

Report of the High Level Group on the Development of a Single European Transport Area

June 2012

Chaired by Prof B T Bayliss

SUMMARY OF RECOMMENDATIONS

The High Level Group was mandated to examine **“the extent to which the necessary framework conditions for the full opening and integration of the EU market have been achieved and, if relevant, what remaining obstacles needed to be tackled”**.

The High Level Group is of the opinion that the creation of a Single European Transport Area will bring substantial benefits to Member States in terms of market efficiency, thereby enhancing industrial growth. The enhancement of such industrial growth through improved efficiency in the logistics chain is considered vital to meet both the present needs of the Union with respect to the current downturn in economic activity and the continuing and long term needs of the Union with respect to its economic development and competitiveness in the face of fast increasing global competition.

Following 88 written submissions, inter-action and dialogue with 70 organisations, 21 case studies in eight Member States and extensive literature searches the High Level Group identified and researched four key obstacles to the creation of a Single European Transport Area, namely:

- **Driver Shortage**
- **Enforcement Practices**
- **Cabotage Practices**
- **Lack of Innovations and Applications of Good Practice**

The Report recommends a gradual and continuous opening up of the road haulage market with appropriate regulatory measures. We were asked specifically to take into account the views and concerns of the different stakeholders and our proposals seek to achieve an acceptable balance between the different views and concerns in such a manner and to such an extent as to allow continual progress in market opening and the eventual achievement of a Single European Transport Area. The proposal is for a system that is entirely flexible with respect to the speed of change thus allowing the process to be accelerated or not according to circumstances at any particular time.

A summary of the Report’s recommendations is given below with respect to the four areas identified above.

Driver Shortages

Although the shortage of drivers is not perceived as acute in the current economic situation, it is expected to become a severe handicap in the future when growth returns and when a proportionately large number of drivers is set to retire. A change in image of the sector is indispensable if new recruits are to be attracted to the workforce.

The image of the sector has evolved considerably in recent years. Although in the past driving was seen as an attractive profession, allowing workers to organise their work independently and to travel internationally, both expectations and the reality of the sector have changed. Younger generations have different career requirements, including a lifestyle which will allow a better balance between private and professional life and the possibility to return home on a regular basis. With the availability of international travel, the profession has lost some of its appeal for younger generations.

The road transport market depends on a qualified and available workforce. In recent years the supply in the 15 old Member States has been augmented by drivers from the 12 new Member States but such a continuing augmentation will not be available to meet any economic upturn in the future in the face of likely driver shortages in the 12 new Member States. In spite of the current high unemployment rate, particularly amongst younger workers, an increase in wages alone is not seen as sufficient to attract adequate numbers of recruits to the profession. The image of which is perceived as one of low qualifications and low wages combined with a poor work environment.

The High Level Group is of the opinion that:

- The image of the profession should be improved so as to make it more attractive to a broader pool of workers. Awareness of freight vehicle driving as a profession should be raised, particularly among potential women drivers who have recently successfully entered the urban passenger sector.
- Career progression should be encouraged through measures such as those facilitating access to vocational training and internal mobility towards office and management positions.
- Access to the profession of driver should be made easier. The current cost of qualifications is a substantial entry barrier and there must be adequate support, on the side of both industry and public bodies, in both financial terms and training opportunities for those intent on entering the profession.

Enforcement

Enforcement has been a long-standing area of concern in road transport policy. Different enforcement practices lead to distortions in competition between hauliers who can be treated differently according to the countries in which they are operating. Discrimination may also occur in the carrying out of controls.

Although the framework for access to and operations in the road transport market is set out at European level, enforcement remains the responsibility of individual Member States for reasons related to cultural practices and approaches, and historical factors relating to administrative structures. Although the EU has started harmonising enforcement practices in the areas of working and driving times, such practices remain overall very heterogeneous.

Enforcement in road freight transport has proved to be particularly challenging due to the intrinsic characteristics of the sector. It is a service sector and less easy to control than other sectors such as manufacturing, it is also highly mobile in space and time. Cabotage is by its nature even less predictable in terms of its operations than international transport, depending as it does on the matching of empty returns and local demand, and the information linking these two components. The limit of three cabotage operations permissible following an international trip is seen as particularly difficult to enforce.

It is recommended that the Commission continues to promote a uniform interpretation of rules in relation to the most serious infringements and sanctions. This will assist greatly in breaking down differential practices which are frequently perceived as discrimination. The High Level Group considers it important, therefore, that the Commission extend its current target of achieving common definitions of infringements and penalties in the areas of working and driving time to other areas of regulation.

The targeting of controls to take account of the risk of non-compliance of any particular operator to be introduced under Directive 2006/22/EC¹ on enforcement of social rules in road transport with respect to driving and working times should also be extended to other areas of regulation.

Mutual co-operation, currently regulated under Directive 2006/22/EC, needs to be extended to remove concerns of operators with respect to discrimination, and operators themselves must appreciate that if they wish to operate in international or cabotage markets that a sharing of information is a *sine qua non* of such operations. Finally, development of joint liability regimes involving shippers and freight forwarders would encourage compliance throughout the logistics chain. The co-responsibility of transport undertakings and drivers for infringements of driving time regulations are an example of how joint liability can work in practice.

Cabotage

Although opening up of cabotage is seen as one of the means through which the vision of a Single European Transport Area will eventually be achieved it is not regarded by the High Level Group as suitable for this purpose in its present form. It is currently tied to international transport operations on the basis that it is a means by which a reduction in empty running can be achieved, but this is

¹ Directive 2006/22/EC of the European Parliament and of the Council of 15 March 2006 on minimum conditions for the implementation of Council Regulations (EEC) No 3820/85 and (EEC) No 3821/85 concerning social legislation relating to road transport activities and repealing Council Directive 88/599/EEC, OJ L 102, 11.04.2006 p. 35 – 44, as amended by Directives 2009/4/EC and 2009/5/EC.

done in such a manner as to limit its efficiency both with respect to reducing empty running in relation to international operations and as a vehicle to open up markets.

The High Level Group therefore proposes that these twin aims be separated and that a distinction be made between **linked** (i.e. linked to international movements) and **non-linked cabotage**.

Linked cabotage would be regarded as an international operation and have as its sole aim the reduction of empty running in such operations. Subsequently, it would not be subject to pre-registration nor to Directive 96/71/EC (the 'Posted Workers' Directive')², although the High Level Group appreciates that this would mean revising the Directive to amend its scope. Cabotage operations would be restricted to four days from the time of crossing the border of the country where cabotage is to be conducted but there would be no restriction on the number of cabotage operations that can be conducted during this period, nor would there be any requirement to have fully or partially unloaded the vehicle prior to cabotage operations commencing i.e. such operations could commence immediately on crossing the border. It is considered that this will give maximum flexibility with respect to reducing empty running.

Non-linked cabotage could take place after an international movement *per se* or after an international movement plus linked cabotage or entirely independent of these two types of operation. Thus it should be free for a road haulage undertaking to enter another Member State with an empty vehicle and participate in the domestic market of that Member State. For such operations, and in line with the 'Posted Workers' Directive' which covers road transport cabotage, the core conditions of the 'Posted Workers' Directive' must effectively apply to all cabotage operations, and without regard to the current requirement under that Directive for a contractual relationship between the operator and the final recipient of the goods. In other words, no matter what contractual form the operation takes (e.g. through freight forwarders, sub-contractor or neither) the core conditions of the 'Posted Workers' Directive' will apply. This is already the case under Regulation 1214/2011/EU on professional cross-border transport of euro cash by road between euro-area Member States ('Euro-Cash Regulation')³, although certain notable differences between the sectors and legal frameworks involved exist.

Such operations would be restricted in the first instance to 50 days per year per driver in any Member State provided Euro V vehicles are employed. In the case where the vehicles are less than Euro V the number of days would be restricted to 30. This linking of the number of days to vehicle type follows the principle of the International Transport Forum's (ITF) ECMT multi-lateral quota system in encouraging the use of environmentally friendly vehicles.

This form of cabotage would be conducted as of right but would be subject to pre-registration and severe sanctions in the case of infringements. The proposed 50 day limit could be increased according to circumstances thereby allowing complete flexibility with respect to the speed of market

² Directive 96/71/EC of the European Parliament and of the Council of 16 December 1996 concerning the posting of workers in the framework of the provision of services, OJ L 18, 21.1.1997, p. 1–6

³ Regulation 1214/2011 of the European Parliament and of the Council of 16 November 2011 on the professional cross-border transport of euro cash by road between euro-area Member States - OJ L 316, 29.11.2011, p. 1–20

opening. It is anticipated that subsequently this non-linked cabotage will be known solely as cabotage.⁴

Innovation

Action is required in a number of areas in order to achieve high quality, sustainable and energy efficient road freight transport. Innovation can be a critical driver in attaining these objectives in that it can lead to significant efficiency improvements in the sector through both technical and process-related change. Nevertheless stakeholder feedback indicated that the drive for innovation in the sector is limited. This is seen as being due in part to the lack of available funding in undertakings where margins are traditionally low, as well as some lack of awareness of the importance of innovation in the sector.

The Report considers a range of innovations that would contribute greatly to the general advancement of the sector. Nevertheless, these proposed measures that could also impact favourably on the key obstacles identified in relation to the further opening up of the market cannot work in isolation. The right combination of these is required to bring value added and improve quality of services and efficiency in road haulage.

The High Level Group therefore recommends in relation to these proposed innovations that the available instruments of the European Union be used to promote such innovation. In particular, the proposal for a Regulation on guidelines for the trans-European transport network⁵ which was recently adopted by the European Commission includes in Art. 38 a reference to projects aimed at reducing fuel consumption and CO₂ emissions and promoting resource-efficient practices throughout the sector. This proposal should allow for appropriately targeted EU financial support for innovations in the sector.

⁴ Operators wishing to be active in domestic markets for longer periods have the right of establishment.

⁵ Proposal for a Regulation of the European Parliament and of the Council on Union guidelines for the development of the trans-European transport network, COM/2011/0650- 2011/0294 (COD)