
Joint Position Paper

Brussels, 21 January 2019

Getting the price signals right: Why national governments should speed up the adoption of new road charging rules

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Summary

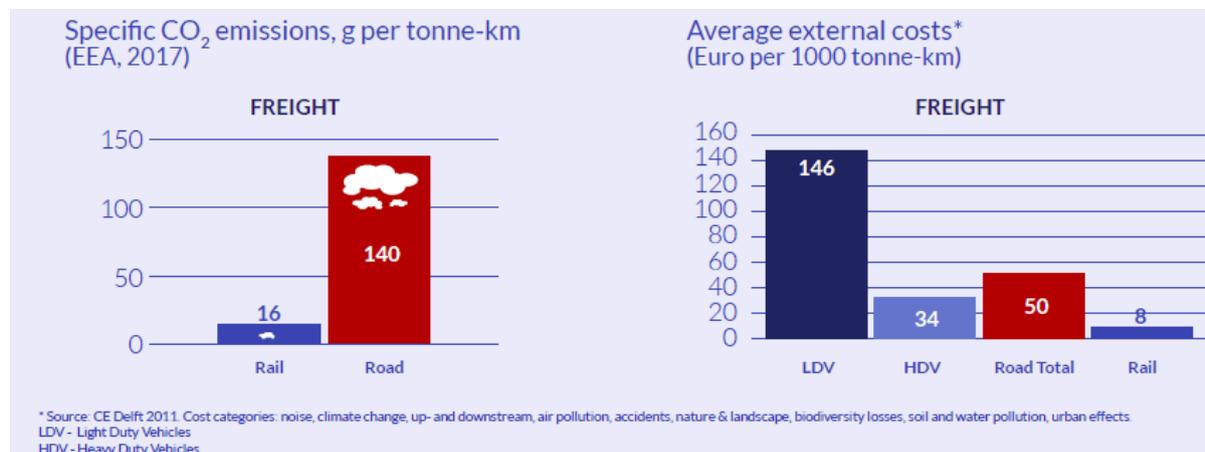
CER and ERFA call on the Romanian Presidency of the EU Council hand in hand with EU Transport Ministers to support the "Eurovignette" Directive's revision. Clear benefits for national governments include improved fiscal options and the greening of their transport systems, thereby contributing to meeting crucial climate change objectives. The rail sector has proved its commitment to making rail the first mode of choice for customers by undertaking steps to improve its service offer. In turn CER and ERFA call on the national governments to unleash the full potential of eco-friendly rail by getting the price signals right.

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Speed up the adoption of new road charging rules

1. The context

Rail is a clean transport mode. For freight transport rail's CO₂ emissions are over 8 times lower than road's. The total of rail freight's externalities is also low in comparison.¹



The EU has made important commitments regarding climate action. Overall EU greenhouse gas (GHG) emissions must be reduced by 40% for 1990-2030, as agreed in 2014 (2030 framework for climate and energy) and confirmed as the EU's pledge for the Paris Agreement. The European Parliament has recently [called](#) on the Commission and Member States to step up the EU's 2030 reduction commitment to 55%. For 2050, several Member States have recently [proposed](#) that the EU should aim for net-zero emissions. Similarly, the Commission [called](#) for a "climate neutral Europe by 2050" when, on 28 November 2018, it unveiled its long-term strategy "A Clean Planet for All".

For EU transport specifically, the EU Commission's 2011 Transport White Paper set a long-term GHG reduction target of 60% for 1990-2050. So far, however, EU transport's GHG emissions have not decreased but increased. In 2016 they [exceeded 1990 emissions by 27%](#). As an intermediate milestone, a 30% reduction for 2005-30 is targeted (in a scheme known as [Effort-Sharing Regulation](#)) for all non-ETS sectors, incl. transport. For EU transport in 2050, the Commission's [decarbonisation long-term strategy](#) of 28 November 2018 envisages net-zero emissions. However, it is not clear how transport could reach these targets – unless a modal shift to greener means of transport like rail is seriously pursued.

2. An obstacle to rail freight's contribution to greening transport

Rail freight is supposed to help make EU transport greener. The 2011 Transport White Paper set a modal-shift target: 30% of road freight over 300 km should shift to trains or barges by 2030, and over 50% by 2050. So far, however, no such modal shift can be seen, on the contrary: For 2011-16, rail's market share in the EU's overall land freight transport [declined](#) from 17.7% to 16.6%.

So what is holding rail freight back?

¹ Source: [CER summary sheet](#) "Road charging / Revising the Eurovignette Directive" of September 2017, using also 2017 [EEA figures](#) based on 2014 data.

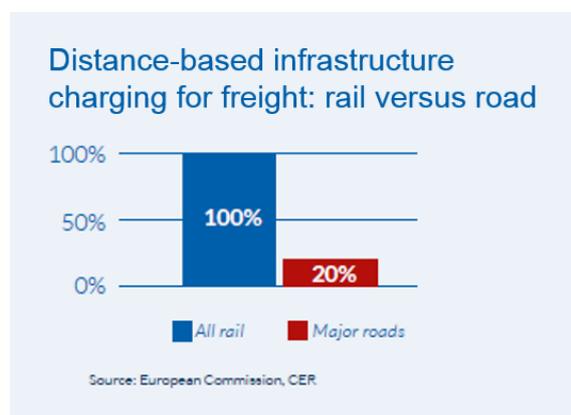
Rail freight's clear external-cost advantage over road freight is confirmed by preliminary results from an ongoing study for the European Commission; see [background note](#) (figure 3) and other material available [here](#).

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A key factor hampering rail freight's development is the intermodal playing field. Transport externalities like air pollution or CO₂ emissions are not properly priced for (or "internalised"), meaning rail cannot thrive on its merits as a clean transport mode.

Additionally, charging for infrastructure use is uneven between modes: By EU law, rail pays its direct cost of infrastructure use plus often a mark-up, and this applies to every km of track. By contrast, even for major roads (motorways and other main roads), charges (vignettes or tolls) are currently only applied to trucks on about 20-25% of the network in Europe (and in some countries not to vehicles below 7.5 or even 12 tonnes). Rail's competitive disadvantage has constrained any modal shift.



Fair competition in terms of infrastructure charging would enable rail to make its contribution to greening transport. Therefore, improving framework conditions is important.

3. Revision of the Eurovignette Directive on road charging: state of play

The so-called Eurovignette Directive (1999/62/EC, amended as 2011/76/EU) sets rules for road charging in the EU. In May 2017 the European Commission proposed to revise these rules, with a view to strengthening the "user pays" and "polluter pays" principles. More comprehensive external-cost charging and moving from time-based to distance-based charging, especially for freight transport, would make road use more efficient and reduce its negative environmental impact. Removing the currently applied caps on infrastructure charging would help EU Member States in improving their fiscal-policy options. The proposed revision would also contribute to fairer competition between road and rail, which is why CER has [welcomed](#) it, as does ERFA.

Where are we now?

Very limited progress has been made in Council. In the absence of more detailed discussions, no position has been adopted by the Member States. *A key obstacle for a number of Member States seemed to be the proposed phasing-out of time-based charging ("vignettes") for passenger cars.*

By contrast, the European Parliament adopted a [position](#) on 25 October 2018 that will further improve charging options for Member States. At the same time, *no mandatory phasing-out of vignettes would apply to passenger cars.*

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4. Time for Member States to act now

By excluding vignettes for passenger cars from mandatory phasing-out, the European Parliament sent a strong signal to Member States: compromise between Council and Parliament is possible, after this highly controversial element of the Commission proposal has been taken off the table.

Moreover, the [recent political agreement](#) between Council and Parliament on the "European Electronic Toll Service" (EETS) – which will enhance cross-border interoperability of electronic tolls, contribute to administrative simplification and reduce fraud – means that applying the "user pays" and "polluter pays" principles will be facilitated. Road charging in practice will be made easier, both for road users and Member States.

This new situation presents an opportunity that Member States must grasp.

Revising the Eurovignette Directive will provide Member States with better ways to operate fair charging for use of their road infrastructure and related externalities. It will bring about fairer competition with railways, and related environmental benefits such as lower CO₂ emissions. Thanks to more efficient use of roads, with less air pollution and noise, citizens will benefit, too.

CER and ERFA therefore call on the Romanian EU Presidency to drive forward the work on the Eurovignette Directive as a priority in transport policy and for Transport Ministers to swiftly adopt a position in the Council and start negotiations with Parliament, with a view to reaching agreement by early autumn 2019.

About CER

The Community of European Railway and Infrastructure Companies (CER) brings together more than 70 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 73% of the rail network length, 77% of the rail freight business and about 93% of rail passenger operations in EU, EFTA and EU accession countries. CER represents the interests of its members towards EU policymakers 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 us on Twitter @CER_railways.

About ERFA

ERFA represents 30 private and independent railway companies from across Europe, covering the whole value chain of rail transportation. The association was established in Brussels in 2002 by a handful of new rail freight operators. It was established as the voice of new entrants to support the European vision for a liberalised railway market. All ERFA members share a commitment to work towards a non-discriminatory, competitive and innovative Single European Railway market by promoting attractive, fair and transparent market conditions for all rail enterprises. For more information, visit www.erfarail.eu or follow us on Twitter @ERFA_Rail.

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