

Doing Business in Catalonia

Construction of big projects calms critics

Infrastructure

Mark Mulligan reports on the efforts to placate locals and ease congestion

Few things inflame passions in Catalonia like inadequate infrastructure.

When snowstorms isolate urban communities, motorways become clogged or rail tunnelling threatens the foundations of important monuments, Catalans often blame penny-pinching or neglect by the central government in Madrid.

There is a sense that a 1997 constitutional pledge by Madrid to correct an infrastructure deficit in the autonomous region – Spain's biggest contributor to central revenues – is not being honoured. Spain's socialist government, and its allies in the regional administration, deflect the accusations by brandishing their latest achievements in public works.

Barcelona's El Prat airport – for years the overburdened poor cousin of Madrid's Barajas – last year opened a huge state-of-the-art terminal.

Adif, the state rail infrastructure company, says it will this year complete the final tranche of an extension of the Madrid-Barcelona high-speed train service to the French border.

The Port of Barcelona is pursuing a €3.5bn public and private sector-financed expansion and pushing for construction of a freight railway line from the port to the French border.

Work, meanwhile, continues on a €4bn underground train line that will trace a half-loop from El Prat airport, 15km south of the city centre, to Barcelona's northern outskirts. There are also plans to widen from two to four lanes the transversal C-25 motorway between Girona, 100km north-east of

Barcelona, and Lerida, Catalonia's third city and the regional centre of agri-industry and food processing.

For the most part, projects have not fallen victim to the economic crisis. A special unit within the Economy and Finance Ministry has been charged with monitoring public-private partnerships to address any significant threats arising from a lack of credit.

However, shortage of credit and state revenue for big projects is a problem, agree industry leaders, although some play down the importance of the issue.

"We are going to see a drop in infrastructure investment over the coming years," says Jorge Miarnau, chairman of Comsa-EMTE, Catalonia's largest construction and services group. "However, you could argue that all

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the important big projects have been done. We now have good infrastructure – partly thanks to this, Catalonia is not a bad place to invest."

Sebastià Alegre, managing director of Beton Catalan Group, a subsidiary of CRH, a building materials business, agrees – but with reservations.

"Is Catalonia well endowed with infrastructure?" he asks. "Not exactly, but nor is it the case that we are headed for a disaster."

"Anything we do now to expand on existing infrastructure will simply improve efficiency."

One shortcoming that merits constant mention in Catalonia is the lack of connectivity with France: plans for a new high-voltage electricity line between the neighbours have for years been held back by lack of political will and environmental concerns.

France, keen to protect its low-cost nuclear-focused electricity system, is in no hurry to buy Spain's excess output, which is increasingly generated by heavily subsidised wind and solar farms. Road and rail connections, too, could be better, say many.

"When it comes to its connections with Spain, France has never been in a hurry to make them better," says Alejandro Lago, a logistics specialist at the Iese business school in Barcelona.

Nonetheless, heavy vehicle congestion on the motorway between Catalonia – and, therefore, the rest of Spain – and French logistics centres, is "more about the nodes at the entrance to the big cities than the trunk roads themselves", he says.

The answer, say many specialists, should be the unification and upgrade of Europe's freight rail network to take some of the pressure off its highways. However, gauge incompatibility, and the inadequacy of siding and loading infrastructure in Spain and other countries renders this alternative more of a long-term dream than a real solution.

In the meantime, short sea freight shipping is picking up the slack, and has become one of Barcelona's big growth stories. The business is dominated by two Italian companies – Grimaldi and Grandi Navi Veloci – who have enjoyed robust growth in demand since setting up their freight lines in the Catalan port. Grimaldi currently offers almost daily freight and passenger services to Civitavecchia, near Rome, with connecting or separate routes to Sardinia and Livorno.

According to Prof Lago, the shipping lines have secured the same market share of freight movement in and out of Spain as trains in "a matter of four or five years".

"People always tend to pin a lot of hope on trains," he says, "but it never really takes off."