Published on *Adam Smith Institute* (http://www.adamsmith.org)

No more truckin' [1]

Written by **Chris Harlow** [2] | Tuesday 18 September 2012

The Department for Transport has announced plans [3] to implement a new charge of up to £10 a day on foreign lorry operators using British roads, a move it is claimed will increase UK competitiveness, boost growth and create a ?level playing field? for British lorry drivers. Hurrah! No more Johnny Foreigners coming over here congesting our roads and stealing British jobs!

But I think I may have noticed a flaw: how does making it more expensive for overseas businesses to trade here increase UK competitiveness and boost growth? The last I checked, protectionist policies don?t work. It is not only the foreign lorry companies that will suffer, but the businesses that use them to transport their goods to the UK, who will just move their trade elsewhere. At the very least, the bulk of the losses will be transferred on to the imported products and services. As a result, competitiveness between UK and foreign businesses and haulage companies will decrease and the price of goods and lorry services will rise.

Geoff Dunning of the Road Haulage Association has celebrated the move, which he says ?will lessen the financial advantage currently enjoyed by our European neighbours.? Reducing the competition both for haulier companies and the goods brought over by them will probably help the UK haulage industry by reducing transport options for businesses and allowing them to charge more for their services, but it certainly won?t do anything good for the rest of us. The ?advantage? referred to is that foreign lorry companies can operate cheaply here, while UK companies have to pay road charges and tolls when abroad. However, making it more expensive for foreign drivers to operate here does not make it cheaper for domestic drivers to operate abroad. Indeed, it risks sparking reactionary policies discriminately charging British lorry companies working overseas.

Of course, we always have that nice little figure of £20m in expected tax revenues to look forward to each year from the move. Except for the fact that foreign lorry companies will move their services out of the country due to the combination of the new charge and the vehicle excise duty, which is much higher than its equivalent in most EU countries. Even if we were to raise something close to that amount, it is unlikely to be spent efficiently on things such as road maintenance.

Instead of this, why not significantly reduce the vehicle excise duty and allow private investors the freedom to build more tolled roads, similar to many systems in continental Europe? This would boost economic growth, maintain UK competitiveness, keep prices down and improve road conditions. This is not a new idea, but one that is failing to attract serious attention from policymakers. It is certainly better than driving away foreign business and increasing prices because British hauliers aren?t efficient enough to compete.

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