

Position Paper

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Implementing user-pays and polluter-pays in road charging: CER's proposals for Council discussions on Eurovignette

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Summary

As a competitor to road transport, railways are affected by road charging rules. For an efficient provision of transport, but also for fair competition with rail, the principles of user-pays and polluter-pays must be implemented quickly on Europe's roads.

The European Commission's May 2017 proposal for a revised Eurovignette Directive was a good starting point. Further improvements have been made by the European Parliament in its first-reading position of October 2018.

For the upcoming Council discussions, CER is setting out its proposals and priorities in this position paper.

1. Introduction

The so-called [Eurovignette Directive on road charging](#) (1999/62/EC) is under review. On the [European Commission's proposal](#) of 31 May 2017, the European Parliament plenary adopted its [first-reading position](#) on 25 October 2018. A key change to the Commission proposal was to require phasing out time-based road charging (vignettes) only for trucks and buses, but not for passenger cars – thus addressing concerns voiced in Member States.

Road transport and railways compete with each other in the single European transport area. Charges borne, or not borne, by road users affect the competitiveness of rail. This is why the rail sector is a stakeholder in discussions about road charging.

CER welcomes the Commission proposal and the additional improvements made by the European Parliament. For the upcoming Council discussions, CER is setting out its proposals and priorities in section 3 of this paper.

2. Background

As CER has stated earlier¹, each transport mode should cover at least its short-run marginal costs, including those of CO₂, air pollution, noise, congestion, wear and tear and accidents. In short: apply the principles of user-pays and polluter-pays. This is necessary for the socially optimal, efficient provision of transport. It also helps fair competition between transport modes such as rail and road. Distance-based infrastructure charging is necessary to implement marginal-cost coverage and user-pays in transport.

Rail infrastructure charging is obligatory network-wide and, as a principle, railways already pay at least the marginal or "direct" cost of infrastructure use through distance-based charges everywhere in the EU (100% tolling by EU law²), plus often a mark-up. By contrast, road charges (vignettes or tolls) are optional and currently only applied to trucks on about 20-25% of the network in Europe³ (and in some countries not to vehicles below 7.5 or even 12 tonnes). In passenger road transport, charging is applied even less. Thus, for *infrastructure* charging, competition is not fair between road and rail. The Eurovignette review should address this by making user-pays applicable more widely on Europe's roads.

Regarding *environmental* externalities of transport, there is no level playing field for road and rail either. For example, the European ETS (Emissions Trading System) requires only rail to pay for its CO₂ emissions, but not road. Internalising external costs is necessary for the efficient provision of transport and to enable rail to play to its strengths as an environmentally friendly transport mode. Polluter-pays therefore needs to be applied consistently on Europe's roads. This Eurovignette review should help achieve this.

CER's [2017 summary sheet](#) on road charging and the Eurovignette review illustrates how competition is not fair between road and rail today. It also highlights that, on EU average, trucks pay only around 30% of their combined infrastructure and external costs.⁴ The current situation contradicts the polluter-pays principle of the EU Treaty (art. 191.2) and also the [Transport White Paper](#) (initiative 39) objective of full and mandatory internalisation of external costs, incl. wear and tear, by 2020.

¹ CER paper "[Road package: ensure fair competition between transport modes](#)" of February 2016

² Requirement as per art. 31.3 of SERA (Single European Railway Area) Recast Directive 2012/34/EU

³ European Commission, in its questionnaire for the 2016 public consultation for the Eurovignette review, available [here](#) or specifically [here](#), see section B.1.2.

⁴ CE Delft 2016, study commissioned by Transport & Environment (T&E), available [here](#)

Fair competition between road and rail requires distance-based road charging across the EU. It would help a modal shift to rail, benefitting citizens and the environment and helping achieve major EU policy objectives, e.g. reducing transport's greenhouse gas emissions.

3. CER's proposals for the Council discussions

CER voiced its position on the Eurovignette Directive review early in the process (see [summary sheet](#) of September 2017) and contributed to the discussions in the European Parliament (EP). The EP's first-reading position was followed up in a [joint position paper](#) by CER and ERFA (European Rail Freight Association), published on 21 January 2019 under title "Getting the price signals right: Why national governments should speed up the adoption of new road charging rules".

As the Council will now discuss the topic, **CER is calling on Members States to endorse the following high-priority changes to the current Directive:**

- User pays 1): phase out time-based charges and replace them by distance-based charges for trucks, vans and buses by 31 December 2022 (= EP position; instead of 2023 in the Commission proposal) – but not necessarily also for passenger cars. *See art. 7.6 of the Directive.*
- User pays 2): for trucks and buses, set direct-cost coverage as a minimum charging principle (just like for trains; see footnote 2) on all roads within the Directive's scope (proposal by CER). *This would be a new paragraph in art. 7.*
- Polluter pays 1): for any vehicles (incl. passenger cars) replace the current Directive's maximum values for external-cost charging (air pollution and noise) by minimum values (= EP position) or at least by reference values, which member states could decide to exceed (= Commission proposal). *See art. 7c.1 (plus new or amended annexes proposed by the EP in its [amendments 124-129](#)).*
- Polluter pays 2): from 1 January 2021, for trucks, buses and vans there must be external-cost charging wherever there is tolling (= EP position) and not just where there is above-average environmental damage (= Commission proposal). *See art. 7c.5.*
- Earmark revenue from external-cost charging "to make transport more sustainable, including one or more of the following": "supporting collective transport infrastructure and services (Commission proposal)"; "financing collective and sustainable modes of transport" (extra proposal by the EP). *See art. 9.2.*

Moreover, **the following improvements should also be endorsed:**

- Earmark revenue from (optional) congestion charging for collective transport inter alia (= Commission proposal kept more or less unchanged by the EP). *See art. 9.3.*
- Allow a genuine congestion charge to address road congestion (= Commission proposal accepted by the EP). *See art. 7da.*
- Relax conditions for mark-ups that help finance TEN-T corridors (= Commission proposal as improved by the EP). *See art. 7f.*

4. Conclusion

For the sake of fair competition between road and rail, CER is calling on Member States to help improve the Eurovignette Directive, so as to better implement the principles of user-pays and polluter-pays on Europe's roads. Specific proposals for how to achieve this are made in this paper – such as moving to distance-based charging (tolling) for trucks, vans and buses by 2022, their external-cost charging wherever they are tolled, or earmarking related revenue for collective transport.

The rail sector is not alone in calling for such improvements. For example, a broad coalition of stakeholders (including CER) united in the [European Platform for Electro-Mobility](#) has recently made [similar calls](#).

CER and its members stand ready to engage on Eurovignette with national governments and the Council. The Council should swiftly adopt a position and start negotiations with Parliament, with a view to reaching agreement in autumn 2019.

About CER

The Community of European Railway and Infrastructure Companies (CER) brings together railway undertakings, their national associations as well as infrastructure managers and vehicle leasing companies. The membership is made up of long-established bodies, new entrants and both private and public enterprises, representing 71% of the rail network length, 76% of the rail freight business and about 92% of rail passenger operations in EU, EFTA and EU accession countries. CER represents the interests of its members towards EU policy makers and transport stakeholders, advocating rail as the backbone of a competitive and sustainable transport system in Europe. For more information, visit www.cer.be or follow [@CER_railways](#) on Twitter.

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