



# The TEN-T Priority Project No 6 Lyon-Turin, between popular struggles and economic crisis

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Room F01101

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## Financial and economics factors regarding the Turin - Lyon railway line

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### **1. The project doesn't appear to be defined, nor are there significant financial plans of any kind**

Recent hypotheses for the realization of the project in phases have emerged, which would require new technical and economic analyses and planning. Moreover, the absence of a credible financial plan for the initiative, in a period of extreme scarcity of public resources, renders even more uncertain the decision-making process, with the serious risk of a "stop and go" approach.

### **2. The financial benefits appear to be totally negative even with the most optimistic forecasts**

The preliminary financial analyses seem to predict elevated costs and modest traffic flow; indicating that the rate-of-return for capital costs will be far below zero, i.e. needing large subsidies (even 100%).

### **3. The social cost-benefit analysis has serious faults and nevertheless demonstrates marginal results**

The analysis assumes a traffic growth rate that is very optimistic, erroneously calculating the surplus of consumers, predicting unrealistic security-related benefits, and presenting an internal rate-of-return between 4 and 6%, which would in any case position it as a marginal and high-risk project.

### **4. There are other large projects with much higher returns: priorities must be evaluated**

The Brenner tunnel, for example, shows lower costs and significantly higher traffic flow. The high-levels of congestion in metropolitan areas don't leave any doubt about the existence of alternative projects that are much more urgently required and more socially profitable.

### **5. The counter-cyclical role of this type of project seems modest**

Large civil projects are extremely capital-intensive and the time-frames are very long. Other forms of public spending would provide more significant multiplier effects.

### **6. Maybe it is time, given the financial crisis, to re-think the modal shift issue, also from an environmental perspective**

As delicate as the issue may be, investments in railway systems present negative financial returns at the contrary to those of toll highways, and the modal diversion that they create appears, even considering a high level of demand, somewhat modest, especially for freight travel. More direct interventions in the

technology of road vehicle engines could have similar environmental effects with much lower public costs.

**7. There are legitimate practical reservations and, therefore, economic ones regarding the concept of a “corridor”**

The European corridors are more or less straight routes, with strong symbolic significance, but lacking practical foundations. The traffic between the extremities is by definition minimal, and along these corridors there may be congested sections which alternate with links with modest traffic flows. Ensuring the continuity of investment for geometric reasons could result in very inefficient uses of public resources, which today are dramatically scarce.

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