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EXECUTIVE SUMMARY OF THE IMPACT ASSESSMENT

Accompanying the document

PROPOSAL FOR A DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on the interoperability of electronic road toll systems and facilitating cross-border exchange of information on the failure to pay fees in the Union (recast)

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Executive Summary Sheet
Impact assessment on the *Revision of Directive 2004/52/EC and Commission Decision* 2009/750/EC ("EETS Legal Framework")
A. Need for action
What is the problem and why is it a problem at EU level?
National electronic toll collection markets are dominated by local monopolies and providers of EU-wide toll collection services ('EETS[1] providers') encounter barriers to expand into new markets. As a result, road users need many different on-board units (OBU), contracts and invoicing arrangements to pay tolls in different parts of the EU, resulting in a lot of costs and burden. *Another problem is the relative impunity of vehicles registered in one Member State which do not pay tolls in another Member State. Indeed, there is today no efficient solution at the EU level for exchanging information on toll offenders. This results in toll revenue leakage and frustration among compliant drivers, but also inhibits technological evolution from traditional toll plazas to modern free-flow tolling solutions.*
What should be achieved?
<u>General objective:</u> Contribute to the correct functioning of the Internal Market by ensuring full access to interoperability in tolling services in line with and proportionate to the road users' needs. *<u>Specific objective 1</u>: Remove market entry barriers and foster the development of a competitive market for electronic toll collection services* *<u>Specific objective 2</u>: Improve the level of enforcement of tolls from foreign-registered vehicles* *<u>Specific objective 3</u>: Remove the excessive obligations on EETS providers*
What is the value added of action at the EU level (subsidiarity)?
The sub-optimal way in which the electronic toll collection market is organised in Member State A negatively affects road users registered in Member State B, and vice versa*. Therefore, no Member State individually has the incentive to change things, unless the interest of EU citizens and businesses is taken into account. This can only be achieved if action is undertaken at the EU level.* *As regards the cross-border enforcement of tolls, a purely intergovernmental approach has proven not to work. An efficient system of exchange of information on toll offenders can only be put in place by the EU for all Member States.*
B. Solutions
What are the various options to achieve the objectives? Is there a preferred option or not? If not, why?
Three alternative solutions have been considered: *1)* ***Self-regulation to achieve specific objective 1 + legislative measures to achieve specific objective 2 and 3.*** *In this policy option the Commission agrees with the industry on a number of clear operational objectives derived from the first specific objective, but refrains from imposing the way to achieve these objectives. The self-regulation is completed with hard regulation to achieve specific objectives 2 and 3.* *2)* ***Legislative approach****, where all identified problems and problem drivers are addressed with EU legislation (changes to Directive 2004/52/EC and to Decision 2009/750/EC).* *3)* ***A single EU ETC standard to facilitate technical and procedural interoperability + legislative measures to promote competition on the market and to achieve specific objective 2 and 3.*** *In this policy option the cost of providing interoperable services is reduced thanks to deep harmonisation of tolling systems and procedures. The other objectives are attained through changes to the legislation.* ***Policy option 2 is the preferred option. It is the second most effective in reaching the objectives, but ranks highest in terms of cost-benefit analysis.***
What are different stakeholders' views? Who supports which option?
PO1 *is supported by the EETS Facilitation Platform (EFP) – the industry's co-operation platform involving main e-tolling actors in 12 countries. Most EFP members also support (large parts of) PO2.* *The legislative measures included in* ***PO2*** *largely build on the industry's and national administrations' findings on the deficiencies of the current legislation. Nearly all the measures received strong support from stakeholders (and in particular Member States), although opposition was voiced regarding certain elements.* *Finally,* ***PO3*** *has the support of non-professional road users, and has been mentioned as the path to follow by certain politicians. It is however largely rejected by representatives of the tolling industry.*
C. Impacts of the preferred option
What are the benefits of the preferred option (if any, otherwise of main ones)?

[1] EETS: European Electronic Toll Service.

***PO2** will bring savings to **road users** amounting to €370 million (net present value - NPV, 2016-2025). Most of these savings will benefit the **trucking industry**, which is predominantly composed of SMEs. **Mangers of road networks** will benefit from savings from not procuring redundant OBUs (€48 million NPV) and additional toll revenues resulting from better rules on cross-border enforcement (€150 million per year). **EETS providers** will experience a reduction in regulatory burden linked to entering national markets (€ 10 million NPV, for an expected group of 12 EETS providers). Furthermore, they will see their market expand with additional revenues of €700 million per year.*
What are the costs of the preferred option (if any, otherwise of main ones)?
***Managers of road networks** will experience additional costs of adapting their tolling systems to new requirements amounting to €174 million (NPV).* *Overall, the **net cumulated benefit of PO2 (benefits-costs) is €254 million** (NPV).*
What are the impacts on SMEs and competitiveness?
*The only type of impact on **SMEs** is benefits, hence no exemptions are needed. The main affected SME group is road haulage companies. **The net positive cumulative economic impact for them amounts to €300 million (NPV).*** *Overall, the initiative will increase the level of competitiveness in the electronic toll collection market by establishing fair market rules. The initiative will contribute to increasing the level of competitiveness of **road hauliers** (as it will reduce for them the amount of regulatory burden). It will greatly increase the level of competitiveness of **EETS providers**.*
Will there be significant impacts on national budgets and administrations?
As many road managers are in fact national administrations or agencies, the additional costs for road managers will have an impact on national budgets. This impact will however be relatively low (maximum a couple of million euros per national administration). *The mandatory use of the 'reseller model', where the EETS provider invoices users in his own name, rather than in the name of the road manager, could lead to some difficulties with implementation in Member States which consider tolls as taxes.*
Will there be other significant impacts?
Other impacts will not be significant compared to the ones already described above.
Proportionality?
The measures in policy option 2 have been defined on the basis of lengthy consultation and dialogue with all the actors of the ETC market, and thus reflect a consensus between industry players. This should guarantee its proportionality.
D. Follow up
When will the policy be reviewed?
It is foreseen that the Commission will analyse the impacts of the new legislation in 2025.

C. Impacts of the preferred option
What are the benefits of the preferred option (if any, otherwise of main ones)?
PO3b would • reduce congestion costs by €9 billion by 2030, provide additional toll revenues of €10 billion/year and help increase investment in roads by 25% • significantly reduce CO_2, NO_x and particulate matter emissions • improve public health and reduce the costs of air pollution and accidents (€0.37 billion by 2030) • allow generating up to 208,000 new jobs and additional benefits of 0.19% of GDP, and • contribute to the equal treatment of EU citizens by halving the price of short term vignettes.
What are the costs of the preferred option (if any, otherwise of main ones)?
Freight transport costs increase by 1.1%, with costs for passengers unchanged. Costs to authorities include the deployment of new tolling systems or expanding existing ones for the Member States concerned (one-off investment of €1.2-1.4 billion altogether), and operating costs of €168-200 million/year. Extension of road charging to new parts of the network and new user groups could increase compliance costs for road users by €198-228 million/year.
What are the impacts on SMEs and competitiveness?
Close to 100% of road haulage companies are SMEs. The extension of road tolls would increase compliance costs for them; however, most of the additional costs are passed on to clients, leading to a marginal (less than 0.25%) increase in prices. Increased investment in infrastructure would have a strong positive impact on the construction industry.
Will there be significant impacts on national budgets and administrations?
The public sector will benefit from additional revenues, which come at the cost of investment in the deployment and operation of new electronic tolling systems. The net impact on Member State budgets could amount to a surplus of close to €10 billion per year.
Will there be other significant impacts?
A relatively strong reduction in diesel consumption (by 1.3%) is expected.
Proportionality?
The initiative merely contributes to the achievement of the objectives. Rather than mandating the application of road charging, it co-ordinates and facilitates national action. Costs to Member States, businesses and citizens are limited compared to potential benefits. Thus it does not exceed what is necessary to solve the identified problems and meet the objectives.
D. Follow up
When will the policy be reviewed?
The Commission will evaluate the new legislation in 2025.