UITP (Union Internationale des Transports Publics) is the international organisation of public transport, it is based in Brussels and covers all urban, suburban and regional public transport modes (bus, metro, light rail, regional rail and waterborne public transport). It gathers over 3,100 members worldwide, public transport operators, their authorities and suppliers. In the European Union, the UITP EU Committee (EUC) represents the views of the public transport undertakings of the 27 member countries. It is closely following and participating in the elaboration of the different European policies and initiatives that have an impact on urban, suburban and regional public passenger transport.

**Key facts for public transport in the EU 27:**

**Passenger journeys:** 60 billion/year, more or less equally shared between road modes (mainly bus) and rail modes (urban, suburban and regional rail)

**Economic value of public transport services:** €130 - 150 billion/year or 1 – 1.2% of GDP

**Employment:** direct employment 1.2 million and indirect employment 2 - 2.5 indirect jobs for each direct job on average
Executive summary

Road user charging affecting all forms of transport will be a political consideration as well as a technical or scientific one. There are elements of the cost of transport use that are not reflected in the price paid by the user, and since the user is influenced only by the price rather than the full social costs, these costs are not taken into account in travel decisions. The aim of any road charging scheme will be to design an approach that is effective for reducing an element of these negative externalities as well as being acceptable to the public and politicians.

UITP recommends that any road charging scheme impacting on all road vehicles should aim to establish a level playing field with other modes, in particular rail bound. All major external costs should be accounted for and it will be important to recognise the development of public transport as a way of minimising external costs and to provide citizens with real and efficient transport alternatives, helping to increase public buy-in.

UITP notes that a framework for charging heavy goods vehicles (HGV’s) on the trans-European infrastructure network (TEN-T) already exists under the Eurovignette directives. However, whilst a case can be made for a framework for charging on important pan-European trunk routes in terms of the efficiency of the internal market, no such case can be made for the extension of such an EU framework on other roads. UITP firmly believes that whilst guidance and support at a European level can help establish effective road user charging schemes which internalise external costs, the precise details of such schemes must remain a decision for national and local competent authorities who are best placed to determine pricing and operational structures based on relevant local challenges. A ‘one-size-fits-all’ approach to urban areas in particular is likely to be counterproductive and remove an important policy tool from locally accountable public authorities. UITP does not support such decisions being taken at an EU level.

Background

The EU has created a framework to encourage Member States to use taxation and transport infrastructure charging in order to promote the 'user pays' principle, important to maintain and develop the TEN-T, and the 'polluter pays' principle, as enshrined in the treaties.

This framework contributes to the internalisation of the external costs related to road transport, such as those generated by the use of the infrastructure or its environmental and social impacts. With the internalisation of costs the EU aims at encouraging a more efficient use of transport infrastructures currently affected by congestion and lowering the environmental impact of transport. Road charging can also be a useful instrument to generate new sources of revenue to help develop Europe’s road infrastructure, as well as cleaner and less energy consuming modes of transport.

The Transport White Paper foresees full and mandatory internalisation of external costs for HGVs with the intention to extend it to all vehicles (including public transport), on top of the mandatory recovery of infrastructure (wear and tear) costs. Such a framework, it is argued, would complement the Eurovignette Directive (addressing freight road transport on highways) and could set a precedent for a possible future validated framework for urban road user charging and access restriction schemes. For now, urban areas are outside the scope of the review due to the subsidiary principle.
Road charging – the current state of affairs

The current level of internalisation of external costs is not the same for different modes of transport. Rail users pay charges at least at the level of the direct costs i.e. including wear and tear, on the entire network for both freight and passenger transport. Before 2020, the Commission will develop a common approach for the internalisation of noise and local pollution costs on the whole rail network.

By contrast, road transport charging under EU rules is limited to those roads covered by the Eurovignette directives. There are common rules on distance-related tolls and vignettes charges for HGVs (above 3.5 tonnes) but again this is not mandatory for Member States. Buses and coaches are normally covered by these schemes but no framework exists for cars, vans and motorbikes at the moment.

Local and national schemes

Member States make different choices concerning the coverage of road charges based on their individual circumstances and political priorities. Vignettes (time-based charges) usually apply to a wide network of motorways, expressways and national roads. Tolls (distance-based charges) are generally restricted to motorways. To date, six Member States have no system in place for charging HGVs for the use of road infrastructure. In nine Member States, HGVs are subject to time-based charges while six Member States apply tolls. Finally, so far six countries have put in place network-wide electronic distance-based charging systems (but these are mostly not interoperable). With respect to road charges for cars, altogether such charges exist in 14 Member States, seven of these have put in place national vignettes, while the other seven collect tolls with physical barriers on the motorways.

Fair and efficient road charging – UITP considerations

Road pricing alone will not solve every negative externality and should be viewed as part of a broad suite of measures designed to achieve a sustainable transport system. UITP considers that the following issues should be taken into account when designing a road charging scheme which could apply to all vehicles, including public transport.

A decision for national and local competent authorities

Whilst a case can be made for a framework for charging on important pan-European trunk routes in terms of the efficiency of the internal market, no such case can be made for the extension of such an EU framework on other roads. UITP firmly believes that whilst guidance and support at a European level can help establish effective road user charging schemes which internalise external costs, the precise details of such schemes must remain a decision for national and local competent authorities who are best placed to determine pricing and operational structures based on relevant local challenges. A ‘one-size-fits-all’ approach to urban areas in particular is likely to be counterproductive and remove an important policy tool from locally accountable public authorities. UITP does not support such decisions being taken at an EU level.
Time or distance based charges

Congestion charging in cities has successfully encouraged a shift to public transport, walking and cycling and helped improve the efficiency of the transport system. However, the patterns for intercity and international car usage have different characteristics as trips have a longer duration and cover larger distances than city commuting. It is unlikely that vignettes could promote modal shift to sustainable transport in the way that tolls (distance-based charging) do since vignettes involve prepaying unlimited amounts of road use over a fixed time period. This encourages any motorists that have paid them to maximise their utility from the vignette. As most regular users would purchase an annual vignette, this would be unlikely to incentivise mode shift for any specific trip. As a result vignette systems are likely to result in more pollution, congestion, noise (etc) as well as wear and tear on the road infrastructure.

For long distance routes a distance based system could help deliver a fairer implementation of the ‘user’ and ‘polluter pays’ implementation. This is particularly the case for those Member States with large infrastructure networks. The Switzerland experience is an example where we can draw valuable insights. Their distance based charging system for HGVs shows what can be achieved since its implementation in 2001:

- Efficiency gains in the road transport sector (more tonnes transported with fewer vehicle kilometres).
- Negligible impact on customer prices.
- Incentives to buy cleaner vehicles, resulting in a reduction in the environmental impact of HGVs.
- Improvements in efficiency more or less balanced out the cost increases.

Setting the right price – full internalisation of external costs

Price signals play a crucial role in many decisions that have long-lasting effects on the transport system. Transport charges and taxes should be restructured in the direction of the user pays principle as well as the beneficiary pays principle (i.e. those who benefit from the service meet its cost) and the wider application of the ‘polluter pays’ (i.e. those who cause the problem compensate for the cost imposed).

As far as possible, and particularly for long distance routes, any road charging scheme should aim to firstly establish a level playing field with other modes, in particular rail bound. The Swiss experience shows that when additional external costs (i.e. not just wear and tear on the road infrastructure) are included in road user charges, negatives externalities are reduced and transport efficiency increases. The Commission enables Member States to charge for some external costs, namely air pollution, noise and congestion. This means issues such climate change, the costs of road accidents, land use, social exclusion and resource efficiency are excluded. If this approach continues, a road charging scheme will not align fully with the ‘polluter pays principle’ and will be less effective overall.

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3 In the absence of a clear CO2 component in national fuel taxes, its costs should be included in any road charging scheme. A Commission proposal to review the Energy Taxation Directive, currently discussed in the European Council, is however proposing the clear separation of the CO2 component of fuel taxes.
On top of accounting for all major external costs, consideration should be given to a vehicle’s emissions category. This would make it possible to permit a fee differentiated by vehicle type/mode, which gives better incentives to promote a shift to those transport options which help to reduce negative externalities. In addition, charging should be at a premium during peak times so as to encourage the most efficient use of the transport network and a shift to those modes of transport which help tackle congestion.

**Use of technology – keep it simple**

For technological implementation, it will be necessary to have a simple system and an appropriate enforcement mechanism. Different systems are currently applied across Europe, for example international hauliers currently need 11 different on-board units and tolling, as well as five vignettes to be able to drive unhindered on European roads. This must change if a pan-European system for TEN-T routes is to work but it does show that mature technologies exist. Ultimately, what matters most is cost and a system that can be easily used and understood.

**Public acceptance – invest in public transport**

Public acceptance is an essential ingredient for successful road pricing initiatives because without public buy-in it is difficult to gather the necessary political support to implement the road pricing scheme. Buy-in will only come about if there are real and efficient transport alternatives for citizens. The Swiss experience showed that acceptance was good when the revenue was reinvested in transport infrastructure and public transport. A large majority of people agreed that up to two thirds of the revenue generated should be used for projects in public transport.

**Flexibility**

It is currently practicable and acceptable to introduce externality charges at a voluntary basis within forward looking Member States. UITP believes it should remain so with enough flexibility for Member States and local competent authorities to design schemes to meet their own needs.

**A framework for road charging**

Any charging scheme should look to charge all transport vehicles but harmonisation will take time and should be phased in gradually. Distance based kilometre charges for HGVs should be firstly harmonised across Europe on the TEN-T network. This could be complemented by a system of road tolls on the most congested of routes. Over time, this could be extended to main inter-urban links covering all transport modes where appropriate.

It will be important to consider the impact that this will have on parallel uncharged roads as this could lead to a diversion of traffic which would have a negative economic, social and environmental impacts on the users of that network and possibly lead to congestion in these areas, notably the suburban network. Given the increasing trend of suburbanisation, tackling congestion in these areas should be achieved through a combination of ‘demand’ and ‘supply’ measures, notably from supporting a shifting to alternative sustainable modes such as public transport.
Accounting for public transport

The Eurovignette Directive allows Member States to apply exemptions and reduced toll rates for vehicles used for defence purposes, other public services and road maintenance. Such exemptions may also be applied for vehicles which travel only occasionally on public roads as well as vehicles not mainly used for the carriage of goods (e.g. buses), provided that the transport operations carried out by these vehicles do not cause distortions of competition.

In order to promote a shift to the most sustainable transport modes (especially during peak times) Member States should continue to be able to apply exemptions and reduced toll rates for public transport in order to reflect their lower externalities.

It will remain important to recognise the development of public transport as a way of minimising external costs and to provide citizens with real and efficient transport alternatives. Beyond TEN-Ts and other routes important for cross-border trade and the efficient operation of the internal market, if Member States decide to adopt road user charging then it would be advantageous if revenue was earmarked for transport infrastructure and public transport. The Swiss experience show that when this happens externalities are reduced and public acceptance increases. This will also help support the achievement of wider EU policy objectives which includes the development of more sustainable transport modes (including public transport).

Whilst UITP is supportive of the principle of internalising external costs and the user pays principle, any extension of the existing Eurovignette regime raises fundamental questions about local accountability on what is a highly charged political issue. In urban areas at least, local competent authorities, or transport authorities must have the freedom to adopt road user charges that best address the specific and most pressing challenges of their localities. UITP would not support the imposition of harmonised EU rules covering pricing and operation on such localities. Rather the European Commission should encourage best practice and guidance for the establishment of such schemes. In a purely urban context UITP looks forward to such measures being announced in the forthcoming urban mobility package.