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NOTE

From: General Secretariat of the Council

To: Permanent Representatives Committee (Part 1)/Council

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Subject: **Proposal for a Directive of the European Parliament and of the Council amending Directive 1999/62/EC on the charging of heavy goods vehicles for the use of certain infrastructures**
Interinstitutional file: 2017/0114 (COD)

Proposal for a Council Directive amending Directive 1999/62/EC on the charging of heavy goods vehicles for the use of certain infrastructures, as regards certain provisions on vehicle taxation
Interinstitutional file: 2017/0115 (CNS)

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 road fees in the Union (recast) (Text with EEA relevance)
Interinstitutional file: 2017/0128 (COD)

– Policy debate

1. INTRODUCTION

On 31 May 2017, the Commission presented its Mobility Package which contained a range of initiatives on the functioning of the road haulage market, social conditions and charging for the use of the road infrastructure.

The proposed revision of **the Eurovignette directive** is built on a broader application of the 'polluter pays' and 'user pays' principles. The key changes cover:

- a wider scope of the directive, to include buses and coaches, light commercial vehicles, and passenger cars;
- phasing out of time-based charging systems, notably as time-based charging does not fully reflect the actual costs of infrastructure use, including negative externalities (air pollution, climate change, noise etc.);
- varying the charges based on CO2 emissions as an incentive to reduce these emissions and simplifying the application of external cost charging to better reflect the cost of air pollution and noise. The proposal also provides for the possibility to charge for the use of infrastructure during congested hours and widen the possibility to apply mark-ups for certain sections;
- finally, the proposal seeks to establish further transparency on the use of revenues from road charging and providing information on the quality of the infrastructure.

In addition, another proposed revision of the directive relates to the reduction of the minimum annual **vehicle tax** on heavy goods vehicles over period of five years.

The revision of the **legislation on electronic tolls** aims at removing market and regulatory barriers to *European Electronic Toll Services* (EETS) to allow road users to pay electronic tolls across the EU with one on-board unit, one contract and one invoice and at facilitating the enforcement of unsettled road fees by drivers of vehicles registered in another Member State. The revision of the EETS Directive proposes:

- a more flexible framework for electronic tolling, notably on technical solutions, to support true interoperability across the Union;

- extension of the scope of the Directive to include tolling schemes using automatic number plate recognition;
- and finally, creation of a system for Member States to exchange information on the identity of toll offenders.

2. WORK IN THE COUNCIL PREPARATORY BODIES

The discussion started at the Land Transport Working Party in June 2017. Following a general presentation on 1 June 2017, the impact assessments were examined on 21 June 2017. During the Estonian Presidency, the provisions of these proposals were discussed in four meetings, on 11/9/2017, 14/9/2017, 6/10/2017 and 23/10/2017. The Working Party on Tax Questions recommended, in its meeting on 28 September 2017, that the proposal relating to taxation of vehicles (proposal 2017/0115 (CNS)) should be discussed in the Working Party on Land Transport.

The 'polluter pays' and “uses pays” principles are supported in general by the Member States. However, the Member States take different positions on how these principles should be implemented. A number of fundamental points were raised during the first discussions on the Eurovignette revision:

- inclusion of vehicles below 3.5 tonnes and buses in the scope;
- the details relating to the application of the 'polluter pays' principle, such as the inclusion of CO₂ classification and the proposed changes to external cost charging;
- flexibility on the choice between a distance- or a time-based system, or a combination thereof dependent on the type of vehicles; and
- flexible use of revenues from congestion charging and mark-ups;
- extending the possibility to apply mark-ups beyond mountainous regions;
- increased reporting obligations on the revenues, usage of revenues and on the quality of toll roads;

- adequate transposition periods for proposed changes.

Regarding the recast of the EETS Directive, the following discussions took place:

- the creation of an exchange of information on toll offenders was widely welcomed, while several Member States called for accelerating the work on this policy element; and
- the list of technologies that can be used for electronic tolling was generally considered as an essential element of the legal act, to be enshrined in the scope of the directive;
- adequacy of the transposition period.

3. QUESTIONS

Ministers are invited to provide their guidance in relation to the following questions.

Eurovignette:

1. Is the extension of the scope of the Eurovignette directive to cover all vehicles justified in terms of policy objectives, notably on public finances, social equity, level-playing field between modes of transport and fairer allocation of costs to all road users? Should all vehicles be treated in a similar manner?
2. Are the long-term objectives of sustainable infrastructure financing, reducing emissions and congestion, better reached by shifting towards distance-based charging over time? What should be the time horizon? What are the pros and cons of distance-based charging? Should these revenues be reinvested for the benefit of road-users?

EETS:

1. Do ministers agree that paying road tolls abroad should be made simpler by improving interoperability of electronic tolling systems and by giving the European Electronic Toll Service providers easier access to the toll collection market? Do ministers have views on the most appropriate legislative instruments to introduce these changes?