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LATEST DEVELOPMENT IN ROAD PRICING POLICIES IN NEW ACCESSION COUNTRIES

1. THE EU TRANSPORT POLICY AND ROAD PRICING

The official transport policy of the European Union is expressed through four different media:

- The Green papers,
- The White papers,
- Directives and
- Regulations *

Much of the official discussion around a common transport policy within the European Union, has focused on issues around two fundamental topics: **financing and pricing of transportation**.

Changes for road use and underlying cost calculations were already debated in the European Community in the early 60ties [1]. In 1995, the commission published a green paper [3] called «**Towards fair and efficient pricing in transport**». The Green paper concluded that one of the major reasons for the competition between modes being unfair, was that there was *»a significant mismatch between prices paid by individual transport users and the costs they cause«*. A special focus was put on the externalities of road transport, which were shown to represent very large costs. In the Green paper, it was assumed that if those external costs were to be properly reflected in the price structure of road transport, it would give individuals incentives to modify their transport behaviour in a desirable direction. Thus, the 1995 Green paper trusted proper, differentiated, pricing of road transport to be the most relevant measure for obtaining a sustainable transport system.

In 1998, the White paper within the same topic area followed: *»Fair payment for infrastructure use«* [4]. This paper suggested steps towards practical implementation of a common pricing system for transport. The major motivation for the proposal was a discussion along the lines introduced in the **1995 Green paper** - to give individuals proper incentives to behave in a way that would be efficient from the perspective of society as a whole.

* **A Regulation** is a Community act whose content is directly applicable in the Member States, while a **Directive** has to be transformed into national legislation by the national parliaments. Most of the road transport legislation on transport charging occurs through Directives.(e.g. Euro - vignette Directive - 93/89/ECC; or Mineral oil Directive 92/81/ECC and 92/82/ECC). **The White Paper** is a document stating the policy ambitions and objectives in an area and which has been adopted by the Council of Europe, but it has no direct legal consequences for the Member States. **The Green Paper** is a document with the purpose of analysing the problem and creating a debate in an area in which the Commission plans to propose a legislation at the later stage.

However, the **1998 White paper** focused also additional effects of transport pricing. It notes that not only the competition between travel modes, but also the competition between countries and companies, may be distorted by improper pricing for transport. Thus, a revised policy for transport pricing may also be used as a mean to obtain the general integration and harmonisation of economic activity within Europe, which is one of the central aims of the European Union. [19]. The detailed suggestions in the White paper are primarily related to goods traffic. A special focus is put on the need for common track charging principles for rail, and a common system for km- charging for heavy goods vehicles on road. For light vehicles, on the other hand, only few detailed intermediate measures are suggested in the 1998 White paper.

Although the basic aim of obtaining a sustainable transport system remains, the 2001 **White paper** [5] on transport policy: *»European transport policy for 2010 - time to decide«*, suggests a much wider set of measures to be taken. The focus on marginal cost pricing seem to be rather reduced, compared to those earlier declarations of common European policy, which are mentioned above. It is now suggested that pricing measures have to be combined with active *»revitalisation«* of those transport modes that are presently less favoured. This is presented as an *»integrated approach«* to transport policy.

Never the less, also the 2001 White paper puts substantial emphasis on the potential benefits of **a flexible road charging system**. The detailed proposals concerning charging are however limited to commercial vehicles, and only refers to proposed pricing structures. Decision about price levels, and decisions about extending the proposed system to cover also private traffic, is left to the member states for reasons of subsidiarity [5].

Currently the main aims of the Acquis Communautaire in relation to road transport charges are the elimination of the distortion of competition between transport undertakings in the Member states and the creation of a level playing field. These aims should be achieved through the harmonisation of levy systems and the establishment of fair mechanisms for charging infrastructure costs to road haulers.

In **the short term**, the immediate objective is to seek compliance with EU Directives on harmonised taxes and charges for the use of road infrastructure, aiming at setting conditions for a *»level playing field«* for The International Road Haulage Industry Directive 99/62/EC of the June 1999 (8) on the charging of heavy goods vehicles for the use of certain infrastructures, dealing with (minimum levels of) vehicle taxes and tolls and user charges, Euro - vignette Directive - 93/89/ECC and Mineral oil Directive 92/81/ECC and 92/82/ECC.

The main **long-term** objective is to improve the efficient use of the European road network, promote sustainable road transport, and encourage appropriate investment in Trans European Networks through dedicated charging of (particularly) heavy vehicle. This would imply imposing charges based on true costs, according to vehicle type, and at the point of use [18].

Member States have a certain degree of liberty to implement the provisions on the Directive in accordance with the principle of subsidiarity. In order to come to an effective application of the EU law, in the guidelines for implementation, possible ways of approximation are presented, taking due account of the national characteristics of certain States [19].

European legislation does not allow member states to levy road charges above the level of infrastructure costs. The Commission of the European community is therefore healing towards a substantially revised taxation system with two main novelties [5, page 110]:

- A framework directive to establish the principles and structure of the infrastructure charging system for all modes of transport. The proposal will include also a common methodology for setting price levels, which incorporate external costs, and will specify the conditions for fair competition between modes. Additional revenues from external cost pricing are to be channelled into specific national or regional funds in order to finance measures to lessen or offset external costs, (to be proposed in 2002).
- A uniform taxation system for commercial road transport fuel, (to be proposed by 2003).

These planned changes in EU legislation may create a certain level of confusion in the candidate countries, because they have tailored their strategies and schedules according to the existing EU policy measures [14, page 14].

1.1. EU TRANSPORT POLICY AND THE NEW ACCESSION COUNTRIES

The objectives of the process are benchmarking of the road transport charges policies and practice in the new accession countries against EU policy and legislation and harmonised levels of taxes and charges. This benchmarking process should not just be a checking of values but rather should focus on the appropriate » direction of move« of the policies in the new accession countries.

A phased approach to common transport infrastructure charging framework should aim at a gradual decrease of, all taxes, especially those without any relation to the use of the infrastructure and to develop a uniform and comprehensive toll system that is differentiated and distance or time related. At the same time, the application of the territoriality principle will be extended and will replace the nationality principle.

For some of the associated countries the harmonisation could result in an increase of the vehicle charges and excise duties and a further differentiation of charges generated from general taxes that are not related to the transport system, introducing annual vehicle taxation and increasing the role of use related charges and tolls.

It is emphasised that the pricing strategy may differ from country to country, not only because of the national characteristic of the infrastructure and the transport industry, but because of the right of each associated country to develop its own accession strategy, including agenda and timing of the process.

Those countries that foresee a membership of the EU within a few years will basically focus at the approximation with current EU legislation. Other countries, that expect to become members of the EU by 2010, for example, may take current EU legislation into account, but will aim more specifically at the future EC policy. The first group of countries mentioned, may introduce the vehicle taxation according to EU standards, while the second group mentioned may concentrate on transport related charges, i.e. user charges and tolls, which, according to EC policy, should become more and more predominant at the cost of the vehicle taxation.

In the immediate future, say 2003/5, it is expected that a »first wave« of accession countries will accede to the EU. The EU legislation in operation at that time is then the »fixed target« for approximation.

In the longer run, say 2010, when a »second wave« of accession countries is expected, the approximation could then take into account as well the foreseeable development of the EU policy and legislation in the field of RTC. (Road Transport Charges) Different scenarios regarding the exact timing of realisation of those scenarios can be considered, there is a »moving target« [19]. It should be stressed that the timing mentioned is indicative.

2. IRU (INTERNATIONAL ROAD TRANSPORT UNION) STRATEGY FOR ENLARGEMENT PROCESS

In 1999, the IRU members adopted a strategy and accompanying technical measures to facilitate a smooth enlargement process in the field of road transport*.

The pillar of this strategy is a step-by-step integration of Western and Central & Eastern European transport markets, along with a full acceptance and implementation of the EU acquis in the candidate countries. The implementation of this strategy will prevent major market distortions and it should, for the sake of efficiency, be totally integrated into the Accession Partnerships. The following main problem areas are to be, according to the IRU strategy, solved for a successful enlargement:

a. In social field: proper enforcement of AETR

The first short-term priority for almost all candidate countries should be the proper enforcement of the European Agreement Concerning the Work of Crews of Vehicles Engaged in International Road Transport (AETR) for both international and national transport. Proper enforcement seems to be a problem for most of the administrations in the candidate countries. Regarding the road transport-related social legislation, and apart from the high costs that candidate country operators must bear in order to meet the relevant EU requirements both technically, organisationally, and in terms of additional staff to be hired, one of the main medium-term priorities for candidate countries seems to be to develop appropriate social dialogue structures between social partners.

b. Harmonisation of Road Transport Related Charges

Harmonising of road transport-related taxation is a key target area for achieving fair and efficient competition. There are still some measures to be taken by the candidate countries regarding the harmonisation of the nature, the structure and the levels of road transport-related charges. EU tax levels should be introduced gradually before accession. (See detailed analysis in chapter 4).

* The Strategy from 1999 is According to [14], still valid.

c. Admission to the profession: greater efforts needed

In several countries, **access to the profession** in major sectors such as passenger transport or goods transport, or to some special types of transport, is still not regulated by law.

Generally speaking, in areas where EU legislation provides for clear and quantifiable requirements e.g. Certificate for Professional Competence and Financial Standing, candidate countries have made good progress in implementing them for international (but still not for national) transport.

The IRU is taking over and sustain the functioning of the model training centres for road transport operators through its IRU Academy.

d. Technical requirements: optimal management of fleets rewarded by incentives
















Costs to be incurred by road transport operators to meet the requirements of the *acquis* in the period before accession, especially regarding the performance of road vehicles as far as **safety** and **environment protection** are concerned, are extremely high for most candidate countries, in particular for domestically operating enterprises, while it would be very difficult for operators from candidate countries to pass on the full amount of these costs to their *local customers*, bearing in mind the relatively weaker financial capacities of local shippers and consumers.


In order to overcome such difficulties and to meet the EU request for sustainable development, by the penetration and the use of innovations, best industry practices and latest available technology, transport operators who commit themselves to using innovations and who make corresponding investments in new equipment should be *rewarded (tax differentiation)*, according to the IRU policies for sustainable development.

Incentives for a quick introduction of the new vehicle generations into existing out-dated vehicle fleets, in particular on the domestic market, in the years to come are to be introduced. Governments could also grant other user advantages to those transport companies that fulfil certain environmental standards, or have, for example, successfully implemented an Environmental Management System. Such a policy would fully correspond to the IRU policy on sustainable development.

However, schemes or incentives should be in *line with the legal provisions* and obligations currently in force between the EU and the candidate countries, and should not lead to distortion of competition between current and future Member States (**see Table 1**).

Table 1. **EU ENLARGEMENT IMPLEMENTATION GRID**
Implementation of main road transport acquis, by the end of 2000.

Candidate Countries		Admission to Occupation		Social <i>acquis</i>		Technical <i>acquis</i>		Fiscal <i>acquis</i>
		National transport	International transport	National transport	International transport	National transport	International transport	
	Bulgaria	★	★★	★	★★	★★	★★★	★
	Cyprus	★	★★	★	★	★★	★★	★
	Czech Republic	★★	★★★	★★	★★★	★★	★★★	★★★
	Estonia	★	★	★★	★★★	★★★		★
	Hungary	★★★	★★★	n.a.	★★	★★	★★★	★★★
	Latvia	★	★★	n.a.	★★	★★	★★★	★★
	Lithuania	★	★★★	★	★★★	★★	★★★	★★
	Malta	★★	★★	★	★	★★	★★	★
	Poland	★	★★	★★	★★★	★★	★★★	★★
	Romania	★★	★★★	★	★★★	★★	★★★	★
	Slovakia	★★	★★★	★	★★	★★★	★★★	★★★
	Slovenia	★★★	★★★	★★	★★★	★★★		★★★
	Turkey	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Legend: n.a.- information not available, ★ - approximation at early stage, ★★-approximation at intermediate stage, ★★★ - approximation at advanced stage,  - full compliance with *acquis*

Source: <http://www.iru.org/EUenlargement/Grid.E.html>

e. Collective road transport of passengers by private operators

Development of *collective passenger transport* by road should be promoted by facilitating access to the market by private operators. There is a need for a more specific EU "framework" policy to promote this type of transport by private companies within the enlargement process.

f. Reduce waiting times at borders

It is quite common to link persistent waiting times at candidate country borders with the *scarcity of infrastructure*. On the other side the IRU wants to point out that especially for the future external borders of the EU, the main problem results from *inadequate procedures*. The introduction of qualitative improvement, *harmonisation and simplification of procedures* and formalities that have to be completed at borders is urgently needed.

g. Upgrade infrastructure

The specific problem of vehicles' *»axle and maximum permissible weight standards«*, which are lower in the majority of the candidate countries than in the EU, has been extensively covered, and dealt with in the screening process and some ongoing negotiations on road transport (The TINA -Transport Infrastructure Needs Assessment process, and the ISPA-Instrument for structural policies for pre-accession programme).

h. Develop market indicators and better statistics

Better information supply on market developments and statistics would help policy decision makers and businesses considerably in taking the right decisions in a constantly evolving and integrating market. The lack of market indicators and reliable statistics was identified as a common shortcoming for majority candidate countries.

i. Improve co-operation between authorities and industry (PPP)

The relative weakness of the existing governmental institutions, which has been frequently identified in almost all candidate countries in the Commission regular reports, but also the relative scarcity of resources and administrative and managerial know-how should be tackled by an enhanced public-private partnership.

j. Remove barriers to road transport between candidate countries

Numerous region-specific barriers for road transport operators still exist between the candidate countries themselves, such as: waiting times at borders, repeated and often conflicting weighing of vehicles, divergent unfriendly and costly administrative procedures, as well as fiscal and other discrimination between resident and foreign-registered vehicles, etc.

The competent authorities of the candidate countries, either in a bilateral or multilateral framework, should address these problems urgently.

3. ROAD TRANSPORT RELATED TAXES AND CHARGES IN THE NEW ACCESSION COUNTRIES (NAC)

In terms of revenues from the road transport sector, there are two very important taxes:

- fuel tax and
- vehicle tax.

Fuel tax has the following advantages:

- (1) It is simple to collect (refinery, customs),
- (2) It is related to the overall volume of use,
- (3) Respected is territoriality principle.

Fuel taxes have the disadvantage of having a loose relationship with the road damage caused by different types of vehicles, since road damage is related to vehicle characteristics such as axle load, weight, suspension type, which are necessarily reflected in fuel consumption.

The fuel tax usually amounts up to 60-80 percent of total tax revenues. The vehicle tax amounts up to 10-30 percent of total revenues on the average.

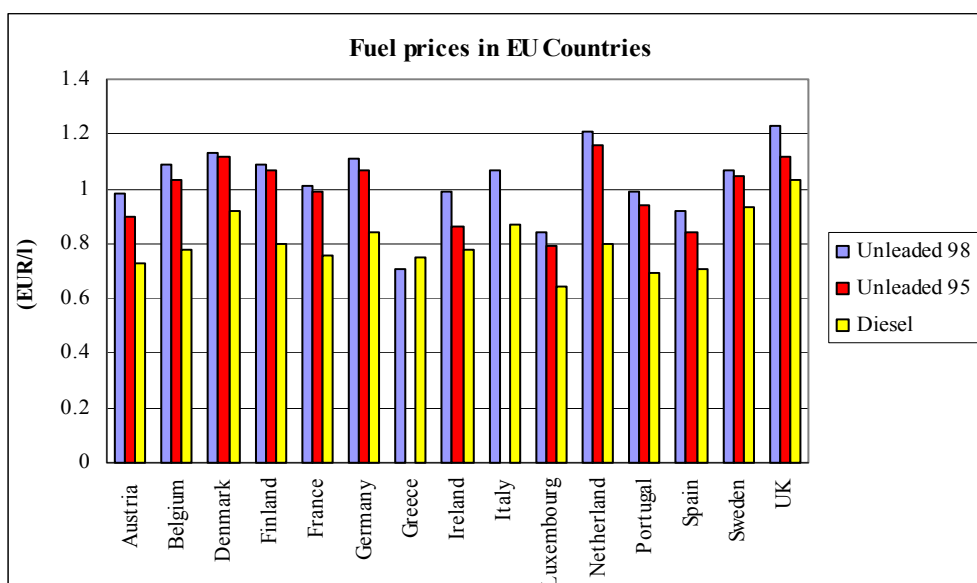
All other taxes/charges yield little revenues at, sometimes high, transaction cost. **It is therefore recommended to the new accession countries to strive for *simplification* of the road transport charges system.** They should, according to the EU strategy in the field of road charges, confine themselves to the most important sources, i.e.:

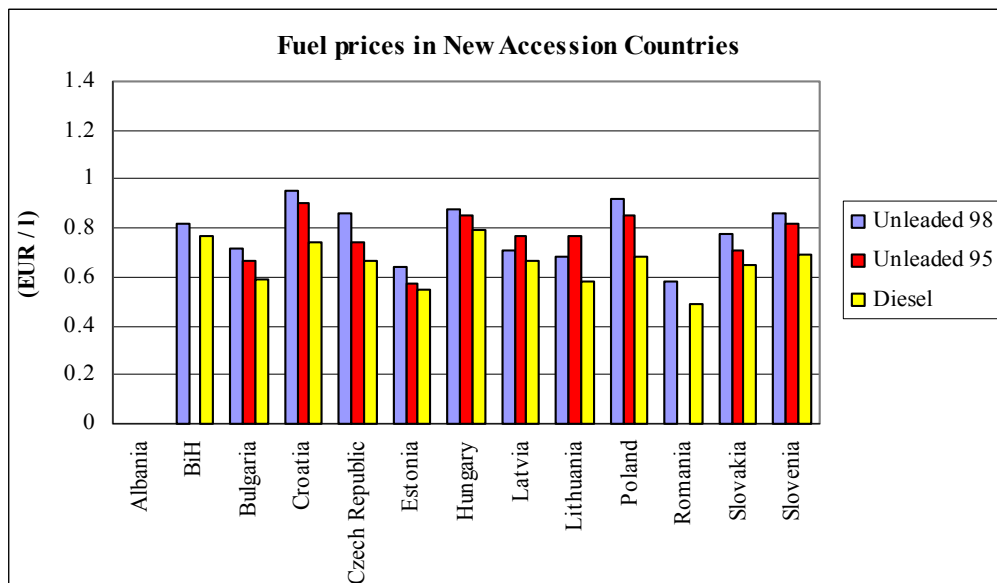
- At present fuel tax and vehicle tax.
- In the future increasingly user charges and tolls.

As far as the fuel taxes in the new accession countries are concerned we may conclude that:

- Fuel taxes have increased considerably in most candidate countries during the past few years.
- Consequently, fuel prices went up but the level is, on the average, still 2/3 of the EU (see Figure 1).

Figure 1. **Fuel prices in the EU and candidate countries**





Source: TRANSPORT, Nr. 6, June 2002, Ljubljana

- Compared to the EU, the fuel prices and consequently the fuel taxation could be increased considerably in the new accession countries. However, their relative position in terms of affordability and hence the political acceptability is different. The **price/wage ratio** is in the candidate countries on the average twice that of the EU [18].

Vehicle tax

In the NAC countries there is wide variation in the vehicle tax base and level:

- The tax base is usually different from EU Directive;
- In majority of the new accession countries is the annual vehicle tax differentiated according to the EURO-category of the vehicle
- Compared to the EU countries there is, in majority of the new accession countries less progression of the vehicle tax with the vehicle weight.
- In most NAC countries the level of the vehicle tax is substantially lower compared to the EU countries;
- In some NAC countries, vehicle taxes are collected at the local level

Import duties for motor vehicles

They are considered as road transport charges to the extent that when they are in excess of normal/overall duties. (In some NAC for older motor vehicles). In general import duties for motor vehicles have been decreasing. Revenues are modest.

Transit fees

Are in force in several NAC countries. In principle transit fees are considered as discriminatory measures. In practice they have a little impact on revenues because of bilateral arrangements.

Weights and dimensions fees

Most of the NAC countries levy special charges for extra-dimensional vehicles. Enforcement is usually low and revenues small.

Vignettes

Some NAC countries levy user charges through vignettes (Czech Republic, Slovakia, Cyprus, Hungary-partially).

Tolls

There are two countries applying tolls on the network scale (Slovenia and Hungary-partially). A few NAC countries are levying tolls on certain bridges. (Romania, Bulgaria)

Other

There is a series of special taxes/user charges, sometimes for very specific purposes. (e.g Administrative fees for issuing a licences in Poland etc.).

4. LATEST DEVELOPMENT IN HARMONISATION OF ROAD TRANSPORT RELATED CHARGES IN THE NEW ACCESSION COUNTRIES

The present harmonisation process of the road transport related charges differ from the candidate to the candidate country. The most advanced candidate countries have already road transport charging systems that are compliant with the current EU tripartite structure and levels. However, certain countries, including some of the «first wave», scheduled for membership in 2004, are only at the beginning of the harmonisation process [13,14, 18].

The latest development in each individual candidate country is the following:

Bulgaria

- The structure of the road transport-related tax system seems to reflect the current EU tripartite structure. The levels are, however, still far from EU reference levels.
- The amount of EU-like road user charges applicable to international road transport operators is estimated to be around 100 EUR.
- Nationally operating companies are not yet subject to road user charges.
- A motorway toll (USD 0.4 per km) is collected from foreign registered operators only. This scheme could still hide discriminatory elements towards foreign-registered operators if resident operators are not subject to these taxes.
- The (flat rate) annual vehicle tax amounts to 50 EUR, which is still far from EU levels.
- There is no differentiation in the application of the tax to vehicles with different suspension systems. However, for Euro 1 and Euro 2 vehicles, the tax is reduced by half. The currently applicable excise duty on diesel amounts to 55 EUR, which is at least four times less than EU minimum level.
- The Road fund was set up in the 1995 state budget. At present there is a levy of 7% on the ex-refinery-price of fuel paid by the producers and importers of fuel.

Cyprus

- The structure of road transport-related taxation in Cyprus is increasingly EU-compliant.
- Road user charges of a vignette type (250 EUR) for both nationally and internationally operating companies.
- Annual vehicle taxes have been introduced with amounts closer to EU current levels (370 EUR for vehicles with air suspension and 504 EUR for vehicles with other suspension systems; EU levels are, respectively, 515 EUR and 700 EUR).
- Excise duties remain low. However, the plan is to reach full EU compliance by the end of 2003.

Czech Republic

- The structure of the road transport-related taxation system in the Czech Republic corresponds to the tripartite structure.
- User charges are lower (375 EUR) than the EU maxima, but are applicable both to national and international companies.
- The flat rate annual vehicle taxes (1.600 EUR) are more than double the EU minima. They are modulated according to the environmental characteristics of the vehicle: minus 25% for Euro 2 vehicles; minus 50% for Euro 3 vehicles; plus 15% for vehicles registered before 1989.
- The currently applicable excise duty level on fuel in the Czech Republic (253 EUR) is a little bit higher than the EU minimum value.
- A vignette is in operation it covers about one sixth of the motorway construction costs.

Estonia

- Estonia seems to be at an initial phase of compliance in terms of transposing the extremely important road transport-related fiscal acquis. Thus far, neither the structure nor the levels applied comply with the acquis.
- No road user charges or vehicle taxes are levied at national level, although operators do pay vehicle taxes at regional level. Full compliance should be achieved for the latter in 2003.
- The currently applied excise duties on diesel are currently 165 EUR per 100 litres (EU minimum = 245 EUR).

Hungary

- The structure of road transport-related fiscal acquis seems to reflect the EU tripartite structure.
- Road user charges: Hungary applies a yearly vignette (342 EUR) and tolls (37 EUR a trip) both to nationally and internationally operating companies. (Currently, out of 5 motorways in Hungary, a joint vignette system is operated on the M1 and M3 motorways, while a toll system is applied on the M5 motorway; a private company AKA operates the latter under concession. The M2 and M7 motorways are free for the time being. The M7 motorway is currently under reconstruction. A vignette system will probably enter into force on the M7 too, from 2003 onwards.
- The annual vehicle tax currently ranges between 666 EUR and 1111 EUR, with allowances made for EURO 1, EURO 2 and EURO 3 vehicles. These taxes are collected at **municipal** level.
- The current minimum level of excise duty on diesel is higher (330 EUR) than the EU minimum.

- Foreign-registered operators are subject to a transit tax amounting to 0.0123 EUR per tonne-kilometre. The transit tax is not related to road user charges and is applicable to foreign vehicles.
- A Road Fund has since 1989 financed all road network-related expenditures, mainly through road user charges.

Latvia

- The structure of the road transport-related taxation system is partially harmonised with current tripartite EU structure.
- A flat rate vehicle tax is applied to vehicles operating nationally and internationally; the amount has been increased currently at 625 EUR.
- The excise duty on diesel per 1000 litres amounts to 178 EUR (EU minimum 245 EUR). EU compliance for both is scheduled for 2003.
- For the time being, no user charges are levied in Latvia.

Lithuania

- No user charges are levied on either nationally or internationally operating Lithuanian companies.
- The current level regarding annual vehicle taxation both for nationally and internationally operating companies amounts to 1100 EUR. Full compliance is scheduled for 2004.
- The excise duty on diesel amounts to 209 EUR, which is slightly below the current EU minimum level (245 EUR).
- Full compliance for the entire fiscal dossier is scheduled for 2003.
- There have also been some initial plans to introduce a Baltic Vignette.

Poland

- Poland already applies the EU tripartite structure.
- The currently applicable user charge levels are lower than the current EU levels. They are, however, differentiated according to the EURO-category of the vehicle, EURO 1 and EURO 2 vehicles are paying less than conventional lorries. The annual vehicle taxes currently applicable to typical 40-tonne lorries in Poland are higher (551 EUR for a vehicle with air suspension and 753 EUR for vehicles with other suspension systems) than the EU minima.
- Excise duty on diesel is also higher (298 EUR per 100 litres) than the current EU minimum level.
- Polish operators are subject to ECO-charges (approximately 10 EUR and 4 EUR respectively for non EURO and EURO vehicles for every tonne of fuel used), charges for exceeding the admissible noise emissions (13 EUR for 1 dB),
- Administrative fees for issuing a licence (for example, a licence with 15-30 years validity amounts to approximately 324 EUR), as well as administrative fees for bilateral and multilateral permits (ranging from 13 EUR for a single bilateral permit to almost 500 EUR for an ECMT permit)
- The Act on international road transport and executive regulations to that Act, which came in force 1997, are adapted to the EU road transport legislation. According to this Act, charges in Poland are collected for use of national roads in the international transport and depend on the time of usage of road infrastructure, type and permissible maximum weight

of vehicle. These charges are uniform for all haulers, both Polish and foreign, who perform international road transport.

- A decision to introduce tolls on the motorways was already taken in 1994.

Romania

- The structure of the road transport-related system is firmly on its way to harmonisation.
- In 2002, the new user charging scheme the Ro-Vignette levels will stand at 30% of EU levels (as per Euro-vignette). The Ro-vignette will be applicable both to national and international transport operators. Full compliance is scheduled for 2008.
- Annual vehicle taxes are to be introduced for both internationally and nationally operating companies from 1 January 2003. Full compliance is scheduled for 2011. A transitional period has been requested by Romania.
- The current amount of diesel excise duties in Romania is 115 EUR per tonne.
- Romanian operators also pay fees for crossing bridges, as well as local ECO-taxes.
- Foreign-registered vehicles, when not exempted reciprocally on the basis of bilateral agreements, still pay a transit taxes amounting to 0,023 USD per t/km. This seemingly discriminatory tax is supposed to be abolished in 2002, when the Ro-vignette, applicable both to residents and foreign registered operators, will enter into force.
- A fuel tax comprises the main income to the Road Fund.

Slovakia

- The tripartite structure of taxation is already in place in Slovakia, although it does not seem to match the EU breakdown and implementation modalities (annual vehicle tax, vignette not flexible).
- There are no incentives for the use of road and environmentally friendly vehicles.
- Road user charges are implemented via a vignette system, which is applicable for the use of motorways and expressways. A vignette system generates a sum, which covers maintenance costs of motor- and expressways.
- Foreign-registered operators are subject to transit road user charges according to bilateral agreements in force, which may lead to discrimination among foreign-registered operators depending on whether or not they benefit from tax exemptions.
- The charges for excess weights applied to foreign-registered vehicles also seem to contain elements of discrimination.
- The current excise duty on diesel (266 EUR) exceeds the EU minimum level.
- Vehicle taxes applied to heavy goods vehicles in Slovakia are considerably higher than the minima applied in the EU. In some cases, this difference is two fold or even more:
 - Road tax for commercial vehicles and buses with 3 axes
 - Road tax for commercial vehicles and busses with 4 and more axes

The structure of this tax does not correspond to the concept as laid down in Directive 99/62 (e.g. based on the suspension of the vehicles). The government has elaborated a concept with a view to restructuring this tax by 2007.

Slovenia

- Transport related taxes in Slovenia broadly correspond to the EU tripartite structure.

- The current distance-related toll systems applied in Slovenia seems to be broadly in line with Brussels trends
- At the same time the elements of discrimination against foreign-registered operators exist, namely regarding the obligation for vehicles over 7.5 t to use motorways and, hence, to pay both transit and the user charge.
- The excise duty on diesel is flexible, depending on the evolution of the market.
- A fixed percentage (20%) of the retail fuel price is earmarked to motorway-linked expenditures
- The EU framework directive on the principles and the structure of an infrastructure charging system, and a common methodology for setting charging levels is announced for 2002.

5. CONCLUSIONS

On the basis of above analysis it may be concluded that:

- In general, a good progress towards the harmonisation of the road transport related charges has been made by the candidate countries in recent years.
- Road transport related fiscal harmonisation seems to be one of the most difficult dossiers to be tackled by both authorities and industry in the years to come.
- Recent PHARE (6) investigations have shown that in the majority of the candidate countries road transport operators largely cover their infrastructure costs, while a very small proportion of the tax-revenue collected from road transport operators is spent on the actual improvement and extension of the road network.
- The income generated by the so-called transit taxes applied by many of the candidate countries is really *marginal* for their budgets, while these taxes constitute a *major* obstacle for transit by non-resident operators, thus hampering the achievement of a coherent enlarged internal market.
- The strategy and accompanying technical measures, adopted in 1999 by the IRU members to facilitate a smooth enlargement process in the field of road transport is still valid.
- The planned EU changes in the field of infrastructure charging (in 2002) and in the field of commercial road transport fuel taxation (proposal expected in 2003) **may create a certain level of confusion in the candidate countries, because they have tailored their strategies and schedules according to the existing EU policy measures.**

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