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To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union
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Subject:	COMMISSION STAFF WORKING DOCUMENT EXECUTIVE SUMMARY OF THE IMPACT ASSESSMENT Accompanying the document Proposal for a Directive of the European Parliament and of the Council amending Directive 1999/62/EC on the charging of heavy goods vehicles for the use of certain infrastructures and Proposal for a Council Directive amending Directive 1999/62/EC on the charging of heavy goods vehicle for the use of certain infrastructures, as regards certain provisions on vehicle taxation

Delegations will find attached document SWD(2017) 181 final.

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Brussels, 31.5.2017
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COMMISSION STAFF WORKING DOCUMENT
EXECUTIVE SUMMARY OF THE IMPACT ASSESSMENT

Accompanying the document

**Proposal for a Directive of the European Parliament and of the Council amending
Directive 1999/62/EC on the charging of heavy goods vehicles for the use of certain
infrastructures**

and

**Proposal for a Council Directive amending Directive 1999/62/EC on the charging of
heavy goods vehicle for the use of certain infrastructures, as regards certain provisions
on vehicle taxation**

{COM(2017) 275 final}

{COM(2017) 276 final}

{SWD(2017) 180 final}

Executive Summary Sheet

Impact assessment on the revision of Directive 1999/62/EC

A. Need for action

What is the problem and why is it a problem at EU level?

Four problems are addressed:

1. Road transport is responsible for 17% of the EU's CO₂ emissions and the uptake of low- and zero-emission vehicles is insufficient to meet the 2030 climate and energy targets
2. The quality of EU roads is degrading, due to falling infrastructure investments and deferred maintenance schedules not taking long term economic impacts into account
3. Some Member States introduced time-based charges (vignettes), which discriminate against occasional, foreign drivers
4. Air pollution and congestion generated by road vehicles represent significant costs to society

All of these problems could be addressed through fair and efficient road pricing. However, the application of tolls in the EU is incomplete and fragmented, hardly reflecting the real cost of road use.

What should be achieved?

The objective is to promote sustainable and equitable road transport through wider application of the 'user pays' and 'polluter pays' principles:

1. Contributing to the reduction of CO₂ emissions in transport via pricing
2. Contributing to adequate road quality
3. Ensuring that road charging schemes do not discriminate against non-resident motorists, and
4. Making use of road charging as an effective tool in reducing air pollution and congestion.

What is the value added of action at the EU level (subsidiarity)?

High CO₂ emissions are a global problem calling for concerted action at all levels. The problem of discrimination of non-resident drivers is cross-border by nature, and can only be solved at a supra-national level. Degrading quality of roads, air pollution and congestion have both local and EU-wide implications. Co-ordination of national actions is needed to ensure the free movement of people and goods across the Union.

B. Solutions

What are the various options to achieve the objectives? Is there a preferred option or not? If not, why?

Policy options (PO) differ by the level of intervention, ranging from relatively light to heavy.

The most important measures of PO1 are simplifying existing provisions, extending the scope to buses/coaches and, for provisions on non-discrimination, to light vehicles.

PO2 builds on PO1 and introduces the variation of charges based on CO₂ emissions with the phasing out of vignettes for HDVs (HGVs and buses/coaches), while incentivising the introduction of distance-based charging.

PO3, with two variants, includes additional measures for cars and vans, addressing interurban congestion (3a and 3b) as well as CO₂ and pollutant emissions by differentiating tolls and user charges for light vehicles (PO3b).

PO4 phases out vignettes for all vehicles and mandates external cost charging for HDVs.

PO3b is the preferred option. PO4 would be more effective in reaching the objectives, but it entails higher costs. Subject to political decision, some measures of PO4 could be added to PO3b with sufficiently long phasing-in period to allow gradual adaptation and spreading the costs.

What are different stakeholders' views? Who supports which option?

PO1 is generally supported by stakeholders, although some Member States oppose measures on road quality. The promotion of low-emission vehicles (PO2) is widely supported, while a few Member States oppose the phasing out of HGV vignettes. Measures on congestion charging (PO3) were met with some scepticism, but stakeholders agree that if implemented, such charges should apply to all vehicles. PO4 was seen with reserve, as it contains strong obligations for Member States.

C. Impacts of the preferred option
What are the benefits of the preferred option (if any, otherwise of main ones)?
<p>PO3b would</p> <ul style="list-style-type: none"> • reduce congestion costs by €9 billion by 2030, provide additional toll revenues of €10 billion/year and help increase investment in roads by 25% • significantly reduce CO₂, NO_x and particulate matter emissions • improve public health and reduce the costs of air pollution and accidents (€0.37 billion by 2030) • allow generating up to 208,000 new jobs and additional benefits of 0.19% of GDP, and • contribute to the equal treatment of EU citizens by halving the price of short term vignettes.
What are the costs of the preferred option (if any, otherwise of main ones)?
<p>Freight transport costs could increase by 1.1%, with costs for passengers unchanged. Costs to authorities include the deployment of new tolling systems or expanding existing ones for the Member States concerned (one-off investment of €1.2-1.4 billion altogether), and operating costs of €168-200 million/year. Extension of road charging to new parts of the network and new user groups could increase compliance costs for road users by €198-228 million/year.</p>
What are the impacts on SMEs and competitiveness?
<p>Close to 100% of road haulage companies are SMEs. The extension of road tolls would increase compliance costs for them; however, most of the additional costs are passed on to clients, leading to a marginal (less than 0.25%) increase in prices. The possibility to decrease vehicle taxes could compensate for part of the cost rise. Increased investment in infrastructure would have a strong positive impact on the construction industry.</p>
Will there be significant impacts on national budgets and administrations?
<p>The public sector will benefit from additional revenues, which come at the cost of investment in the deployment and operation of new electronic tolling systems. The net impact on Member State budgets could amount to a surplus of close to €10 billion per year.</p>
Will there be other significant impacts?
<p>A relatively strong reduction in diesel consumption (by 1.3%) is expected.</p>
Proportionality?
<p>The initiative merely contributes to the achievement of the objectives. Rather than mandating the application of road charging, it co-ordinates and facilitates national action. Costs to Member States, businesses and citizens are limited compared to potential benefits. Thus it does not exceed what is necessary to solve the identified problems and meet the objectives.</p>
D. Follow up
When will the policy be reviewed?
<p>The Commission will evaluate the new legislation in 2025.</p>