



**The road transport industry's position
on the internalisation of external costs**

Polluter Pays - Problem Stays!





Road transport is vital for the economy

Any penalty on road transport is an even greater penalty on the economy as a whole!

- In today's globalised economy, road transport has become a vital production tool.
- Due to its unique, high-quality, door-to-door services, road transport plays a crucial role in trade and tourism. It interconnects all businesses and unites people.
- 85% of road transport occurs under 150km, a distance for which no viable alternative exists.



Internalisation: an additional burden on road transport operators

In today's context...

First :

**fuel price increase,
infrastructure charging**

Next:

internalisation of external costs

Consequence:

inflation, bankruptcies





Internalisation: an additional burden on the economy

Only the EU is putting in place such a system, while road transport in Europe is already 20-40% more expensive than in the US!

The Eurovignette Directive will cause even further delocalisation, which will, in turn, generate more road transport from abroad!



Internalisation: an additional burden on the EU economy

Making road transport more expensive will not lead to an increase in modal shift from road to rail, whereas increased quality of rail service will foster a potential increase in rail transport study by

“... a 1 Euro per km road toll increase will only lead to a less than 1.22% shift of road transport volume to rail” (TransCare study, 2006)

External costs are already internalised. 2/3 of road transport external costs are already internalised through duties on petrol, road tax, insurance premiums, existing Eurovignette charges and tolls. The other 1/3 attributable to congestion is already internalised by road transport operators.



A modern economic approach

The Cheapest Cost Avoider Principle



Prof. Dr. Dieter Schmidtchen
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To achieve sustainable development, economic growth and competitiveness according to the EU Lisbon Agenda:

- **Internalisation strategies must apply to all modes of transport at the same time.**
- **Revenues from road charging must be earmarked to reduce the external impact of the road transport sector.**
- **A sound cost-benefit analysis, as required by the Cheapest Cost Avoider approach, must be applied to calculate who should pay.**



5th Euro-Asia Conference: Almaty



5th Euro-Asian Road Transport Conference



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11-12 June 2009!

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