EU research and policy on road user charges

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The current situation

• Great variety in taxation systems in place (structures, levels, objectives,…);
• Charges unrelated to the real costs of usage;
• Low level of differentiation (e.g. pollution, congestion);
• Financing aim instead of traffic (externality) management;
• External costs often borne by society.
The current situation

- Lack of consistency between modes:
  - Roads:
    - fuel excise duty;
    - annual road taxes; registration taxes;
    - tolls; vignettes
  - Railways:
    - charges for infrastructure wear & tear, exceptionally for environmental costs
  - Air:
    - en route charges (air traffic management services);
    - airport charges (services, exceptionally noise & pollution)
  - Maritime:
    - various financial charges mainly at ports, Swedish fairways as exception
The current situation is intra- and intermodally distorted, inconsistent and ineffective;
- need to cope with increased demand;
- new investment needs;
- limited public resources.
European Commission - Directorate General for Energy and Transport

Research on infrastructure charging

- 4th & 5th Framework transport research programmes
- App. 25 projects or M€
- From theory and cost derivation to implementation and demonstrations
  - Marginal cost pricing principle
  - Simple technological solutions feasible and deliver a big share of theoretical benefits
  - Main obstacle: acceptability
Principles of the EC long term charging policy

• Based on “user-pays” and “polluter-pays” principles;
• External costs internalisation:
  – infrastructure, congestion & scarcity, accident, environment;
• Ensure a more efficient and incentive-led infrastructure use
• Provide new financial resources:
  – Ramsey-pricing, two-part tariffs
• Non discriminatory.
Major milestones in the policy process

1995
Green Paper:
“Towards fair and efficient pricing in transport”

1998
White Paper:
“Fair payment for infrastructure use”

2001
White Paper:
“European transport policy for 2010: time to decide”
Review of the current road charging legislation
## Road charging: existing situation

<table>
<thead>
<tr>
<th>Some countries considering moving to new distance-related charging schemes</th>
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<tbody>
<tr>
<td>Current legislation: Directive 1999/62/EC on the charging of heavy goods vehicles</td>
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<td>Minimum requirements for:</td>
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<td>– vehicle taxation;</td>
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<td>– tolls and user charges.</td>
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<td>– Imposed only on motorways;</td>
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<td>– Great differences remain;</td>
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<td>– Eurovignette non related to the use of the infrastructure</td>
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- Isolated initiatives
- Risk of new distortions
- Inefficient use of infrastructure
- Wide variety over Europe
- Lack of price signals related to costs
Road charging: harmonised way forward

Review basis for commercial vehicles:
- axles + weight;
- accident costs;
- emissions;
- congestion.

Tolls should vary in time
Tolls must vary in space

Revision of Eurovignette Directive:
proposed in July 2003
(com(2003) 448 Final)

Interoperability of electronic pricing

Directive proposed in April 2003
- European electronic toll service
- Promotion of satellite location and microwave centered solutions
- Integrated On Board Unit

- Fairer pricing;
- Better use of the existing networks;
- Interoperability removes technical frontiers;
- Encourage less polluting vehicles
Outline of the Commission’s proposal to revise road charging legislation

- Modification of the scope for road charging:
  - Main road network = TEN network + Competing roads;
  - Lorries over 3.5 tonnes (instead of 12 t);
  - Member States are free to apply tolls on:
    - Roads other than those of the main road network;
    - Small-sized lorries, private cars and other vehicles;

- Charging principle:
  - Total infrastructure costs + uncovered costs of accidents;
  - limited to recent infrastructures;
  - Special provision to take into consideration existing concession contracts rights;

- Possibility for Member States to offset the burden of a new charging system, notably by reducing the annual vehicle tax.
Member States may vary the toll rates according to:
- Vehicle type (road damage class and EURO emission class);
- Time of day (level of congestion);

Member States must vary the toll rates (as of 2008) according to:
- Place (environmental sensitivity and population density);
- Accident risk;

Possibility to apply mark-ups to tolls in sensitive areas:
- for cross-financing infrastructures of a high EU interest in the same corridor or transport zone;
- Maximum mark-up = 25% of the average toll;
- Subject to prior authorisation from the Commission;

The revenues must be used in the transport sector;
Member States must create monitoring independent authorities.
The common infrastructure policy
Priorities for the trans-European networks

Decision 1692/96: Guidelines for the TEN-T

Revision of guidelines (proposed in September 2002)

High Level Group (chaired by Van Miert)

New revision of guidelines (01/10/03)

Revision of the Financial rules (01/10/03)

- New priorities (SSS, security, etc);
- Inclusion of latest legislation;
- Inclusion of new priorities (e.g. Galileo, Pyrenees, etc).

- 22 priority projects selected out of 100 submitted
Priorities for the trans-European networks: latest proposal from the Commission

- Update of the priority projects: 29 projects identified;
- 600 B€ until 2020 for all TEN-T;
- 220 B€ for the priority projects;
- Provisions to ensure a better coordination and better management of European interest projects;
The financing rules

- General rule: co-financing up to 10% of total cost;
- Specific cases:
  - 20% total costs for GALILEO
  - 20% total costs for cross-border sections of TEN-T priority projects
Conclusions

– Need to integrate sustainable mobility requirements;

– Move toward more efficient use of the existing networks;

– Strong role for charging in infrastructure development:
  – 40 B€ (out of 220) could be self-financed by users;
  – Emphasis on European interest corridor:
    – Cross-financing;
    – Increase of EU contribution.