

# IRU policy recommendations

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## 1. **POLICY DECISION MAKERS AT ALL LEVELS SHOULD:**

- recognise the role and contribution of buses and coaches, and their related infrastructure, to safe, environmentally-friendly, affordable and efficient mobility and travel at international, national, regional and city level;
- devise and implement a pro-active bus and coach-friendly legal and administrative framework to ensure a shift from private cars to the use of collective passenger transport by buses and coaches, by giving priority to incentives, including fiscal incentives and public subsidies, contributing to increase the use of their services and renewing bus and coach fleets.

## 2. **THE EUROPEAN COMMISSION SHOULD:**

- Work out and propose a harmonised EU framework, to be adhered to by cities in the EU, when devising the introduction of LEZs or other similar restrictions and procedures, also containing provisions and recommendations for consultation with the industry, and timely information to local and visiting operators. Existing LEZs schemes should be amended to reflect the future common EU standards.
- Provide a European single-window registration for operators and their vehicles, for the purpose of meeting the requirements of LEZs, user taxes, environment certification, etc.;
- Support the creation and the maintenance of an EU-wide database with exhaustive and constantly updated information on LEZs and related traffic restrictions for buses and coaches in Europe;
- Set the objective of doubling the use of collective passenger transport in the EU, in particular by buses, coaches and taxis, in the next decade as a policy objective of its White Paper 2010 on EU Transport Policy;
- Privilege the facilitation and promotion of collective passenger transport , in particular by buses, coaches and taxis, in any future Community initiative, support programmes, funding and law making;
- Recognise bus and coach infrastructure and terminals as a strategic part of the TEN-T infrastructure in Europe, and provide financial support and incentives for their development and interlinking.

## 3. **CITY AUTHORITIES SHOULD:**

- Recognise buses and coaches, including visiting coaches, as key actors in meeting their environment, mobility and transport priorities, and invest, as a priority, in bus and coach-related infrastructure, terminals, stops etc.;
- Grant exemptions from or postpone the entry into force of traffic restrictions for EURO III buses and coaches until 2015;
- Privilege consultation with industry when devising LEZs and traffic rules, and longer-term planning and phasing in/out of various vehicle EURO-categories, to coincide with the economic life of vehicles;

- Give priority to local buses and visiting coaches by creating special priority bus and coach lanes;
- Ensure sufficient coach parking areas near city centres and tourist attractions with appropriate facilities and signage, including in foreign languages.
- 4. *BUS AND COACH INDUSTRY AND ITS PARTNERS SHOULD:***
- Enter into partnership with governments and local authorities to jointly devise business-friendly rules, infrastructure and incentives to meet the objective of doubling the use of collective passenger transport by bus and coach in the medium and long term;
- Contribute, in line with the IRU “30-by-30” Resolution, to further reducing the environmental footprint of buses and coaches and reduce CO<sub>2</sub> emissions by 30% by 2030, via:
  - Investments in innovative engines and modern technology, to improve environmental performances;
  - Improved driver training and awareness, to reduce fuel consumption and to improve safety and service quality, whilst increasingly making use of innovative logistics and travel practices;
  - Working together with manufacturers and other service providers, to further improve the environmental-friendliness of their vehicles, and the comfort and quality of bus and coach services.

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# Factsheet 1

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## PROBLEM AREAS ASSOCIATED WITH THE INTRODUCTION OF LEZs AND RELATED RESTRICTIONS

### Why are individual and uncoordinated city traffic rules a problem?

- Rules, standards and administrative provisions applicable in the various Low Emission Zones (LEZs) differ from country to country and, in most cases, even from city to city within a single country. The same is true for the registration procedures or the evidence to be submitted, i.e. to prove the Euro-class of the vehicle or to obtain exemptions. As a rule, the evidence about the Euro-class of the vehicle recognised in one country is not recognised in another country.

This creates a patchwork of rules, in particular in Europe, making it almost impossible for operators to be aware of and to respect these rules. This also prevents the efficient management of their operations, whilst at the same time multiplying the costs to their business. In addition, such a situation has a negative impact on road safety, since drivers are driving into less familiar surroundings due to diverted traffic.

### Why are the lack of information and sudden changes unacceptable?

- In many cases LEZ-like rules and restrictions are introduced without appropriate prior notice; they are extremely unpredictable and fast changing. As a result, business planning is no longer possible for coach operators, since they do not know which vehicles they will still be allowed to drive into which cities the following year. This is all the more prejudicial if – as is often the case – such rules are introduced after operators have negotiated their contracts and prepared their promotional brochures.

In addition, sudden changes make it impossible for operators to make longer term planning for their investment in new vehicles (EUR 250-350 000 per coach). Indeed, there are cases where 4 to 6-year old vehicles (EURO III), which at the time of their purchase were the cleanest on the market, are no longer allowed in many European cities.

Consultation with industry and long term planning by cities themselves is indeed a must, when devising traffic restrictions, bearing also in mind that vehicles must be allowed to run until the end of their economic life (10-12 years in international traffic, and longer in local traffic).

### How much will it cost operators if a city decides to ban Euro III coaches on 1 January 2012?

- Companies generally purchase new vehicles when existing vehicles come to the end of their economic life. In many cases, new LEZ rules are forcing companies to prematurely sell coaches at a considerable loss. In the case of EURO III vehicles, the loss incurred after only 6 years of use and premature disposal of the vehicle is equivalent to approximately 10% of the vehicle market price (EUR 20-30 000). If, in addition, one

assumes a normal vehicle depreciation period of 10 to 12 years (which is the rule), companies incur even greater losses.

Not to speak about other similar restrictions-generated costs, such as retrofitting (EUR 6-8 000 or even EUR 15 000 for double filter systems), exemptions (i.e. in Germany up to EUR 3000 for all cities with restrictions + EUR 600 administrative costs), certificates etc.

#### Is the particle filter a solution for operators?

- To upgrade their fleet and meet LEZs requirements, coach operators are having their vehicles upgraded by fitting particle filters at a cost of EUR 6 000-8 000 per vehicle, depending upon the vehicle category. The price can even go to EUR 15 000 in the case of double filter systems for NOx and particles.

Generally speaking however, in the highly price-sensitive coach tourism market, these high investment costs cannot be passed onto customers by simply increasing travel costs. Moreover, it is often not clear what impact the retrospective installation of particle filters has upon existing guarantee and warranty claims of the operator.

The main problem however is that, as a rule, retrofitting in one country is not recognised in another country. To put it simply, a retrofitted vehicle, which in one country is considered a EURO IV vehicle, may, in the neighbouring country be considered a EURO II - and restricted/charged as a EURO III! This reduces even further operators' economic benefits and return on investment. The issue must be solved at EU level.

#### Red tape costs money!

- Various documents and various exemptions at city level add very important administrative costs for operators to manage their operations within the increasingly complex patchwork of LEZ rules in Europe. As a matter of fact, in Germany alone, coach operators travelling to multiple cities are forced to apply for many different exemption permits. If a coach operator applies today for exemption permits for all German cities with LEZ-type restrictions, he must pay more than EUR 3 000! This calculation does not include the additional administrative costs incurred by the company to obtain the permits, which can reach an additional EUR 600 per coach per annum.

#### It is only normal that cities inform their guests in a timely fashion about changing rules, isn't it?

- Apart from the fact that introducing access taxes on visiting coaches only is discriminatory, there are cities in Europe where new traffic rules and city entry taxes are decided and applied within weeks, or even on the eve of a big tourist event, whilst coach operators need this information at least a year in advance to be able to integrate it in their planning and contracting for the next year.

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## Factsheet 2

### HOW MUCH DO RESTRICTIONS COST?

- HOW MUCH DOES IT COST TO A COMPANY?

Table 1: Actual costs incurred by operators in Germany to meet the requirements of LEZ rules in Germany

Operators' costs per vehicle (case of Germany)	Costs in EUR (€)
Exemption permits (all German cities)	3 000
Administrative costs	600
Loss of value (EURO III)	23 000
Loss of value (EURO II)	10 000
Retrofitting (EURO I to III)	6-8 000 / 15 000

Table 2: Expected impact of the reduced economic life of vehicles (loss of value) – per day/per vehicle

Cost increase per day per vehicle	Vehicle price of € 250 000	Vehicle price of € 300 000
Costs of the reduction of the economic life from 12 to 7 years	+ € 72	+ € 85
Costs of the reduction of the economic life from 10 to 7 years	+ € 52	+ € 61

Table 3: Expected impact of the reduced economic life of vehicles (loss of value) – per year/per vehicle (assuming a coach is used 200 days per year)

Cost increase per year per vehicle	Vehicle price of € 250 000	Vehicle price of € 300 000
Costs of the reduction of the economic life from 12 to 7 years	+ € 14 400	+ € 17 000
Costs of the reduction of the economic life from 10 to 7 years	+ € 10 400	+ € 12 200

**Table 4:** Expected impact of the reduced economic life of vehicles (loss of value) – per year/per company (assuming a company owns 20 vehicles – affected by restrictions)

Cost increase per year per company (owing 20 vehicles)	Vehicle price of € 250 000	Vehicle price of € 300 000
Reduction of economic life from 12 years to 7 years	+ € 288 000	+ € 340 000
Reduction of economic life from 10 years to 7 years	+ € 208 000	+ € 244 000

- IMPACT ON BUSINESS ACTIVITY**

Let us assume that the company above will cover the total increase of its costs related to one factor only, the loss of value, by an equivalent increase of the selling price, leading, respectively, to an increase of its selling price by +13,03% in the first scenario and by +9,08% in the second scenario. The impact on the activity depends on the elasticity of demand ( $\epsilon_{pv}$ ). In the table below, two standard assumptions are made using two typical for the coach sector demand elasticities, namely, - 0,60 and - 0,90 – meaning that an increase of the selling price by 1 unit would reduce demand by 0,60 in the first scenario, or by 0,90 in the second scenario.

**Table 5:** Expected impact on demand of increasing the selling price to compensate LEZ-induced cost of reduced economic life of the vehicle (loss of value)

	Scenario 1: “reducing vehicle economic life from 12 to 7 years”		Scenario 2: “reducing vehicle economic life from 10 to 7 years”	
Increase of selling price	+ 13,03%		+ 9,08%	
Demand elasticity	$\epsilon_{pv} = - 0,60$	$\epsilon_{pv} = - 0,90$	$\epsilon_{pv} = - 0,60$	$\epsilon_{pv} = - 0,90$
Reduction of business activity	- 7,82%	- 11,73%	- 5,45%	- 8,17%

**Table 6:** Practical impact: numbers of customers lost (assuming a company makes 50 trips per year to a city imposing restrictions: a 50-seat coach with an average occupancy rate of 80% brings 40 tourists into the city at each trip)

<b>Scenario: 50 trips per year per company</b>	<b>Scenario 1: “reduction of the economic life of the vehicle from 12 to 7 years”</b>		<b>Scenario 2: “10 to 7 years”</b>	
<b>Number of customers per year</b>	<b>2 000</b>		<b>2 000</b>	
<b>Demand elasticity</b>	$\epsilon_{pv} = - 0,60$	$\epsilon_{pv} = - 0,90$	$\epsilon_{pv} = - 0,60$	$\epsilon_{pv} = - 0,90$
<b>Reduction of the number of customers as a result of increasing the selling price</b>	<b>- 156</b>	<b>- 235</b>	<b>- 109</b>	<b>- 163</b>
<b>Average reduction of the number of customers</b>	<b>- 166</b>			

- IMPACT ON CITIES: BENEFITS FOREGONE**

**Table 7:** Estimated impact of on city tourism in terms of lost tourists and tourism-related spendings as a result of the influence of only one cost factor increase – loss of value (assuming an amount of EUR 67 spent per tourist per day):

	<b>50 trips</b>	<b>100 trips</b>	<b>1 000 trips affected</b>	<b>50 000 trips affected (= a large tourist destination)</b>
<b>Number of tourists “no shows”</b>	<b>- 166</b>	<b>- 332</b>	<b>- 3 320</b>	<b>- 166 000</b>
<b>City losses in terms of tourism-related spendings (x € 67)</b>	<b>- € 11.122</b>	<b>- € 22.244</b>	<b>- € 222 440</b>	<b>- € 11 122 000</b>