

## Benefits of passenger car travel in Europe

- Social development
- Employment and wealth
- Economic location factor



# ➤ Benefits of passenger car travel in Europe

## Preamble:

Ever since the publication of the 2001 EU White Paper on Transport, there has been a lively debate at EU level about the social cost of road transport, accompanied by studies analysing the related external costs. As a result, there have been demands for the allocation of additional costs to road users. For instance, the Commission has given some thought to compensating for external costs by introducing not only noise and pollution charges, but also congestion charges. This would increase the cost of mobility and affect, first and foremost, commuters who need a car for job-related reasons.

Aiming to contribute to an unbiased discussion, ADAC commissioned a study on the benefits of passenger car travel in Europe (EU 28), conducted by KE-Consult GbR (business and transport consultants) in 2012.<sup>1</sup> According to the study, the car is much more than a status symbol. Not only does mobility ensure wealth, but it also generates quality of life. All things considered, Europe benefits immensely from passenger car travel. For many Europeans, ownership of a car is the only means for social participation and the chance to find employment. On the one hand, passenger car travel creates employment in terms of automobile production, spare parts sales, etc. On the other hand, the car is an essential prerequisite for job-related mobility.

ADAC is aware of the negative effects of road traffic, which must be avoided by suitable measures directly at the source. For instance, improved exhaust technology, low-noise tyres or asphalt, improved accident protection (vehicles and infrastructure) and more efficient drive technologies will be more effective than making motorists pay for seemingly arbitrary costs.

## The importance of passenger car travel for employment and wealth

The European Union currently has a population of approx. 500 million inhabitants. One in two EU citizens owns a car. The average annual mileage per European is 13,000 km. Hence, the car is the no. 1 transport mode in Europe.



## Pillar of employment



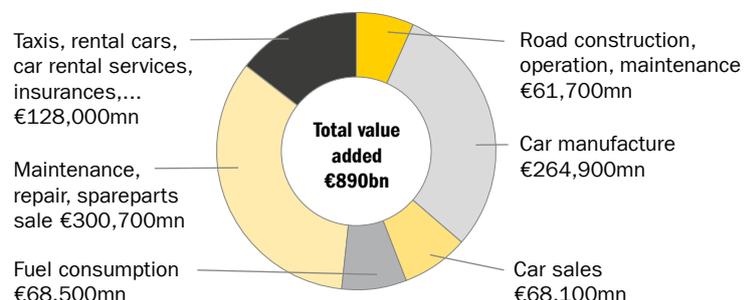
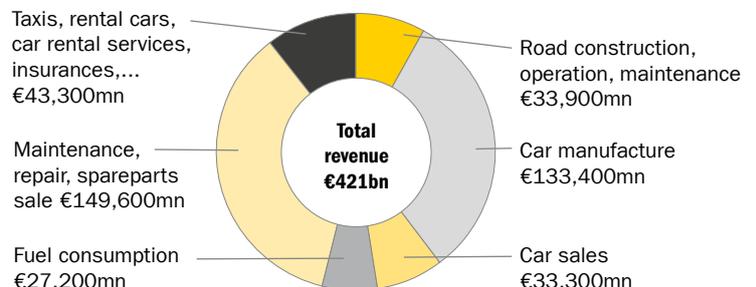
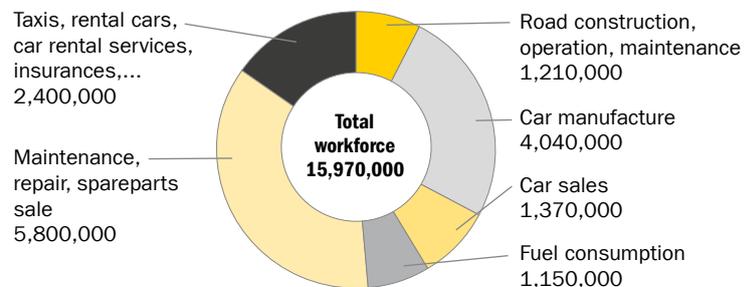
Seven percent of the European workforce are employed in jobs directly related to passenger car transport. This translates into some 16 million jobs.

226 million jobs in total

16 million jobs related to passenger car transport

## Pillar of wealth

The approx. 16 million-strong workforce in the sector generated income in the amount of €421 billion and gross value added in the amount of €890 billion.

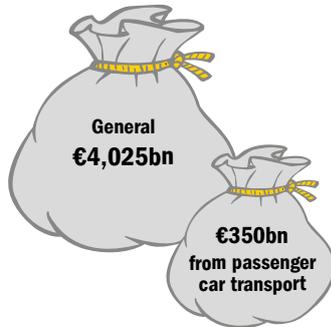


<sup>1</sup> Kurte, Judith; Esser, Klaus. KE-Consult. Nutzen des Pkw-Verkehrs in Europa. München, 2013 ADAC mobility study

## Public sector revenue

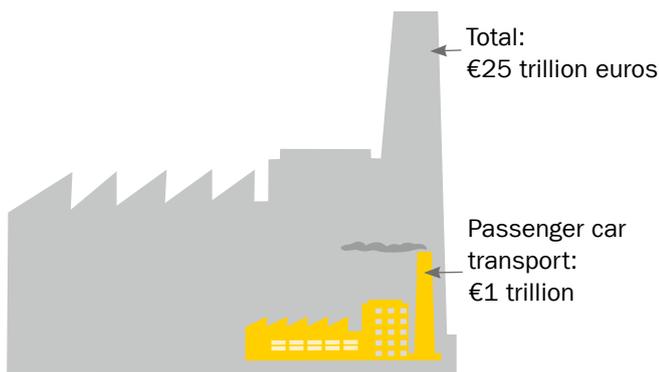
Passenger car travel and the related production generate high public sector tax revenue. 8 percent of the total tax revenue in Europe originates from passenger car-related taxes.

Tax revenue in EU 28



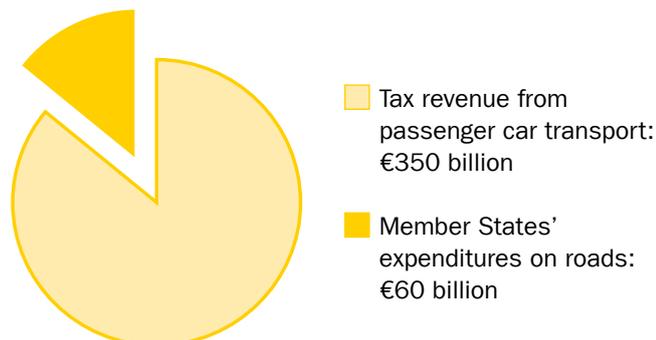
## Production value

Europe's overall production value initiated by passenger car transport is more than €1 trillion



## Revenue and expenditure related to European passenger car transport

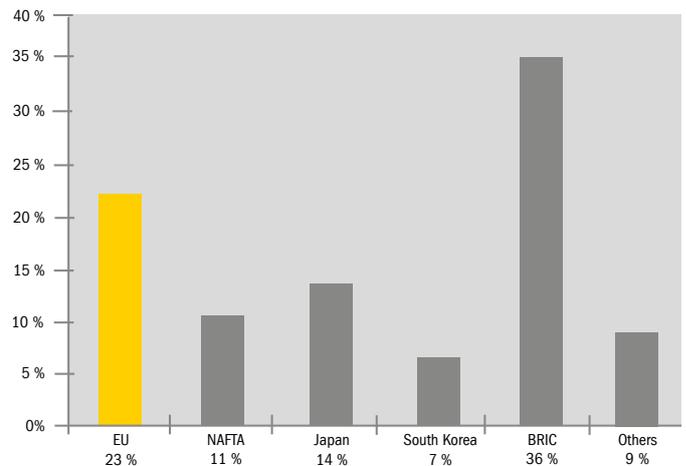
The public sector benefits from considerable tax revenue generated by passenger car transport. The budgets of the EU Member States receive €350 billion per year from the production and use of passenger cars. Only about one sixth of this revenue (€60 billion) is reinvested in the infrastructure from which motorists benefit. This means that passenger cars contribute considerably to recovering the costs of road transport plus other areas of expenditure.



## Car manufacture is an essential location factor for Europe

European car manufacturers compete on a global level. Europe is the industry's second-largest production location worldwide. The production of motor vehicles contributes an essential part to the GDP in Europe. Excessive legislation imposing further costs on consumers would weaken Europe's position and lead to a job shift to non-European countries.

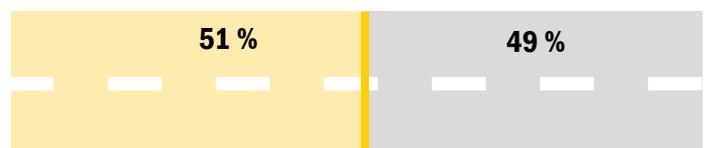
### Percentage of global car manufacture



NAFTA: USA, Canada, Mexico  
BRIC: Brazil, Russia, India, China

## The social and economic significance of individual mobility

Mobility is becoming more and more important due to ever-increasing distances between home, work, educational institutions, shopping and leisure facilities. Here, travelling by car is a prerequisite for satisfying these needs. Without individual mobility, adequate participation in social and economic life would not be possible, in many cases, especially for people living in the countryside. For instance, passenger car travel ensures home care and medical assistance as well as a diverse range of services. Job-related mobility is of special importance. About 50% of vehicle kilometres travelled in the EU 28 are job-related. Consequently, ensuring mobility is an important service of general interest.



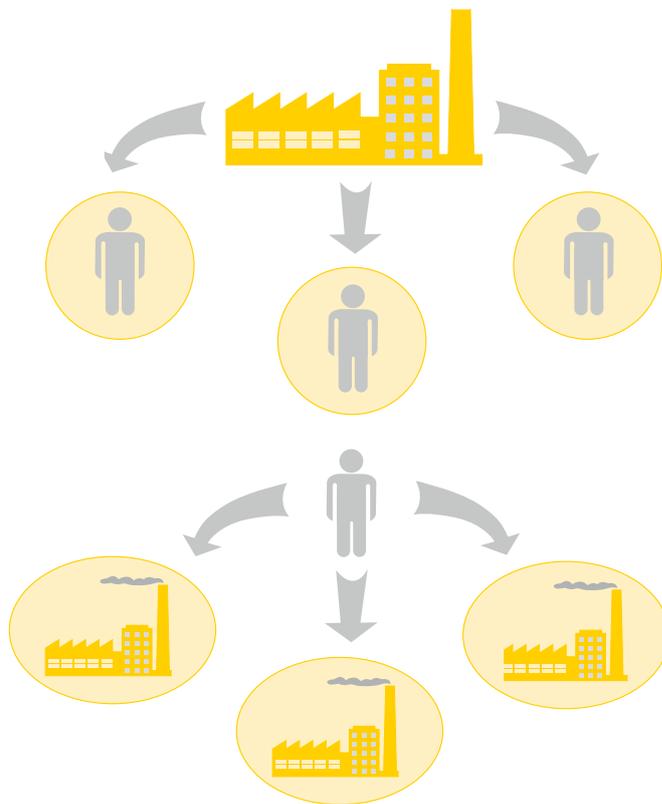
Job-related travel accounts for 51% of the total vehicle kilometres travelled.

## Benefits of job-related mobility

Job-related passenger car travel (commuters, business travellers) gives rise to an increased workforce radius. This, in turn, benefits employers, because:

- Commuters can apply their qualifications and motivation to positions that suit them and are well-paid.
- Employers can draw from a larger potential workforce pool and thus utilize the most productive qualification. This is what keeps companies competitive.
- Moreover, business travel helps companies to expand their buying and selling markets.

Consequently, job-related mobility optimises the use of the workforce to the benefit of both individual businesses and the economy at large, resulting in increased labour productivity, higher income and improved competitiveness. In addition, it encourages supply and demand in the services sector (e.g. skilled workers, social services). A study of commuting and business travel has shown that these modes of transport have considerable benefits. Commuting and business travel are estimated to contribute some €620 billion in added value to the EU 28 economy at large.



### ADAC conclusion:

- Passenger car travel is an essential pillar of society and economy within the European Union.
- Increasing mobility costs correlate with decreasing wealth. In order to avoid welfare loss, the major economic and social impact of passenger cars must be taken into account when considering adequate regulatory and fiscal measures.
- The latter should increasingly focus on fuel-efficient, eco-friendly vehicles so as to avoid negative effects.
- Future generations will also benefit from sound and safe infrastructure.
- There is a need for a connected, intelligent European transport policy.

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