



## Restricting licence plates

### Key points

- *Directly limiting the number of vehicles permitted can be one effective precautionary measure to discourage private vehicle use.*
- *Developing countries in the region have a fast-closing window of opportunity to curb the demand for private car ownership, which is relatively low, but rapidly increasing.*

### Restricting licence plates explained

Restricting licence plates limits the absolute number of vehicles to be sold and owned within a city and thus is one way to directly control city traffic.

### How it works

Typically, a cap is placed on the number of vehicle licence plates that are issued within a time frame (such as one month), without which cars cannot be sold, owned and used legitimately. As in the case of Shanghai and Singapore, vehicle licence plates are auctioned on the market, often fetching very high prices that reflect their scarcity. Anyone wanting to own a car must purchase a licence plate from the market.

### Steps for implementing

- Set a quota on the (increase in the) number of cars allowed in a specific period, such as one year.
- Put in place a mechanism to distribute the licence plates allowed under the quota (such as an auctioning system).
- Monitor the car ownership and revise the number of cars allowed.

### Strengths in restricting licence plates

- By limiting the absolute number of cars, the strain of ever-increasing car ownership in the form of new road construction and parking space provision is reduced. Congestion, air pollution, noise and many other costs of private cars are also reduced from the business-as-usual level.
- People are encouraged to shift to non-motorized or public transport. Research has shown that a person owning a car is less likely to use public or non-motorized transport, all else being equal. Hence, managing car ownership is likely to favour public transport patronage and contribute to the development of transit-oriented city development. Public transport will benefit from reduced traffic in that it allows increased speed capacity.

### Challenges to restricting licence plates

- Opposition by the motoring lobbyists, who face a reduction in the sale of new cars.
- Opposition by existing and future car owners.
- Motorists with banned plate numbers will drive around the restricted zones, which will increase the travel distance.

## Implementing strategies

**Address public opposition** through better awareness and communication.

**Improve the provisions for alternative transport such as non-motorized transport and public transport**, which will encourage the modal shift.

**Institute a robust enforcement system** to address violations.

**Implement in conjunction with other strategies** to better mitigate congestion and pollution.<sup>1</sup>

## Examples

**Shanghai, China:** Licence plates for cars registered within the city are auctioned. The average price for a licence plate in recent years has exceeded US\$6,000. The revenues are used to support public transport, including the construction of subway lines and providing subsidies for buses and ferry services.

**Singapore:** The city-state long implemented a wide range of measures to discourage car ownership, including a vehicle quota that allows for a controlled rate of increase in the vehicle population (1.5 per cent in fiscal year 2009–2010).<sup>2</sup>

## Further reading

"Module 2b: Mobility Management", by Todd Litman, *Sustainable Transport: A Sourcebook for Policy-makers in Developing Cities* (Eschborn, Germany, GTZ (GIZ), 2003). Available from [www.vtqi.org/gtz\\_module.pdf](http://www.vtqi.org/gtz_module.pdf)

<sup>1</sup> Cambridge Systematics, Inc., *Congestion Mitigation Commission Technical Analysis: License Plate Rationing Evaluation*, Technical memorandum prepared for New York City Department of Transportation (2007). Available from [www.dot.ny.gov/programs/repository/TechnicalMemoonLicensePlateRationing.pdf](http://www.dot.ny.gov/programs/repository/TechnicalMemoonLicensePlateRationing.pdf) (accessed 9 December 2011).

<sup>2</sup> LTA website "Vehicle Quota System". Available from [www.lta.gov.sg/corp\\_info/doc/COE\\_Quota\\_Allocation\\_RV.pdf](http://www.lta.gov.sg/corp_info/doc/COE_Quota_Allocation_RV.pdf) (accessed 26 February 2012).