

Spain's empty highways lead to bankruptcy

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A road on the Spanish island of La Gomera. Like the housing bubble, pumped up until it burst in 2008, and its speculation-funded phantom airports, the folly of Spain's road-building boom too is now being laid bare in vast stretches of tarmac.

At the Leganes toll booth outside Madrid, the workers scan the horizon for cars. In Spain's recession, the stream of paying drivers has slowed to a trickle and the toll road is all but bankrupt.

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"Right now we can't meet our debt repayments. We are in the hands of the judge," said Jose Antonio Lopez Casas, director of Accesos de Madrid, the company that manages two major highways around the capital.

The two highways, Radial 3 and Radial 5, opened in 2004 at the height of Spain's construction boom. Now the company owes 660 million euros (\$850 million) to the bank, 340 million to the builders and 400 million to residents evicted to build it.

Since the Madrid-Toledo highway entered bankruptcy proceedings in May, the trend has spread, with five other major routes following.

"It's no surprise," says Paco Segura, a transport specialist at the environmental campaign group Ecologists in Action.

"In Spain, just as there was a real estate bubble, there was also a bubble in infrastructure, and one of the areas that got most developed was the motorways," he added.

"We built thousands and thousands of kilometres of motorways on routes that did not have the traffic concentration to justify it."

The craze drove Spain to break records: it became the country in Europe with the most kilometres of motorways and the most commercial international airports, and was second only to China in the world for the length of its high-speed train lines.

But while the state was approving all these projects by private companies, it was also developing a network of toll-free highways, naturally preferred by drivers.

In the first quarter of this year, with Spain in recession, motorway traffic fell 8.2 percent compared to a year earlier, hitting its lowest level since 1998, the transport ministry said.

"Traffic around Madrid has fallen by between 15 and 20 percent in the past five years," Lopez said. "In our case it has fallen by much more," he said of his toll roads.

"The economic situation makes the cost of a toll road much more of a factor in deciding whether to take a route or not, when there is a free alternative of sufficient quality," said Jacobo Diaz, director of the Spanish Road Association.

"The demand has clearly been overestimated. The actual volume of traffic is about a quarter of what was forecast."

Ecologists in Action estimates the motorway between Madrid and the city of Toledo receives 11 percent of the traffic its developers expected.

Around Madrid, meanwhile, "nearly all the motorways which are going bust are not getting 40 percent of the traffic they planned for when they were built," said Segura.

On the Accesos de Madrid roads, "where there were supposed to be 35,000 vehicles a day, there are 10,000," said Lopez, who holds out little hope of state aid amid the wave of public spending cuts in the recession.

"Too much infrastructure was built, no doubt about it. Much of it turned out to be no use," he said.

"It has happened with the motorways, it has happened with the airports," said Lopez. "Sooner or later we will find it is happening with the high-speed trains."

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