

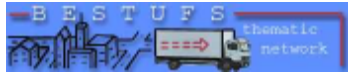
Sixth BESTUFS Workshop,

*“City access fees and urban pricing:
What are the consequences for urban freight transport?”*

8th & 9th of November 2001, Jolly Hotel Marina,
Genoa, Italy

Participants of the workshop

Name of organisation / company	Name of participant
Access Eurocities for a new mobility culture	Mr M. Ortiz
Advanced Railway Research Center	Mr M. Robinson
Advanced Railway Research Center	Mr R. Palacin
City of Aalborg	Mr H.J. Jensen
Deutsche Post AG	Mr P. Sonnabend
Direcção Geral de Transportes Terrestres	Mr J. Cardoso de Lemos
European Commission DG TREN	Mr M. Major
European Commission DG TREN	Mr T. Howes
Freight Transport Association	Mr J. Guttridge
GART	Mrs L. Dablanc
Grand Lyon	Mrs P. Gibert-Lendru
Innovation & Systems	Mr M. Tomassini
INREGIA AB	Mr B. Hårsman
ISIS	Mr A. Ricci
IVECO S.p.a.	Mr M. Monticelli
Municipality of Copenhagen	Mr S. Kjærsgaard
Municipality of Copenhagen	Mr S.B. Jensen
Municipality of Genoa	Mrs V. Procopio
Municipality of Genoa	Mrs C. Gerbaudi
Municipality of Genoa	Mr V.M. Contursi
NEA Transport research and training	Mr M. Kleijn
NEA Transport research and training	Miss S. Pop
PROINCA	Mr G. Montero
PTV Planung Transport Verkehr AG	Mr D. Wild
PTV Planung Transport Verkehr AG	Mr M. Huschebeck
Rapp AG Ingenieure + Planer	Mr B. Oehry
Rapp AG Ingenieure + Planer	Mr M. Ruesch
Rapp AG Ingenieure + Planer	Mr D. Egger
School of Engineering, University of Sevilla	Mr J. Muñozuri
Stratec S.A.	Mrs N. Isacker
Transport & Travel Research Ltd	Mr J. Baker
Transport for London Street Management	Mr D. Rowe
University of Westminster	Mr S. Anderson



Final minutes sixth workshop

Agenda

Chairman: Dr Dieter Wild, PTV AG

First Day: 8th of November 2001, Jolly Hotel Marina, Genoa

1. Introduction

- a) Welcome and introduction by Dr Dieter Wild, PTV AG
Structure and aims of the workshop
- b) Short self introduction by each participant

2. EC perspective on pricing and two projects

- a) Presentation by Mark Major, European Commission, DG TREN,
"European Common Transport policy – short overview on urban pricing relations"
- b) Presentation by Tom Howes, European Commission, DG TREN,
"European Framework Directive on Infrastructure Pricing"
- c) Presentation by Andrea Ricci, ISIS,
"Arguments and results of the two European projects UNITE and RECORD-IT"

3. Approaches of different European cities

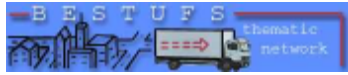
- a) Presentation by Maurizio Tomassini, S.T.A. Roma
"Pricing approach of the City of Rome"
- b) Presentation by Vito Contursi, Municipality of Genoa,
"Pricing approach of the City of Genoa"
- c) Presentation by David Rowe, Transport for London,
"Pricing approach of the City of London"

4. Road pricing acceptance

- a) Presentation by John Guttridge, Freight Transport Association,
"Operators views – with a focus on London"
- b) Presentation by Björn Harsman, INREGIA,
"Knowledge about urban road pricing acceptance and freight implications"
- c) Presentation by Marcel Kleijn, NEA Transport research and training,
"The arena of road pricing acceptance, results from the DESIRE project"

5. Open discussion

Open discussion of promising solutions and identification of good practices, major barriers and possible supporting initiatives.



Final minutes sixth workshop

Agenda

Second Day: 9th of November 2001, Genoa, Italy

6. Introduction Day 2

7. Approaches on road user charging

- a) Presentation by Marco Monticelli, IVECO,
"Road pricing and marginal social cost"
- b) Presentation by Jo Baker, Transport & Travel Research,
"Implications of urban road user charging for the distribution of goods"
- c) Presentation by Bernard Oehry, Rapp AG,
"Road pricing (LSVA) in Switzerland"

8. Group discussion

All workshop participants (including also participants without presentation) are asked to prepare a very short statement on their view and expectations regarding urban goods transport pricing. E.g. to express the occurrence of special solutions, to highlight additional special problems, to recommend regulating policies or to address open questions which need to be answered, etc.

DAY 1

Ad 1 “Introduction”

The chairman, Mr Wild, opens the 6th BESTUFS workshop and welcomes the participants (31 people are present). He describes the goals, the approach and the current status of Thematic Network BESTUFS. Furthermore he explains the focus of BESTUFS and the current workshop, and announces 3 more workshops and 1 conference for the coming year.

The subject of this sixth workshop is the thematic focus “City access fees and urban pricing: what are the consequences for urban freight transport?”, presentations about this subjects shall be held. After the presentations a discussion is planned in order to get a clear vision on those aspects and issues where more attention should be paid and where more effort is required. He expressed the hope that the workshop will be interesting for each participant.

Mr Vito Contursi (Municipality of Genoa) gives a short welcome to the participants. He gives an introduction of the city of Genoa, explains about the history of the city, and wishes the participants a fruitful workshop.

Next the participants introduce themselves and explain their interest in BESTUFS.

Dieter Wild discusses some of the main mobility issues that are faced in Europe, concerning congestion, bottlenecks in the road network, and the environmental burden of transport operations. He explains that correction measures are needed. The big question however is which correction action should be taken. One of these action concerns Urban Road Pricing, which is the central focus of this workshop.

Ad 2 “EC perspective on pricing and two projects”

- a) *“European Common Transport policy – short overview on urban pricing relations”, presentation by Mark Major, European Commission, DG TREN.*

Mr Major (EC, DG TREN) gives a presentation about urban transport and pricing in European transport policy. He discusses two main issues: first the role of the EC in urban transport, and secondly an overview of pricing concepts in the EU. The EC recently launched a white paper “European transport policy for 2010: time to decide” (available at www.europa.eu.int/comm/energy_transport/en/lb_en.html). The objective of the white paper is to break the long-term link between the economic growth and the transport growth, by three ways: adjust the balance of transport modes, elimination of bottlenecks, and placing users at the heart of the transport policy. The expected results are that the growth of freight transport will be 38% instead of the forecasted 50%, the growth of passenger transport will be 21%, with a growth of GDP of 43%, in 2010. Beside this, a reduction of 200 million tonnes of CO₂ emissions is expected. The white paper contains 60 actions to be taken in the years ahead. To conclude, the proposed policy of the EC is to replace existing transport taxes with more efficient instruments for integrating infrastructure costs and external costs.

Questions/discussion

Mr Sonnabend says that he is missing the distinction between tolling and pricing, i.e. the use of tolling for prioritising certain user groups. He also raises the problem of the spending of the received revenues.

In Germany revenues of fuel taxes go to the national government, but revenues of fixed car taxes go to the Bundesländer. Neither of them will give money to the cities.

Mr Major: We have to distribute the costs more fairly. The current system is incredibly unclear and makes it very difficult for people to understand it.

Mr Anderson: It is important to know what the costs are, by providing transparency we want to stimulate rational usage of urban transport.

Mr Guttridge states that transport growth and economic growth will always go together and therefore the objectives of the European Commission are quite ambitious.

Mr Wild mentions that transport companies also need to know the future costs instead of only short-run costs. Decisions on depot locations are usually taken for a longer time (15 years, according to Mr Sonnabend).

b) *“European Framework Directive on Infrastructure Pricing”,
presentation by Tom Howes, European Commission, DG TREN.*

Mr Howes (EC, DG TREN) gives a presentation about the European transport infrastructure policy. He goes into detail about the structure of charging, which is more important than the actual level of pricing. The EC is currently more involved in research actions, than in preparing new legislation. Mr Howes mentions the imperfection of some European directives at the moment. For instance, directive 1999/62 states that road charging for HGV is only allowed on motorways. The EC is now looking into this, in order to allow the member states to implement their own chosen charging schemes in the future. An alternative directive is expected early 2002. Also a directive on rail charges, 2001/14, has been made. This is done with respect to a fair competition between road and rail transport.

He furthermore discusses the EC's white paper on transport policies and the forthcoming actions. These include a framework directive on pricing (to apply the same legal regime for all modes and to reach transparent, non-discriminatory, and cost based charges), a revision of directive 1999/62, and the Marco Polo assistance for multi-modal transport. The latter deals with financing non-road infrastructure and is expected to start next year. In the concluding statements, he claims that the white paper re-emphasises the role of charges in order to reduce congestion and pollution and to finance new infrastructure. Also, in all EU member states, there seems to be an agreement that fixed costs should be replaced by variable costs.

Questions/remarks

[none]

- c) *“Arguments and results of the two European projects UNITE and RECORD-IT”, presentation by Andrea Ricci, ISIS.*

Mr Ricci (ISIS) gave presentations on the two projects UNITE and RECORD-IT. The first project, “UNification of accounts and marginal costs for Transport Efficiency”, deals with the development of methodologies and empirical evidence to support decision-makers involved in developing pricing and taxation policies for all significant passenger and freight modes in Europe. The three core components are transport accounts, marginal costs and integration. The general objective of UNITE is to transfer bottom-up case studies into general information for policy making.

RECORD-IT, the project of which Mr Ricci is the co-ordinator, is about real cost reduction of door-to-door intermodal transport. The objective of RECORD-IT is to increase the efficiency and competitiveness of intermodal transport in Europe. The internalisation of external costs should close the gap between all-road and intermodal transport. Eventually, it should lead to an increase of intermodal competitiveness and market share. He gives examples on the intermodal cost structure, and the method of calculating costs. One of the basic questions that remain is whether congestion is an internal or an external cost. It is any way a cost that should be taken into account. Mr Ricci mentions in detail the costs in the corridors Patras – Gothenburg, and Genoa – Rotterdam. In the latter, he notices that the total costs of all-road transport and intermodal transport does not differ very much. This may indicate that the internalisation of external costs alone is not sufficient to increase the competitive position of intermodal transport.

Questions / remarks

Mr Major asks if noise and pollution is taken into account in the total cost.

Mr Ricci says this is not the case, the difference between unimodal road and intermodal transport may then become smaller. When external costs are concerned, it is required to identify the right cost for proper implementation. If you want to use it strictly for urban transport, we have to check if the application would be useful.

Mr Sonnabend agrees that the internalisation of external costs is not sufficient to change the situation.

Mr Ricci thinks that the solution lies in improving the efficiency of intermodal transport.

Mr Sonabend says that when we take a look at the current state of urban transport, we have to work on the efficiency.

Mr Ricci agrees.

Ad 3 “Approaches of different European cities”

- a) *“Pricing approach of the City of Rome”,
presentation by Maurizio Tomassini, S.T.A. Roma*

Mr Tomassini (S.T.A. Roma) gives a presentation about the mobility planning and management in Rome. On 1 October 2001 a new system has been implemented where road use in a limited zone area is controlled. In the old historical centre, there is a limited access between 6:30 and 18:00 hrs on working days, and between 14:00 and 18:00 hrs on Saturday. Only cars with a permit can enter the city centre. Permits are being given to residents, people with business needs and handicapped. Furthermore, many temporary permits are given, for example to people visiting a hospital located in the city centre.

Compared to the month October in 2000, there has been a 15% reduction in traffic to the city centre. However, there have been a lot of violations, about 20% of the total passages. 30% of these violations are made by cars that are entitled to a permit, but need to update it.

With regard to freight transport, the city of Rome is proposing a test area in the city centre, to evaluate a legislation with respect to charging freight transport.

Questions / remarks

Mr Montero asks about the reason behind the high number of violations.

Mr Tomassini explains that in the former situation, the enforcement was rather inefficient. Now Rome is applying law enforcement with more efficient techniques, which results in a higher number of violations actually observed.

Mr Jensen says there should be a difference made between passenger and freight transport.

Mr Tomassini explains that one system can be used, but that every user has a different user profile with potentially different costs.

After the presentation of Mr Tomassini, Mr Arcangelo Merella, counsellor Mobility, Parking and Transport of the city of Genoa, welcomes all the participants of the workshop. He explains about the urban transport problems that the city of Genoa is facing. The topics covered by the workshop in these two days, are problems that Genoa is dealing with.

b) *"Pricing approach of the City of Genoa",
presentation by Vito Contursi, Municipality of Genoa*

Mr Contursi gives a presentation about the pricing approach of the city of Genoa. He explains a planned new system, where goods are delivered to a hub nearby the harbour. From there goods are distributed by electric vehicles to the city centre. This system is part of the European project PROGRESS. The system will be set up as a test and it may not be the final solution of the city of Genoa. In April 2002, the M.U.F.T. (Management of Urban Freight Transport) system will be operational. Furthermore, there are the projects BENZENE (no access for non-green cars between 7:30 and 11:00 hrs), ODESSE (Own Demand Shuttle Service, a shuttle service around the city centre) and an initiative where 50 collective taxis will be installed in Genoa in order to reduce the traffic in the old city centre. Furthermore, 9 tolling ports with OCR (Optical Character Recognition, e.g. reading and interpreting number plates by video control) will be installed, along the same lines as the system in Rome. The fare is planned to be € 1 per passage, and it will become effective between 7:00 and 20:00 hrs. This demonstration project is starting autumn 2002. The road pricing system will be improved by developing a shuttle service into the city centre. Before the start of the test, the population has already been consulted. The results show that the acceptance of the policies is moderate.

Questions / remarks

Mr Guttridge mentions that in most cases, policy is aimed to consolidate freight. However, in the proposed Genoa scheme, freight is being reloaded in small lots.

Mr Contursi explains that in Genoa most of the vehicles are only 30% - 35% full. Therefore, there are too many vehicles entering the city centre now. In the new system, the capacity utilisation is expected to increase.

Mr Sonnabend asks about the situation of companies having a local depot and their own electrical vehicles. Will they be able to deliver themselves?

Mr Contursi says that now there are only 36 electrical vehicles (34 for a hospital, 2 for waste collection) and in the future no company will use electric vehicles unless there is a stimulation like in the proposed Genoa test situation.

Mr Robinson inquires about the cost of the system.

Mr Contursi says that the costs are not known yet.

Mr Wild mentions that it would be smart to start with a demonstrative system of the planned delivery hub for freight first, because the system is rather radical.

Mr Major asks if any freight carriers were involved in the consultation.

Mr Contursi explains that there were 22,000 questionnaires sent out in total, among 42 were sent to freight carriers.

- c) *“Pricing approach of the City of London”,
presentation by David Rowe, Transport for London*

David Rowe (Transport for London) presents the proposed central London congestion charging scheme in relation to freight transport. In London, the majority of freight comes in by road transport. The mayor has published a new transport strategy on July 10, 2001. This strategy sets out the timescale for the delivery of proposals and projects for the next 10 years. After a short discussion of the main aspects of the strategy, David Rowe focuses on the proposed congestion charging scheme for central London. The public reaction has been positive, with 88% of the respondents considering the objective of tackling congestion important, and 69% regarding the strategy's approach (including the congestion charging scheme) as being important. In central London, there will be a flat fare of £ 5 per day, for all vehicles. To enter the central London area, one needs a license that can be daily, weekly, monthly or annual. The payment of the fare will be by post, telephone, retail or Internet. Payments need to be made before 19:00 hrs. Late payments until midnight are possible, but subject to another £ 5, in total £ 10. Enforcement is carried out by fixed and mobile cameras. There is a 100% discount (not an exemption) for special categories, such as emergency vehicles, buses, taxis, and disabled people. For residents in the charging zone, a 90% discount is available, providing a weekly ticket is purchased. The expected results of the scheme are a 10-15% reduction of congestion in the central area. The money raised by the scheme must be used for the transport sector, e.g. to improve public transport. Freight (lorries) will pay the same as cars. Freight transport will benefit from the scheme by facing less congestion, which results in fewer delays and more reliable journeys. The congestion charging scheme is planned to 'go live' in January 2003.

Questions / remarks

Mr Ricci asks about the large difference between the prices in London and Genua (£ 5 vs € 1).

Mr Rowe says that these prices are based on demand elasticity.

Mr Ricci states that the £ 5 punishment for late payments have nothing to do with marginal social costs.

Mr Rowe says it is meant as an incentive for users to pay in time.

Mr Jensen is afraid that since every delivery to a shop is charged, shops will move outside the central area.

Mr Rowe thinks that as a result of the scheme loads will be consolidated.

Mr Sonnabend claims that the costs of transport are much higher than £ 5. Since already full capacity is being used, the scheme will not make a difference for freight transport.

Mr Tomassini asks about the innovation initiatives.

Mr Rowe mentions the idea of using the underground tubes, currently only used by the post, to supply shops in the centre.

Mr Guttridge links the £ 5 congestion charge to the £ 25 cost of one parking day in central London. Since the parking fee is much higher, the traffic pattern will not change that much.

Ad 4 “Road pricing acceptance”

a) “Operators views – with a focus on London”

presentation by John Guttridge, Freight Transport Association

Mr Guttridge (Freight Transport Association) gives a presentation on the operator’s view on congestion charging. He focuses on the proposed charging scheme in London. Mr Guttridge introduces himself as ‘the one who pays’. His central proposition is that trucks should be exempt from congestion charging. First, operators are now paying £ 50,000 annually for parking which has not changed their operations. Secondly, the private car is the ‘villain of the piece’, because the private car has an alternative, namely public transport. For freight transport, there is no alternative, since night distribution is restricted in central London. Trucks are not even allowed to use bus lanes at night, for loading and unloading, even if the buses are not running. The congestion charging scheme for freight transport is ‘a stealth tax’, according to Mr Guttridge. Since there will be no change in freight transport operation, it is just a way of raising more money. He continues with raising many potential problems. A first problem concerns the definition of the congestion area (there are shops with their front entrance outside the congestion charging area, but their supply entrance within the congestion area). Secondly, there will be an exemption of electric or gas-powered vehicles, but not combinations of gas-powered and petrol vehicles (which are the most according to Mr Guttridge). Third, there is a high registration fee of £ 10. Finally, there is a potential problem of license plate cloning. How can the city avoid that companies are using different trucks with the same license plate (and thus only pay once per day for entering the central London area)? He ends the presentation with the statement that there is not a large difference between buses and trucks: both are serving the community. Buses are bringing people in the centre, trucks bring the goods in the centre, so the people can do their shopping.

Questions / remarks

Mr Sonnabend refers to the registration problem, and asks about the possibilities of remote registration.

Mr Guttridge mentions that it does not matter who registers and how, the total administrative burden is the problem.

- b) *"Knowledge about urban road pricing acceptance and freight implications",
presentation by Björn Harsman, INREGIA*

Mr Harsman (INREGIA) gives a presentation on "knowledge about urban road pricing acceptance and freight implications". The presentation is based on the results of the European project PRIMA, that has ended last year. The PRIMA project included acceptance studies in different EU regions, among which the region of Stockholm. In Stockholm, 15% of all trips are freight or business trips. Other regions involved in the PRIMA project included Barcelona, Bern, Lyon, Marseille, Oslo and Zürich. The main result was that urban road pricing is not very popular. Many drivers do not want to pay for being a victim of congestion. Another result Mr Harsman mentions is that user acceptance of urban road pricing is not static, but influenced by many factors. He mentions that there should be a different pricing for business, personal and freight transport. The presentation is ended by discussing 10 acceptance conclusions from the PRIMA project.

Questions / remarks

[none]

- c) *"The arena of road pricing acceptance, results from the DESIRE project"
presentation by Marcel Kleijn, NEA Transport research and training*

Mr Kleijn (NEA Transport research and training) presents the first results from the European project DESIRE. The DESIRE project deals with designs of inter-urban road pricing schemes for heavy good vehicles in Europe. Recently, NEA has conducted a user acceptance study in the Netherlands. Mr Kleijn discusses the situation in the Netherlands, where the government has changed their original plans for "rekeningrijden" (cordon pricing on motorways to fight congestion) to "kilometerheffing" (km-based charging, on all roads, for all cars and trucks, differentiated to time and place). The Minister of Transport has adopted the results of a study of Prof. Pieper, who stated that the technology is available for introducing km-based road pricing. Mr Kleijn explains Prof. Pieper's suggestion on how to deal with privacy issues. Instead of keeping track of the location of each car in an on-board unit, the on-board unit is equipped with a map which registers on which type of road a car is driving. Different types of roads correspond to different prices. Due to the resistance in the parliament, the minister will first introduce km-based charging with a flat fee. On a later stage, a differentiation of fees to time and place is foreseen. From the acceptance study in the Netherlands, among all possible stakeholders of km-based pricing, it was concluded that all stakeholders in principal agree with the introduction of a road pricing system, since it satisfies the 'user pays' principle. There were some discussion points however (see slides). One of them is the calculation of tariffs. Mr Kleijn mentions that the transport association TLN has a suggestion to introduce tradable emission rights so that for instance the price of CO₂ pollution can be determined by the costs for buying/realising (a CO₂ consuming) forest e.g. in South-America.

Freight transport companies support km-based charging, if it indeed leads to less traffic and thus to less congestion. Other conditions stated by road transport associations included no increase of total tax pressure on a macro level for the transport industry, and earmarking of revenues to investments in transport infrastructure and compensating the negative external effects. Mr Kleijn finishes his presentation with concluding that the main acceptance issues of km-based road pricing are fairness of the road pricing scheme, and the application of revenues.

Questions / remarks

Mr Robinson asks how foreign drivers will be charged.

Mr Kleijn says that the government has not yet proposed a clear solution for this. It is expected that in November 2001 the Minister of Transport will present the details of the road pricing scheme. Until now she has only stated that it will be introduced, starting with a pilot experiment in 2003 and eventual a full implementation from 2004 up to 2006.

Mr Howes remarks that when introducing a flat km based fee, there will be no effect on congestion.

Mr Kleijn agrees, and says that the Dutch Minister of Transport is facing problems because of this. Some years ago she has made a public promise to tackle the congestion problem. The moment the Minister talks about introducing differentiated tariffs to time and place, she faces much resistance. With the flat-fee only the growth of the congestion problem can be decreased by having fixed cost become variable (km based) and thus stimulating the usage of public transport (less opportunity costs of the not-running private car).

Mr Anderson inquires if the Dutch km-based pricing scheme is intended to replace the fixed tax on ownership.

Mr Kleijn confirms this. He also mentions that also the fuel tax will be decreased. However, this can only be done slightly, because otherwise the price difference with other countries will become too large that would lead to 'border effects'.

Mr Howes refers to the current minimum level of ownership tax in the EU.

Mr Kleijn says that in The Netherlands this tax for heavy goods vehicles (over 12 ton GVW) is already at the minimum level, so a reduction probably impossible. The Ministry of Transport now studies on the possibility to make this tax variable (km-based) and is discussing this subject with the European Commission.

At the end of the discussion, Mr Kleijn confirmed to Mr Major that the decision to go forward with km-based charging was taken in June 2001, and currently we are waiting for the Minister to provide more details about the foreseen road pricing scheme.

Ad 5 Open discussion

[Due to time restrictions the open discussion was cancelled.]

DAY 2

The chairman, Mr Wild, re-opens the workshop and welcomes the participants. He gives a short summary of the previous day.

Ad 7 “Approaches on road user charging”

- a) *“Road pricing and marginal social cost”*
presentation by Marco Monticelli, IVECO

In this presentation Mr Monticelli takes a look at the consumer's side of road pricing. In the presentation, Mr Monticelli discusses the report “Marginal social cost pricing in transport policy”, by Prof. Remy Prud'homme.

Important in transport policy is the co-ordination of instruments, measures and objectives. Road pricing is just one of the potential measures. Marginal cost pricing is just one of many pricing principles. Mr Monticelli says that there is still no consensus on the quantification of external costs. Another problem he mentions is that a simple system (e.g. charging with a flat fee) cannot be effective, because it does not reflect the real costs. An effective system however, with differentiation in time and space, will be too difficult to understand for the users. Mr Monticelli mentions the social equity issues related to congestion cost internalisation. Road charging saves time, and the value of time is the highest for the rich. A final question that is raised by Mr Monticelli is whether the positive external effects of urban road transport is taken into account in internalising its external costs.

Questions / remarks

Mr Baker agrees that it is very difficult to implement marginal social cost road pricing. He doesn't agree that road pricing only favours the rich. Poorer people in cities often don't have cars at all, Mr Baker observes. If the money raised with road pricing is used to improve the quality of public transportation, the poor people will also profit. Mr Baker questions Mr Monticelli's statement that air pollution isn't a problem.

Mr Monticelli says that air pollution will not be a problem anymore in the future. It is a decreasing problem. Vehicles are going to produce less and less damaging exhaust gasses. Mr Monticelli does not agree with the fact that poor people do not own cars. This is up to the definition of poor people.

For example, take a worker employed in a factory who lives outside the city. He needs a car very often to drive to work and has to pay for this car. Rich people living in the centre do not use a car, but use public transport.

Mr Baker disagrees with both of these statements.

Mr Howes does not agree with the paper of Prof. Prud'homme. There is no one promoting marginal cost pricing. With respect to marginal cost pricing, Mr Howes likes to put the emphasis on the

improvements with respect to the current system, and not only on its imperfection. Introducing any pricing scheme is a step in the right direction. He does not think we can ignore the revenue question in this report. The paper is a diversion to take anything forward.

Mr Jensen says that in this report by Prof. Remy Prud'homme everything is summarised what has been said yesterday.

Mr Robinson says that road pricing for freight transport doesn't make a difference.

Mr Baker does not agree, because total traffic decreases, which gives a benefit to freight transport.

Mr Guttridge summarises that the business view is very clear: revenues are not changing. The main topic is: "Does urban road pricing lead to less congestion?" and "Are there advantages for freight?". Mr Guttridge also mentions that London is an example for the rest of the country, this major city will show what the real impacts are. Maybe it has no impact at all, we do not know.

Mr Sonnabend says that business will support urban road pricing only if it leads to less congestion.

Mr Wild asks what is exactly the reason for these pricing schemes? We have spoken about this yesterday, and concluded that this is very difficult and not totally clear.

Mr Monticelli: There are alternatives coming and showing that the pricing system is increasing the welfare in the cities, we have to take this into account.

Mr Wild: Alternatives to show better ideas are always appreciated.

Mr Guttridge: Congestion charging will work, the problem is you have no revenue at the moment.

Mr Wild: Fees in Genoa and London are not based on marginal social costs. And road pricing is not similar to congestion charging.

b) *"Implications of urban road user charging for the distribution of goods"*
presentation by Jo Baker, Transport & Travel Research

The presentation of Mr Baker is about the implications of urban road user charging for the distribution of goods by road. There are many different ways of doing this. There are different charging strategies (area-wide, cordon, ERP by time/distance and special lanes) and charging mechanisms (paper, electronic tag, video ANPR and GPS/ GNSS). In the EU many of these strategies and mechanisms are being assessed, e.g. in Edinburgh, Bristol, Rome, Genoa, Trondheim, Copenhagen and Gothenburg.

The motivation for charging is to reduce congestion, raise revenues and to improve the environment. The question is if this is equivalent with fair and efficient pricing, or undertaken for more practical reasons. In the presentation Mr Baker discusses several issues of road pricing, for international hauliers, national hauliers and local deliveries. In the long term, fair and efficient pricing may encourage a shift away from road and long-distance haulage. Especially local operators will be affected by toll cordons or urban road pricing. Mr Baker concludes that there is:

- limited transferable experience
- technical feasibility is largely proven
- existing fiscal policies may be rationalised
- fiscal rationalisation will avoid market distortion
- implementation will be gradual
- charges are unlikely to reflect full marginal costs

- haulage market may contract as costs increase towards full marginal costs

Questions / remarks

Mr Sonnabend tells that in Singapore and Norway there has been a division between the effect of urban road pricing on passenger and freight transport. Passengers can choose between car or bus, but freight cannot choose. When you choose for a reduction of congestion for the car owner, and you approve that convenience traffic is allowed on a different hour, then we cannot do deliveries when the consumer wants, for example early in the morning.

Mr Baker: We have no data of breakdown available, however purpose was to reduce passenger traffic. We do not want to cut down the freight transport, because freight transport is the engine of the economy.

Mr Sonnabend: Do we have to charge both, freight and personnel transport? Is it a punishment for freight to help infrastructure? Freight is already paying taxes?

Mr Baker: Freight traffic has to pay more tax, especially for using the infrastructure.

Mr Guttridge: British tax is out of line in comparison with the rest of Europe. Freight in England used to be taxed based on real infrastructure costs. But by following the EU directives, their tax structure shifted away from their original one. Labour costs are so much higher than transport costs, that even when you would double it, nothing would change in the behaviour.

Mr Howes: It does not matter if nothing changes, as long as there is fair pricing, reflecting real costs.

Mr Wild: When prices are so low, you do not get a change in the transport structure. Looking at the costs of logistics structures of large business sectors in Europe with e.g. a central depot for whole Europe, then the pure transport cost are just about 2% of the total costs. Under these conditions a little charging has no structural effects.

Mr Sonnabend: The transport sector is a competitive market, people have to be economic. Congestion is reduced but there will be no significant changes.

Mr Kjoersgaard: External cost is not the same as cost of transport, see the relation between the figures of the congestion costs in Paris (0.15% of GDP – presentation Mr Monticelli) and the external costs in the EU (4.1% of GDP – presentation Mr Baker).

Mr Monticelli: The two figures are not comparable, other things have been taken into account. Furthermore, with road charging, the problem is not the price, but the competitive position of the EU (e.g. compared to the USA) is a problem.

Mr Baker: When we get rid of congestion, the JIT concept is possible again. Because at this moment the congestion is too bad sometimes, just-in-time deliveries are not possible at all.

Mr Howes: There is background information in different sectors on which transport costs were used in the Euro-case. However, the European industry is not against road charging.

Mr Monticelli: That is true, but there are many worries.

Mr Major: Manufacturers are looking at the impact of charging in transport costs, we will help you finding this report.

Mr Guttridge: In England there is also support if congestion is reduced, reliability increases and a better planning is possible.

- c) *“Road Pricing in Switzerland”,
presentation by Bernard Oehry, Rapp AG*

Because there are heavy goods vehicles on north-south transit route, Switzerland introduced road-pricing. The impact of bilateral agreements between EU and Switzerland are:

- Increase of the weight limit of 28 tonnes to 34 tonnes,
(28 tonnes was a good measure to avoid transit traffic)
- Change from flat Heavy Vehicles Fee (HVF) to a distance related km based HVF (LSVA).

Normally when you increase weight limit it will decrease traffic but not in Switzerland, because the weight limit in other European countries is higher and additional traffic was attracted.

The objectives of the LSVA are:

- True costs (internalisation of the external costs, not the congestion costs!)
- Demand management (protection of the alpine Region, limit the expected traffic increase when the national weight limit rises from 28 t to 40 t and modal shift of Alpine crossing goods transport from road to rail)
- Financing rail infrastructure (new transalpine railway tunnels)

In short, people who are driving more are paying more as well, and empty vehicles cost as much as fully loaded ones. Furthermore, it replaces the previous flat HVF. The situation in Switzerland is that 12000 trucks enter this country per day, and 12000 exit Switzerland per day. There are 55000 domestic vehicles. The LSVA is for all heavy vehicles above 3.5 tons, on all public roads. The tariffication is depending on emission, per kilometre (travelled in Switzerland) per ton (vehicle plus trailer).

The Swiss system is based on the tachograph sensors not on GPS equipment. By data recording, the on-board unit (OBU) records all events in a logfile. The OBU does not calculate fees, only the events. The OBU is for free for truck owners, they only pay for the installation. The total collection costs are only 4-6% of the revenues (usually this is about 20%).

In conclusion, LSVA is

- A completely new type of fee collection system,
- An attractive EFC system with low investment and operational costs,
- A very good balance between costs and returns,
- A major progress towards fair and efficient road pricing.

Questions / remarks

Mr Wild: The cities are included, I was on forehand not certain whether the presentation would suit to the focus of this workshop. However, the information about the system in Switzerland is relevant for urban road pricing.

Mr Sonnabend: The LSVA scheme replaced fixed costs.

Mr Major: Do you have any idea about the design of equipment, and potential other functionalities beside the LSVA?

Mr Oehry: It was quite clear from the beginning that we were not allowed to think outside the LSVA. We can reprogram the program. You are never sure if something will happen that affects your system. Of course you use external devices. However, fee collection is a matter of the government. We do not want to see software changes inside the unit.

Mr Ruesch: There is a study about functionalities which can be useful.

Mr Rowe: Was there an aim for the reduction of traffic when introducing the LSVA?

Mr Oehry: Politically there is no clear description, there is just aimed on realising a decrease. The effects can be huge on the long term, a reduction of traffic of 5-10% is possible.

Mr Kjaersgaard: A truck of 10 ton of goods, in comparison with a truck of 1 ton, has to pay more because of less weight.

Mr Oehry: When you take a look at all liquids (for example petrol), you can't avoid being empty sometimes. With wood is the same thing, those trucks are getting a reduction.

Mr Monticelli: Migration to urban level, what is the impact on congestion?

Mr Oehry: The purpose is not doing anything about congestion, that is a whole different topic. The system would look different then. Pricing instruments can work effectively. You can improve certain choices to be made. The lesson that is learnt from LSVA, that can also be used at the urban level, is that acceptance is very important, and that procedures should be established before determining the technology.

Ad 8 Group discussion

All workshop participants (including also participants without presentation) are asked to prepare a very short statement on their view and expectations regarding urban goods transport pricing. E.g. to express the occurrence of special solutions, to highlight additional special problems, to recommend regulating policies or to address open questions which need to be answered, etc.

Mr Sonnabend: Road pricing is an important issue, the presentation of NEA gave good views about the pricing objective and the main objective. The business will accept road pricing, but there has to be a benefit, where they think it is worth paying for.

Mrs Procopio: Public acceptance is a problem, good testing is now done in Genoa.

Mr X: Public acceptance is indeed a problem. But another important topic is that we have to take a look at the revenues and complementary measures and the increase of public transport.

Mr Kjaersgaard: The main problem is congestion for trucks to deliver goods. I do not think that road pricing alone will help. Better utilisation is also necessary.

Mr Jenssen: There is a need for more transport operators to be present at the next workshop.

Mr Harsman: I would like to learn more about urban freight transport.

Mr Egger: It is important to have access to freight transport; we need more information about the cost structures and the impacts.

Mr Huschebeck: I agree with Mr Egger and we have seen a lot of controversial presentations. None of them are really clear or sure about the impacts of this measure. Some presentations focussed more

on the financial side, others are more focussed on the market side. We are not at the state of implementation, but we are in the beginning of a process and we have to learn more about this subject.

Mrs Isacker: I agree with Mr Huschebeck that we have seen different objectives. It is important to have a broader view, to evaluate different options. We have to look at future costs, that is important.

Mr Guttridge: Urban pricing is political, not marginal cost pricing. Nobody knows the real benefits. In London we try to implement on a short road scale. The most congested and polluted street is Oxford Street, now we work on pragmatic solutions in Oxford Street. The only cars allowed in this street are taxis and buses.

Mr Rowe: It is important to know the difference between road charging and congestion charging. Congestion charges do have benefits for congestion, getting rid of undeniable issues. Goods vehicles have to pay also because they are responsible for congestion as well.

Mr Anderson: Internalising external costs has been spoken about. Road pricing mainly talked about in relation to public transport. But nobody has said anything about internalising external benefits. This is rather important. We have to see a big implementation to see what is right or wrong.

Mr Howes: I would like to see concrete examples. Pricing is one of the tools. We have to be careful because there is a tendency to treat road pricing in isolation. We have to avoid this. Also, we should not exaggerate the negative sides of road pricing, but focus on the improvements.

Mr Jensen: The solution should be based on common sense and not only on a theoretical basis. There has to be a dialogue with all players. Low tech instead of high tech. On the next workshop about road pricing we can discuss more theory, models and methods and about the air pollution, because this is difficult to measure. I found it very fruitful to participate. I have learned a lot about the presentation from Mr Oehry about the LSVA in Switzerland.

Mr Baker: Congestion is a major problem in urban areas. We need demonstrations of projects. A better link is needed between freight operators and policy makers. There has to be attention on the willingness to pay for freight measures and on the benefits of freight.

Mr Anderson: Freight is related to shopping, so there is also an external benefit.

Mr Palacin: Introducing road pricing alone is not enough.

Mr Robinson: Road pricing will create benefits for urban freight. No effect on freight directly but it has an indirect effect. I came with an open mind and it was a very interesting workshop.

Mrs Dablanc: Most French cities are not doing anything with road pricing at the moment (with the exception of Lyon, Grenoble and Saint Etienne which have launched a common study). It may be very useful to write a short analysis "Urban Road Pricing for Freight" using the things said in this workshop (which weren't specifically focussed on urban freight).

Mr Montero: There is a lot of theory about road pricing, but I am missing practical examples.

Mr Munuzuri: Road pricing can be an effective measure, it can help to fight congestion. The question arises: "To whom should pricing be applied, only to the public or to the industry as well?". I would like to see a clear allocation of revenues. How high should the price be? How high is the benefit? Road pricing is not a perfect solution, it will make some people happy and others not happy.

Mr Monticelli: Other forms of road pricing have been spoken about. I think it is a central concept. Bus lanes or other special lanes in the city can be an increasing possibility. The white paper of the EC indicates the link of transport and the economic growth. There has to be clarity and a link of objectives and instruments. We have to consider all things that are important and related.

Mr Ruesch: There is a big difference between pragmatic pricing schemes and solutions.

Mr Major: Focus on this topic is useful. Practical schemes have been driven by political reality. As a consequence they have been designed for the passenger transport. Political reality is strong: things change quickly. It will be difficult to implement road pricing in a short-term.

Mr Kleijn: There is a difference between the acceptance of distance related area charging and congestion charging. In the Netherlands, the minister of Transport first aimed for congestion charging on certain places (rekeningrijden) and got a lot of criticism. Now she aims for a more general distance related charging system (all roads, all vehicles) for which there is a lot of acceptance. However, when she talks about introducing a differentiated tariff to time and place (a.o. to fight congestion harder), she again faces much resistance. So, a general road pricing scheme is much easier to implement than specific congestion charging systems.

Mr Wild: Thank you for your active participation in this workshop. We will announce the next workshops on the BESTUFS website (www.bestufs.net). I want to thank the municipality of Genoa for hosting and supporting this workshop.