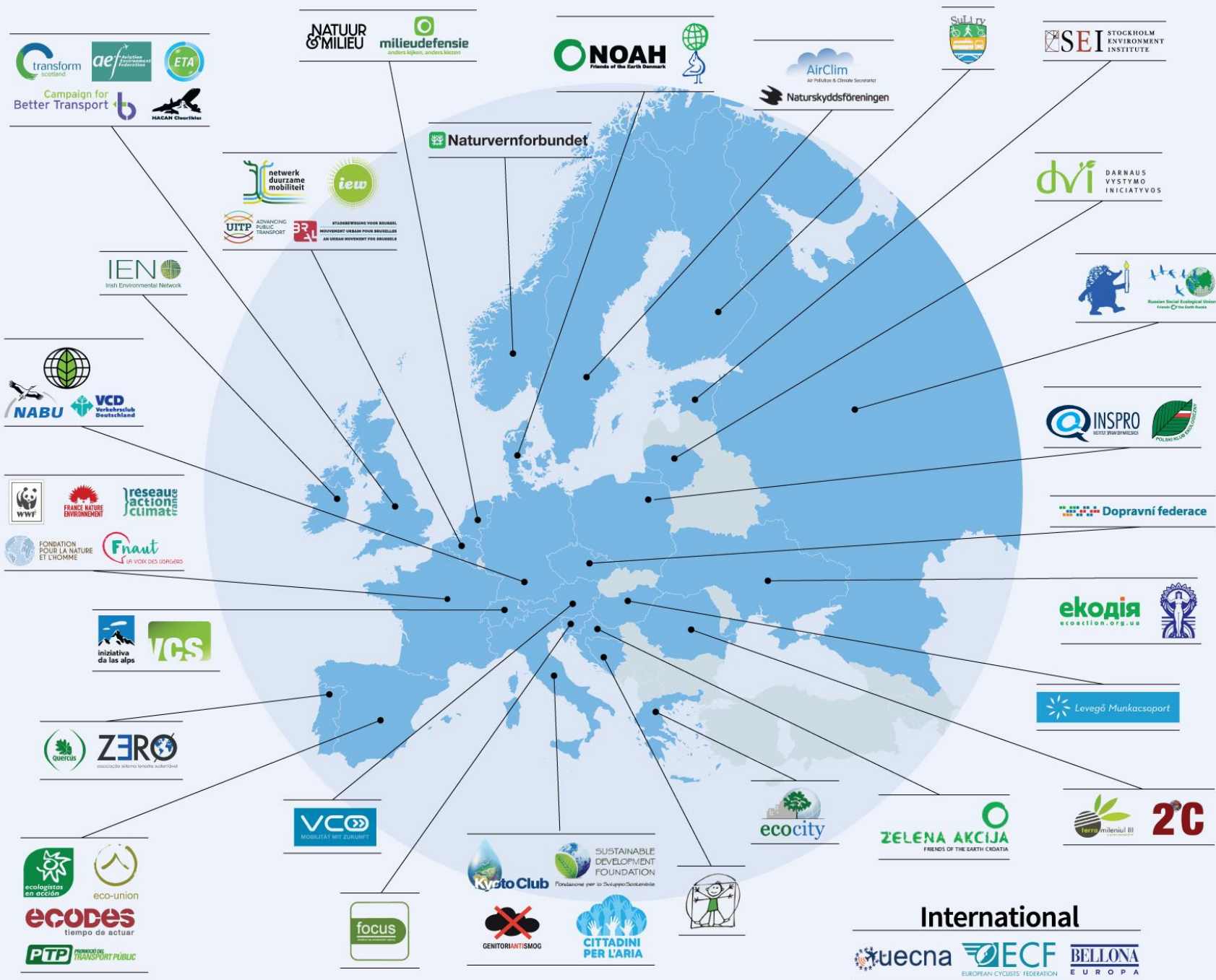


TRANSPORT INTERNALISATION OF EXTERNAL COSTS

**17 DECEMBER, 2018
BRUSSELS**

CARLOS CALVO AMBEL

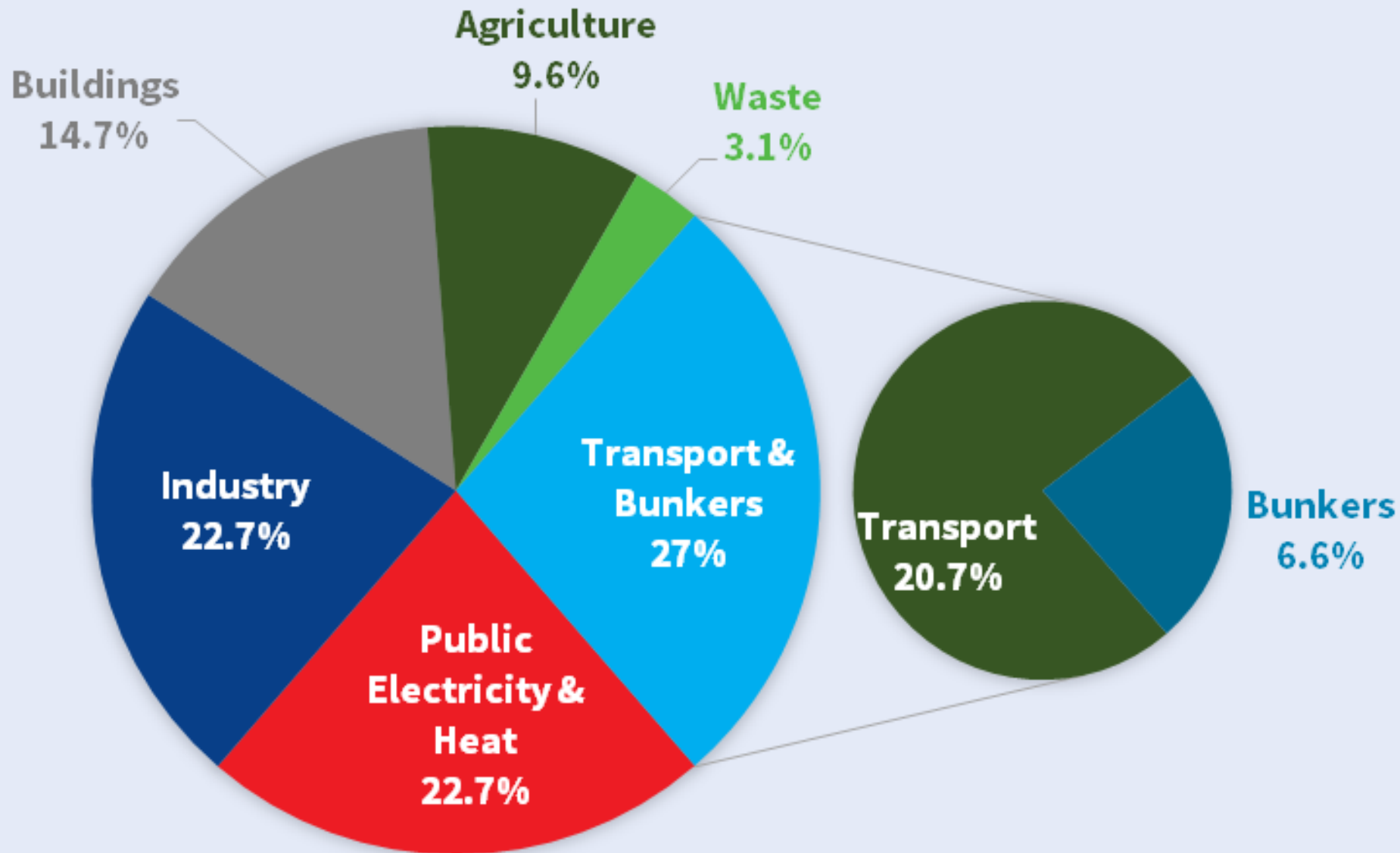
(carlos@transportenvironment.org /  @transenv)



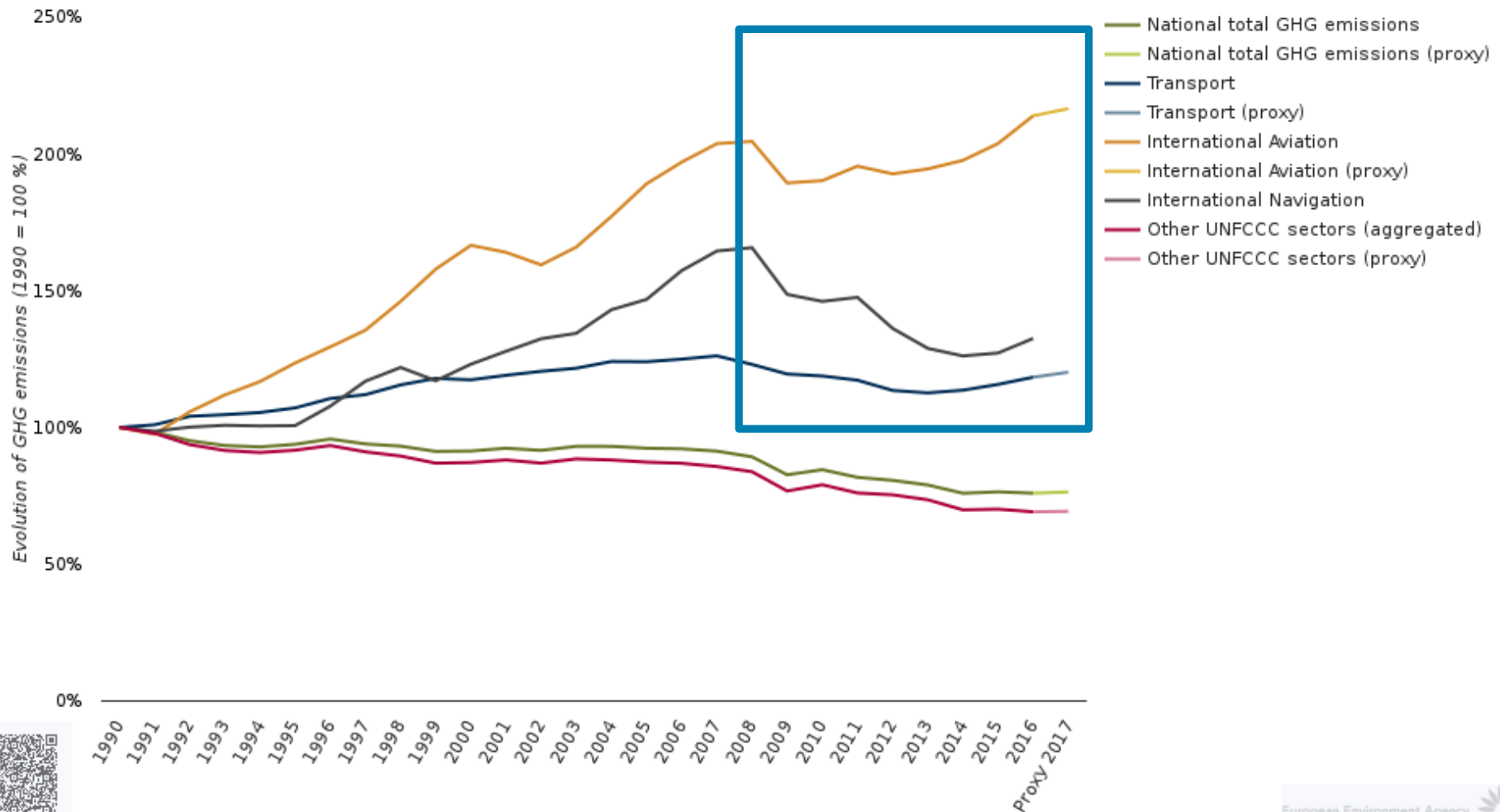
International



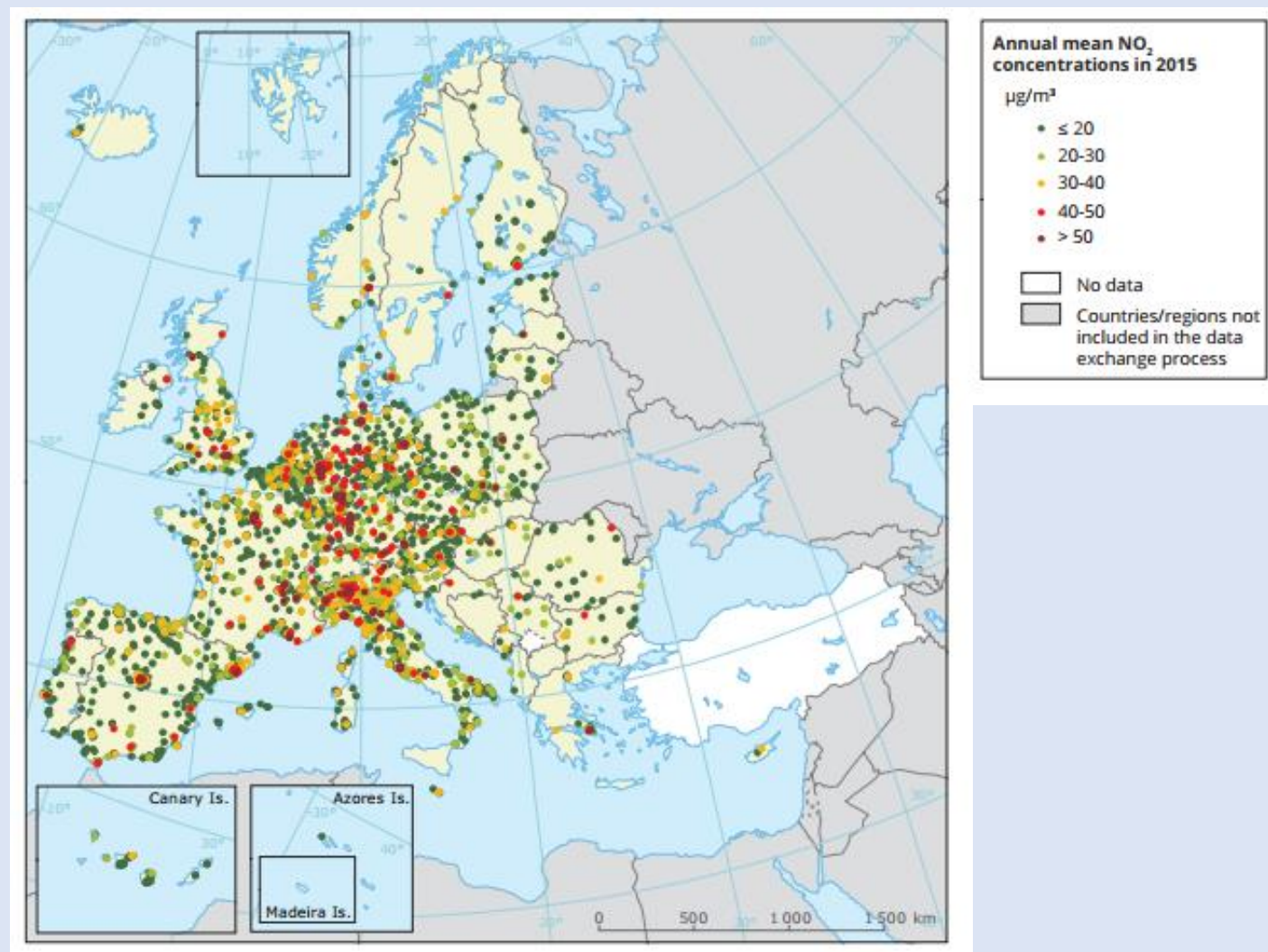
LARGEST CLIMATE PROBLEM...



...AND GETTING WORSE



75,000 PREMATURE DEATHS FROM NITROGEN DIOXIDE



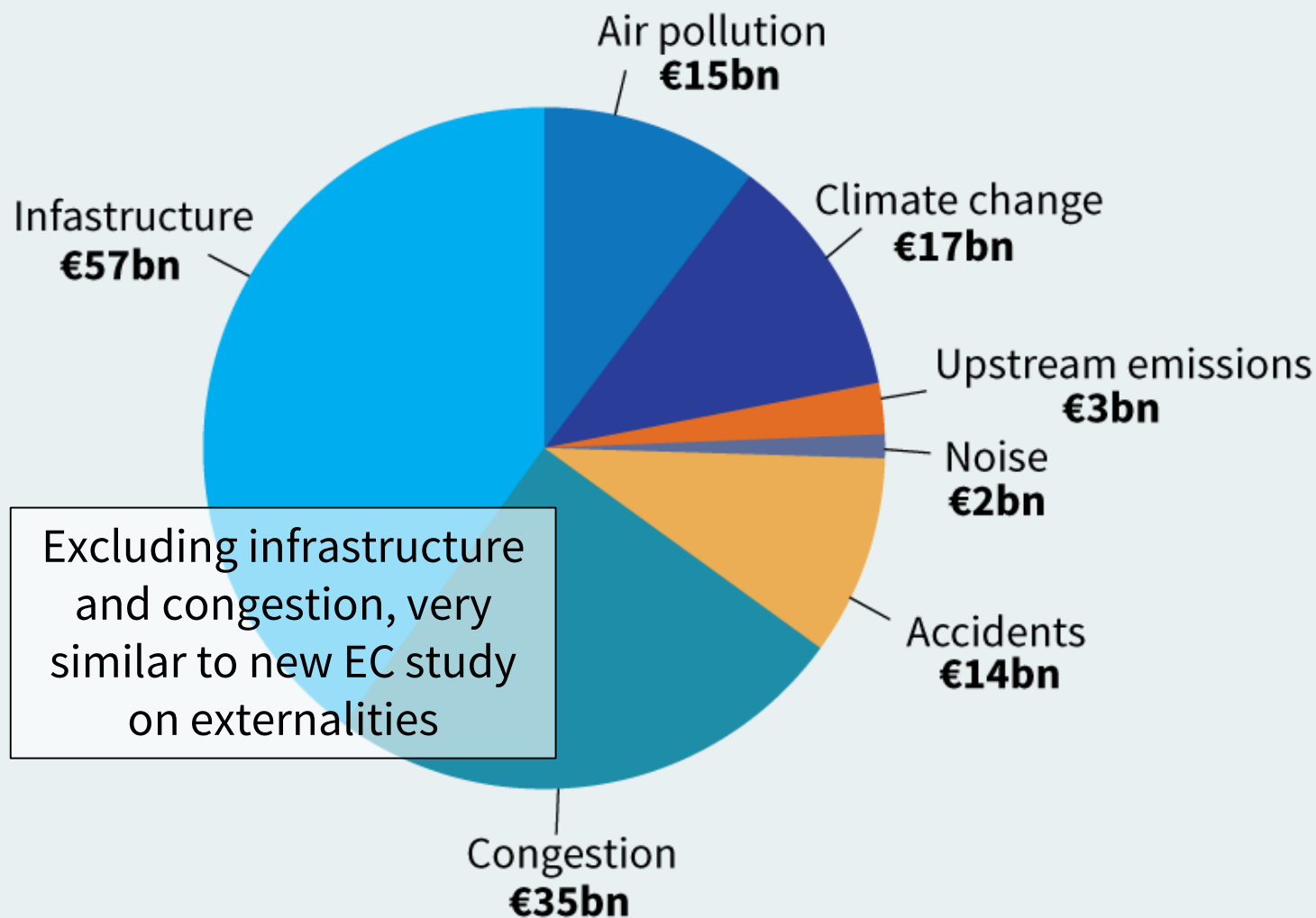


“at least 100 million people in the EU are affected by road traffic noise, and in western Europe alone at least 1.6 million healthy years of life are lost as a result of road traffic noise.”

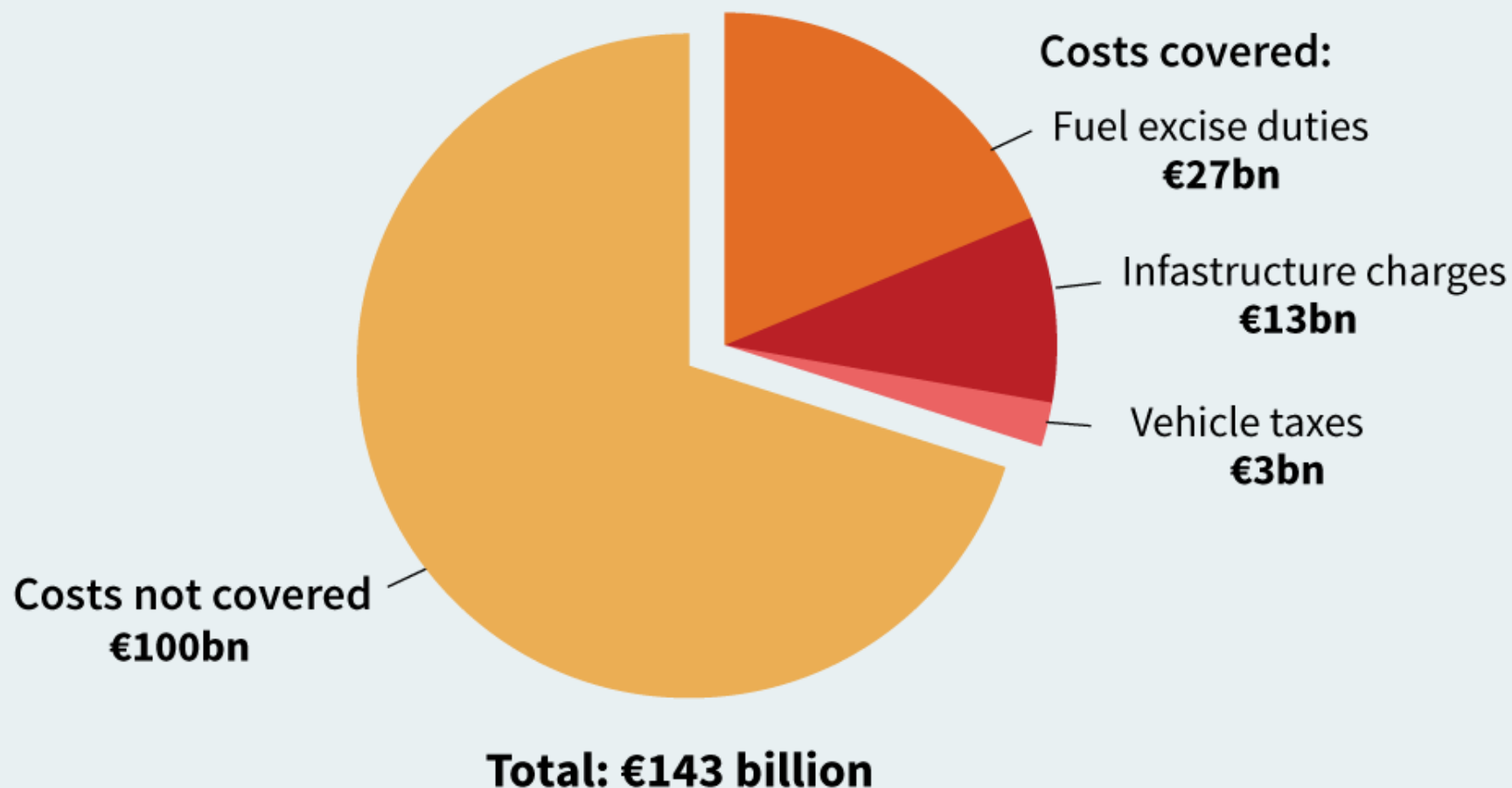
- Aircraft noise thresholds are also significantly lower than for road and rail noise, people are more sensitive to aircraft noise than to noise from other modes of transport at any given level.



The external costs of heavy goods vehicles (in bn euro)

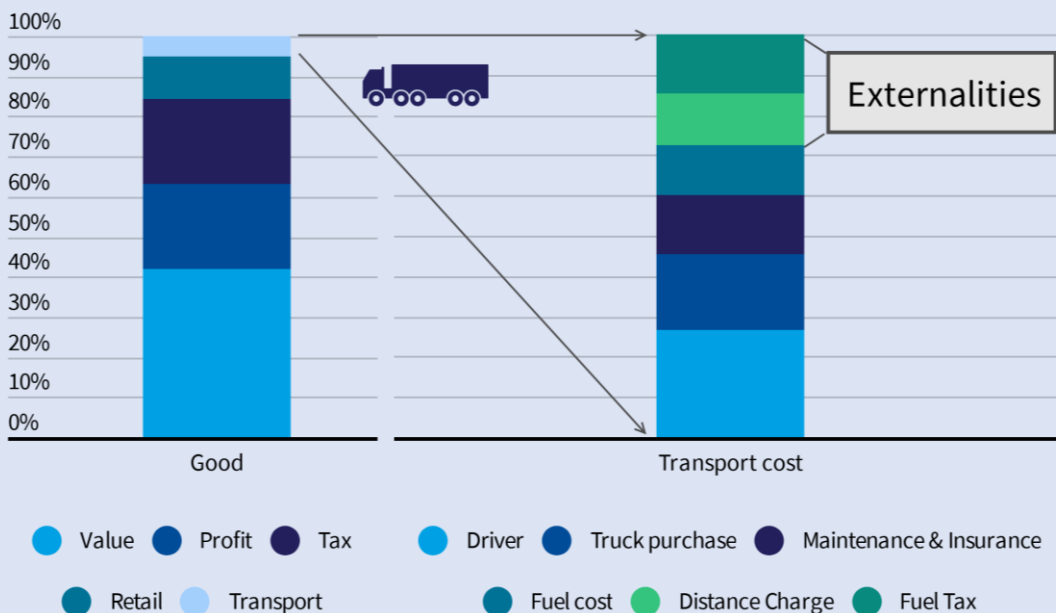


How much of the external costs of trucks are being covered?



IMPACTS OF TRANSPORT ON FINAL PRICE

Transport costs to consumer goods



Transport cost share



Change in price of good



Tomatoes

5.7%

2.9%



Coffee Pods

1.5%

0.8%



Mobile Phone

1.0%

0.5%



If all externalities covered, impact on final prices

- European aviation **underpriced** in comparison to other regions which have kerosene taxation (India, Japan)
- Exemptions from **VAT** exacerbate this
- Europe **underutilising tools** at its disposal (ticket taxes, ETD provisions, full-scope ETS). Only political barriers.
- Risks going backwards if industry argument to replace ETS with CORSIA is accepted

Potential revenue from the aviation sector

If Member States introduce fuel taxation*

€9.5 billion

If aviation paid minimal
fuel daily (€0.33/litre)

Revenue from EU ETS**

€951 million

100% auctioning

€666 million

50% auctioning

€467 million

15% auctioning

*as suggested by Energy Taxation Directive

**with an ETS allowance price of €16/tonne

- figures for the year 2021

Carbon pricing of Europe's transport modes

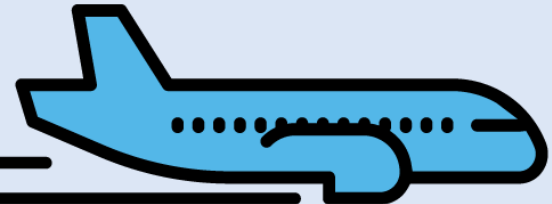
Electricity subject to 100% auctioning under EU ETS



Subject to, on average, 48c/litre fuel tax



Just 15% auctioning and no fuel tax



HOW TO DO IT?

- Good examples:



- No impact on competitiveness, promote cleaner trucks, combined with subsidies to renew fleet

HOW TO DO IT?



HOW TO DO IT?

- Broader societal conversation, not only affected industries
- Aviation is a good example of public acceptance
- Not about raising taxes on pollution, but about **tax shift** from labour (...) to negative externalities
- A way to promote transport's environmental performance (better vehicles, more efficient system...)