

Building Europe at Any Cost:



Does EU-Funded Transport Infrastructure Deliver Value for European Taxpayers?

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Summary

- A recent report by the European Court of Auditors presents a negative picture of the progress in implementing the Trans-European Transport Network (TEN-T). It points to significant cost increases relative to initial forecasts and considerable delays in project completion.
- Land mobility is primarily a local phenomenon. The EU's involvement in financing infrastructure creates a misalignment between beneficiaries and those who bear the costs, thereby discouraging careful project selection and endangering adherence to budgets and construction timelines. It would therefore be preferable for investment decisions and costs to remain the responsibility of individual countries and, within them, local authorities, while also involving private risk capital.
- Unfortunately, the EU has decided to move in the opposite direction, launching a new railway investment plan estimated to cost €500 billion, funded by European taxpayers. In many cases, the costs of such projects exceed their benefits, and they have only a marginal impact on reducing carbon dioxide emissions and deepening European integration, which has already strengthened significantly over the past decades following the liberalisation of air transport and the resulting collapse in airfares.

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Flashback

In February 2019, the cost–benefit analysis of the new Turin–Lyon railway link – popularly known as the TAV – was published. The assessment was emphatically negative, estimating a net loss to welfare of just under £8 billion.

This was a unique case: never before or since has the Italian Ministry of Transport rejected a major infrastructure project because the costs outweighed the benefits.

The reaction of the political world, the media, and academia was vehement and almost unanimous. The mere possibility of saying ‘no’ was – and remains – outside the Overton window.¹ In particular, a ‘no’ based on economic assessment did not even align with the typical approach of those, such as the Five Star Movement (M5S), who would have taken a contrary position regardless of economic estimates.

Supporters and opponents, in essence, adopted a ‘whatever it takes’ attitude that has become the norm for any project or, more generally, public spending. The most recent example is the bridge over the Strait: there are those who would like it built even if the cost were double or triple, and there are those who would oppose it even if it were hypothetically free. The cost (and also the benefit) is thus basically irrelevant.

The architect Paolo Foietta wrote one of the strongest denunciations of the economic assessment of the TAV in Document no. 13 of the Observatory for the Turin–Lyon Railway Axis (Osservatorio per l’asse ferroviario Torino – Lione, 2019b), saying that the analysis created ‘the conditions for transforming the Susa Valley into a gas chamber’. Now, seven years since that document was written, air quality in Valsusa, as everywhere else in Italy, has continued to improve, as it has been doing for many decades. Specifically, vehicle emissions have continued to fall, thanks to the renewal of the fleet and in the absence of any modal shift, as correctly predicted in the cost–benefit analysis.

The same Observatory (Osservatorio per l’asse ferroviario Torino – Lione, 2019a) contested the accuracy of the investment value estimated for the construction of the international section, € 9,630 billion, judging it to be overestimated by almost € 1 billion. As we shall see in the next section, the contrary is true.

The Court’s accounts

On 19 January, the European Court of Auditors (2026) published a report on the progress of the Trans-European Transport Network (TEN-T) since its last audit in 2020. The title of the document is somewhere between minimalist and vaguely hopeful: ‘Further Delays and Some Cost Increases, but a Reinforced Governance Framework Is in Place for the Future’. However, the contents are quite clear, and the findings were very negative.

Eight projects were examined by the Court:

1. Rail Baltica, a high-capacity railway line connecting Tallinn, Riga, Kaunas/Vilnius, and Warsaw
2. The Turin–Lyon rail link
3. The Brenner Base Tunnel

¹ The Overton window is the range of ideas or policies that are considered politically acceptable or mainstream in public discourse at any given time.

4. The Fehmarn Belt fixed link, an underwater road and rail tunnel connecting Denmark and Germany
5. The Basque Y line, a high-capacity railway line connecting Bilbao, Vitoria-Gasteiz, and Donostia-San Sebastián, three cities in the Basque Autonomous Community in Spain
6. A navigable canal connecting the Seine basin to northern Europe (connection with the Scheldt, Mosa, and Rhine)
7. The A1 motorway, an arterial road in Romania, crossing the country from the Hungarian border to the port of Constanța on the Black Sea
8. The E59 railway line, which connects the ports of Szczecin and Świnoujście (north-western Poland) with the Chałupki border crossing into the Czech Republic, passing through the cities of Poznań, Wrocław, and Opole

For each project, the latest available cost estimate was compared with the previous audit estimate and the initial estimate (Table 1). On average, real costs were 24% higher than the 2020 estimates. The deviation from the first assessment amounted to 82%.

The worst case was that of Rail Baltica — the financial burden had grown by 291%, from € 4.6 billion to € 18.1 billion (at 2019 prices).

The reasons are summarised by the Court as follows: 'lack of maturity and detail of the previous estimates (which accounted for around half of the increase) and changes in the project scope and design' (box1, p.10). The document also states,

In 2024, the project promoter performed a new analysis and concluded that the estimated total cost of the full infrastructure had risen to €23.8 billion at 2023 prices. [Furthermore, there is] the risk that the new estimate might still not be fully accurate, as there were mature design studies (on which the estimate was based) for only one third of the total distance. Due to the prolonged timeline for the works, it is likely that, after completion of the second phase, the cost of the TFI will be higher than €23.8 billion. (idem)

In the case of the Turin–Lyon rail link, the reference figure for 2019 is that considered in the above cost-benefit analysis. Subsequently, there was a further increase, bringing the total to €11.8 billion, more than double the initial estimate, which was for a single-tube tunnel (the project was later converted into a double-tube tunnel). Only two projects show limited negative (or rather, positive) deviations.

Table 1. Evolution of the costs of the projects, as analysed by the European Court of Auditors

Transport Flagship Infrastructure	Special report 10/2020		Status in November 2025		
	Original estimate (in 2019 values) (a)	Latest estimate (in 2019 values) (b)	Revised estimate (in 2019 values) (c)	% increase compared to SR 10/2020 estimate (c/b-1)	% increase compared to original estimate (c/a-1)
Rail Baltica	4648	7000	18189	+ 160 %	+ 291 %
Lyon-Turin rail link	5203	9630	11828	+ 23 %	+ 127 %
Brenner Base Tunnel	5792	8492	8373	- 1 %	+ 40 %
Fehmarn Belt fixed link	5016	7711	7630	- 1 %	+ 52 %
Basque Y	4675	6500	6888	+ 6 %	+ 47 %
Canal Seine Nord Europe	1662	4969	5400	+ 9 %	+ 225 %
A1 motorway	7244	7324	6410	- 12 %	- 11 %
E59 railway line	2113	2160	1737	- 20 %	- 18 %
Total	36533	53786	66455	--	--
Total increase				+ 24 %	+ 82 %

Source: European Court of Auditors (2026)

These figures confirm what is already known from the literature on the subject, particularly the analyses conducted by the Danish researcher Bent Flyvbjerg (2003). What is new is that the cost deviations are even greater than those recorded in the past for railways and roads (Table 2).

Table 2. Increase in costs from budget to actuals by type of project

PROJECT TYPE	(A) MEAN COST OVERRUN (%)*	(B) % OF PROJECTS IN TAIL (\geq 50% OVERRUN)	(C) MEAN OVERRUN OF PROJECTS IN TAIL (%)
Nuclear storage	238	48	427
Olympic Games	157	76	200
Nuclear power	120	55	204
Hydroelectric dams	75	37	186
IT	73	18	447
Nonhydroelectric dams	71	33	202
Buildings	62	39	206
Aerospace	60	42	119
Defense	53	21	253
Bus rapid transit	40	43	69
Rail	39	28	116
Airports	39	43	88
Tunnels	37	28	103
Oil and gas	34	19	121
Ports	32	17	183
Hospitals, health	29	13	167
Mining	27	17	129
Bridges	26	21	107
Water	20	13	124
Fossil thermal power	16	14	109
Roads	16	11	102
Pipelines	14	9	110
Wind power	13	7	97
Energy transmission	8	4	166
Solar power	1	2	50

Source: Flyvbjerg and Garner (2023)

The situation is no better when it comes to project durations. The average delay in completing projects, which was calculated as eleven years in the previous report, has increased to seventeen. The strong local and national opposition to the Turin–Lyon project does not seem to have led to a significantly longer delay than average: the year of commissioning is now indicated as 2033, eighteen years later than initially planned.

The extension of construction timelines not only means that the benefits of a project can only be realised at a later date, implying a lower present value, but also that commissioning will unfold in a

very different scenario from that initially envisaged, affecting the assessment of benefits. This is particularly true of railway projects.

Among the positive effects of this type of investment is the reduction in externalities resulting from the (usually overestimated) demand captured from road and air transport. It is often highlighted that these modes of transport have much higher external costs per passenger (or per unit of goods) transported. However, over the last few decades, there has been a sharp reduction in the unit externalities (per kilometre travelled) associated with both air pollutants and road accidents, thereby reducing the benefits of a potential modal shift. Further improvements are expected in the coming years in terms of both safety and carbon dioxide emissions reduction, due to the electrification of vehicles.²

The report does not examine in depth the other factor relevant to the assessment of the investment's profitability, namely, traffic forecasts, which, especially in the case of railways, are systematically overestimated, leading to an overestimation of the benefits and revenues from the sale of services.

Will new governance be decisive?

The Court recalled that in its 2020 special report (European Court of Auditors, 2020; p. 50), it made twelve recommendations to the European Commission to strengthen long-term planning, management, and control of investments; six of these were accepted.

It pointed out that a new European regulation (European Union 2024) has introduced additional legal requirements and provisions that will enable the Commission to monitor more closely the progress of member states in completing the transport network. The Court considered this update a potential step forward in addressing the main causes of delays. The regulation introduced a new legal obligation whereby national transport plans must align with EU priorities. Member states will be required to submit these plans to the Commission, which will issue a formal, albeit non-binding, opinion.

However, the Court also added that the efficacy of these provisions will ultimately depend on their effective implementation by the Commission itself and on member states' compliance. In any case, these provisions mainly concern projects in the planning stage and will therefore have only a limited impact on the ongoing ones assessed here.

Or is the problem upstream?

The idea that a few minor adjustments in European governance could correct the hitherto highly problematic course of major works is not very convincing.

While it seems right to centralise at the European level a framework of uniform standards for new-built infrastructure, particularly railways, the EU's involvement in financing them is counterproductive.

Land mobility is largely a national phenomenon, and within individual countries, the prevailing scale is that of short and medium distances. We travel every day within cities, between municipalities or, at most, neighbouring provinces, but much less frequently over long distances. Road and rail flows of people between different countries are very modest and, with rare exceptions, originate and terminate almost exclusively in neighbouring states. From a subsidiarity perspective, these

² This is regardless of the decisive aspect of the internalisation of environmental externalities through taxation, which in the case of road transport (but not air transport) implies that reducing these externalities is not currently socially cost-effective in Europe (Ramella 2020).

neighbouring or individual states should be responsible for deciding on and financing the infrastructure, too.

The sharing of the cost by the involved countries alone is what happened historically during the construction of motorway links between Italy and the trans-Alpine countries between the 1960s and 1980s. Sharing part of the financing, and thereby misaligning the beneficiaries and the financers, is, however, a disincentive to careful project selection and compliance with budgets and timelines. Paradoxically, however, as in the case of the aforementioned railway line between Italy and France, the availability of European funds can become a motivation to start or not stop the construction, even if it is not a socially profitable investment.

Moreover, even vertical subsidiarity cannot guarantee an adequate incentive, as shown by the large cost differences between the estimates and final figures for projects carried out at the national level without European contributions. Underestimating costs and overestimating benefits are useful for building consensus on spending decisions; and in the event of future deviations, those responsible for initiating a project are unlikely to bear any negative consequences. This can only be remedied by involving risk capital whose remuneration depends on compliance with expenditure and traffic forecasts.

To overcome recurring local opposition, it is desirable to systematically use compensation mechanisms to address the actual negative impacts of infrastructure construction. This would, of course, reduce the profitability of the investment, but it is entirely appropriate in terms of fairness.

The EU is not stepping back but is doubling down

Devolution of powers does not seem to be on the agenda at all. On the contrary, the European Commission seems to want to relaunch the project.

In November 2025, the European commissioner for sustainable transport and tourism, Apostolos Tzitzikostas, presented a new European railway plan (European Commission, 2025a), known as the High-Speed Rail Action Plan (Figure 1). He stated (European Commission - [Directorate-General for Mobility and Transport](#), 2025),

High-speed rail is not just about cutting travel times. It is about uniting Europeans, strengthening our economy, and leading the global race for sustainable transport. With today's plan, we are turning ambition into action, breaking down barriers, mobilising investments for modern infrastructure, and making cross-border rail the backbone of a carbon-neutral, competitive, and secure Europe. Citizens across the Union will benefit from faster, safer, and more affordable journeys that bring Europe closer together.

Figure 1. Action plan for high-speed rail



Source: European Commission, 2025a

Enrico Letta (2025), former Italian prime minister, commented on X: ‘We need it. And we must achieve it whatever it takes’.

The total investment is estimated at €500 billion, which will be entirely borne by European taxpayers. No private investor would be willing to invest in these railway lines, and most of them would likely fail a cost–benefit analysis.

Will citizens benefit from faster travel? Yes, but in most cases, the reduction in travel time by rail will not be sufficient to displace air travel. The main routes that could benefit from shifting from air to rail are in the 500–600 km range, such as Milan–Rome, Paris–Lyon, Barcelona–Madrid, and Paris–

London,³ but these are already served by high-speed rail. In these sectors, trains currently have the largest market share already (but the percentage would be much lower if railway companies had to compete on equal terms with air travel, paying for the costs of construction, maintenance, and management of the network, which are instead largely borne by taxpayers).

Over longer distances, trains cannot compete with aeroplanes except in niche markets. Hardly anyone will travel from Rome to Paris by rail, even if the journey time is reduced from 10 hours and 50 minutes to 8 hours and 45 minutes, or from Berlin to Paris in 7 hours.

It is also worth noting that, despite the success of trains on specific routes, the air transport sector in the EU-27 has grown far more rapidly over the last 30 years: passenger-kilometres travelled by air have increased by 344 billion, compared with an increase of only 100 billion for high-speed rail (see European Commission, 2025; p. 48). The real game changer for long-distance travel has been the liberalisation of aviation, promoted by the EU, which has led to extraordinary growth in connections and a collapse in prices. Europe has therefore already become much more connected, mainly due to low-cost airlines. The new plan is unlikely to change this picture.

Meanwhile, rail travel could reduce the carbon dioxide emissions from air travel by only a few percentage points, and that's without accounting for the emissions from the construction of the lines. The external cost assessment adopted by the EU (European Commission 2021) suggests this is currently equal to €160/tCO₂, resulting in an annual environmental benefit of around €500 million or 0.1% of the total investment. The inconsistency of the European transport policy is indirectly confirmed by the fact that several countries are considering banning air transport on routes served by high-speed rail – as France has already done for connections where the train journey takes less than 2.5 hours. This strategy would be equivalent to saying that trains cannot compete with planes (despite the costs being borne by taxpayers) on their own merits, and therefore, the latter must be prevented from operating.

In light of the disparity between estimates and actual results, economic assessments should lead to the implementation of only those projects with an initially estimated benefit-to-cost ratio much greater than 1. However, such assessments do not seem to play any role in the EU's decision-making.

The interests of railway companies (which are very well represented in Brussels), pressure from environmental associations and manufacturers, and the propensity of policy-makers to spend more will almost certainly continue to prevail in the future. We propose an easy prediction: in the coming years, we will see many more catalogue of complaints from the European Court of Auditors, with tone and content not very different from those found in reports to date.

³ The Channel Tunnel is a unique case in which a normal market mechanism initially operated. At the time the decision was made, in both France and Great Britain, the vast majority of political representatives, from both the governing parties and the opposition, were pushing for the project to be financed by taxpayers. A different view was held (almost alone) by Margaret Thatcher, who gave the green light for construction on the condition that 'not a public penny' should be sunk into the tunnel. The tunnel was inaugurated in 1994, many years later than originally planned. The budget was exceeded by 80%, and by 2000, traffic volumes were only slightly above 40% of the initial projections. The share price of the concessionaire Eurotunnel, issued in 1987 at around €6 and having risen above €20 in 1989, collapsed to less than €1 in 1996, eventually almost falling to zero in 2005. In 1987, Eurotunnel signed an agreement with the British, French, and Belgian state-owned railway companies, granting them access to 50% of the infrastructure's capacity in exchange for the payment of a fixed annual fee, a variable fee linked to the number of crossings, and an additional payment ('minimum user charge') designed to guarantee a minimum level of revenue during the first twenty years of operation. The concession was extended for the first time in 1993, from 55 to 65 years, and a second time in 1997 to 99 years (1987–2086).

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