

**PRESS RELEASE**  
**30/07/2020**

## **AIReF REPORTS STRONG INVESTMENT IN HIGH-SPEED RAIL OVER INSUFFICIENT INVESTMENT IN SUBURBAN RAIL AND PROPOSES SHIFTING FOCUS TO MOBILITY CRITERIA**

- The Spanish Independent Authority for Fiscal Responsibility (AIReF) explains that Spain has built a more extensive high-speed rail network than other countries without greater cost but also without considering mobility criteria
- The institution states that overall operation of high-speed railway lines is profitable in Spain, albeit without recovering the investment and with significant differences between the four corridors
- The social benefits do not offset the fixed construction costs and do not offer security in scenarios subject to uncertainty where the opportunity cost of public funds is high
- High-speed rail has brought significant journey time improvements and widespread transport cost savings in all provinces but has contributed to an increase in provincial disparity
- AIReF proposes an assessment of pending high-speed rail projects, establishing a legislative and regulatory framework capable of increasing the use of this network and prioritising projects
- The institution concludes that the investment in suburban rail has been insufficient for a railway service that accounts for 90% of railway use in Spain
- It proposes handing over management and planning to the transport consortia or authorities, redefining the metropolitan transport funding model and creating a mechanism with balanced allocation criteria for all metropolitan areas of Spain
- It also proposes undertaking a process of reflection on the best distribution of powers in the field of metropolitan transport

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**The Independent Fiscal Responsibility Authority (AIReF) today published its 'Transport Infrastructures' study from the second stage of the Spending Review, in which it reports strong investment over the last 35 years in high-speed rail in Spain over insufficient investment in suburban rail despite a strong increase in demand for the latter that is also the most widely used in Spain. The institution proposes shifting the focus to mobility criteria in order to achieve efficiency in the provision of infrastructures capable of meeting the mobility needs of the public and the economic system through the rational spending of resources.**

In the study, AIReF states that Spain has the second-most extensive high-speed rail network in the world (3,086 km), larger than any other European country and second only to China. However, it is the least used of all the countries with a sizeable high-speed railway network. More than 55.89 billion euros have been spent on rolling out this network, of which 14.09 billion (25.2%) have been paid for with European funding. Another 15.86 billion now comprise a debt held by ADIF Alta Velocidad, the public business entity set up to finance the investments and whose deficit and debt levels do not form part of the national account calculations.

Spain has built its high-speed rail network at a cost no greater than the European and international average. The average construction cost for high-speed railway lines in Spain stands at 14.7 million euros per kilometre and 15.3 million when also including stations.

Overall operation of high-speed rail in Spain is profitable when disregarding the investment, although significant differences exist between the four corridors. Operation of the North Corridor posts a deficit for the time being, but both RENFE and ADIF show positive results in the overall calculations that have constantly improved year on year due to an increasing number of passengers.

High-speed rail has brought significant journey time improvements and widespread transport cost savings in all mainland provinces. However, it has contributed to an increase in provincial disparity and no increase in social cohesion can be observed.

An *ex-post* assessment was conducted on the four high-speed rail corridors using the cost-profit analysis method. The overall results show socio-economic yields between zero and minimal in all corridors. The social benefits do not offset the fixed construction costs and do not offer security in scenarios subject to uncertainty where the opportunity cost of public funds is high.

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Furthermore, a sensitivity analysis was conducted to clear the uncertainty surrounding future trends in variables on which the socio-economic profitability of these railway lines depends. The foreseeable increase in demand as a result of railway market deregulation or a hypothetical and unlikely ban on mainland flights would improve the results, but only slightly.

Completing new high-speed rail lines would require very large investments. The current Infrastructures Plan provided for a high-speed rail network of 8,740 km, meaning that 5,654 km would yet to be built. This would require a minimum investment of 73 billion euros over and above the 55.89 billion already invested.

In this context, AIReF proposes an assessment of all pending high-speed rail projects based on the costs already incurred and the foreseeable demand based on real travel data from lines already in operation and investment alternatives for resolving mobility problems. Furthermore, it proposes establishing a legislative and regulatory framework capable of increasing use of the high-speed railway network as the only way to increase the social profitability from the investments made, as well as prioritising the projects pending execution.

### **Suburban Rail**

Suburban rail is the most used railway service in Spain by far. It carried 562.2 million passengers in 2018, which represents 90% of all railway users. The service is divided into 12 highly varied sub-networks in terms of length, number of lines and users. Madrid and Barcelona account for 86% of passengers and 34% of the total network. Despite its significance in terms of user numbers, total investment in suburban rail in the period 1990-2018 was limited to 3.6 billion euros, in stark contrast to the 55.89 billion euros invested in high-speed rail in the same period and in spite of the latter only carrying 30 million passengers in 2018 (4.8% of all railway passengers).

The number of suburban rail journeys has practically doubled since 1990, in spite of the low investment received by the system. The economic crisis reduced demand and it did not begin to return until 2014, carried by the increase in passengers in Madrid and Barcelona given that most of the other sub-networks continued to lose passengers in the period 2013-2018.

One of the particular features of suburban rail governance is its lack of full integration in the public transport consortia or authorities, which therefore lack powers over the management of railway service frequency and timetables, ticket prices and investment in infrastructure. This is an atypical situation when compared with other modes of transport, which have ceded their powers to the consortia in order to achieve coordinated and more efficient management. The plans drafted between 2007 and 2009 for the three main suburban rail sub-networks (Barcelona, Madrid and Valencia) were analysed.

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These plans provide for a total investment of 12.4 billion euros, of which only 701 million have been spent, i.e. 5.5%.

In this context, AIReF proposes effectively handing over the management and planning of the suburban rail service and its infrastructures to the public transport consortia or authorities; redefining the metropolitan transport financing model according to the recommendations of the Spending Review Assessment of subsidy strategy and procedure and creating a mechanism with balanced allocation criteria for all metropolitan areas of Spain; and strengthening the suburban rail service according to the new project Assessment and Prioritisation framework. It also proposes undertaking a process of reflection on the distribution of powers in the field of metropolitan transport.

**Consult the General Press Release on the Transport Infrastructures Report [here](#)**

**Consult [here](#) the Press Release on the Findings and Proposals on the Air Transport Subsidies for Residents in Extra-Peninsular Territories**