

# Transport poverty in the EU – accessibility and affordability

- **ETUI hybrid event**

**14 March 2022**

**Bela Galgoczi**

**[bgalgoczi@etui.org](mailto:bgalgoczi@etui.org)**



**etui.**

- Background
- Environment/climate/social inequalities
- Multiple dimensions, scope and scale
- distributional effects – accessibility and affordability of low carbon mobility
- Between and within countries (rural / urban divide)
- Individual vs public transport – on demand mobility services

## Why addressing transport poverty?

- Transport makes up 27% of total EU emissions and not decreasing > it is vital to cut it
- Beside energy poverty, transport poverty is in policy focus, not least since the FF55 package with the ETS2
- Russia` aggression highlighted the EU`s long term fossil fuel dependence and the need to get out of it
- the new geopolitical situation resulted in a price shock
- Address its worst effects without jeopardizing climate ambition - in the centre of policy debate
- Just transition is about fair burden sharing on way to net zero > address labour market transitions + distributional effects > dealing with transport poverty

# Transport poverty (no official definition)

Proximity to public transport, distance to services, cost of transport, and access to transport services.

- Environmental impact of transport, including greenhouse gas emissions and air pollution.
- Economic impact of transport, including the cost of transport services and the impact of transport on the economy.
- Social impact of transport, including the impact of transport on social inclusion and participation in society.
- Health impact of transport, including the impact of transport on physical activity and mental health.
- Accessibility of transport services, including the availability of transport services for people with disabilities and the elderly.
- Equity of transport services, including the distribution of transport services across different social groups and geographical areas.

Transport disadvantage: missing opportunities in employment, participation in society

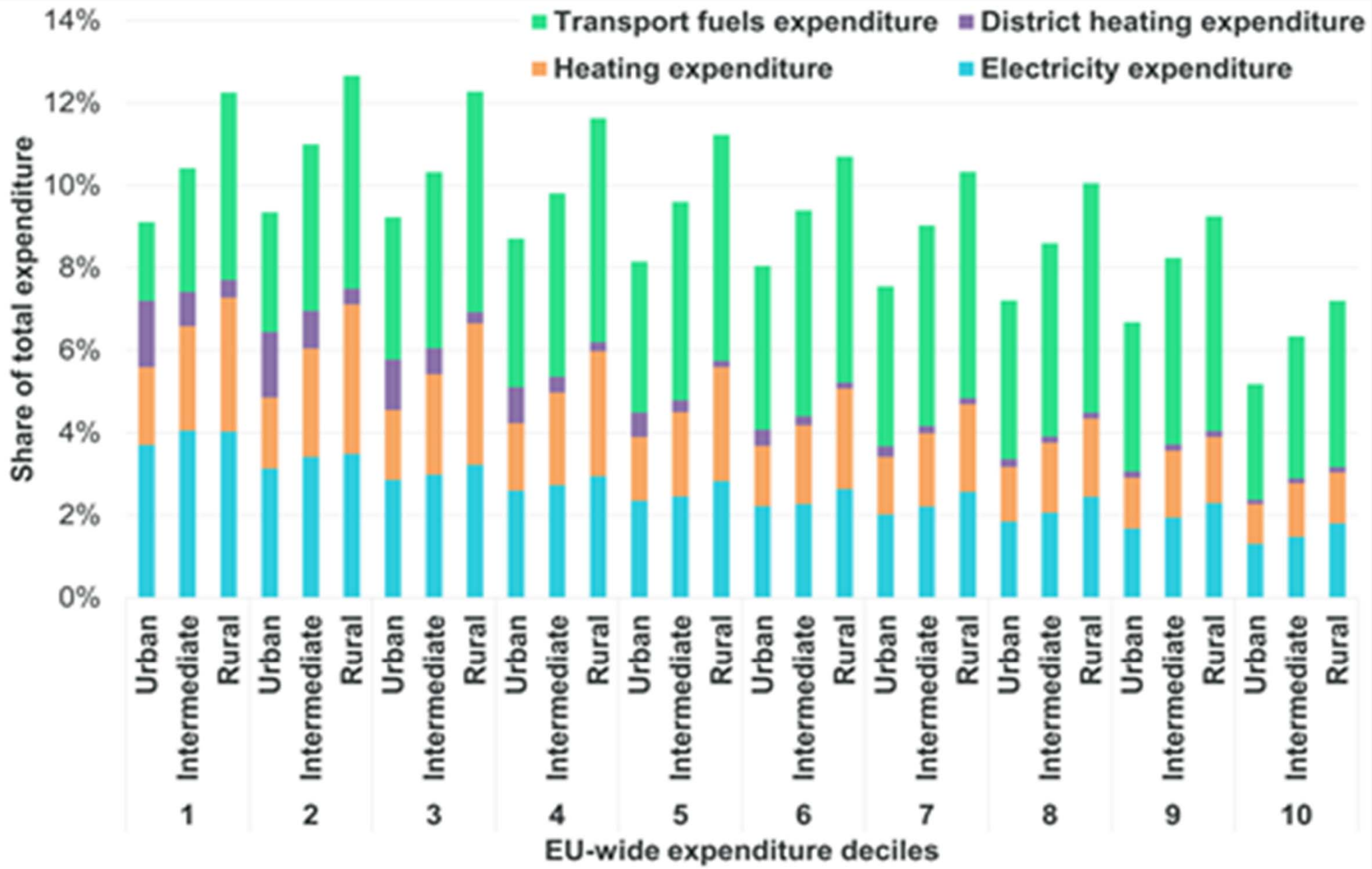
Key factors: high fuel expenditures, the phase-out of internal combustion engine cars, high costs for the replacement of internal combustion engine cars with ZEV, high costs or lack of availability of adequate, affordable public or alternative modes of transport

**etui.**

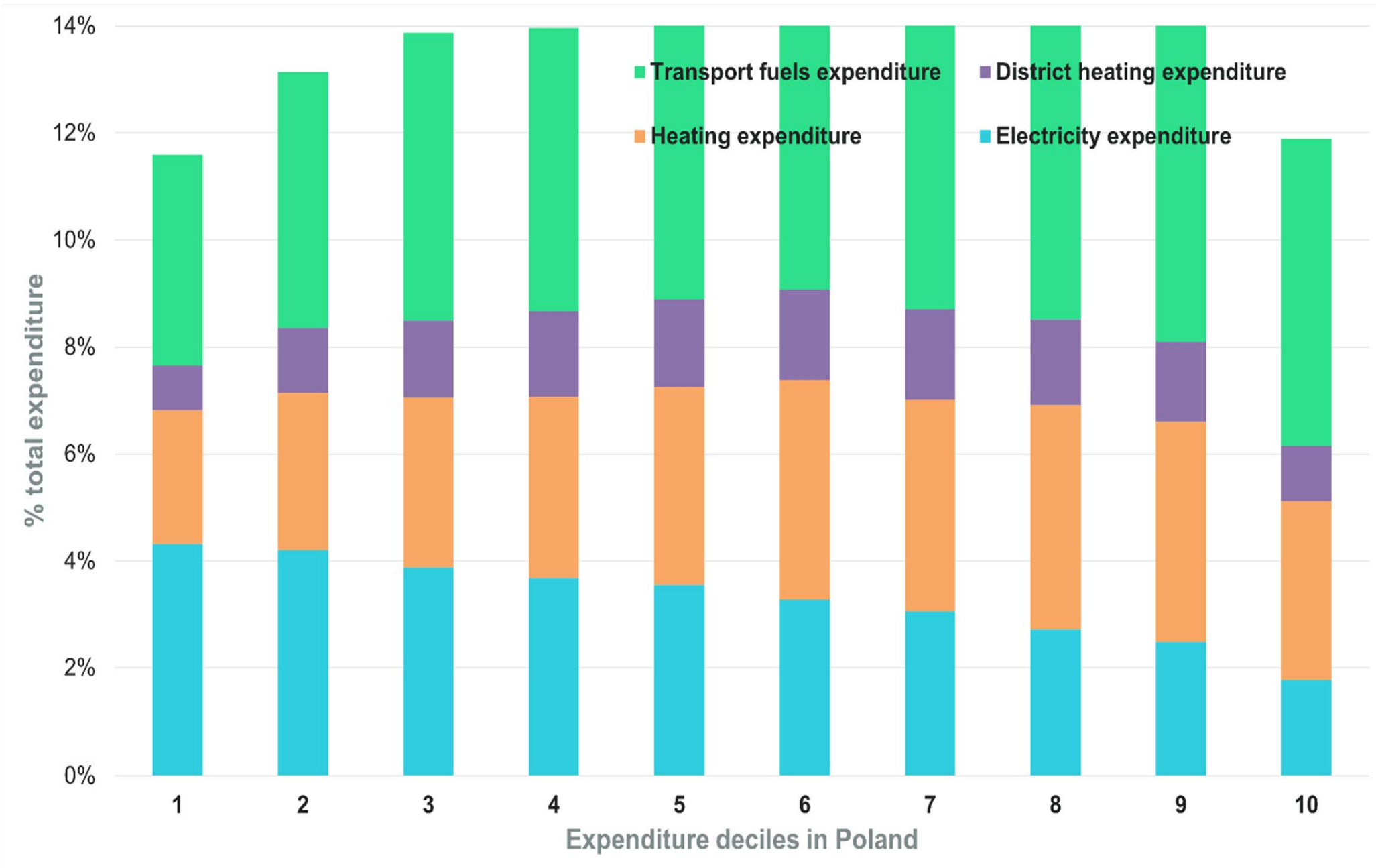
## Fuel price regressivity?

- While for energy, price increases (market or carbon price related), are clearly degressive (hitting the poor most), this – at least at first glance - is not inevitable for transport fuel costs
- There is a general lack of data and research for in-depth analysis
- Modelling results (by IEEP) show that it is not the lowest income decile where the share of transport fuel in household expenditure is the highest (but in the 4<sup>th</sup> and 5<sup>th</sup> decile) and there is a big urban/rural divide
- Poorer MS have higher shares (as the example for Poland shows)

# Share of transport fuels in household expenditure by income deciles in the EU27

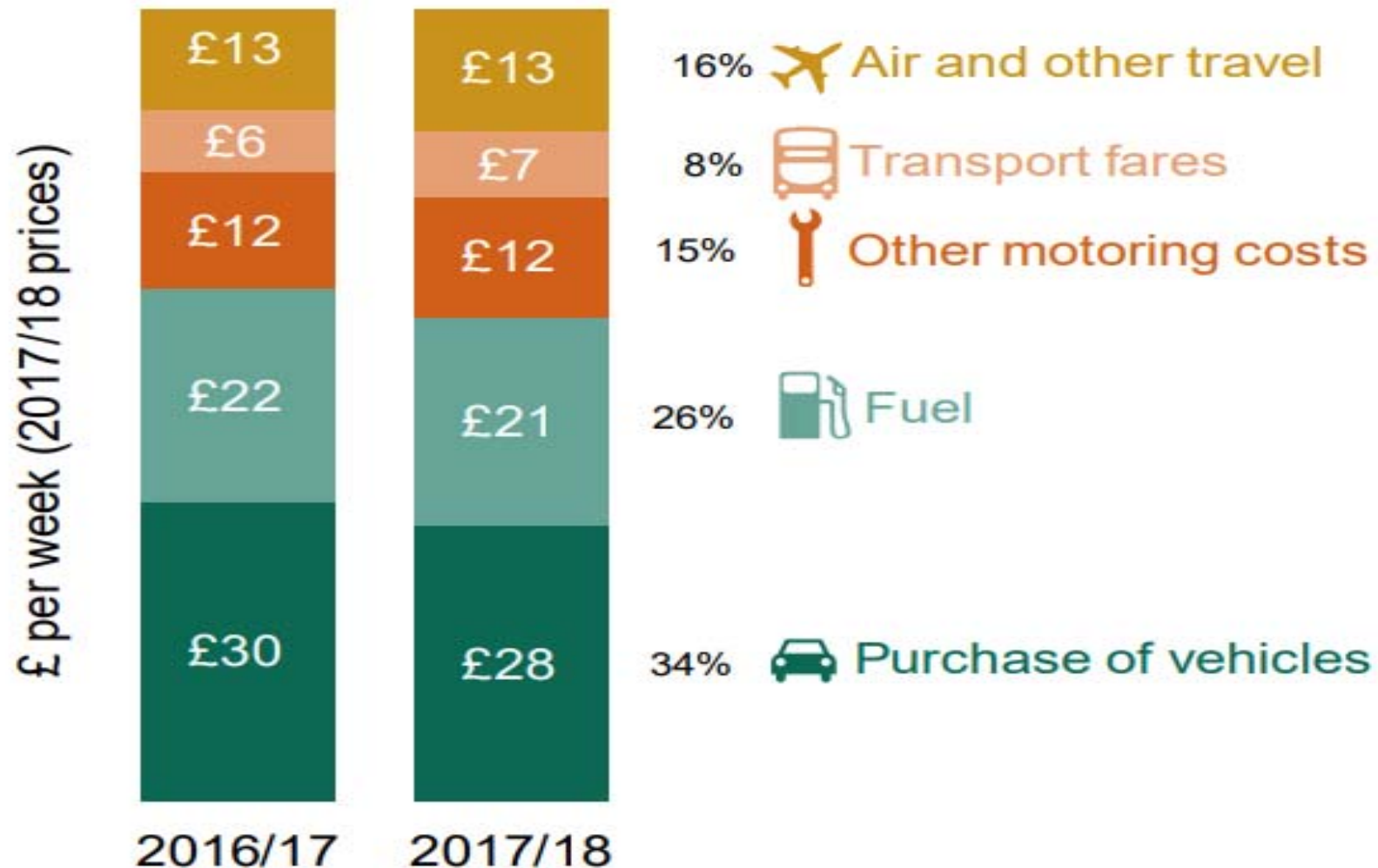


# Share of transport fuel in household expenditure, Poland



# Illustration: transport costs 14% of average household expenditure in UK – 75% car related

Household transport expenditure: UK, nominal prices





## Motorization and income

- UK data show that while total transport costs make up 14% of household expenditure (higher than EU average), 75% of this is due to car related costs
- The EU motorization rate (2020) is 569 cars per 1,000 inhabitants, Luxembourg on top (694 per 1,000 people) and Latvia lowest (342).
- In Hungary and Latvia half of all households do not own a car, while more than 31% of French families have two cars
- Car ownership is still more determined by income than choice
- Average age of cars (2019) was 11.5 years in the EU, ranging from Luxembourg (6.5) to Lithuania (16.8)
- Lower income MS and persons have older less fuel-efficient cars

# Fossil fuel trap

- While it is not the 10<sup>th</sup> income decile where the share of fuel costs is highest, this is mostly due to the fact that they cannot afford one and using public transport is the only way of mobility
- Those in the lower income segments (and MS) that own a car, do have older cars with higher emissions and consumption
- Fuel price increases (due to climate policy or market forces) hit them most as they are in a locked-in situation
- Lower income people hit most by fuel price hikes cannot afford new fuel efficient cars, not to speak about hybrids or BEV
- Subsidies and incentives for the purchase of BEVs or hybrids are benefitting the rich
- Individual mobility cannot become the privilege of the rich, while poorer individuals confined to public transport (as it is)

## Addressing transport poverty

Simulations for the prospective ETS2 show that when revenues from a higher carbon price are being recycled at 100% to the lowest 50% income groups, the lowest decile receives a welfare gain of 2.5% and only the highest five deciles pay somewhat more

If the Social Climate Fund recycles 25%, the lowest income group marginally benefits, but the middle-income deciles have the biggest burden

If carefully designed, these polluter pays instruments can both fight inequality and the climate crisis

This also delivers lessons for dealing with market-based price hikes

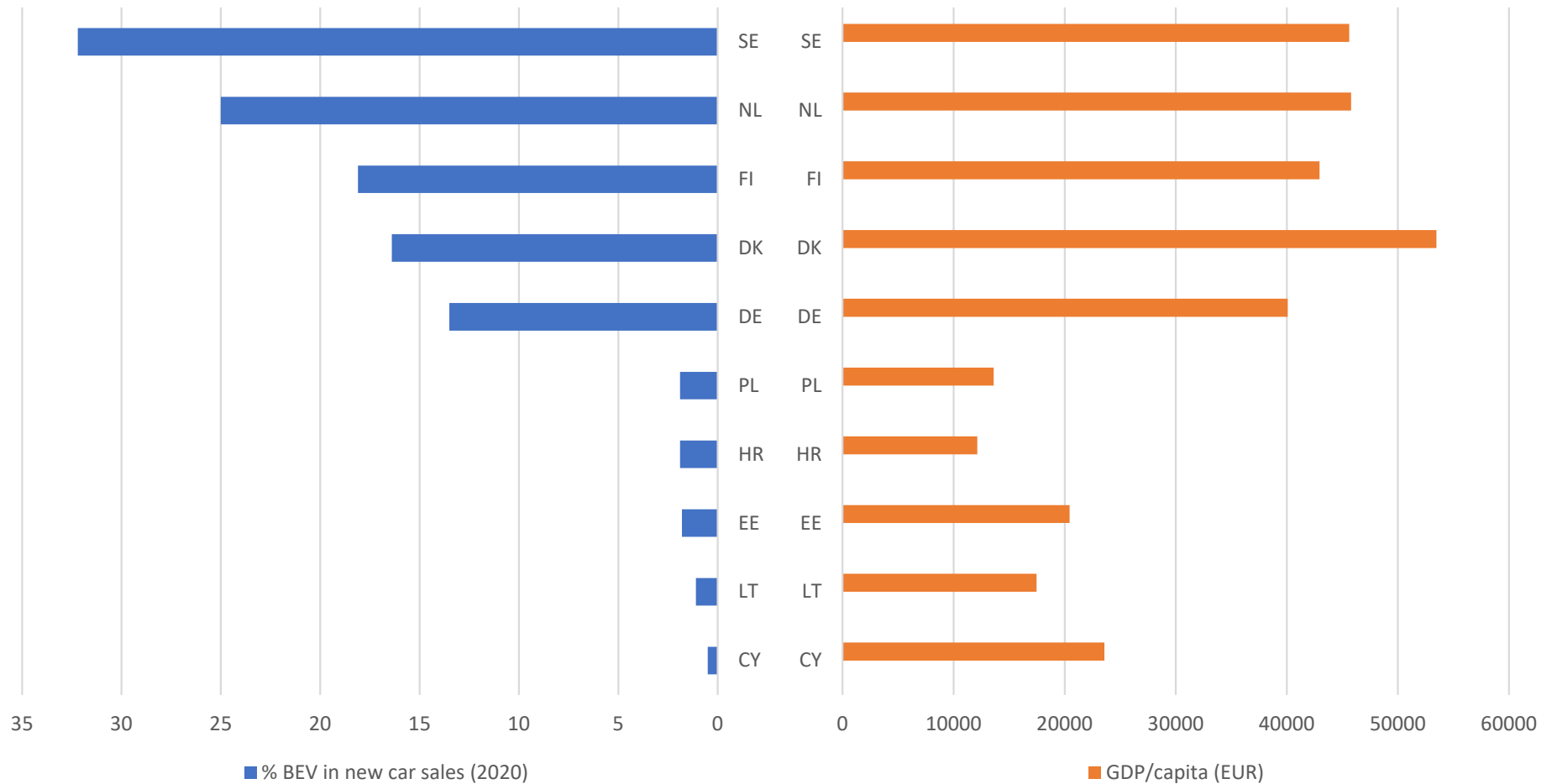
# New inequalities: Electric cars (+support) for the rich

## %BEV sales in car sales

## GDP/Cap (EUR)

% BEV in new car sales (2020)

GDP / capita (EUR)



## Challenge of vehicle fleet change

- Inequality in mobility, both within and between countries, due to the lack of affordability of low-emission vehicles (and lack of availability of public charging stations) will be a huge challenge in the transition to a more sustainable mobility pattern.
- Car fleet change will require the replacement of tens of millions of older internal combustion engine-driven vehicles. Lower-income groups cannot afford this.
- Even if corporate fleet change can become driver of electrification, it takes time for the build-up of second-hand BEV markets

## Lack of public transport alternatives

- Public transport should play a key role in sustainable and fair mobility
- Its density, accessibility, quality and price is far from being able to pose an alternative
- Investments into public transport had been neglected due also to lengthy austerity
- Rural areas need special attention
- Demand-responsive transport (DRT) - roughly 150 different types (not only ridesharing or car pooling).
- public fleets of vans (or shuttles) designed for ridesharing, coordinated centrally and embedded in the public transport network

## Free public transport

- At least 98 cities in the world have some form of free public transport.
- to encourage people for less car use – reducing congestion, pollution and carbon emissions.
- Luxembourg - first country to make all public transport free
- On city level Tallin was first, and Poland has the most cities
- High quality and low-cost intelligent public transport systems: key for sustainable mobility but needs policy change
- Vulnerable and low-income persons, locked-in into fossil-fuel trap should receive temporary and targeted support, but no lump sum fuel subsidies or price caps