



FEDERATION INTERNATIONALE DE L'AUTOMOBILE
REGION I - EUROPE, THE MIDDLE EAST AND AFRICA

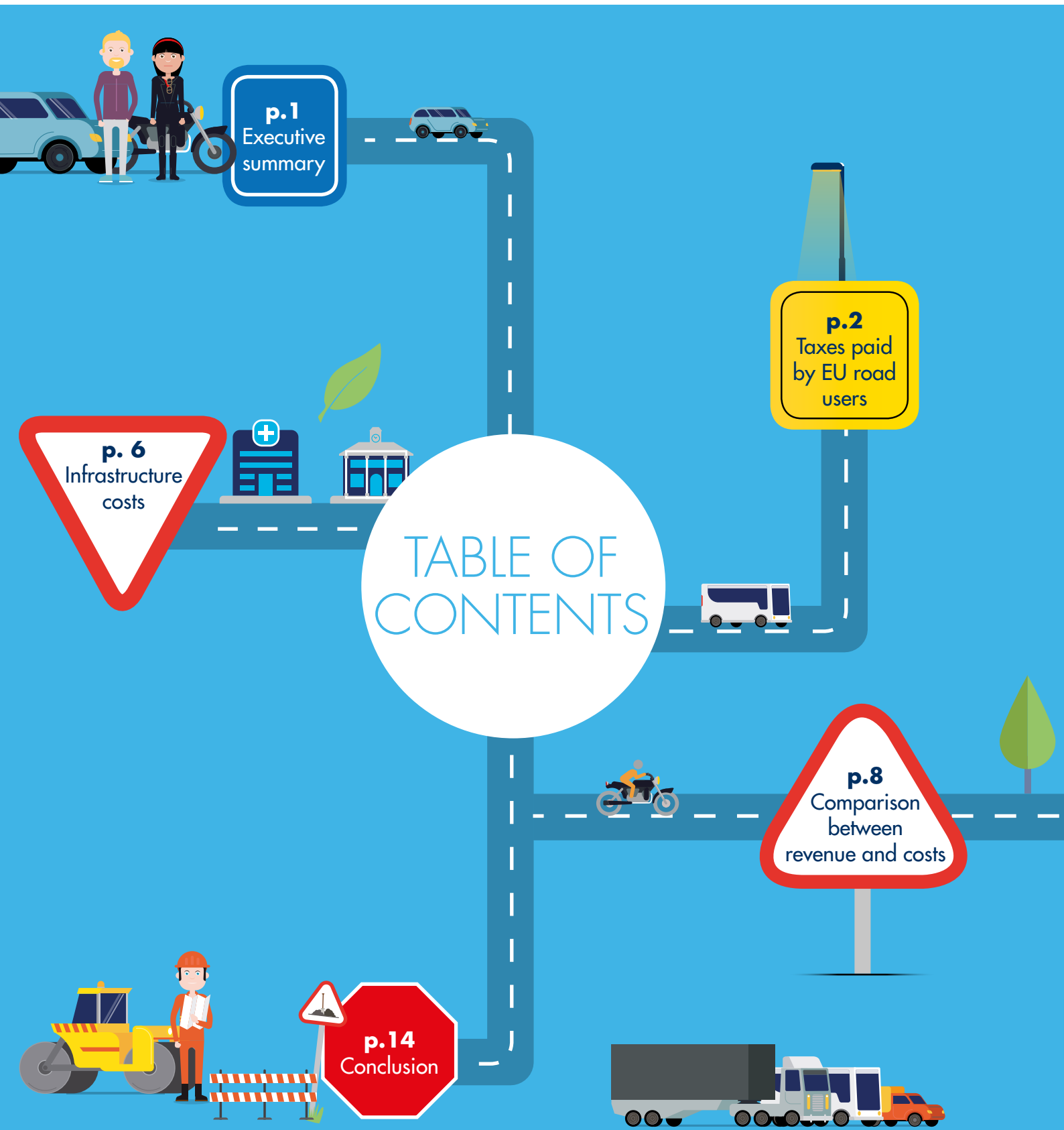


A BETTER DEAL FOR MOTORISTS



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#BetterDeal



p.1
Executive
summary

p.2
Taxes paid
by EU road
users

p. 6
Infrastructure
costs

TABLE OF
CONTENTS

p.8
Comparison
between
revenue and costs

p.14
Conclusion

EXECUTIVE SUMMARY

Europe's roads enable safe and efficient mobility. They form a vital backbone for the economy and society, enabling the free movement of citizens. However, the European Commission is considering enabling additional charging to fund the infrastructure and manage road use. FIA Region I therefore commissioned CE Delft to examine exactly how much road networks cost EU Member State governments compared to the revenue they collect from road users.

European motorists make a significant contribution to public budgets, far beyond the revenue needed to cover the costs of operating, maintaining, renewing and enhancing Europe's road infrastructure. In addition to covering the costs that road networks require, road taxes and charges are reinvested in society at large and could also be used to tackle the social costs of road transport.

In 2013, €286.3 billion was collected from vehicle taxes and charges in the EU excluding Cyprus. Passenger car drivers contributed 71% of this amount, for a total €205.8 billion. Fuel taxes made up 49% of the revenue. Overall, taxes and charges

from road users make a significant contribution to national economies, accounting for 2% to 3% of national Gross Domestic Product (GDP).

In 2013, a total of €178.4 billion was invested into the road network in the EU, making up only 0.8% of national GDP. From 1995 to 2013, there has been progressively lowered spending on road infrastructure. The gap between the revenue coming in from motorists and the government outlay on road infrastructure is increasing year on year.

Governments are making a major surplus on road transport revenue. In light of the income generated from taxes and charges on road transport, European motorists deserve a high quality road infrastructure to which they are already contributing. Rather than new or increased charging on road users, governments should look to revenue that is already available for funding the road network. The ongoing development and maintenance of road infrastructure should be a priority. Put to good use, the surplus revenue from road transport could secure safe, affordable, environmentally sustainable and efficient mobility.



TAXES PAID BY EU ROAD USERS IN 2013

EU countries took a variety of approaches to road transport taxation, based on their national culture and needs, but the four categories that were investigated apply in most areas. The CE Delft study gives an overview of taxes paid by the transport sector in 2013, accounting for registration tax, ownership tax, road tolls and vignettes, fuel excise duty, VAT on registration tax and excise duty. In total, €286.3 billion was collected from vehicle taxes and charges in the EU, which indicates a significant contribution to national budgets. Company car taxation, insurance taxation, parking charges and VAT on fuel and vehicle purchase were excluded from the survey.

Where does the revenue come from?

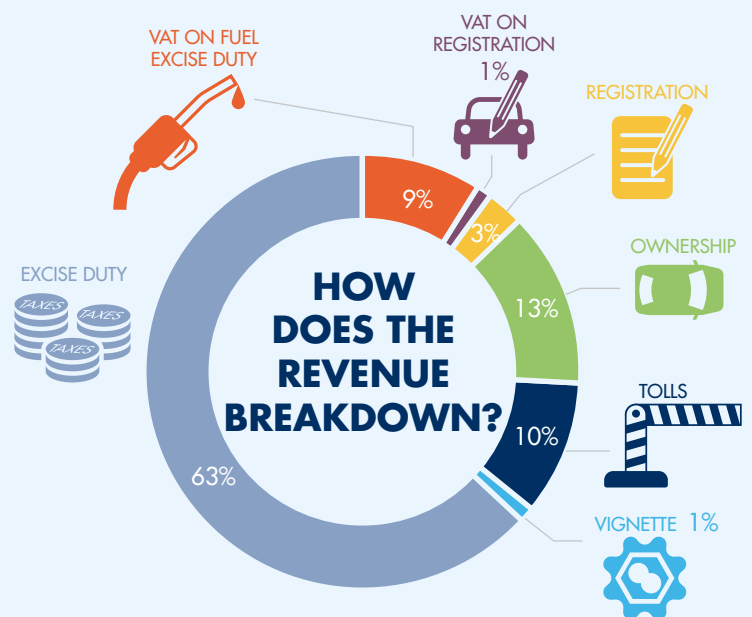
Following vehicle purchase, most Europeans pay a registration tax when their vehicle enters a national territory for the first time. Car owners have to pay this tax in twenty Member States. In 2013, it raised €10.2 billion, plus €2.1 billion VAT.

Once vehicles are on the roads, they pay a yearly ownership tax (or circulation tax). This tax is applied by all EU Member States and to almost every mode of transport. Throughout the EU, the annual ownership tax revenue amounted to €37.8 billion in 2013.

In order to use the roads, vehicle owners also pay infrastructure charges, which can be either distance-based or time-based. Revenue from toll roads and vignettes amounted to €30.6 billion in 2013 (tolls €28.5 billion & vignettes €2.1 billion).

In addition, all EU Member States apply excise duty tax to the fuel sold on their territory. The minimum level of taxation is set in a dedicated European Directive (2009/96/EC) for each fuel type. The revenue goes entirely to the Member States and amounted to €179.7 billion, on which were raised an additional €25.9 billion of VAT in 2013.

Overall, Member States from the European Union raised €286.3 billion in road taxes and charges on all modes. An additional €78.7 billion was raised on the VAT on fuel and car purchase, but they were not included in this total, as they apply to all products.

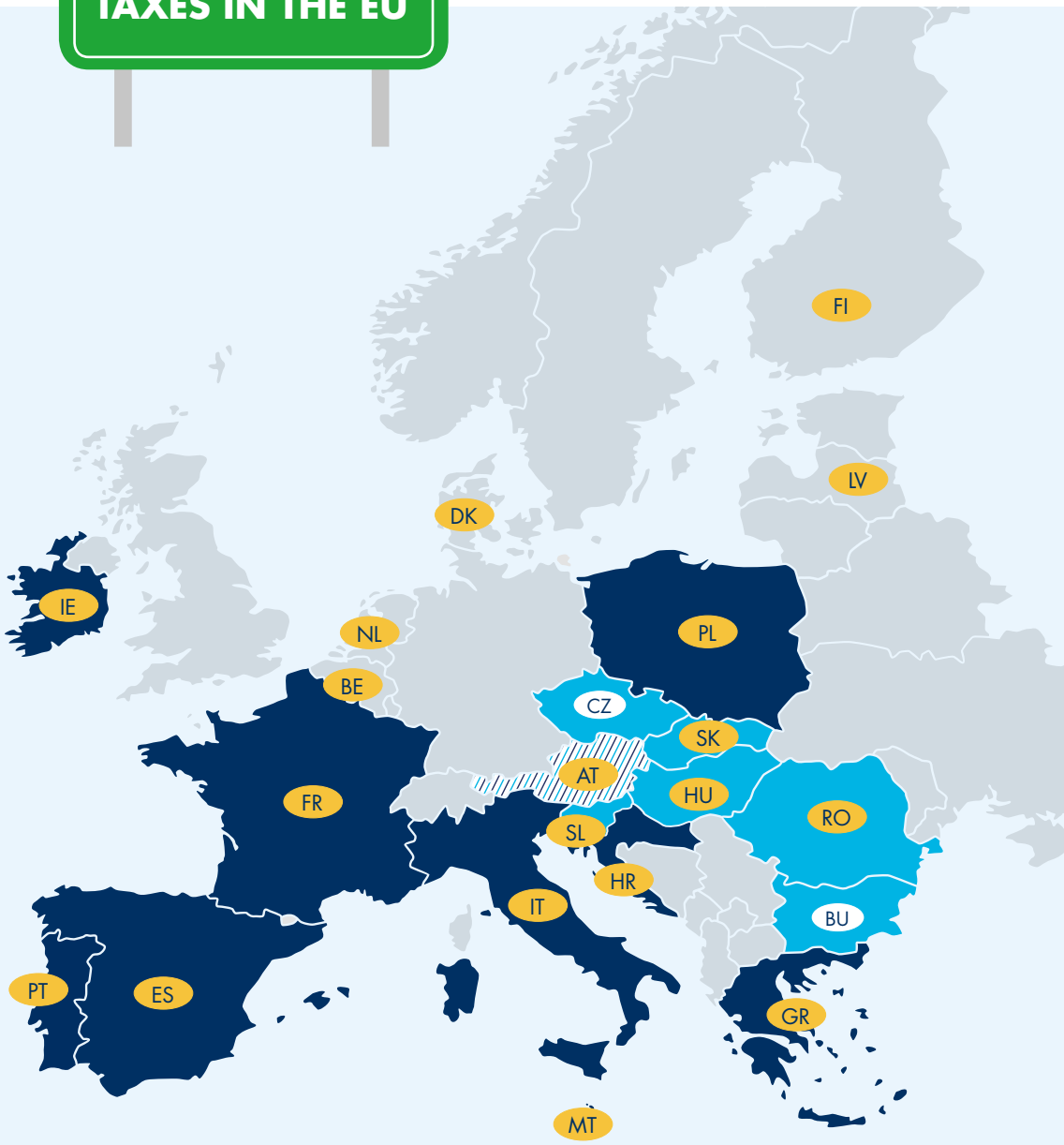


82% of the taxation is directly linked to how much a vehicle is used on the road. This means that drivers are already respecting the 'pay-per-use' principle.

Passenger cars made up 71% of the revenue raised, €205.8 billion. This income represents an important share of the



TYPES OF ROAD TAXES IN THE EU



IN COUNTRIES WHERE THERE IS NO NATION-WIDE ROAD TOLLING, THERE ARE ROAD TOLLS FOR SPECIFIC INFRASTRUCTURE:



REGISTRATION TAX
€8.9 BN



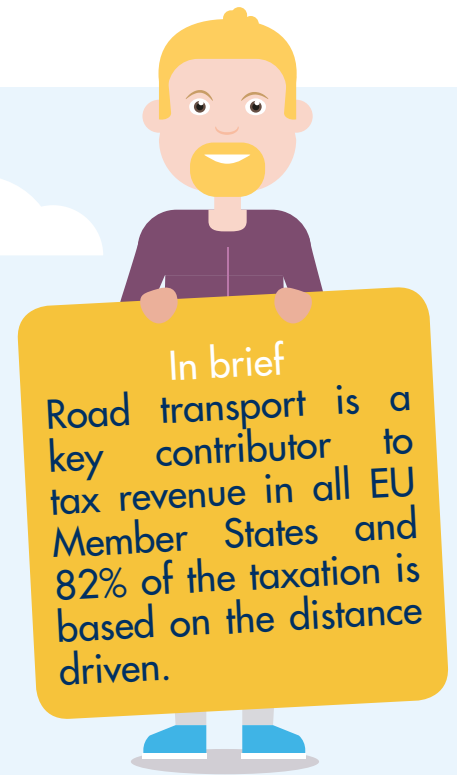
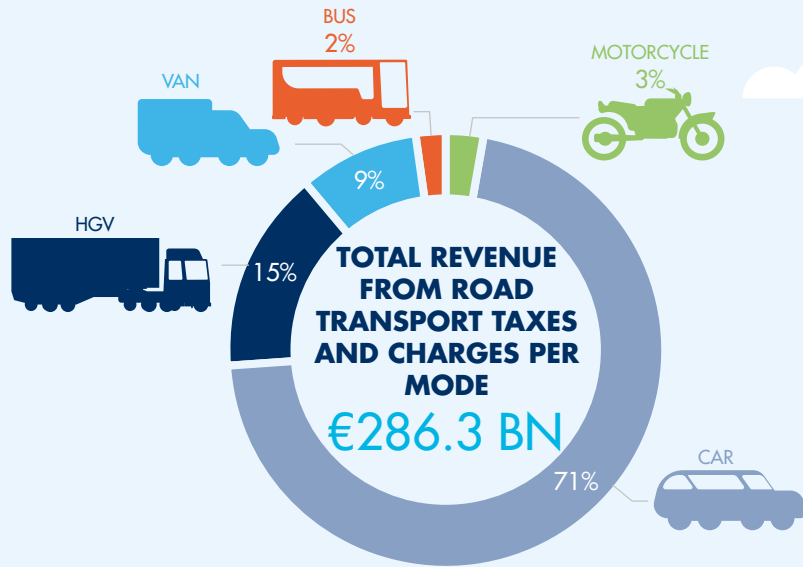
PASSENGER CAR TOLLS
€11.4 BN



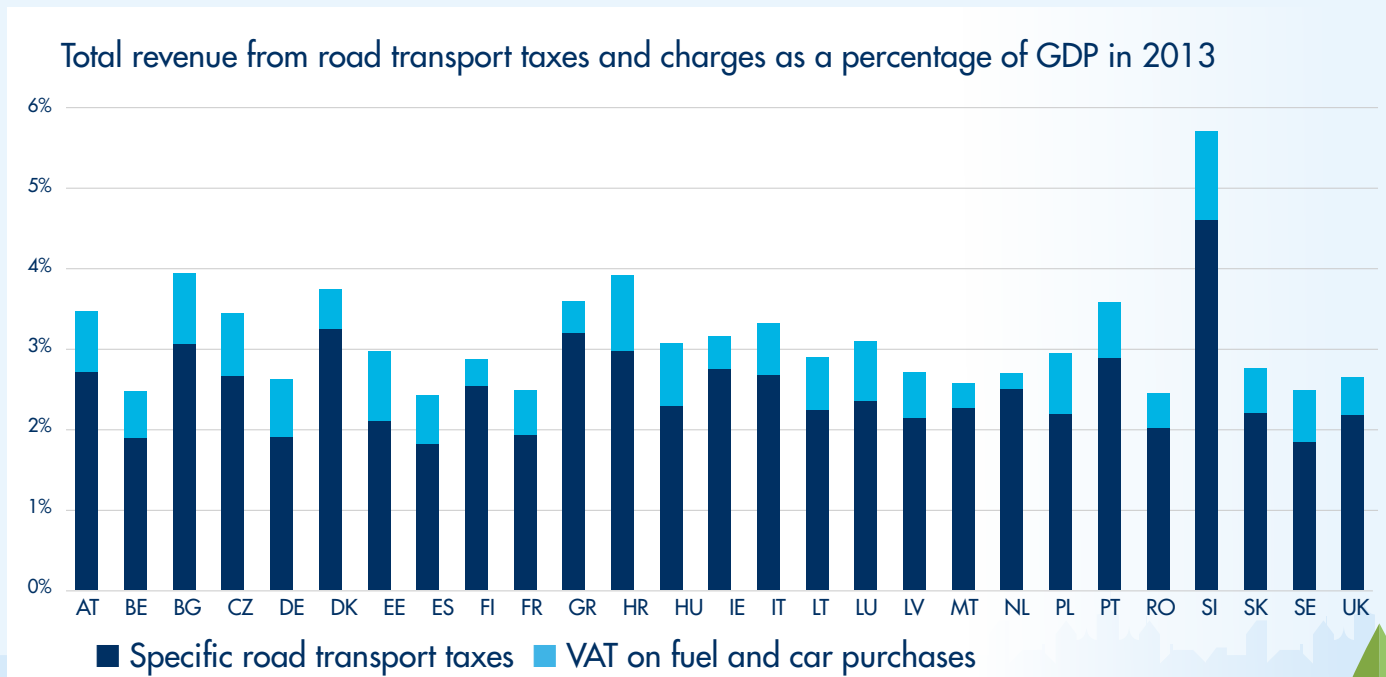
PASSENGER CAR VIGNETTES
€0.9 BN



BOTH
€0.5 BN



GDP in the different countries, accounting for 2 to 3% in most countries.



WHAT PASSENGER CAR OWNERS PAY

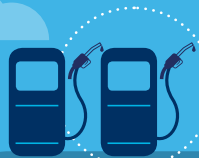


Purchase a car, pay
registration tax
€8.9 BILLION
plus VAT on registration tax :
€2.0 BILLION

Own a car, pay yearly
ownership tax
€31.4 BILLION



As you drive, pay
TOLLS:
€12.3 BILLION
VIGNETTES:
€1.2 BILLION



Fill up your car,
pay fuel excise duty
€124.7 BILLION
plus VAT on
fuel excise duty :
€25.3 BILLION



TOTAL:
€205.8 BILLION



INFRASTRUCTURE COSTS

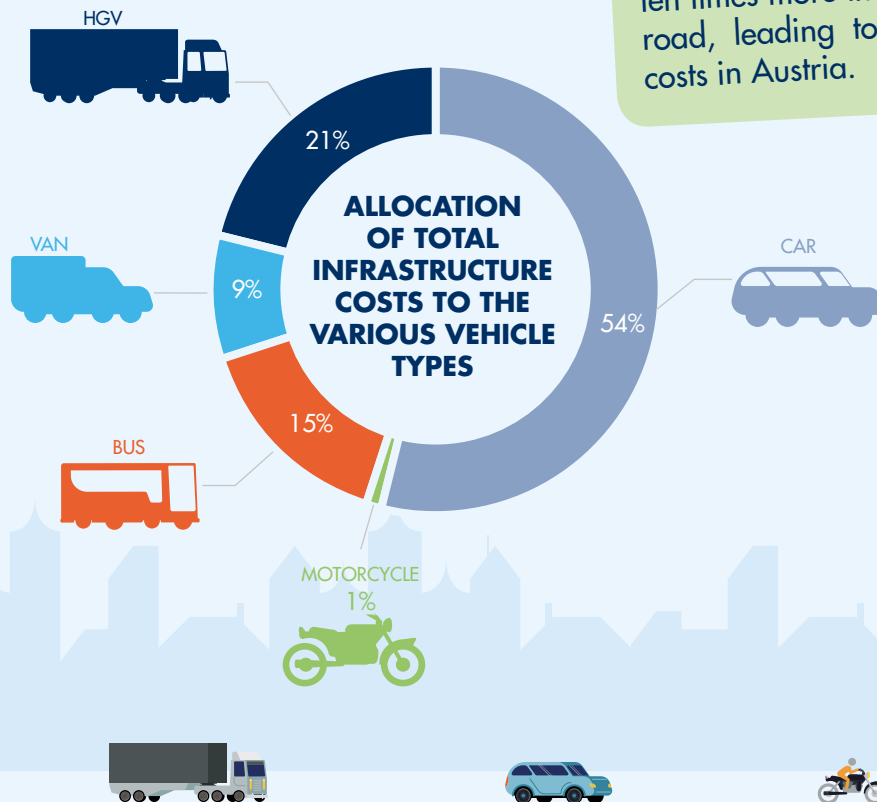
The resources needed to build, operate and maintain the road infrastructure are the benchmark against which road transport taxes must be assessed. Infrastructure costs are defined as the direct expenses and the financing costs to governments for enhancement, renewal, maintenance and operation of the road network. The costs of parking were not included.

The affect of different types of vehicles on the infrastructure

The total infrastructure costs can be redistributed to the various modes of transport based on the so-called equivalency factor method. This method defines proportionality factors for each vehicle type and cost category, which makes it possible to extrapolate the respective impact of the vehicle types with the level of total costs.

Using this method, passenger cars account for overall 54% of all costs on the infrastructure due to the fact that they make up the most frequent users of the roads.

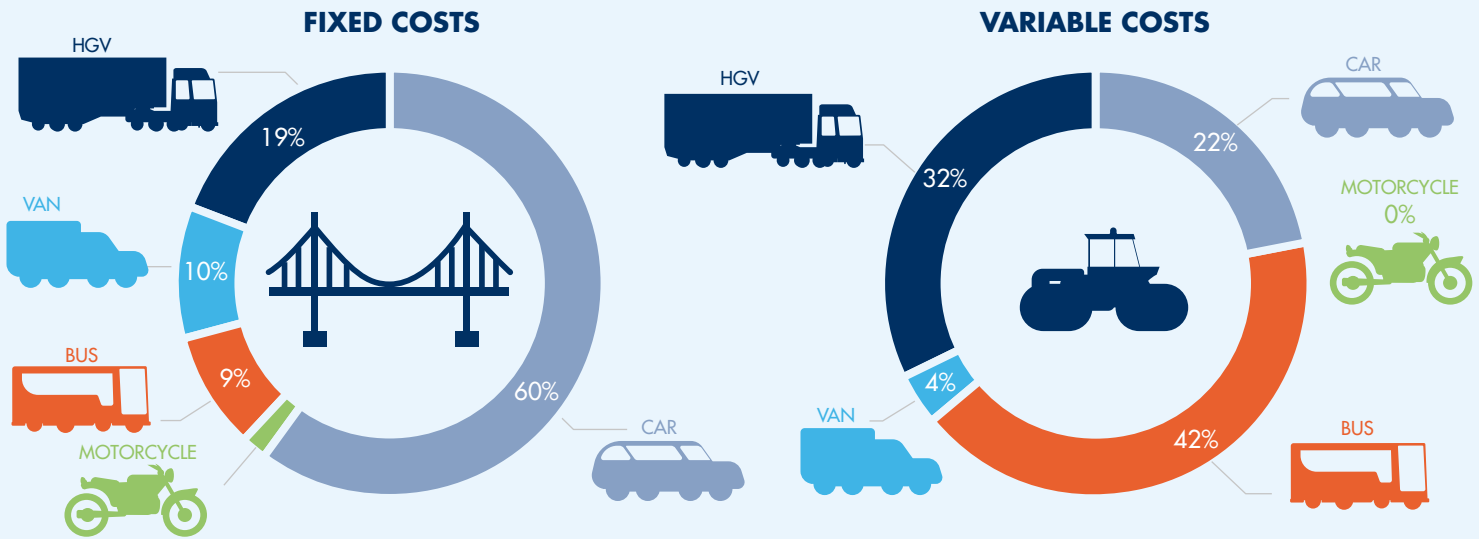
The combined infrastructure costs can be broken down into fixed costs (83.4%) and variable costs (16.6%). Fixed costs are necessary no matter how often the road is used and include construction and operational costs. Variable costs directly depend on how often the roads are used.



COUNTRY FACT

In Austria tunnels and bridges make up 17% of the road network, compared to countries like France, Denmark or Ireland, where they make up only 1-2%. Maintaining a bridge or a tunnel costs ten times more than a stretch of normal road, leading to more road network costs in Austria.



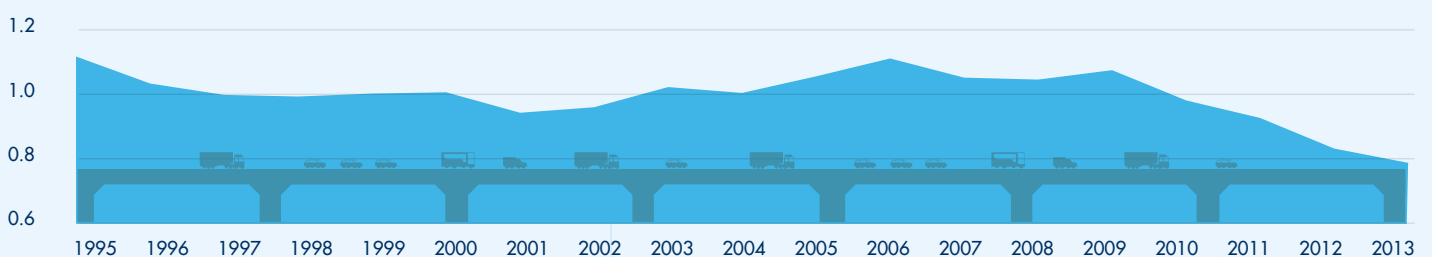


Since most kilometres are driven by passenger cars, 60% of the fixed costs can be attributed to cars. On the other hand, buses and heavy goods vehicles account for 74% the variable costs, since they greatly impact the infrastructure due to their weight and size, even though they account for a much smaller share of traffic.

Has road expenditure changed over time?

Over the past twenty years, government investment has been steadily decreasing and accounts for a smaller and smaller part of annual GDP. This has been especially true following the economic crisis of 2008.

Share of total road infrastructure expenditures in GDP over time



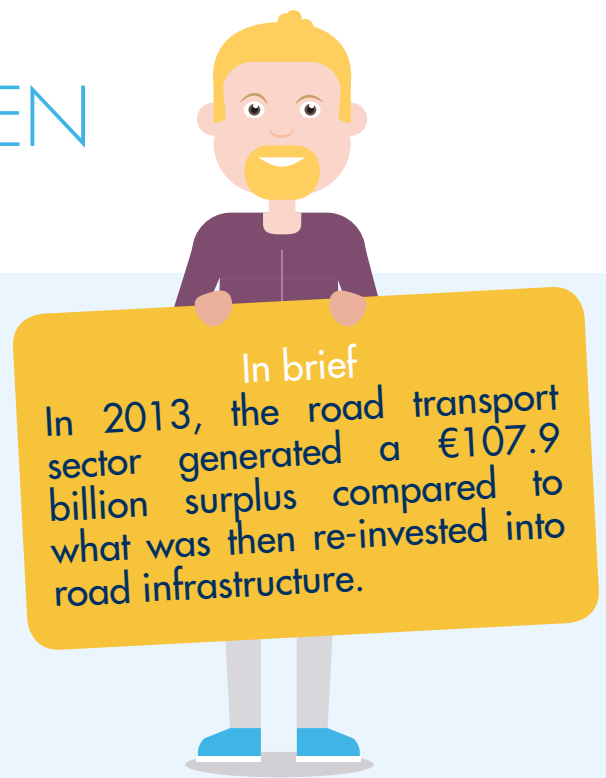
COMPARISON BETWEEN REVENUE AND COSTS

The study compared the total revenue from road transport (€286.3 billion) with the total road infrastructure cost from the perspective of government budgets (€178.4 billion). This cost coverage ratio gives an indication of the level of contribution of the transport sector to government budgets. Here, we will take a more detailed look into how each mode contributes to covering its costs.

Are costs to the road infrastructure covered by each mode of transport?

A cost coverage ratio of over 100% indicates that a transport mode is covering its impact or perceived costs to the infrastructure.

The overall cost coverage in road transport is 162%. For all personal modes of transport, the cost coverage ratio is significantly higher than 100%, 214% for passenger cars, 162% for vans and 266% for motorcycles.



On the other hand, heavy goods vehicles cover only slightly more than their costs. Buses have a very low cost coverage ratio: as heavier vehicles, they have a high impact on the infrastructure and pay relatively low taxes.

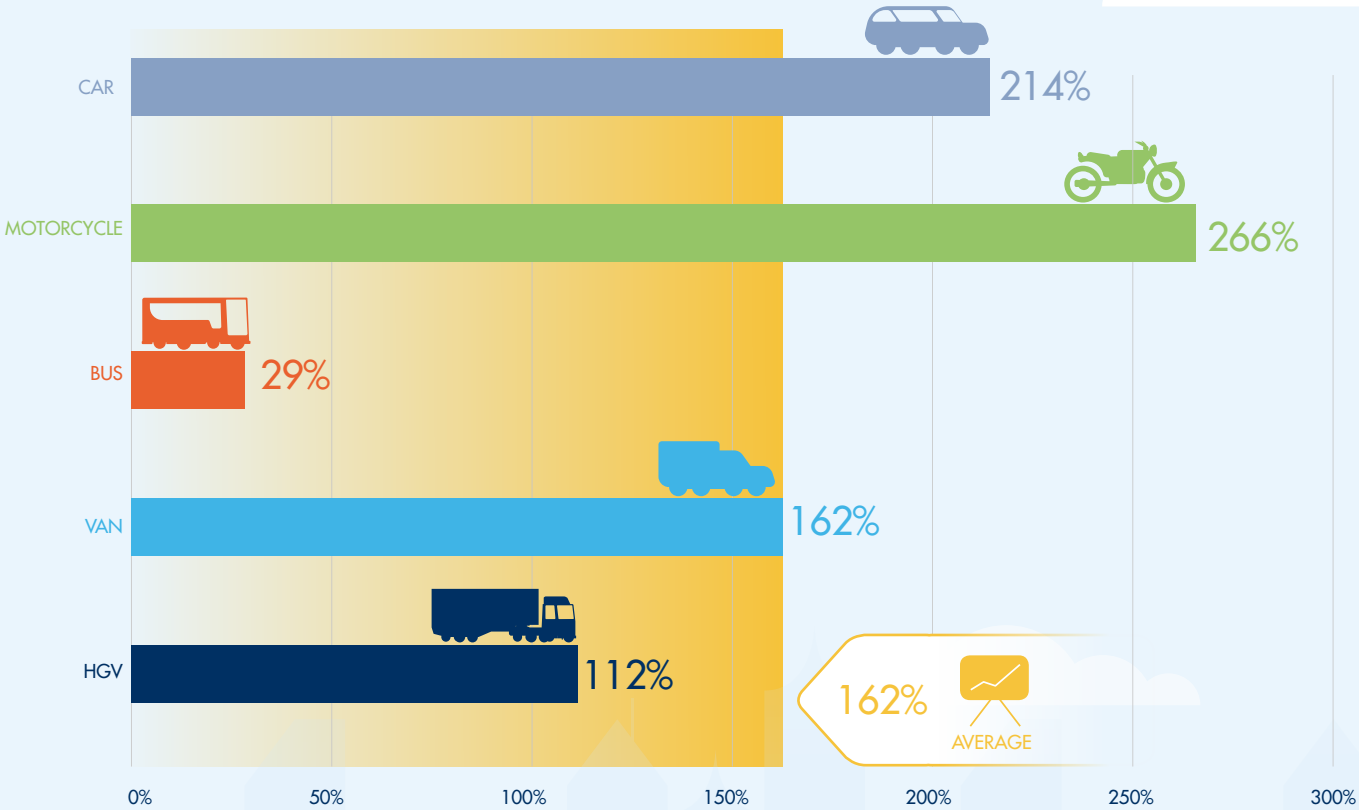
Passenger cars more than cover their costs in all countries, with the exception of Romania. Motorcycles have extremely high cost coverage, linked to the relatively high level of taxation and small number of kilometres driven.

COUNTRY FACT

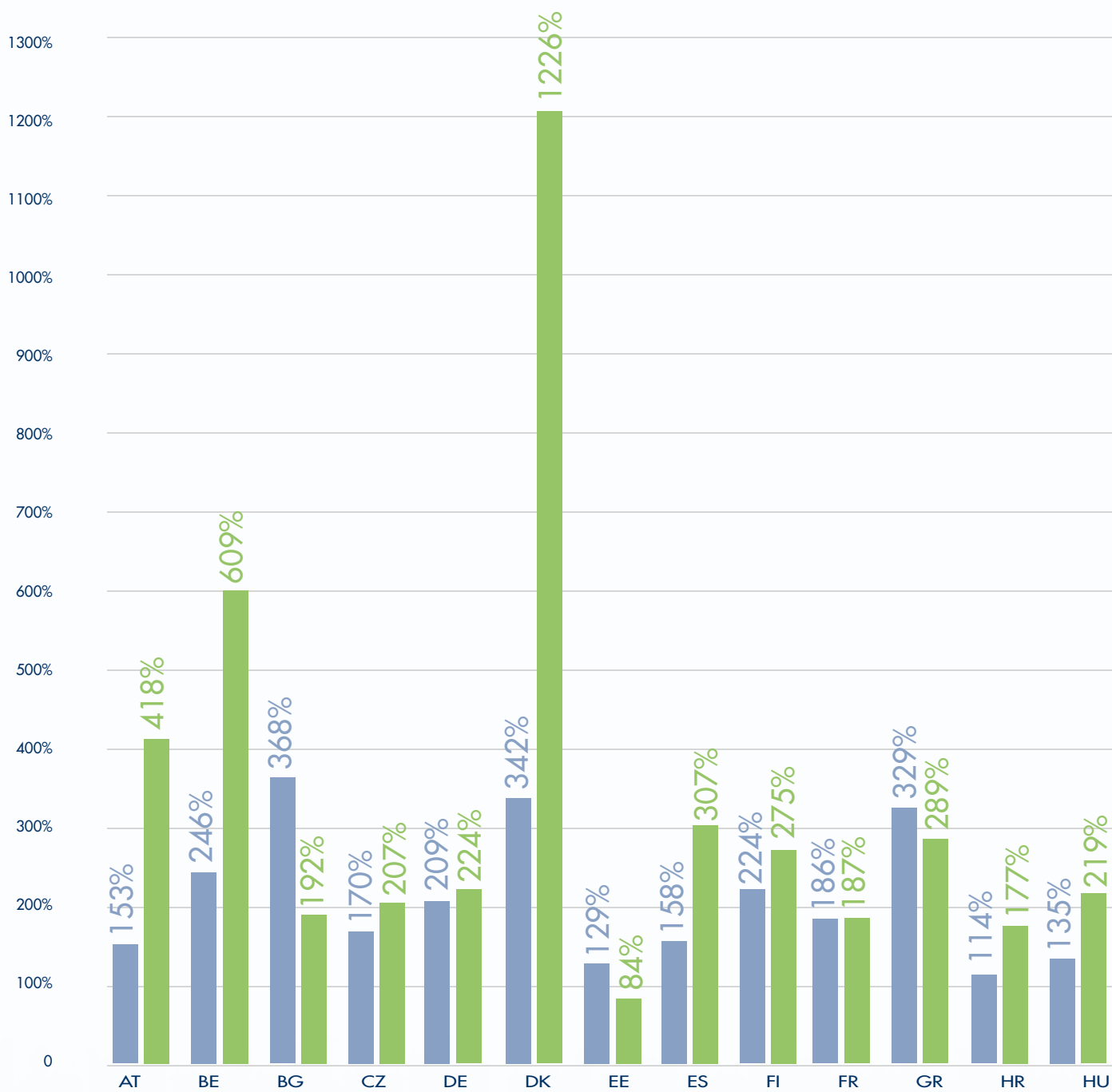
In Romania, EU funding has contributed to relatively high investment levels over the period 2008-2013. The road infrastructure investment as share of GDP has been 2.3% on an average for the period 1995-2013. Inefficiencies in the planning and construction phase are considered the main reason for the relatively high investment levels. A lack of government expertise in construction management, partly caused by a lack of appropriately skilled labour, a lack of competition between construction companies, and a relatively high level of corruption lead to poor results despite relatively high investment levels.

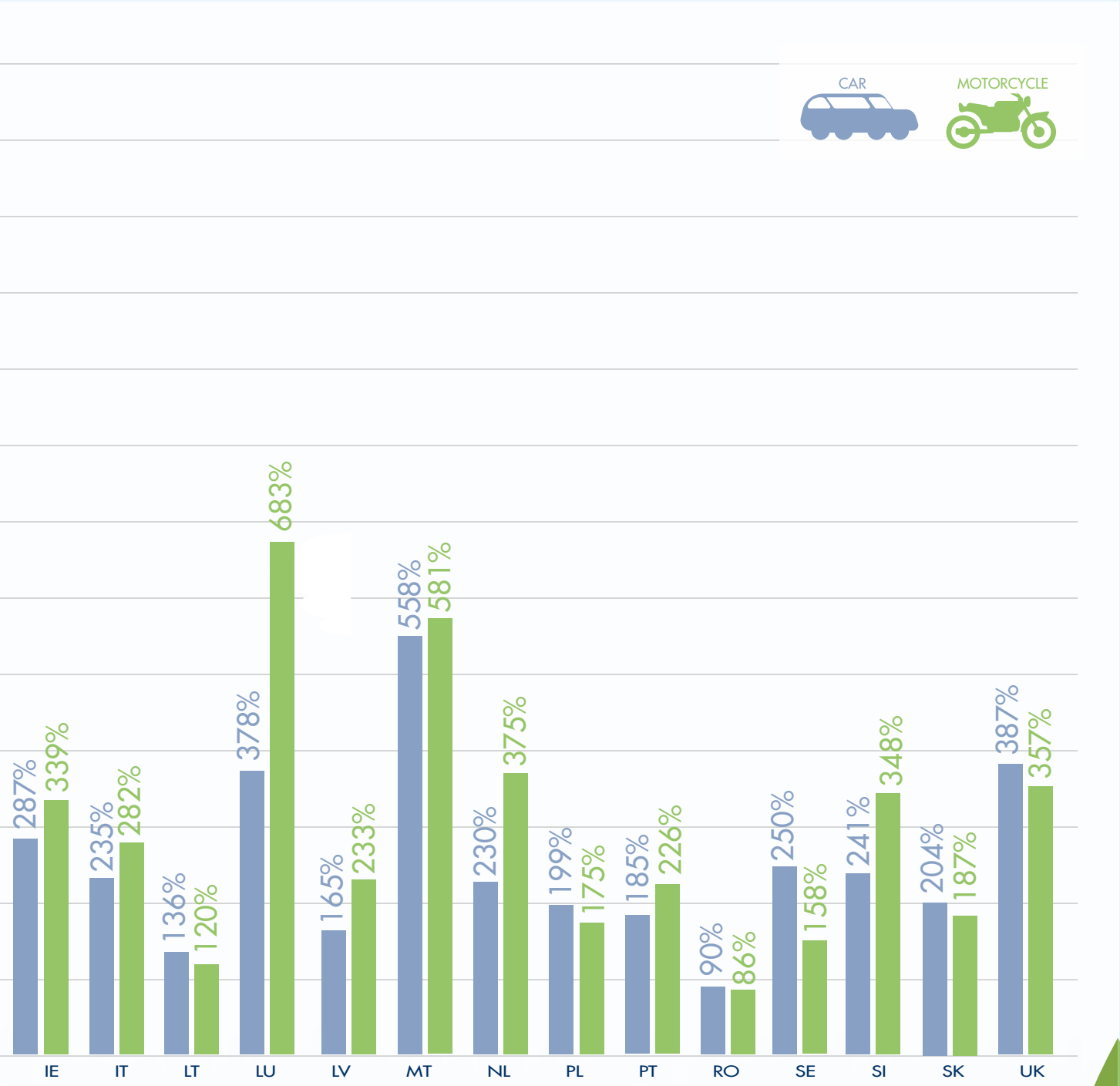


EU average infrastructure cost coverage ratios per mode of transport in 2013



Infrastructure cost coverage ratios for passenger cars and motorcycles in 2013

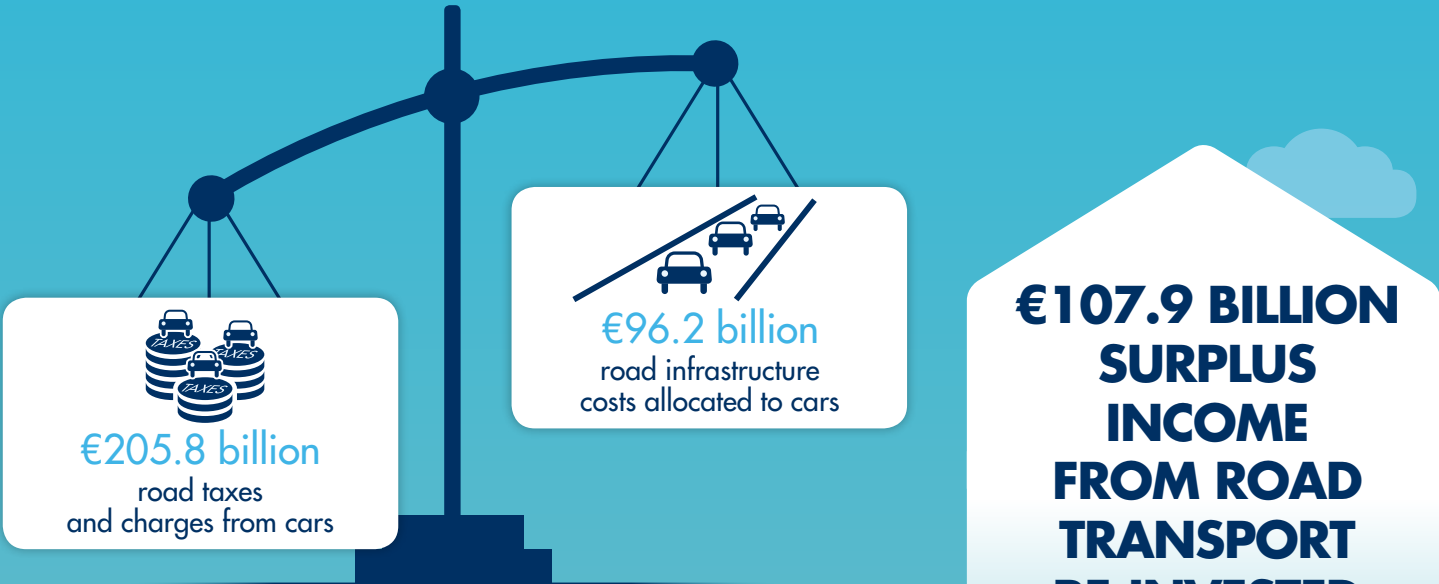
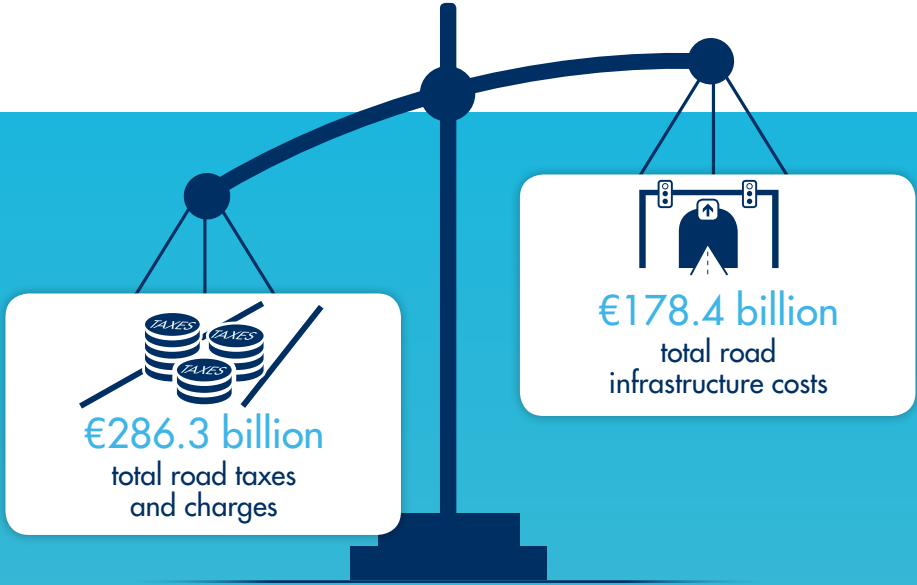




CONCLUSION

The revenue from road transport far exceeds the amount needed to cover the costs of Europe's road infrastructure. The significant contribution from road taxes and resulting societal benefits should be acknowledged. The EU should commit to delivering a safe road network that sufficiently supports the needs of daily commuters. In light of the already heavy burden of taxes and charges on drivers, governments should refrain from proposing additional road taxes or charges and make better use of the revenue currently being generated. This will help keep motoring affordable and maintain the free movement of people across the EU.







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REGION 1 - EUROPE, THE MIDDLE EAST AND AFRICA

Rue de la Science 41
1040 Brussels - Belgium
Tel. +32 2 280 07 58
Fax +32 2 280 07 44



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