

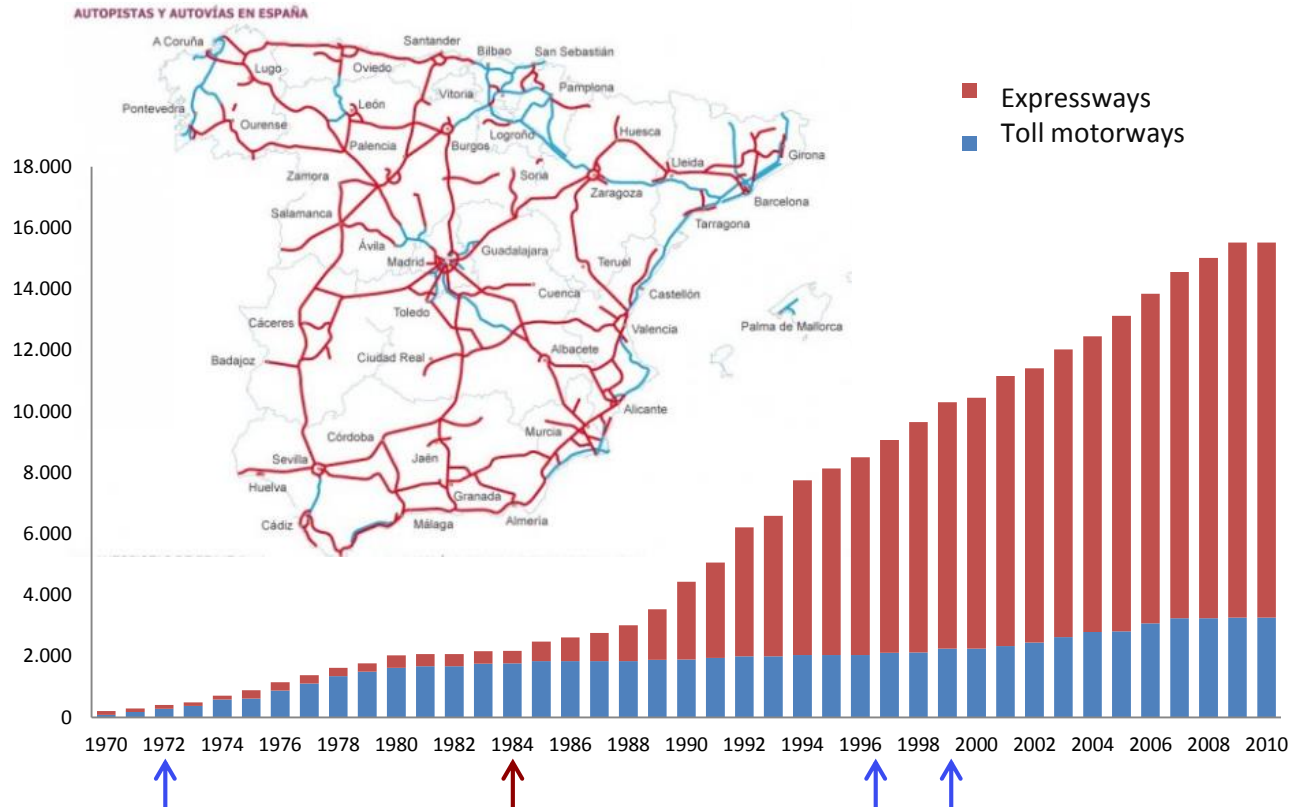


Case of Spain and requirements to foster new concessions

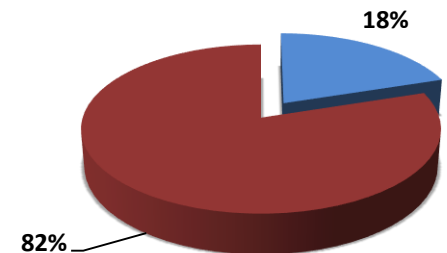
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High capacity road network evolution & current situation



High capacity road network in km	
Toll motorways	3,026
Expressways	13,557
Total	16,583



1972: PANE (Programa de Autopistas Nacionales Españolas)
=> Objective: 3,160 km of toll motorways

1984: Plan Nacional de Carreteras 1984-1991
=> Objective 5,700 km of expressways

1996 y 1999: 1º y 2º Plan de Autopistas de Peaje
=> Objective: 440 km y 769 km of toll motorways

Lack of a consistent financial model for high capacity roads
Duplicated network: Parallel roads



Consequences / solution

- Not homogeneous network: quality, safety, service
 - Lack of maintenance: Deficit estimation: 6,200 M € (AEC)
 - External costs not internalized
 - No traffic demand modulation
 - Free use for foreign drivers
 - Whole capacity of the road network not used
 - Fair system: not based on taxpayer
 - Transport sector inefficiencies: fragmented sector, old vehicles, empty trips...
- Longest network in EU
 - High use (limited transport of goods by rail)
 - Need public funds for 82% of the network



- Spain is one of the few countries not implementing road charging schemes
- Unsustainable situation
- Strength of this measure:
 - Big network to charge: 16,500 km
 - Revenues: estimated up to 6,800 M €/year
 - Important traffic from foreign tourists



Spanish case

- Mature toll concessions: successful projects
 - Since 70's
 - Total investment of 16, 413 M €
 - 4,597 employees
 - Fiscal return of 42.9%
 - Economic development of regions, mobility, safety, service
- New toll concessions: the legal concession model has been tighten...
 - Expropriation land costs: 387 M€ to 2,250 M€
 - Construction extra costs: 473 M€
 - Traffics under forecasts: economic crisis /improvement on parallel roads

... and inefficiencies have been found out:

- Unbalance share of risks
- Not contract rebalances
- Treatment of the guarantee (RPA)



8 concessionaires in bankruptcy

Solution under negotiation to avoid liquidation depends on:

- Impact on Public Deficit (>4,500 M€)
- 100% reductions assumed by shareholders
- 50% reductions assumed by creditors
- Interest rate for the debt (1% => 2%)
- Expropriation payments recognition (68 M€)
- Agreement among all stakeholders (Administration, national and foreign banks, shareholders, works companies, land owners)



Financing future projects

- More investments are still needed:
 - Roads: complete, upgrade and maintain existing network
 - Others infrastructures: water, access to big cities, smart cities, education infrastructures...

- Lack of public funds
 - Public budget cuts due to the economic crisis
 - Limitations imposed by the Stability and Growth Pact
 - Need to finance other social priorities

- Private investors attraction
 - Current situation of the financial market
 - Requirements (lessons learned)
 - Participation on the projects definition
 - Fair risk allocation
 - Concession contract rebalance mechanisms
 - Predictability of future cash flows