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**AVIS DU COMITÉ DES ÉVALUATIONS D'IMPACT**

COMMUNICATION DE LA COMMISSION

STRATEGIE POUR UNE MISE EN ŒUVRE DE L'INTERNALISATION DES COUTS  
EXTERNES

PROPOSITION DE DIRECTIVE DU PARLEMENT EUROPEEN ET DU  
CONSEIL MODIFIANT LA DIRECTIVE 1999/62/CE RELATIVE A LA  
TAXATION DES POIDS LOURDS POUR L'UTILISATION DE  
CERTAINES INFRASTRUCTURES

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## Opinion

**Title**                    **Impact Assessment on a Communication on the internalisation of external costs and Revision of Directive 1999/62/EC ('Eurovignette')**

**(draft version of 4 March 2008)**

**Lead DG**                    **DG TREN**

### **1) Impact Assessment Board Opinion**

#### **(A) Context**

For many years, the Commission has been advocating the internalisation of external transport costs through fair and efficient pricing. The Green Paper published in 1995 opened the debate while the White Paper in 1998 outlined a first strategy for transport infrastructure charging. The White Paper of 2001 and its mid-term review in 2006 on the general EU transport policy confirmed the need to implement fair and efficient pricing. The Commission is currently developing a model for the assessment of external costs of transport as requested by the European Parliament when it approved the 'Eurovignette' Directive in May 2006. The Directive stipulates that this model shall be accompanied by an impact analysis of the internalisation of external costs for all modes of transport and a strategy for a stepwise implementation of the model for all modes of transport. The present IA report accompanies both the Communication on the internalisation of external costs of transport and the revision of the 'Eurovignette' Directive.

#### **(B) Positive aspects**

Substantial preparatory work has been carried out, the report makes extensive use of models, and a significant amount of useful information is provided in the annex. There has also been an extensive stakeholder consultation.

#### **(C) Main recommendations for improvements**

*The recommendations below are listed in order of descending importance. Some more technical comments have been transmitted directly to the author DG and are expected to be incorporated in the final version of the impact assessment report.*

**General recommendation: While the Board welcomes the impressive amount of analysis contained in the report, a number of improvements should be made. The nature and scope of the problem should be clarified, the presentation of the economic reasoning underlying**

**internalisation of externalities needs to be made more robust, the limitations of the quantitative models should be made more explicit, the identification and description of policy options needs to be improved, the analysis of potentially earmarking revenues should be strengthened, and the comparison of options needs to be further improved.**

**During the meeting DG TREN agreed to revise the IA report on this basis and the Board stands ready to provide assistance through a small working group. Given the nature of these recommendations, the Board would like to examine and issue an opinion on a revised IA report.**

**(1) The nature and scope of the market failure problem should be established more clearly and the presentation of the economic reasoning underlying internalisation of externalities needs to be made more robust.** The IA report should explain more thoroughly the underlying economic concepts/welfare arguments in favour of internalisation instruments (including their limitations) and confront them throughout the text with the results produced by the models (for example should the report explain why option 4 would not lead to full internalisation in all modes of transport - see graph 5.13). The IA report should also clarify the precise scope of the market failure problem: on the one hand provide a more developed internalisation strategy for all external costs in all transport modes (including urban and maritime transport), on the other hand assessing options for revising the Directive 99/62 Eurovignette as a first step of this internalisation strategy. This requires a more comprehensive and transparent overview of the calculations of the level of internalisation (focusing not only on average levels but also on the structure of taxes and charges and how it reflects the variations of external costs according to vehicle characteristics, fuel, location, time, etc.) and a more detailed assessment of the actual implementation of the current Eurovignette directive and the barriers for further differentiation and mark-ups.

**(2) The limitations of the results of the quantitative models should be made more explicit and complemented with a reinforced qualitative assessment of impacts.** The report should be clearer on the limitations of the models used (e.g. in terms of differentiating charges) and the lack of data for certain externalities, and the consequences of this for the results and their presentation in the text/tables. Further analysis of relevant impacts should be presented to give a more complete assessment. In this respect the IA report should refer to examples of the experiences some Member States already have with internalisation or more detailed studies. In particular, as the models have not or cannot take into account the important consequences of reducing congestion, the appraisal on this point needs to draw on the main conclusions from the relevant literature. For social impacts, the reliability of REFIT based indicators/results and the relevance of the Gini coefficient for the assessment of social inclusion impacts should be clarified.

**(3) The identification and description of policy options needs to be improved.** The IA report should better explain the screening process leading to the identification of the 6 policy options and should define more clearly throughout the text their precise scope and content (e.g. exact meaning of 'climate change', whether or not urban areas or private transport are included). The IA report should also clarify whether other policy options (such as empowered/mandatory charging, revenue earmarking, phasing in of charges or putting a cap) have been considered. As regards capping options, the IA report should specify more precisely the conditions under which overcharging may lead to overall negative effects. More generally, the options analysed in the report should cover the final proposal.

**(4) The analysis of potentially earmarking charging revenues should be strengthened.** The IA report should further analyse under which conditions the 'second best' alternative of earmarking of revenues to transport activities can be considered to be superior in terms of overall

costs/benefits when compared to other available revenue use options (e.g. revenues go to the general budget, direct tax reduction, and general transport fund ...). It should also clarify how the use of earmarked revenues generated by one transport mode in another transport mode would affect (fair) inter-modal competition.

**(5) The comparison of options should be further improved** by differentiating more clearly their efficiency (e.g. level of internalisation, revenues raised, implementation costs, feasibility) and their effectiveness in supporting a sustainable transport policy (e.g. mobility, competitiveness and social coherence). In view of the model/data limitations (e.g. in terms of differentiating charges) and the relatively small differences in the scoring of the various options, the comparison on the basis of quantitative criteria needs to be complemented by a qualitative assessment to justify better the global ranking and choice of preferred options. This should pay particular attention to the mandatory/empowering nature of the measures and their link with subsidiarity/proportionality.

#### **(D) Procedure and presentation**

The graphs and figures used in the IA report and their underlying models need to be made more transparent. Purely technical expressions should be explained in a glossary or in corresponding footnotes. For quoted studies, articles or models used the full reference should be provided to allow easy verification.

## **2) IAB scrutiny process**

Reference number	2008/TREN/023, TREN /2008/73 (CLWP strategic initiative)
Author DG	DG TREN
External expertise used	No
Date of Board Meeting	2 April 2008
Date of adoption of Opinion	7 April 2008

