Greening Transport Package – Frequently asked questions

Which sectors does the package cover?
The package proposes new steps to make road and rail freight transport more environmentally friendly: the proposal to amend the Eurovignette Directive on road charging for heavy good vehicles and a Communication on rail noise. Furthermore, this package explains what has been done and what will be done by the current Commission in all transport modes. For example, the European Parliament and the Member States have now agreed on the Commission’s proposal to include aviation in the EU’s emissions trading scheme (see IP/06/1862 and MEMO/06/506) and will formally adopt it soon. Existing EU legislation allows Member States to charge trains for their environmental costs. Railways are also to a large extent covered by the European emissions trading scheme (ETS).

Why does the Commission now want to address the road transport sector?
Road transport is responsible for 75% of the emissions of nitrous oxide from transport and congestion costs are estimated at 1.1% of EU GDP. Lorries create a quarter of all these negative effects. This is not surprising since 72% of the tonnes kilometres of goods transported by inland transport in the EU use lorries. And road freight transport is growing steadily, and faster than GDP (annual growth was 4.9 % in 2006). The growth is in particular concentrated in international traffic, which is forecast to double between 2000 and 2020.

Does the Commission want to get traffic off the roads and on to rail?
Getting traffic off the road and onto rail, inland waterways or short-sea shipping is just one way that the environmental impacts of road transport can be reduced. Because road transport is, and will remain, the way the bulk of passengers and goods are transported, ways need to be found to make it greener and more efficient too. Today’s proposal to allow heavy goods vehicles to be charged for using infrastructure in a greener and more efficient way is therefore an important contribution, as is ongoing work to deploy new vehicle technologies, improve infrastructure, improve fuel efficiency and promote "eco-driving".
What are the other main measures the Commission has already taken to "green transport"?

Air pollutant emissions from cars, vans, lorries and buses have been dramatically reduced by the increasingly stringent EURO standards defined under EU law, which set maximum emission levels for new vehicles. New cars are already required to have CO₂ labels and the Commission has also proposed to limit the CO₂ emissions from new cars (see IP/07/1965) and ensure public authorities buy greener vehicles.

There are also EU standards on fuel quality, including on the sulphur content, which is particularly important in the maritime sector. The Commission has also set a 10% target for the use of sustainable biofuels in transport and transport actions feature prominently in the EU's Energy Efficiency Action Plan.

In the aviation sector, there are EU measures on airport noise and the EU institutions are on the verge finalising agreement on the sector's inclusion in the EU's Emissions Trading System (see IP/06/1862 and MEMO/06/506). The Single European Sky II package, aims to reduce emissions per flight (see IP/08/1002 and MEMO/08/432). The EU has also taken a large number of measures, culminating in the Erika package, to reduce the likelihood of oil spills from ships.

The EU has also financed projects through the Trans-European Networks and Marco Polo programmes which have concentrated on promoting less-polluting transport modes such as rail, inland waterways and short-sea shipping.

What are the other main measures the Commission intends to take to "green transport" before the end of its mandate?

The Commission intends to come forward with the following initiatives before the end of its mandate:

- A regulation on greenhouse gas emissions from new vans and minibuses;
- An action plan and legislative proposal on Intelligent Transport Systems for road, in order to get these technologies onto the market and used and an urban mobility action plan, which will propose a series of short and long-term actions where there is a clear EU added value;
- A Green Paper on the Trans-European Transport Network which will review existing policy, draw lessons and consider how to develop the policy, particularly given the increasing importance of climate change;
- A revision of the Directive on Airport Noise which is likely to increase the stringency for the types of aircraft that can be used and a revision of the environmental noise directive;
- A revision of the Energy Taxation Directive, which will ensure that it better complements the EU ETS and supports the EU's climate change and energy goals;
- A Directive on Energy Labelling for tyres and a revision of the existing CO₂ Car Labelling Directive;
- A proposal to address nitrous oxide emissions from aviation;
- A proposal in 2009 for action at European level on greenhouse gas emissions from the maritime sector, if the International Maritime Organisation (IMO) has not made sufficient progress by then in developing concrete measures.
What is the Eurovignette Directive this package proposes to revise?

The "Eurovignette Directive" adopted in 1999 and revised in 2006 provides a framework for the levying of tolls and user charges on heavy goods vehicles for using Europe’s motorways. It currently allows Member States to set tolls at levels required to maintain and replace infrastructure, with some additional flexibility in mountainous areas.

How does the revision of the Eurovignette Directive proposed in this package contribute to fighting climate change?

The proposed revision would allow Member States to levy tolls based not only on infrastructure costs, but also on congestion and pollution. This will widen the tool box at Member States' disposal to reduce congestion, fuel consumption and hence emissions of CO₂. The proposed Directive is therefore a contribution to the climate change strategy and a clear step forward. Other action has of course already been taken in the field of transport and more will follow. For instance, the Commission's current review of the Energy Taxation Directive will probably lead to a proposal for defining a common labelled CO₂ element in fuel taxation - this explains why this element is not addressed in the package proposed today.

Will the Directive not lead to discrepancies between Member States which distort the EU single market?

The proposed Directive aims to ensure that charging does not discriminate on the basis of nationality and does not create disproportionate obstacles to the freedom of movement. It specifies common charging principles, including a method to calculate the costs. It will contribute to fairer competition between hauliers as, unlike vehicle taxes, tolls do not distort competition as they are paid by all hauliers irrespective of their Member State of registration.

How can the interoperability of electronic toll systems be ensured?

The European interoperability of electronic toll systems is already phased-in by means of Directive 2004/52/EC which sets up a "European electronic toll service". The Commission is preparing the necessary detailed technical specifications so that full interoperability will be achieved by 2012 for systems fitted in lorries.

What are the problems with existing taxes on road transport? Do they already internalise external costs?

Existing taxes internalise only partially and inefficiently external costs from road traffic. The tax structure is inadequately related to the main costs drivers of pollution and congestion. Levels of vehicle tax are unrelated to how often the vehicle is used. Fuel taxes are the same for heavily polluting vehicles as for "greener" ones and do not distinguish between rush hour and off-peak use. Efficient charges should vary according to the type of vehicle, the distance and the congestion levels.
**Is the road industry not already paying for congestion?**

Congestion affects all road users including commuters. Congestion charging is not about asking users to pay twice but a way to manage limited road capacity more efficiently in order to reduce the overall costs for all users. On busy roads, big and heavy vehicles contribute much more to congestion. Of course, lorries suffer like all other vehicles from congestion. Like all other users, they will also benefit from less congested and better managed roads.

**Why are accident costs not addressed in the proposed Directive?**

There are two main reasons. First, the level of external accident costs depends to a large extent on the applicable insurance system and the costs it covers. Second, unlike local pollution and congestion costs, accident costs cannot be efficiently internalised by kilometre based charges as they are very much determined by individual driver characteristics and accident history. This issue will be further reflected upon in the review of the European Road Safety Action Programme that the Commission intends to carry out in 2009.

**Why are damage to biodiversity and landscape not addressed in the proposed Directive?**

Damage to biodiversity and landscape are mostly fixed costs which depend on the existence of transport infrastructure more than on the use that is made of it. Therefore kilometre based road user charges are not the most appropriate instruments to internalise these costs.

**Why is this optional for Member States?**

There are legitimate concerns over the financial viability of the required electronic toll systems on some Member States’ lesser-used networks. Given the level of implementation costs involved, a phasing-in approach enabling pilot schemes and encouraging a gradual building-up and sharing of experience is preferable to the mandatory introduction of a one-size-fits-all system. Member States would in any case be very unlikely to agree on such a mandatory system.

**What is proposed concerning any extra revenues raised by Member States from tolls?**

The package will aim to ensure that additional revenues from external cost charging are spent on making transport more sustainable. Sustainable transport requires considerable investment in research and development and infrastructure. Funding is particularly needed to reduce road pollution at source through local action plans on management of air quality and environmental noise, to improve the energy efficiency of vehicles and lower emissions and to offer a wider choice of realistic alternatives for users. Using the revenues from the tolls for investment in more sustainable transport will benefit transport users from all Member States.
**Will there be any effect on private cars?**

Passenger cars are not within the scope of the Directive which applies to heavy goods vehicles only. Member States are of course free to levy tolls on passenger cars as well. But passenger car traffic is much less international than road freight transport. So according to the principles of subsidiarity and proportionality there is currently no basis for European action. However, differentiated tolls applied to lorries on the basis of the cost of the congestion and pollution they cause will reduce congestion on busy roads and thus benefit all motorists travelling on those roads.

**Will this not raise costs for haulage operators and therefore prices of goods in the shops?**

This proposal will not create new costs, but help Member States to ensure that the polluter – rather than taxpayers in general – meets costs that already exist. It will also over time actually reduce both pollution and costs, by creating incentives that promote greener and more efficient transport.

In the short term, it may lead to a small increase in road haulage costs of a few percent but this will be rapidly offset by efficiency gains (less congestion, less pollution). Transport costs (road haulage cost is only a part of those costs) range from 1 to 9% of final product values. Furthermore changes in toll structure will not take place until 2011 at the earliest and will be fully predictable by firms which will anticipate them and adapt their behaviour. Any upward impact on price of goods in the shops in the short-term is likely to be insignificant, if noticeable at all. In the medium-term the impact on prices should be downwards.

**Is this not penalising the road sector unfairly? Operators already have to pay high fuel prices and taxes on fuel...**

The aim is to improve the overall sustainability of road freight transport, in the interests of all citizens and businesses, including ultimately the road freight sector itself. For example, the sector will benefit alongside other users from reduced congestion on busy roads.

High fuel prices affect all households, all motorists and all industry. This confirms again the need for a more sustainable transport system, more efficient in energy use, less dependent on fossil fuels and with a smaller overall environmental impact. The high fuel price should not be used as a pretext to postpone initiatives to prepare the ground for a more sustainable transport system. On the contrary, it is a further reason to accelerate the adaptation of our transport system and reduce its dependency on fossil fuels.

Of course, this will take time. The Directive is part of a long term process. The tolling measures enabled by this proposal will take effect in 2011 at the earliest. Firms and logistic operators will have time to adapt their behaviour.
How does the incentive structure work? Why will it be in operators' interest to use greener vehicles?

A heavy goods vehicle with a EURO 0 engine generates on average more than 5 times more air pollution costs than a vehicle of the same size equipped with a EURO V engine. Even compared to a EURO III engine, a EURO V engine cuts average air pollution cost by more than half. Financially rewarding hauliers for using cleaner vehicles will accelerate the renewal of the vehicle fleet. Similarly, by properly reflecting the actual cost of traffic based on noise pollution and differentiating between areas with different population densities, hauliers will be given a clear financial incentive to route their vehicle on motorways and trunk roads and avoid suburban areas as much as possible, thus improving quality of life. Users will also be able to reduce the congestion costs they generate and the charges they pay by scheduling their vehicles to operate outside peak hours and to avoid busy roads at busy times.

How much extra per kilometre will journeys cost if Member States implement this?

The average amount is likely to be on average in the range of 4-5 eurocents per kilometre for a EURO IV truck. But this is only a rough estimate as exact charges for specific areas will vary widely and will depend on a complex set of developing circumstances, in order to ensure full reflection of the relevant external costs and provide incentives to reduce those without going beyond what is for that. The charges will be differentiated according to the pollution class of vehicles, the location of roads (suburban or interurban) and the time periods (high and medium peak, off-peak and night). The actual amount will vary from section to section as it will depend on the exact local situation, notably in terms of congestion.

Will Member States be able to apply higher tolls to certain roads?

Yes, if that is justified by local conditions. Tolling schemes based on congestion and pollution costs will have to be notified and approved by the Commission before application. The exact amount of the toll will be set by independent authorities designated by Member States. The toll can include a cost element related to traffic based air and noise pollution. Congestion cost may also be added during peak hours or days. Air pollution and noise costs can be higher on suburban roads than on long distance roads due to the higher population density in suburban areas. There are also provisions to allow the recovery of higher external costs in mountainous areas.

Why do we need a common methodology for calculating local external costs?

The common methodology is needed to ensure proportionality and transparency of the tolls based on the cost of pollution and congestion. It will also ensure that there is no discrimination on the basis of the nationality of the haulier. It will be applied on the basis of local data, in a transparent and comparable way.
Why should peripheral Member States support this measure, as it will mean extra costs for their hauliers with only limited extra revenue from tolls?

Both the European Parliament and the Council acting collectively have requested the Commission to propose revision of the Eurovignette Directive, because the sustainability of transport is a common European objective and this Directive will help to achieve it. Furthermore, congestion and pollution occur in all Member States, and they have all an interest in a better tool box to manage congestion and pollution. New toll rates would have no distorting impact on the relative position of the national road haulage industry of any Member State vis-à-vis its competitors from other Member States since, unlike taxes, tolls are paid by all hauliers irrespective of their Member State of registration. Using the revenues from the tolls for investment in more sustainable transport will benefit transport users from all Member States.

What are the basic features of the framework for estimating external costs? What is included and why?

The main objective of the internalisation of the external costs of transport is to ensure that each transport user should pay for the social costs they generate. The common principle proposed by the Commission is known as "social marginal cost pricing". A common methodology is established with formulae to calculate external costs and recommended default values. The most important external costs of transport are congestion, air pollution, noise, accident and climate change costs. The Directive proposes the introduction of differentiated kilometre based external cost charges to recover the cost of traffic based air and noise pollution and congestion.

Who will monitor the application by Member States of the framework for calculating external costs to ensure it is in accordance with the rules?

Member States will have to respect common charging principles and will have to designate independent authorities to calculate the chargeable costs, using a common method that can be easily monitored. New tolling arrangements based on congestion and pollution costs will have to be notified to the Commission for prior approval before they can be applied. The Commission, in its role as the "guardian of the Treaty", will monitor the application of the Directive in all Member States.

How would the recommended use of revenue for environmental protection work?

The Commission proposes that Member States use the additional revenues from tolls should be used to finance projects such as research and development on cleaner and more energy efficient vehicles; building alternative transport infrastructure for transport users; and local action plans on management of air quality and environmental noise.
How will privacy be ensured with all the interoperable electronic toll systems?
Directive 2004/52/EC requires that processing of personal data necessary for the operation of the European electronic toll service is carried out in accordance with the Community rules protecting the freedoms and fundamental rights of individuals, including their privacy. To protect public safety and ensure fair competition and working conditions, most heavy goods vehicles are already equipped, under conditions to protect personal privacy, with electronic devices keeping records of the movements of their vehicles (digital tachographs, electronic toll systems in some Member States).

When will the Commission bring forward a legislative proposal on the subject of rail noise?
As today's Communication announces, the Commission intends by the end of 2008 to propose legal requirements for the implementation of noise-differentiated track access charges, in the course of the recast of Directive 2001/14/EC on the allocation of railway infrastructure capacity and the levying of charges for the use of railway infrastructure and safety certification.

What measures already exist to limit rail noise?
In December 2005, the Commission adopted technical rules relating to noise emissions of rolling stock (Noise TSI). These rules introduced the first noise limits for all kinds of rolling stock used in the European Union. These limits apply to new and renewed vehicles including freight wagons. New freight wagons have to be equipped with low-noise brake blocks reducing the perceived noise emission by about 50%.

However, the introduction of this low-noise technology will take several years due to the long lifetime of rolling stock. Without additional measures of the type announced in today's Communication, it would take until at least 2020 for half of the freight wagon fleet to become more silent.

For high-speed trains similar technical rules have already been introduced by the Commission in 2002.
Annex I. Some statistics

Transport performance
Road accounts for 73% of total land freight transport performance in tonne-kilometres

Transport growth
Road freight is growing faster than GDP (annual growth is 4.9%)
The growth rate of international road freight transport is especially high (doubling is forecast between 2000 and 2020)

Emissions from road transport in 2005
72% of total CO₂ emissions from transport
75% of NOx emissions from transport
Road transport CO₂ emissions increased by 17% between 1995-2005

Costs
Road transport accounts for roughly 90% of the total external costs generated by the transport sector
Congestion: 1.1 % of GDP (more than the EU budget)
Environmental costs account for around 100 billion euros
Studies estimated the total costs (including infrastructure and accident) at around 500 billion euros for 19 Member States¹

¹ CE Delft, Internalisation measures and policies for all external cost of transport