

MANIFESTO ON CONCESSIONS

Preamble

Road networks play the leading role in the European mobility and in underpinning the bulk of the European land transport. Although relevant efforts have been made by the European Union and Member States to boost the use of other transport modes, road transport still represents the most used way of moving people and freight across Europe, as over 72% of passengers move by car and 60% of freight is moved by trucks. Therefore, even with these long terms policies aiming at rebalancing the share of the different transport modes, the reliability and the quality of the road transport on the main European axis and beyond, is crucial for the European economy and for all European citizens.

The increased role of innovative tools and arrangements, and of the private sector, in the provision of transport infrastructures and services reflects the changing perception about the role of the State in the provision of public services and the necessity to make available the needed resources without weighting on the public budgets, further to make available, reliable and high quality transport infrastructures. ASECAP members represent an evident example of how those objectives can be met.

The tool of the concession is a cornerstone of the European policies on public private partnership, to the extent that specific EU legislation has been available for more than two decades now, with several revisions in the meantime, that with a stepwise process enhanced their effectiveness in time, and are contributing to the objective of the achievement of a seamless market for concessions all over Europe.

ASECAP also carried a stepwise analysis, on which this document is based, with its recommendation to the European decision makers in order to make the best use of the tool of the concession, also by means of an enhancement of the specific legislation.

The ASECAP recommendations

Actually, a European common philosophy on concessions it is not entirely achieved, therefore ASECAP submits its recommendations towards the due completion of a course that is still ongoing; ASECAP proposes the enhancement of the EU legislation on concessions, according to the principles of “*legal certainty/stability of the contracts*”, of “*competition for the market*” and of “*equal treatment of public and private enterprises*”, with the aim to ensure the uniform application of the mentioned principles all over Europe and to allow for a seamless and reliable market of concessions, conditions that are not entirely met yet.

The following is recommended by ASECAP:

1. Strict and full respect of the contracts and of the legal framework to guarantee the correct deployment of toll concessions.
2. For mature concessions, it is important to assure the proper termination of their contracts.
3. The legal framework should be reviewed to promote a wider use of the “*Adossement*” system (i.e. use existing concessions also to finance and operate network completions that could not be self-sustainable).
4. When a toll concession ends, a new tender should be launched integrating: i) additional investments in the facility itself and in others in the same area, and ii) the long term maintenance of the concerned infrastructures.
5. For new contracts, a revision of the risk allocation schemes is needed: Concessionaires are willing to bear important part of the project risks, however these risks cannot be unlimited.
6. For future contracts with limited traffic volumes, new schemes such as mix revenue schemes, minimum income guarantee or variable concession period should be considered to make those projects viable.
7. Clarify Eurostat criteria to state that concession's projects do not impact public deficit.
8. Public-private partnerships in road infrastructure should continue to be promoted, based on a pay-per-use scheme (as and when possible).
9. Consider the opening of an action aimed at revising the current legislation with the objective of an enhanced application of the EU principles and of the secondary rules.

The expected benefits

The advantages of taking this final step in the harmonization of the EU legislative tools on concessions would be many and are not limited to road toll concessions only, since also other market sectors apply the concessions concept. The following points are an overview of the possible benefits for Europe.

- **Financing:** building motorways and other large infrastructures is very expensive and governments are constantly facing budgetary constraints. Governments have to raise taxes and/or ask for loans in order to cover the huge costs related with the construction works. On the contrary, should works be performed through concession companies, funding of the project would be up to the concessionaire, that would activate the financial markets and would repay them by means of the tolls or availability payments, allowing the infrastructure to be built without any impact on the public debt. The user paid concessions are obviously more fair towards the citizens and allow also to deliver price signals to the users.
- **Efficiency:** concession companies can provide services or operate facilities more efficiently and effectively, as they operate in a profit-oriented competitive market. Furthermore, they have a more flexible management and are not constrained by lengthy decision-making procedures. There is therefore a high potential for efficiency gains in all phases of project development and implementation, in addition to societal benefits deriving from long-term road planning.
- **Better performance and infrastructure quality:** when operating a motorway, concession companies are encouraged to deliver a high quality service, to introduce cost-saving improvements and to implement innovative designs and technology. In addition, the government may require the concessionaire to undertake several improvements. With regard to motorways in particular, recent surveys suggest that, due to such investments, safety levels increased significantly and traffic accident fatalities have been lowering year after year.
- **Risk transfer:** the risks involved in building and operation of the concession are transferred in a significant way to the concessionaire, which becomes responsible for the fulfillment of all the building and operation standards previously required by the Government.
- **Costs reduction:** all costs related with the operation of the concession, including maintenance or repair works to be performed during the concession, are allocated to the concessionaire, which leads to significant yearly savings for the government during the concession.
- **Know-how and expertise transfer:** the concession allows the government to deal closely with an experienced company, with highly qualified teams and whose performance obeys to strict efficiency standards, thus transferring relevant know-how and technical expertise to the government's own staff.
- **Control:** the Government has all the incentives to control the performance of the concession contract and carry out a strict surveillance of the concessionaire. This administrative control is also strengthened by the motorway users' feedback, who may also claim the concessionaire to keep the infrastructure in good conditions and introduce improvements.
- **Stability:** when the concession is based on a contract between the grantor and a third party, the government is discouraged to proceed to any change.
- **Better acceptance of tolls by the users:** the users of the motorway tend to accept the payment of tolls more easily when the concession is awarded to a concessionaire, as, in such scenario, tolls are seen as the concessionaire's due reward for the high investments previously made on the construction of the motorway and high quality service provided.
- **General economic effects:** finally, the award of an infrastructure concession necessary for the society to private companies boosts the local (and even national) economy, introducing a whole new dynamic in the private market, creating new jobs and incentivising the adoption of best practices on the sector (*leges artis*) and development of technological innovation. Only concessions can create (or strengthen) a relevant European market related to the management and operation of infrastructural assets, which might be able to compete in a globalized economy and be replicated in other continents.

ASECAP Total Network :
50266,71 km



ABOUT ASECAP

ASECAP is the European Association of Operators of Toll Road Infrastructures, whose members' networks span more than 50,000 Km of motorways, bridges and tunnels across 22 countries.

ASECAP's purpose is to defend and develop the system of motorways and road infrastructure in Europe. Tolls are applied as a means to ensure the financing of their construction, maintenance and operation.