

Preface

On October 1st, 2005, four highway-related public corporations in Japan were privatized and became six commercial companies. The Japan Expressway Holding and Debt Repayment Agency (JEHDRA) was established as an independent administrative agency.

JEHDRA plays three roles. The first one is to assure repayment within 45 years of the outstanding debts from former public corporations as well as the debts which will be incurred from planned and ongoing construction projects. The second role is to keep the high levels of safety and convenience of the expressway, which is achieved by proper and timely execution of the public power as an agent and by cooperation with the Expressway Companies. The third role is to actively disclose the relevant information in order to enhance transparency and accountability of expressway business. JEHDRA is continuing these strenuous efforts.

To fulfill these roles, JEHDRA has conducted a variety of research and, in April 2008, issued its report on the highway and toll road system of France and Italy among leading countries in the field. The report mainly focused on the present situation of the highway and toll road systems in these countries including research on such issues as investment recovery schemes, competitive bidding terms, structure of financial balance, risk sharing systems, and incentives for appropriate maintenance.

In September 2008, as a sequel of the above one, we published a report dealing with the same issues in Spain and Portugal which are actively developing highway projects at present, and included the supplementary research on recent development in France and Italy.

Also, in December 2008, we published a report concerning “Recent Discussions of Highway Public Private Partnerships in The United States” which includes reports by the government agencies and opinions of government officials translated into Japanese and some introduction of the US Highway system.

This report is the results of a series of lectures of Prof. Vassallo of Universidad Politecnica de Madrid, and his discussions with executives of JEHDRA and Expressway companies in Japan between September 28 and October 5 in 2008.

Now, many countries in the world are introducing private participation in design, construction, rehabilitation and maintenance of highway infrastructure under the scarcity of public funds.

In Europe, the concession model is becoming popular. Concession contracts have highly developed and helped to realize appropriate risk-allocation, profit-sharing, toll rate control and regulation of maintenance standards.

Also with the growing and deepening of EU, its activities have significant influence on the economic systems and transportation policies of member nations.

Major concession companies in Spain and other countries are acquiring competitive power and aggressively promoting diversification and international activities into Europe, North America and Latin America.

In the United States, the Federal government promotes the Public Private Partnerships in highway infrastructure. Most recently after 2005, there have been big sensations because of leasing of existing toll roads to private concessionaire for almost 100 years with huge amount of initial payment to the local governments. Now serious controversies are underway if these concessions are really good for the public interest.

Prof. Vassallo is a professor of transport economics and an expert concerning the current trend of toll road in the world, not only Spain and Europe, but also other parts of the world. He has been an adviser to the Spanish Ministry of Public works (2001-2004), European Investment Bank (2001), and the Ministry of Public Works of Chile (1998). Also He is a member of the Committee on Taxation and Finance of the Transportation Research Board of the US. On PIARC meeting in Paris 2007, he published his paper “Risk Allocation in motorway concession contract in Spain” in which he explained historical development of Spanish motorway concession contract and risk-allocation.

In the lectures “the Current Trend of Global Toll Road Business”, he addressed the recent development of highway concessions in the world, regulation of quality of service, allocation of risks and activities of Spanish private companies in the international concession markets etc. In the report, he analyzed the Japanese Toll Expressway System in the framework of the current trend of the Toll Road business in the world.

This report is made up of two parts. First part is his presentation of his lectures in English and Japanese. Japanese version was translated by JEHDARA and added some explanation based on his lecture. An executive summary in Japanese is also included.

The second part is his final report in English and Japanese which is translated by JEHDARA.

December, 2008

Japan Expressway Holding and Debt Repayment Agency