



EUROPEAN COMMISSION
IMPACT ASSESSMENT BOARD

02 FEB. 2011

Brussels, D(2011)

Opinion

Title **Impact Assessment on the White Paper on Transport –
(Resubmitted draft of 31.01.2011)**

(A) Context

One of the flagship initiatives of the EU 2020 strategy concerns the shift towards a resource efficient and low-carbon economy. The White Paper on Transport Policy accompanied by this impact assessment report falls within the scope of this flagship. It also builds on the 2006 mid-term review of transport policy that has shifted the focus towards co-modality, i.e. the efficient use of different modes on their own and in combination as the optimal way to achieve a sustainable utilisation of resources.

(B) Overall assessment

The report has been improved and acknowledges now more explicitly that the modelling results are global and tentative, but it does not yet provide a clear analysis of the choices available. The report should be further strengthened on a number of important aspects. Firstly, it should explain on what grounds certain existing initiatives have been excluded from the baseline projection; it should define sustainable transport more operationally and it should reconsider subsidiarity with respect to some urban mobility issues. Secondly, the report should further strengthen the explanation of the presented options and consider their effectiveness in addressing the congestion objective. Thirdly, it should further improve the presentation of the assumptions underlying the modelling results (including carbon emissions from and type(s) of renewable fuels). Finally, it should better explain the modelling results with regard to net costs of the different options and address remaining inconsistencies and information gaps.

(C) Main recommendations for improvement

(1) Clarify certain baseline issues, define sustainable transport in a more operational way, and reconsider subsidiarity with respect to some urban mobility issues. Although the report better integrates the main conclusions from the evaluation of existing transport policies it should clarify why some existing policies, for instance of car manufacturers as regards electric vehicles, have not been taken into account in the baseline projection and indicate how their inclusion would have effected the model projections. The report should also define sustainable transport more operational by providing greater clarity on the concept of "society's economic, social and environmental

needs" which have to be met. The report should reconsider statements in par. 89 and 91 concerning the necessity to take action at EU level to improve urban mobility (i.e. "assessing urban mobility trends at local levels"; "emission and noise levels are best set at EU level"). It should reflect on possible ways of ensuring that urban transport systems contribute to the overall objective (including CO₂ emissions reduction and congestion), in view of the very limited competences of the Union in this area. This also applies to the reference in par. 129 to applying an additional carbon price element in the urban context in the form of a shadow price acting as a proxy for a wide-range of possible demand management measures.

(2) Further clarify the content of and differences between policy options. The report should clarify if congestion increases in the three options 2, 3 and 4 compared to 2005, and if so, should consider the effectiveness of the options proposed in addressing the third specific objective ("a reversal in the trend of rising congestion"). The report should also better explain the choice of variables that are endogenously determined under different options (in option 2 CO₂ tax component, and in option 3 the level of CO₂ standards for passenger vehicles). The options should also consider the possible earmarking of tax revenue, notably in view of the magnitude of the transfers (2.3% of GDP in option 2). The report should clearly state in the summary tables whether the IA refers to CO₂ level in excise duty, vehicle taxation, or any other taxation. It should explain to what extent the assumptions concerning urban mobility can be the same across options, given that the CO₂ shadow price is an endogenous variable in option 4 (table 4). The report should clarify whether additional transport infrastructure investment needs of up to €280 bn by 2020 will be feasible in view of the current fiscal constraints.

(3) Improve transparency about the assumptions underlying the modelling results. The report should more explicitly explain the assumptions concerning fuel price elasticities. If biofuels are assumed to be carbon-neutral, the report should include a sensitivity analysis based on average emissions from biofuels and describe expected CO₂ reductions under each policy option. The report should better explain the statement that the impact of possible policy measures has been modelled assuming a specification – indicated in the third column and in Table 4 – that does not necessarily correspond to what will actually be proposed at a later stage. It should clarify why a more comprehensive sensitivity analysis has not been provided as regards the robustness of the results for reasonable variations in these assumptions (e.g. underlying GDP growth, oil prices, feasibility of electrification of transport, technology improvement, and revenue recycling) as recommended in the first opinion. The report needs to address the limits of the contribution that price signals may make to deliver the needed reductions since the demand for fuel is likely to be inelastic. The IA report should also be clear with regard to the approach to internalisation of transport externalities, its limitations as a tool to deliver the desired reduction levels, and the actual levels applied under specific policy options.

(4) Strengthen the presentation of cost categories and clarify remaining inconsistencies. The report needs to justify the adequacy of cost concepts such as "unit costs per user" and "total costs of transport" for the comparison of options. With regard to the model estimates the report should clarify if the estimated decarbonisation costs (Table 15, p. 80) of 55 to 89 €/ton CO₂ abated are consistent with the constraint of equal marginal abatement costs across sectors in the Roadmap for a 2050 Low-Carbon Economy. Apparent inconsistencies between Tables 3 and 4 with regard to the CO₂ component in excise duties, the level of CO₂ standards, and shadow prices need to be addressed. The report should provide information on the type of renewable fuels and their

share, including for biofuels, under each respective scenario.

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.

(D) Procedure and presentation

The presentation of the content of and differences between the policy options should be improved by providing an additional, concise one-page overview of Table 4.

(E) IAB scrutiny process

Reference number	2010/MOVE/002
External expertise used	No
Date of Board Meeting	Written procedure