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Impact of the heavy vehicle fee
Central pillar of the Swiss Transport Policy

Dr Hans WERDER
Secretary General
Swiss Federal Department of the Environment, Transport,
Energy and Communications
Starting Point

Freight transport is growing very rapidly all over Europe. The reasons for this ongoing trend are mainly the methods of how modern economies produce and the arising of the single market in the European Union. Up to now, growth in freight transport has happened mainly on roads.

The rapid growth in freight transport on roads is encountering more and more its limits. This is especially the case for dense populated urban areas and ecological sensible regions like the Swiss Alps. The limits for transport growth are resulting from different reasons: On one hand, there is the legitimate need to protect the environment and the local people living along the transport routes from noise and air pollution. On the other hand, there is hardly more space available to construct additional road infrastructures.

The consequences of this situation are enormous and growing congestion problems all over Europe. The European Commission is right in pointing to the fact that the increasing congestion problems on the European roads will endanger the competitiveness and the effectiveness of the European Economic Area.

It is therefore largely common sense that the European single market will only remain effective if a substantive amount of the future transport growth can be absorbed by railway and waterway systems.

The Swiss Transport Policy

The Swiss transport policy aims mainly at transferring freight from road to rail. This is due to the fact that our country has neither any access to the sea nor any significant waterway system within its boundaries. Our policy to transfer freight from road to rail relies on three fundamentals:

- Firstly, the introduction of a new performance related Fee for Heavy Vehicles (HVF). This fee aims at attributing costs of freight transport on roads according to the polluter pay principle. Furthermore it establishes the necessary terms for an adequate competition between road and rail.

- Secondly, the Modernization of the railway infrastructure which has its origin partly from the 19th century. The Swiss people have agreed by a referendum vote to an investment program of about 20 billion €. Among the most important projects is the construction of two new rail links across the Alps, the base tunnels through the Saint Gotthard and the Lötschberg. More than half of the rail network modernization is financed by revenues from the HVF.

- Finally, a Railway Reform which has to raise the productivity and to improve the competition of the railway companies. The stepwise introduced measures of this reform are similar to those implemented within the EU.

I would like to stress that these three fundamentals are linked together and have therefore to be seen as an entity that cannot be broken apart without putting into question the policy as a whole.
The conception of the Heavy Vehicle Fee

The performance related Heavy Vehicle Fee is the central pillar of the Swiss policy aiming to transfer freight from road to rail. The fee was introduced on the 1st of January 2001 and replaced a former flat charge which was very similar to the Eurovignette. The main features of the HVF are:

- It is applied on heavy vehicles with a total weight of more than 3.5 tons and on the entire road net of Switzerland
- The rate of the fee depends on three factors: the distance driven, the admissible weight of the vehicle and the emissions polluted by the vehicle.
- The average fee rate is at present one cent per ton and kilometre. To a 40 tons lorry driving 300 kilometres in Switzerland this amounts to a fee of about 130 Euros.
- The fee is increased stepwise up to 1.8 Cent in 2007. The same travel mentioned before will then amount to 200€. This level is more or less equal to the one for crossing the French Alps and definitely more expensive than a similar ride over the Brenner Pass in Austria.
- The revenues of the fee are mainly used to finance the railway infrastructure programme already mentioned.
- The calculation and collection of the fee takes place automatically with the help of modern technology. For domestic vehicles a so called On Board Unit is mandatory. Foreign vehicle owners may use this system voluntarily, if they wish. Otherwise they pay the fee on a self declaring base at the Swiss customs.

Parallel to the stepwise introduction of the Heavy Vehicle Fee, Switzerland is harmonizing the weight limit for Heavy Vehicles to the European level of 40 tons.

Effects of the fee

The new fee resulted in several effects on the transport sector in general and on the road traffic in particular

Adjustments of the fleet composition
Already prior to the introduction of the fee sales numbers of new lorries increased by 45% compared to previous years due to fleet adjustments. In order to save fees the hauler business bought cleaner vehicles belonging to the cheapest emission category and adjusted the size of their vehicles to the actual needs of the market. Previously, over-sized vehicles were very common in the business.

Concentration in the hauler business
The new regime led to a concentration in the hauler business, either through mergers or by pushing away smaller competitors. Due to better capacities, bigger companies are able to operate their lorries in a more efficient way. For example, this allows avoiding unproductive and due to the fee expensive empty trips, which offers them an advantage compared to smaller competitors.

Traffic volume
With regard to traffic volume on Swiss roads the new regime with the Heavy Vehicle Fee and the higher weight limits for lorries has led to a significant break of former growth trends. Annual increases of about 7 percent prior to the new regime were replaced by declines of around 4 percent in 2001 and 3 percent in 2002 afterwards. In 2003 the traffic volume of lorries remained stable. With regard to the traffic volume
through the Alps the new regime has resulted in a stabilisation of the traffic volume after years of strong increases of up to 10 percent annually. Although it has to be admitted that the slow down of economy has contributed to this change in trend, the new fee has obviously left its traces.

**Transfer of freight from road to rail**
The transfer of freight from road to rail did not happen in large extend so far. However this is not surprising and was never expected within such a short delay for the following reasons:

- The share of freight transports on rail is in Switzerland already now very high. In transalpine traffic, it amounts to two third.
- The competitive advantage which gained the rail due to the fact that the new fee changed prices in favour of the rail were outbalanced by the productivity gain of the road sector as a result of the higher weight limit.

A transfer of freight from road to rail is therefore not possible without strong additional efforts in the rail sector. Two factors are crucial: The Railway sector must realise substantial **gains in productivity** and has to improve its **reliability**. A specific problem to solve is the delays in transnational transports. The framework for the necessary changes is being established by the rail reform. Nevertheless the railway enterprises are now urgently requested to improve the quality of their services for transnational transports in order to better meet the demands of the market.

**Why was the new fee accepted?**

Considering that the introduction of the heavy vehicle fee in January 2001 has led to a significant additional charge of the road transports, you may wonder why this measure was accepted at last. The following anecdote underlines that the new fee was contested originally also in Switzerland: When I was appointed as secretary general eight years ago my predecessor advised me to forget the whole project because it would never result in a success. The following reasons helped to make the new fee acceptable:

- **Traffic situation**: In the last decades, freight transports on the road have increased enormously. This is especially true for the Alpine region, where the opening of the Saint Gotthard road tunnel in 1980 triggered an additional growth. From a few hundred lorries crossing the Swiss Alps each day before the opening of the tunnel, their number grew to more of 4’000 within only 20 years. The negative impacts of this evolution led to strong political reactions, demanding for measures like the Heavy Vehicle Fee in order to change the negative trend.
- **The package**: As I have mentioned above, the fee was presented as part of an integral policy that could not be broken apart. This message obviously made sense to the people and was therefore accepted.
- **Use of Revenue**: One third of the fee revenues are distributed to the cantons, two thirds are used for the financing of the new rail links. It was essential for the acceptance of the fee that people knew when approving in the vote that a significant part of the revenues would be earmarked to finance the new railway infrastructure program although the program itself was subject to a subsequent vote a few months later.
• **Bilateral treaties:** The HVF played also a crucial element in the bilateral negotiations between the EU and Switzerland. It allowed Switzerland to agree on one of the main EU positions, which was to harmonise and raise the weight limit for lorries from 28 to 40 tons. The HVF provided an adequate way to compensate the productivity gains of higher weight limits. This comforted Swiss people fearing avalanches of 40tons lorries through our ecological sensible Alps and made hence the bilateral treaties acceptable for a majority of the Swiss.

Looking back it has been crucial to seize the opportunity of implementing the fee in the very moment the situation was favourable. In the Swiss case it was the specific context with the bilateral treaties. In other cases there were, and there will be, others.

**Final remarks**

Three years after introduction the new HVF is a success. The system works perfectly well and traffic volume of lorries declined. Furthermore the new fee offered strong incentives towards cleaner vehicles and helped fighting air pollution. The financing of the new railway infrastructures is secured to a substantial part by revenues of the new fee.

Allow me to conclude with the following final remarks: We have heard this morning about successful examples for managing demand in passenger transport. I could give you a successful example in the domain of heavy goods transport. The following speeches will give you other examples. Switzerland welcomes these important initiatives. Personally I am convinced that the ongoing growth of freight transport all over Europe can only be solved by an adequate infrastructure charging according to the polluter pays principle and by a timely modernisation of the necessary infrastructures all over Europe.