



Preparation of an Impact Assessment on the Internalisation of External Costs

Commission's Consultation Document – October 2007

The ACEA Response January 2008

ACEA (European Automobile Manufacturers Association) represents the interests and views of the fourteen major European car, truck and bus manufacturers. All ACEA member companies are key global players and have integrated operations in the European Union. They produce nearly twenty one million units with a turnover of over €450 billion. They employ over two million people directly and around twelve million people rely for their livelihood on the automotive sector in Europe. Their annual contribution to tax revenue amounts to €360 billion.

The provision of an efficient and sustainable transport system in Europe is a key priority for automotive manufacturers and ACEA welcomes this opportunity to comment on the Internalisation of External Costs.

Background

The Commission organised in March 2007 a workshop with stakeholders on the “Internalisation of external costs in transport”. This workshop was not, the Commission insisted, a formal stakeholders’ consultation, as the Commission was still studying the issue and there were no concrete proposals to be discussed at that moment. At the workshop too, the Commission announced that CE Delft “*would produce a final report by September 2007. The Commission will study it and draft a Communication on its basis, which will be accompanied by an impact assessment. This is expected to be published by June 2008. In between, there will be a full stakeholder consultation via internet and a meeting. An open and transparent exercise is required. It is a very sensitive exercise with enormous impact*”.¹

On the basis of the announcement made by the Commission in March, ACEA was ready and looking forward to provide comments on the expected September’s CE Delft final report, on which basis the Commission was supposed to propose a methodology including:

¹ Minutes of the workshop on the “Internalisation of external costs in transport”, 15 March 2007, Brussels, http://www.ce.nl/redirect/Workshop_IECT_index.htm

- an identification of the external costs and their value
- an identification of the policy instruments that could be used for the internalisation of the costs
- an appraisal of the effects of the internalisation of external costs on transport and economy
- and last but not least, what to do with the revenues obtained.

For reasons that are unknown to ACEA, the Commission decided in September not to have that final report published. Instead, the Commission prepared **an internet consultation and a Consultation document** on the “*Preparation of an Impact Assessment on the Internalisation of External Costs*”, both published in October 2007.

Internet Consultation

ACEA has decided not to reply to the internet questionnaire. The main reasons for this decision are:

1. the questions are based on a number of assumptions that ACEA does not necessarily share
2. we have some doubts regarding the relevance of the questions that are put forward; we have some difficulties in linking the posed questions to any previous or current Commission’s document regarding internalisation
3. internet consultations can be positive when the topic to be consulted is easy understandable and concrete. At the present stage, the topic is too much complex, too much theoretical and still vaguely formulated. The replies will not add much value to the discussion.

Consultation document

ACEA is hereafter providing comments to the Consultation document published by the Commission in October. However, ACEA would like to note that at this stage, it is unclear which is the real purpose of the Commission’s document. ACEA regrets that less than one month before the stakeholders’ consultation meeting on 31 January 2008 and less than six months before the deadline as established by the Eurovignette Directive, the Commission is unable to provide a more concrete document for consultation with stakeholders, meaning an identification of the external costs and their value; an identification of the policy instruments that could be used for the internalisation of the costs; an appraisal of the effects of the internalisation of external costs on transport and economy and, last but not least, what to do with the revenues obtained.

The Commission’s Consultation document does not really provide new elements to the debate on the Internalisation of external costs in transport. The Commission’s document continues the process started in its previous documents of the nineties. It focuses on the external costs of transport especially those costs related to congestion, environmental impact and accidents. As a result the Commission’s document has taken little or no noticeable account of the criticisms made of previous Commission’s documents.

ACEA has analysed the Commission's consultation document with the greatest interest. Unfortunately, at a time when the Lisbon Strategy for Growth and Jobs is continuously quoted: "*higher employment continues to be Europe's top priority*"² too many questions about the effects of the recommendations on the economy are left unanswered. What are the likely effects on national economies, growth and employment, of implementation of the measures proposed? What are the quantifiable and verifiable goals of the measures? How effective will these measures be in achieving those goals? While such fundamental questions remain unanswered any notions of implementation should be suspended.

As a result, ACEA does not consider the approach recommended in the consultation document acceptable. The paper continues the trend of concentrating on the immediate issues without a clear view of Europe's future mobility needs for people and goods, and how to provide for them in an acceptably sustainable way.

The costs of environment, accidents and congestion remain ill defined, difficult to categorise and attribute. Far from consensus of the valuation there is a much wider range of valuations than the document suggests. "Broad estimates" are not good enough. All costs are important whether they be fixed or variable.

The heavy emphasis on road transport in a Consultation document, which describes itself as examining all modes, gives an inaccurate picture. We remind the European Parliament resolution of 12 July 2007 on the Mid-term review of the White Paper on Transport Policy, noting, "*that each transport mode should develop on its own merits...carrying its own costs*".

The intent of the report may not be to raise transport prices but in our opinion the effect will be that the costs of hauliers will rise throughout Europe. Transport is too important to be used as a trial ground for theories that will endanger European competitiveness.

The Automotive industry wishes to play its part in developing a clear view of Europe's future mobility needs and an acceptably sustainable pricing system to fulfil those needs. The Commission's document does not provide a basis for such a vision.

We attach to this document a Paper on "The Internalisation of External Costs in the transportation system", by Prof. Pierre Kopp and Prof. Rémy Prud'homme³. ACEA fully subscribes to the content and the analysis proposed by the Paper and kindly asks the Commission to consider its content as ACEA's contribution to the consultation process.

² European Union leaders meeting at the Lisbon summit in March 2000 set out a new strategy, based on a consensus among Member States, to make Europe more dynamic and competitive

³ Pierre Kopp (Professor at Panthéon-Sorbonne University (Paris I)) and Rémy Prud'homme (Professor emeritus at Paris XII University (Paris XII)), The Internalisation of External Costs in the Transportation System, November 2007

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³ Commission des Communautés Européennes. 1995. *Towards Fair and Efficient Pricing in Transport : Green Paper*. COM(95)691 final. 51p.
 Commission des Communautés Européennes. 2001. *Livre Blanc : La politique européenne des transports à l'horizon 2010 : l'heure des choix*. Luxembourg : Office des publications officielles des Communautés Européenne. 127p.

⁴ The document can be found on http://ec.europa.eu/transport/white_paper/consultations/index_en.htm

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