

The Negative Revenue Effects of Parallel Roads in Mexico and Hungary

MEXICO: Under the Mexican toll road programme launched in 1985, the Secretariat of Communications and Transportation (SCT) was in charge of administering a program for toll road development with a range of conditions, one of which was the provision of a free alternative parallel route. All of the roads built under this program were concessioned to the private sector.

Traffic predictions for the roads suggested that trucks would form about 20-45% of the traffic. In fact they turned out to be only about 5%. A black market in toll receipts developed by which truckers used the parallel free roads yet produced toll receipts for their employers in order to reap financial benefits.

This problem was overcome when the road operators and trucking companies developed direct relationships meaning that truckers themselves were not required to pay the toll.

There were several other problems for the Mexico toll road program. For more information about the program and the different steps that the Government has taken to deal with some of the problems, see the PadeCo Co. Ltd., [Asian Toll Road Development Program: Review of Recent Toll Road Experience in Selected Countries and Preliminary Tool Kit for Toll Road Development](#), 1999 report. To see that report, [click here](#).

HUNGARY: The Hungarian Government policy is for free alternate routes to be provided. In concession agreements this has been modified to some extent by a Government commitment to restrict Heavy Good Vehicles from using the free routes.

The M5 route was the second toll motorway concession in Hungary involving 157 km from Budapest to the southern border and onward to Belgrade-Sofia-Istanbul. After opening of the toll road, residents around the parallel road protested because of the adverse impacts of the diverted traffic on the free road. Traffic on the free roads around the M5 had increased by 30 percent as local residents and trucks from Ukraine and Turkey sought to avoid the M5 tolls.

These complaints and the subsequent political pressures led the Government to renegotiate the arrangements with the Concession company. The re-negotiation resulted in local users being offered toll discounts and the Government covering any resulting financial losses to the company.

For more on the Hungarian program and its results, For more on the Bangkok experience in general, see *Asian Toll Road Development Program: Review of Recent Toll Road Experience in Selected Countries and Preliminary Tool Kit for Toll Road Development*.

