Beat: Automobiles

Why France Has Been Recognized for the Quality of its Motorways

French motorways as an example

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USPA NEWS - Driving in France is quite an experience. A good one as roads and especially motorways are in a very good shape. What is the secret to get such good infrastructures?

Driving down any of the large motorways in France, one can´t help but notice how well-kept, modern and user-friendly they are. Surfaces are smooth and pothole-free, emergency lanes are large for any unfortunate breakdowns, signs are well-displayed and provide useful information and the rest areas are clean, recently built and offer anything you might need for a long trip. And all of this despite how frequently traveled these roads are by large trucks due to the country´s geographical location in Europe.

Smooth Driving

These are not merely subjective observations. Road quality rankings measure the condition and extensiveness of a country´s road network as this important infrastructure is a key factor in promoting economic growth and social welfare. France ranked 7th in the world for quality of road infrastructure in the World Economic Forum´s 2017-2018 Global Competitive Index and their 2018 Competitiveness Report rated France´s roads 3rd in Europe (behind The Netherlands and Portugal). Furthermore, France´s motorways are also recognized as the safest in continental Europe.

What is the secret behind France´s smooth, safe motorways? One potential contributing factor is the French government´s decision to "˜outsource´ the financing, construction, maintenance and operation of the country´s major motorways to private companies under concession agreements. Interestingly, Portugal, with Europe´s 2nd ranked roads, also uses this model to provide this public good. As the U.S. Department of Transportation observes, "France and Portugal are the most aggressive users of concessions. They view their concessionaires as an extension of the highways agencies."

How do concession agreements work?

Concession agreements are a type of public-private partnership (PPP) in which the public authority "˜grants´ a private entity (the concessionaire) the right to provide a public service in place of, but under the authority of, the government. Under the concession agreement, the concessionaire assumes all the related risks and costs of the investment and is then repaid by the end-users. Therefore, only those that use the public good contribute to its maintenance and upkeep as opposed to having all taxpayers pay for a service they may not need. At the end of the contract, the government recovers its assets in good condition, at no additional cost.

Particularly for large, costly infrastructure, this model has many benefits for the government and for citizens. Governments are burdened with budgetary and political constraints which can cause delays not only in the construction phase, but also in the operation and maintenance of large-scale infrastructure. Companies are profit-driven and motivated to keep their investments on strict timetables and budgets. By letting companies finance and operate such public goods, the government can direct its money and energy towards other important missions. Plus, the government can select companies with the expertise and technical know-how needed to deliver innovative, high-quality infrastructure to citizens.

The French Concession

Concession agreements have been used by the French government throughout centuries as a reliable means of providing

infrastructure and public services for its citizens. As France´s Controller-General of Finances, Jean-Baptiste Colbert first introduced a contract for French roads in 1669 that included a ten-year maintenance requirement. However, it wasn´t until June 17th, 2004 that public-private partnership contracts became codified under French law.

French motorways have a long history of public-private operations, but this dynamic shifted in 2005 when, in an effort to reduce public debt, the French government sold its majority stakes in the three largest toll road concessionaires. As a result of this decision, Vinci became the market leader in French toll road concessions with 4,443 km operated by the company and its subsidiaries, followed by Eiffage and Abertis.

Even though the government sold its majority shares, it still exerts enormous influence over, and benefits from, toll roads in France. Toll prices are set every year in negotiation with the government based on changes in inflation, additional investments demanded by the State and annual payments concessionaires pay to the AFITF, the French transport financing agency. Tolls paid by users go towards paying back private companies for their initial and ongoing investments, but about 41% of each toll goes back to the government to finance other transportation infrastructure such as bridges, railroads and rivers.

Additionally, French motorway concession contracts also give public authorities the power to add “plan contracts,“ or new investments, that were not included in the original concession contracts. Financing these additions falls on the concessionaire, typically in exchange for an extension of their contract. The “Green Package“ was signed in 2010 and provided for environmentally-friendly construction projects amounting to €1 billion of additional investments. In the 2015 Motorway Recovery Plan, concessionaires were asked to make €3 billion of investments in the road networks (€2.2 billion for Vinci) in exchange for 25-50 month extensions on their initial contracts. The French government is able to add demands to existing contracts in order to fulfill evolving infrastructure needs and policy priorities.

France´s “˜Other´ Roads

Choosing one of France´s concession-operated motorways is normally the fastest way to get from one large city to another, but only about 9,000 km of France´s total 1,100,00 km road network are under concession. And unfortunately, the “˜other´ roads, whether they are maintained by the national government or locally-run, have been in decline.

In 2019, France dropped eleven slots from the previous year to 18th in the world for road quality. This reflects the findings of an audit of the country´s infrastructure ordered by the French government in 2018. The audit only focused on the 12,000 km of roads run by the national government, but found that 17% of the roads and 7% of the bridges were highly damaged. This is largely explained by the fact that the government cut its investments in roads by nearly half between 2010 and 2016.

Road quality translates to safety and security for drivers. France´s toll-operated motorways are considered the safest roads in Europe and have a fatality rate five times lower than France´s national and departmental roads. This, plus the evidence that the French government has been unable to properly maintain roads under its care, has prompted a recent debate about also placing parts of France´s national roads under concession. Unlike the motorways, these roads would remain toll-free for users, but concessionaires would operate them in exchange for an extension of their current contracts on motorways.

Regardless what France decides about extending its concession model to cover other parts of the country´s road network, the quality of France´s concession-operated motorways makes it a model worth considering for other countries. After studying France´s and Portugal´s use of private companies to provide road infrastructure, the U.S. Department of Transportation found that, “Through establishment of a partnership between the public and private sectors, concessions can be an effective means of satisfying the strategic needs of highway transportation agencies.“ The model could be beneficial for governments wanting to shed the financial and operational burdens of building, maintaining and running motorways while still retaining supervision and ownership of this public good. If the model helped France and Portugal claim two of the top three rankings for road quality in Europe, other countries could benefit as well.

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