



European Federation for Transport and Environment

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## NEWS RELEASE

### **Tax kilometres – A strategy to protect the environment, health and the economy - despite the truckers.**

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**Fuel price protests and local pollution levels are soaring** as negotiators meet in Lyon to prepare the most important meeting to combat global warming since the Kyoto Protocol was agreed.<sup>1</sup> “These two events underscore the importance of addressing climate change and the difficulties of doing so – particularly in the transport sector” said Beatrice Schell, Director of T&E.

“Transport is the worst performing sector in terms of reducing emissions of Green House Gases (GHG - such as Carbon Dioxide - CO<sub>2</sub>). **Caving in to fuel prices protests will undermine efforts to address climate change unless a kilometre tax is introduced across the EU**” she added.<sup>2</sup>

Transport sector developments would not be too significant if the sector had only a small share of all the EU GHG emissions. Unfortunately it is the largest single sector and at present appears to be beyond the control of the policy makers. The recent protests against rising fuel prices therefore pose **a threefold danger to Europe**.

**Firstly** there is the danger that Europe descends into a position of near anarchy, where those who pay taxes are the least able to paralyse the economy by barricading the streets<sup>3</sup>. Allowing concessions to the protesters undermines the ability of public authorities to raise revenue, and shifts the burden on to others either in the form of higher taxes elsewhere, or in delivery of poorer public services. In the long term it could weaken confidence in the ability of Governments to raise the finance which their spending commitments require.

**Secondly** it weakens efforts to reduce the kind of air pollution being experienced in Lyon currently. An article in last week’s Lancet re-affirmed that air pollution – for which road transport is the major source – kills more Europeans than traffic accidents each year<sup>4</sup>. The air pollution problem has not gone away, nor will it do so despite the improvements to the quality of the vehicles on our roads and the fuel they use<sup>5</sup>.

**Thirdly**, meeting our legally binding Kyoto commitments will mean tackling the transport sector’s runaway growth. GHG emissions from road transport are steadily growing and will continue to do so in the long run as the growth in vehicles and their use outweighs the benefits of more fuel efficient cars. All transport modes need to contribute - in the aviation sector growth rates are dramatic and emissions have a particularly severe climate change impact.<sup>6</sup>

**Reducing pollution levels requires that our economy increases its efficiency – producing more with less pollution.** This needs taxation schemes that are fair both between sectors and between the firms located in different parts of the EU. For road transport this would mean a shift in emphasis away from fuel taxation (which can be circumvented by purchasing fuel in neighbouring countries with lower tax rates) to one based on where the driving actually takes place – a Kilometre charge.

Taxing vehicles with a kilometre charge across the EU would mean that truckers could not argue that their neighbours had a competitive advantage. No matter where you came from you would have to pay the same rate to drive on the same road offering a level playing field for competition and it could apply to all EU roads. This is the charging system that will be introduced as early as next January in Switzerland and for which the German government has already sought tenders for companies to supply the hardware for their own scheme.

**The Kilometre tax therefore offers EU transport and finance ministers a resolution to their current predicament.**

A Briefing document is available on request or at T&E's web site [www.t-e.nu](http://www.t-e.nu) (see "What's New").

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#### NOTES:

<sup>1</sup> There is an Ozone air pollution episode in the Lyon area presently – children and asthmatics are advised to stay indoors. Ozone is a product of pollution (nitrogen oxides and volatile organic compounds) from traffic, industry and power stations under the influence of sunlight and high temperatures. It is extremely aggressive to the human lung, damaging the surface and thus is especially dangerous to those with pre-existing conditions.

<sup>2</sup> Despite an agreement between car makers and the European Commission to improve the fuel efficiency of cars, road transport is set to increase emissions of CO<sub>2</sub> by about a quarter (24.5%) by 2010 rather than the 8% decrease agreed for the EU as a whole.

<sup>3</sup> Taxation on road freight is already cross subsidised by relatively higher taxation on car owners. Taxation levels for freight – both road taxes and fuel taxes – are much lower even than the maintenance costs of roads resulting from truck damage. Car drivers are therefore already subsidising the lorries that clog their roads. Moreover, transport taxes are far lower than the costs to society transport causes. As a result the rest of society subsidises the transport sector through lower quality of life and the environment and lower life expectancy.

<sup>4</sup> "Public Health Impact of outdoor and traffic-related air pollution: a European Assessment", by N Künzli *et al* The Lancet Vol. 356 September 2, 2000 PP 795- 801.

<sup>5</sup> The Auto Oil Programme undertaken by the European Commission in collaboration with the car and oil industries, the Member State experts and NGOs such as T&E concluded that air pollution problems would be reduced due to improved vehicle emission control technology and higher fuel quality but that this improvement would be insufficient to prevent pollution episodes of the type in Lyon and that air pollution problems would continue to exist in the busiest traffic areas across the EU.

<sup>6</sup> The emissions from aviation are particularly problematic not just because of their rapid growth (300% by 2010) but because they have a higher "global warming potential" because they are emitted at higher altitudes.