

THE AVE (HIGH SPEED RAILWAY) TO MECCA CONSORTIUM

Javier Amores Salvadó
Universidad Complutense de Madrid

By the end of 2011, after six years of fierce competition with other competing consortia and four months to close the details of the contract, the construction project of the high speed railway (AVE, in Spanish) line linking the cities of Medina, Yeda and Mecca was awarded to a consortium of Spanish companies. It was a collaboration agreement between governmental and private companies, coordinated through the consortium of Renfe, Adif and Ineco as the representatives of the Spanish administration, and Talgo, OHL, Copasa, Dimetronic, Indra, Cobra, Inabensa, Imathia, Ginovart and Consultrans as the private firms engaged in the project. In round numbers the governmental participation reached 49.9%, and the private the remaining 50.1%.

The total budget of the project was close to 6.800 million Euros (which was the largest contract made by Spanish companies abroad) for the construction of the whole superstructure of electrified double track (track systems, electrification, signaling, telecommunications and security) of a high speed rail line of 450 km between Medina and Mecca. The allotted time was 12 years.

The operation was endorsed by Bankinter, HSBC, La Caixa, Bankia and Banco Sabadell, which provided a 900 million Euros guarantee to the firms in the consortium which, in turn, hope to get interesting financial compensations from their contribution to the project. Thus, for example, Talgo estimates to receive orders worth 1,600 million Euros (extendable to 2,400) of its Talgo 350, also known as "El Pato" ("The Duck"), OHL (in charge of civil engineering) hopes to gain 586 millions, ACS (through its subsidiary Cobra) values its contribution at 1,000 millions and Indra at 440 (by the development and implementation of traffic control centers and online ticketing systems).

Yet, the price offered by the Spanish consortium was between 25% and 30% cheaper than its major competitor, another consortium led by French companies. This latter circumstance, together with the demonstrated experience of Spanish firms in similar projects, the quality of the trains and the efforts at the highest level with the Saudi government, could tip the final award in favor of the Spanish proposal.

It is estimated that the pilgrimage to Mecca, for its great significance to the Muslim world, amounts annually to about 2.5 million people. At the height of the pilgrimage, train's average daily occupancy could reach 166,000 passengers, with peaks of between 11,000 and 13,000 passengers per hour.