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Open letter to the European Commission on the Greening Transport Package

To **Antonio Tajani**, Vice President of the Commission and Transport Commissioner

CC to **Matthias Reute** – General Director DG TREN

Rome, 17th July 2008

Dear Sir,

external costs of transport are real and not only economic problems, faced by every European citizens as health impacts, loss of amenity, stress, loss of time, quality of life impairment, not to forget the tax and charges already paid to mitigate these effects. The environmental organization Amici della Terra - Friends of the Earth Italy (FoE Italy) believes that economic instruments to prevent these unwanted effects may be successful at the conditions that the external cost charges are shaped as a fair and transparent system, and are introduced in a framework of alternative and more sustainable choice options, with full involvement and consciousness of transport users on what are they are going to pay for.

Amici della Terra - FoE Italy welcomes the Greening Transport Package (8/7/2008), an initiative - started with great determination by your predecessor, Jaques Barrot - that you have concluded. If Parliament and Council shall approve the package, it will allow for the removal of the legal barriers to internalization of external costs in the tolls for road freight traffic. Thus the Member States will be able to give a fully integrated application to the *polluter pays* and the *user pays* principles, in a framework of coherent and scientifically based rules.

Considering that the Commission has tried for more than 15 years to create an European transport price system that included the real costs of mobility, we consider the package a proposal very relevant politically, whose success will depend not only from the approval of the EU institutions and from the recourse to new technologies for vehicle monitoring, but also from a sustained work of awareness raising among the EU citizens, so to obtain their involvement.

Amici della Terra - FoE Italy shares the aims of this strategy and appreciates the Commission commitment to proceed on this path with coordinated and progressive measures. However, examining the package closely, and in particular the proposals to modify the Eurovignette Directive, there are some considerations that we wish to express:

1. The only legislative proposal in the package intends to modify the Eurovignette Directive (1999/62/EC, subsequently amended by 2006/38/EC), the scope of which are **freight vehicles only and not passenger ones**, with the risk that the internalization measures the Member States can adopt in the field of air pollution, noise and congestion will not be able

- to really reduce their impacts, considering that passenger vehicles represent 70-80% of the total traffic intensity on the long distances networks.
2. **In addition, the exclusion of passenger vehicles makes it impossible to harmonize the growing number of different measures that local authorities are adopting.** Local initiatives are usually based on access tickets to city centers, an instrument which excludes the social marginal costs charging criteria, promoted by the Commission strategy, indeed following contradictory criteria, sometimes violating market competition and non discrimination rules. The access tickets, in fact, do not take into account the real use of vehicles in urban areas (as they are not based on mileage, as the package advocates), nor the main congestion technological driving force, namely the vehicle space occupancy, thus giving preference to revenue instead of impact mitigation.
 3. Coming to a **better integration between the EU road charging policy and the one on CO2 emissions reduction in transport**, we wish to underline another risk, contained in the proposal on a regulation on cars CO2 emissions, presently examined by the EP and the Council. Should the Commission proposal of differentiated CO2/km targets, set on the basis of vehicles weight and/or dimension, come to pass, future cars circulating on our town roads will be bigger and heavier, nullifying the efforts of local authorities to reduce congestion, pollution, noise and to increase road safety. A single CO2 target for all vehicles, complemented by producers pooling is the only solution to give coherence to the EU transport policies, guaranteeing a full application of the polluter pays principle.
 4. When the Commission started the procedure for the adoption of Greening Transport Package, it also announced equitable conditions for all transport modes. The strategy proposed, however, while including railways (noise) and aviation (NOx emissions), **has excluded polluting emissions from sea transport.** A number of studies (including the recent one done by Amici della Terra comparing the external costs of Motorways of the Sea with road corridors) makes it clear that ships produce relevant air pollution costs (due to high SO2 and NOx emissions) either as total costs either as specific costs in relation to cargo carried. Income neutral differentiated port dues and taxes, set on the basis of the goods carried and the ship mileage, could indeed encourage ships technological upgrading. This external costs charge would help the fleet used for traffic with and within EU to timely and successfully implement the new IMO emissions reduction plan (MEPC 57), without impairing port revenues advocated by ports and States. We wish therefore that the Commission completes the package by advancing proposals in this direction, fully compatible also with the competitiveness needs of the European economy.
 5. Despite the fact that the proposal to modify the Eurovignette Directive allows for **States to introduce external costs charges (tolls), time based charges** presently used in some Member States, **will still be allowed.** Time based charges are not cost effective and they could be used to discriminate against foreign vehicles.
 6. One of the most worrying aspects of the present modification proposal is **the lack of obligations** for the competent National authority (when calculating external cost charges), **to verify the availability of alternative more sustainable infrastructures** for the users to choose from. Despite some declarations of principle, there is nothing in the proposed text

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- which would ensure that internalization of external costs happens only when real alternatives do exist (on road or rail). As a consequence, some States could well impose tolls on certain infrastructures without any effect on congestion and pollution levels.
7. **Other remarks relate to the Commission proposal to exclude from the toll system the external costs due to CO2 emissions and to accidents.** For CO2 we understand that better measures are available, but we do not share the reasons justifying this exclusion: the Commission announces the increase of the minimum excise duty, a choice that will penalize users, already heavily affected by fuel tax and prices increases, with no real environmental benefit. **Amici della Terra suggest an alternative strategy, based on fuel efficiency improvements of freight vehicles**, similar to the one followed for passenger vehicles. Such a strategy would be beneficial both for consumers and for the environment. As to the exclusion from external cost charges of road accident costs, it is a political choice, not supported by the scientific elements used elsewhere in the package (EC Handbook and related literary review), as all external costs studies agree that certain modes (road with respect to rail/metro) and certain types of vehicles (two wheels with respect to cars) present higher “structural” risks than others. Without accidents, external cost charges will not provide to users a clear economic signal about the accident risks generated by mode and vehicle choices. It is to be hoped that the Commission will reconsider this matter, examining amongst the various options also the opportunity to impose an “accident prevention” tax on insurance premiums and to encourage the shift of car insurances to mileage mechanisms, which would be equivalent to a mileage based tolls.
 8. The proposal to modify the Eurovignette Directive introduces **caps on external cost** levels that can be internalized. In the case of congestion, those caps seem to have been set on the basis of political and not scientific criteria (they are much lower than those suggested by the EC Handbook, formally referred to by the Package). They therefore reduce the capability of Member States to identify the optimal chargeable level needed to reduce congestion at the lower cost.
 9. Finally, in order to have a real influence on transport prices in the internal market, the Directive should be able to have concrete effects on **tolling arrangements already in place** with highway management companies, something which has been excluded. But this means the non practicability of external costs charges in these networks for even decades to come, something which is very contradictory.

More in general, the Package **presents strong discrepancies between the ambitious principles it enunciates and the real proposal**, with the risk of watering down an important sector of environmental policies, a matter to which the European citizens are very sensitive about. We hope, therefore, that the future measures which will characterize your mandate will go in the direction of an European Union closer to its citizens and capable to find effective solutions to their problems.