

# The 'Eurovignette' Directive

## Background Briefing (21/04/05)

### 1) Introduction - why are external costs important?

'Getting the Prices Right' was the title of a groundbreaking 1993 T&E report and has remained a key slogan ever since. It made the case that the price of transport as charged to users should reflect the real costs to society, including infrastructure costs and external costs of emissions, accidents, congestion and noise. This would encourage users to choose the least damaging vehicles, routes and modes, to only make trips that deliver net benefits to society, and to use existing infrastructure capacity more efficiently. In short, correct price signals would make the transport sector economically, environmentally and socially more efficient and fiscally more fair. Above all, the 'user' and 'polluter pays' principle are recognised as common sense in other sectors of the economy where we have to pay for what we use and what we damage.

The potential gains of 'getting the prices right' are enormous; the total costs of the EU transport system are about 10 per cent of GDP and more accurate prices would make large savings on all cost items possible.

The European Commission has underlined the importance of a user-based pricing system on several occasions, for example in its 1995 Green Paper 'Towards fair and efficient pricing', in its 1998 White Paper 'Fair payment for infrastructure use', and finally in its 2001 White Paper updating the Common Transport Policy 'European transport policy for 2010: time to decide'. In the last of these, the European Commission said it would publish a framework directive on transport infrastructure pricing in 2002. However, in the spring of 2003, the Commission abandoned this approach, despite demands from heads of government at the Barcelona summit in March 2002 that transport costs must be reflected in transport prices by 2004. In short, the framework for a European transport pricing system is still incomplete and incoherent.

The latest study from INFRAS/IWWW estimate the total external costs from transport at about EUR 650 billion in 2000 or 7.3 % of GDP. Road transport contributes by far the most to these external costs, i.e. 83.7 %. Aviation contributes 14.7 %. Passenger transport accounts for two thirds and freight for one third of the external costs. Within the freight sector, road transport accounts for about 95 % of the external costs. ([www.infras.ch](http://www.infras.ch))

### 2) Revising the Eurovignette directive - the European Commission's proposal

Since 1993 the Eurovignette Directive has provided guidelines for charging lorries for road use. The current Directive dates from 1999 (1999/62/EC). In August 2003, the European Commission presented a proposal to amend this Directive.

The basic principles of the Commission's proposal:

- 1) The directive covers time depending user charges and distance depending tolls. There is no preference between the two instruments.

- 2) There is no obligation for member states to implement one of the two instruments. However, if member states implement user charges or tolls they have to apply the rules laid down in the Directive.
- 3) Member States have to ask permission from the European Commission to apply charges on first class roads others than those belonging to the Trans-European Transport Network (TEN-T).
- 4) Infrastructure and accident costs, which are not covered by insurance, can be taken into account.
- 5) A mark-up of 25 % on top of the average weighted fee is possible in sensitive mountainous areas if the revenues are used for financing priority TEN-T projects.
- 6) The revenues must be used for the maintenance of the infrastructure concerned and the transport sector as a whole. This means, that the member states cannot decide upon the use of their revenues (which goes against subsidiarity).

The original proposal from the European Commission can be found at:

[http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/com/2003/com2003\\_0448en01.pdf](http://europa.eu.int/eur-lex/lex/LexUriServ/site/en/com/2003/com2003_0448en01.pdf)

T&E and a broad range of other transport stakeholders criticised certain elements of the draft revision. In particular, this coalition believes that it is essential that any revised Directive must allow Member States the right to apply road user charges to the whole road network without any restrictions, the right to decide on what the revenues are used for and the right to include all external costs.

### **3) Decision of the Council - 21 April 2005**

The Council's decision includes the following main elements:

- Construction costs: can be integrated for the last 30 years with some flexibility to exceed this limit for motorway concessionaires and legal acts with a similar effect.
- Weight: The scope of the Directive includes vehicles above 3.5 tons maximum weight. However, member states can only charge as of 12 tons. Below 3.5 tons, member states can charge (according to subsidiarity) in line with the provisions of the European Treaty.
- Network: The scope of the directive is the TEN-T roads. However, member states have the possibility to apply charges on other roads in line with the provisions of the European Treaty.
- Variation: 100 % for emissions classes and 100 % for time of day, type of day or season. The two variations can be cumulated.
- Rebate for frequent users – maximum of 13%
- Mark-ups: in sensitive, mountainous regions, a mark-up on top of the average toll can be charged. This must be used for financing Trans-European transport projects in the same corridor. The mark-up can be 15 % in general and 25 % for investments in trans-frontier sections.
- Use of revenues: Member states can decide according to the principle of subsidiarity how to use the revenues. However, there is a recommendation that they should be used for the transport.

#### **4) Differences with the European Parliament's decision of 20 April 2004**

The main difference between the result of the first reading in the European Parliament (EP) and the Council's position is on external costs: The EP asks the European Commission to draw up uniform bases and principles for calculating external costs which could be taken into account in such charging schemes.

The result of the first reading in the EP can be found on:

<http://www2.europarl.eu.int/omk/sipade2?PUBREF=-//EP//NONSGML+REPORT+A5-2004-0220+0+DOC+WORD+V0//EN&L=EN&LEVEL=2&NAV=S&LSTDOC=Y>

#### **5) Eurovignette directive – the decision making procedure**

The Eurovignette follows the legislative codecision procedure (Article 251 of the EC Treaty). See [http://europa.eu.int/comm/codecision/index\\_en.htm](http://europa.eu.int/comm/codecision/index_en.htm).

On 23 July 2003, the European Commission presented a "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".

The European Parliament adopted at the meeting on 20 April 2004 its first reading position on the Eurovignette proposal.

The Transport Council failed to achieve an agreement on three occasions:

9 March 2004 under the Irish presidency  
11 June 2004 under the Irish presidency  
7 October 2004 under the Dutch presidency

After agreement in the Council on 21 April 2005, the following steps in the decision making process are:

Second reading by EP: 3 to 4 month (limit according to European Treaty)  
Second reading by the Council: 3 to 4 month (limit according to European Treaty)

End of second reading: Approximately December 2005

Conciliation between Council and EP, with the Commission playing a mediating role: 3 to 4 month (limit according to European Treaty)

End of procedure: April 2006

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