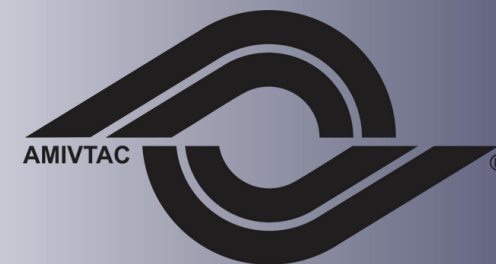




How freight can contribute to infrastructure financing

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How freight can contribute to infrastructure financing

- Where does the question comes from ?
- Freight is already charged... but does levied money go to infrastructure ?
- Illustration 1: Failure of french HGV charging scheme (2008-2015)
- Illustration 2: Abnormal loads or High Capacity Transport
- As a conclusion: few ideas for discussion ...

Where does the question comes from ?

- Economy relies on goods transportation
- Efficient transportation needs good infrastructure
- Good infrastructure cost money
- Freight has great and true monetary value, which is different from passenger transportation often valued by questionable time or safety savings
 - Recent report (May 2024) and dataset on trade cost by country, commodity and mode of transport



	transport costs (billion US \$)	volume (Mt)	FOB value (billion US\$)	FOB/ transport cost
world				
all modes	1 414.34	13 482.42	18 938.15	13.4
road	155.86	2 668.72	5 369.16	34.4
sea	735.65	6 729.52	6 630.37	9.0

- (Road) Freight is the main driver for (road) infrastructure design

(Road) Freight is already charged ... but does levied money go to infrastructure ?

- Specific fees:
 - Energy charges
 - Road charges (tolls)
 - Loading / Unloading fees (ports...)
 - Various Taxes (border crossings, ...)
- General fees:
 - VAT
 - Corporate tax
 - ...

⇒ Except for tolls, most of the taxes or charges levied on freight goes to general budgets and are not used for infrastructure needs

Illustration 1: failure of french HGV charging scheme (2008-2015)

- Situation:
 - need for infrastructure financing
 - ...but also argument that road freight does not cover externalities
 - case of main european countries setting up road freight specific charges (Germany – LKW Maut in 2005)
 - ...but already 9000 km of tolled motorways in France
- Legal considerations
 - Road use charge must be levied on ALL users (trucks and cars) => not possible to target trucks only
 - Only Tax can focus on one specific category

Illustration 1: failure of french HGV charging scheme (2008-2015)

- The pay-per-kilometer HGV tax is a key measure from the so-called “**Grenelle for the environment**”, a nation-wide government-initiated forum, concluded in November 2007. It consists in charging, through ETC techniques, trucks traveling the non-conceded State Roads Network (SRN).



Legally, this charge is a tax under French customs regulations (not a fee for service).

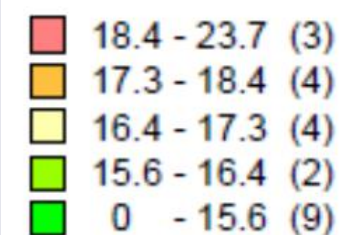
- It aims both at: (1) giving a **price signal** to the general economy through road freight industry, that will press for lower and better use of roads, and (2) levying new resources for transport infrastructure developments, guided by a clear **inter-modal** strategy.

*The revenue collected on national roads will complete the **resources of AFITF** (the French financing agency for transport infrastructure).*

Illustration 1: failure of french HGV charging scheme (2008-2015)

- 2008: law introduces a new tax on road freight on certain national or local roads
 - Raises territorial inequalities between regions linked to the density of existing toll motorway network and the density of the new charged network
 - Hauliers seek Government help to raise their prices while transport prices are market prices
 - Network definition must address traffic diversion risk
 - Raises the question of the use of the revenue: road? infrastructure ? general budget ?

Transport cost by reion (€/t) before new charge



Transport cost rise due to the new charge

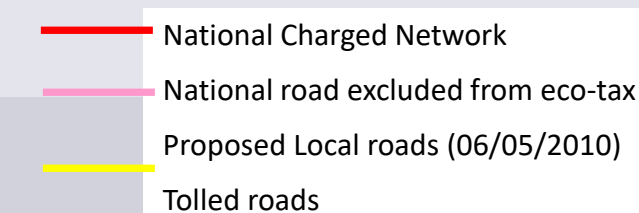
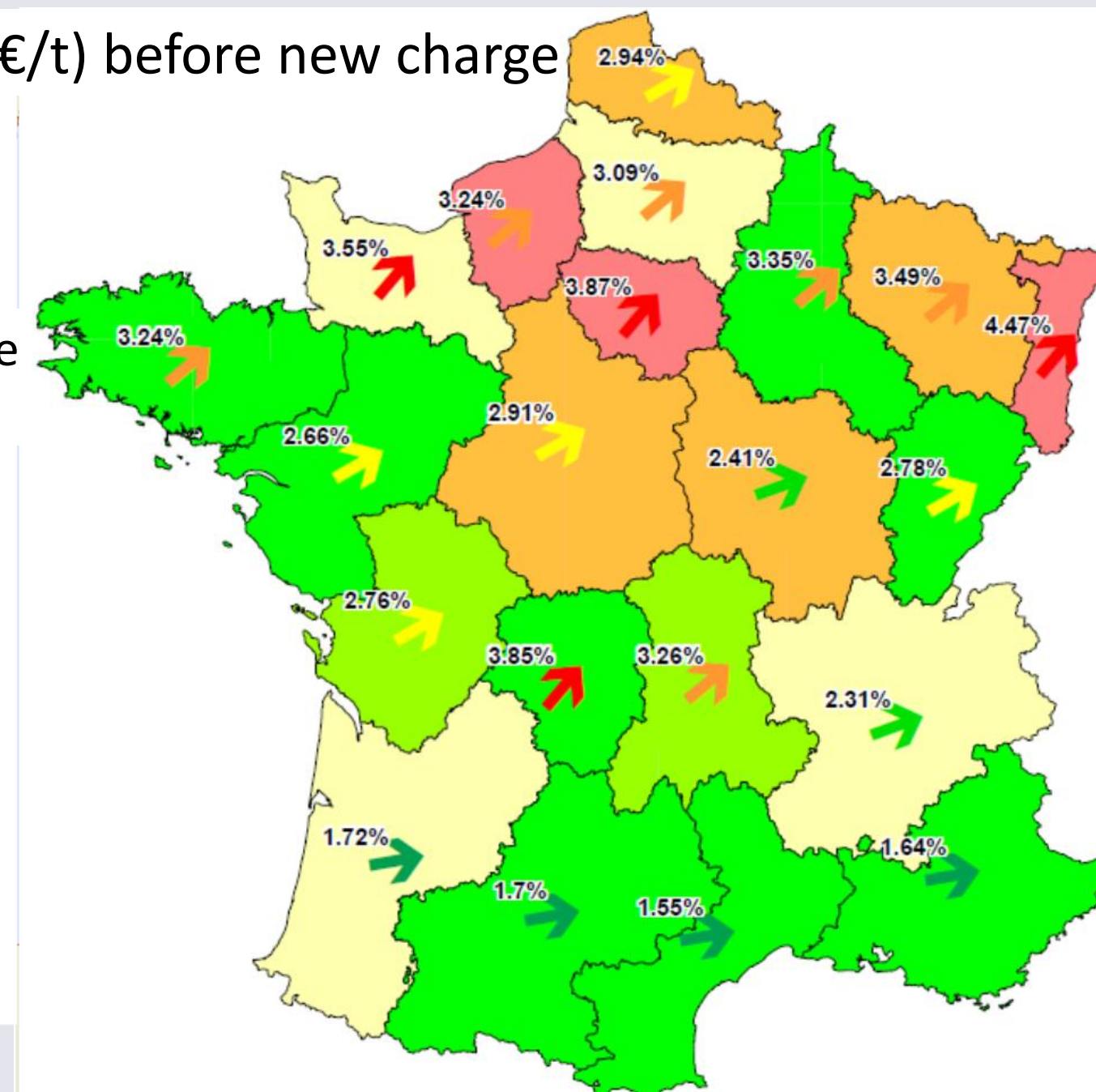
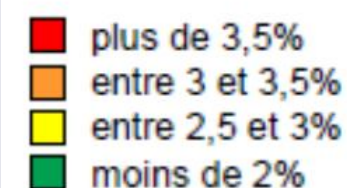


Illustration 1: failure of french HGV charging scheme (2008-2015)

- Political choices are made:
 - Reducing the network (2013, 2014)
 - Designing a regulatory process to impose a fixed price rise of the transport price which remain a market price
 - Sending revenue to alternative modes of transport (rail), with a focus on transit in urban context



- After full completion of the project on the ground (150 gantries for automatic enforcement, approx 30 000 trucks running with OBU,...), project is **cancelled** in 2015 after several demonstrations

Illustration 1: failure of french HGV charging scheme (2008-2015)

- Few thoughts to share...
- When charging professionals (hauliers, shippers), the **use of the revenue** must be seen as useful: it must help **financing infrastructure enhancement** (and more specifically for small local truck companies ensure good road maintenance), and not be « lost » elsewhere...
- For this reason, **tolls** are interesting tools
- **Geography** has to be taken into account
- It is not possible to look for changing behavior (road charge as an **incentive** for modal shift) and on the same time to design **countermeasures** to reduce or even delete economic effects

Illustration 2: abnormal loads or high capacity transport

- Truck load directly influences road design but also maintenance costs
- Several studies show the link between load / overload (abnormal loads or illegal loads) and pavement wear and tear (see Equitable Permit fee for overweight trucks, Texas, US or Estimating the road wear cost of heavy vehicles on a road network, CSIR 2018...)
- Authorising high capacity transport (EMS in Europe, B-double or B-triple in south America) raise question of infrastructure upgrading or strengthening



- A trial will not help funding <> larger authorization with fees and investments on infrastructure: tradeoff to be found to share added value of higher loads

Illustration 3: truck dedicated infrastructure

- 1996 USA launch a wide program: « the potential for freight productivity improvements along urban corridors » aiming at exploring advantages of providing « reserved capacity » for trucks instead of setting « restrictions » or « bans ».
- In the late 1990s and early 2000s, several states conducted studies and a few projects arose, in particular in California with SR-60 (finally open in May 2022) and I-710 projects. But, like in France, when the “starting point” is a network already existing and well designed, it is difficult to advocate and fund new infrastructure.

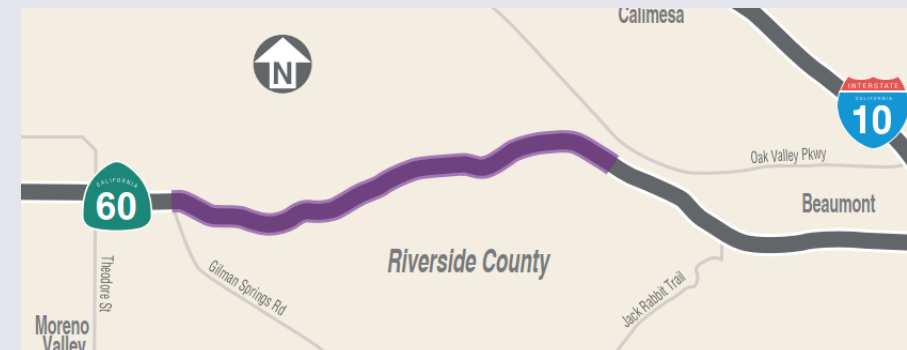
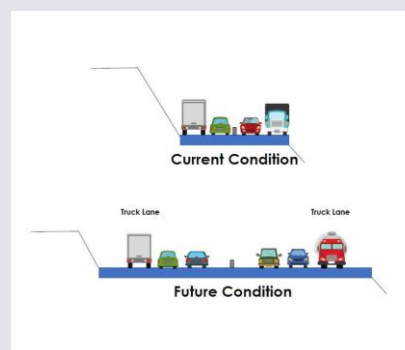


Illustration 3: truck dedicated infrastructure

- An alternative vision to classic enlargement: A63 case in France
- Road safety issue on a 2x2 non tolled motorway
 - High accident rate due to traffic level and mix of trucks and cars
 - Reliability (in case of accidents, lanes are blocked and traffic has no easy diversion,
- Need for funding: the State promotes a toll motorway
- No toll for private cars (no public acceptance)...
- Failure of truck charging project in 2015...
- ... let's go out of the box...



As a conclusion, few ideas for discussion...

- The question of toll **acceptance** (for passenger cars) joint with those of tax **acceptance** (when aiming at freight) should advocate for reconsidering road use charge
 - When a road use charge cannot be vehicle selective if all vehicles are using the road, instead of considering designing a tax for freight, the question of making road vehicle selective can be examined
 - Truck dedicated (tolled) infrastructure for instance could be a new way of financing infrastructure enhancement
 - High Capacity Transport and abnormal loads permitting may be regarded as fund raising opportunities
- Freight brings and bears value, and needs better infrastructure: there should be room for **sharing the benefits** of enhancing (and maintaining !) infrastructure



Agradecimiento/ Thanks

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