate zones (including severe climate zones), and two changes of railway track gauge on a journey in one direction (1435 mm, 1520 mm, 1435 mm).

Transport between Europe and Asia involves the large number of countries that have different legal systems when it comes to railway transport. The documents drafted and adopted within the OSJD enable the creation of a legally homogeneous field for international railway transport to be carried out between the OSJD member states. This requires improvements and agreements in areas such as transport conditions, tariffs, customs procedures, the rules of mutual use of carriages, informational and technological support, and financial settlements between railways. As a result, the OSJD systematically works in order to develop international railway transport, including combined transport, be-

tween Europe and Asia, as well as to boost the competitiveness and attractiveness of railway transport.

#### 4. Selected examples of practical activities and implementations of OSJD projects

The OSJD is active in improving various areas of functioning of railway transport, including transport law and international transport. A clear example in this respect is the continuing attempt to improve legal norms and the documents related to international transport. The existence of two legal systems, i.e. the uniform rules related to the Agreement concerning International Goods Transport by Rail (SMGS) and the Contract for International Carriage of Goods by Rail (CIM), in Asia and Europe is a result of geopolitical, economic, and legal factors. These systems regulate the relationships between the parties to an agreement for the transport of goods, but significantly differ in terms of both the form and the understanding of individual transport regulations, which results in transport differences between the two systems [5].

An analysis of cross-border transport within these systems has shown that much time and effort is spent on issuing consecutive consignment notes at border crossings. At the same time, in many cases, there are various kinds of interference, imprecision and errors that cause delays on borders or late delivery to the client. The two existing systems did not favour SMGS and COTIF areas – legal transport systems [5] the development of international railway transport on the Europe – Asia – Europe route. The common OSJD/CIT/OTIF project resulted in the development of a uniform CIM/SMGS consignment note, which has facilitated cross-border railway transport. The scope of application is presented in Fig. 4.

The CIM/SMGS consignment note is a uniform consignment note used to transport goods to countries that use different regulations concerning international transport (SMGS and CIM) and is issued with respect to the entire journey, with no re-registration at the place where the transport law changes. It is considered to be a customs document and it facilitates the procedures in terms of railway-transported goods that cross borders. Today, the CIM/SMGS consignment note is used by the railways of 17 OSJD member states of 25 countries – parties to the SMGS Agreement<sup>7</sup>, but its use is voluntary. The implementation of

<sup>7</sup> The Republic of Azerbaijan, the Republic of Belarus, the Republic of Bulgaria, Hungary, Georgia, the Republic of Kazakhstan, the People's Republic of China, the Republic of Latvia, the Republic of Lithuania, the Republic of Moldova, Mongolia, the Republic of Poland, the Russian Federation, the Slovak Republic, Ukraine, the Czech Republic, and the Republic of Estonia.

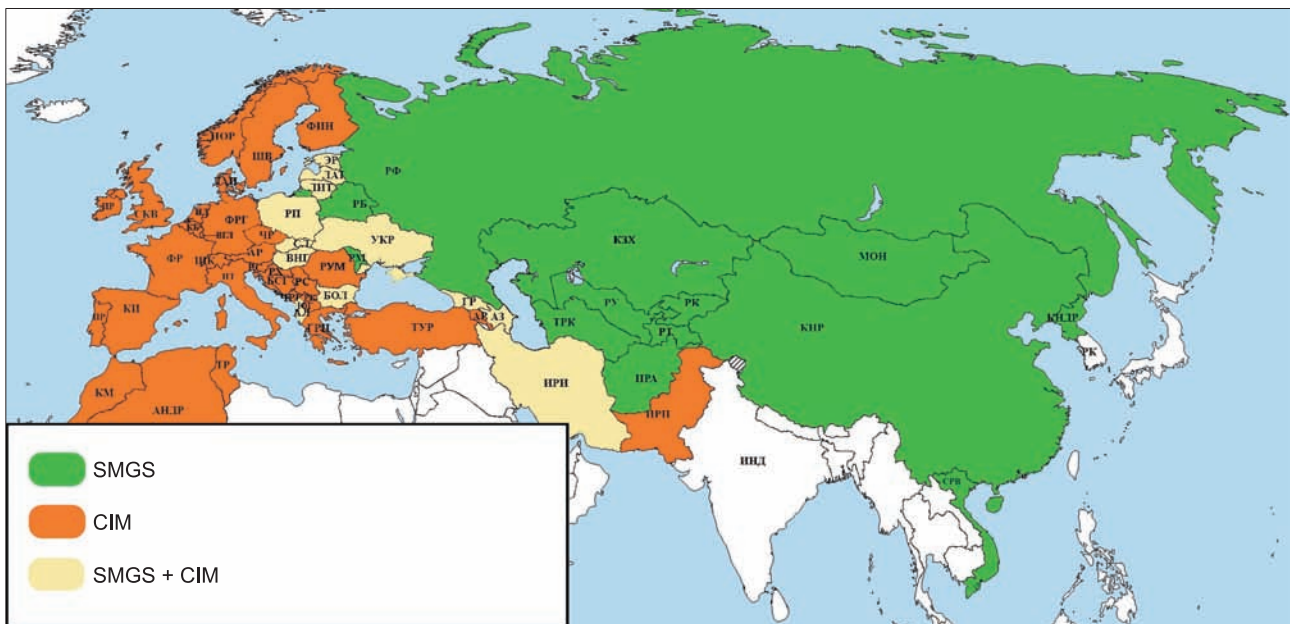


Fig. 4. SMGS and COTIF coverage areas – legal transport systems [5]

this consignment note in the practice of international transport has brought positive effects for railway transport, including significant shortening of train stoppages at border crossings; improvement of the quality of service and a decrease in transport costs; savings on the time previously spent on re-registration of documents at border crossings; a decrease in the costs related to re-issuing documents concerning continuation of transport through railways where different transport law applies; elimination of a number of types of imprecision and errors made when re-registering transport documents for shipments; ensuring a high level of compliance with legal norms during transport; shortening of delivery times as a result of shorter stoppage at re-shipment locations; and the use of the CIM/SMGS consignment note as a transit customs document.

Recapitulating, the use of the CIM/SMGS consignment note is important for the multimodal transport of goods on the China – Baltic Sea – Europe and the China – Caspian Sea – Europe routes, as well as for the further development of cooperation in terms of transport (including combined and multimodal transport) between European and Asian countries. Examples of the organisation and routes of transport where the

CIM/SMGS consignment note is used are presented in Figure 5.

Another important area and achievement in recent years is the attempt to develop the skills and competences of railway employees in the OSJD member states. Railway transport is changing rapidly. The challenges related to digitisation include innovation, ecology, sustainable transport, and new transport and processing technologies, which requires railway employees to constantly develop their knowledge and skills. Railway transport and the attitudes and competences of railway employees are significant factors in terms of the competitiveness of railway transport and the attempt to increase its importance; this has led to the establishment of the OSJD Academy<sup>8</sup>.

The activities of the OSJD Academy are intended to provide organised and methodological support in terms of vocational education and training with respect to the use of regulatory documents and other OSJD documents regarding international railway transport, including when other means of transport are involved. Participation in the activities of the OSJD Academy is voluntary. The main goals of the OSJD Academy include:

- developing the scope of the activities of the OSJD in terms of vocational education and training;

<sup>8</sup> The OSJD Academy was formed under a decision made by 47 Ministers of Transport of the OSJD member states between 4 and 7 June 2019 in Tashkent, the Republic of Uzbekistan. The OSJD Academy is a body specialising in vocational education and training, which functions on the basis of the OSJD Regulations and the OSJD Academy Regulations, which was approved by means of a decision made during the 48th OSJD Ministerial Conference (28–30 September 2020).

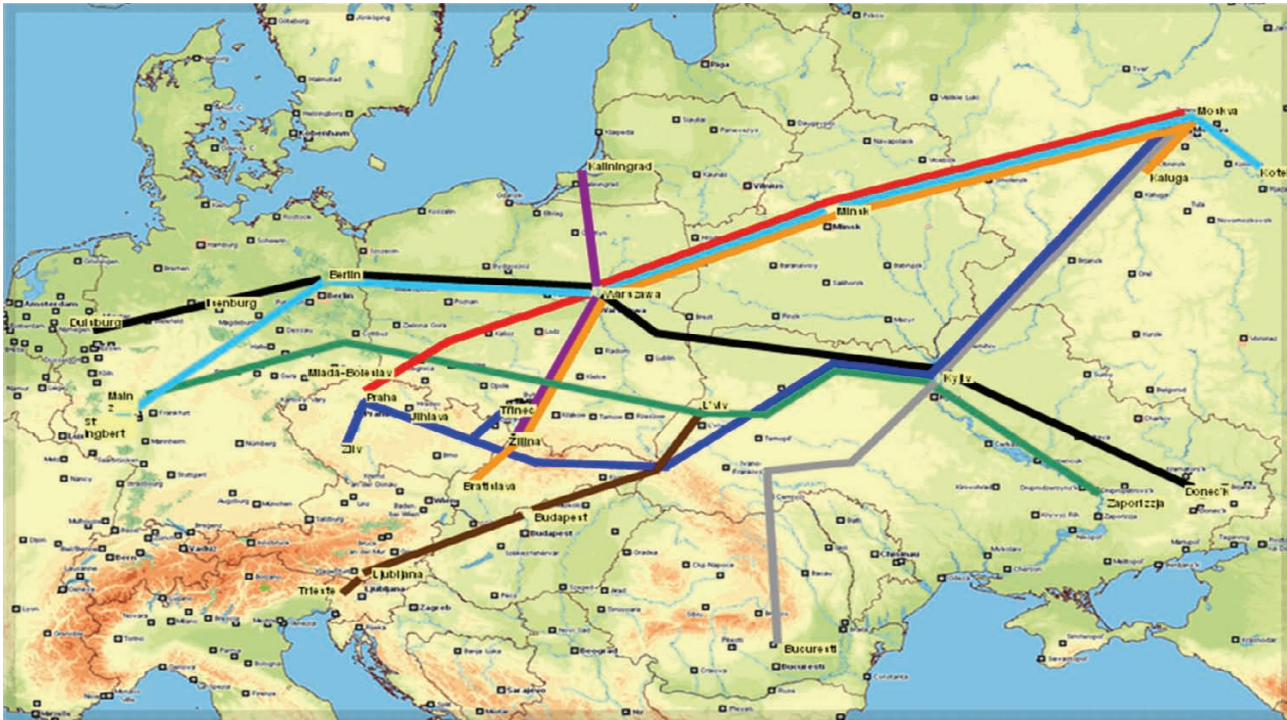


Fig. 5. Organisation of transport of goods with the use of the CIM/SMGS consignment note [3]

- ensuring control over the activities of the educational organisations accredited with the OSJD with respect to training, in accordance with the standard programmes and the educational programmes of the OSJD;
- coordinating the works of the participants of the OSJD Academy in terms of the organisation and carrying out of the program and plan of works of the OSJD working bodies in the area of vocational training;
- developing cooperation with international organisations, associations, and academic and educational institutions in terms of vocational education and training in order to exchange experiences and best practices;
- organising conferences and seminars on vocational training or the training of employees in terms of railway transport organisation;
- monitoring the quality of use by the participants of the OSJD Academy of standard training programs of the OSJD, the training programs approved by the OSJD, and training materials.

Irrespective of these activities, works are under way on organising the fundamental OSJD documents. This is because it has been noticed that there is a need to regulate the legal basis for international transport

between Europe and Asia by means of elevating the legal status of the OSJD to an intergovernmental organisation, as well as the need to incorporate the SMPS and the SMGS into the legal systems of member states by means of ratifying these agreements. The underlying issue is the need to make the Organisation more modern, adapt its structures to the new conditions in which railway transport functions in member states, and, most of all, organise the legal bases for international railway transport between the member states of the OSJD.

The Ad Hoc Working Group has been established with the task of producing a draft of a Convention concerning direct international railway transport<sup>9</sup>. From 2010, at the request of Poland, focus had been on producing a comprehensive draft of a Convention that would elevate the status of the OSJD to an intergovernmental organisation and give the SMPS and the SMGS agreements the status of intergovernmental agreements. Works on the draft of the Convention at the OSJD expert level were completed in 2015. In addition to the OSJD member states and the active participation of China, DG Move (the EU Directorate-General for Mobility and Transport) was also actively involved, according to the rule that transport law is one of the EU's exclusive competences. As a result, the draft of the Convention is in compliance with EU law.

<sup>9</sup> The group comprised over a dozen member states (including Poland) and the Chairman of the OSJD Committee.

Since 2016, International Conferences intended to adopt the Convention on Direct International Railway Traffic have been organised. Due to the COVID-19 pandemic, the last one was held in March 2019. The ready draft of the Convention is an effective legal base that will provide sustainable legal protection to all participants of the transport process in the countries that sign the Convention, comprehensively regulating the legal bases of international transport. The assets of the new Convention include the following:

- Elevation of the status of the OSJD and the SMPS and SMGS agreements to the intergovernmental level, like in the case of the COTIF Agreement.
- Unanimous decision-making is no longer required at the level of the OSJD Ministerial Conference.
- Warsaw becomes the permanent headquarters of the OSJD Committee.

## 5. Future challenges

Today, we are witnessing a significant increase in international trade and changing trends in this area. Container transport by rail between Asia and Europe and Eurasian product streams carried out by means of other means of transport are on the increase. The rapid increase in online trade opens up vast possibilities for organisations that offer express deliveries of small postal items and mixed shipments, not only in containers, but also in postal carriages, as enabled by the launch of regular, quick postal links handled by means

of railway transport. In 2020, more than 4000 tons of postal items were sent by railway transport in Russia; 11000 tons of such items were transported from China to Europe in this way [7]. The processes of switching to digital technologies in transport and logistics have become faster: from the introduction of electronic transit customs declarations and consignment notes, through the implementation of promising projects in terms of an electronic market of rolling stock, to electronic trains, such as the digital product carried out in one of the trains of Russian railways [8]. Quality changes have taken place on the Asia – Europe – Asia route in the entire process of goods delivery by land. Today, this not only means transporting goods in containers, but also a comprehensive logistical product that is carried out strictly according to a schedule, with detailed delivery dates, in close integration with freight forwarding companies and last mile carriers. A good example in this respect is the logistical product covering the Yiwu – London route: 12,000 kilometers in 17 days, as presented in Figure 6.

Container-based Eurasian transit is an area of strong competition. A growing number of stakeholders act as operators of transport between Asia and Europe, which means that Asian and European owners of goods may choose between operators and competition will force an increase in the quality of services. One of these operators is the Eurasian Railway Alliance (UTLC ERA)<sup>10</sup>. The increase in transport between 2016 and 2020 was more than 52.6%, from 100,983 TEUs in 2016 to 546,902 TEUs in 2020 [9].

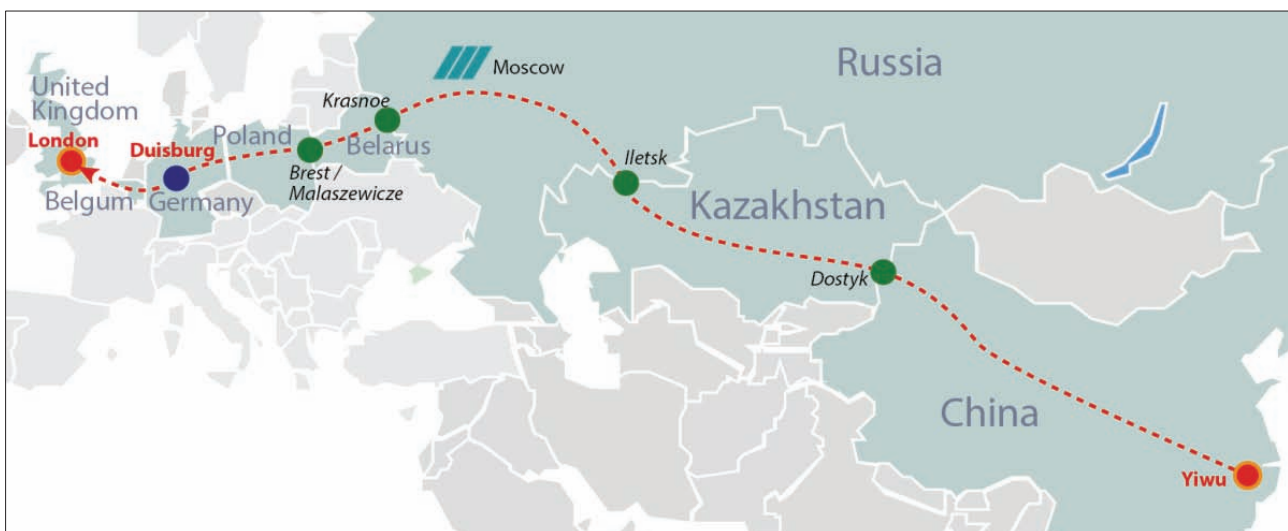


Fig. 6. An example of a comprehensive product [4]

<sup>10</sup> United Transport and Logistics Company – Eurasian Railway Alliance.



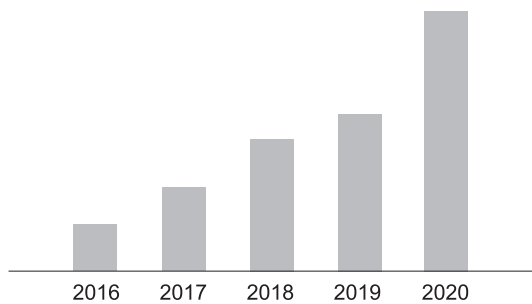


Fig. 7. Volumes of cargo transport by the UTLC ERA between 2016 and 2020 (in TEU) [9]

It should be noted that global supply chains are evolving. Completion times are becoming an important element of competitiveness. For instance, the average train speed is approx. 900–1000 km per day; on the Chongqing – Duisburg route, it is 958 km per day (over a distance of more than 10,000 km); on the Chengdu – Łódź route, it is 890 km per day (over a distance of approx. 9600 km). Evolution begins the fourth industrial revolution based on the Industry 4.0 concept, bringing together analogue and digital technologies. The revolution is progressing at an unprecedented speed, powered by intelligent, connected technologies. The existing forms of operation are being transformed, with new types of products and services developed. Enterprises, including railway enterprises, are introducing new business models, so as to be able to provide their clients and markets with value in the future [11].

## 6. Conclusions

The activities of the OSJD, focused on the development and improvement of international railway transport between Europe and Asia and on increasing the efficiency and quality of services, remain topical today. Carrying out its activities in dynamically changing economic and market conditions, with COVID-19 pandemic restrictions in force, the OSJD continues to focus on the development and improvement of the conditions for the efficient transport of goods by railway between its member states. These activities consist primarily in perfecting, harmonising, and unifying legal and normative/technical bases, as well as in developing railway transport corridors, improving transport tariffs, facilitating the crossing of borders through wider application of the common CIM/SMGS consignment note and its electronic version<sup>11</sup>, which allows the time of transport

to be shortened and the costs lowered. Supply chains are becoming vulnerable, weak, and shorter, which means that simplifying procedures, using harmonised instruments and shipments, and making efforts in order to unify legal norms concerning the international transit transport by rail are an important basis for the improvement of transport processes. Railway transport cannot allow for interruptions in the provision of transport services. Consequently, the popularisation of the CIM/SMGS consignment note, for example, contributes to increasing the competitiveness of railway transport on international transport routes. The awareness of the changes that are currently taking place in global processes, including those focused on environmental protection and energy efficiency, contribute to a growing importance of OSJD railways in the development of international railway transport.

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<sup>11</sup> Since 1 July 2019, an electronic version of the CIM/SMGS has been available; as a result, after the first registration, all information concerning the cargo is available simultaneously to tax and customs authorities, as well as other regulatory bodies.

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