

# CONGESTION PRICING: EXAMPLES AROUND THE WORLD



Several cities in Europe have implemented congestion pricing in their central business districts to combat traffic congestion and air pollution, including London, Stockholm, Malta, Rome, and Milan. This brief highlights the London and Stockholm schemes, as well as a more comprehensive approach involving pricing of the expressway system and major arterials in Singapore.

## *London*

On February 17, 2003, London implemented congestion pricing in central London. The scheme involves a standard per-day charge for vehicles traveling within a zone bounded by an inner ring road. Motorists are currently charged £8 (US \$16) a day to drive within the central city zone between 7 am and 6:30 pm on weekdays. The congestion charge, together with improvements in public transit financed with revenues from the charging system, led to a 15 percent reduction in traffic in central London, and a 30 percent reduction in travel delays. There was no significant diversion of traffic to local roads outside the area. The majority of former car users transferred to public transport. Delay time for bus riders fell by around one-third due to faster speeds and more frequent service.

## *Stockholm*

Stockholm deployed cordon pricing similar to London's in its central business district on a trial basis from January 2006 to July 2006. Although there was majority opposition prior to the trial, public acceptance climbed throughout the trial, from under 30 percent approval before the trial to over 55 percent towards the end. There was a 20-25 percent reduction in traffic volumes on most congested roads, a 14 percent drop in vehicle miles traveled within the cordon, and a 1 percent reduction outside. This led to a decrease in travel times, more reliable travel times, and a 4.5 percent increase in use of public transit. Exhaust emissions decreased by 14 percent in the inner-city and 2 to 3 percent in Stockholm County. Residents of the City of Stockholm voted for continuation of the system in a referendum and the scheme was permanently reinstated in August 2007.

## *Singapore*

Traffic congestion was significantly reduced when peak-period pricing was introduced in downtown Singapore during the morning rush hours in 1975. In spring 1998, the city shifted to a fully automated electronic charging system. Variable electronic charges were also introduced on the expressway system, with charges set by time of day to ensure free flow of traffic. The system, the first of its kind in the world, has reduced traffic by 13 percent and increased vehicle speed by 22 percent.