



Study to support the impact assessment for the revision of Regulation (EC) No 1071/2009 and Regulation (EC) No 1072/2009

Final report - Annexes

Study contract no. MOVE/D3/SER/2016-
200/SI2.736295



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assessment for the revision
of Regulation (EC) No
1071/2009 and Regulation
(EC) No 1072/2009**

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Annex A SCREENING OF POLICY OPTIONS

The list of policy options considered has evolved on the basis of the policy measures indicated in the terms of reference of the study and other suggestions from:

- The Ex-post Evaluation (Ricardo et al, 2015)
- Various position papers submitted from organisations, e.g. (ETF, 2015; IRU, NLA, TLN and ECR, 2016);
- The previous IA carried out in 2013 (AECOM, 2014)
- The responses to the online public consultation
- The exploratory interviews

The list of screening criteria used to review of the policy options were:

- **Legal feasibility:** Options must respect the principle of conferral. They should also respect any obligation arising from the EU Treaties (and relevant international agreements) and ensure respect of fundamental rights. Legal obligations incorporated in existing primary or secondary EU legislation may also rule out certain options.
- **Technical feasibility:** Technological and technical constraints may not allow for the implementation, monitoring and/or enforcement of theoretical options.
- **Effectiveness and efficiency:** It may already be possible to show that some options would uncontrovertibly achieve a worse cost-benefit balance than some alternatives.
- **Political feasibility:** Options that would clearly fail to garner the necessary political support for legislative adoption and/or implementation could also be discarded.
- **Proportionality:** Options may clearly restrict the scope for national decision making over and above what is needed to achieve the objectives satisfactorily.

Error! Reference source not found. below shows the draft screening of options against these criteria. Some general observations can be made:

- Overall, there is reason to include many of the options within certain packages, since they are not mutually exclusive and address very specific needs identified in the Ex-post Evaluation (e.g. clarifications of specific definitions). This means that a large number of policy options will pass the screening stage and be considered for inclusion in the policy packages
- Regarding options on cabotage and enforcement, it is necessary to distinguish between (and to combine) both short-term and long-term options. Specifically, options relying on GNSS / e-documents to improve enforcement will require significant lead time to implement, and should be complemented with options to improve enforcement in the short-term such as changes to the legal definitions and best practice exchange.
- The screening of certain options (such as proposals to introduce mandatory enforcement levels) depends on the specific design of the option – such as the precise minimum levels to be prescribed. This is something that should be discussed in more detail with stakeholders in order to devise the best approach.
- Some stakeholders have called for abolition of cabotage restrictions – we believe this option can be discarded at an early stage, given previous arguments made regarding social/economic differences between Member States (e.g. in the Ex-post Evaluation).
- There have also been issues raised in relation to the overlap between the framework applicable to combined transport and cabotage, with arguments that the combined transport procedures are used to circumvent cabotage operations. Suggestions made

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include either the coverage of combined transport under cabotage rules (1072/2009) or the provision of clearer definition within the text of Regulation 1072/2009.

- Some stakeholders have also called for inclusion of breaches of labour law in the classification of serious infringements leading to the loss of good repute. We have not included this option since, in our view, it does not appear to respond to any of the issues identified in the problem definition. It should also be noted that as part of the ex-post evaluation, it was concluded that including the breach of social obligations as an infringement bringing about the withdrawal of the licence would be disproportionate in view of the fact that Directive 2014/67 (the "Directive on the Enforcement of the Posting Workers Directive") had not been fully implemented by that time. According to public information, the transposition has not been completed yet by some Member States.

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Error! Not a valid bookmark self-reference. **Screening of policy options**

Key:	Low / poor assessment against criterion	Medium	High / good	Depends on specific requirements
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Proposed policy option	Source	Legal feasibility	Technical feasibility	Effectiveness and efficiency	Political feasibility	Proportionality
Driver 1a) Differing levels of monitoring and control among Member States						
Promote common training of enforcement officers and a common EU training curriculum	ToR	No problems foreseen	No issues	May offer a partial solution. Experience in social legislation shows that effectiveness varies	Proven concept through Dir. 2006/22	No problems foreseen
Introduce voluntary/mandatory cross-border joints controls	ToR	No problems foreseen	No problems foreseen	May offer a partial solution. Experience in social legislation shows that effectiveness varies	Proven concept through Dir. 2006/22	No problems foreseen
Introduce a minimum number of checks of compliance with the cabotage provisions	ToR	No problems foreseen	Possible issue of definition of minimum number (depends on presence of reliable statistics)	Depends on specific requirements. To ensure efficiency, emphasis should be on better-targeted checks, rather than overall volume.	Resistance may be experienced depending on design and perceived benefits – some claim that minimum requirements in Dir. 2006/22 are too restrictive	Could be considered as being too restrictive and possibly non-proportional to the size of the problem in some Member States
Set further minimum common requirements for the administrative procedure to assess good repute and for the rehabilitation procedure.	ToR	Closely related to amendments with regard to which infringements should be considered as most serious and assessment shall be done in parallel. Currently high degree of	Depends on specific requirements. Options should be designed with enforceability in mind	Partial solution to the issue, dealing with differing levels of stringency	Depends on specific requirements. MS may resist change to their national procedures	No problems foreseen

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Proposed policy option	Source	Legal feasibility	Technical feasibility	Effectiveness and efficiency	Political feasibility	Proportionality
		incoherence among Member States				
Encourage wider participation in voluntary initiatives	(Ricardo et al, 2015)	No major problems foreseen	Partially established through examples like TISPOL / CORTE / ECR	Many MS participate voluntarily, indicating that cost: benefit is favourable	There appears to be support for the idea among stakeholders (public consultation, ex-post evaluation)	No problems foreseen
Establishment of a European control agency	Public consultation	Would imply interference with competences of MS and amendments to several instruments	No problems foreseen	Depending on extent of role and powers Could be particularly costly to establish and operate	Strong support from French stakeholders. Less strongly mentioned by others.	Could be considered as expensive disproportionate and restrictive of scope for national action Depending on extent of role and powers
Establishment of a high level group of competent authorities to regularly follow up after rules are designed and implemented	ETF	No major problems foreseen	No problems foreseen	As above	No problems foreseen	Depending on extent of role and powers
Driver 1b) Limited and ineffective cooperation between Member States						
Opening up of the national risk-rating systems to other Member States to promote exchange of information on high-risk companies and to target checks	ToR	No major problems foreseen. Due to respect to data protection legislation should be ensured.	Would need to be available to roadside officers to target checks against vehicles linked to their companies	Improving cross-border exchange on information is important for effective enforcement.	Depends on timescales and technical requirements (e.g. crf. Difficulties in setting up ERRU)	No issues
Facilitate cross-border checks on establishment provisions, by introducing a maximum time period for replies to questions regarding establishment (along with a	ToR	May interfere with competences of each national authority.	No specific issues - Procedure for escalation may be problematic		No problems foreseen	No issues - Based on an existing example (PWD enforcement Directive)

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Proposed policy option	Source	Legal feasibility	Technical feasibility	Effectiveness and efficiency	Political feasibility	Proportionality
procedure for escalation it these timescales are not met).						
Adopt common classification of undertakings (green amber, red label used to indicate increasing level of risk of non-compliance and be linked to more/less frequent inspections)	ETF	No problems foreseen.	Depends on the specific provisions but should not be too difficult to establish	Will improve efficiency / effectiveness in countries where minimum standards are raised to be more in line with best practice.	If it takes the form of guidance / minimum requirements rather than harmonisation. Several MS called for this (Ex-post evaluation).	No problems foreseen
Identify minimum common data/information to be included in risk rating systems	ETF	No problems foreseen.	Depends on the specific data identified	Will improve efficiency / effectiveness in countries where minimum standards are raised to be more in line with best practice.	If it takes the form of guidance / minimum requirements rather than harmonisation. Several MS called for this (Ex-post evaluation).	No problems foreseen
Driver 1c) Difficulties to enforce current rules for cabotage						
Remove maximum number of cabotage operations (currently 3), while reducing the maximum period for cabotage operations (currently 7 days).	ToR	No problems foreseen.	Eliminating control of number of operation will make it easier to control compliance. Issues with controlling the maximum number of 4 days will remain	Enforcement would likely be improved due to simpler checks. Different interpretations of multi-drops would become irrelevant, reducing burdens on hauliers. Increases the possibility of systematic cabotage (this is the main reason for opposition).	Mixed support. Several stakeholders (e.g. coordinated ETF response) strongly oppose this option	No problems foreseen
Share best practices on how to conduct cabotage checks effectively and efficiently, in particular how to use	ToR	Data protection legislation shall be complied with.	No issue - Makes use of existing documentation /	Some improvements likely, although it will not be able to solve all issues	No problems foreseen	No problems foreseen

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Proposed policy option	Source	Legal feasibility	Technical feasibility	Effectiveness and efficiency	Political feasibility	Proportionality
supplementary evidence from sources other than the CMR (such as tachograph data).			evidence, and based on proven experience			
Removal of all cabotage restrictions	Public consultation	More factual problems than legal ones.	No issues	Social / economic differences between MS preclude the opening of cabotage markets		May be considered disproportionate to the size of the problem
Pre-notification of cabotage operations (Cabotage register)	Public consultation	It may require ad hoc legislation to specify the functioning and management of such register. Implications of data protection.	EU wide system may be difficult to establish – Depends on the specific requirements	An electronic system would improve enforcement. Paper systems would increase complexity/costs and risk of fraud	Depends on timescales and technical requirements (e.g. crf. Difficulties in setting up ERRU)	Depends on specific requirements – could be seen as excessive
Clearly stipulate that the haulier must keep on board vehicle clear evidence of the cabotage operations as well as of the relating incoming international journey	Public consultation	No problems foreseen.	No problems foreseen with feasibility	This would make enforcement easier in cases where documentation is not available already. Could be more costly for hauliers to ensure compliance	Resistance from hauliers expected, who call for a period of 48 hours to submit evidence (public consultation)	No problems foreseen.
Amend the definition of cabotage to better sustain its temporary nature by introducing a waiting period for the vehicles engaged in cabotage activity	Public consultation	No problems foreseen	Hauliers would need to provide evidence that they had not been in the country for the required period May be difficult/costly to develop relevant infrastructure across EU	Would contribute to prevention of systemic cabotage May be costly to implement and enforce	Supported by those against the practice of systemic cabotage. Contrary to free market	No problems foreseen.
Bring forward the deadline for the implementation of the 'smart' tachograph by means	Public consultation	Incoherence with prior tachograph	N/A	Significant additional costs to hauliers	Already discarded in the tachograph regulation IA	Could be seen as disproportionate

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Proposed policy option	Source	Legal feasibility	Technical feasibility	Effectiveness and efficiency	Political feasibility	Proportionality
of derogation to Regulation (EU) No 165/2014		legislation and transition periods.				
Make it mandatory for hauliers found in breach of Community rules (social, labour, road) to retrofit their lorry fleets with the new generation of tachographs.	.	Incoherence with prior tachograph legislation.	No specific issues	Would increase costs for hauliers (who may unintentionally be in breach) and likely increase risk of "phantom" transport managers	This has not been widely suggested and so limited support is expected	Problems of proportionality of the sanction
Mandatory use of GNSS digital tachograph for enforcement after a certain date	ToR	Problems with transition periods for tachographs. Old ones may coexist with digital/smart ones if not new vehicles. This could lead to a breach in the principle of non-discrimination.	No issues – smart tachographs mandatory for new vehicles from 2019 and all vehicles 15 years later. Regulation 165/2014 already stipulates the automatic registration of the location of the vehicle every 3 hours of cumulated driving (Art. 8)	Should help increase effectiveness/efficiency of monitoring Only mandatory for new vehicles from 2019 and all vehicles 15 years later.	Bringing forward may increase costs for authorities and may reduce political feasibility	No issues.
Allow secure record and storage (company site and Member State data base) of geopositioning data of driver and vehicle	ETF	Geo-positioning may have data protection implications.	As above	As above	As above	No problems foreseen.
Mandatory acceptance of electronic consignment notes by enforcers after a certain date	ETF	No problems foreseen	No specific issues - need to verify with relevant stakeholders	Should help increase effectiveness/efficiency of monitoring Possible cost reduction for hauliers (moving from hard copy to electronic format) and for authorities	Bringing forward use of e-CMR may increase costs for authorities and may reduce political feasibility	No problems foreseen.

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Proposed policy option	Source	Legal feasibility	Technical feasibility	Effectiveness and efficiency	Political feasibility	Proportionality
Driver 1d) Insufficient information available to authorities during enforcement						
Include the conditions on establishment in ERRU and possibly financial standing and professional competence (currently it only includes good repute).	ToR	This may imply an amendment to both Regulation 1071/2009 and Regulation 1213/2010, the latter not being fully implemented in all Member States. Compliance with data protection legislation shall also be ensured.	Proven concept (in some MS)	MS that have implemented it report good experiences (ex-post evaluation)	Needs to be checked – given difficulties in establishing ERRU, could be some resistance	No problems foreseen.
Extend access to ERRU to road side check officers and make mandatory the fields in ERRU relative to vehicle registration plates. Currently ERRU is only accessible to enforcement authorities through an administrative request.	ToR	Still today not all Member States are interconnected to the ERRU system. Data protection issues: which data would be available, to whom and under which circumstances.	Technical feasibility needs to be confirmed with stakeholders	Would improve effectiveness / efficiency by ensuring relevant info is available		No problems foreseen.
Set up 'integrated operator files' where vehicle and driver are intrinsically linked to the operator as the main organiser of the transport activity and user of resources, and move this integrated file from paper-format to e-documents	ETF	No problems foreseen.	Technical feasibility needs to be confirmed with stakeholders			No problems foreseen.
Automatically detecting data conflicts and registering them in the NERs, ERRU and the risk rating systems, as part of the operator's compliance record	ETF	No problems foreseen.	Technical feasibility needs to be confirmed with stakeholders			No problems foreseen.

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Proposed policy option	Source	Legal feasibility	Technical feasibility	Effectiveness and efficiency	Political feasibility	Proportionality
Driver 2 - Different implementation of the rules						
I) Different interpretations of certain cabotage provisions						
Clarify the possibility of "groupage" transport in cabotage to ensure that multiple loadings and unloadings are possible as part of one cabotage operation	ToR	Currently no legal coherence at EU level on the definition of groupage.	This is already the interpretation in several MS	More consistent legal framework for hauliers, improved certainty and consistent interpretation of the rules	This is already the interpretation in several MS. Some opposition could be expected from MS that have taken a different view	No problems foreseen.
Include combined transport within the scope of cabotage Regulation 1072/2009	ETF	Will require changes to Combined Transport Directive	Difficulties to check/prove whether an operation is combined transport or cabotage	More clear framework but may create problems in combined transport	Limited supported - significant opposition indicated in the recent consultation	No problems foreseen.
Provide definition of combined transport within Regulation 1072/2009	IRU	No major problems foreseen.	No problems foreseen.	More consistent legal framework for hauliers, improved certainty and consistent interpretation of the rules	No major problems foreseen.	No problems foreseen.
Creation of an online platform where Member States can post comprehensive information relating to applicable national rules	Public consultation	No problems foreseen.	No problems foreseen - depends on specifications	Some improvements possible, where information availability is contributing to problems Costs depending on design	No problems foreseen	No problems foreseen.
ii) Different interpretation among MS of provisions related to stable and effective and effective establishment, conditions leading to loss of good repute, terms used in the Regulation (EC) No 1071/2009 regarding financial standing						
Review reference points for effective and stable establishment, so as to ensure that the establishment in a given Member State is indeed	ToR / public consultation	Needs to be further assessed under the freedom of establishment and the constitutional	Depends on specific requirements. Options should be designed with enforceability in	Clear and harmonised reference points should improve enforcement and reduce risk of letterbox companies.	Support for this measure identified in ex-post evaluation among MS,	No problems foreseen.

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Proposed policy option	Source	Legal feasibility	Technical feasibility	Effectiveness and efficiency	Political feasibility	Proportionality
effective and stable. (e.g. require that the operator holds assets and employs staff commensurate with the establishment's scope of activity).		right on inviolability of the domicile.	mind. Existing examples can be used from certain MS	Should be careful not to penalise SMEs	industry and associations	
Provide a clearer definition of the relevant persons to be checked for good repute,..	ToR	Data protection and proportionality issues.	No problems foreseen	Would help to reduce the use of front men (since checking only transport managers may encourage the use of "front men")	Support for this measure identified in ex-post evaluation	No problems foreseen.
Set more precise requirements on how a newly established enterprise can prove its financial standing.	ToR	No major problems foreseen but to bear in mind balance between the principle of no discrimination and allowing some flexibility for new entrants in the market.	No problems foreseen Bank statement evidence could be accepted, as long as the requisite financial amount is available	Clear and harmonised provisions should improve enforcement and legal certainty for companies	Support for this measure identified in ex-post evaluation	No problems foreseen.
Development of a practical guide for interpretation of EU rules, prepared for the road transport sector.	Public consultation	No problems foreseen.	N/A	May have some benefits if widely accepted	No problems foreseen	No problems foreseen.
Introduction across the EU of a social guarantee fund as a mandatory precondition to engage in the occupation of road transport operator,	ETF	No clear legal basis for the creation of such fund. Social security is a competence of the Member States.	Would need to be charged per driver – checks of compliance could be carried out as part of other standard checks of Reg 1071/2009	The requirements of financial standing are already intended to cover eventualities such as court rulings requiring compensation for salaries/social security etc	This has not been widely suggested and so limited support is expected	May be seen as disproportionate to the size of the problem.
iii) Some MS apply (some) of the provisions of Reg. 1071/2009 and Regulation 1072/2009 to vehicles below 3.5t						
Reduce the 3.5 tonne limit for the application of Regulation (EC) No 1071/2009 (partial/full)	ToR	Tachograph legislation is applicable to	Depends on the specific requirements	Depends on the specific design To be confirmed through case studies on	Several MS are already considering this or have applied it.	Available evidence suggests that is becoming a more

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Proposed policy option	Source	Legal feasibility	Technical feasibility	Effectiveness and efficiency	Political feasibility	Proportionality
		vehicles <7.5 tonnes.	To be confirmed through case studies	MS that already apply such rules	Others may oppose (to be confirmed) Partial introduction may be more acceptable	important problem and intervention is needed – but extent to full scope may be disproportionate
Reduce the 3.5 tonne limit for the application of Regulation (EC) No 1072/2009. (partial/full)	ToR	Tachograph legislation is applicable to vehicles <7.5 tonnes.	Tachograph use not mandatory for LCVs – enforcement may be difficult To be confirmed through case studies	To be confirmed through case studies on MS that already apply such rules Depends on the specific design	Several MS are already considering this or have applied it. Others may oppose (to be confirmed)	Available evidence suggests that is becoming a more important problem and intervention is needed – but extent to full scope may be disproportionate
iv) Significant variation in the level of penalties for non-compliance						
Introduce penalties for shippers and freight forwarders, in case they knowingly commission transport services involving infringements of the Regulations (e.g. illegal cabotage operations).	ToR	Possible problems with proof of where responsibility lies.	No problems foreseen	Depends on how implemented – difficulties with enforcement identified in other legislative areas (e.g. social)	Support among stakeholders for co-liability, as long as it is not strict co-liability	Possible issue of proportionality of the penalties with regard to the infringement.
Extend the empowerment for the Commission to come forward with a classification of infringements which are not related to safety and revise annex IV of Regulation (EC) No 1071/2009 on the most serious infringements.	ToR	May require significant changes to national legislation	No problems foreseen	More certainty for hauliers and more consistent framework to dissuade infringement of the rules	Support has been expressed for more guidance in this area. Some opposition could be expected from MS that wish to retain their existing classification	Possible issue of proportionality of the penalties with regard to the infringement.
Introduce cabotage in the classification of serious	Public consultation	Problems of lack of coherence between	Related to above	Related to above	Related to above	Proportionality of the penalties with

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Proposed policy option	Source	Legal feasibility	Technical feasibility	Effectiveness and efficiency	Political feasibility	Proportionality
infringements leading to the loss of good repute		Member States (i.e. major differences in sanctions for same infringements).				regard to the infringement will be required .
v) Additional requirements for establishment in some Member States						
Remove the possibility for Member States to add additional requirements for establishment.	ToR	No major problems foreseen.	No problems foreseen	Where additional requirements do not effectively prevent letterbox companies, they only add to the cost of establishment and enforcement	Few problems foreseen, although some MS may demand specific freedoms	Could be seen as disproportionate by some MS
vi)) Different approaches adopted regarding transport of empty containers / pallets and transport for non-commercial purposes						
Clarify the treatment applicable to the transport of empty containers or pallets, to ensure that whenever the transport of these goods is itself subject to a contract, it should be considered as a transport operation in its own right.	ToR	No problems foreseen. This is already the interpretation in several MS	No problems foreseen.	More consistent legal framework for hauliers, improved certainty and consistent interpretation of the rules	This is already the interpretation in several MS. Some opposition could be expected from MS that have taken a different view	No problems foreseen.

Annex B BASELINE MODEL CALCULATIONS

B.1 Data and method used to develop cost estimates

Table B-1 indicates the sources that have been used to gather the relevant data required to calculate the cost differentials. The following items are relevant to note:

- Since most data sources provided complete information for the year 2012, this year was defined to be the base year on the basis from which cost forecasts were then developed.
- Where data sources reported cost data for a year different to 2012, all cost values were inflation-adjusted to the year 2012 by using consumer price indexes specific for the relevant Member State (based on (Eurostat, 2016a)).

Where necessary, we gap-filled missing data fields by indexing available data from another country to a relevant indicator (e.g. indexing to labour cost rates for filling gaps on driver costs or to purchase price parities (PPP) to fill gaps on more general cost items (e.g. tyre costs), both available from Eurostat – see further explanations in the table where relevant).

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Table B-1: Factors involved in the calculation of cost differentials and associated data sources

Factor	Source
Relevant parameters for calculating annual costs	
Annual vehicle mileage	<ul style="list-style-type: none"> Note: A consistent average annual vehicle mileage assumption was relevant to ensure like-for-like comparisons of operating costs across Member States Average annual vehicle mileage was derived from CNR's country reports (available for 11 Member States¹); an average of 136,000 km per year was identified
Variable costs dependent on vehicle use	
Fuel costs (based on average annual vehicle km)	<ul style="list-style-type: none"> Fuel cost per unit of fuel (diesel): Deutsche Gesellschaft für Internationale Zusammenarbeit's (GIZ) international fuel price history Annual fuel costs per vehicle: based on average HDV mileage average and HDV fuel efficiency (both as derived from CNR's country reports for 11 Member States) and multiplied by the fuel cost per unit. For filling <u>data gaps</u>, differences in vehicle fleets were accounted for by grouping Member States into three geographic areas (i.e. into 'East', 'West', and 'South'²). Member States for which data gaps had to be filled were assumed to have similar vehicle fleet characteristics as the average of the country group they were assigned to³.
Tyre costs	<ul style="list-style-type: none"> Tyre costs per year are given in CNR country reports (for 11 Member States as above), based on a country-specific annual vehicle mileage assumption. These were adjusted to a coherent vehicle mileage assumption (see above). <u>Data gaps</u> for other Member States were filled by indexing values against purchase power parities (PPP) as provided by Eurostat. It was assumed that countries in the same geographic area have similar cost structures (used same country grouping as introduced for fuel costs). Final cost differences pertain due to differences in purchasing power.
Maintenance & repair costs	<ul style="list-style-type: none"> Maintenance and repair costs are given in CNR country reports (for 11 Member States), based on a country-specific annual vehicle mileage assumption. These were adjusted to a coherent vehicle mileage assumption (see above). <u>Data gaps</u> for other Member States were filled using the PPP method (see tyre costs)
Insurance costs	<ul style="list-style-type: none"> Insurance costs are given in CNR country reports (for 11 Member States), based on a country-specific annual vehicle mileage assumption. These were adjusted to a coherent vehicle mileage assumption (see above). <u>Data gaps</u> for other Member States were filled using the PPP method (see tyre costs)
Driver costs	<ul style="list-style-type: none"> CNR country reports (for 11 Member States) provide annual (or monthly) driver costs (incl. salary, travel expenses, employer contributions etc.). Data gaps for other Member States were filled similar to the PPP method (see tyre costs); however, by using the Eurostat Labour Cost levels data [lc_lci_lev] for Transportation and Storage (NACE_R2) instead of PPP values.
Fixed costs independent of vehicle use	
Vehicle taxation	<ul style="list-style-type: none"> Data from (CE Delft, TML, TRT and TNO, 2012); <u>Data gaps</u> (for Sweden and Croatia) were filled by identifying the tax regimes for these specific countries based on the ACEA Tax Guide (ACEA, 2016). The Swedish vehicle tax regime did not change since 2011; for Croatia it was assumed that no changes to the tax regime had taken effect in the 2012-2015 timeframe.
Vehicle costs	<ul style="list-style-type: none"> CNR country reports (for 11 Member States) provide annual costs of vehicle financing and possession of HGVs. <u>Data gaps</u> for other Member States were filled by indexing against purchase power parities (PPP) as provided by Eurostat (see tyre costs)

¹ Belgium, France, Germany, Hungary, Italy, Lithuania, Luxembourg, Poland, Portugal, Slovenia and Spain

² Given the available of data for 11 Member States, further differentiation into more distinct geographic areas was not considered to be useful. The countries for which data was available from the CNR reports were grouped as follows: East (Hungary, Poland, Slovenia); South (Italy, Portugal, Spain), West (Belgium, France, Germany, Luxembourg). Gaps for the remaining countries were filled by relating country-specific fuel efficiency values to the average fuel efficiency values of these country groups, by allocating countries to the relevant geographic areas.

³ All former Eastern European Member States were assigned to country group 'East'; Greece and Cyprus were assigned to 'South', all other Member States were assigned to 'West'.

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Factor	Source
Overhead costs	<ul style="list-style-type: none">• Overhead costs were mainly based on CNR country reports. Estimates were typically provided in ranges, in either EUR/km, as % of total vehicle operating costs and/or in EUR/year. Where values were related to country-specific annual mileage assumptions, these were converted to this study's EU-wide annual vehicle mileage assumption as based on the 11 CNR country reports (see first row of this table).• Overhead costs stemming from CNR country reports could be identified for Belgium, the Czech Republic, France, Hungary, Italy, Lithuania, Poland, Portugal, Slovenia. Additionally, overhead cost estimates could be obtained for the UK from (RHA, 2014); and Germany, Ireland and the Netherlands from (Bayliss, 2012).• <u>Data gaps</u> for other Member States were filled by indexing against purchase power parities (PPP) provided by Eurostat. The same methodology as for tyre costs was applied.

B.2 Calculation of level of legal cabotage operations

The approach for developing baseline cabotage rates (i.e. rates of legal cabotage operations) up to 2035 is based on:

- Step 1a: Identify relations between base year cabotage rates and cost differentials
- Step 1b: Use identified relationship to project cabotage rates in the future

B.2.1 Step 1a: Identify relations between base year cabotage rates and cost differentials

To identify relationships between base year cabotage rates and cost differentials, a regression model was developed. In the following paragraphs we describe first the variables that have been used/defined for the regression analysis, before the later section deals with the regression analysis itself and its outputs.

Defining variables for the regression analysis

The following variables were defined for the regression analysis:

- **Endogenous variable:**
 - **Cabotage penetration rates** for each country pair
- **Exogenous variables** that were tested to see whether they are a significant factor to help explain cabotage penetration rates in the base year
 - **Cost ratios** between country pairs (obtained from the cost differential analysis – see Section Data and method used to develop cost estimates B.1)
 - **International transport activity** between country pairs (obtained from Eurostat)
 - **Distances** (in km) between country pairs (obtained from JRC’s TRANS-TOOLS Model)

Cabotage penetration rates

Cabotage penetration rates for a specific country pair were defined in line with Eurostat’s definition of cabotage penetration rates (these refer to the total amount of cabotage that is carried out in the host country). The cabotage penetration rates were defined for each specific country pair in terms of the penetration rate $cr_{H,O}$ for a country H (the host country) with respect to hauliers with country of origin O (the country of their establishment) in a specific year was defined as:

$$cr_{H,O} = \frac{C_{H,O}}{C_{H,EU28} + D_H}$$

Where

- $C_{H,O}$ is the amount of cabotage carried out by hauliers from country O in country H (in tkm);
- $C_{H,EU28}$ is the amount of cabotage carried out by hauliers from any EU28 Member State in country H (in tkm); and
- D_H is the amount domestic transport operations carried out by domestic hauliers in country H (in tkm).

The required data for these calculations was available from Eurostat⁴. As already established in Ricardo et al (2015) the available statistics in Eurostat tend to

⁴ More specifically, the following Eurostat indicators/data tables were used: [road_go_ca_hac] for $C_{A,B}$, [road_go_ca_c] for $C_{A,EU28}$, and [road_go_ta_tott] for D_A

underestimate the actual levels of cabotage. However, it is generally true that in country pairs that are likely to have low levels of actual cabotage (e.g. as evidenced by geographical proximity) there are low levels or reported cabotage, and conversely in countries that are likely to have high levels of cabotage (e.g. where countries share borders), the reported figures are higher. Therefore, although Eurostat likely underestimates the actual amount of cabotage, the broad relationships are still reflected and the Eurostat data gives the best available overview of the cabotage amounts between Member State pairs. Given that ultimately we are less concerned by predicting exact cabotage levels, but rather the impact of different parameter and/or policy options on the change of cabotage operations, the Eurostat data on cabotage operations was considered to be a relevant and adequate basis for the model.

International transport operations

It was also considered that the level of international transport operations between country pairs may be a relevant explanatory factor for cabotage rates. It can be expected that hauliers from countries that carry out relatively more international transport operations into a country, will also carry out relatively more cabotage operations. Given that the intention was to explain cabotage penetration rates (that are, by definition, dependent on the size of the overall domestic transport market of the respective country), international transport operations also had to be scaled in relation to the countries’ market size, i.e. as a rate..

The following definition of the international transport rate for operations from country O (the origin country) to country H (the ‘host’ country, i.e. the country of destination when considering international transport) was used:

$$t_{H,O} = \frac{T_{H,O}}{T_{H,EU28}}$$

where

- $T_{H,O}$ is the amount of international road transport going from country O to country H (in tkm); and
- $T_{H,EU28}$ is the amount of international road transport going from any EU28 Member State to country H (in tkm).

Again, all relevant information for establishing the international transport rates for the base year was obtained from Eurostat⁵.

Establishing statistical relationships between the variables – the regression analysis

For establishing relationships between the endogenous variable (the cabotage penetration rate) and the available explanatory variables (as listed above) multivariate regression analysis was carried out. Since standard software tools (i.e. MS Excel) do not allow for multivariate regression analysis, regression analysis was carried out in the programming language Python (Python 3.5.2) using the Statsmodels package and applying an ordinary least square estimation technique. Both linear and non-linear (i.e. log-log and semi-log) relationships were tested, while introducing different combinations of explanatory variables and so-called dummy variables (i.e. additional constants) in order to achieve the best possible model fit (i.e. the best agreement between the observed data points and data points predicted by the model).

⁵ More specifically, the following Eurostat indicator/data table was used: [road_go_ia_tc]

The overall best model fit (judged on the basis of the statistical significance of the parameters and the general model fit⁶) was obtained when introducing the three explanatory factors i) cost differentials, ii) international transport rate and iii) distance, all specific for each country pair, and allowing for an exponential relationship between the endogenous and exogenous variables.

The overview below provides the detailed outputs of the regression analysis. It shows that all coefficients are highly statistically significant according to their t-values (they are all significant at the 1% level). The adjusted R-squared is 0.561 which indicates an overall good model fit.

OLS Regression Results						
Dep. Variable:	numpy.log(CabotageRate)	R-squared:	0.571			
Model:	OLS	Adj. R-squared:	0.561			
Method:	Least Squares	F-statistic:	55.96			
Date:	Tue, 06 Dec 2016	Prob (F-statistic):	4.63e-23			
Time:	15:58:18	Log-Likelihood:	-189.32			
No. observations:	130	AIC:	386.6			
Df Residuals:	126	BIC:	398.1			
Df Model:	3					
Covariance Type:	nonrobust					
	coef	std err	t	P> t	[95.0% Conf. Int.]	
Intercept	4.0691	1.100	3.698	0.000	1.892	6.247
numpy.log(IntTransport_t)	0.4979	0.073	6.820	0.000	0.353	0.642
numpy.log(Distance_d)	-1.4222	0.171	-8.309	0.000	-1.761	-1.083
numpy.log(Costdiff_cratio)	-2.6303	0.458	-5.738	0.000	-3.537	-1.723

As mentioned, the relationship follows a constant elasticity function of the following type – essentially, the β values indicate the elasticities between the parameters and the cabotage rate.

$$cr_{H,O} = k \cdot t_{H,O}^{\beta_t} \cdot d_{H,O}^{\beta_d} \cdot cratio_{H,O}^{\beta_{diff}}$$

where

- $cr_{H,O}$ is the cabotage rate country H carried out by hauliers from country O
- k defines the intercept of the curve (i.e. the constant)
- $t_{H,O}$ is the international road transport rate for the country pair H-O (see definition above)
- $d_{H,O}$ is the distance (in km) between country O to country H
- $cratio_{H,O}$ is the difference in operation costs between i) a haulier from origin country O carrying out a cabotage operation in host country H and ii) a haulier domiciled in country H carrying out the transport operation in their own country H⁷
- β_x are the respective coefficients that are estimated by the means of the regression analysis.

Substituting for the results of the regression analysis (i.e. the coefficient estimates) provides the following relationship between the cabotage rates and the explanatory factors:

⁶ i.e. the relevant t-values for the estimated coefficients, and the log-likelihood value and adjusted R-squared for the overall model fit

⁷ Note that for the purpose of the regression analysis the cost ratio was defined as *[cost of non-domestic haulier / cost of national haulier]* in contrast to the concept of a cost differential *[cost of non-domestic haulier / cost of national haulier - 1]* as used throughout the report. This was to avoid negative input values.

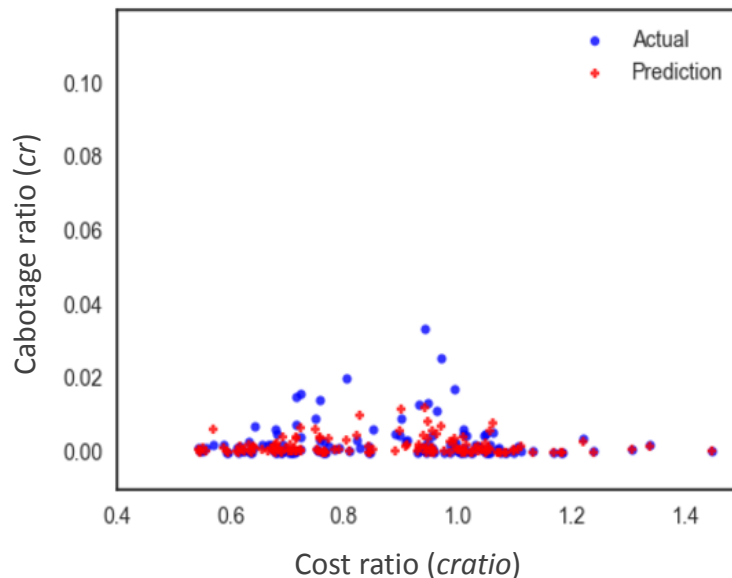
$$cr_{H,O} = 58.38 \cdot t_{H,O}^{0.50} \cdot d_{H,O}^{-1.42} \cdot cratio_{H,O}^{-2.63}$$

This relationship shows that (as expected):

- The longer the **distance** between Member States, the lower the predicted cabotage rate
- The higher the **international transport rate** between two Member States, the higher the predicted cabotage rate
- The smaller the **cost ratio** between two Member States (i.e. indicating that the non-domestic haulier has a cost advantage compared to the domestic haulier if the ratio is smaller than 1), the higher the predicted cabotage rate.

Figure B-1 shows the agreement of the observed data points (in blue) with the predicted data points (in red; as obtained from the above relationship that was obtained via the regression analysis). It can be seen that the model performs well against most of the data points, with some outliers clearly visible. Overall, the agreement of the observed with the predicted data is considered to be satisfactory (as already indicated by the R-squared value close to 0.6).

Figure B-1: Agreement of observed data with predicated data for the base year



B.2.2 Step 1b: Use identified relationship to project future cabotage rates

The statistical relationship that was identified in Step 1b can be used to predict future cabotage rates on the basis of the expected developments of the explanatory factors (as shown in Table B-2).

Table B-2: Expected development of the explanatory factors used in the regression model

Explanatory variable	Expected development over time (up to 2035)
Cost ratios	See section B.1
International transport operations	In line with projections of international transport activity by Member States in the EU Reference Scenario 2016

Distances between Member States

Assumed to remain constant

Figure B-2 provides the results for specific country pairs, comparing 2012 cabotage rates with the projected 2035 cabotage rates for baseline scenario 1 (BL1), which assumes there are no new PWD rules. It can be seen that in general (with the exception of a few outliers) cabotage rates are forecast to decrease moderately over time. This is shown by the fact that the majority of red circles (indicating 2035 values) lie below the circles depicting 2012 values.

Figure B-2: Predicted cabotage rates by country pair and change over time (Baseline Scenario 1 – no new PWD rules for transport)

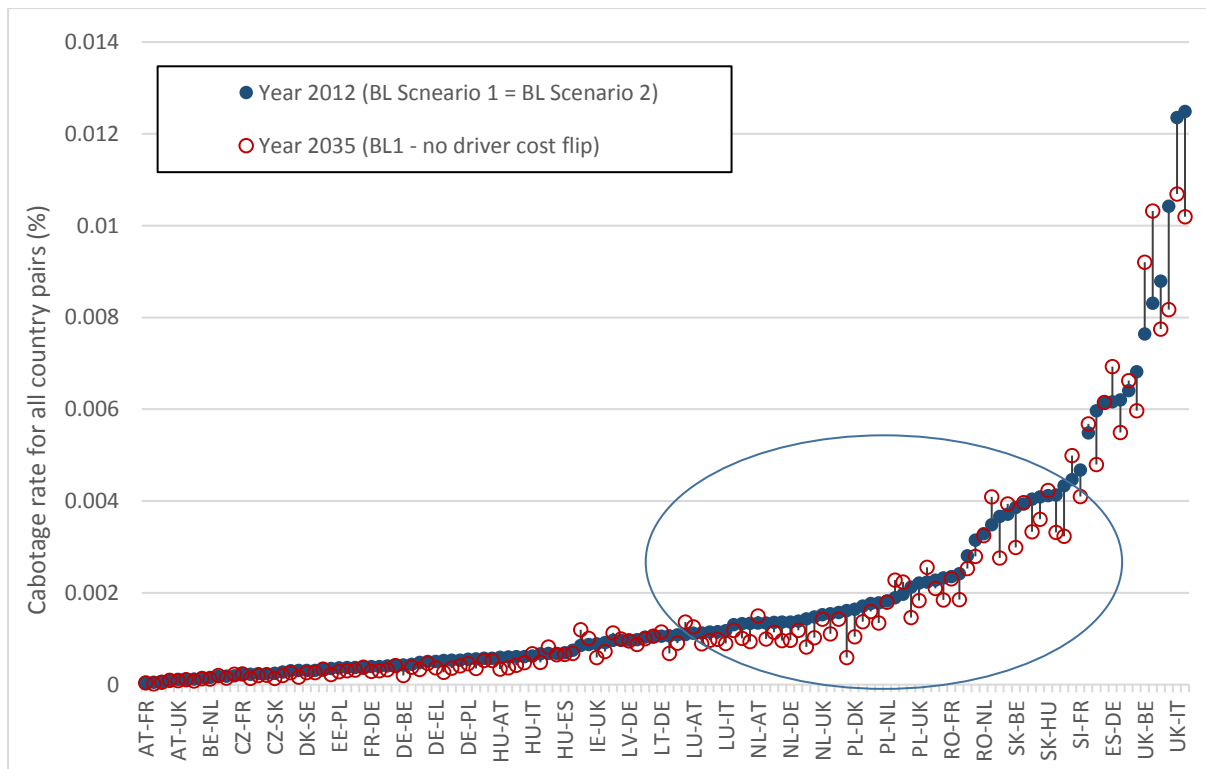


Figure B-3 shows the results for baseline scenario 2 (BL2), where it is assumed that driver costs change to the cost structure of the host country after seven days, from 2020 onwards). When comparing Figure B-2 and Figure B-3 with each other, the impact of the different driver cost scenarios becomes apparent. Given the decrease in cost differentials in the scenario where driver costs change to the cost structure of the host country, cabotage rates decrease even more over time (again, with the exception of specific outliers) in BL2. This phenomenon is best observed when looking at mid-range cabotage rates (as circled).

Figure B-3: Predicted cabotage rates by country pair and change over time (Baseline Scenario 2 – new PWD rules)

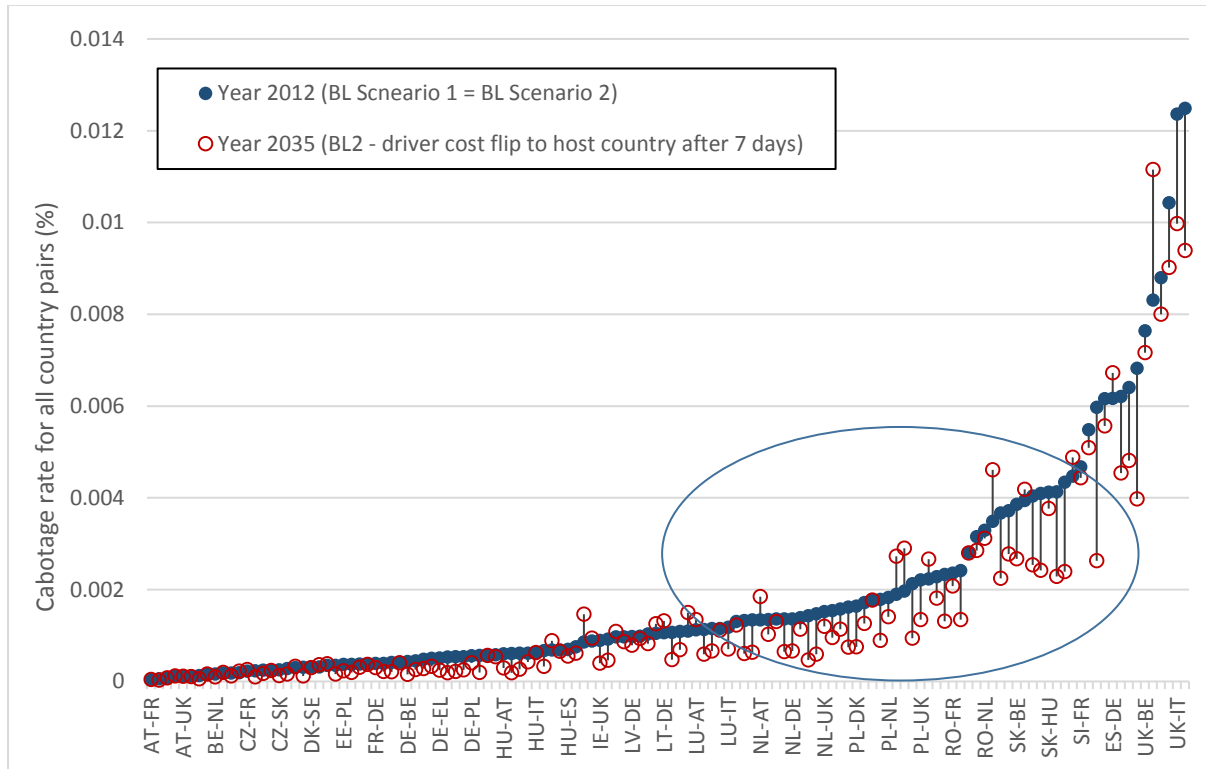


Figure B-4 illustrates the development of the cabotage penetration rate in the EU as a whole. The aggregate cabotage penetration rate decreases by around 9% (or 18%) in the 2012-2035 timeframe in baseline scenario 1 (or baseline scenario 2 respectively). This is largely driven by the reductions in labour cost differentials seen in the EU reference scenario for BL1. For BL2, there is a clear effect of the implementation of the revised PWD, which effectively forces a higher labour cost convergence which in turn suppresses the cabotage penetration rates. Note that the assumptions for the development of international trade in BL1 and BL2 are the same (i.e. aligned with the EU reference scenario), so the difference seen between the two scenarios is purely driven by the labour cost differentials. As can be seen from the equation of the functional relationship, the model shows that cabotage penetration rates are more sensitive to the cost differentials than to changes in international transport activity, with an elasticity factor of 2.63 compared to 0.5 for cost differential compared to international transport activity respectively.

Figure B-4: Development of an aggregate EU-wide cabotage rate (indexed to 1 in 2012)

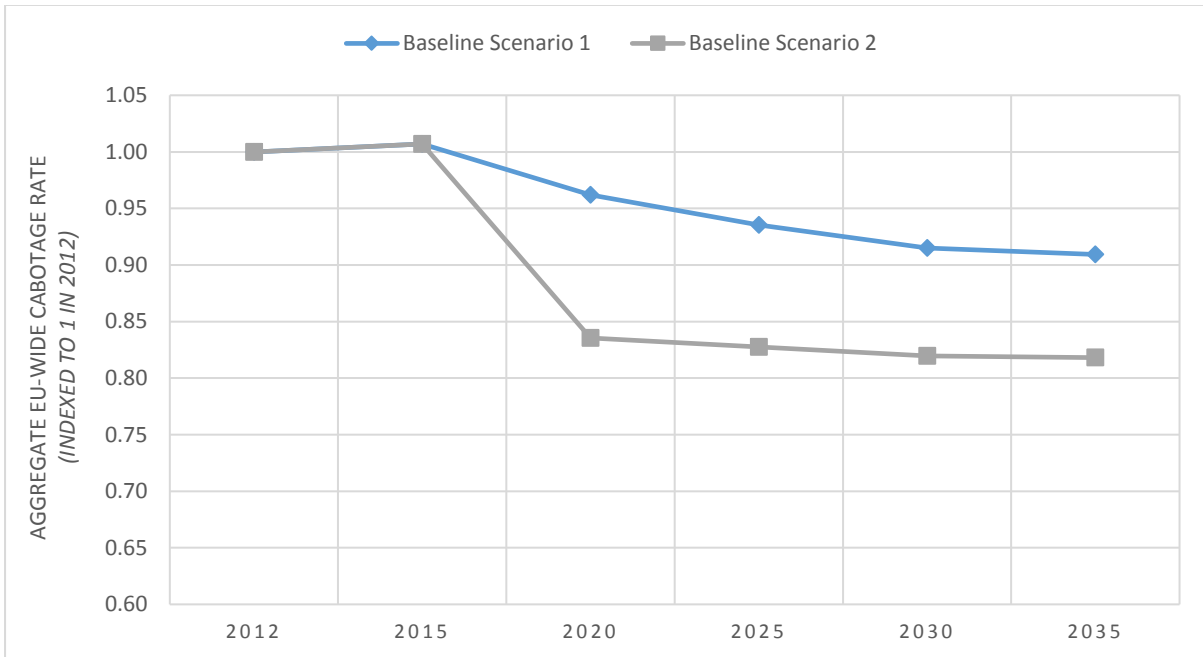
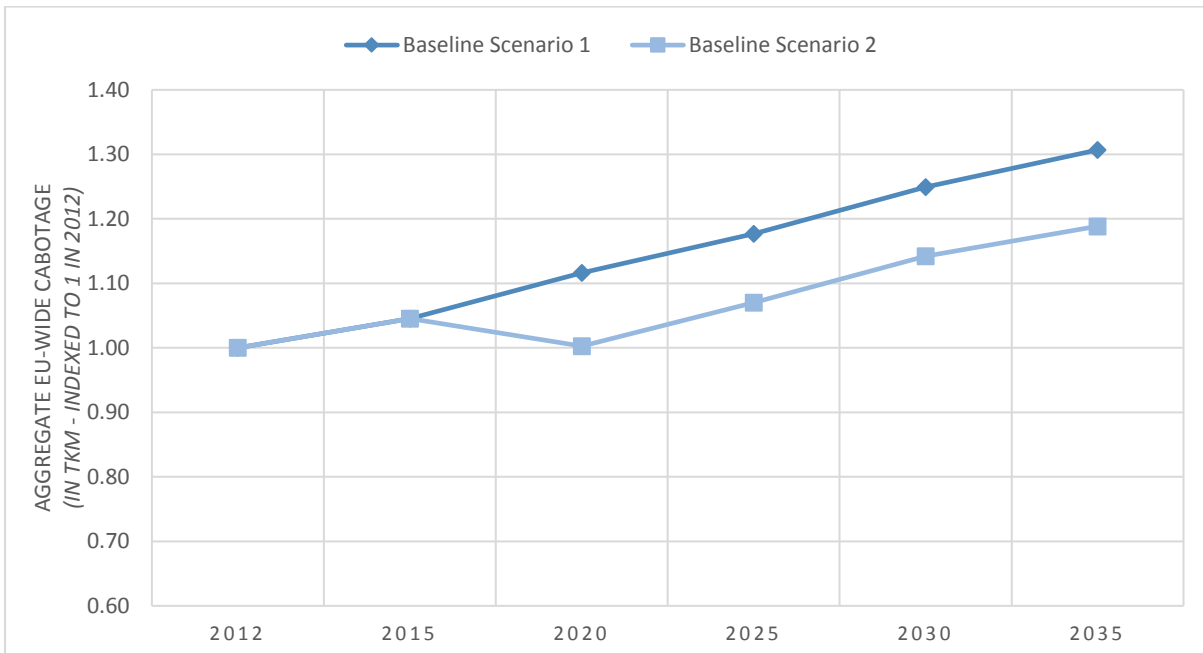


Figure B-5 shows that in absolute terms, the overall amount of cabotage (expressed in t-km) is forecast to increase by around 30% in the regarded timeframe for baseline scenario 1 (or by around 20% for baseline scenario 2). This increase in total activity (despite the reduction in the rate) is due to the projected increases in overall transport activity across the EU up to 2035 (in line with the projections of the EU Reference Scenario).

Figure B-5: Development of EU-wide cabotage levels (in t-km; indexed to 1 in 2012)



B.3 Expected levels of illegal cabotage

Since illegal activities are by their nature difficult to observe, there is no direct data on illegal cabotage rates. Instead, the reported cabotage infringement detection rates were used as an indicator of the rate of illegal cabotage. This assumes that if underlying illegal cabotage rates increase, the infringement rates will also increase and vice versa, *ceteris paribus*. This relationship is, of course, imperfect, since detection rates may vary depending on other factors (such as the thoroughness of checks). However, in the absence of any other data, the infringement rates are considered the best available proxy.

It is widely considered that increasing the probability of being caught in an illegal activity (e.g. by increasing the number of checks) has a deterrent effect⁸. The potential effect in the context of the road haulage market and cabotage was estimated using the available data on infringement rates and the number of cabotage checks gathered in Ricardo et al (2015), see Table B-3.

Table B-3: Number of violations of cabotage rules in different Member States

Country	Period	Number of detected infringements	Infringement rate
Germany	2014	1,520 out of 183,200 checks	0.83%
	2013	727 out of 186,214 checks	0.39%
	2012	536 out of 207,120 checks	0.26%
	2011	612 infringements out of 118,009 inspections	0.52%
UK	March 2012 – March 2013	229 infringements detected	0.2%
Poland	2013	12 infringements out of 233,118 inspections	0.01%
	January 2012 – October 2012	3 infringements out of 157,000 inspections	0.002%
Lithuania	No data	No data	3% of all controls have led to fines
Italy	January 2012 – October 2012	205 infringements issued following 220,965 roadside checks	0.1% referring to infringements International transport rules, of which cabotage is included
France	2010-2011	50,928	7% of vehicles stopped for cabotage controls were issued an infringement.

⁸ For example, see the Research Handbook on the Economics of Criminal Law, Harel & Hynton, which discusses the economic theories supporting the view that the probability of detection (and to a much lesser extent the size of the sanction) has a deterrent effect. It also discusses the empirical difficulties of establishing these relationships and as such, the results of the calculations need to be interpreted with much caution.

Country	Period	Number of detected infringements	Infringement rate
Denmark	2014	Approximately 5,000	0.5%
Ireland	2012 – July 2013	1 case out of 78 checks	1.3%
	2013	3 breaches out of 185 checks	1.6%
Netherlands	2013	163 inspections	6.1% (official monitoring data)
			2.4% (estimated)

Source: Ricardo et al (2015)

A constant elasticity relationship was hypothesised between the intensity of cabotage checks (expressed as number of checks per million t-km of cabotage carried out in the country) and the infringement detection rate as follows:

Functional relationship for estimating cabotage infringement detection rate:

$$I = \beta_0 C^{\beta_1}$$

Where:

- I is the infringement detection rate (number of detected infringements per total number of checks that were carried out)
- C is the intensity of cabotage checks (number of checks per million t-km of cabotage)
- β_0 is the intercept
- β_1 is the elasticity (i.e. a 1% change in the intensity of checks leads to a β_1 % change in the infringement detection rate)

The results of the correlations using this relationship show a good fit (R2 of 0.78, overall F statistic significant at the 1% level, indicating high explanatory power) and the coefficients are significant at the 1% level (i.e. indicating a very high level of significance).

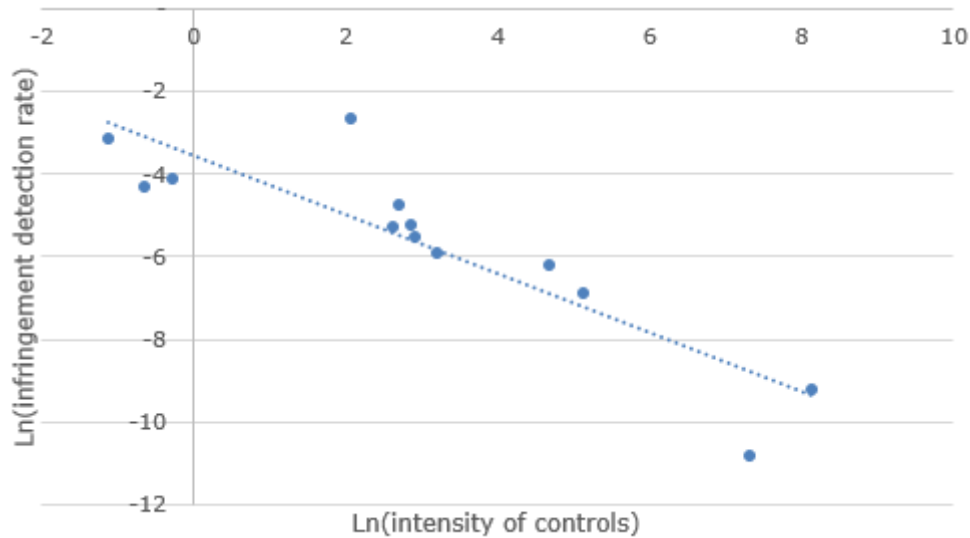
	Coefficient	std. error	t-ratio	p-value
$\ln(\beta_0)$	-3.53532	0.462102	-7.651	9.96e-06 ***
β_1	-0.713751	0.113432	-6.292	5.90e-05 ***

R-squared: 0.782581 Adjusted R-squared: 0.762816

F-statistic: 39.59365 P-value(F) 0.000059

The relationship is depicted graphically in Figure B-6 by taking logarithms of both sides of the equation. Intuitively, the interpretation makes sense – as the intensity of controls increases, the infringement detection rate reduces (specifically, for each 10% increase in control intensity, the infringement detection rate falls by 7.1%).

Figure B-6: Functional relationship between cabotage infringement detection rate and intensity of controls



Source: using data from Ricardo et al (2015)

This gives a functional relationship with which to understand how changes in the intensity of checks affect the infringement detection rate. Statistically, the significance of the coefficients is very high and the results of the correlation are satisfactory to proceed with the analysis. However, there are several limitations to bear in mind: firstly, the sample size is rather small and probably not representative (it only includes two EU-13 countries). Secondly, in practice, there are likely to be many factors that are not included in the equation which affect infringement detection rates and the underlying compliance rates other than the intensity of controls (for example, cultural and behavioural factors, quality of checks, enforcement strategies etc). Since there is not sufficient data on these other factors, it is not possible to introduce them into the model. Finally, to use the results in the baseline, the relationship is assumed to be stable over time, since there is no other data available to suggest an alternative assumption. Due to these limitations, the results should be interpreted with caution.

In addition, there is not sufficient data on the current situation to fully determine the baseline. It is therefore necessary to make assumptions on the current intensity of cabotage checks in many Member States.

To gap-fill the available data, the following approach was taken:

1. Baseline infringement rates were for those countries for which data were available directly (as shown above, DE, DK, FR, IT, PL, LT, IE, NL, UK), assuming no change in the intensity of their checks.
2. Assumptions on the baseline level of checks in other countries were made as follows:
 - Countries with low cabotage penetration rates (e.g. less than the EU average of 2%) are assumed to be "low enforcement intensity" in the baseline, since they are unlikely to place much importance on the enforcement. The availability of data on cabotage enforcement is, in general, rather poor. It is generally the case that countries with low cabotage penetration rates (according to the available data from (Ricardo et al, 2015) tend to have lower enforcement intensity, although this is not necessarily always the case. For example, countries like DE, UK and IT have cabotage penetration rates of around 1-4% and conduct hundreds of thousands of checks (respectively around 180,000, 115,000 and 220,000). Poland is an anomalous example, with very little cabotage (less than

- 0.2%), but conducts many changes (157,000 to 233,000) – while several other EU-13 countries with low cabotage penetration have a low number of checks (e.g. LT, SL). As a first approximation however, and given the lack of any other data, it seems more likely that countries with low cabotage penetration will have a lower intensity of checks. Individual country data is not reported due to the fact that these are strong assumptions. The control intensity was assumed to be equal to the *median of the lower half of the sample we have available* (8.07 checks per million t-km cabotage). Corresponding infringement rates were calculated from the functional relationship.
- The remaining countries were classified as high enforcement, it was assumed that their enforcement intensity was equal to the median of the upper half of the sample (109.3 checks per million t-km cabotage).
 - Since these calculations involve a lot of assumptions, we suggest that results are reported only at the EU level, and not country by country.
3. It was assumed that the infringement detection rate reflects the actual incidence of illegal cabotage in each country:
- Since risk-rating systems do not have information on non-domestic operators in the baseline and checks should be non-discriminatory, it was assumed that the infringement rate reflects the overall performance of the fleet performing cabotage. Therefore total illegal cabotage (detected and undetected) is calculated using the infringement rate directly in the above cases.
 - There may be some limitations to the above assumption, particularly in cases where Member States do not have strong enforcement, hence the results need to be interpreted with caution.

The above steps were used to generate a quantitative estimate of total illegal cabotage (detected and undetected) at the EU level under the baseline scenario.

B.4 Letterbox companies

Official statistics gathered from enforcement authorities⁹ in the context of Ricardo et al (2015) suggest that the absolute number of companies infringing the requirement of stable and effective establishment being detected is relatively low – around 1% of companies. However, this figure does not capture companies that were able to avoid detection and various anecdotal reports suggest the continued presence of letterbox companies¹⁰. This suggests that the official infringement rates may not be a reliable indicator of the extent of letterbox companies.

The lack of any further reliable data has been further confirmed during the exploratory interviews with IRU, ETF, ERC. 43% of respondents to the open public consultation (72 out of 168 respondents to this question) felt that the setting up "letterbox companies" is widespread practice. Respondents from associations representing road transport workers felt this is a widespread practice, a much greater percentage than from any other respondent category (mostly between 1 out of 4 and 1 out of 2). The issue appears to be of greater concern for stakeholders based in old (EU-15) Member States – 61 out of 107

⁹ Denmark, Poland, Bulgaria, Romania, Netherlands, Latvia

¹⁰ See Ricardo et al (2015) for a summary of anecdotal evidence on letterbox companies. For example, alleged letterbox companies were reported in Germany,

respondents (57%) based in EU15, versus only 9 out of 56 (16%) among those based in EU13¹¹.

Ricardo et al (2015) found that incentives for establishment of letterbox companies are strongly related to differences in the costs of operation. International road transport operators conduct transport in many countries, so it is natural to consider where it is most appropriate to register their trucks and hire their workers based on the lowest costs – which creates incentives to set up letterbox companies. Additional information has become available since Ricardo et al (2015) was published, in the form of the official monitoring data for the period January 2013 to December 2014¹², as shown in Table B-4. It is assumed that reported infringements of the stable and effective establishment criterion can be used as a proxy for the presence of letterbox companies. However, the relationship will not be perfect and the reported infringements could be under-reported (if letterbox companies evade detection) or over-reported (if companies infringe the criterion for other reasons). Since the establishment criteria were introduced in Regulation 1071/2009 with the specific aim of reducing letterbox companies, this is the best available proxy despite these limitations.

Table B-4: Member State information on infringements of stable and effective establishment criterion

MS	Reported infringements of establishment criterion	Infringement rate (as % of total authorisations granted)	Total annual costs per company of operating in MS (EUR) ¹³
BG	47	0.22%	77,671
DE	13	0.04%	144,750
DK	0	0.00%	176,800
FI	0	0.00%	158,897
FR	0	0.00%	154,988
LV	0	0.00%	113,537
LU	0	0.00%	153,152
PL	65	0.41%	92,407
SI	94	0.81%	108,288
UK	50	0.20%	161,075

Source: Member States reports for period Jan 2013 to Dec 2014; total costs from cost model described above

Functional relationship for estimating expected level of letterbox companies:

A regression was run, hypothesising a linear relationship of the form¹⁴:

¹¹ The total number of responses includes also responses at EU level.

¹² The data was cleaned by removing reports from Member States that did not split out their reported total number of infringements into the different reasons categories (i.e. Article 3.1a not fulfilled, Article 3.1b not fulfilled etc). The anomalous point for SE was also removed as a very high figure was reported (1,793 infringements of stable and effectiveness establishment or 86% of all withdrawals), and this is assumed to be an issue of definitions/reporting rather than reflecting a very widespread problem of letterbox companies

¹³ Costs includes all variable and fixed costs, since this would be the relevant unit for comparison of letterbox companies

¹⁴ Other forms of the relationship were tested (log-log and semi-log), but the linear form had the best model fit.

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$$L = \alpha_0 + \alpha_1 T$$

Where:

- L is the letterbox infringement detection rate, as a percentage of authorisations granted (assuming a 1:1 relationship between infringements of stable and effective establishment and letterbox companies)
- T is the total cost of operation in the country (EUR)
- α_0 is the intercept
- α_1 is the marginal effect of T on L

The results of this regression are shown below. This indicates that the coefficient α_1 is statistically significant at the 10% level. It is a negative coefficient, indicating that as costs increase, the prevalence of letterbox companies in a country decreases. This is as one would expect – since letterbox companies are more likely to be set up in low cost companies in order to benefit from cost savings. The overall fit is fairly high (R2 of 0.31) although the F statistic for the overall equation only has 10% significance. The intercept has no practical meaning in this equation, since its literal interpretation is to give the letterbox infringement detection rate if total costs were zero (which is clearly impossible).

	Coefficient	std. error	t-ratio	p-value
α_0	0.00756725	0.00318219	2.378	0.0447 **
α_1	-4.39568e-08	2.30818e-08	-1.904	0.0933 *

R-squared 0.311929 Adjusted R-squared 0.225921

F-statistic 3.626715 P-value(F) 0.093334

For the baseline, the expected number of letterbox companies was estimated by applying the above relationship to the expected changes in costs over time for each Member State. Overall, to the extent that cost levels increase in EU-13 countries over time and converge with levels in the EU-15, as modelled in our cost differential model, it can be expected that the phenomenon of letter-box companies will also become less prevalent.

Although the significance level of α_1 is only 10%, the sign and magnitude of α_1 seem reasonable given the context. Specifically, for each EUR 10,000 increase in the total cost of operation in the country, the infringement detection rate falls by 4.4e-04 units (the level of change is very small due to the small variances seen in the infringement detection rates). However, as discussed above, infringement rates may not be an accurate reflection of the extent of letterbox companies. Nevertheless, this calculation can provide an indicator of the “risk” or “incentives” for setting up letterbox companies.

Annex C MODELLING IMPACTS OF POLICY OPTIONS

C.1 Impact on costs to businesses

C.1.1 Changes to reference points for stable and effective establishment

For the analysis of this measure (see Section 8.1 of the main report), stakeholders were asked about the cost impact of each individual part of the measure. The weighted average increase in overhead costs is reported in Table C-1 for EU-13 and EU-15 respondents separately. It can be seen in Table C-1 that EU-13 respondents expect a higher percentage cost increase for every criterion.

it was considered appropriate that upper and lower bound be developed:

- To create upper bound estimates, the total increase (straight addition of cost increases for individual components) was used. This gave estimated cost increases of 18% in EU-15 and 36% in EU-13.
- To create a lower bound estimate, the estimated cost increase was reduced by 10%, due to the factors discussed above, giving estimated cost increases of 16% in EU-15 and 33% in EU-13.

Table C-1: Estimated increase in overhead costs due to changes to stable and effective establishment criteria (weighted average)

Reference point for stable and effective establishment	Estimated additional overhead costs		% of respondents agreeing that measure would be effective*		
	EU-15	EU-13	Hauliers survey	Authorities survey	Average (hauliers + authorities)
Requirement that the haulier license, the labour contracts and other core business documents can be accessed from the physical office (although they may be available in electronic format)	2.5%	3.3%	68%	53%	60%
Requirement that the operator be subject to the fiscal system of that Member State and pay taxes relative to the revenues arising from its activity there	3.9%	7.9%	48%	73%	60%
Requirement that the operator holds assets and employs staff in the Member State, which are commensurate with the establishment's scope of activity	4.7%	10.7%	48%	57%	52%
Requirement that the operator has a transport manager who can be contacted via telephone, e-mail or other electronic means	3.3%	6.3%	53%	41%	47%
Requirement that the operator has commercial contracts with clients established in the Member State, which are commensurate with the establishment's scope of activity	3.2%	8.0%	26%	31%	29%
Total overhead cost increase – all measures – upper bound case	18%	36%	--	--	--
Lower bound case (reduced by 10%)	16%	33%			

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Notes: percentage of authorities agreeing that proposed measures would be effective includes those that indicated the measure would make a "significant contribution" to the reduction of letterbox companies

Source: survey of hauliers: 48 respondents from EU-13 and 20 respondents from EU-15. Survey of authorities: 9 respondents from EU-13 and 7 respondents from EU-15

The percentage cost increases from the survey were multiplied by the overhead costs calculated in the cost model to give an average cost increase per firm in each Member State. This was multiplied by the number of authorisations in each country from the 2016 monitoring data (gap-filled by scaling to the number of enterprises in each Member State from Eurostat).

The calculations for the year 2016 are shown in Table C-2. For future years, costs were indexed to the growth in transport activity from the 2016 EU Reference Scenario in order to account for the growth in authorisations.

Table C-2: Calculations of increase in overhead costs in 2016

MS	Overhead cost (EUR/yr)	Authorisations	Upper bound			Lower bound		
			% increase	Increase amount per firm (EUR/yr)	Total increase (EUR/yr)	% increase	Increase amount per firm (EUR/yr)	Total increase (EUR/yr)
AT	18,367	4,602	18%	3,250.89	14,961,811	16%	2,925.80	13,465,630
BE	15,585	5,814	18%	2,759	16,037,129	16%	2,483	14,433,416
BG	6,356	19,585	36%	2,307	45,187,301	33%	2,077	40,668,571
HR	9,332	-	36%	3,387	-	33%	3,049	-
CY	19,877	388	36%	7,215	2,797,032	33%	6,494	2,517,329
CZ	6,618	2,964	36%	2,402	7,120,524	33%	2,162	6,408,471
DK	23,570	432	18%	4,172	1,802,220	16%	3,755	1,621,998
EE	9,679	1,104	36%	3,513	3,878,878	33%	3,162	3,490,990
FI	20,516	1,663	18%	3,631	6,039,039	16%	3,268	5,435,135
FR	18,387	7,897	18%	3,254	25,700,779	16%	2,929	23,130,701
DE	17,963	31,289	18%	3,180	99,484,127	16%	2,862	89,535,715
EL	18,451	1,628	18%	3,266	5,316,625	16%	2,939	4,784,963
HU	15,619	10,231	36%	5,670	58,007,114	33%	5,103	52,206,403
IE	18,339	811	18%	3,246	2,632,556	16%	2,921	2,369,301
IT	19,704	14,101	18%	3,488	49,177,656	16%	3,139	44,259,890
LV	13,315	1,841	36%	4,833	8,897,880	33%	4,350	8,008,092
LT	8,065	2,837	36%	2,928	8,306,046	33%	2,635	7,475,442
LU	22,576	142	18%	3,996	567,428	16%	3,596	510,686
MT	16,296	23	36%	5,915	136,056	33%	5,324	122,450
NL	18,438	8,008	18%	3,263	26,134,832	16%	2,937	23,521,349
PL	4,620	14,827	36%	1,677	24,867,591	33%	1,509	22,380,832
PT	17,586	5,878	18%	3,113	18,294,978	16%	2,801	16,465,480
RO	6,548	16,524	36%	2,377	39,273,181	33%	2,139	35,345,863
SK	9,175	5,742	36%	3,331	19,126,075	33%	2,998	17,213,468
SI	8,663	3,853	36%	3,145	12,117,075	33%	2,830	10,905,368
ES	19,837	80,061	18%	3,511	281,100,388	16%	3,160	252,990,349
SE	22,701	3,678	18%	4,018	14,778,570	16%	3,616	13,300,713
UK	23,816	24,623	18%	4,215	103,795,836	16%	3,794	93,416,253
Total (EUR millions)				900			810	

Source: Authorisations from 2016 monitoring data; % increase estimated from survey of hauliers; overhead costs per firm estimated from cost model (see Annex B)

C.1.2 Minimum number of cabotage checks by national authorities

In order to assess the extent of additional effort that may be needed we have used data on cabotage activity to estimate the number of cabotage trips in 2035¹⁵. We have assumed

¹⁵ Based on the hauliers survey and data from Germany, we used an average range of 210-450 km/trip and also an average load of 10 tonnes/vehicles (Eurostat, 2016d)

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a 3% of controls as a central scenario and also looked into smaller levels in order to identify the minimum number of trips that should be checked.

In the assessment of the costs, we considered that there are difficulties for Member States' authorities to target cabotage operations. As pointed out by some stakeholders, enforcement authorities cannot know before a check whether a vehicle with foreign plates is engaged in cabotage. ECR suggested that authorities will need to have system that provide them with real-time vehicle tracking information and TISPOL referred to vehicle recognition technologies. Specific figures for the costs of such systems were not available. In general, it should be expected that a larger number of vehicle checks will be needed in order to reach any set target. Focusing controls on entrance points (ports, warehouses) could possibly increase the probability that the vehicles are engaged in cabotage – as proposed by the Latvian authorities. The UK authorities also follow a similar approach as reported in the trade press (Commercial motor, 2014b). The Dutch authorities reported that in targeted checks in key routes led around 34% of the foreign vehicles checked in 2014 were involved in cabotage (Inspectie Leefomgeving en Transport, 2014) and we have used this figure to estimate the total number of checks that will be needed. Similar approaches are expected to be followed by other authorities. Table C-3 below summarises the key assumptions made for our calculations.

Table C-3: Key assumption for the estimation of the number of cabotage checks

	Parameter	Number	Source/Comment
A	Distance per cabotage trip (km/trip)	210	Hauliers' survey
		450	
B	Average load per trip	10	Eurostat Annual road freight transport, by load capacity of vehicle (Mio Tkm, Mio Veh-km, 1 000 Jrnys) [road_go_ta_lc]
C	t-km per trip - lower	2100	A*B
	t-km per trip - upper	4500	
D	Duration of check (hours)	1	Average on the basis of (Ricardo et al, 2015)
E	Check success rate	34%	(Inspectie Leefomgeving en Transport, 2014)
F	Share of trips checked	3%	Definition of measure
		1%	

We then compared the number of checks that will be needed in order to reach the 3% against the baseline, namely the checks that we should expect on the basis of the checking intensity (actual number of checks per million trips) in 2014 data from Ricardo et al (2015).

On the basis of the additional number of checks and the labour costs for the transport from the labor force survey (Eurostat, 2016e) we were able to estimate the additional costs for operators. (see **Table C-4** and **Table C-5**)

Table C-4 –Estimated additional number of roadside checks and costs for operators in 2035 in the case of 3% minimum thresholds

MS	Average Labor costs per hour (EUR/hour)	Additional checks needed				Additional costs (million Euros)			
		210 km/trip		450 km/trip		210 km/trip		450 km/trip	
		BL1	BL2	BL1	BL2	BL1	BL2	BL1	BL2
AT	30.0	0	0	0	0	-	-	-	-
BE	36.6	0	0	0	0	-	-	-	-
BU	4.0	178	178	61	61	0.00	0.00	0.00	0.00
HR	9.8	37	37	13	13	0.00	0.00	0.00	0.00
CY	-	-	-	-	-	-	-	-	-
CZ	9.2	4,645	5,707	1,802	2,297	0.04	0.05	0.02	0.02

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MS	Average Labor costs per hour (EUR/hour)	Additional checks needed				Additional costs (million Euros)			
		210 km/trip		450 km/trip		210 km/trip		450 km/trip	
		BL1	BL2	BL1	BL2	BL1	BL2	BL1	BL2
DK	38.8	15,451	8,537	4,654	1,427	0.60	0.33	0.18	0.06
EE	11.1	460	460	156	156	0.01	0.01	0.00	0.00
FI	30.6	2,606	1,782	922	537	0.08	0.05	0.03	0.02
FR	32.3	280,863	234,705	103,908	82,367	9.07	7.58	3.36	2.66
DE	25.6	319,419	314,312	64,609	62,226	8.18	8.05	1.65	1.59
EL	19.3	3,084	3,360	1,128	1,256	-	-	0.02	0.02
HU	7.4	2,454	2,382	931	897	0.02	0.02	0.01	0.01
IE	28.3	9,609	7,455	4,433	3,428	0.27	0.21	0.13	0.10
IT	24.2	0	0	0	0	-	-	-	-
LV	7.7	162	183	56	66	0.00	0.00	0.00	0.00
LT	7.4	233	233	79	79	0.00	0.00	0.00	0.00
LU	33.0	273	251	98	88	0.01	0.01	0.00	0.00
ML	-	-	-	-	-	-	-	-	-
NL	29.5	17,422	14,862	2,063	869	-	-	0.06	0.03
PL	7.7	0	0	0	0	-	-	-	-
PT	-	4,273	4,893	1,666	1,956	-	-	-	-
RO	5.2	7,721	8,601	3,069	3,480	0.04	0.04	0.02	0.02
SK	8.3	0	0	0	0	-	-	-	-
SI	15.1	707	707	0	0	0.01	0.01	-	-
ES	21.3	26,684	26,340	9,704	9,544	0.57	0.56	0.21	0.20
SE	34.0	0	0	0	0	-	-	-	-
UK	29.0	0	0	0	0	-	-	-	-
Total		696,282	634,985	199,351	170,746	18.9	16.9	5.7	4.7

Table C-5 – Estimated additional number of roadside checks and costs for operators in 2035 in the case of 1% minimum thresholds

MS	Average Labor costs per hour (EUR/hour)	Additional checks needed				Additional costs (million Euros)			
		210 km/trip		450 km/trip		210 km/trip		450 km/trip	
		BL1	BL2	BL1	BL2	BL1	BL2	BL1	BL2
AT	30.0	-	-	-	-	-	-	-	-
BE	36.6	-	-	-	-	-	-	-	-
BU	4.0	31	31	-	-	0.00	0.00	-	-
HR	9.8	6	6	-	-	0.00	0.00	-	-
CY	-	-	-	-	-	-	-	-	-
CZ	9.2	1,091	1,445	143	308	0.01	0.01	-	-
DK	38.8	1,954	-	-	-	0.08	-	-	-
EE	11.1	80	80	-	-	0.00	0.00	-	-
FI	30.6	500	225	-	-	0.02	0.01	-	-
FR	32.3	59,669	44,283	684	-	1.93	1.43	-	-
DE	25.6	907	-	-	-	0.02	-	-	-
EL	19.3	639	731	-	29	0.01	0.01	-	-
HU	7.4	550	526	42	31	0.00	0.00	-	-
IE	28.3	3,139	2,421	1,414	1,079	0.09	0.07	-	-
IT	24.2	-	-	-	-	-	-	-	-
LV	7.7	29	36	-	-	0.00	0.00	-	-
LT	7.4	41	41	-	-	0.00	0.00	-	-
LU	33.0	54	47	-	-	0.00	0.00	-	-
ML	-	-	-	-	-	-	-	-	-
NL	29.5	-	-	-	-	-	-	-	-
PL	7.7	-	-	-	-	-	-	-	-
PT	-	1,015	1,222	146	242	-	-	-	-
RO	5.2	1,906	2,199	355	492	0.01	0.01	0.00	0.00
SK	8.3	-	-	-	-	-	-	-	-
SI	15.1	-	-	-	-	-	-	-	-
ES	21.3	5,459	5,345	-	-	0.12	0.11	-	-
SE	34.0	-	-	-	-	-	-	0.02	-
UK	29.0	-	-	-	-	-	-	-	-
Total		77,071	58,638	2,784	2,182	2.3	1.7	-	0.00

C.1.3 Changes to rules on cabotage

There were some indications from the survey of hauliers that the measure to remove the maximum number of cabotage operations (currently 3) and reduce the maximum period for cabotage operations from 7 days to 4 would have an impact on overhead costs due to a loss in flexibility to organise transport. The weighted average estimated increase in overhead costs due to this measure was reported as 3.5%, with the bulk of costs reported by EU-13 firms (5.2% weighted average increase) while the weighted average reported costs for EU-15 firms was -0.8% from this measure (i.e., it would result in cost savings).

Converting these estimates into additional cost increases using the same process as described above for the establishment criteria results in the figures shown in Table C-6. As before, costs in future years were indexed to projected transport activity from the 2016 EU Reference Scenario in order to account for the growth in number of authorisations in future years.

Table C-6: Estimated additional costs of changes to the rules on cabotage in 2016

MS	Overhead cost (EUR/yr)	Authorisations	Region	% increase	Increase amount (EUR/yr)	Total increase (EUR/yr)
AT	18,367	4,602	EU-15	-1%	146.93	676,240
BE	15,585	5,814	EU-15	-1%	125	724,842
BG	6,356	19,585	EU-13	5%	331	6,473,112
HR	9,332	-	EU-13	5%	485	-
CY	19,877	388	EU-13	5%	1,034	400,677
CZ	6,618	2,964	EU-13	5%	344	1,020,020
DK	23,570	432	EU-15	-1%	189	81,456
EE	9,679	1,104	EU-13	5%	503	555,652
FI	20,516	1,663	EU-15	-1%	164	272,951
FR	18,387	7,897	EU-15	-1%	147	1,161,617
DE	17,963	31,289	EU-15	-1%	144	4,496,458
EL	18,451	1,628	EU-15	-1%	148	240,299
HU	15,619	10,231	EU-13	5%	812	8,309,559
IE	18,339	811	EU-15	-1%	147	118,986
IT	19,704	14,101	EU-15	-1%	158	2,222,719
LV	13,315	1,841	EU-13	5%	692	1,274,627
LT	8,065	2,837	EU-13	5%	419	1,189,847
LU	22,576	142	EU-15	-1%	181	25,646
MT	16,296	23	EU-13	5%	847	19,490
NL	18,438	8,008	EU-15	-1%	148	1,181,235
PL	4,620	14,827	EU-13	5%	240	3,562,300
PT	17,586	5,878	EU-15	-1%	141	826,892
RO	6,548	16,524	EU-13	5%	340	5,625,910
SK	9,175	5,742	EU-13	5%	477	2,739,823
SI	8,663	3,853	EU-13	5%	450	1,735,779
ES	19,837	80,061	EU-15	-1%	159	12,705,102
SE	22,701	3,678	EU-15	-1%	182	667,958
UK	23,816	24,623	EU-15	-1%	191	4,691,337
		270,546			2,813,058	2,813,058
Total (EUR millions)					2.81	

Source: Authorisations from 2016 monitoring data; % increase estimated from survey of hauliers; overhead costs per firm estimated from cost model (see Annex B)

C.2 Impacts on transport activity

Impacts on transport activity due to changes in administrative costs were calculated by modifying the cost differential parameter from the cabotage model. This accounts for changes in costs of non-domestic versus domestic operators due to the policy options.

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The new costs were put into the functional relationship previously explained in the baseline section, i.e. modifying the parameter $cratio_{H,O}$:

$$cr_{H,O} = 58.38 \cdot t_{H,O}^{0.50} \cdot d_{H,O}^{-1.42} \cdot cratio_{H,O}^{-2.63}$$

where

- $cr_{H,O}$ is the cabotage rate country H carried out by hauliers from country O
- k defines the intercept of the curve (i.e. the constant)
- $t_{H,O}$ is the international road transport rate for the country pair H-O (see definition above)
- $d_{H,O}$ is the distance (in km) between country O to country H
- $cratio_{H,O}$ is the difference in operation costs between i) a haulier from origin country O carrying out a cabotage operation in host country H and ii) a haulier domiciled in country H carrying out the transport operation in their own country H¹⁶
- β_x are the respective coefficients that are estimated by the means of the regression analysis.

The cost impacts were taken from the estimates of administrative costs previously described.

- For PP2: the estimated savings per trip from e-CMR (€4.34) were used, and assumed to affect 30% of operations where the administrative cost savings could be attributed to this measure (consistent with the approach to calculate administrative costs). This gives a cost saving per trip of €1.30.
- For PP3: the costs regarding changes to stable and effective establishment (as calculated above) were added to the overhead costs of each firm.

For changes to the cabotage period under PP3, the period available for cabotage operations and assuming that each international transport either side would also require 1 day. As a result, a haulier aiming to engage in the maximum amount of cabotage possible in a 30 day month would be able to complete 3.33 cabotage periods under the 7 day rule (i.e. $30/(7+2)$), requiring 6.67 days to cover international transports either side (assuming one day of international transport is needed either side of each cabotage period, therefore the haulier needs $2*3.33$ days of international transport). The parameters to calculate the impact of the policy measure were derived as follows:

- **If the period available for cabotage was reduced to 4 days**, an operator could complete a maximum of 5 cabotage periods in a 30 day month (including a day either side for international transport).
 - This would require an extra 3.33 days of international transport to cover the trips either side (i.e. one day each side, or two days per cabotage period given to international transport, requiring a total of $5*2 = 10$ days, which is 3.33 more than the existing rules).
 - Based on the survey responses outlined above, the measure was not modelled to have an impact on cabotage behaviour in terms of the distance/km per trip or the number of operations per day.

¹⁶ Note that for the purpose of the regression analysis the cost ratio was defined as $[cost\ of\ non-domestic\ haulier / cost\ of\ national\ haulier]$ in contrast to the concept of a cost differential $[cost\ of\ non-domestic\ haulier / cost\ of\ national\ haulier - 1]$ as used throughout the report. This was to avoid negative input values.

- A small overall increase in willingness to engage in cabotage operations was included in the model, based on the responses to the hauliers’ survey¹⁷, but this factor has an overall negligible impact on the results.

The estimated increase in cabotage activity in the year 2035 compared to the baseline in each year is shown in Table C-7. Note that due to the uncertainties in the data at Member State level (as described in Annex B, baseline), the results are reported only at EU-28 level for the impacts on infringements. They provide an indication of the direction and magnitude of the likely impacts, appropriate for ranking of the effectiveness of different PPs but to be interpreted with caution.

Table C-7: Output of model estimates of impacts on cabotage activity (relative to baseline)

	2020	2025	2030	2035
PP2	4%	4%	3%	3%
PP3 (4 days)	-3%	-3%	-3%	-3%
PP3 (7 days)	-35%	-35%	-35%	-35%

C.3 Impacts on compliance

In order to estimate the potential impact of the measure to introduce a minimum number of checks, the changes are modelled as an increase in the overall number of checks (as perceived by those infringing the rules, due to the increased probability of being caught). This adjustment was made to the parameter *C* in the relationship previously calculated in the baseline (see Section B.3):

$$I = 0.029C^{-0.71}$$

Where:

- *I* is the infringement detection rate (number of detected infringements per total number of checks that were carried out)
- *C* is the intensity of cabotage checks (number of checks per million t-km of cabotage)

In effect, the relationship suggests that each 10% increase in the intensity of cabotage checks leads to a 7.1% decrease in infringement detection rate. The minimum number of checks leads to an “effective” minimum checking intensity *C* depending on the threshold required. The checking intensity was calculated as shown in Table C-8.

Table C-8: Effective checking intensities for different thresholds of minimum checks

	Lower bound	Upper bound	Mid
Checking threshold (% of trips to be checked)	1%	3%	2%
Distance per cabotage trip (km)	330	330	330
Average load (t per trip)	10	10	10
t-km per trip	3300	3300	3300
Trips per million t-km	303	303	303
Probability of targeting cabotage	0.34	0.34	0.34
Effective minimum checking intensity	8.91	26.74	17.83

¹⁷ Weighted average answer indicating change in willingness to engage in cabotage was +1.1% (0.9% for EU-13 respondents, +1.5% for EU-15 respondents).

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Source: distance per cabotage trip as previously calculated, average load per trip from Eurostat, probability of targeting cabotage from NL data (Inspectie Leefomgeving en Transport, 2014)

The impact of this change was modelled by directly adjusting the checking intensity C in the functional relationship shown above – where countries already exceed the minimum limit set by the legislation, it was assumed that their checking intensity would remain the same (since it is a minimum requirement, and previous experience in the road social legislation shows that many countries exceed the minimum threshold set) (Ricardo et al, 2015). However, results in terms of the impacts on compliance are only reported at the EU-28 level due to the uncertainties in the data on current checking intensities (as explained in Annex B, baseline).

Impacts on the incentives for formation of letterbox companies used the relationship previously calculated in the baseline:

$$L = 0.0075 - (4.39568e - 08)T$$

Where:

- L is the letterbox infringement detection rate, as a percentage of authorisations granted (assuming a 1:1 relationship between infringements of stable and effective establishment and letterbox companies) → this is the output of the model that is used to estimate the impact of the policy
- T is the total cost of operation in the country (EUR) → this is modified in line with the findings on changes to the cost of operation, calculated in the section on impacts on costs to businesses (Section C.1)

Results are reported only at EU level due to the uncertainties in the data, particularly when projecting out many years into the future, although as seen in practice today it is likely that the incidence of letterbox companies is concentrated in some Member States and is not a uniform issue across the EU. The baseline letterbox rates as previously calculated show a small reduction over time due to slight convergence in cost between countries.

Table C-9: Incentives for letterbox companies compared to baseline (EU level)

Scenario	2015	2020	2025	2030	2035
Baseline letterbox rates	0.15%	0.14%	0.13%	0.12%	0.11%
Upper bound (% change compared to BAU)	-8.5%	-9.0%	-9.7%	-10.2%	-10.7%
Lower bound (% change compared to BAU)	-7.7%	-8.1%	-8.8%	-9.2%	-9.7%

Cost to authorities from minimum number of cabotage checks
Costs to authorities from minimum number of cabotage checks have been estimated following the same approach described in Section C.1.2 concerning the costs to operators. The only difference was that in this case we used average labour costs for the public sector from the labour force survey (Eurostat, 2016e). **Table C-10** and **Table C-11** present the the number of checks and additional costs arising.

Table C-10 –Estimated additional number of roadside checks and costs for national authorities in 2035 in the case of 3% minimum threshold

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MS	Average Labor costs per hour (EUR/hour)	Additional checks needed				Additional costs (million Euros)			
		210 km/trip		450 km/trip		210 km/trip		450 km/trip	
		BL1	BL2	BL1	BL2	BL1	BL2	BL1	BL2
AT	23.9	0	0	0	0	-	-	-	-
BE	32.2	0	0	0	0	-	-	-	-
BU	2.7	178	178	61	61	0.00	0.00	0.00	0.00
HR	5.7	37	37	13	13	0.00	0.00	0.00	0.00
CY	10.4	-	-	-	-	-	-	-	-
CZ	6.3	4,645	5,707	1,802	2,297	0.03	0.04	0.01	0.01
DK	34.4	15,451	8,537	4,654	1,427	0.53	0.29	0.16	0.05
EE	8.8	460	460	156	156	0.00	0.00	0.00	0.00
FI	22.6	2,606	1,782	922	537	0.06	0.04	0.02	0.01
FR	26.1	280,863	234,705	103,908	82,367	7.33	6.13	2.71	2.15
DE	20.0	319,419	314,312	64,609	62,226	6.39	6.29	1.29	1.24
EL	9.9	3,084	3,360	1,128	1,256	0.03	0.03	0.01	0.01
HU	6.2	2,454	2,382	931	897	0.02	0.01	0.01	0.01
IE	21.4	9,609	7,455	4,433	3,428	0.21	0.16	0.09	0.07
IT	18.7	0	0	0	0	-	-	-	-
LV	6.1	162	183	56	66	0.00	0.00	0.00	0.00
LT	5.7	233	233	79	79	0.00	0.00	0.00	0.00
LU	20.6	273	251	98	88	0.01	0.01	0.00	0.00
ML	10.5	-	-	-	-	-	-	-	-
NL	22.7	17,422	14,862	2,063	869	0.40	0.34	0.05	0.02
PL	6.2	0	0	0	0	-	-	-	-
PT	8.3	4,273	4,893	1,666	1,956	0.04	0.04	0.01	0.02
RO	3.6	7,721	8,601	3,069	3,480	0.03	0.03	0.01	0.01
SK	6.8	0	0	0	0	-	-	-	-
SI	10.9	707	707	0	0	0.01	0.01	-	-
ES	14.8	26,684	26,340	9,704	9,544	0.39	0.39	0.14	0.14
SE	31.0	0	0	0	0	-	-	-	-
UK	22.0	0	0	0	0	-	-	-	-
Total		696,282	634,985	199,351	170,746	15.5	13.8	4.5	3.8

Table C-11 – Estimated additional number of roadside checks and costs for national authorities in 2035 in the case of 1% minimum threshold

MS	Average Labor costs per hour (EUR/hour)	Additional checks needed				Additional costs (million Euros)			
		210 km/trip		450 km/trip		210 km/trip		450 km/trip	
		BL1	BL2	BL1	BL2	BL1	BL2	BL1	BL2
AT	23.9	-	-	-	-	-	-	-	-
BE	32.2	-	-	-	-	-	-	-	-
BU	2.7	31	31	-	-	0.00	0.00	-	-
HR	5.7	6	6	-	-	0.00	0.00	-	-
CY	10.4	-	-	-	-	-	-	-	-
CZ	6.3	1,091	1,445	143	308	0.01	0.01	0.00	0.00
DK	34.4	1,954	-	-	-	0.07	-	-	-
EE	8.8	80	80	-	-	0.00	0.00	-	-
FI	22.6	500	225	-	-	0.01	0.01	-	-
FR	26.1	59,669	44,283	684	-	1.56	1.16	0.02	-
DE	20.0	907	-	-	-	0.02	-	-	-
EL	9.9	639	731	-	29	0.01	0.01	-	0.00
HU	6.2	550	526	42	31	0.00	0.00	0.00	0.00
IE	21.4	3,139	2,421	1,414	1,079	0.07	0.05	0.03	0.02
IT	18.7	-	-	-	-	-	-	-	-
LV	6.1	29	36	-	-	0.00	0.00	-	-
LT	5.7	41	41	-	-	0.00	0.00	-	-
LU	20.6	54	47	-	-	0.00	0.00	-	-
ML	10.5	-	-	-	-	-	-	-	-
NL	22.7	-	-	-	-	-	-	-	-
PL	6.2	-	-	-	-	-	-	-	-
PT	8.3	1,015	1,222	146	242	0.01	0.01	0.00	0.00

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MS	Average Labor costs per hour (EUR/hour)	Additional checks needed				Additional costs (million Euros)			
		210 km/trip		450 km/trip		210 km/trip		450 km/trip	
		BL1	BL2	BL1	BL2	BL1	BL2	BL1	BL2
RO	3.6	1,906	2,199	355	492	0.01	0.01	0.00	0.00
SK	6.8	-	-	-	-	-	-	-	-
SI	10.9	-	-	-	-	-	-	-	-
ES	14.8	5,459	5,345	-	-	0.08	0.08	-	-
SE	31.0	-	-	-	-	-	-	-	-
UK	22.0	-	-	-	-	-	-	-	-
Total		77,071	58,638	2,784	2,182	1.8	1.3	0.1	0.0

Annex D LEGAL FRAMEWORK CONCERNING LCVs

Regulation 1071/2009					Regulation 1072/2009
Member State	Stable financial situation	Good repute	Financial standing	Professional competence	
AT	No info	No info	No info	No info	No info
BE (1)	All vehicles >0.5t	All vehicles >0.5t	All vehicles >0.5t	All vehicles >0.5t	All vehicles >0.5t
BG (1)	No regulation	No regulation	No regulation	No regulation	No regulation
CY (1)	No regulation	No regulation	No regulation	No regulation	No regulation
CZ (2)	No regulation	All vehicles	No regulation	No regulation	No regulation
DE (1)	No regulation	No regulation	No regulation	No regulation	No regulation
DK (2)	No regulation	No regulation	No regulation	No regulation	All vehicles <3.5t
EE (1)	No regulation	No regulation	No regulation	No regulation	No regulation
EL (1)	All vehicles	All vehicles	All vehicles	All vehicles	All vehicles
ES (2)	No regulation	No regulation	No regulation	No regulation	No regulation
FI (1)	All vehicles	All vehicles	All vehicles	All vehicles	All vehicles
FR (4)	No regulation	No regulation	All vehicles	All vehicles <3.5t	All vehicles <3.5t
HR (1)	No regulation	No regulation	No regulation	No regulation	No regulation
HU (1)	No regulation	No regulation	No regulation	No regulation	No regulation
IE	No info	No info	No info	No info	No info
IT	No info	No info	No info	No info	No info
LU (1)	No regulation	No regulation	No regulation	No regulation	No regulation
LV (1)	All vehicles	All vehicles	All vehicles	All vehicles	No regulation
LT	No info	No info	No info	No info	No info
MT	No info	No info	No info	No info	No info
NL (1)	All vehicles >0.5t	All vehicles >0.5t	All vehicles >0.5t	All vehicles >0.5t	No regulation
PL (1)	No regulation	No regulation	No regulation	No regulation	No regulation
PT	No info	No info	No info	No info	No info
RO (1) ¹⁸	No regulation	No regulation	No regulation	No regulation	No regulation
SE (1)	All vehicles >0.5t	All vehicles >0.5t	All vehicles >0.5t	All vehicles >0.5t	All vehicles >0.5t
SI	n.d.	n.d.	n.d.	n.d.	n.d.
SK	n.d.	n.d.	n.d.	n.d.	n.d.
UK (1)	No regulation	No regulation	No regulation	No regulation	No regulation

Sources: (1)- National authorities survey; (2): Interviews ; (3) – Ex-post evaluation (Ricardo et al, 2015)

¹⁸ Carriers performing transport vehicle defects must hold the Community license according to art.1, point 4 of Regulation CE 1071/2009

Annex E DESCRIPTION OF POLICY MEASURES

E.1.1 Driver 1 - Inconsistent and ineffective enforcement of legal framework

Root cause a): Differing levels of monitoring and control among Member States

Measures		Description
1	Promote common training of enforcement officers	Promote common training of enforcement officers. A similar approach to that used in the social rules, under which a common EU training curriculum is foreseen, would be followed (see Article 11 of Directive 2006/22/EC).
2	Introduce cross-border joint controls	Impose a minimum number of concerted cross-border roadside cabotage checks per year based on the existing requirements for social legislation (see Article 11 of Directive 2006/22/EC). Given the lack of experience with this type of check, the minimum number would be 3 per year instead of the 6 per year required under the social rules. These controls could be coordinated with the required joint controls under the social rules.
3	Introduce a minimum number of checks of compliance with the cabotage provisions	Introduce a minimum number of checks of compliance with the cabotage provisions, like in the social rules (see Article 2.3 of Directive 2006/22/EC; Member States should organise checks of compliance with the social rules concerning at least 3% of days worked by drivers). Member States would be required to check 3% of the cabotage operations carried out in their territory. The basis for the calculation would be the statistics on the number of tonnes-Km of cabotage operations in each Member State in year t-2 (Eurostat statistics). These controls could be coordinated with the required controls under the social rules.

Root cause b): Limited and ineffective cooperation between Member States

Measures		Description
4	Open up the national risk-rating systems	The national risk rating systems would be accessible to other Member States' enforcement authorities in order to promote exchange of information on high-risk companies and to target checks.
5	Facilitate cross-border checks on establishment provisions and good repute	A maximum time period for replies to reasoned questions from other Member States regarding stable and effective establishment would be set, along with a procedure for escalation if these timescales are not met. This reinforced cooperation between Member States would be based on the relevant provisions of the Posting of Workers Enforcement Directive (See Article 6 of Directive 2014/67/EC). The period would be aligned with Directive 2014/67/EC, i.e. Member States would be obliged to reply to reasoned questions from other Member States within 25 working days, unless a shorter time limit is mutually agreed. This measure would be focused on good repute (which is already the type of information being exchanged via ERRU) and stable and effective establishment (because of the suspected letterbox companies) only. There is no major reason to extend it to professional competence and financial standing (since these

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		criteria are easier to check and, if the haulier has a licence, it should be assumed that he meets these criteria)
6	Adopt common classification of riskiness of undertakings	Adopt common classification of undertakings (green, yellow and red label) used to indicate increasing level of risk of non-compliance and allowing more targeted inspections.
7	Identify minimum common data/information to be included in risk rating systems	A list of factors would be established to determine the risk level of each operator (e.g. no. of infringements of the social rules, the conditions on access to the profession and the cabotage rules). Member States would keep the freedom to determine exactly how to weight these factors in the risk assessment.

Root cause c): Difficulties to enforce current rules on cabotage

	Measures	Description
8	Remove maximum number of cabotage operations (currently 3) and reduce the maximum period (7 days)	Move to a pure time-based limitation to cabotage operations. An unlimited number of operations could be performed within [5] days of the full unloading in the context of an incoming international carriage into the host Member State.
9	Share best practices on how to conduct cabotage checks	Set up a platform for Member States to exchange best practices on how to conduct cabotage checks more effectively and efficiently, in particular on how to use evidence other than the transport documents (CMR) to check compliance with the rules (such as tachograph data).
10	Requirement for hauliers to submit a pre-notification of cabotage operations (cabotage register)	Setting a requirement for pre-notification of every cabotage operation which must be submitted by hauliers, prior to the beginning of their journey, to the competent authorities in the respective Member States to which they are travelling to. (only electronic)
11	Clarify evidence needed to prove the legality of cabotage operations	Clearly stipulate that the haulier must keep on board the vehicle clear evidence of the cabotage operations, as well as of the relating incoming international journey. The required documents can be produced during the inspection and the driver must be allowed to contact the head office in order to ask for the relevant evidence, in case it is not immediately available in the truck.
12	Mandatory use of GNSS digital tachograph for enforcement of cabotage rules	Reg. 165/2014 establishes the date by which new trucks must be fitted with the digital tachograph. The measure would consist in obliging Member States to use the digital tachograph for control of the legality of cabotage operations in case the inspected trucks are fitted with this technology under the terms set by Reg. 165/2014.
13	Mandatory acceptance of electronic consignment notes by enforcers after a certain date	Obligation for Member States to accept electronic transport documents (whatever their form) as sufficient proof of the legality of cabotage operations. During the roadside check, drivers may contact the head office and present proof of legality of the cabotage operation, such as a scan/photo of the CMR for the incoming international journey sent by e-mail or any other electronic means.

Root cause d): Insufficient information available to authorities during enforcement

Measures		Description
14	Increase the amount of information available in ERRU.	Currently, the Electronic Register of Road Transport Undertakings (ERRU) contains general data on transport companies (name, address, type of authorisation, number of vehicles, etc.) and data concerning the number, category and type of serious infringements which may lead to loss of good repute (serious infringements of driving and rest time rules, maximum weights and dimensions, training of drivers, roadworthiness, etc.). This information would be extended to: all infringements of the condition on stable and effective establishment, financial standing and professional competence, registration plate numbers of all vehicles in use by the operator, number of employees of the undertaking, past and current companies managed by transport managers, risk rating of the operator, total assets, liabilities, equity and turnover of the undertaking during the last 2 years.
15	Extend access to additional data in ERRU to road side check officers (see policy measure 16).	Implementing Regulation (EU) 2016/480 already requires that road side officers have access to ERRU by 2019 (Article 5.2). However, this is limited to the Community licence content of ERRU. This measure would consist of extending access for road side officers to other information in ERRU (see measure 16 above).
16	Setting up electronic 'integrated compliance records' for each licensed operator	Setting up electronic 'integrated compliance records' for each licensed operator by introducing data conflicts, 'clear' checks and risk scores in the operator's compliance history. Automatically detecting data conflicts and registering them in the national electronic registers, ERRU and the risk rating systems, as part of the operator's compliance record. The outcome of all checks - be they conducted at the roadside or at company premises - would be encoded in a complete compliance record of every haulier.

E.1.2 Driver 2 - Different implementation of the rules

Issue i: Different interpretations of certain cabotage provisions in Regulation (EC) No 1072/2009

Measures		Description
17	Clarify the possibility of "groupage" transport in cabotage	It would be clarified that one cabotage operation can include several loading and/or unloading operations, following the definition given in the Q&A which has been published by the Commission services.
18	Creation of an online platform with information about the different national cabotage regimes	Member States would post comprehensive information relating to the national rules applicable to cabotage operations in the online platform to be created by the Commission services.

Issue ii): Different interpretations of provisions related to conditions on access to the occupation in Regulation (EC) No 1071/2009

	Measures	Description
19	Review reference points for effective and stable establishment	<p>The reference points for effective and stable establishment would be revised, so as to ensure that the establishment in a given Member State is indeed effective and stable. The following points could be added:</p> <ul style="list-style-type: none"> - the operator must holds assets and employ staff commensurate with the establishment's scope of activity - the company must be subject to VAT and pay taxes in the Member State of establishment - the company must have a significant activity in the country of establishment (not necessarily transport, but at least operational) - the drivers must have the possibility of accessing the office (in agreement with the transport manager) - the original haulier license, the labour contracts and other core business documents can be accessed from the physical office (including electronic access) - the company must have a transport manager in the Member State of establishment who can be contacted via telephone, e-mail or other electronic means - the company must have at least one commercial contract in the country of establishment
20	Clarifying the conditions on good repute, including the relevant persons to be checked for good repute	Set a minimum period, i.e. 6 months, before which it is not possible for an operator who has lost his good repute to get his licence back. Clarify that besides from the transport manager, CEOs, general partners in partnerships and legal representative(s) of the undertaking should also to be checked for good repute.
21	Clarifying the conditions on financial standing	Clarify that there are several ways to prove financial standing, such as bank guarantees or insurances, available balance on company credit cards, financial documents in the name of another party but endorsed by statutory declaration or any other document with a legal value in the Member State concerned which certifies that the company meets the financial standing criterion. Thus, newly established enterprises could prove their financial standing without having to submit their accounts.
22	Development of a practical guide	A practical guide would be developed for the correct interpretation of the EU rules on access to the occupation of road transport operator.

Issue iii): Significant variation in the level of penalties for non-compliance with the rules

	Measures	Description
23	Introduce co-liability principle for shippers and freight forwarders	Lay down the principle that shippers and freight forwarders are co-liable with the transport operator in case they knowingly commission transport services involving infringements of the Regulations (e.g. illegal cabotage operations).
24	Extend the empowerment of the Commission in relation to the	This measure would consist of: 1) extending the empowerment for the Commission to come forward with a classification of infringements which are not related to safety; 2) revising annex IV of Regulation (EC) No 1071/2009 on the

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	classification of infringements and revise the lists of serious infringements	most serious infringements; 3) revising the list of serious infringements of national and EU law.
25	Introduce cabotage in the classification of serious infringements which may lead to the loss of good repute	Introduce cabotage in the classification of serious infringements which, in addition to those set out in annex IV of Regulation (EC) No 1071/2009, may lead to the loss of good repute.

Issue iv): Additional requirements for access to establishment in some Member States

	Measures	Description
26	Remove the possibility for Member States to add additional requirements for access to the profession	Article 3(2) of Regulation (EC) No 1071/2009, which allows Member States to add additional requirements for access to the profession on top of the 4 criteria listed in Article 3(1) would be repealed.
27	Allow Member States to include additional requirements for establishment only in exceptional circumstances	Article 3(2) of Regulation (EC) No 1071/2009 would be revised in order to make it more explicit that additional requirements for establishment would only be acceptable in exceptional circumstances to be previously justified by Member States to the Commission.

Issue v): Different approaches adopted regarding transport of empty containers / pallets and transport for non-commercial purposes

	Measures	Description
28	Clarify the treatment applicable to the transport of empty containers or pallets	Clarify the treatment applicable to the transport of empty containers or pallets, to ensure that whenever the transport of these goods is itself subject to a contract, it should be considered as a transport operation on its own right, but not otherwise.

Driver 3: Different scope of application of the legislation

Issue i): Some Member States apply (some) of the provisions of Regulation (EC) No 1071/2009 and Regulation (EC) No 1072/2009 to vehicles below 3.5t

	Measures	Description
29	Extend scope of Regulation (EC) No 1071/2009 to cover vehicles below 3.5 t fully.	All of the criteria on access to the profession would be extended to LCVs.
30	Extend scope of Regulation (EC) No 1072/2009 to cover vehicles below 3.5 t fully	All of the requirements of Regulation (EC) No 1072/2009 would be extended to LCVs, namely the requirement for a Community licence and driver attestations and the cabotage restrictions.

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31	Extend scope of Regulation (EC) No 1071/2009 to cover vehicles below 3.5 t partially	Some of the criteria on access to the profession would be extended to LCVs, namely: - Effective and stable establishment (same as for heavy goods vehicles, while the size of the establishment must be proportional to the size of the haulier) - Appropriate financial standing: €1,800 for the first vehicle, €900 for each additional vehicle (€9,000 and €5,000 respectively for heavy goods vehicles).
32	Extend scope of Regulation (EC) No 1072/2009 to cover vehicles below 3.5 t partially	The cabotage restrictions would be extended to LCVs.

Annex F ANALYSIS OF THE RESPONSES TO THE PUBLIC CONSULTATION

F.1 Introduction

The public stakeholder consultation for this project was launched on 15/06/2016 and was open for responses until 15/09/2016 (12 weeks). Respondents were also given the opportunity to provide any further comments at the end of the questionnaire. This analysis of the public stakeholder consultation is intended to provide an overall view of the responses to the questionnaire.

Please note that the views presented can only be associated to respondents to this specific consultation and may not be representative of the views of all or specific groups of stakeholders.

F.2 Methodology

The questionnaire of the consultation was made available online through the Commission's EU Survey facility. The survey was open to all categories of respondents (individual citizens, representatives of business (individual firms or associations), public authorities, civil society organisations).

F.3 Analysis of respondents' profile

A total of 175 responses to the questionnaire were received, covering a variety of stakeholder groups, as shown in Table F-1. These stakeholder groups have been created during the analysis of the results after the survey and are defined as:

- Medium and large hauliers – road transport and shipping enterprises with 50 or more employees. This group consisted of 21 road transport operators, one shipping enterprise, and one freight forwarder.
- Small hauliers – road transport and freight forwarding enterprises with 49 or fewer employees. This groups consisted of 16 road transport operators and one freight forwarder.
- Logistics industry representatives – associations representing shipping, freight forwarding and combined transport mode enterprises.
- Associations representing road transport workers and individual workers.
- Transport operators' associations – associations representing road transport operators, the transport chain and contracting authorities.
- National authorities and relevant associations. This group consisted of three enforcement authorities, seven EU Governmental authorities, one Inter-governmental organisation, seven regulatory authorities.

The reason for using these alternative respondent categories is due to the large variety in the number of responses for each of the original categories. Therefore, by reorganising the groups in this way, a more even balance can be ascertained and conclusions drawn from the analysis more meaningful.

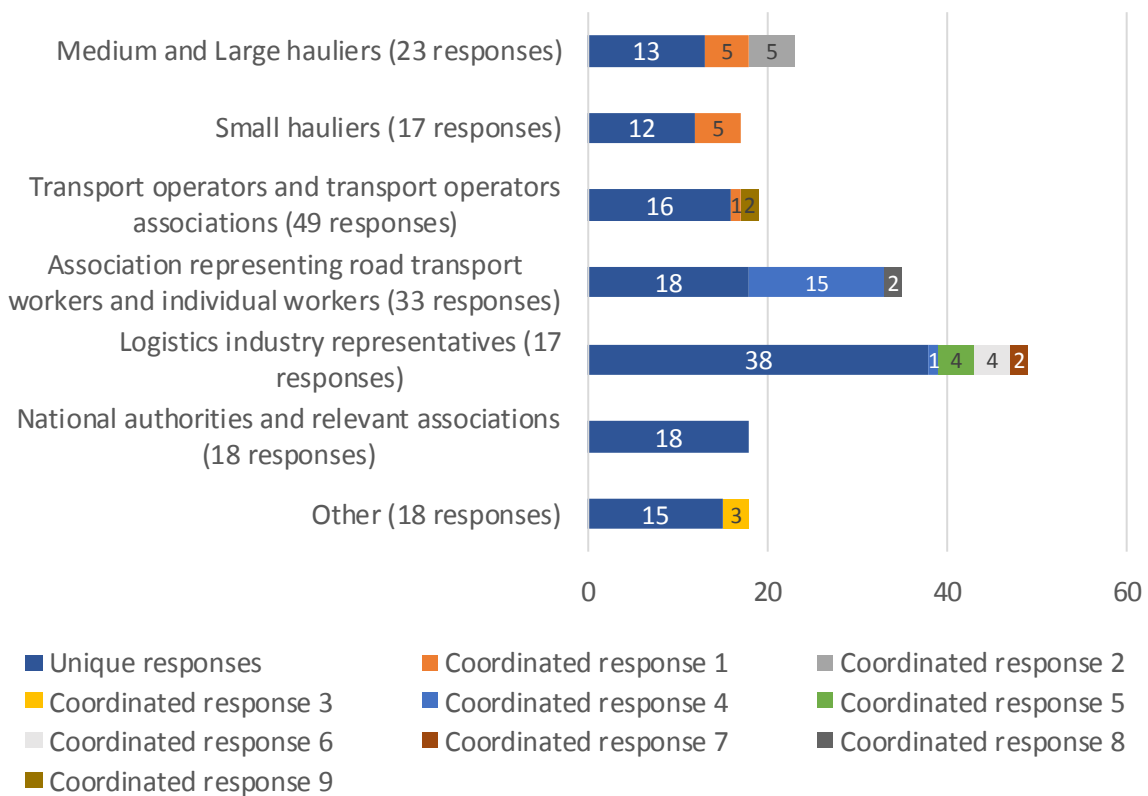
Table F-1: Classification of stakeholders responding to the questionnaire

Stakeholder category	Number	of	% of responses
Medium and large hauliers	23		13%
Small hauliers	18		10%
Logistics industry representatives	17		10%

Stakeholder category	Number	of % of responses
Associations representing road transport workers and individual workers	33	19%
Transport operators' associations	48	27%
National authorities and relevant associations	18	10%
Other	18	10%
Grand Total	175	100%

Notes: Other is based on the respondents' choice and includes: Non-governmental transport organisations (five respondents), individual citizens and consumers (four respondents), consultancies (two respondents), trade associations (two respondents), a motoring organisation, a tachograph analysis provider, an association representing SME's, and a national business organisation

Figure F-1: Distribution of the responses by stakeholder group - showing coordinated responses



Responses were received from respondents residing in, or organisations based in, 22 EU Member States (Austria, Belgium, Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Italy, Latvia, Lithuania, Malta, Netherlands, Portugal, Poland, Romania, Slovenia, Slovakia, Spain, Sweden and the United Kingdom), while responses were also received from Serbia, Switzerland and Norway. The distribution of responses by country of residence or establishment is shown in Figure F-2. The most responses were from Lithuania, receiving 25 responses (14% of the total).

When survey response is split by EU-15 and EU-13 membership, as in, it is apparent that the majority of responses are from EU-15 Member States, with 65% of responses are from these States. Therefore, conclusions drawn from this analysis may be biased. However, since the population of relevant haulage enterprises and associated organisations and its distribution across Member States is unknown, it is impossible to comment on the

representativeness of this sample. Additionally, the share of coordinated responses from EU-13 Member States (40%) is much larger than for EU-15 (15%). This may cause the skew of the results, but as mentioned before, these respondents were free to adapt their responses and so have not been removed from the following analysis.

Figure F-2: Distribution of the responses by country of residence/establishment

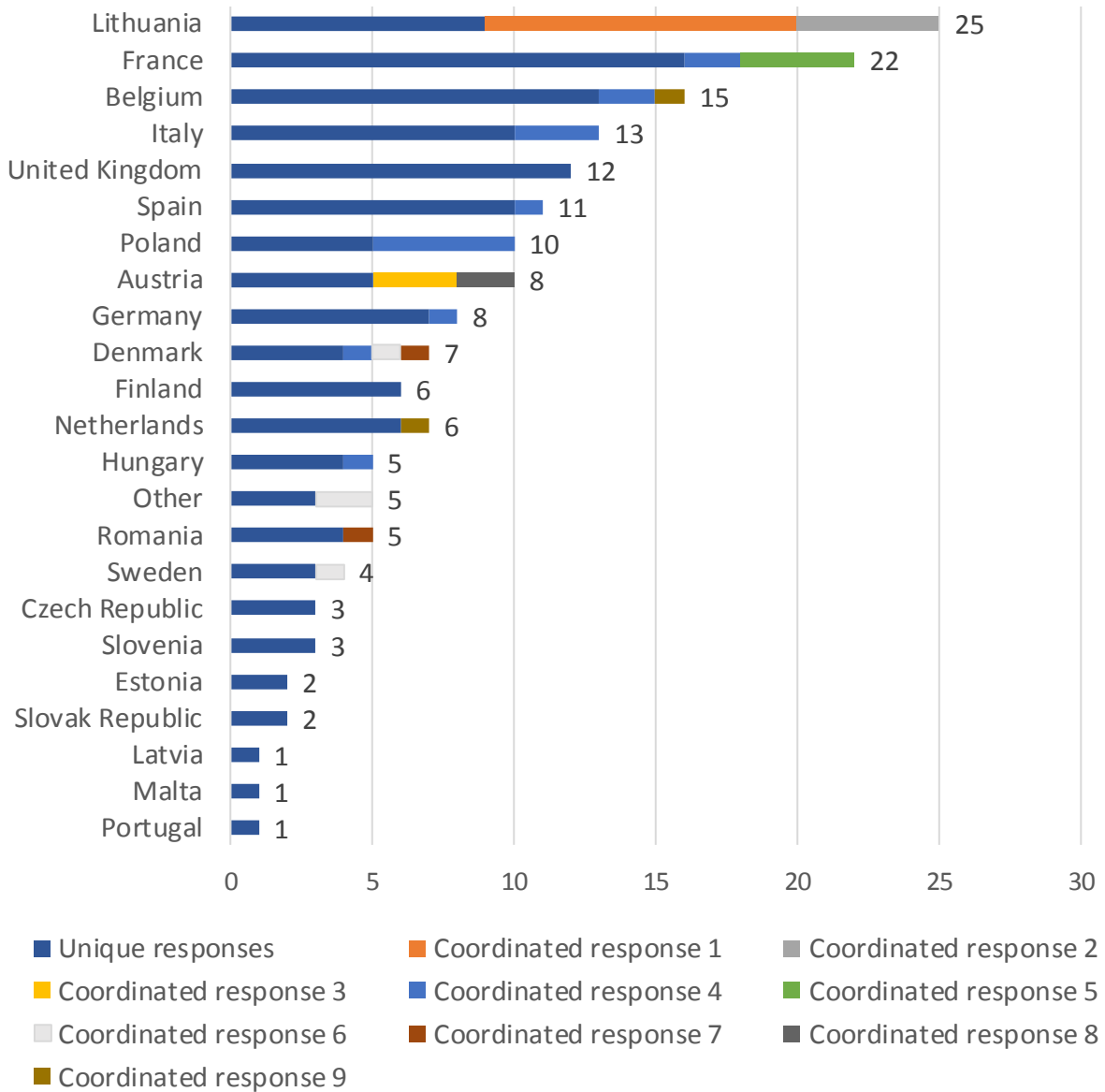
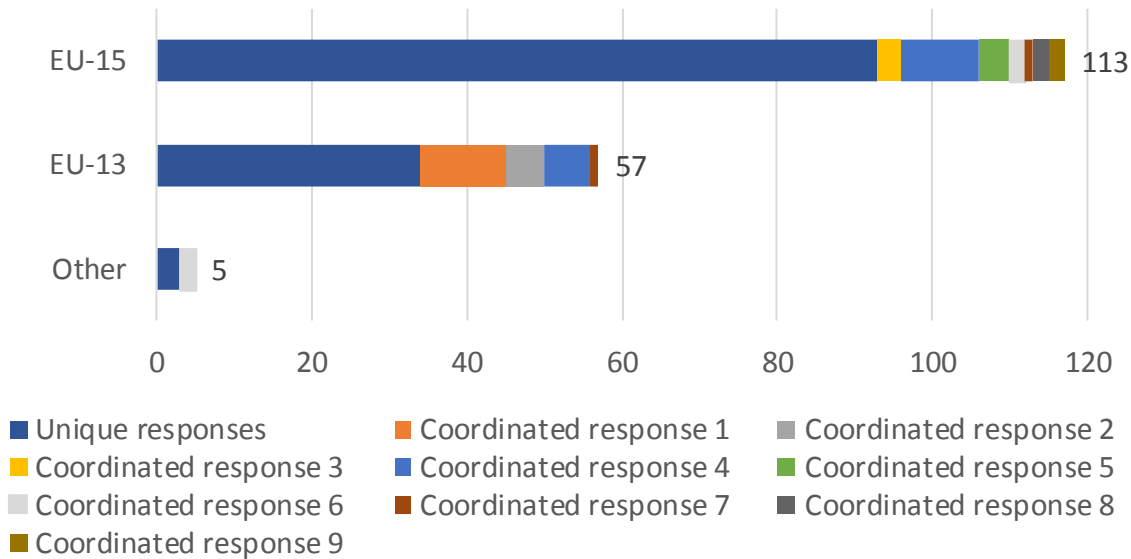


Figure F-3: Distribution of responses (including coordinated responses) by EU-15 and EU-13 groups



F.3.1 Coordinated responses

A number of coordinated responses were received, indicating that respondents followed a template for answers. Nine different templates were identified from the analysis of the survey results, as shown in Figure F-2, representing 49 responses to the survey. Since this is a large share of total respondents (28%), for questions where unique responses comprise less than 80% of the total response, the responses from the largest coordinated templates will be discussed separately. The largest coordinated responses belong to group 1 and group 4. Group 1 consists of 11 responses, 10 from either small, or medium and large hauliers, and one small shipping enterprise, all from Lithuania. The largest template response identified is group 4. This group is made up of 16 respondents, including 12 associations representing road transport workers and individual workers, and a single transport operators’ association. These respondents are based in a number of Member States, including five from Poland, three from Italy, two from Belgium and France, and one respondent from Denmark, Germany, Hungary, and Spain. The approach of highlighting these responses would result in presenting campaigns for hauliers and workers’ associations. However, it should be noted that the opinions of these campaigns may not be representative of the stakeholder group as whole.

F.4 Analysis of responses

F.4.1 Assessing the severity and importance of the identified issues with the Regulations

The first part of the survey was concerned with assessing the views of the respondents on the importance of the problems with the current Regulations.

F.4.1.1 Costs associated compliance for transport operators and enforcement by appropriate authorities

"Some stakeholders opine that compliance costs for transport operators (i.e. costs to comply with the requirements of the Regulations, such as those incurred to pass a certificate of professional competence) are significant. How do you rate the significance of the compliance costs on your business? (for companies and associations only)" (153 responses)

Whether the costs required to comply with the Regulations are important to road transport operators generated a mixed response from the survey respondents. 43% of respondents

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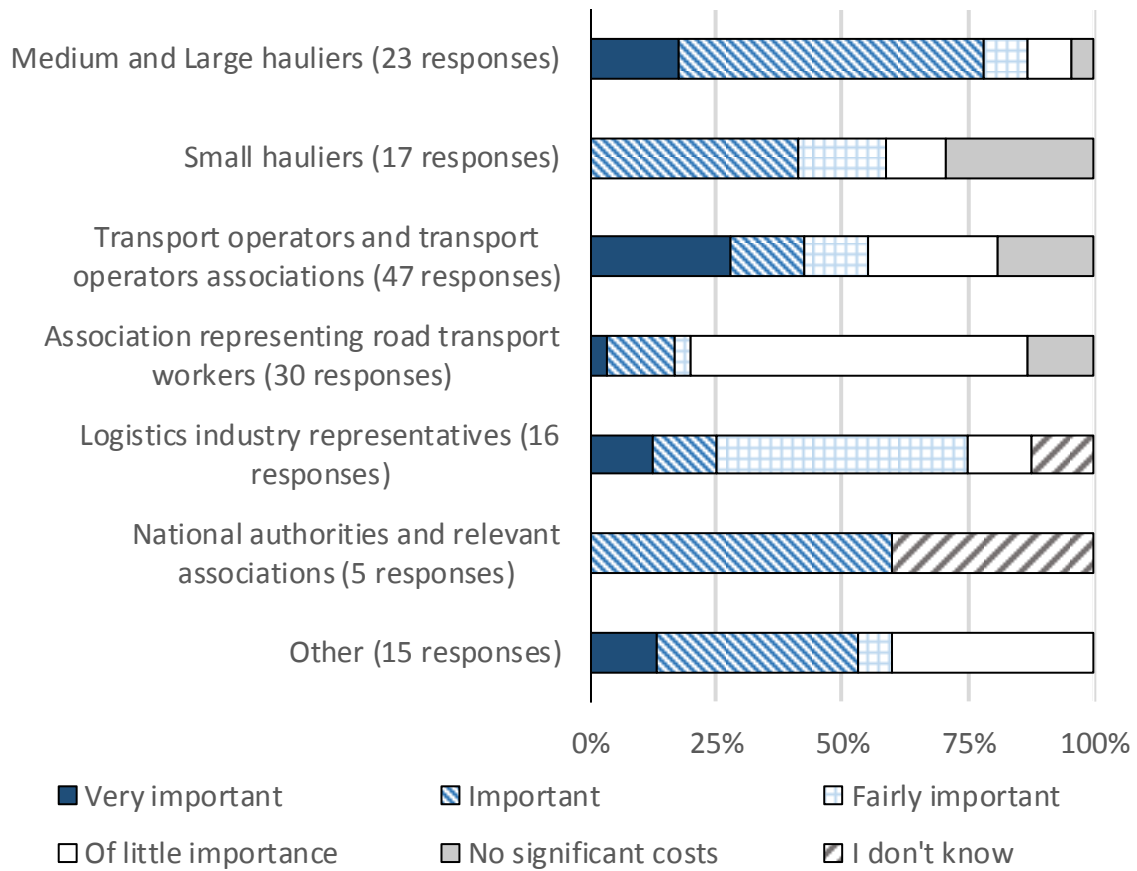
(65 responses) consider the costs of compliance for transport operators to be at least important, whereas 40% of respondents (62 responses) consider the costs to be of little importance or not significant at all. When coordinated responses are removed from the analysis, the views largely remain the same. 47 respondents (45%) consider to costs to be at least important, whereas 35 respondents (33%) consider them to be of little importance or not significant at all. Unique response rate for this question was 68% (105 of 153 responses), and therefore in the subsequent analysis of this question, the coordinated responses of groups 1 and 4 are removed and discussed separately.

The fairly even distribution identified above is somewhat reflected in the views of the transport operators and transport operators' associations: 20 respondents (43%) felt that the costs to be at least important, whilst by contrast, another 20 respondents (43%) considered the costs to be of little importance or not significant.

When disaggregated by the stakeholder category hauliers, national authorities, and consumers consider the compliance costs for transport operators are important. Medium and large hauliers display the greatest agreement, with 13 of 18 unique respondents (72%) considering these costs as at least important to road transport operators (4 respondents suggested they to be very important). By contrast, unique responses from associations representing road transport workers and individual workers consider the costs to be of little importance, with 10 of 16 respondents indicating as such. Indeed, the response from coordinated group 4, which is comprised mainly of workers' trade unions also consider these costs to be of little importance.

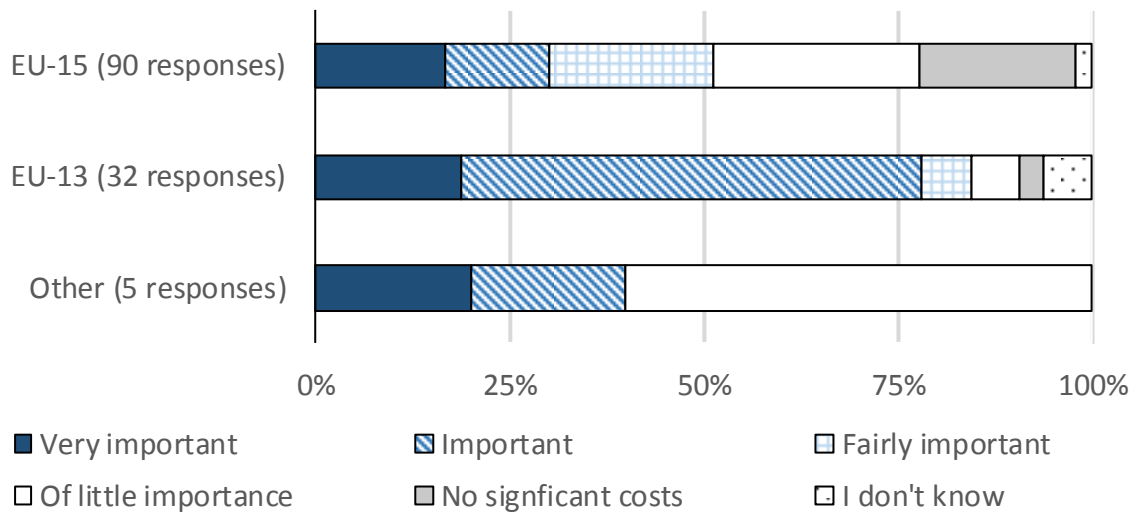
Interestingly, small hauliers, whom you might expect to consider the burden of compliance to be more important as they tend to have smaller revenues than larger companies, actually consider the costs of compliance to be less important than larger hauliers. None of these respondents considered the costs very important, whereas 5 of 12 unique respondents feel there are no significant costs, the highest share of any category. The response from coordinated group 1 feels that these costs are important. This group comprises both small, and medium and large hauliers, so tends to oppose the response from unique small hauliers, but agree with the views of the larger hauliers.

Figure F-4: Significance of compliance costs with the Regulations by respondent category (including coordinated responses)



Respondents from EU-13 Member States felt that the costs of compliance are more important to road transport operators, when coordinated response group 1 and 4 are removed. 25 of 32 respondents (78%) from EU-13 States felt the costs to be at least important, whereas, by contrast, only 27 of 90 respondents (31%) from EU-15 States felt the same way, as shown in Figure F-5. The general trend across stakeholder groups between EU-13 and EU-15 membership further emphasises this. All groups, with the exception of national authorities of which there were only 5 respondents, were more likely to suggest that these costs of compliance are important if the respondent was based an EU-13 Member State. This suggests that the previous analysis of survey response by stakeholder group is somewhat influenced by the demographic of the stakeholder categories.

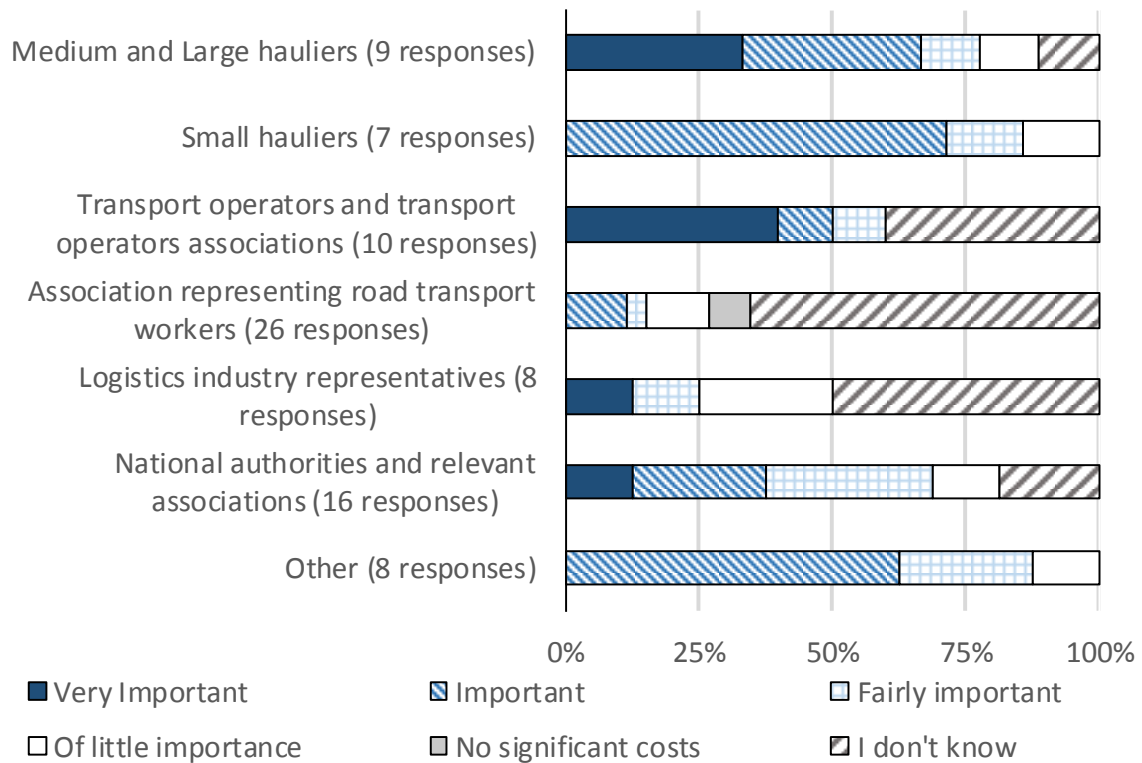
Figure F-5: Significance of compliance costs with the Regulations by EU-15 and EU-13 groups (without coordinated responses)



"Some stakeholders opine that the costs borne by enforcement authorities (i.e. those necessary to enforce the requirements of the Regulations, for example costs incurred for road side inspections regarding compliance with cabotage rules) are significant. How do you rate the significance of these costs? (for public authorities only)" (84 respondents)

31 respondents (37%) felt that the costs necessary to enforce the Regulations, borne by the relevant authorities, are at least important. The most populous response to the related question in the survey was "I don't know", indicating that this addresses an area of which many of the respondents are unfamiliar. In addition, the total number of responses to this question (82) is much lower than the question regarding costs of compliance on road transport operators (152). Therefore, it is sensible to consider the responses of the related categories in isolation. For example, it would be expected that national authorities would be more familiar with the costs needed to enforce the Regulations. In this case, 6 of 16 respondents (38%) of respondents felt that the costs are at least important, whilst only 2 respondents felt that they are of little importance, a similar distribution to the response of the population.

Figure F-6: Significance of costs of enforcement of Regulation by enforcement authorities, by respondent category



F.4.1.2 Clarity, enforceability and level of control practiced of cabotage Regulations

"As regards the level of control exercised in practice by Member States with regard to cabotage operations, do you believe that there is: a) Very significant variance between Member States, b) Significant variance between Member States, c) Modest variance between Member States, d) Not much variance between Member States, e) I don't know" (167 respondents)

In general, it is agreed that there is significant variation in the level of control exercised by Member States (120 respondents are in agreement on this (72%), with 51 respondents indicating there is very significant variation). Only 3 respondents do not consider there to be any variation in the level of control exercised by Member States. As with the previous question, the number of unique responses to this question falls below 80% (118 respondents; 71%), and so coordinated responses 1 and 4 are removed from the analysis of this question. Even after this, the overall distribution remains the same. 109 of 140 respondents (78%) consider the variance to be at important, of which 58 suggest there is very significant variation (41%).

When disaggregated by whether a respondent is based in an EU-15 or an EU-13 Member State, the distribution is largely similar. There is overall agreement from all respondents that there is at least significant variance in the level of control exercised by Member States.

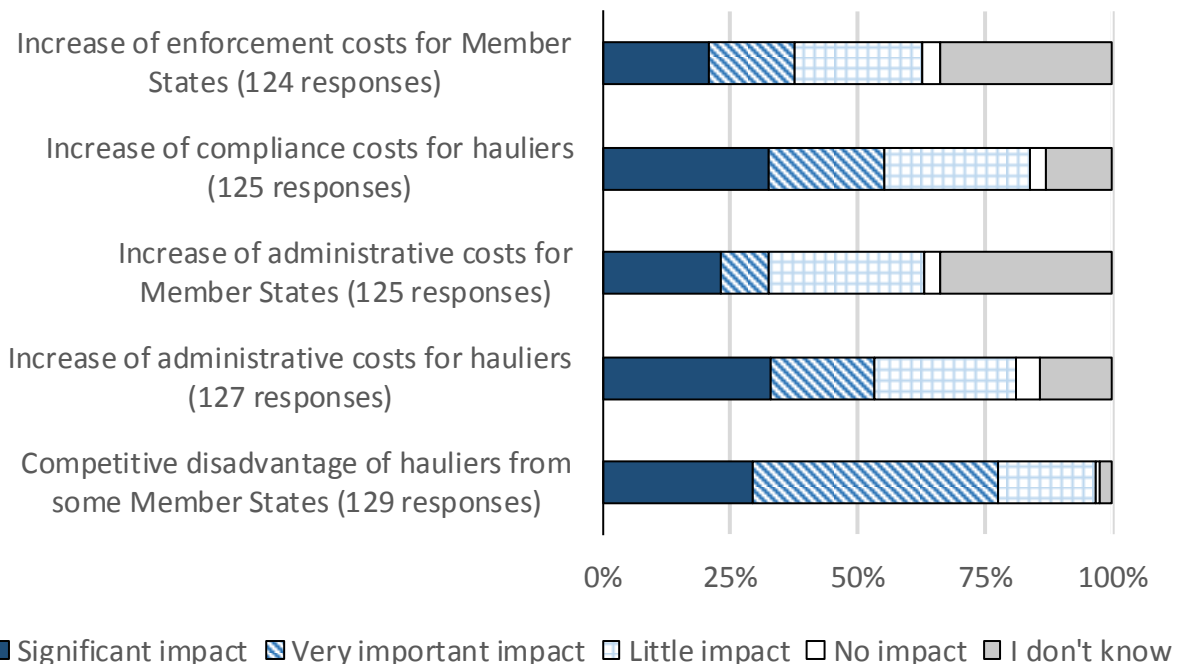
When disaggregated by stakeholder category, whilst there is some variance between categories, generally, the outcome is representative of the above conclusion. There is no group in which the share of respondents who feel there is significant variation falls below 50%. Coordinated response 1, consisting largely of hauliers, indicated that there is very significant variance between Member States. By contrast, however, coordinated response 4, comprising primarily trade unions for road transport works and individual workers felt that there is only modest variance between Member States, which is at odds with the conclusions drawn from the initial analysis. The reason for this disparity remains unclear.

"What impacts do you think that this issue has?"

- **Competitive disadvantage of hauliers from some Member States**
- **Increase of administrative costs for hauliers**
- **Increase of administrative costs for Member States**
- **Increase of compliance costs for hauliers**
- **Increase of enforcement costs for Member States**
- **Other**

Respondents felt that this issue would have a number of impacts. The majority of respondents felt strongly that this would lead to a competitive disadvantage to hauliers from some Member States, where enforcement levels may be perhaps more stringent. In addition, the costs of meeting satisfying more stringent authorities may contribute the strong feeling that this inconsistency can lead to increased costs of compliance for hauliers. In addition, it is thought to have at least a very important impact on the administration costs for hauliers. National authorities and relevant associations, whom you might expect to hold a differing opinion on the costs for administration and enforcement, tend to agree with the population of responses, and consider that costs to Member States to be of less importance than for hauliers. Respondents from coordinated templates 1 and 4 tend to agree with most of the above. Template 1, primarily consisting of hauliers from Lithuania felt that this has a significant impact on the administration costs for hauliers, as well as very important effects on compliance costs for hauliers and enforcement costs of Member States. In contrast to the conclusions of the survey population, however, this group felt it had little impact on creating a competitive disadvantage to hauliers from some Member States. Template 4, primarily consisting of road transport workers and their representatives from trade unions, were much more in agreement with the population, indicating this would have a very important impact on creating a competitive disadvantage for some hauliers. Additionally, they felt that it would have a significant impact on the compliance costs for hauliers.

Figure F-7: Significance of impacts of cabotage enforcement inconsistency between Member States (including coordinated responses)



Respondents were also given the opportunity to suggest other impacts that the survey had not already covered. One of the key issues highlighted by several respondents was

the fact that the level of enforcement between Member States is inconsistent. It was suggested by an associated of combined road-rail transport from Belgium that this leads to the rules being abused by hauliers, whilst a Dutch association representing road transport operators suggested that the cabotage rules need to be improved and clarified to ensure that authorities are aware of their responsibilities. It was also suggested that the variation in cabotage currently has a negative effect on the social conditions for the drivers themselves. This was suggested by coordinated response 4, and also by a number of other respondents independently.

However, some respondents suggested that the variation has little impact. For example, it was suggested by a Belgian association representing shippers that these costs are passed on to the consumers. Finally, it was suggested that by an association representing road transport operators in Sweden that care should be taken when drawing conclusions from this analysis, since the competitive disadvantage being caused by cabotage is being judged on the perspective of hauliers from EU-15 Member States, and not based on cabotage market share, which was 2% in 2013.

"Do you think that the cabotage rules of Regulation (EC) No 1072/2009 are sufficiently clear in all relevant aspects?" (169 responses)

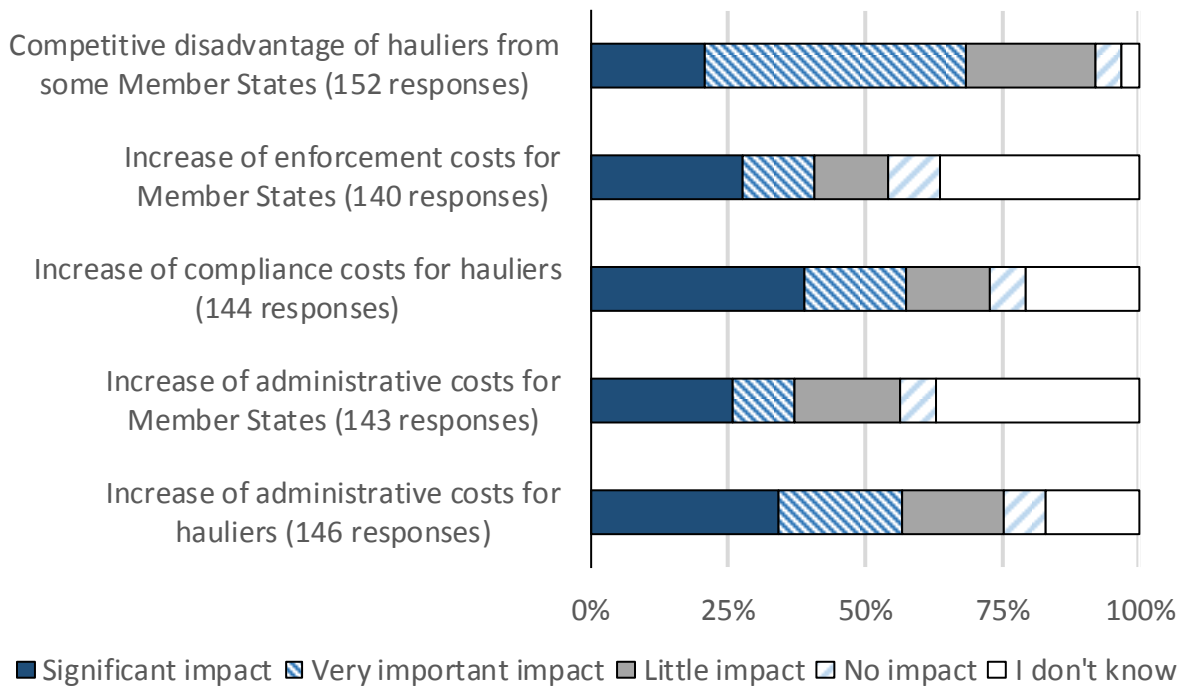
In terms of the clarity of the cabotage Regulations, 126 respondents (75%) feel that the cabotage rules are not sufficiently clear. There is little variance of opinion between respondent category, as Figure F-8 illustrates. Once more, when coordinated responses 1 and 4 are removed, the response distribution remains the same. In this case, 99 of 142 respondents felt that the rules are not sufficiently clear (70%). Both of the removed templates agree that the rules on cabotage are not clear, and hence do not oppose the views of the remainder of the survey respondents. This view is consistent across all stakeholder group, and when the results are disaggregated by whether a respondent is based in an EU-15 or an EU-13 Member State.

"What impacts do you think that this issue has?"

- ***Competitive disadvantage of hauliers from some Member States***
- ***Increase of administrative costs for hauliers***
- ***Increase of administrative costs for Member States***
- ***Increase of compliance costs for hauliers***
- ***Increase of enforcement costs for Member States***
- ***Other***

As with the inconsistency of enforcement of the cabotage Regulations, it was suggested that the lack of clarity leads to a number of problems that the haulage sector and enforcement authorities are required to accommodate. In this case, respondents felt that this inspires at least a very important increase in costs for compliance and administration for hauliers (72 of 118 and 72 of 120 respondents, or 61% and 60%, respectively when coordinated templates 1 and 4 are not included). Additionally, 88 of 125 respondents felt that this has an important impact in creating a competitive disadvantage of hauliers from some Member States. Both coordinated templates 1 and 4 agree with these general conclusions, although template 1 instead suggested that a lack of clarity has little impact in creating market distortion for hauliers on the basis of which Member State they are established in. The reason for this disparity remains unclear.

Figure F-8: Significance of impacts of a lack of clarity of cabotage rules (including coordinated responses)



As before, respondents were asked to identify further issues that the survey had not discussed which the lack of clarity of cabotage regulations has. Several respondents, including those from coordinated template 1, suggested that the regulations would have a total negative impact on the competitiveness of the overall EU economy. In addition, it was suggested that the variation in interpretation of the rules between Member States causes a dysfunctional market for road haulage, highlighting many of the same issues as discussed for variation in application of these rules between Member States, including a negative effect on social working conditions. Additionally, the lack of clarity appears to increase the levels of complexity for hauliers. For example, an association representing road transport operators from Belgium indicated that the number of routes available to hauliers is limited due to the high level of complexity of the rules across Member States. Also, an association representing road transport operators from Romania suggested that there are high penalties even when understanding of the rules is unclear, specifically naming the total unloading of the truck before cabotage and new transport documentation as areas where fines are particularly high.

"Do you think that the cabotage rules of Regulation (EC) No 1072/2009 are enforceable?"

As they stand, it is thought that the regulations are difficult to enforce. 119 of 168 respondents (71%) of respondents indicated that these rules are at least difficult to enforce, whilst only 28 (17%) considered that the rules were easy to enforce. When coordinated responses 1 and 4 are removed these views are maintained.

This view is shared by most respondent categories. The main opponents to this conclusion are small hauliers. Of the 11 respondents included in the analysis (a further 5 are members of coordinated template 1), six believe the rules are easy to enforce. All other groups share the same belief that the rules are difficult to enforce. In particular, national authorities and the relevant associations, whom you might expect to have more experience with implementing the regulations, overwhelmingly felt that the regulations were difficult to enforce. 16 of 17 respondents from this category indicated as such.

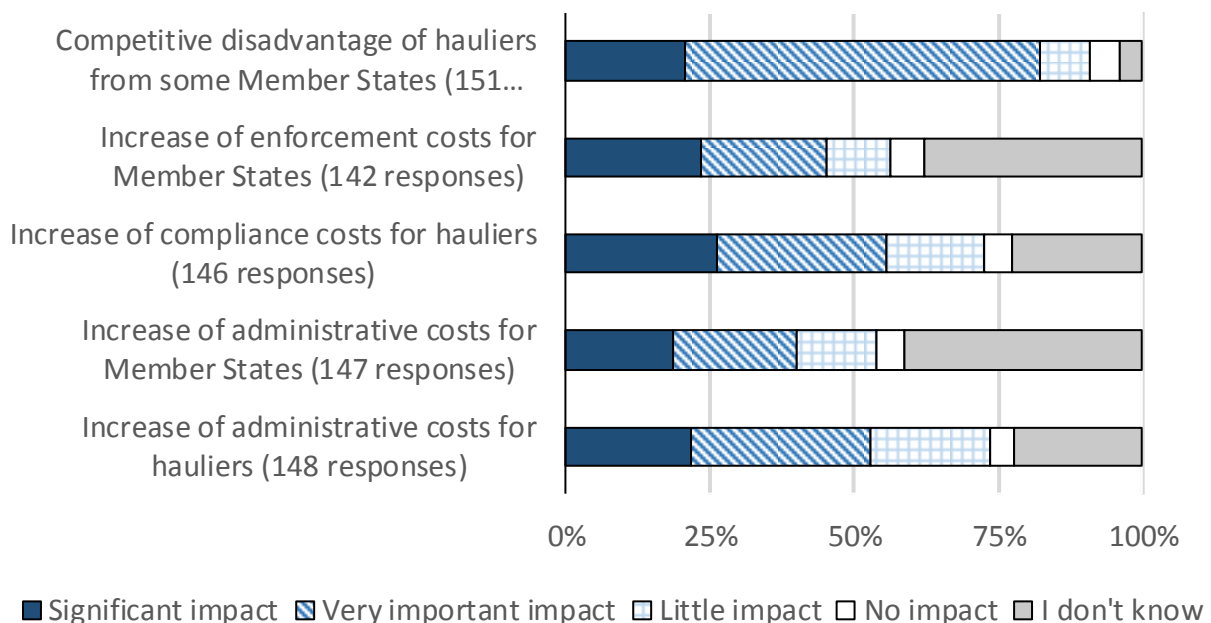
The distribution when respondents are split by whether they are based in an EU-15 or an EU-13 Member State corroborates the original conclusions that the rules are largely difficult to enforce. However, when disaggregated by Member State, it is apparent that of respondents based in France felt that these rules were easy to enforce (17 of 20 respondents). The reason for this disparity remains unclear. In fact, it is this causes a slight skew in the variation in results between EU-15 and EU-13 Member States. When results from France are removed, the view of the respondents follows the same distribution for both EU-15 and EU-13.

What impacts do you think that this issue has?"

- **Competitive disadvantage of hauliers from some Member States**
- **Increase of administrative costs for hauliers**
- **Increase of administrative costs for Member States**
- **Increase of compliance costs for hauliers**
- **Increase of enforcement costs for Member States**
- **Other**

Respondents felt that the difficulty in enforcing these rules leads to a competitive disadvantage for some hauliers from other MS, with 98 of 125 respondents indicating that this has a very important impact at least. Both coordinated template 1 and 4 agreed with this. As with the earlier question regarding the clarity of the regulations, respondents felt the difficulty in enforcement will have at least a very important impact on the enforcement costs for Member States (53 of 117 responses), compliance costs for hauliers (70 of 120 responses), and administrative costs in general (48 of 121 and 67 of 122 responses for hauliers and Member States respectively).

Figure F-9: insignificance of impacts of the difficulty identified enforcing the cabotage Regulation (including coordinated responses)



Free text responses captured many of the same additional impacts as or the previous questions in this subsection, including social impacts such as conditions for drivers and market distortion. There was a feeling, however, from several respondents that the absence of clarity identified for the previous question is the primary cause for the difficult to enforce the regulations, and that by introducing unambiguous rules, this issue can be largely resolved.

It is clear from the survey responses collected regarding the cabotage regulations, that the respondents felt they are currently unclear and difficult to understand, which has a number of follow-on effects on the costs burdened by both Member States and haulier companies. The inconsistency of application of these Member States, presumably a result of the lack of clarity, strongly influences a competitive disadvantage to hauliers from some Member States.

F.4.1.3 'Good repute' criterion

"How far do you think that the different application of the "good repute" criterion of Regulation (EC) No 1071/2009 by Member States constitutes a problem for the road haulage sector?" (169 respondents)

The survey respondents felt that the different application of the "good repute" criteria by Member State constitutes a major problem. 70% of respondents responded in this way, whilst only 4% indicated that the variation of application was not a problem. This view is fairly consistent across all respondent categories. The results are the same when the largest coordinated responses are removed.

Responses from small hauliers, association representing road transport workers and individual workers felt most strongly that the variation in application of the criterion is a major problem (10 of 12 and 16 of 18 respondents respectively). In no respondent category did the share of respondents who felt that the variation in application of the "good repute" criterion wasn't a problem exceed 12%. Coordinated groups 1 and 4 both indicated that this is a major problem in addition.

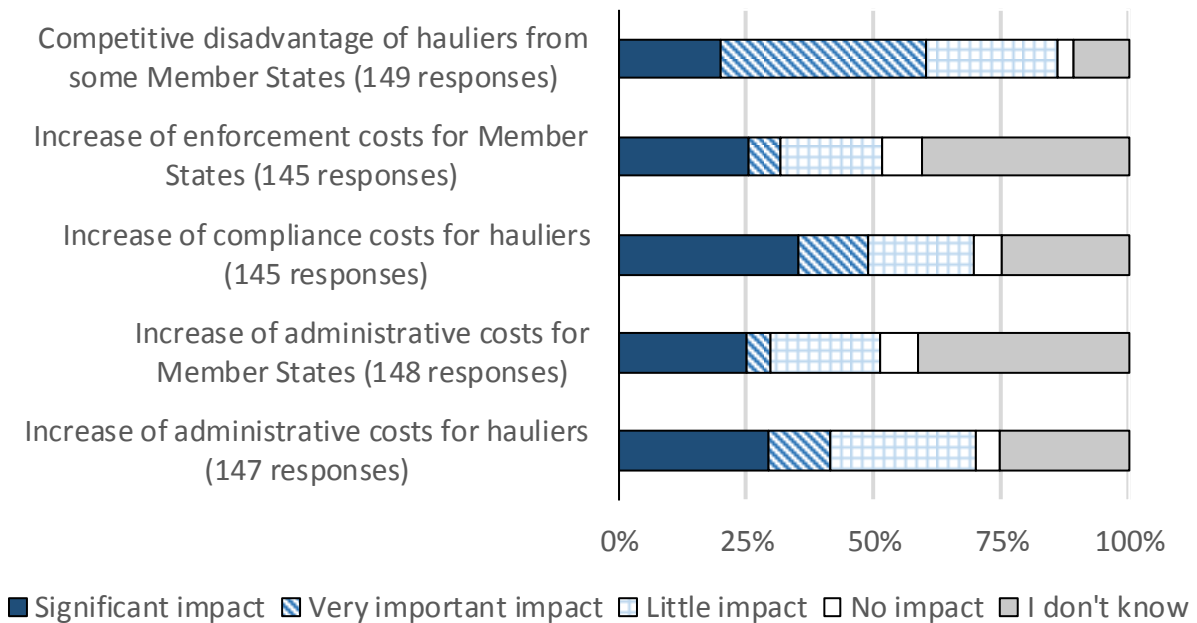
This view is fairly consistent across all Member States. When split by EU-15 and EU-13 membership, this view is also shared.

What impacts do you think that this issue has?"

- **Competitive disadvantage of hauliers from some Member States**
- **Increase of administrative costs for hauliers**
- **Increase of administrative costs for Member States**
- **Increase of compliance costs for hauliers**
- **Increase of enforcement costs for Member States**
- **Other**

The respondents felt that the inconsistency of the application of this criterion has led to a very important impact on the equality of competitiveness of hauliers across Member States, and important compliance cost considerations (75 of 123 and 60 of 120 responses respectively). As before, the coordinated templates generally agree with the populations. Coordinated template 1 indicates that this issue is significant for all of the considered options in Figure F-10. However, its respondents once again feel that this does not lead to a competitive disadvantage to hauliers from some Member States, instead stating that it would have little impact.

Figure F-10: Significance of impacts of the different application of the 'good repute' criterion(including coordinated responses)



Free text comments suggest that the different applications of the 'good repute' criterion create legal uncertainty and unclear liability rules. It was believed that this has a significant impact on hauliers across the EU. Additionally, an association representing road transport operators in Sweden suggested that the largest negative impact of this uncertainty is that different standards now apply in the internal market, which may influence EU competitiveness internationally.

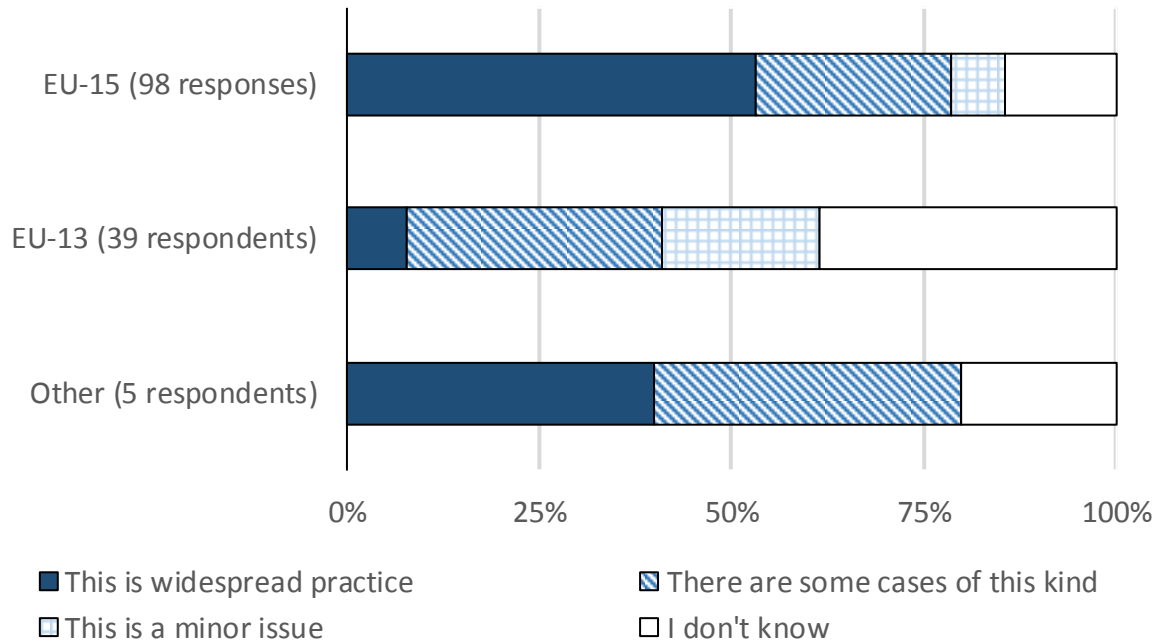
F.4.1.4 'Letterbox' companies

"How far do you consider that operators are setting up subsidiaries (or indeed alleged secondary establishments in other forms) that do not actually conduct own operations?" (168 responses)

Concern has previously been expressed as to prevalence of operators setting up subsidiaries (or alleged second establishments in other forms) that do not conduct their own operations in order to seek a competitive advantage against other operators across the EU. When asked about whether this is a problem for the haulage sector, the respondents felt that this is a widespread practice. 43% responded in this manner, whilst only 9% felt this is only a minor issue. The most concerned group were the associations representing road transport workers and individual workers (after coordinated template 4 was removed). 14 of 18 respondents suggested that letterbox companies are a widespread practice. Additionally, the identified template 4, consisting primarily of respondents from the same stakeholder group felt the same way. Small hauliers also suggest this to a lesser extent. 7 of 11 respondents that do not belong to coordinated template 1 felt that it is a widespread practice.

When respondents from EU-15 Member States are considered in isolation, 52 of 98 respondents felt that this is a widespread practice. This same distribution is not reflected in EU-13 MS, however, where answers are dominated by "I don't know" responses (15 of 39 responses). Instead, only 16% felt this is widespread. All stakeholder groups from EU-15 Member States are more concerned about the practice of letterbox companies in comparison to their EU-13 counterparts, suggesting that the EU-15/EU-13 division has caused some of the between-stakeholder group variation identified above, through the demographic of location of the respondent. However, the reason for the disparity between EU-15 and EU-13 respondents remains unclear.

Figure F-11: Extent of operators setting up 'letterbox' companies by EU-15 and EU-13 groups

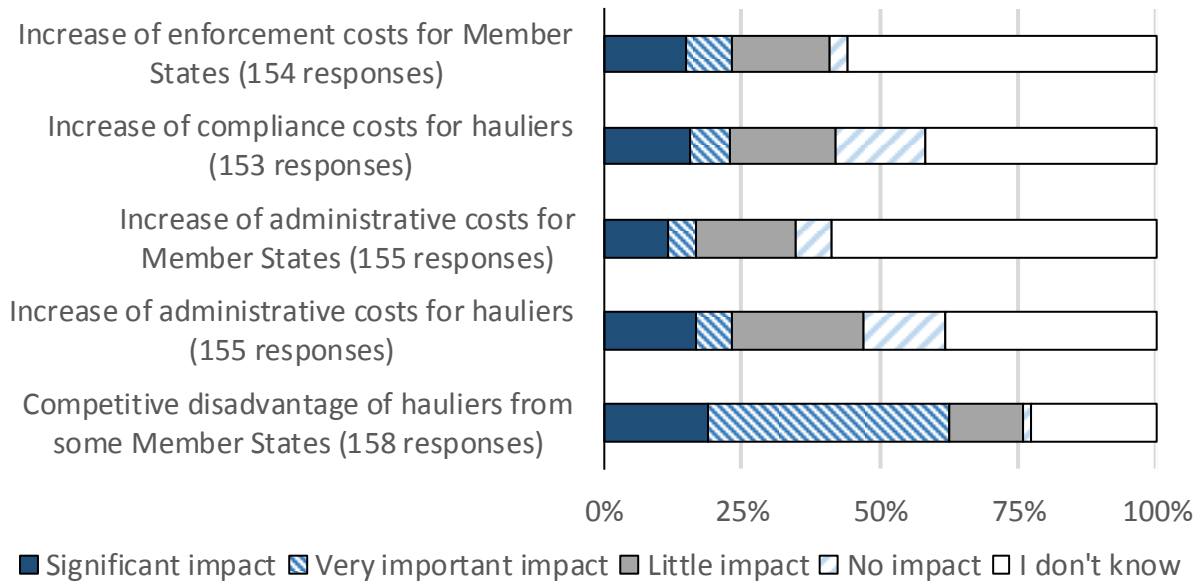


What impacts do you think that this issue has?"

- **Competitive disadvantage of hauliers from some Member States**
- **Increase of administrative costs for hauliers**
- **Increase of administrative costs for Member States**
- **Increase of compliance costs for hauliers**
- **Increase of enforcement costs for Member States**
- **Other**

It was largely felt that this leads to a competitive disadvantage for hauliers from some Member States, with 70% of responses indicating as such when coordinated templates 1 and 4 are removed. This is supported by the respondents of template 4, but template 1 responded "I don't know" to this question. The other factors largely consisted of "I don't know" responses, but were, in general, much considered to have less impact than this, as Figure F-12 demonstrates.

Figure F-12: Significance of impacts of operators setting up 'letterbox' subsidiary companies (including coordinated responses)



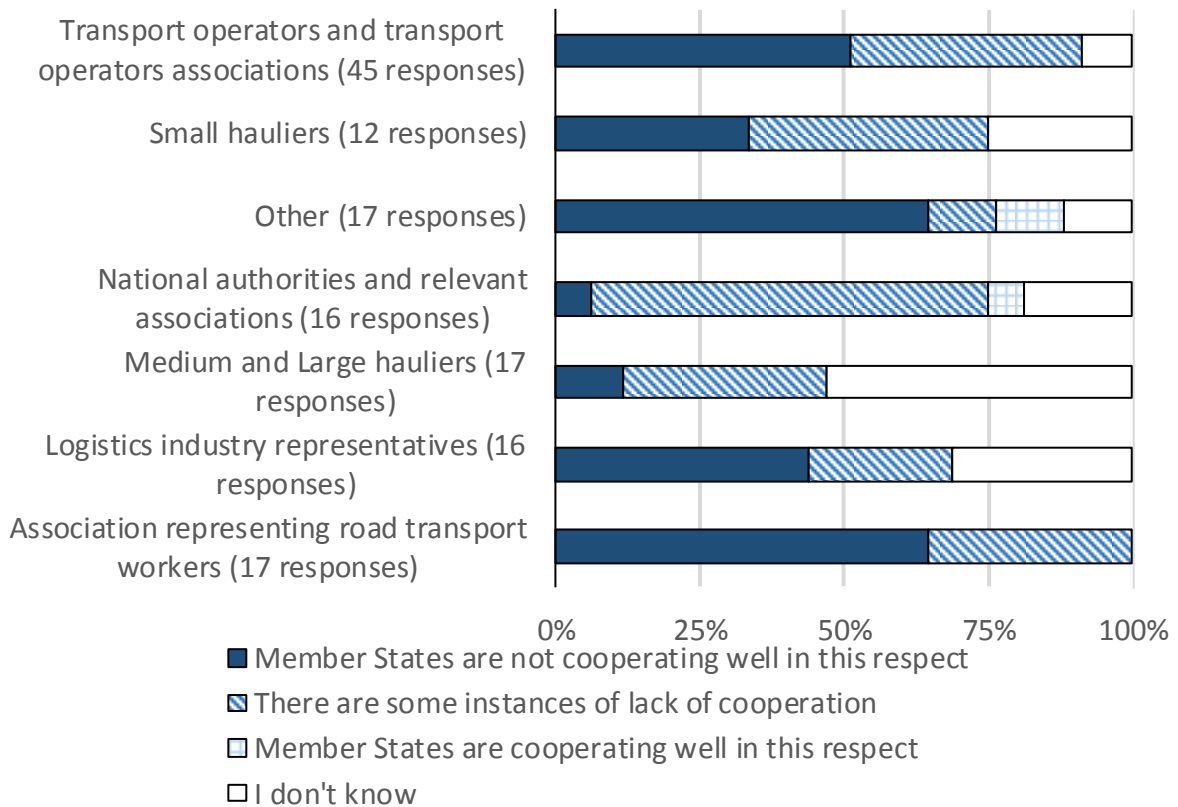
F.4.1.5 Monitoring compliance with, and the clarity of, the "stable and effective establishment criterion" of Regulation No 1071/2009

"How well do you consider that Member States are cooperating in monitoring compliance with the stable and effective establishment criterion?" (167 responses)

When asked whether they felt that Member States were cooperating by monitoring compliance with the "stable and effective establishment" criterion, when coordinated responses 1 and 4 are excluded 75% of respondents suggested there were at least some cases of Member States not cooperating in this respect (40% felt this problem is not isolated to a few Member States, but is more widespread). Only 2% of respondents felt that Member States were cooperating well. Groups 1 and 4 agree with these opinions and do not offer anything that is in contrast to this conclusion.

This is a view that is consistent across all respondent categories, although the share of those who believe that Member States in general are not cooperating well does vary. For example, respondents from associations representing road transport workers and individual workers felt strongly that Member States are not generally cooperating (81% of respondents), whilst only 19% of respondents from national authorities and relevant associations agreed.

Figure F-13: Member State cooperation through monitoring compliance with the “stable and effective” criterion, by the category of respondent



When split by EU-15/EU-13 membership, the trends are broadly similar. A greater share of respondents based in EU-15 Member States felt that in general, Member States are not cooperating, whilst respondents from EU-13 States felt that there were only some instances of a lack of cooperation.

What impacts do you think that this issue has?"

- **Competitive disadvantage of hauliers from some Member States**
- **Increase of administrative costs for hauliers**
- **Increase of administrative costs for Member States**
- **Increase of compliance costs for hauliers**
- **Increase of enforcement costs for Member States**
- **Other**

This leads to at least a very important impact on a competitive disadvantage of hauliers from some Member States, according to the respondents (64% of responses). The impact that this has on the costs for both Member States and hauliers is more uncertain (25-38% of responses felt that this has an important impact). The campaigns of coordinated responses 1 and 4 do not differ greatly from the conclusions drawn here. An association representing road transport in Sweden suggested that this deteriorates the internal market, in much the same way the deviation in the application of the 'good repute' criterion did previously. It was also suggested by several respondents that it would have an important impact on the social conditions for drivers.

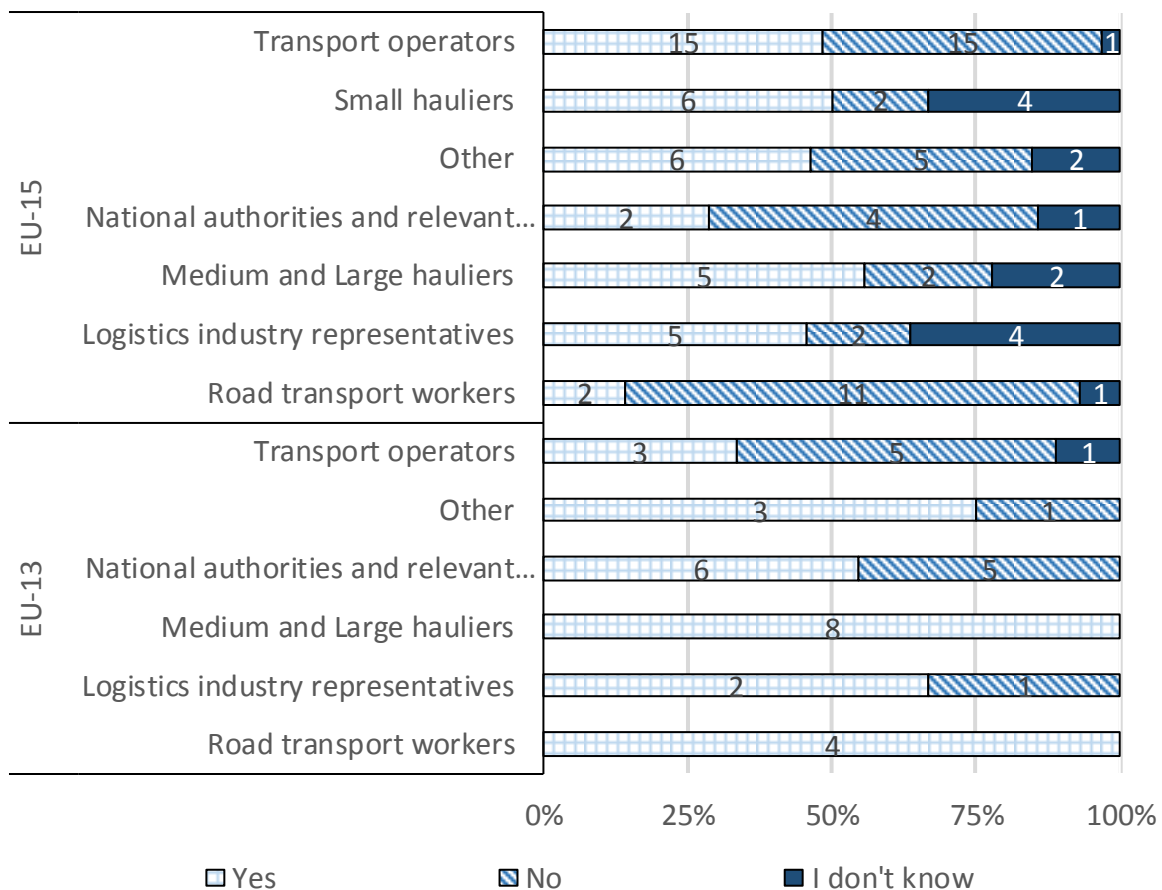
"Do you think that the definition of stable and effective establishment of Regulation (EC) No 1071/2009 is sufficiently clear in all relevant aspects?" (166 responses)

When asked about whether the definition is sufficiently clear, the response was mixed. 48% of respondents felt that the definition is clear enough, whereas 41% indicate that this is not the case. Coordinated response 1, representing hauliers from Lithuania, indicated agreement that the definition is clear. By contrast, coordinated response 4, all demonstrated opposition, suggesting that it was not clear enough.

Most respondent categories reflect this uncertainty when the results are split. The only group that offers a strong overall opinion are medium and large hauliers. 13 of 17 responses (and a further 5 responses in coordinated group 1) consider the definition of stable and effective establishment to be sufficiently clear. The reason for this disparity remains unclear.

A disparity is also observable when the results are disaggregated by whether a respondent is based in an EU-15 or an EU-13 Member State. Respondents from EU-13 Member States suggest more strongly that the definition is sufficiently clear, whilst EU-15 Member State respondents are much more mixed. When this difference is further explored, through splitting these results by stakeholder category, as Figure F-14 demonstrates, it can be seen that this trend is consistently the case across all stakeholder groups. The reason why EU-13 Member State respondents appear to believe the definition clear whilst EU-15 Member State respondents do not, remains uncertain.

Figure F-14: Viewson whether the definition of stable and effective establishment is sufficient clear, by EU-15 and EU-13 groups, and by stakeholder category



What impacts do you think that this issue has?"

- **Competitive disadvantage of hauliers from some Member States**
- **Increase of administrative costs for hauliers**

- ***Increase of administrative costs for Member States***
- ***Increase of compliance costs for hauliers***
- ***Increase of enforcement costs for Member States***
- ***Other***

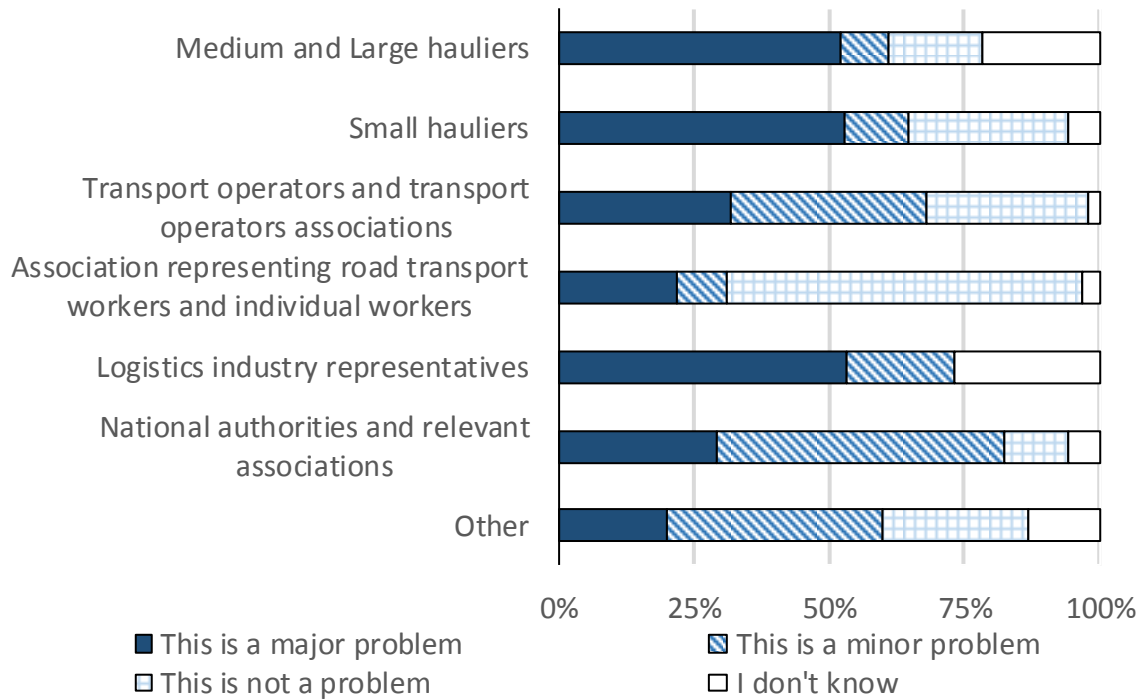
Responses suggest that this lack of clarity can lead to significant impacts on the costs to hauliers, both for compliance and administration (46% and 44% indicated at least a very important impact respectively). It is also suggested that this contributes to a competitive disadvantage to hauliers from some Member States, with 54% of respondents indicating it has at least a very important impact. The response of coordinated group 1, consisting primarily of hauliers, both small, and medium and large, tend not to agree with these conclusions greatly. For example, they felt that there is little impact on the competitiveness of haulier from some Member States as a result of the clarity of the stable and effective establishment criterion, whilst they felt it would have a significant impact on all of the costs borne by authorities/Member States, and for hauliers. Coordinated group 4, representing individual workers and road transport workers, were much more in accord with the overall results of the analysis. The free text comments to this question indicate much the same issues as the previous question regarding the cooperation of Member States with monitoring compliance to the stable and effective establishment, including concerns for working conditions and labour rights. There is also a general impression, however, from several respondents, that the definition is not the issue that needs to be resolved, it is the monitoring and cross-border cooperation that needs to improve.

F.4.1.6 Application of the provision of Regulation No 1071/2009 to vehicles below 3.5t by some Member States

"How far do you consider that the application of (some of) the provisions of Regulation (EC) No 1071/2009 to vehicles below 3.5 tonnes by some Member States constitutes a problem for the road haulage sector?"

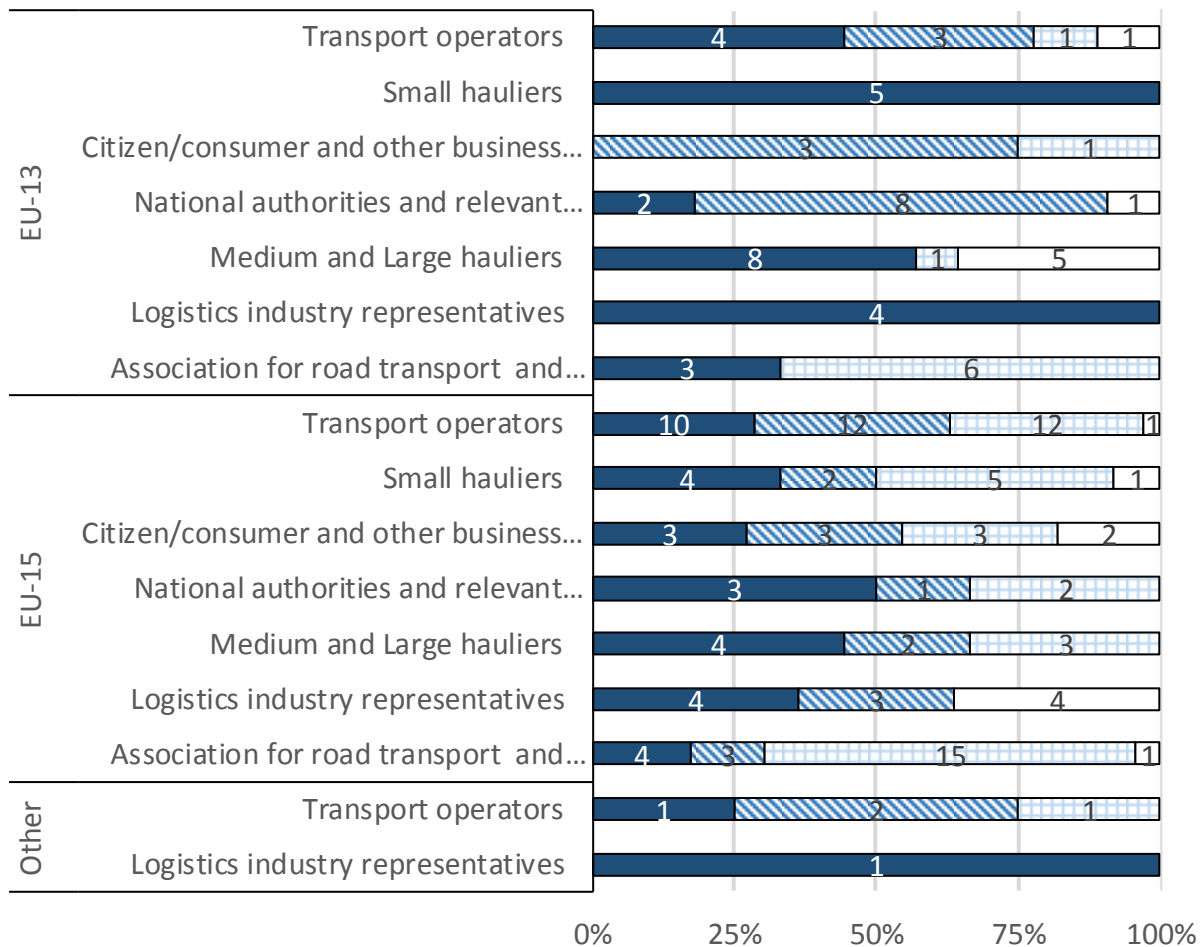
There is a fairly even split between responses regarding the application of some of the provision to vehicles below 3.5t by some Member States. 33% considered it to be a major problem, a further 29% suggested it was a problem, but only a minor one, whereas 26% felt that it is not a problem at all. Most respondent categories further reflect this uncertainty. One exception are national authorities and their relevant associations. In this group, only 2 of 17 respondents did not consider the application of the 3.5t provision by some Member States as a problem. Coordinated group 1, consisting primarily of hauliers of all sizes from Lithuania felt that this is a major problem. Coordinated group 4, comprised of trade unions and individual workers from numerous Member States however opposed this view. They felt that this was not a problem.

Figure F-15: Significance of the problems resulting from the application of some of the provisions of Regulation 1071/2009 to vehicles below 3.5t, by respondent category



When disaggregated by EU-15 and EU-13 Member States, the trends largely agree (see Figure F-16). The main difference between the two response distributions is the share of respondents who felt that the application of the provisions to light duty vehicles is not a problem. Respondents from EU-15 Member States were much more likely to feel that it was not a problem, with 34 of 100 respondents expressing this. By contrast, only 3 of 39 respondents based in EU-13 Member States did not feel it is problem. When this is split by further by stakeholder group, it is apparent that the largest sources of disparity are transport operators (and their representatives). Of the 34 respondents from EU-15 Member States in this category, 11 felt that this was not a problem. Meanwhile, of the nine EU-13 Member State respondents, only one indicated the same.

Figure F-16: Significance of the problems resulting from the application of some of the provisions of Regulation 1071/2009 to vehicles below 3.5t, by EU-15 and EU-13 groups, and by respondent category



■ This is a major problem ■ This is a minor problem □ This is not a problem □ I don't know

What impacts do you think that this issue has?

- **Competitive disadvantage of hauliers from some Member States**
- **Increase of administrative costs for hauliers**
- **Increase of administrative costs for Member States**
- **Increase of compliance costs for hauliers**
- **Increase of enforcement costs for Member States**
- **Other**

57% of respondents felt that this would lead to a competitive disadvantage to hauliers from some Member States, a view shared by all respondent categories. Coordinated templates 1 and 4 also agree with this conclusion, both suggested it would have a very important impact. In fact, coordinated template 1 considered the variable inclusion of light duty vehicle to have a very important impact on all of the impacts considered. There was less strong agreement for the effect that this would have on the costs borne by Member States and hauliers from the remainder of the survey respondents, however, with a mixed response to these impacts.

F.4.1.7 Imposition of additional conditions on access to the occupation of road haulier by some Member States

"How far do you consider that the imposition of additional conditions on access to the occupation of road haulier by some Member States constitutes a problem for the road haulage sector?"

43% of respondents felt that the imposition of additional conditions on access to the occupation of road haulier by some Member States constitutes a major problem for the road haulage sector (75% felt it is at least a minor problem). This is a view broadly shared by all the respondent categories to differing extents. Respondents from logistics industry representatives and national authorities felt that this was a problem least of all groups. Even in these cases, however, it was felt that this constitutes at least a minor problem for the haulage sector, reflective of the conclusion drawn from the overall distribution. Coordinated groups 1 and 4 both also suggested that the imposition of additional requirements for access to the haulage market by some Member States constitutes a major problem.

Additionally, this is a view shared across EU-13/EU-15 divisions, suggesting that it is considered to be a widespread issue for the road haulage sector.

What impacts do you think that this issue has?"

- **Competitive disadvantage of hauliers from some Member States**
- **Increase of administrative costs for hauliers**
- **Increase of administrative costs for Member States**
- **Increase of compliance costs for hauliers**
- **Increase of enforcement costs for Member States**
- **Other**

Respondents felt that this would have a number of effects on the haulage sector across the EU. 67% of respondents felt that this issue would result in at least a very important impact, causing competitive disadvantage to hauliers from some Member States (43% felt this would have a significant impact). 53% and 59% felt that this would have at least a very important impact on the costs of administration and of compliance respectively (36% and 43% felt this would have significant impact respectively). Coordinated template 1 considered the imposition of additional conditions to have a significant impact on all of the factors considered, which corroborates the views both medium and large, and small haulier stakeholder groups. The only areas where this tends to oppose the overall view of the stakeholder groups is for the effects of costs of administration and enforcement for Member States, where many of the overall response felt that they did not know enough about these costs to comment.

Free text response rate to this question was fairly low. Most responses echoed similar additional impacts highlighted previously, such as increased compliance costs for non-compliant hauliers, and the creation of a dysfunction haulage market. A trade union organisation from Belgium in fact suggested that the competitive disadvantage impact discussed previously is caused by the numerous examples of letterbox companies whom take advantage of more lenient rules in some Member States.

F.4.1.8 Variation of the sanctions for infringement of the Regulations between Member States

"How far do you consider that the variation of the sanctions for infringements of the Regulations between Member States constitutes a problem for the road haulage sector?"

It was strongly felt by the respondents that the variation of the sanctions for infringements of the Regulations between Member States is a major problem for the road haulage sector. Only 10% of respondents didn't consider this a problem, whereas 80% considered it a major problem.

In general, it was felt that the variation of the sanctions for infringements of the Regulations between Member States is a major problem for the road haulage sector. Only 16% of respondents didn't consider this a problem. Whilst 74% considered it a major problem. Most of respondent categories tend to agree with this general view. However, associations representing road transport workers and individual workers most strongly oppose this conclusion. Of the 21 respondents to this question (excluding members of coordinated group 4), 10 suggested that this was not a problem. This corroborates the views of coordinated group 4, whom also indicated that such variation is not an issue. The reason for this discrepancy remains unclear. Respondents from coordinated group 1, however, tend to agree with the overall results, considering the variations to be a major problem.

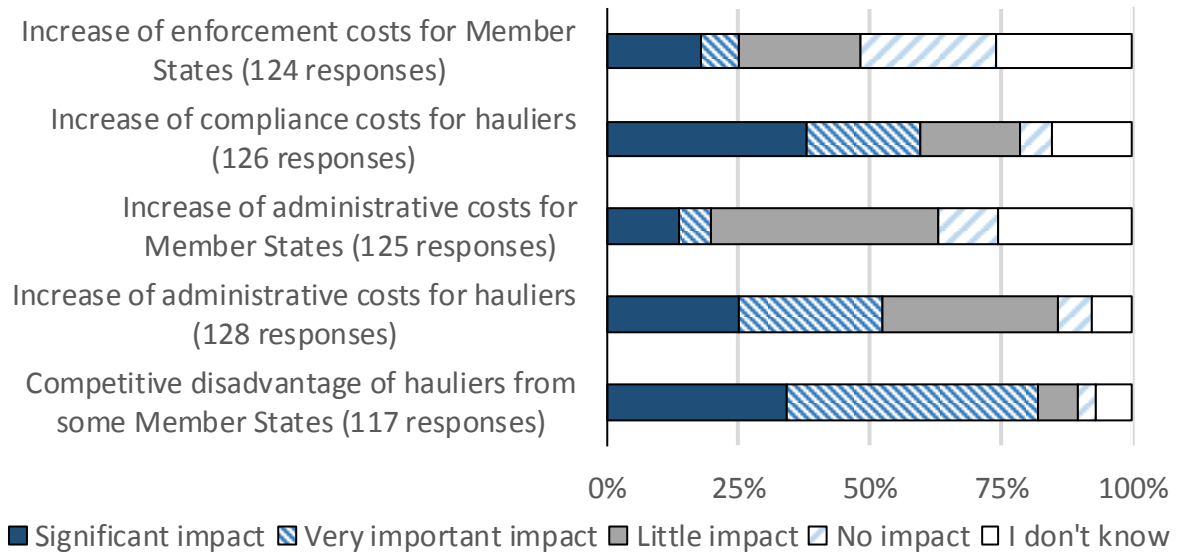
When disaggregated by whether the respondent is based in an EU-15 or and EU-13 Member State, it is apparent that the general trends are the same. There is a consensus that this is a major problem for the road haulage sector, with very few responses indicating that it is not a problem.

What impacts do you think that this issue has?"

- ***Competitive disadvantage of hauliers from some Member States***
- ***Increase of administrative costs for hauliers***
- ***Increase of administrative costs for Member States***
- ***Increase of compliance costs for hauliers***
- ***Increase of enforcement costs for Member States***
- ***Other***

It is strongly agreed that this creates a competitive disadvantage to hauliers from some Member States also. 82% of respondents felt that this was the case. To a lesser extent, respondents felt that it has a detrimental impact on the costs borne by hauliers, causing an increase in administrative and compliance costs (52% and 60% respectively). However, it was suggested that there would be little impact on the costs borne by Member States as a result of administration or enforcement of this. Clearly, it is widely believed that this is a clear problem with the regulation as it stands, as there is extremely strong agreement between Member States and between responding categories that the variation in the sanctions are causing these problems, and perhaps contributing to further problems discussed above, such as the incentivising the creation of "letterbox" companies. In fact, several free text comments suggested that ineffective fines and sanctions can ruin fair competition within the internal market.

Figure F-17: Response to importance of variation of the sanctions of infringement between Member States has for a number of issues



F.4.1.9 Further issues with the Regulations

“Do you consider that there are specific issues of significant importance related to the Regulations which are not listed above in Questions 6 -16? Please explain what these issues are and why they are important. If you wish, you may supplement your reply with explanations, examples, facts and figures, etc.”

In total, we received 82 comments in response to this question (50 more provided responses were not relevant), although 56 of them came from the coordinated responses supporting specific statements. In total, 25 different issues were raised which were often related in some way to the themes already explored in the questionnaire. Table F-2 summarises these responses grouping them in different themes and indicating the source (type of organisation and country) when available.

Table F-2: Additional issues that a revision to the Regulations should seek to address

Additional issue raised by theme	No of respondents indicating	Type of respondent and country
Implementation/enforcement aspects + cooperation		
Cross-border cooperation needs to be improved. Serious delays in the implementation of the European Electronic Register for Road Transport Undertakings (ERRU) has hampered this.	4	Hauliers representative, BE, CH, FR; Logistics industry, IT
Digitisation of documents should be considered	1	Haulier representative,DE
Variable regulation in some Member States is burdensome for international transport, increased administrative costs for carriers.	3	National authority, HU; Hauliers association, SE
Differing approaches to domestic and foreign carriers	1	Freight forwarders, SK
Control of delegate workers, cabotage, and good repute should improve by sealing regulation, improving communication between Member States and increasing penalties for those who are non-compliant	1	Haulier representative,PL
Letterbox companies		
The impact of letterbox companies on the social/labour rights, working conditions, job quality, and the attractiveness of the sector	13	Drivers representatives-Coordinated response

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Additional issue raised by theme	No of respondents indicating	Type of respondent and country
The effectiveness of the current criteria to prevent access to the occupation in combating letterbox-type companies as a whole	13	Drivers representatives Coordinated response
Stable establishment requirements – financial standing		
Imposition of additional conditions on the requirement of appropriate financial standing requirement for access to the occupation of road haulier	4	Haulier representative, PT; Haulier,ES; Driver,ES; Logistics industry, AT
Posting of workers Directive and minimum wage		
Abuse of the freedom to provide service and establishment. “Mobile companies” are set up to abuse the “temporary activity” limits in a host country. There should be standardised rules and enforcement of minimum wages within Europe	1	Logistics industry, DE
Application of minimum wage requirements to operators of other countries is not in compliances with the rules of a single market, free movement of goods, people, and services	1	Haulier representative, EE
An issue with the clarity of what defines “international transport”, and whether the posting of workers should be applied to drivers engaged in international transport	1	Haulier representative,FR
No dedication to the abusive interpretations and implementations of the Posting of Workers Directive to road transport	2	Haulier representatives Coordinated response
The Regulation 1072/2009 contains in Art 10 a safeguard clause, which serves a purpose and has had political support, but has never been used. The clause should be updated and modernised to ensure that it has an impact on the road transport market.	2	Haulier representatives Coordinated response
Infringements and penalties		
The effectiveness of the common classification of serious infringements of road transport rules	13	Drivers representatives Coordinated response
The Commission should provide the frequency of occurrence beyond which repeated infringements shall be regarded as more serious	1	Authority, EE
Access to fair appeal to penalties for alleged breaches during cabotage operations in hosting Member States	1	National authority, MT
Clarification of liabilities		
Clarity on the liability in the case of offences	1	National authority, RO
Co-responsibility for shippers and forwarders	1	Haulier representative, BE
Diverging national frameworks on shared liability with shippers or intermediaries which pressurise some road freight transport operators to avoid compliance	1	Haulier representative, BE
Combined transport		
Exemption of combined transport from the scope of the cabotage regulation and its negative impacts on the domestic market, fair competition, and social and labour conditions	13	Drivers representatives Coordinated response
Other points		
Road blockades, steps to ensure the Commission has actual and effective instruments to ensure the free movements of goods in situations of road blocks	1	Haulier representative, NL
Social provisions and commercial activities should be compulsory for all commercial vehicles involved in transport activity	1	Haulier, ES
Inefficient or inadequate regulations, enforcement, and/or sanctions cause a distortion to road freight charges which are then mirrored in the rates that other modes and combined transport can charge.	1	Combined transport industry representative, BE
Improving the efficiency of transport, by reducing empty runs	1	National authority, RO

F.4.2 Proposed measures of intervention

"Do you agree with the following tentative objectives of the intervention?"

Overall, the tentative objectives of the intervention have been well received by the respondents, which are;

- To reduce the number of illegal cabotage operations
- To reduce the number of letterbox companies
- To promote more cooperation between Member States in order to allow more effective cross-border enforcement
- To ensure coherent application of the rules in Member States
- To ensure coherent and consistent enforcement of the existing rules in Member States

For all five objectives, there are very few respondents who do not agree. However, the number of "I don't know" responses varies by objective, perhaps a reflection of the uncertain importance of a reflective objective. In particular, cross-border cooperation (16%) and the reduction of "letterbox" companies (17%) were greeted with large proportions of "I don't know" responses. These views are still apparent when results are disaggregated by EU-15/EU-13 membership of Member State, and by respondent category.

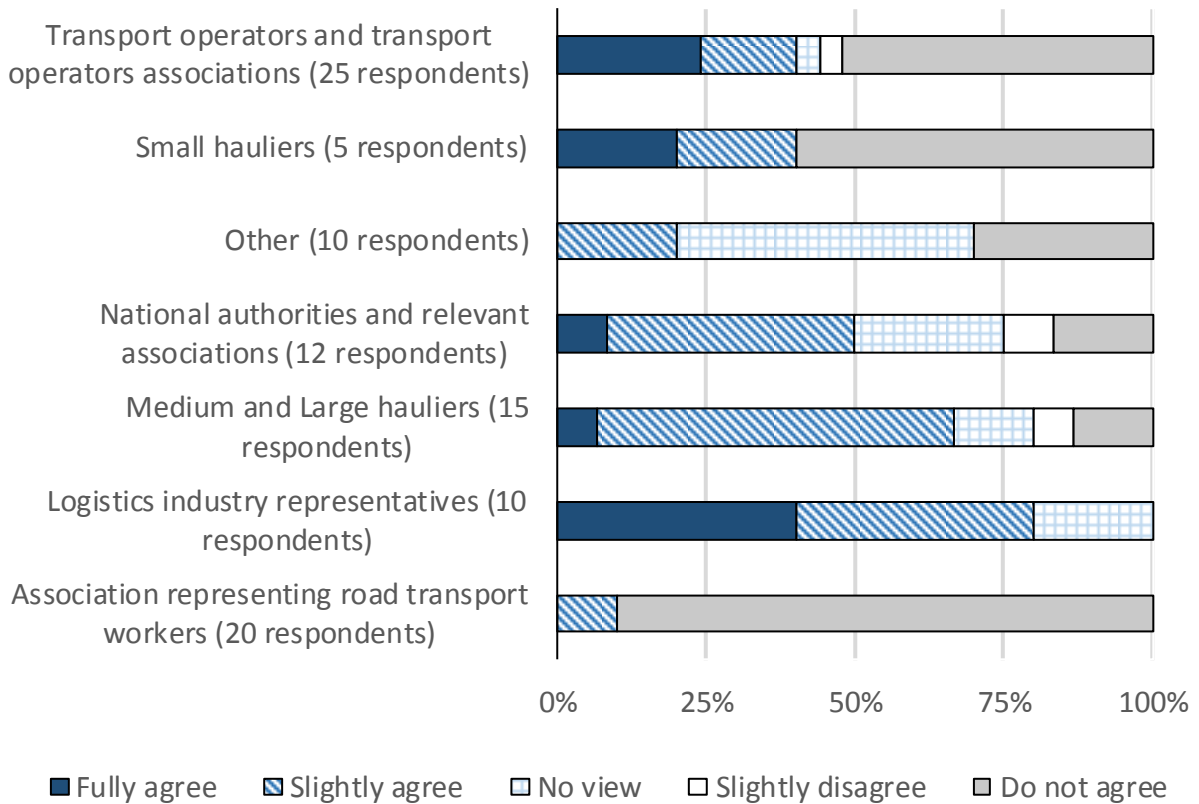
The next part of the survey went on to propose a number of measures that may be introduced into the regulations, in an effort to meet the objectives, and the remainder of the report on the stakeholder consultation will seek to assess the opinions of the responding participants to each proposal.

F.4.2.1 Remove maximum number of cabotage operations (currently 3), while reducing the maximum period for cabotage operations (currently 7 days)

"Remove the maximum number of cabotage operations (currently 3), while reducing the maximum period for cabotage operations (currently 7 days). Do you agree with this measure?"

There was a mixed response to this proposed solution. 27% of respondents agreed with the measure, whilst 30% of respondents disagreed. Any conclusions drawn from this question, however, are hampered by the large share of respondents who were unsure whether this measure would be an acceptable solution. 34% responded "I don't know". There is, however, large disagreement between stakeholder groups. For example, of the 21 respondents from associations representing road transport works and individual workers, 18 disagreed with the measure. In addition, the respondents identified as a part of coordinated group 4 also expressed disagreement with the measure. By contrast, only three of the 18 respondents from medium and large haulier stakeholder category disagreed. Instead, 10 expressed agreement with the measure, whilst the remainder were either unsure of the impacts, or held no view. Coordinated group 1, however, in contrast to this, opted instead to disagree with the proposal.

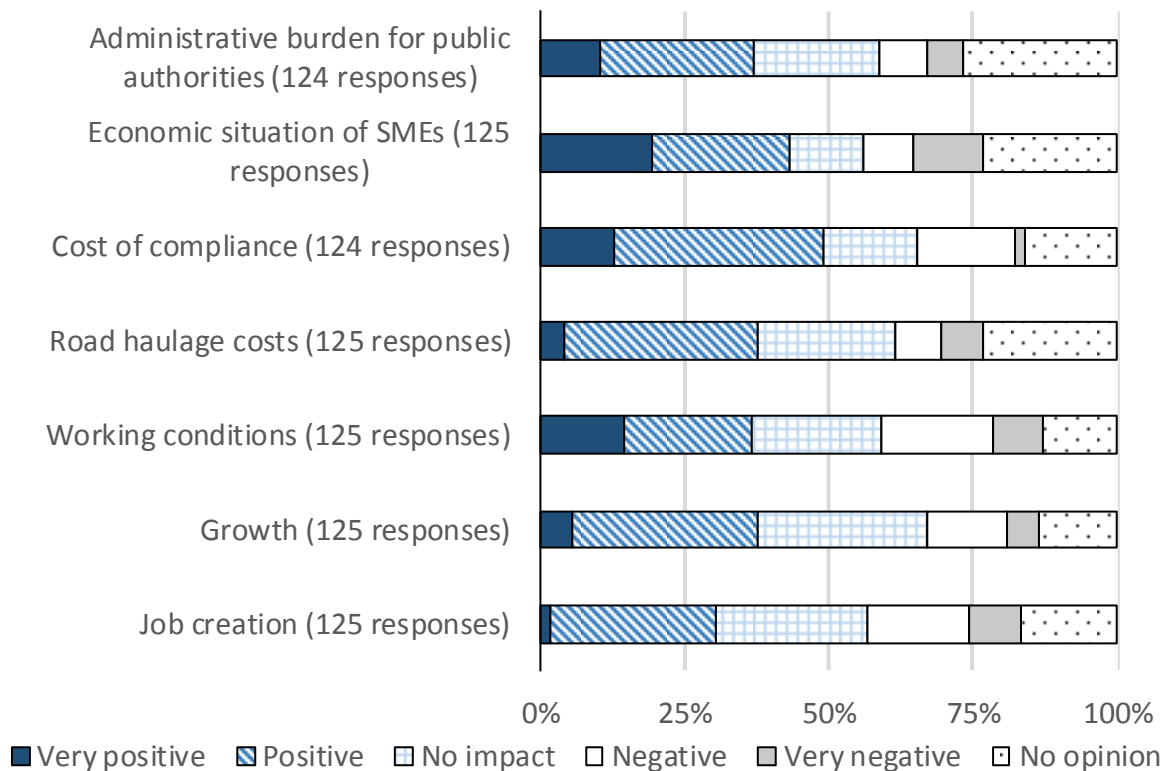
Figure F-18: Agreement with the measure to remove the maximum number of cabotage operations whilst reducing the maximum period for cabotage operations, by stakeholder category.



The distribution of results is fairly similar when split by EU-15 and EU-13 Member States, suggesting that the location of the respondents is somewhat independent of whether a respondent agrees with the measure.

It was felt that the measure would have a positive impact on the costs required to comply with the regulations (49% of responses), whilst also improving the economic situation of SMEs (43%). Coordinated template 1 felt that this would have a number of only have an impact on a few of the factors considered. They felt that it would have a strongly positive impact on the costs of compliance for hauliers, the economic situation of SME’s and the administrative burden for public authorities, therefore in strong agreement with the remainder of the survey population. By contrast, coordinated group 4 felt that the proposal would have no positive impact. They instead suggested it would have negative impact on job creation, growth and working conditions in the road haulage sector.

Figure F-19: Impact of removing the maximum number of cabotage operations whilst reducing the maximum period for cabotage operations on road haulage factors



Respondents were also offered the opportunity to express their opinions on this proposed measure in more depth. 73 responses were received, indicating a very strong response rate to this part of the survey. The opinions of the respondents reflect the mixed response to the discrete questions regarding the proposed measure previously. For example, a number of respondents interpreted the proposal as a step towards the liberalisation of the road haulage sector. It was suggested by an association representing road transport operators from Sweden, and another from Denmark, that hauliers may use the slackening of the rules as an alternative to establishment, which would act to oppose the entire framework of the internal market of the EU for road transport. Additionally, it was felt by an association representing road transport workers in Austria that further liberalisation of the rules would lead to serious market distortion due to the current insufficient harmonisation of Member States. This would lead to a shift towards low-cost suppliers, thereby effectively sacrificing social working conditions such as wage and hygiene in an effort to succeed in the market. The latter point about deteriorating working conditions as a result of the proposed measure is echoed by several respondents. Additionally, it was felt that domestic markets are likely to suffer due to the relaxation of the cabotage rules, which would allow cost-cutting international suppliers to compete on domestic levels across the EU. It was suggested by some that the limit of the duration of operation could be easily abused, with suppliers crossing borders before immediately returning in order to comply with the regulations.

However, a number of respondents indicated that removing the restrictions could have a positive impact on the road haulage sector. It was suggested by several respondents that it would introduce a degree of clarity for hauliers over the rules and hence removes provisions that create legal uncertainty. Additionally, it was felt that these rules are unnecessary as long as period between operational postings in different Member States is defined (although this may be variable between Member States). Further to this, it was

suggested that the removal of the regulations will have a large positive impact on the operational efficiency. It would reduce the number of trips with empty or near-empty loads, and hence reduce the number of trips required to satisfy demand. Therefore, it was felt that the relaxation of the regulations would be a step towards the environmental efficiency ambitions of the EU's climate policy.

There was large disagreement amongst respondents as to whether the removal of the restrictions would benefit the enforceability of the issue. Some suggested that enforcement would be easier, simply because the current capability to monitor the number of cabotage operations is very difficult at present, and the removal of the number of trips criteria would aid this. Additionally, it was suggested that new technological advances would aid enforcement further. However, it was felt that it might promote improper enforcement and lead to further violation of the regulations.

F.4.2.2 Include vehicles of <3.5t within the scope of application of Regulation 1071/2009

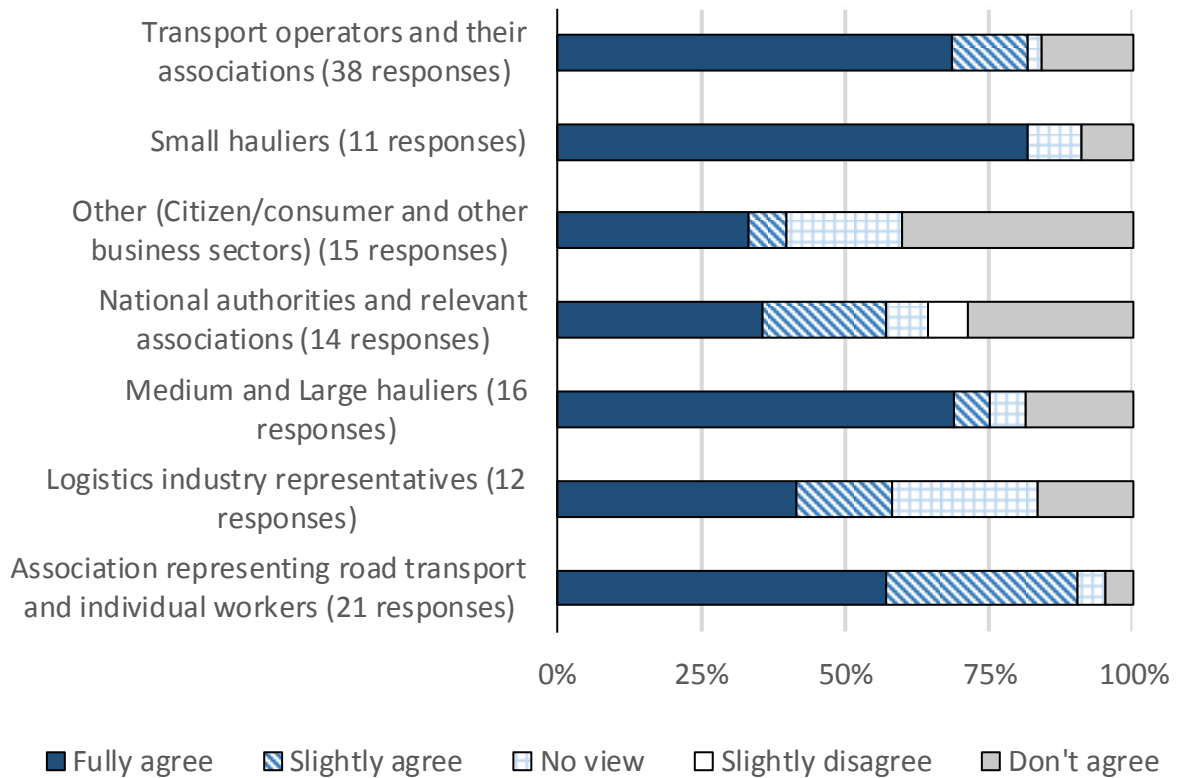
“Include vehicles with less than 3.5 tonnes within the scope of application of Regulation (EC) No 1071/2009. Do you agree with this measure?”

One proposed measure is to include vehicles weighing 3.5t or less, within the scope of application of Regulation 1071/2009. This would mean that, contrary to the present situation, operators using vehicles below 3.5 tonnes would have to comply with (part of) the requirements for access to the occupation of road transport operator (stable and effective establishment, good repute, financial standing and professional competence).

Overall, there was very strong agreement with this measure, illustrated in Figure F-20. Of respondents who did not propose alternative measures, 57% expressed full agreement with this, whilst a further 15% agreed to a lesser extent. Only 19% expressed disagreement of any kind. The respondent categories that appear to disagree most with the proposed measure is the "Other" group, which includes citizens, consumers and other business sectors. Here, 6 of 15 respondents didn't agree with the proposal. These particular respondents came from a variety of groups, including trade associations, motoring organisations and national business organisations. The other groups tended to show more uniform agreement with the measure, in particular haulier companies showed strong agreement with the proposal (21 of 28 respondents from either small, or medium and large haulier groups). When disaggregated by EU-13/EU-15 membership, the trends do not vary between membership.

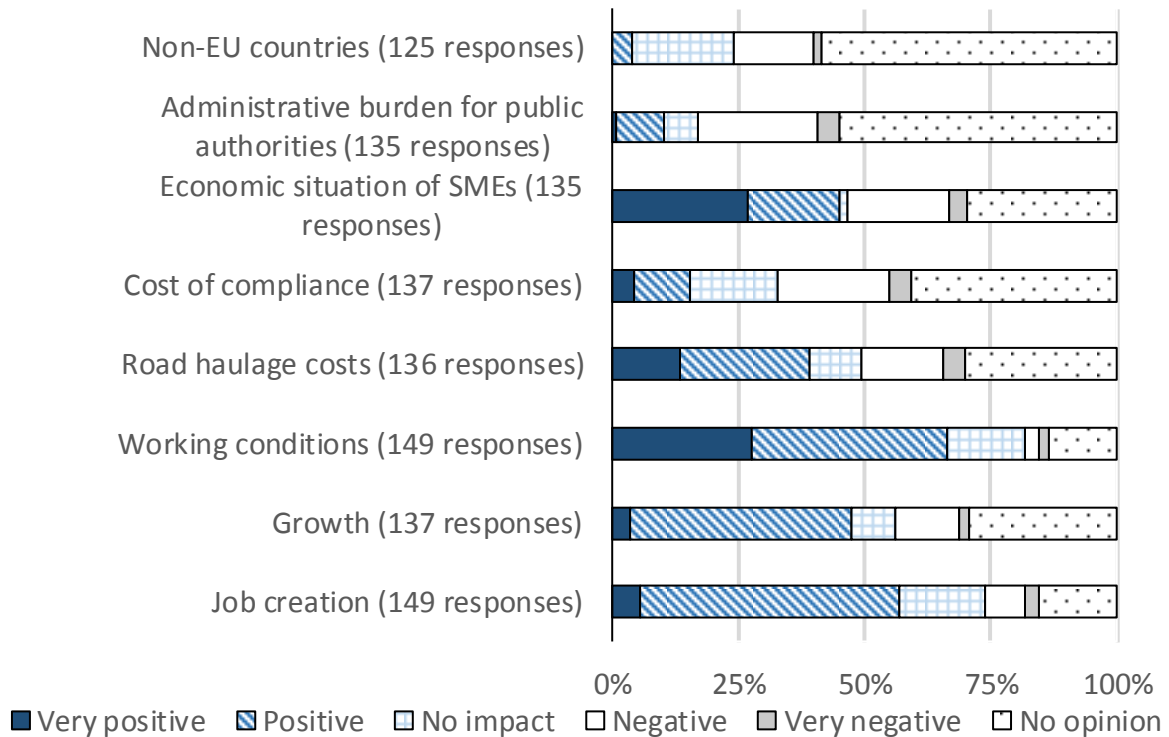
Coordinated group 1 fully agreed with the proposal also, whilst respondents from the representatives of road transport workers group expressed agreement to a lesser extent in general.

Figure F-20: Agreement with including vehicles <3.5t in the scope of Regulations 1071/2009, by respondent category



The area where respondents felt this proposed measure would have the greatest positive impact is on the working conditions within the haulage sector. 66% of respondents felt it would have an overall positive effect, whereas, by contrast, only 5% felt it would have a negative effect. Coordinate response 4, which is comprised primarily of trade unions that are representative of transport road workers also agree with this. In addition, it was thought that this measure would have a positive impact on job creation within the industry (57%), whilst improving the economic situation of SME's (45%). The primary area where the measure was thought to have a negative impact was on the administrative burden of public and enforcement authorities. This result would be expected, since under this measure, these bodies would need perform their current monitoring of compliance duties, but to an extended scope.

Figure F-21: Impact of including <3.5t vehicles within Regulation 1071/2009, while reducing the maximum period for cabotage operations on road haulage factors



Overall, there was a range of views supporting and objecting to the extension of the scope to include vehicles <3.5t. A number of respondents supported the extension to ensure fair competition across the EU, and may prevent a shift towards lighter vehicles. A Belgian national authority and relevant association suggested this would improve road safety, and a citizen/consumer response suggested emissions would be reduced as using larger trucks but less journeys will be more efficient.

In the open-text question, a number of respondents were against the extension. Several respondents suggested that most vehicles <3.5t operate locally and are used by SMEs. Therefore, the controls should be for vehicles involved in international long-haul work, so the scope could be extended for vehicles between 2.8 and 3.5 tonnes. Respondents also pointed out that the extension would add significant administrative burden to SMEs using vehicles <3.5t, with a Swedish transport operator association pointing out that there would be no impact on the road haulage market except for this added cost to short-distance hauliers. Furthermore, vehicles below 3.5t are often used to access cities and carry out very different activities from HGVs. This should be considered when extending the scope, to prevent increasing costs to consumers. A Hungarian national authority was against the extension as these issues should be decided by the Member State rather than at EU level. A UK citizen/consumer association suggested that the problems that this change is designed to address is relatively localised and non-existent in the UK. Therefore, it should be addressed at a national level.

Coordinated group 4 only slightly agree with this question, as the real problems related to vehicles below 3.5t need to be addressed through EU regulations of 'digital tachographs, the working time for mobile personnel in road transport, the driving and rest time, the driver's training, and cabotage'. An Austrian association representing transport workers and individual workers agrees that the scope should apply to all commercial transport, but needs to be included in EU rules on driving time and rest time, digital tachographs and education and training.

Some respondents indicated that further evidence is needed regarding the impact that such extension of the scope would have. There is currently little data on this situation and a decision should not be made until more information is known.

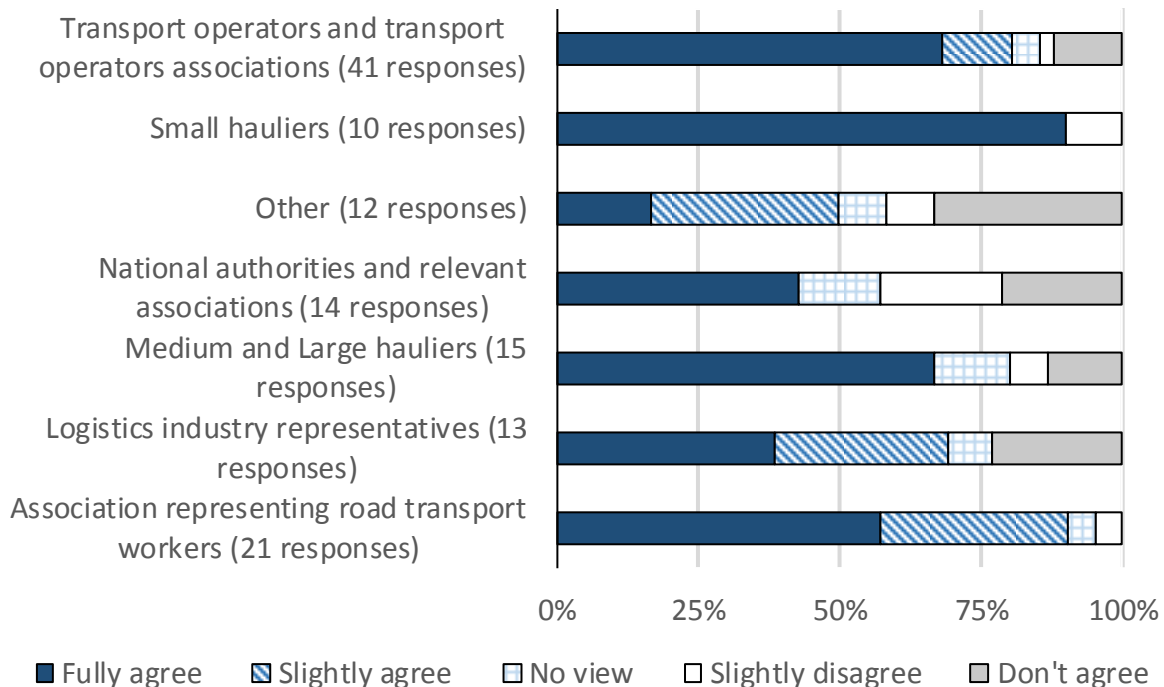
F.4.2.3 Include vehicles of <3.5t within the scope of application of Regulation 1072/2009

“Include vehicles with less than 3.5 tonnes within the scope of application of Regulation (EC) No 1072/2009...Do you agree with this measure?”

Another proposed measure is to include vehicles weighing 3.5t or less, within the scope of application of Regulation 1072/2009. This would mean that, contrary to the present situation, operators using vehicles below 3.5 tonnes would have to comply with (part of) the requirements for access to the international road transport market (e.g. they would be obliged to respect the cabotage restrictions of the regulation).

Overall, there is agreement with this measure. 48% of respondents fully agreed with the proposal, whilst a further 19% indicated slight agreement. Only 17% expressed some disagreement to the proposal. When these results are disaggregated by respondent category, it is immediately apparent that hauliers and transport operators (and associations) are heavily in favour of the proposal. On the other end of the spectrum, national authorities and relevant associations and the miscellaneous “Other” group were the least positive about this proposal, as they were for the previous proposal which suggested the inclusion of light duty vehicles in Regulation 1071/2009. The reason for this variation remains uncertain, but it may be related to the increased costs that enforcement authorities are likely to have to bear if the scope of the regulations were to increase. When disaggregated by whether the respondent is based in an EU-15 or an EU-13 Member State, there is little variation in the conclusions drawn from the analysis.

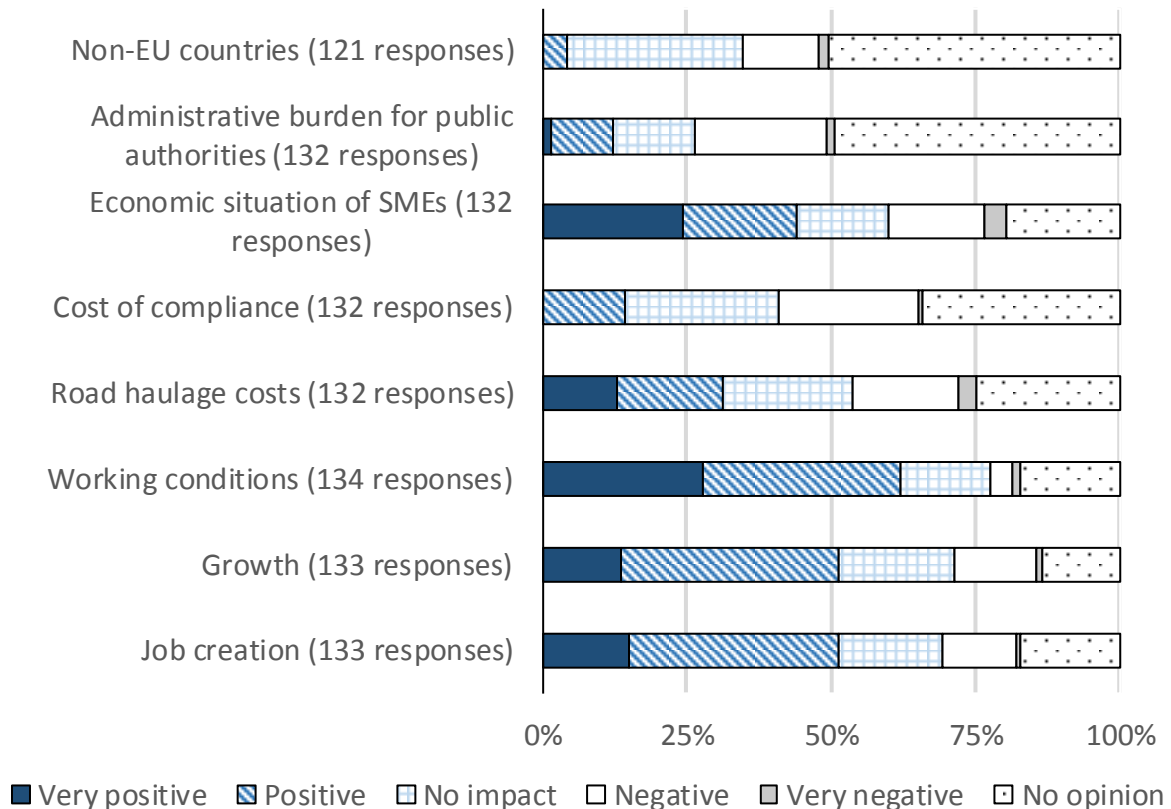
Figure F-22: Agreement with including vehicles <3.5t in the scope of Regulation 1072/2009, by respondent category



As with the previous, similar proposal, the main areas where it is thought this measure would have the greatest positive effect are on the working conditions (61% of responses), and job creation and growth within the haulage sector (both 51%). There would also be a positive effect on SME’s (44%). As before, however, the respondents appear to felt that

the impact on the administrative burden for public authorities would be less positive. The view of coordinated group 1 is that the area where this measure would have the greatest positive impact is on the economic impact of SME's. They considered there to be no impact on the other factors considered. By contrast, the representatives of road transport workers of coordinated group 4 felt that the only positive effects this measure would have were job creation, growth and working conditions within the sector, hence aligning with the view of the overall survey response.

Figure F-23: Impact of including vehicles <3.5t in the scope of Regulation 1072/2009 on road haulage factors



In the written responses to this question, almost all of the respondents either referred to their response to the previous question, or gave the same response. The issues or benefits identified are much the same as above.

F.4.2.4 Review the criteria for stable and effective establishment

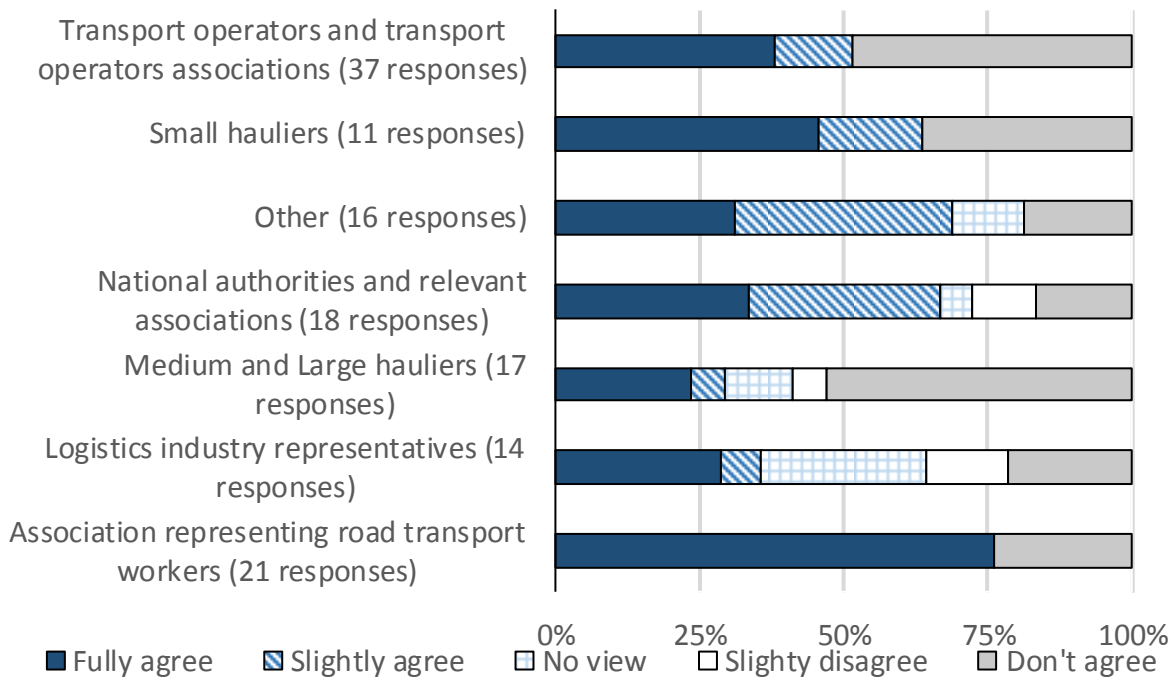
“Review the criteria for stable and effective establishment in order to better ensure that road hauliers have a real activity...Do you agree with this measure?”

One option being considered is to review the criteria for stable and effective establishment in order to better ensure that road hauliers have a real activity. Currently, Regulation (EC) No 1071/2009 includes several conditions used to determine whether an operator has a stable and effective establishment in a given Member State (e.g. it must keep its core business documents in premises located in the Member State of establishment, it must have at its disposal one or more vehicles which are registered in that Member State, etc.).

This proposal garnered a mixed response from the survey respondents. 56% of respondents agreed with the proposal to some extent (40% fully agreed), 37% expressed some disagreement (34% didn't agree at all). Disaggregation by stakeholder category yields a set of differing opinions. Respondents from associations representing transport workers and individual works were most in favour of the suggestion (16 of 21 responses

expressed full agreement). Additionally, coordinated group 4, which is comprised primarily of members from the same stakeholder category expressed full agreement also. In contrast to this, medium and large hauliers disagreed most with the view. In this group, 10 of 17 respondents expressed disagreement of some kind (nine expressed full disagreement). Again, this is further evidenced when the responses of coordinated group 1, comprising of hauliers primarily, are analysed. These respondents also indicated full disagreement with the proposed measure.

Figure F-24: Agreement on reviewing the stable and effective establishment criterion, by respondent category



When the results are disaggregated by EU-13 and EU-15 groups, there is clearly an opposing opinion prevalent between the two groups. Respondents from EU-15 MS were more in favour of the criteria being reviewed, whereas respondents from EU-13 MS expressed much more disagreement. This disagreement extends to the impacts listed in Figure F-26. When this division is further disaggregated by stakeholder category, it appears to be a disparity in opinion consistent across most categories. Only national authorities from both EU-13 and EU-15 Member States appear to agree with one another, as shown in

Figure F-25. When the results are disaggregated by whether the respondent is based in an EU-13 or an EU-15 Member State, there is clearly an opposing opinion prevalent between the two groups. Respondents from EU-15 MS were more in favour of the criteria being reviewed, whereas respondents from EU-13 MS expressed much more disagreement. This disagreement extends to the impacts listed in Figure F-26. For the majority of the options listed in the figure, respondents from EU-15 Member States were more positive with respect to the impacts that the measure would have, whilst EU-13 Member States felt that they would have little impact. In some cases, respondents from EU-13 Member States felt that the measure would have a negative impact. For example, they felt that the measure would harm SME's, whilst creating a greater administrative burden for public authorities.

Figure F-25: Agreement on reviewing the stable and effective establishment criterion, by EU-15 and EU-13 groups, and by respondent category

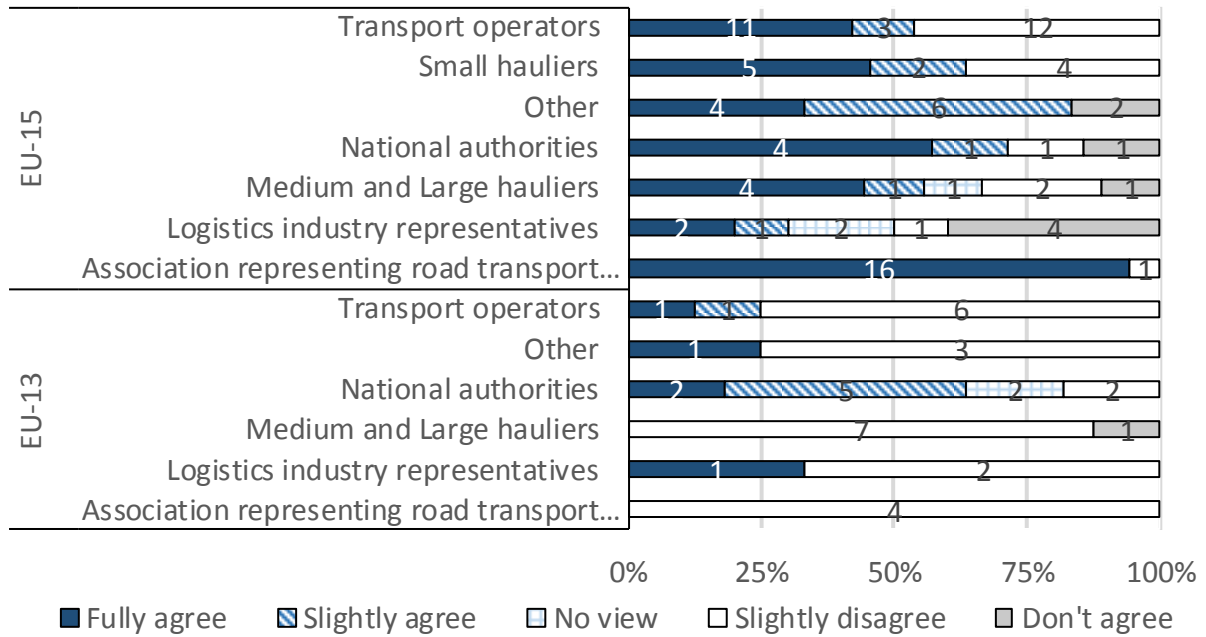
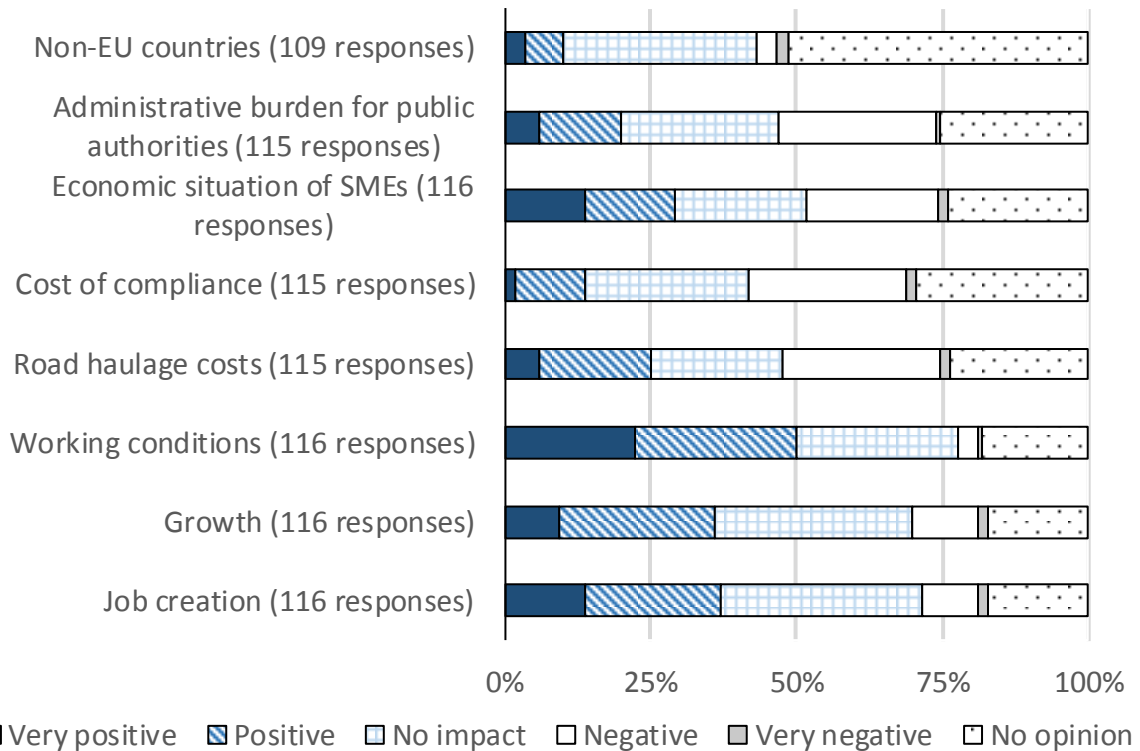


Figure F-26: Impact of the review of the stable and effective establishment criteria on road haulage factors



Coordinated response 1 continued to express disapproval with this measure. They considered the impacts of this proposed measure to be negative for road haulage costs, costs of compliance, the economic situation of SME's and for the administrative burden faced by Member States. By contrast, coordinated response 4 was largely supportive of the proposed measure, further reflecting the views of the overall transport workers'

stakeholder group. They felt that the measure would have a very positive impact on job creation, growth, and working conditions within the sector, whilst also have a very positive effect on the administrative burden faced by Member States

The respondents mostly answered this question by commenting that further regulations should not be applied as it would be too restrictive on the industry, suggesting greater clarity and sharing of data between Member States for enforcement would be more helpful. Several respondents felt that further requirements for proof of stable and effective establishment would add administrative burden but have little benefit. For example, an Italian logistics industry representative suggested adding the requirement for parking spaces at the operating centre. One Dutch transport operator and transport operators' association respondent suggested the creation of a checklist for proof of real business presence including a number of specific points that could be included on the checklist. Furthermore, a German transport operator and transport operators' association agreed with this measure if it is restricted to road hauliers, as the rules for bus operators should not be changed.

Most of the respondents were concerned about an increase in administrative burden as a result of extending this requirement, and in particular how this would impact entrepreneurship and SMEs. Those in favour of the measure felt that it would help create fair competition within the road haulage sector, but also between transport types. However, a number of respondents felt that this measure was not necessary, and that instead the regulations just required clarification, EU-wide harmonisation and further enforcement.

The coordinated group 4 stated that this measure would have a positive impact on drivers working conditions and result in better compliance with drivers' labour and social rights. Furthermore, it would create fair competition and restrict letterbox companies.

A Spanish association representing road transport workers and individual workers suggested that effective establishment should refer to the centre of operations rather than the office. An Austrian association representing road transport workers and individual workers suggested that this measure would curb 'flagging'.

F.4.2.5 Further harmonise the enforcement rules with those of the road transport social legislation

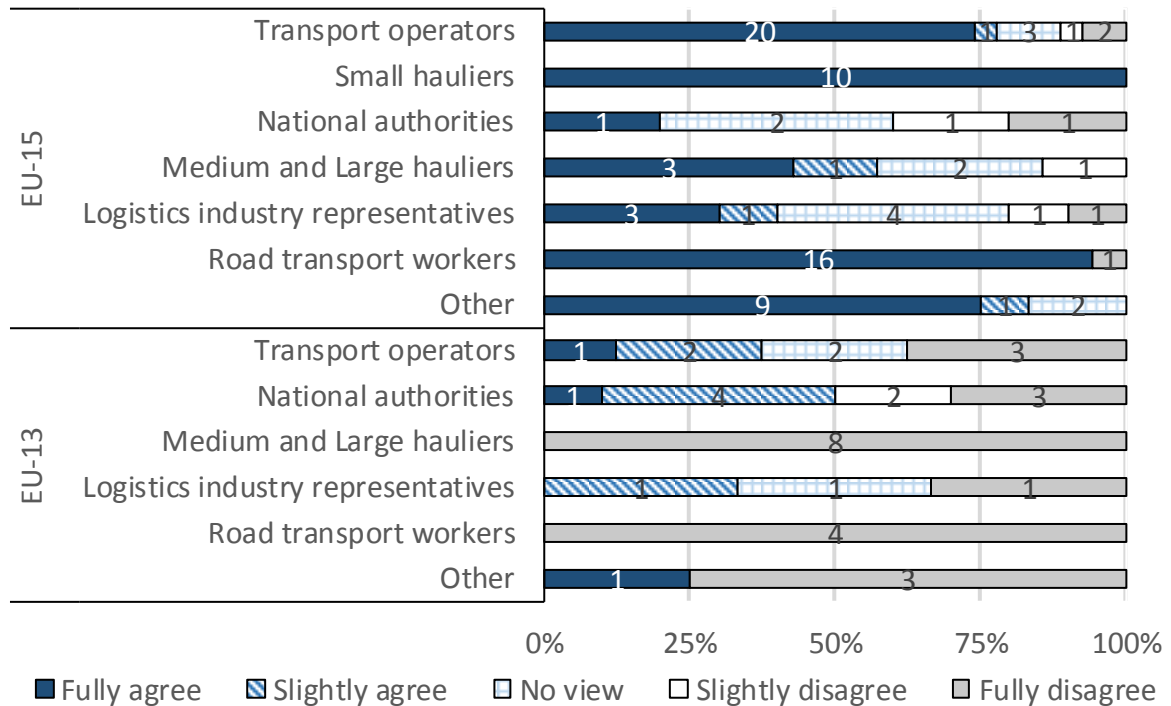
"Further harmonise the enforcement rules with those of the road transport social legislation adopted by the Union...Do you agree with this measure?"

Another option considered within the survey is to further harmonise the enforcement rules with those of the road transport social legislation adopted by the Union. For example, under the social rules each Member State is obliged to organise checks of driving times, rest periods and working time amounting to at least 3% of the days worked by drivers. Currently, there are no such minimum requirements for example for controls related to the cabotage restrictions. It is considered to impose such minimum checks of compliance with the cabotage provisions.

There is strong agreement with this proposal amongst the survey respondents. 48% of respondents fully agreed with the measure, with a further 8% indicating slight agreement. Only 23% expressed disagreement in any form. However, this is not the case when the results are disaggregated by the category of respondent. All small hauliers expressed full agreement with the measure, whilst 16 of 21 associations representing road transport workers, and 26 of 38 transport operators agreed also. By contrast, nine of 15 medium and large hauliers were not in agreement. The reason for this disparity remains unclear. Coordinated response 1, which consists of both small, and medium and large hauliers slightly disagreed with the measure, aligning with the views of medium and large hauliers. Coordinated response 4 campaigned full agreement to the measure, again, largely aligning with the unique responses from associations representing road transport workers.

Also, when the results are disaggregated into whether the respondent is from a EU-15 or an EU-13 Member State, there is a large disparity in opinion. Respondents from EU-15 MS were much more in favour of the proposal, 62 of 88 respondents fully agreed, whilst only nine disagreed to any extent. By contrast, of respondents from EU-13 MS, 22 of 37 strongly disagreed, whilst only 10 agreed to some extent. The reason for this discrepancy remains unclear. When further split by stakeholder category, as Figure F-27 demonstrates, it is apparent that this trend is seen in all stakeholder groups, barring national authorities, for whom the distribution is fairly similar.

Figure F-27: Agreement on harmonising the enforcement rules with those of road transport social legislation, disaggregated by EU-15 and EU-13 groups, and by respondent category



This disagreement extended to when the respondents were asked about the potential impacts of the proposal. The two groups disagreed with one another on whether the measure would encourage job creation and growth in the sector, whilst also disagreeing on whether it would have a positive influence on working conditions within the industry. EU-15 respondents felt that the proposal were likely to have a positive impact on these factors, whilst EU-13 respondents felt that there would be no impact on these factors. This is again reflected in the responses of coordinated groups 1 and 4. The demographic of the groups suggests this would be the case, with all members of group 1 based in Lithuania, whilst many members of group 4 are based in EU-15 Member States.

When asked about possible alternative measures, several respondents suggested making enforcement more efficient through intelligent control. This would be achieved through creating a single document, preferably electronic (through e-CMR), that would be kept on board the vehicle. The respondents suggested this would allow clearer and simpler road cabotage rules.

When asked about whether this measure would have any further impacts a number of specific points were raised, dependent on the respondent and their national situation. Several respondents were concerned about the implementation of EU-wide cabotage requirements as some countries have a very small volume of cabotage operations. A French national authority or relevant association suggested that the situation of each Member State must be taken into account. A few respondents suggested that this measure

would not be in line with opening up the market towards a single market, and that a focus should be given to addressing driving time and resting time issues instead. However, other respondents suggested that this measure would create fair competition between Member States. Some respondents also suggested that the current measures are adequate and further requirements would be unnecessary.

A number of respondents suggested the need for information sharing and better use of digital technologies to collect data, including through the use of digital tachographs. Such technologies would enable easier monitoring of operations and better enforcement.

The coordinated group 4 felt that there would be a positive impact on the level of compliance in the sector, fairer competition between operators and improved drivers labour and social rights. However, the measure would not solve the enforcement issues, with the respondents suggesting a publication by one of the associations.

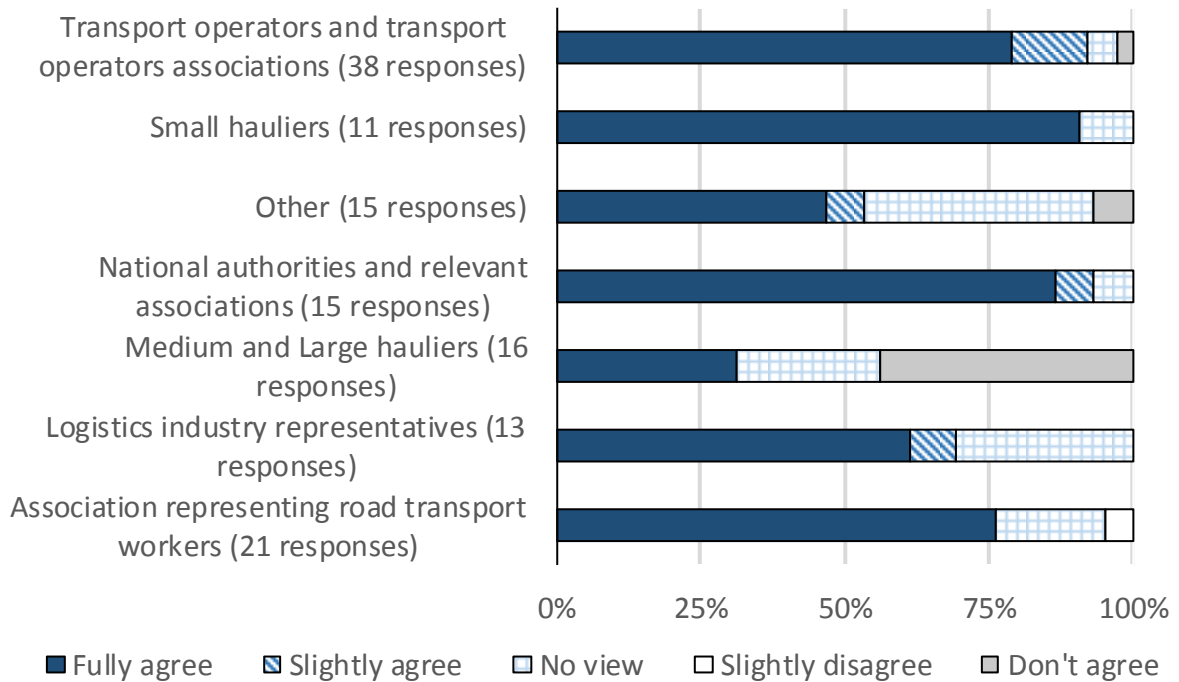
F.4.2.6 Extend access the European Register of Road Transport Undertakings to road-side check officers

“Q21.6. Extend access to ERRU (European Register of Road Transport Undertakings) to road side check officers...Do you agree with this measure?”

One proposal was to extend access to the European Register of Road Transport Undertaking (ERRU) to road side check officers. Currently ERRU is only accessible to enforcement authorities through an administrative request. The access to ERRU could be extended to road side officers to help them check in real time whether a company is registered and entitled to carry out international transport operations. This would also allow them to identify high-risk companies thanks to the possibility of checking which most serious offences the company has been convicted for (if any).

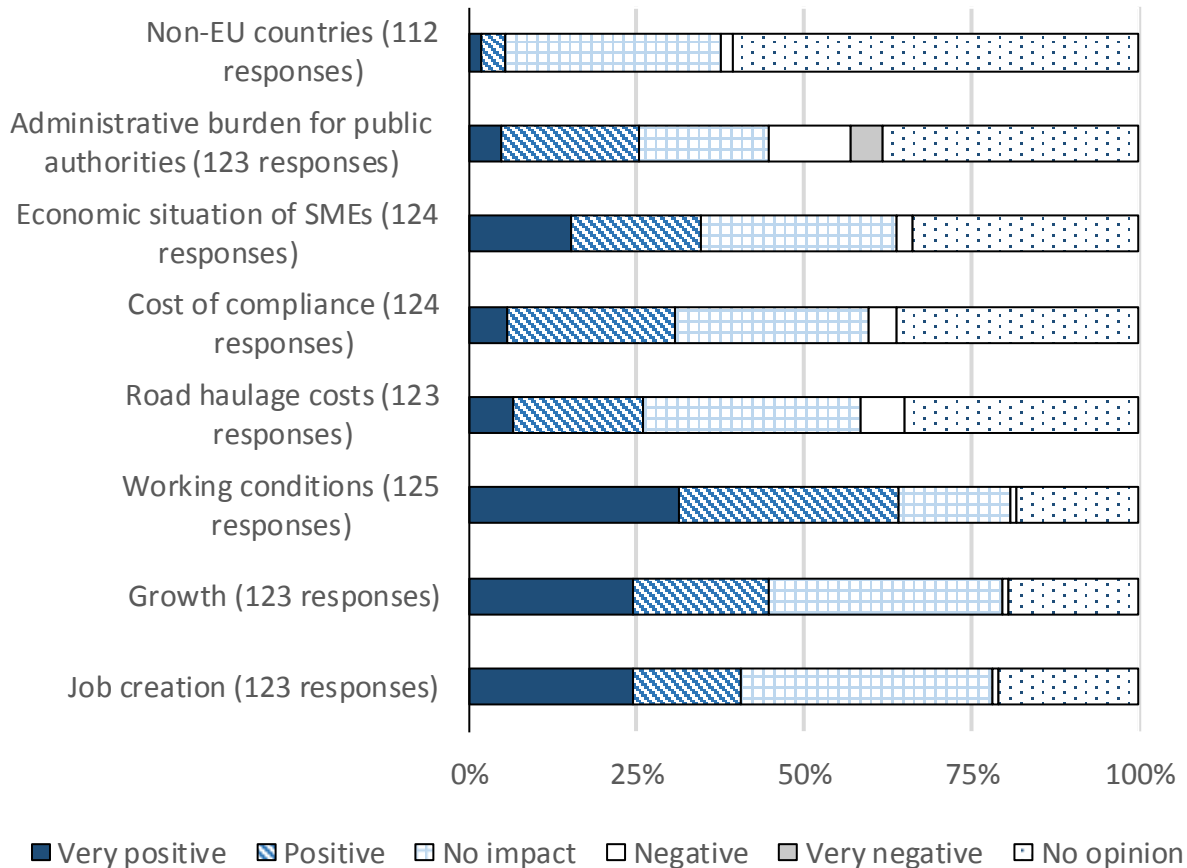
This proposed measure was strongly received throughout the population of survey respondents. 69% strongly agreed with the measure, whilst only 8% disagreed in some form. This was a fairly consistent view across all respondent categories, with the notable exception of medium and large hauliers. In this group, seven of 16 strongly disagreed with the measure. In fact, only two responses which expressed such disagreement did not arise from this group. Coordinated group 1 instead chose to express no view. The reason for this discrepancy remains unclear. When disaggregated into whether a respondent is from an EU-13 or an EU-15 Member State, there remains general agreement with the proposal, and the distribution between the two groups is largely the same.

Figure F-28: Agreement on extending access to the European Register of Road Transport Undertakings to road-side check officers, by respondent category



It was felt that this would have the largest positive impact on the working conditions within the sector. 60% felt it would have a positive influence. For the other factors considered however, a large share of responses felt there would be no impact. Coordinated response 4 agreed that it would have a positive impact on working conditions, before also suggesting that it would have an equally positive impact on job creation and growth in the sector.

Figure F-29: Impact of extending access to the European Register of Road Transport Undertakings to road-side check officers on road haulage factors



The respondents suggested that the ERRU must be completed and fully implemented first, including access to information for all Member States, before expanding access to roadside check officers. One respondent raised the need for vehicle licence plate numbers to be included in the ERRU, while another suggested that the development of a technology-based oversight solution is required to prevent disturbing the flow of traffic for control purposes.

Almost all of the respondents stated that this measure would have a positive impact in their free-text responses, through reduced waiting times on inspection and access to the information for enforcement agencies. The respondents also expressed a need for all Member States to be included in the ERRU to enable it to be an effective enforcement mechanism. A few respondents suggested that parts the information is also made available to the public (transport buyers etc.).

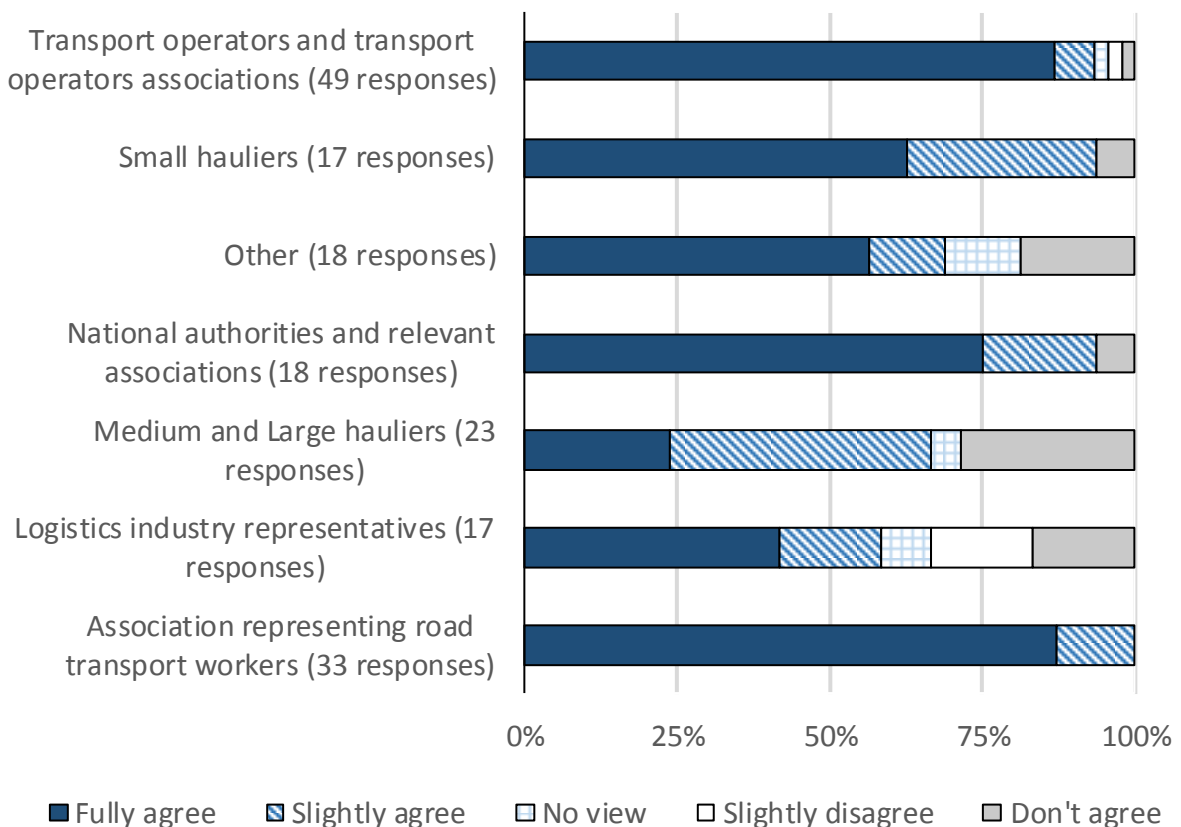
The coordinated group 4 respondents indicated that this measure would increase the effectiveness of enforcement and controls, by enabling targeted checks, and giving roadside enforcement officers an overall view of the hauliers’ operations. However, as above these respondents suggest solving enforcement issues, with proposed solutions in a publication by one of the associations.

F.4.2.7 Penalties for shippers and freight forwarders if they knowingly commission transport services involving infringements of the regulations

"Introduce penalties for shippers and freight forwarders in case they knowingly commission transport services involving infringements of the Regulations (e.g. illegal cabotage operations)...Do you agree with this measure?"

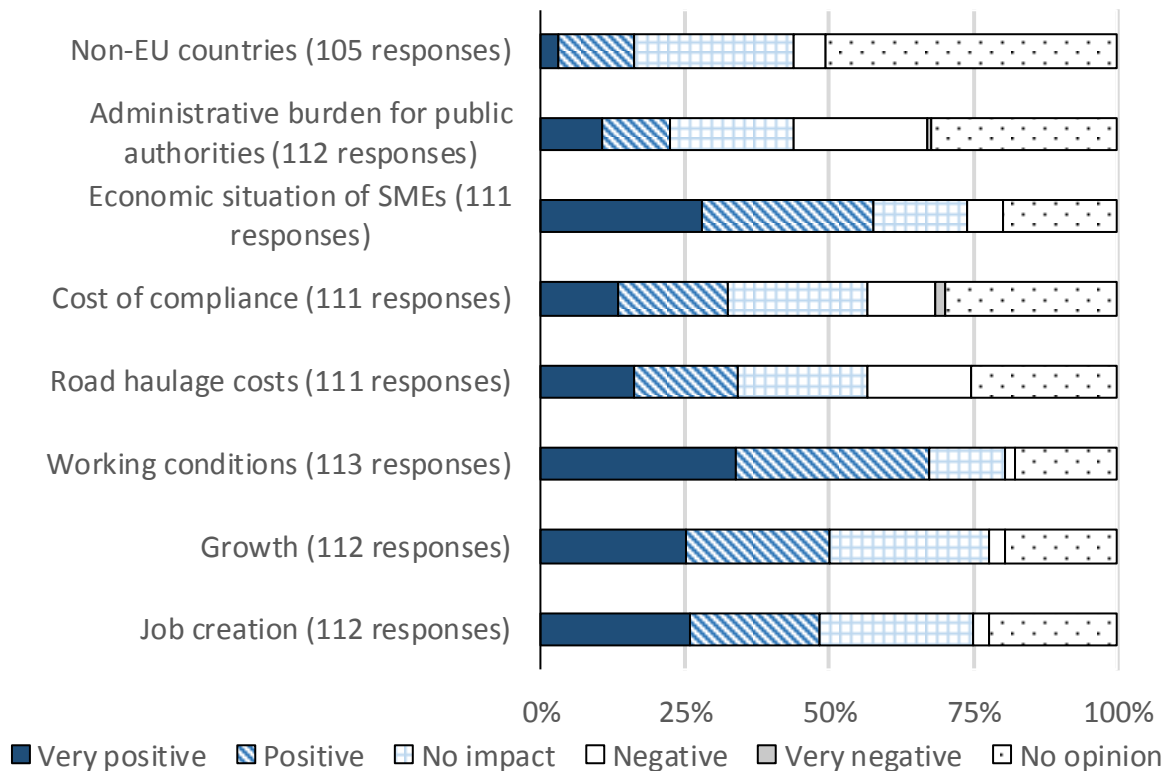
Another proposed measure was to introduce penalties for shippers and freight forwarders if they knowingly commission transport services which involve infringements in the regulations (e.g. illegal cabotage operations), in an effort to try and dis-incentivise such behaviour. This proposal was greeted extremely positively from the respondents. 84% agreed with the proposal to some extent (71% fully agreed), whilst 13% disagreed. This was met with general positivity across all respondent categories, although the exact share of respondents who disagreed with measure does vary somewhat between categories, reaching a maximum with medium and large hauliers, 6 of 16 of whom expressed disagreement. Coordinated group 1 slightly agreed with the measure, whilst group 4 expressed full agreement. When the results are disaggregated by EU-15 and EU-13 groups, again the general view between the two groups is consistent with the overall conclusion.

Figure F-30: Agreement on introducing penalties for shippers and freight forwarders in case they knowingly commission transport services involving infringements of the Regulations, by respondent category



It was felt that this proposal would have a positive impact on working conditions (67% of responses), on the economic situation of SMEs (58%), job creation (48%), and growth (50%). The only area where the level of impact was more mixed was for the administrative burden for public authorities, the number of respondents who expressed agreement and disagreement was the same. Coordinated group 4 agreed with the survey population, suggesting very positive impacts on job creation, growth, and working conditions within the road haulage sector.

Figure F-31: Impact of the introduction of penalties for shippers and freight forwarders who knowingly commission transport services which involve infringements of the regulation on road haulage factors



Most of the respondents were in favour of the measure as it would create proportional liability between the range of actors in freight transport, including freight forwarders and shippers. However, a number of respondents raised concerns about the complexity of enforcing such a penalty in terms of proving culpability by an organisation. For example, a shipper from Spain stated that shippers do not have control over the actions of hauliers and so the definition of “knowingly” needs to be defined.

F.4.2.8 Include conditions on establishment, financial standing and professional competence into the European Register of Road Transport Undertakings

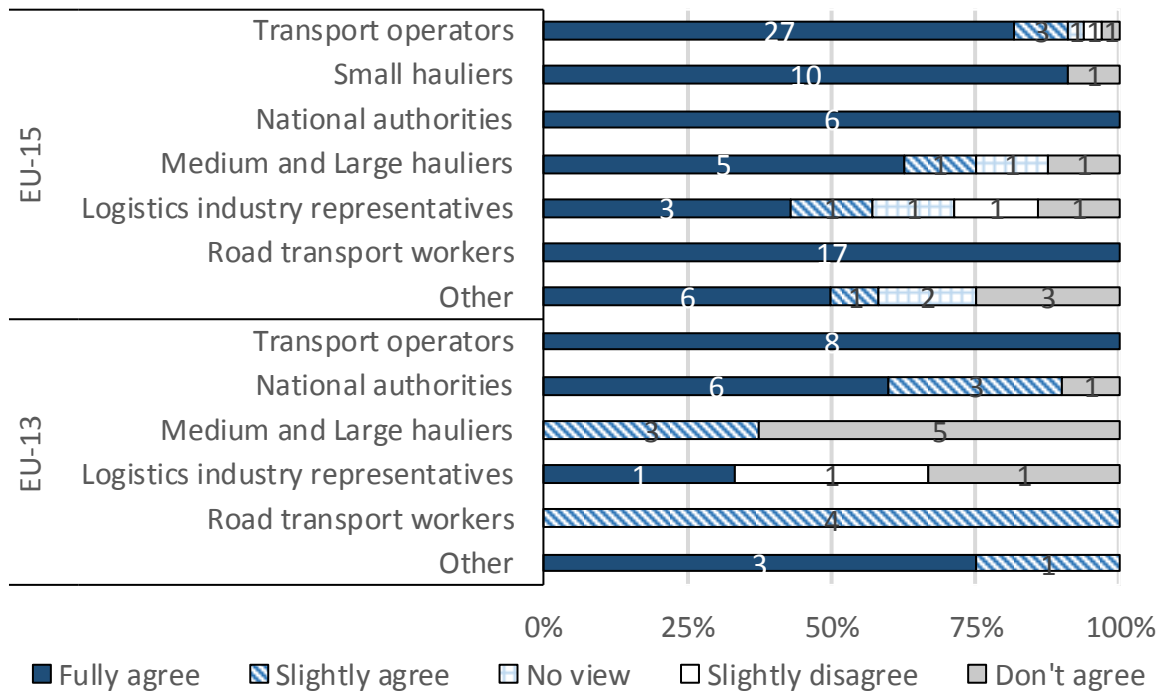
“Include the conditions on establishment, financial standing and professional competence in ERRU...Do you agree with this measure?”

A further proposed measure to the regulations is to include the conditions on establishment, financial standing and professional competence in ERRU. Currently ERRU only contains information on good repute. It could be extended to include the conditions on establishment, which would allow Member States to look for letterbox companies in other Member States, for example. Once again, this measure was met with overall agreement (66% agreed, 56% fully agreed), whilst only 22% expressed disagreement in some form.

Most respondent categories echoed this conclusion. The group which expressed the largest disagreement to the proposed measure were medium and large hauliers. Nine of 16 respondents strongly disagreed with the proposal, whilst only six expressed some agreement. The reason for this anomalous response remains unclear. Indeed, coordinated group 1, consisting of hauliers from Lithuania, also disagreed with the proposal. Coordinated response 4, representing a number of trade union associations for road transport workers expressed full agreement.

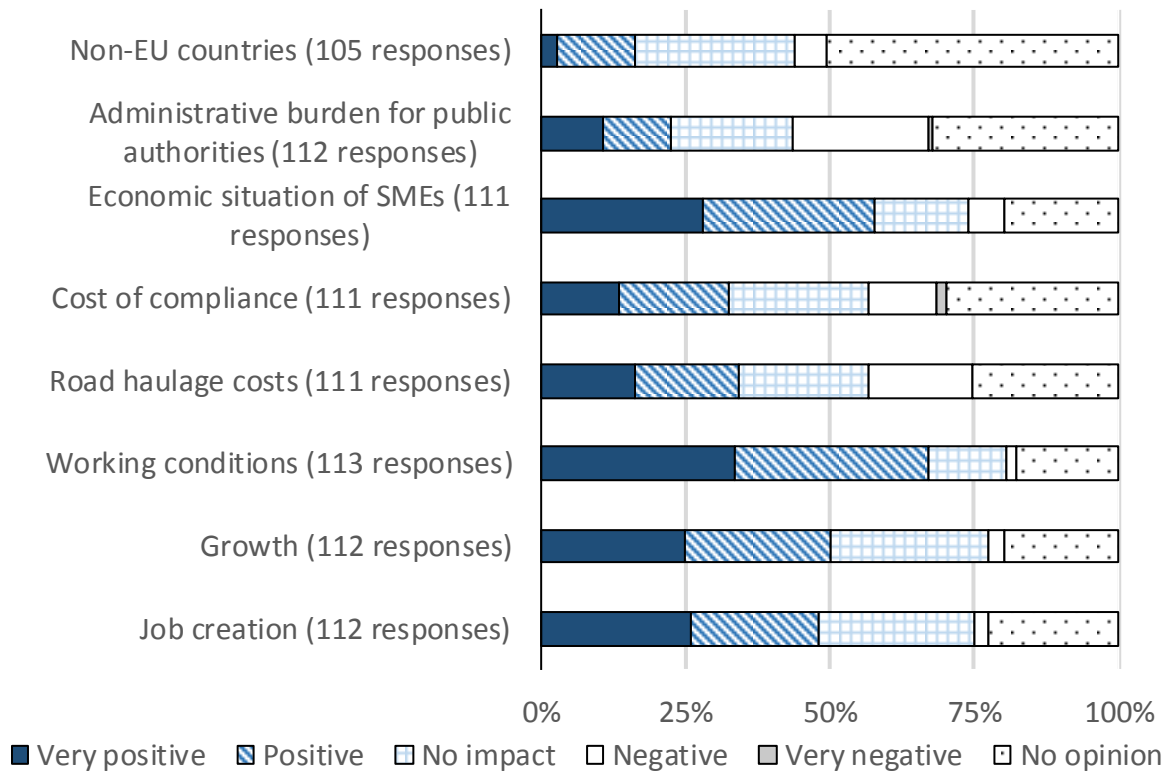
There is also some opposition to the proposal from respondents from EU-13 Member States. In all, 58% disagreed with the proposal, in stark contrast to the 5% of respondents from EU-15 Member States. Once again, this extends to the impacts that the proposal would have, with respondents from EU-13 Member States feeling that the measure would have no impact, whilst EU-15 respondents were much more in favour. When further assessed, it is clear that much of this disparity may be accommodated by the views of medium and large hauliers from EU-13 and EU-15 Member States, Figure F-32 demonstrates.

Figure F-32: Include conditions on establishment, financial standing and professional competence into the ERRU, by EU-15 and EU-13 groups, and by respondent category



Overall, it was felt that this proposed measure would have a positive impact on the road haulage sector, improving working conditions, growth and job creation significantly. Very few respondents felt that this proposal would return a negative impact. The only area where more negativity was expressed was for the administrative burden for public authorities, where 25% thought it would have a negative impact. Once again, coordinated response 4 echoed these opinions, considering job creation, growth, and working conditions within the sector as the areas which see the most positive changes.

Figure F-33: Impact of including conditions on establishment, financial standing and professional competence into the ERRU on road haulage factors



When asked about any further proposed measures, several of the respondents agreed with this measure but felt that the priority should be getting ERRU fully implemented in its current state. A number of respondents also indicated that they were against including financial standing in the ERRU, and some against including professional competence and good reputation, but most respondents were in favour of including conditions on establishment. Several respondents also commented that rules of establishment must be clarified first.

Open-text responses were mainly positive and in favour of including more information into the ERRU. Several respondents indicated that they felt this measure would help address the letterbox company situation by allowing better national and cross-border regulation. Concerns were raised by a few respondents who indicated that including such information would require improving the ERRU and modernising State Information Systems, which could be a significant cost, and that ensuring ERRU is complete and implemented in its current form is a priority. Furthermore, two transport operators and transport operators' associations respondents raised concerns about having such sensitive information available, and the benefit of such information to enforcement agencies.

F.4.2.9 Promote the use of the digital tachograph to identify the start and end of cabotage period and target cabotage checks.

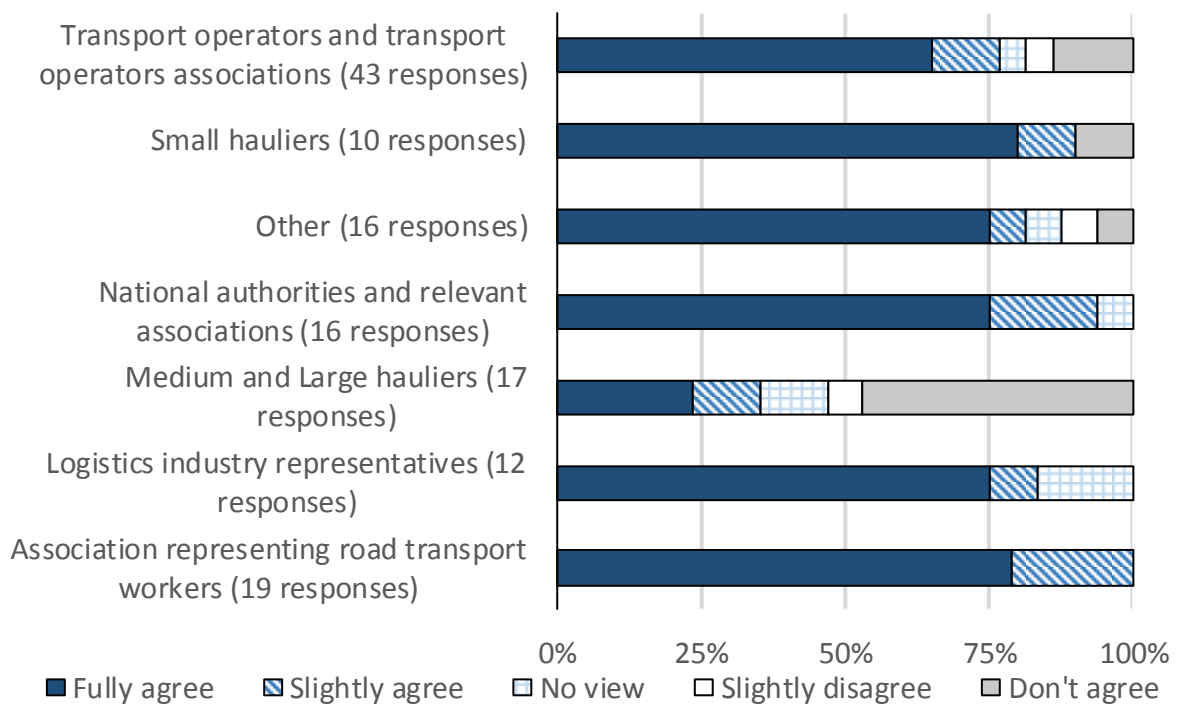
“Promote the use of the digital tachograph equipped with Global Navigation Satellite System (GNSS) capability to identify start and end of cabotage period and target cabotage checks...Do you agree with this measure?”

Another proposed measure to introduce into the regulations is to promote the use of the digital tachograph equipped with Global Navigation Satellite System (GNSS) capability to identify start and end of cabotage period and target cabotage checks. The digital tachograph equipped with a GNSS function will be available from 2016-2017 and thanks to its new satellite positioning function, will allow enforcers to check from the roadside the

movements of a vehicle. This way, enforcement officers can filter vehicles for checks. Compliant vehicles would not be unnecessarily stopped.

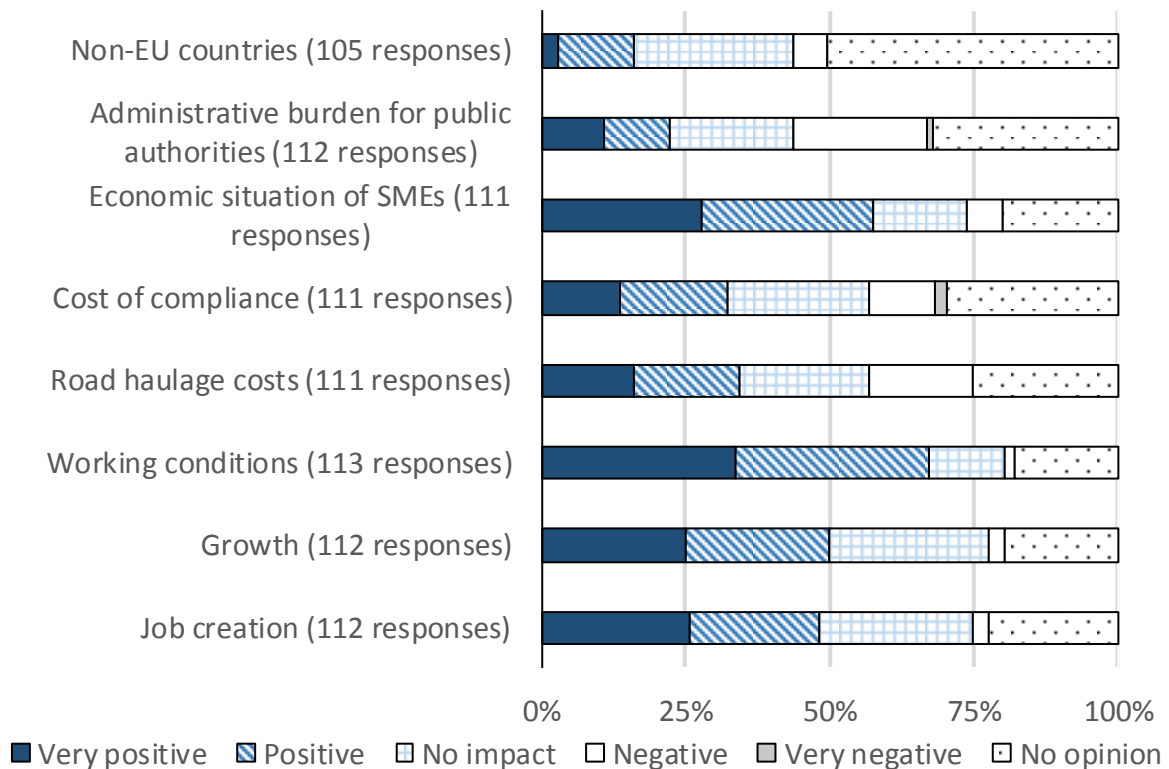
This proposal was met with strong agreement. 79% agreed with the proposal to some extent (64% strongly agreed), whilst only 15% disagreed. As before, there is general agreement amongst all respondent categories, although the exact share of respondents who disagreed with the proposal varies between groups. Of respondents from medium and large hauliers, 9 of 15 respondents disagreed, representing the strongest opposition to the measure. The remainder of the stakeholder groups indicated strong agreement with the proposed measure. Both coordinated group 1 and 4 also agreed with the measure. There is little variation between respondents from EU-13 and EU-15 Member States.

Figure F-34: Agreement on promoting the use of digital tachograph technology to identify the start and end of cabotage periods and target cabotage checks, by respondent category



It was felt that this would have an overall positive impact on all factors within the haulage sector that the survey questioned. In all, there were few responses which felt that this measure would bring a negative impact, and there was particular positivity for the improvement in working conditions (61% of responses), growth within the haulage sector (44%) and job creation (42%). Very few respondents felt that this measure would bring any negative impacts. Coordinated group 4 once again aligned with the views of the survey population, by indicating a very positive effect for job creation, growth, and working conditions within the road haulage sector.

Figure F-35: Impact of promoting the use of digital tachograph technology to identify the start and end of cabotage periods and target cabotage checks on road haulage factors



When respondents were offered the opportunity to elaborate on their opinions of the proposed measure to fit digital tachographs with GNSS to heavy-duty vehicles, a number of issues were highlighted that will need to be overcome before such a measure can be implemented. For example, an international transport operators’ association from Switzerland suggested that the market penetration of this new technology will not be fast enough to provide a satisfactory solution. They highlighted that Article 3(4) of Regulation 165/2014 states that 15 years after newly registered vehicles are required to have a tachograph installed, all vehicles operating in a Member State other than their own should be fitted with a tachograph. Instead, they suggested that this period should be reduced to 5-10 years. Additionally, there was concern that the Article 9 of the same Regulation prevents the transmission of data to enforcement authorities that can be used for the determination of violations of cabotage. Further to this, all data transmission and detection should be carried out in compliance with the protection of personal data relating to the drivers themselves.

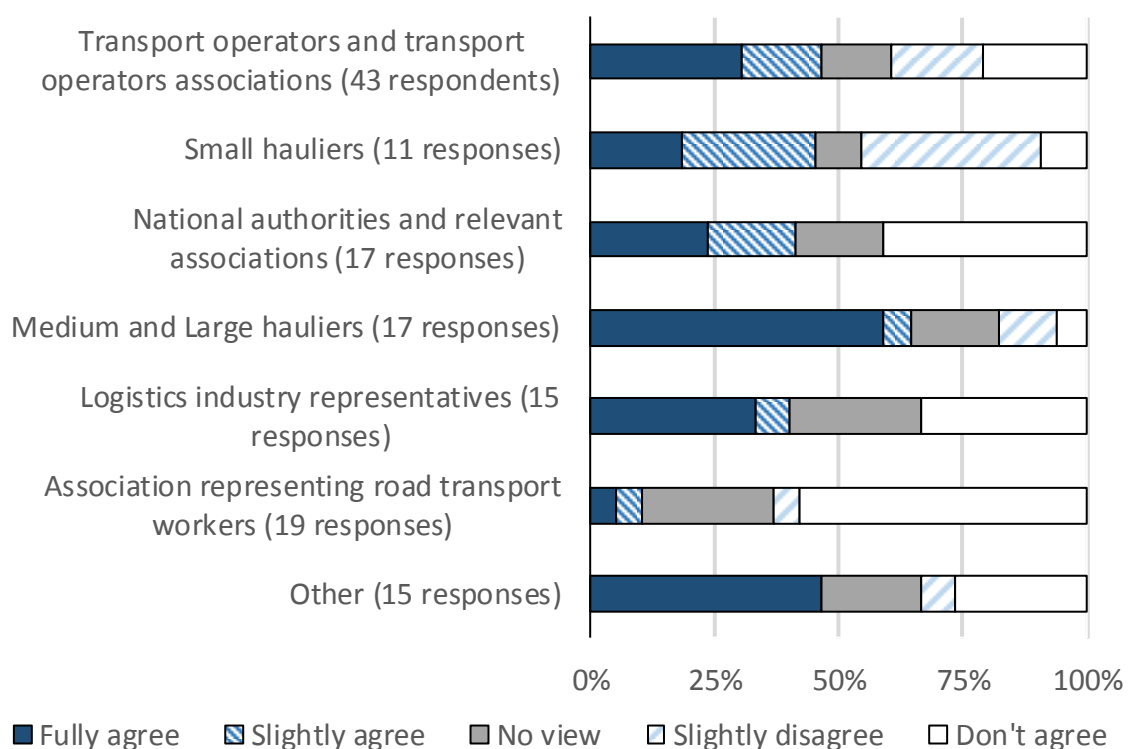
It was also suggested that the installation of digital tachographs with GNSS would not be a perfect solution in isolation. One association representing freight forwarders from Germany highlighted that this technology would not provide information on when, or even if, a vehicle is loaded or unloaded. Many respondents, including coordinated group 4, indicated that this technology would need to be used in conjunction with further supporting evidence such as comprehensive documentation, or e-documents. An association representing shippers also indicated that this technology needs to be proven to work and to be cost-efficient before widespread uptake can be encouraged. However, digital tachographs were seen as a good solution by several respondents, indicating that it would improve the efficiency for enforcement authorities, prevent unnecessary stopping of compliant haulier vehicles, and ensure fairer competition within the sector.

F.4.2.10 Remove the possibility for Member States to add additional requirements for establishment

“Remove the possibility for Member States to add additional requirements for establishment...Do you agree with this measure?”

One more proposed measure to amend the regulations is to remove the possibility for Member States to add additional requirements for establishment. Currently, Member States may introduce requirements for engagement in the occupation or road transport on top of those laid down in Regulation (EC) No 1071/2009 (stable and effective establishment, good repute, financial standing and professional competence), provided that these are proportionate and non-discriminatory. This possibility could be removed in order to promote a more consistent enforcement across all Member States.

Figure F-36: Agreement on removing the possibility for Member States to add additional requirements to establishment, by respondent category



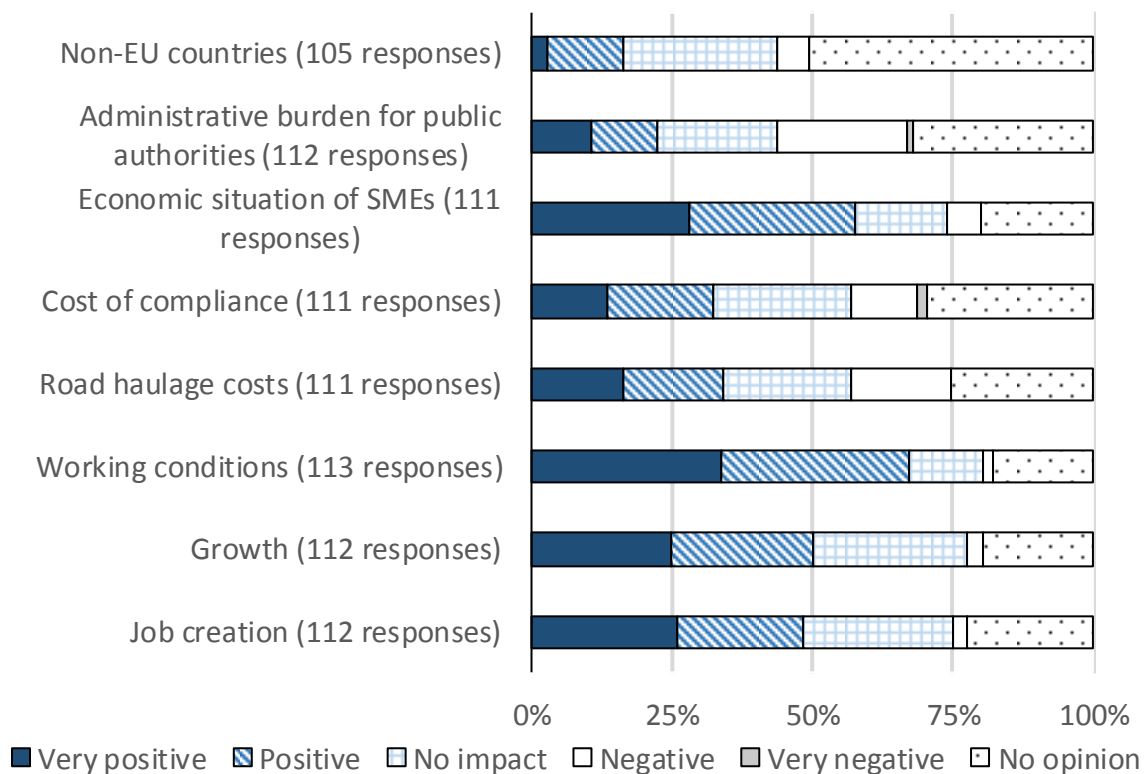
This proposal garnered a mixed response from the survey respondents. Whilst 42% expressed agreement with the measure, 39% didn't agree. As Figure F-36 shows, the distribution of results amongst respondent categories is also highly variable. Whilst some groups, for example medium to large hauliers, appear to be strongly in favour of the proposals, others such as associations representing road transport workers and individual workers are heavily against it. The reason for this discrepancy remains unclear at this stage. Most respondent categories tend to share the mixed view that the overall analysis suggests. When disaggregated by whether the respondent is based in an EU-15 or an EU-13 Member State, the share of responses follows a similar distribution.

Perhaps reflective of the mixed opinions on the proposal, its impacts also drew a less positive response when compared to measures previously discussed. The share of respondents who responded positively to these factors, however, was larger than those who thought it would have a detrimental effect, as Figure F-37 illustrates. Respondents instead appeared less convinced that it would have any impact on these factors at all.

The open-text responses provide further evidence of a mixed opinion across the survey population. It was felt that the additional requirements imposed by some Member States encourages hauliers to establish themselves in Member States with more lenient legal requirements for access to market. This leads to a competitive disadvantage for some hauliers. The development of coherent and harmonised rules would have a positive effect on free establishment, and create greater legal certainty. However, many respondents considered these additional requirements as a necessary addition to the regulations instead. For example, coordinated group 4 felt that Member States should have the power to address distortions in their domestic markets through imposing additional measures. One association representing road transport operators from France felt that the removal of this option for Member States would have positive effects if there is improved cross-border collaboration in monitoring criteria for access to the profession, and the European Register of Road Transport Undertakings is functioning properly and is updated regularly. It was, however, highlighted by several respondents that these requirements should be proportionate and non-discriminatory.

By contrast, the additional requirements are seen as having a favourable effect on the sector by some. For example, an association representing freight transport operators from the United Kingdom felt that the imposition of additional requirements in the UK has contributed to a better record on commercial vehicle safety than the EU average. They suggested that the development of such effective and well-developed regulatory systems through flexibilities like this should not be constrained.

Figure F-37: Impact of removing the possibility for Member States to add additional requirements for establishment on road haulage factors



F.4.2.11 Facilitate cross-border checks on establishment provisions

“Facilitate cross-border checks on establishment provisions, for example by introducing a maximum time period for replies by one Member State to questions by another Member State regarding establishment (along with a procedure for escalation if these timescales are not met). Do you agree with this measure?”

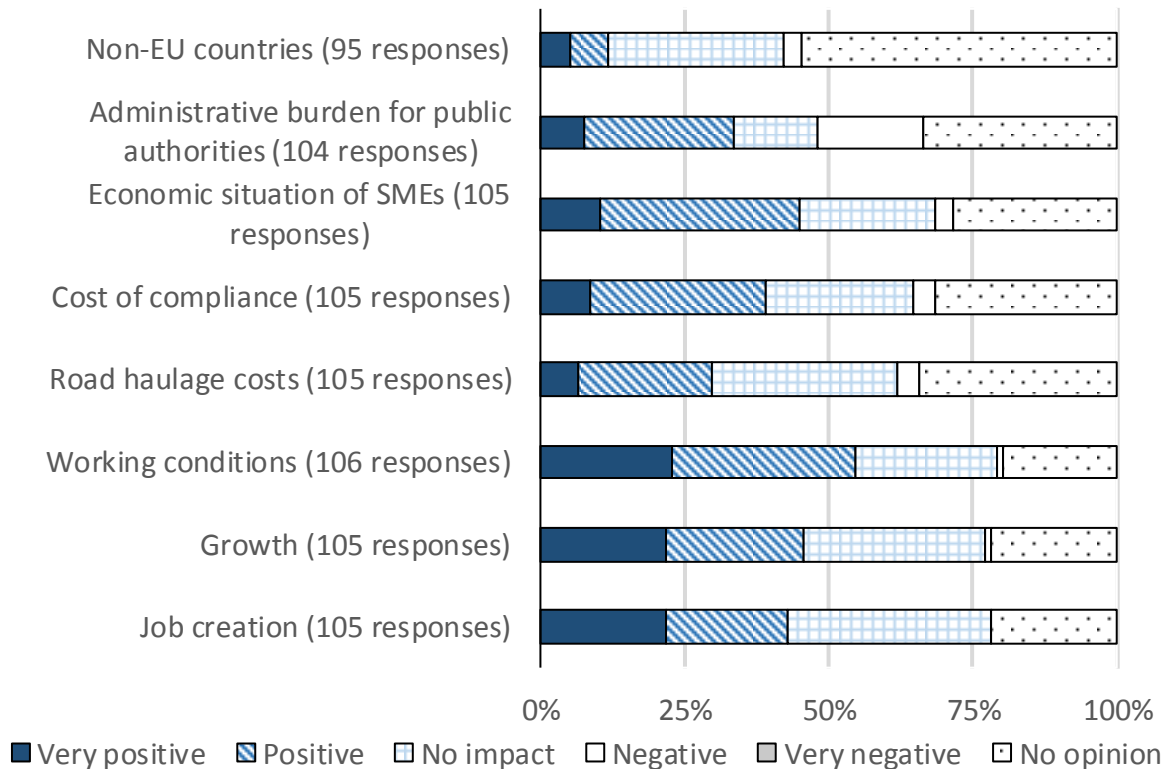
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One proposed measure is to facilitate cross-border checks on establishment provisions, for example by introducing a maximum time period for replies by one Member State to questions by another Member State regarding establishment (along with a procedure for escalation if these timescales are not met). This was met with overwhelming positivity. 81% of respondents agreed with this proposed measure (48% of respondents fully agreed), whilst only 6% disagreed. Both coordinated group 1 and 4 also expressed agreement with this measure. This view is shared across all respondent categories. Also, when disaggregated by whether a respondent is based in an EU-13 or and EU-15 Member State, the distribution is largely similar. Respondents from EU-13 Member States tended to express only slight agreement in contrast to the large proportion of respondent from EU-15 Member States whom tend to respond with full agreement.

It was felt that this would have a positive influence on a number of factors within the haulage sector, in particular working conditions (54% of responses), growth in the sector (46%) and job creation (42%). Responses from coordinated group 4 also support this conclusion. There were very few responses that thought the proposal would have a negative impact on the sector, although a fairly large share of respondents for each option seemed to think it would have no impact whatsoever, as Figure F-38 demonstrates.

Open text responses, however, highlighted the difficulties with implementing this provision. Whilst it was thought that this legal provision would help improve coordination between Member States, it was noted that the national authorities should have a say in defining the maximum response time. For example, a national authority from Hungary indicated that the volume of administrative capacities needs to be considered when this maximum period is defined. A national authority from Finland felt that there needs to be sufficient flexibility for authorities, since not all information is immediately available. Estimated periods required varied greatly, ranging from 2-3 hours, to 10 working days. However, it was felt by several respondents that Member States, or the relevant national authority, should face sanctions if these periods are not met. Coordinated group 4 felt that this was not the final solution to the problems identified earlier, and would only have a slightly positive impact. They instead indicated that the establishment of a European Road transport Agency, whose primary role would be to provide better coordination between enforcement agencies in a cross-border context, and allow for better exchange of information.

Figure F-38: Agreement to facilitating cross-border checks on establishment provisions



F.4.2.12 Open up national risk-rating systems to other Member States in order to promote the exchange of information on high-risk companies

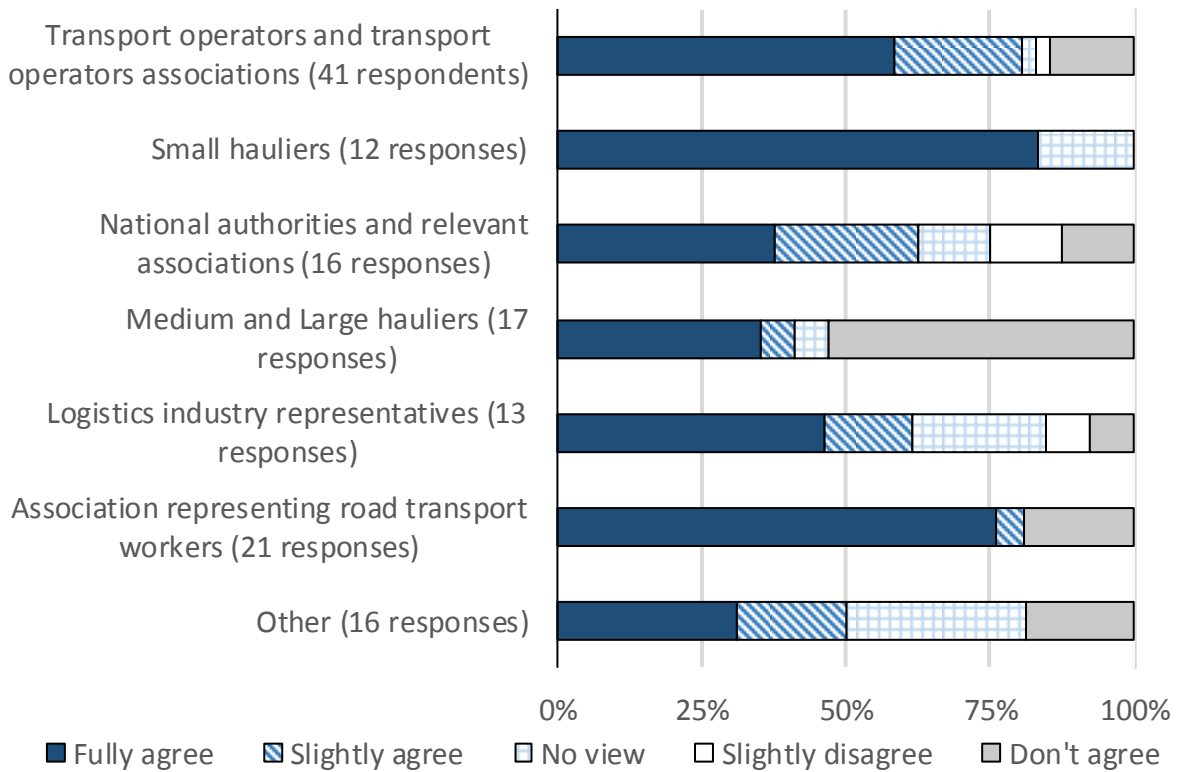
"Open up the national risk-rating systems to other Member States in order to promote exchange of information on high-risk companies and to target checks...Do you agree with this measure?"

One proposal designed to improve the monitoring of high-risk companies across Member States is to open up the national risk-rating systems to other Member States in order to promote exchange of information on high-risk companies and to target checks. Under Regulation (EC) No 1071/2009 Member States are required to put in place a risk classification system for hauliers covering infringements which may lead to a loss of good repute (and consequently to a loss of access to the profession of road transport operator). However, there is no requirement for Member States to give enforcement authorities from other Member States access to these risk-rating systems at the moment.

Overall, 68% of respondents felt agreed with this proposal, whilst 21% disagreed. When split by respondent category, it is apparent that the extent to which each group agrees with the proposal strongly differs. Small hauliers, transport operators (and associations) and associations representing road transport workers and individual workers strongly agree with the measure. Medium and large hauliers represent the group of greatest opposition to the proposal. 9 of 17 respondents from this group strongly disagreed with the measure, a much larger proportion than for any other respondent category, as Figure F-39 shows. This is in reflectance of the responses of coordinated group, all of whom expressed strong disagreement with the proposed measure.

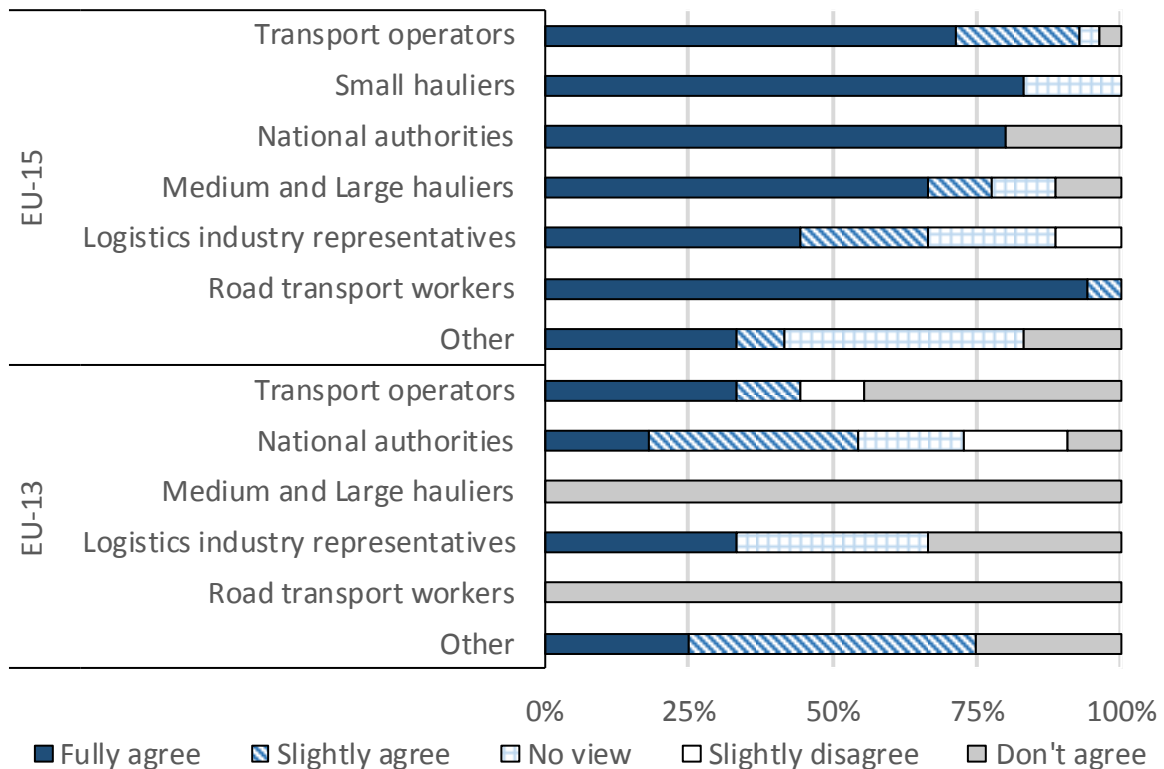
Figure F-39: Agreement on opening up national risk-rating systems to other Member States in order to promote exchange of information on high-risk companies, by respondent category.

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When split by whether the respondent is based in EU-15 or EU-13 Member States, there is a difference of opinion also apparent. Respondents from EU-15 Member States were much more in favour of the proposal, with 82% expressing agreement with the measure, whilst this drops to 36% for respondents from EU-13 Member States (whilst 49% strongly disagreed). This discrepancy is maintained across all stakeholder groups when the analysis is further split, as Figure F-40 demonstrates.

Figure F-40: Agreement on opening up national risk-rating systems to other Member States in order to promote exchange of information on high-risk companies, by EU-15 and EU-13 groups, and by respondent category



This proposed measure was suggested to have a positive effect on working conditions and the economic situation of SME's by the survey respondents. This is supported by the response of coordinated group 4, who felt that there would be a very positive effect on job creation, growth, working conditions, and administration for public authorities. Once again, there very few responses suggestive of negative impacts. Perhaps the one exception is the administrative burden borne by public authorities as a result of this proposed measure. In this case, 29% of respondents suggested it may have a negative impact.

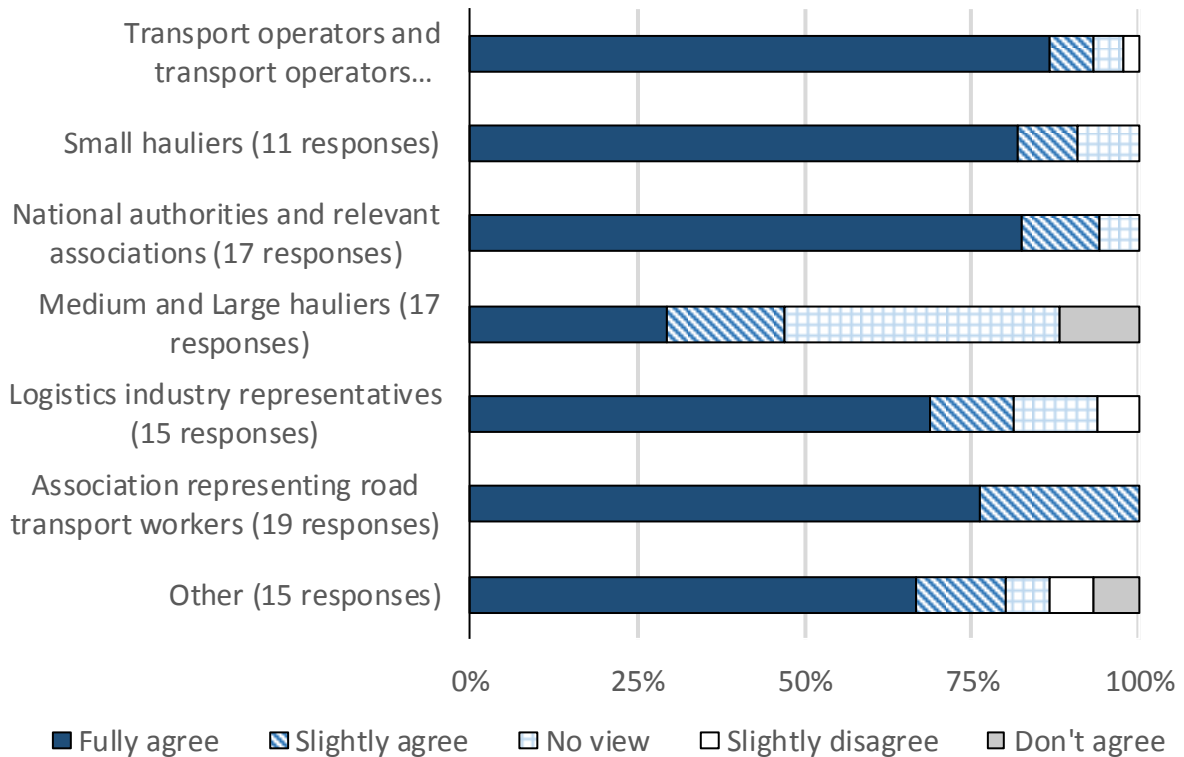
When respondents were given the opportunity to provide further comments on the measure, some survey respondents expressed support for the idea. For example, it was felt by an association representing road transport operators from Germany that it would lead to improved identification of companies which have gained competitive advantages through unlawful measures in the past. Therefore, it would benefit those companies that have complied with the regulations, whilst also allowing for more effective enforcement of the infringement classification. Coordinated group 4 also agreed with this sentiment, suggesting that the opening up of national risk rating systems will increase the effectiveness with which infringements are detected. However, some respondents expressed concern with the application of this proposed measure. For example, it was widely suggested that variation in the assignment of risk between Member States would leave some hauliers with a competitive disadvantage. For example, a Swedish association representing road transport operators felt that the strictness of sanctions applied varies by Member State. They suggested that in some Member States, hauliers can face infringements for driver behaviour with an impact on good repute. It was also suggested the development of the open register might not be worth the expense. A national authority from the Czech Republic felt that given the expected benefits of the measure, the costs would be too great, whilst an association representing road transport operators from Poland was doubtful that such a system would ever be used in practise.

F.4.2.13 Promotion of training for enforcement officers

“Promote common training of enforcement officers from different Member States. Do you agree with this measure?”

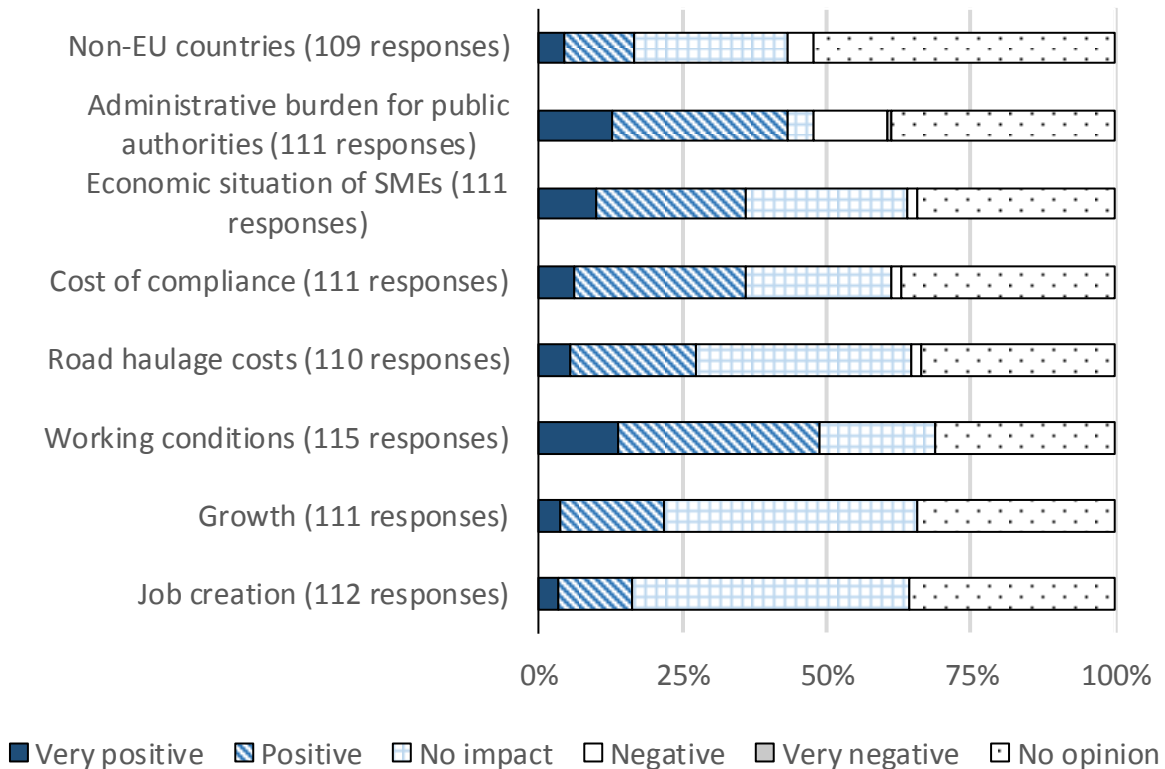
This proposal garnered overwhelming support from the survey respondents. 86% of respondents expressed agreement with the proposal, whereas only 6 respondents (4%) disagreed to any extent. This is a view that is shared by all respondent categories, although a large share of medium and large hauliers chose to express no view, rather than offer support (7 of 17 respondents). This is a view also shared across an EU-13/EU-15 divide.

Figure F-41: Agreement on promoting common training of enforcement officers from different Member States, by respondent category



It was felt that this would have an overall positive effect on the impacts considered within the survey, particularly working conditions (49%) and administrative burden for public authorities (43%). Presumably, respondents here would suggest that the upfront costs in participating in common training would be saved later through more cost-efficient enforcement. Very few responses suggested that there would be any negative impact at all associated with this measure.

Figure F-42: Impact from the promotion of common training of enforcement offices from different Member States on road haulage factors



The open-text survey response to this proposed measure was largely positive. It was felt that through common training practices on an EU-level, a degree of harmonisation in terms of the interpretation of the regulations can be achieved, a view shared by coordinated group 4. It was also thought by many respondents to improve professionalism and competence within all enforcement authorities. This would also have the added effect of making the improving certainty and trust in the legal framework across the EU according to an association representing road transport operators from Sweden. This is due to the increased transparency and predictability that would be fostered as a result of common shared training. However, it was highlighted by several, that the practical implementation of such a scheme would be more difficult, with language barriers acting to prevent its effectiveness. Instead, it was suggested by a regulatory authority in Hungary that knowledge and skills should be developed on a national level, but national experiences and best practices should be shared between Member States. Some respondents indicated that some smaller associations have already begun to harmonise controls. For example, the Euro Control Route Member State (ECR) have shared practices and training according to a national authority in France. This respondent also suggested that a European-wide shared forum would be a good measure to implement to help combat the inconsistent interpretation and application of the cabotage regulations. Overall, it was felt that this measure would reduce the distortion of competition that arises due to variations in controls, inspections and sanctions across the European Union.

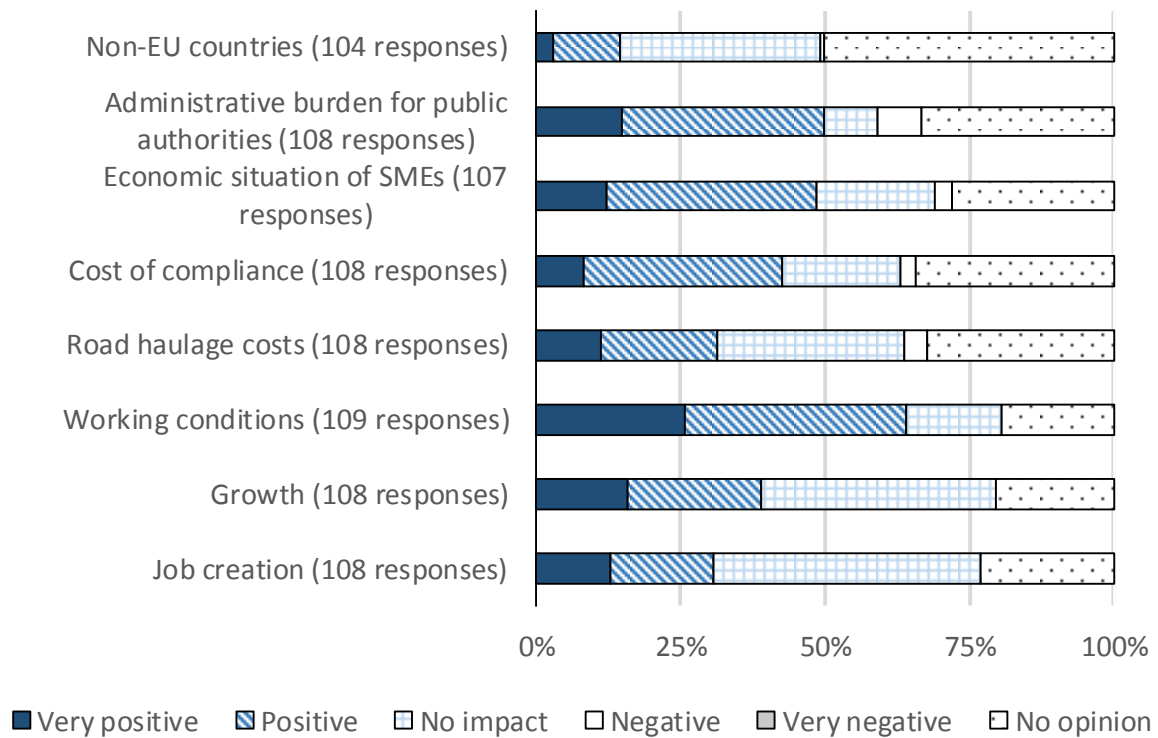
F.4.2.14 Share best practices on conducting cabotage checks between Member States

“Share best practices between Member States on how to conduct cabotage checks”

This proposed measure was met with strong agreement amongst the survey respondents. 89% indicated that they agreed with the measure, whilst only 4 respondents (3%)

expressed any disagreement at all. This is a view shared across all stakeholder categories and when the results are disaggregated by whether a respondent is based in an EU-15 or an EU-13 Member State. It was thought that this would have a positive effect on the administrative burden for public authorities (50% of respondents), whilst also have a very positive effect on working conditions within the sector (64%), a view shared by respondents from coordinated group 4. There were very few respondents who felt that this measure would have a negative impact at all, with the share of respondents expressing this never surpassing 7% for all the factors considered.

Figure F-43 Impact from sharing best practices on conducting cabotage checks between Member States on road haulage factors



The sharing of best practices between Member States was seen by the survey respondents as a step towards the standardisation of procedures for the control of cabotage. Respondents indicated that this would be beneficial for enforcement authorities, and for compliant drivers/hauliers whom would be falsely stopped less often. Coordinated group 4, amongst other respondents, indicated that it would lead to improved harmonisation of enforcement efforts and help restrict illegal cabotage operations. In addition, it was felt that this would improve the degree of competition across Member States. It, was indicated, by a couple of respondents that workshops are already available for enforcement authorities from some Member States. For example, a national authority from France indicated that best practices are already shared within the Euro Control Route, although not all Member States are a member of this. In addition, an association representing transport operators, also in France, indicated that several training programmes have been set up, but with limited involvement from Member States at present. However, this proposed measure was not viewed as an outright solution to the problems with the cabotage regulations, and it stressed by several that it should not be seen as a replacement for the necessary clarification of the rules.

One respondent offered an alternative specific measure to the share of best practices for Member States. An association representing road transport operators in Romania asked for the creation of an online platform where Member States should be obligated to post comprehensive information relating to applicable national rules, legal interpretations,

national enforcement practices, documentation and any other requirements for foreign road transport operators, thereby generating a greater level of transparency and reducing legal uncertainty for hauliers.

F.5 Conclusion

The responses to the Commission's public consultation have been reviewed. A total of 175 responses were received from a range of stakeholder types including haulier companies, associations representing transport operator, associations representing road transport workers, and national authorities. A number of responses were identified as belonging to coordinated templates. In each case where the number of unique responses fell beneath 80%, the responses from the largest campaigns were analysed separately. These campaigns belonged to small and medium hauliers from Lithuania, and to a number of associations representing road transport workers from various Member States across the European Union.

The first half of the survey studied the problems identified with the current Regulation and included;

- There is significant variation in the level of control exercised by Member States with regards to cabotage operations, causing very important impacts on the competitive disadvantages of hauliers from some countries. The variation in the sanctions for infringements between Member States is also seen to be a major problem for the sector.
- The cabotage rules are not sufficiently clear in all relevant aspects, causing variations in the interpretation of these rules between Member States. Respondents felt that this also leads to a competitive disadvantage to hauliers from some Member States, whilst also increasing the costs of compliance and administration for hauliers. Additionally, the respondents felt that the rules are currently difficult to enforce, with respondents blaming a lack of clarity for this.
- Variation in the application of the 'good repute' criterion constitutes a problem for the sector, creating legal uncertainty and unclear liability rules, having an impact on the competitive disadvantage for some hauliers, whilst it was also suggested that this would influence the EU's competitiveness internationally.
- There is a feeling, particularly amongst respondents from EU-15, that the setting up of subsidiaries (or alleged secondary establishments in other forms) that do not conduct their own operations but seek to gain a competitive advantage over other operators across the EU is a widespread practice.
- The imposition of additional conditions on access to the occupation of road haulier by some Member States constitutes a problem for the sector, with impacts echoing previous sentiments, with respondents largely suggesting that this creates dysfunction in the haulage market and competitive disadvantages to some hauliers.

Respondents were then asked for their opinions on a number of proposed measures which could be introduced in an effort to act upon the tentative objectives of intervention, outlined in F.4.2. The most strongly supported of these measures were;

- The expansion of the scope of application of Regulation 1071/2009 and 1072/2009 to include vehicles of gross value weight less than 3.5 tonnes.
- To further harmonisation of the enforcement rules with those of the road transport social legislation adopted by the European Union.
- To extend access to the European Register of Road Transport Undertakings (ERRU) to road-side check offices, to enable real-time checking on whether a company is registered and entitled to carry out international transport operations. There was also overall survey agreement with the inclusion of establishment, financial standing, and professional competence in the ERRU.

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- To introduce penalties for shippers and freight forwarders in case they knowingly commission transport services involving infringements of the Regulations (e.g. illegal cabotage operations).
- To promote the use of digital tachograph technology to identify the start and end of cabotage periods and target cabotage checks.
- To facilitate cross-border checks on establishment provisions. For example, this may include introducing a maximum time period for replies by one Member State to questions from another regarding establishment.
- Opening up of national risk-rating systems to other Member States to promote the exchange of information for high-risk companies.
- Promote common training of enforcement officers from different Member States in an effort to align interpretations and ensure consistency of enforcement level across the EU, whilst also sharing best practices between Member States on how to conduct cabotage checks.

It was noted that a number of responses were either identical or nearly so, indicating that they were coordinated using a consistent template. Four such templates were identified in the responses; the largest coordinated response was provided by 31 respondents.

Annex G ANALYSIS OF RESPONSES TO THE SME PANEL SURVEY

The SME panel consultation on the use of light commercial vehicles in road transport for this project was launched on 26th September 2016 and was open for responses until 11th November 2016. Respondents were also given the opportunity to provide any further comments at the end of the questionnaire. This analysis of the SME panel consultation is intended to provide an overall view of the responses to the questionnaire.

Please note that the views presented can only be associated to respondents to this specific consultation and may not be representative of the views of all or specific groups of stakeholders.

G.1 Analysis of respondents' profile

A total of **17 responses** to the questionnaire on the use of LCVs in road transport were received. The responses covered firms working in a variety of freight road transport activities, as shown in Table G-1. The three types of activities listed had similar representations, with 7 providers of road freight transport services using owned or hired vehicles, 7 firms that use owned or hired goods vehicles for the transport of their own goods, and 8 users of road freight transport services. Some respondents operated in multiple types of road freight transport activities and were counted in the analysis for each activity they identified.

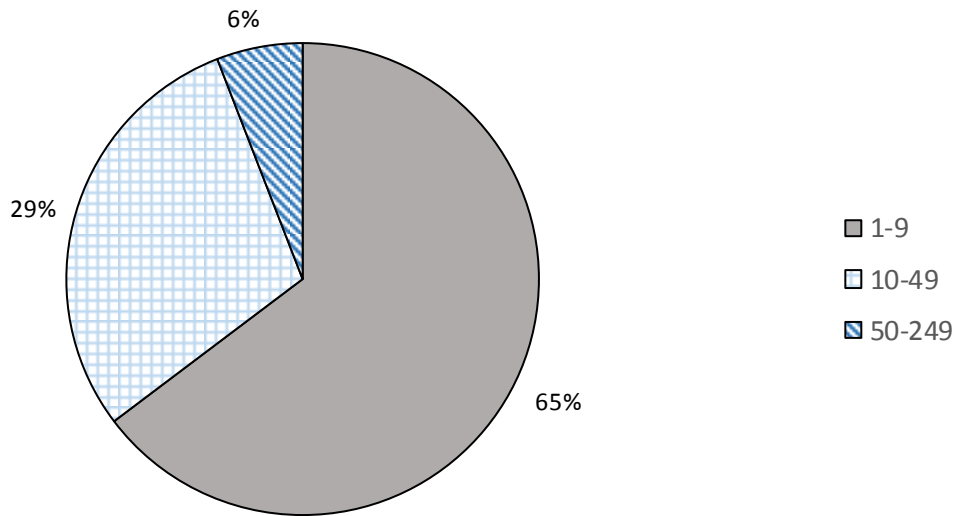
No coordinated responses were identified during the analysis of the results.

Table G-1- Distribution of responses by road freight transport activities (n=17, more than one answer possible)

Type of road transport activity	No. of respondents indicating	% of total
Provider of road freight transport services using owned or hired vehicles	7	41.1
Firm the uses (owned or hired) goods vehicles for the transport of own goods	7	41.1
User of road freight transport services	8	47.1

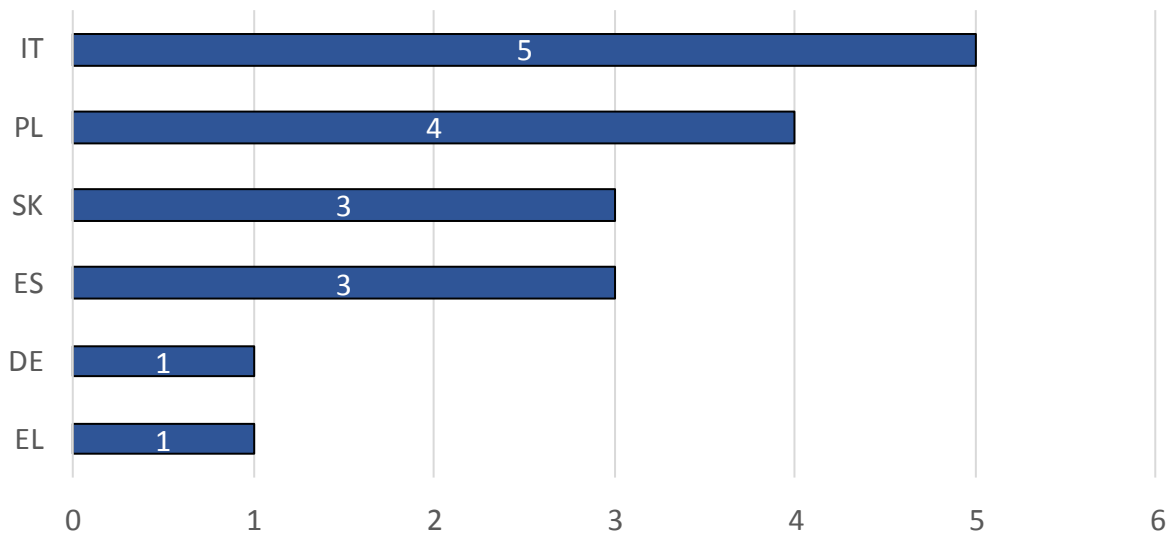
Respondents were asked to identify the number of employees at their respective companies. This is used as a metric for company size in the subsequent analysis. As Figure G-1 shows, the majority of the responses came from firms with less than 10 employees (11 respondents, 65%). Only 5 respondents (29%) were firms with 10-49 employees, and there was only 1 response (6%) from a firm with 50-249 employees. When compared to type of road freight transport activities, 7 of the 11 responses from firms with less than 10 employees were road transport services clients, while respondents from the larger firm sizes were more likely to be a provider of road freight transport services. This distribution is demonstrated later in Figure G-4.

Figure G-1 -Survey response split by the number of employees at the respondent’s company, as a metric for company size (n=17)



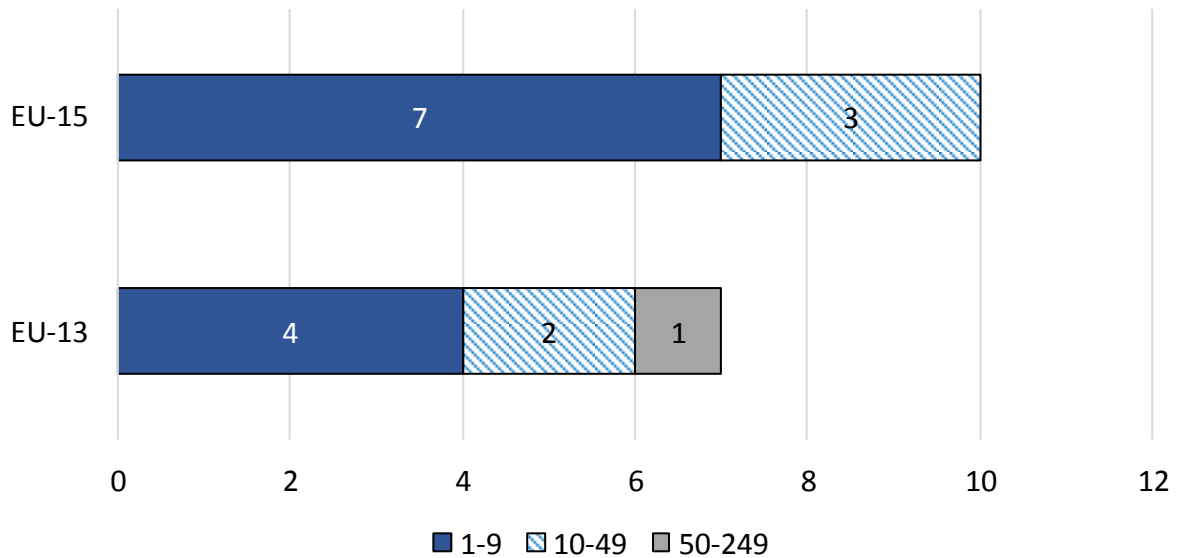
Responses were received from respondents established in 6 EU Member States (Germany, Greece, Italy, Poland, Slovak Republic, and Spain). The distribution of responses by country of establishment is shown in Figure G-2, 29% of the responses were from Italy, and 24% from Poland (5 and 4 responses respectively).

Figure G-2 - Distribution of the responses by country of establishment (n=17)



When split by country group (EU-15 or EU-13 Member States), as illustrated in Figure G-3, there was a slightly higher response rate from EU-15 Member States (10 responses representing 59% of total responses). No responses were from countries outside of the European Union.

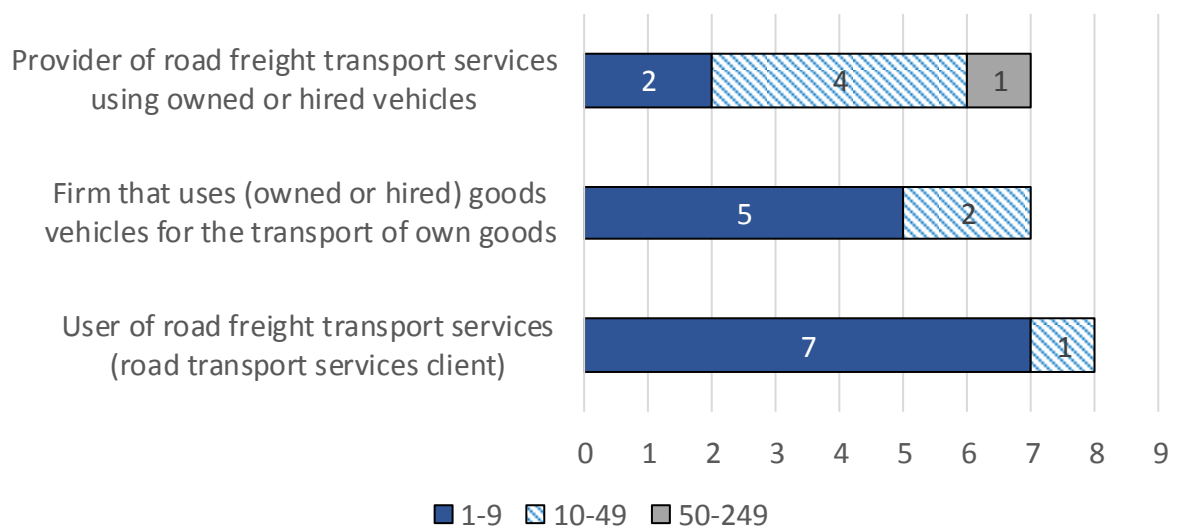
Figure G-3 - Number of responses disaggregated by country group, split also by the number of employees at a company (n=17)



"Which of the options below best reflects the road freight transport activities of your firm? Select all that apply" (n=22, question allowed respondents to select multiple types of activity)

The respondents are involved in a range of activities regarding road freight transport, shown in Figure G-4. There were nearly equal numbers of respondents who act as providers of road transport services, own account operators, and road transport services clients. Users of road transport services were mainly composed of small firms (82%) with 1-9 employees, which accounted for 50% of all small firms.. Own account operators were also largely composed of small firms (71%) . Providers of road freight transport services were mostly firms employing 10-49 employees (57%) and also represented the only respondent from a firm with 50-249 employees

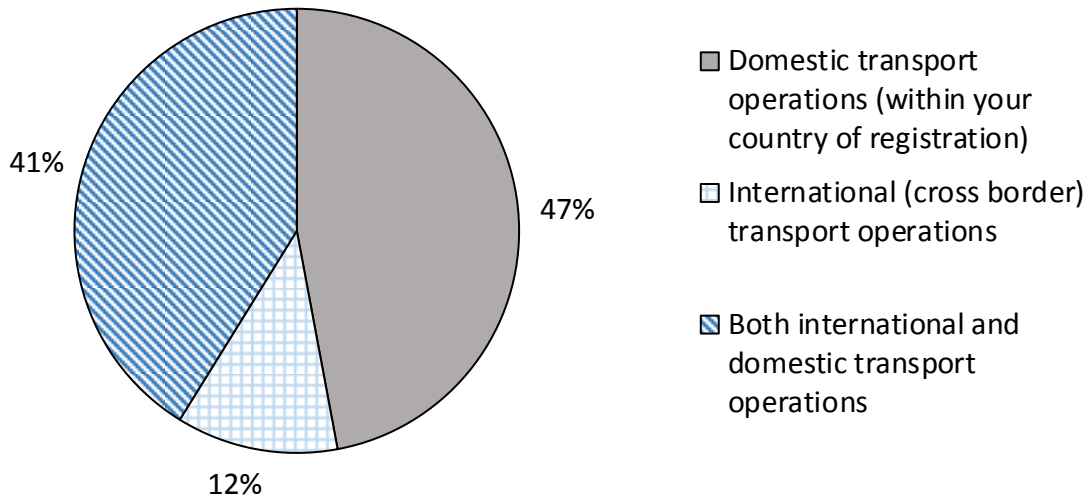
Figure G-4 -Type of road freight transport activities by size of firm (number of employees) (n=22, question allowed respondents to select multiple types of activity)



"What type of transport is your firm involved in (as a provider or as a user)? Select all that apply." (n=17)

Of the 17 responses to this question, 47% (8) of the respondents were involved only in domestic transport operations within their country, closely followed by 41% (7) of the respondents who were involved in both domestic and international transport (see Figure G-5). Only 12% (2) of the respondents were only involved in international transport.

Figure G-5 - Involvement in domestic and international transport (n=17)¹⁹



G.2 Results²⁰

G.2.1 Use of vehicles for road transport

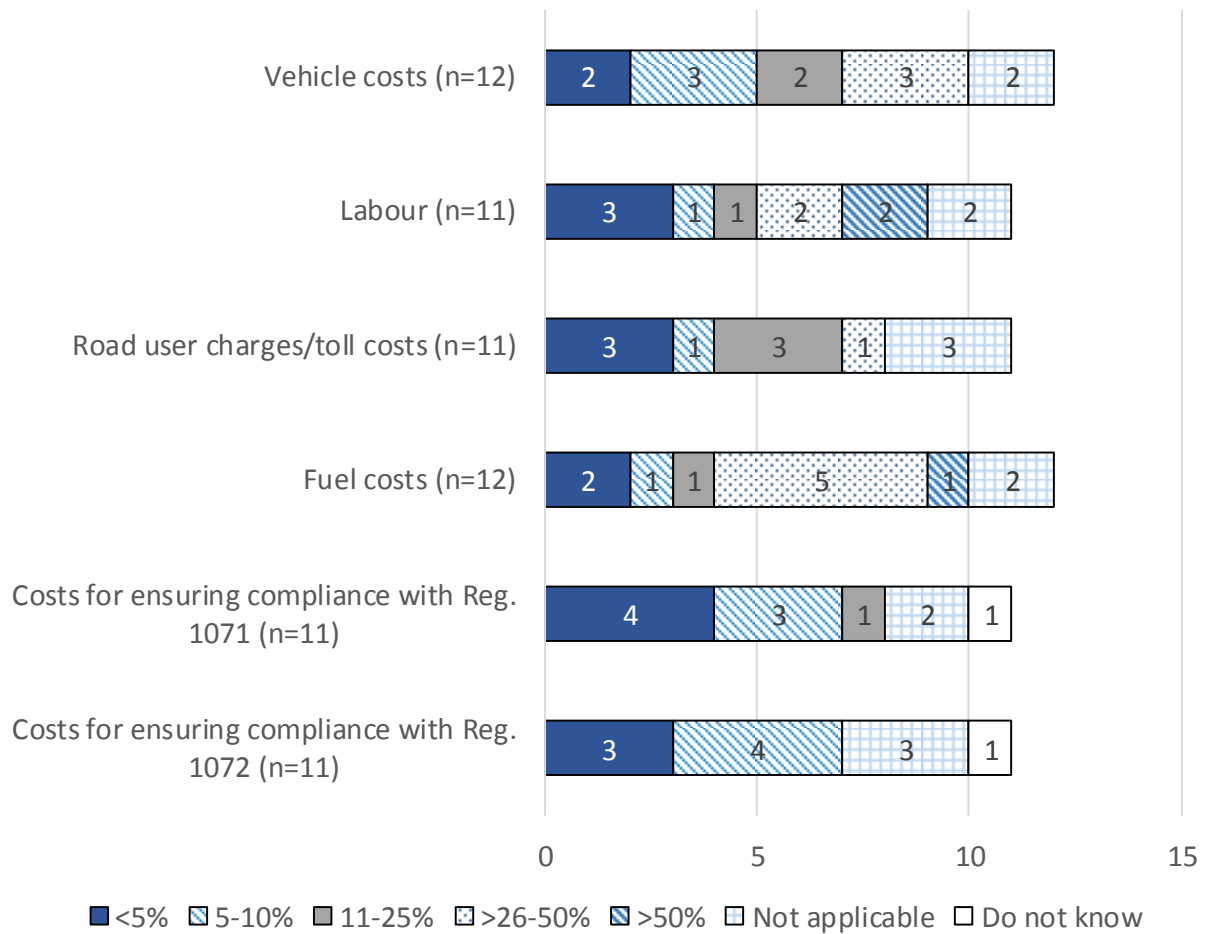
"For firms that selected A (Provider of road freight transport services using owned or hired vehicles) or B (Firm that uses owned or hired goods vehicles for the transport of own goods) to Q3 (type of transport activities): What is the share of the following cost categories in your firm's total annual operating costs?"

The percentage of the firms' total annual operating cost for each category shown in Figure G-6 varies significantly between respondent. Category A-D had responses that gave a varying cost between 0 and 50% of total annual operating costs. Fuel cost, stood out as higher than other costs with 42% of respondents saying it represented between 26-50% of their annual operating costs. Categories E and F relate to the cost of compliance with Reg. 1071/2009 and 1072/2009, and demonstrated a slightly lower cost percentage than the previous four categories. None of the respondents indicated that compliance with Reg. 1071 and Reg. 1072 cost more than 25% and 10% respectively. While 7 respondents indicated a percentage of costs to other important cost element, no further description of this cost was given by any of them so they have not been included in Figure G-6

¹⁹ For 'C. Both international and domestic transport operations', the respondents ticked both A and B, as there was no option for both available.

²⁰ Most of the following questions were in a matrix format, and therefore each category may have a different response rate. To reflect this, the number of responses, n, is given in the figure rather than next to the question.

Figure G-6 – Share of cost categories in firms total annual operating costs²¹

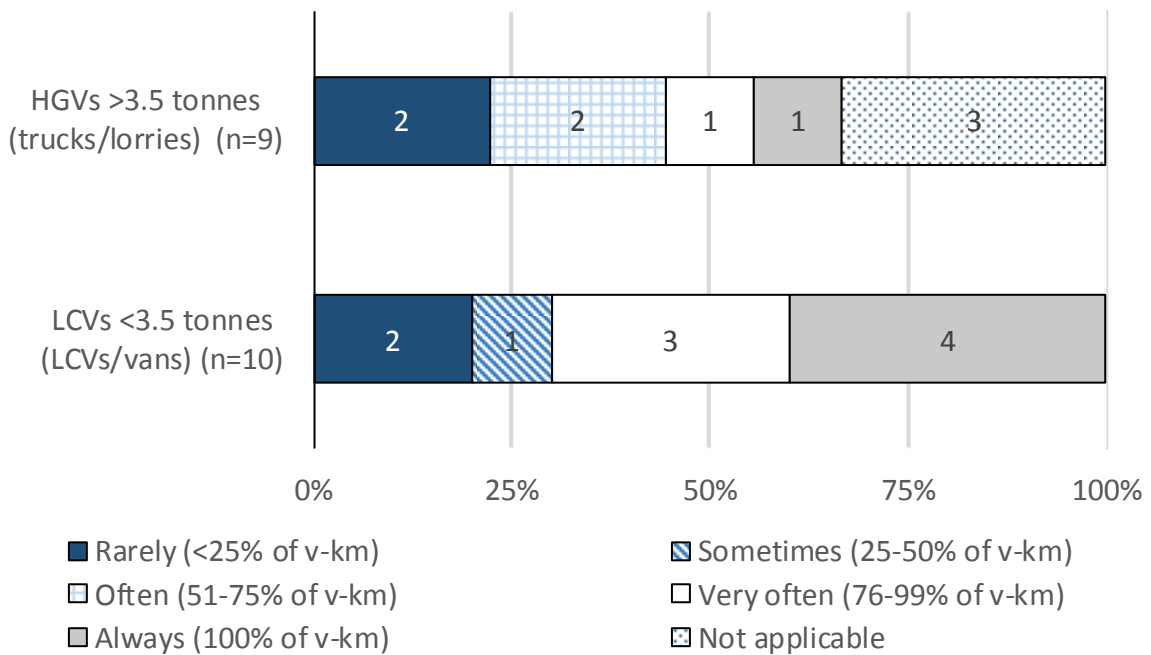


For firms that selected A (Provider of road freight transport services using owned or hired vehicles) or B (Firm that uses owned or hired goods vehicles for the transport of own goods) to Q3 (type of transport activities): What types of vehicles do you use in your operations (please indicate the share of the use of each category in the total annual vehicle-kms)?”

9 of the respondents indicated that they use HGVs for their operations while 10 indicated that they use LCVs (see Figure G-7). Of the respondents who do use LCVs, 44% always use them, accounting for 100% of their total annual v-km. A further 33% use LCVs very often, accounting for 76-99% of total annual v-km. The HGV users exhibited a full range of usage, although slightly weighted towards less than 50% of total annual v-km. We should note that some responses do not account for 100% of the v-km, as some of the responses added up to less than 100% and others exceeded it.

²¹ A – (i.e. service/maintenance/depreciation or annual costs of vehicle leasing), B – (driver wages, social security), E – on access to the occupation of road transport operator (i.e. maintaining office space, develop and maintain required documentation), F – on access to the international road transport market (i.e. obtaining Community license, maintaining documentation for cabotage operations)

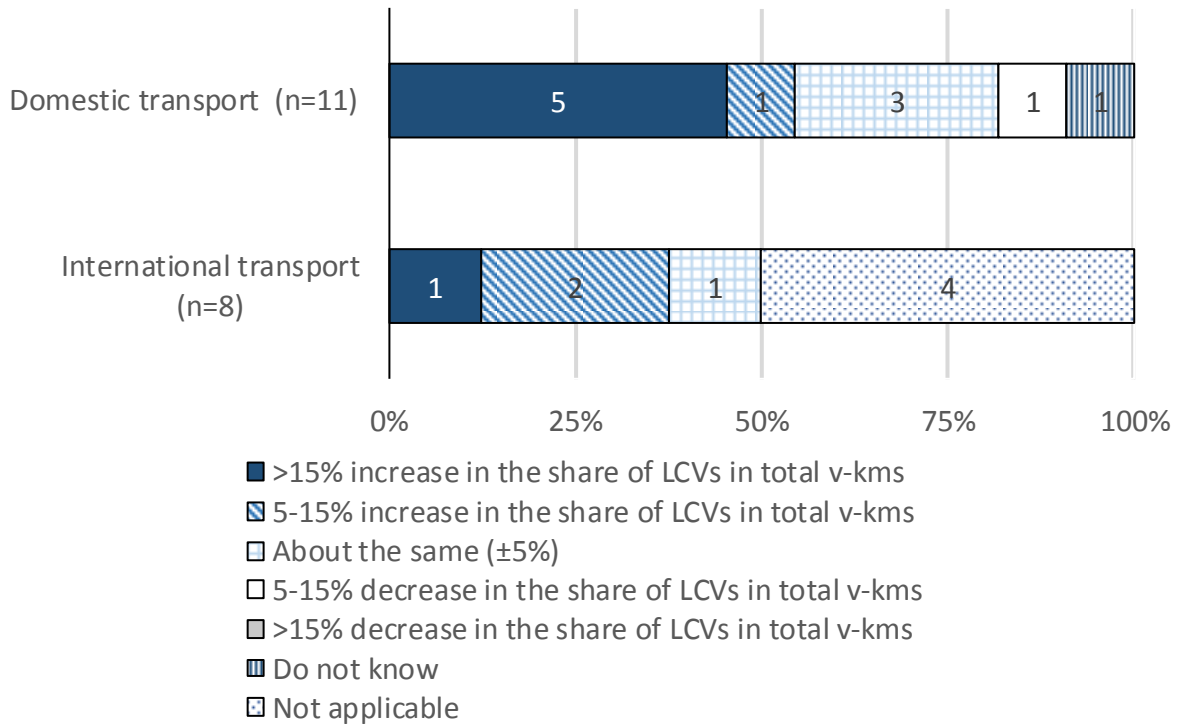
Figure G-7 – Type of vehicle used in operations by share of use in total annual vehicle kilometres (v-km)



"For firms that selected A (Provider of road freight transport services using owned or hired vehicles) or B (Firm that uses owned or hired goods vehicles for the transport of own goods) in Q3 (type of transport activities): Is your use of LCVs today higher or lower compared to three years ago in your domestic and international transport operations?" (n=11-8)

Figure G-8 shows that there has been a much larger increase in LCV usage among firms engaged in domestic road transport than those in international transport. For firms involved in domestic road transport, most of the respondents (55%) stated that the share of LCVs in total v-kms had increased by at least 5% in the last three years, with 46% saying that it had increased by more than 15%. The 4 firms (50%) involved in international road transport who indicated that this was not applicable were 3 firms that only used LCVs and 1 firm that used LCVs 75-99% of the time. .

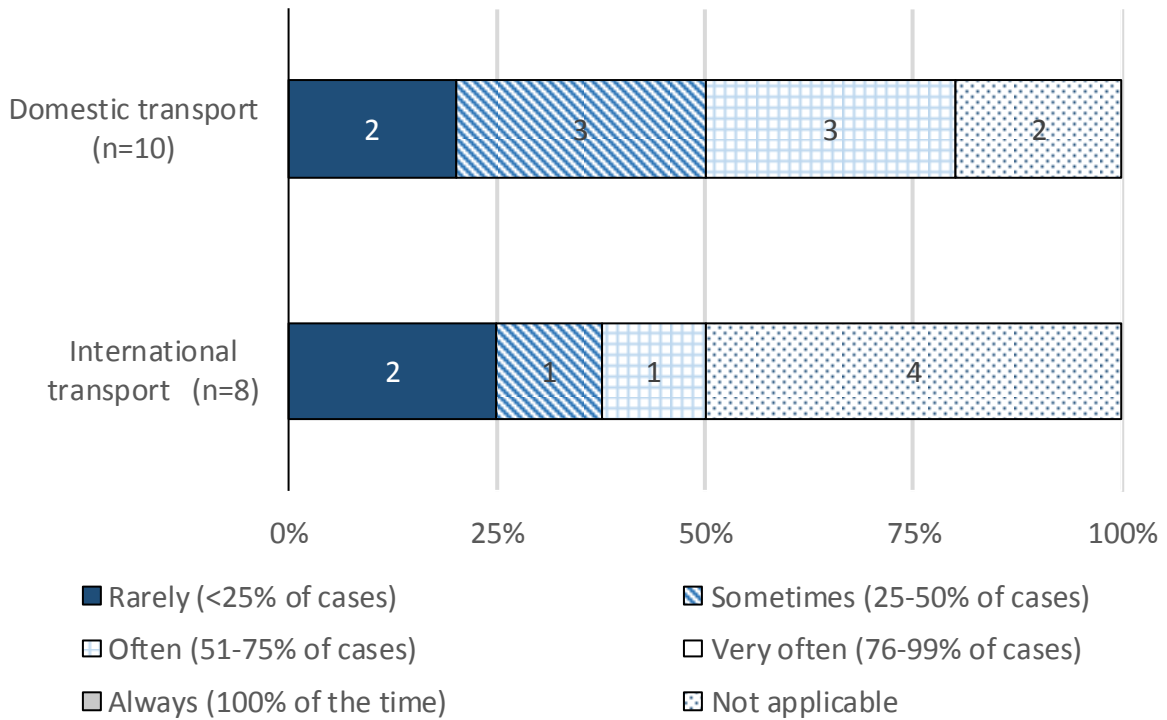
Figure G-8 – Change in use of LCVs over last 3 years



"In case you indicated that the use of LCVs today is higher or lower than 3 years ago, does this change reflect a shifting of loads that would previously have been carried in an HGV to LCVs (or vice versa)?"

firms involved in domestic road transport provided a broad range of responses concerning the frequency with which they have moved from the use of HGVs to LCVs (see Figure G-9). Similarly, there was a largely even split among the 4 firms involved in international road transport that use both LCVs and HGVs, while those who only use LCVs indicated that this question was not applicable.

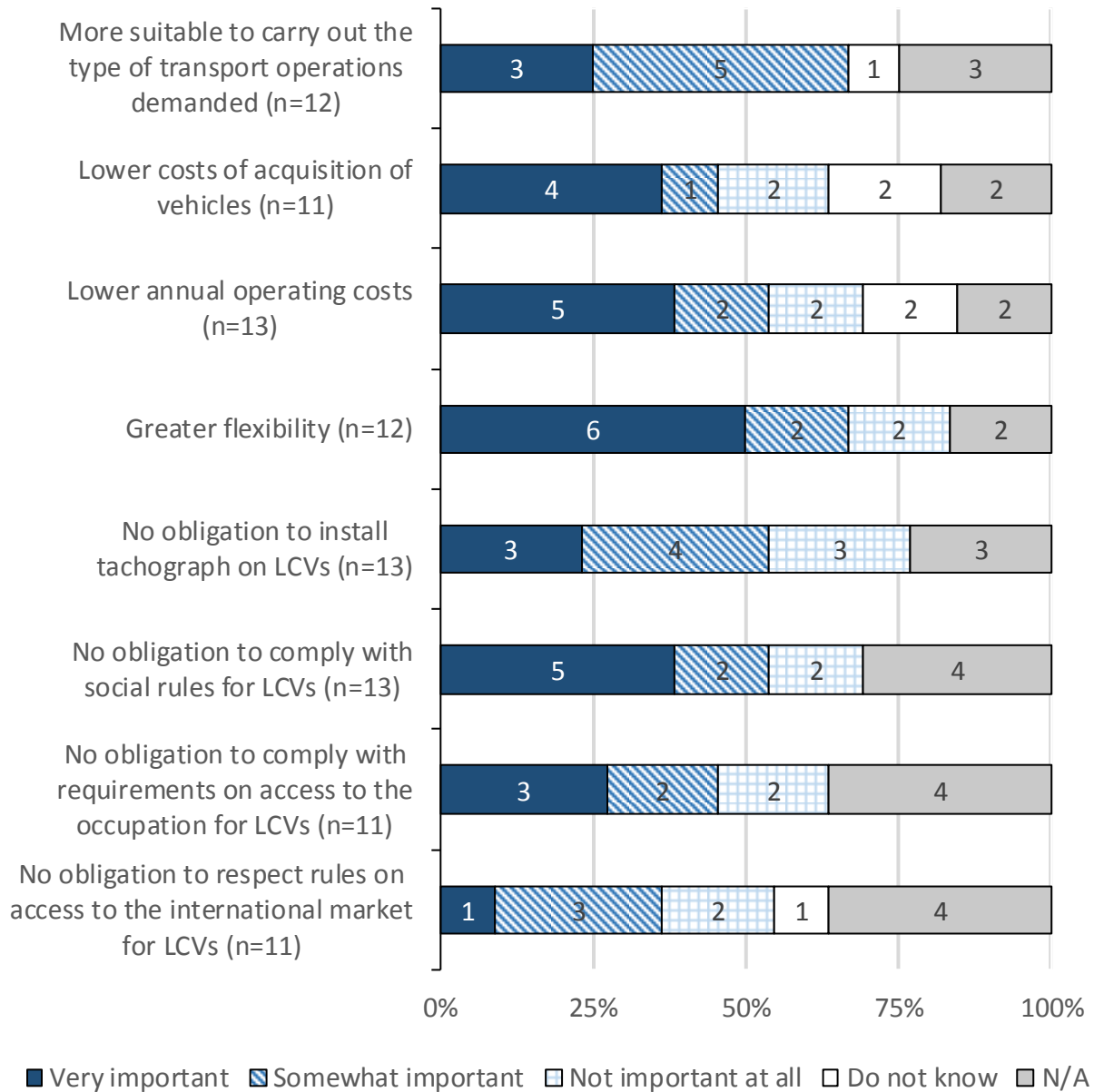
Figure G-9 – Shift of loads from HGVs to LCVs in the case of increasing LCV usage in the last three years



"If applicable, what were the reasons for using LCVs rather than HGVs in your operations (select all that apply?)"

All the reasons presented in Figure G-10 were considered important by at least one respondent, and all but one of the reasons was also considered not important at all by at least one respondent. The small sample size makes it difficult to draw any significant conclusions from this data, except that there are a variety of perceived benefits for using LCVs which varies depending on the firm. Greater flexibility (6), lower annual operating costs (5), and no obligation to apply with social rules for LCVs (5) were the reasons that were considered very important by respondents. However, when adding very important and important responses together, greater flexibility (8) and more suitability to the type of transport operations demanded (8) saw the largest number of responses, followed by lower annual operating costs (7), no obligation to apply with social rules for LCVs (7) and no obligation to install tachographs on LCVs.

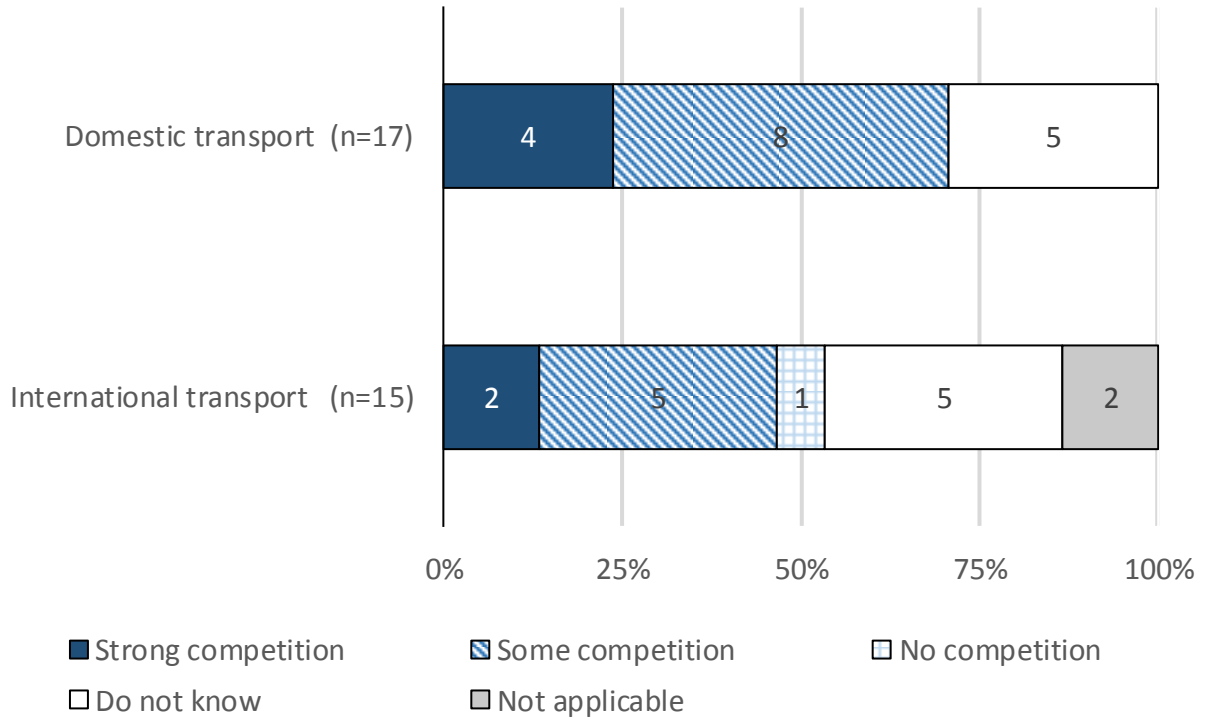
Figure G-10 – Reasons for using LCVs rather than HGVs in a firm’s operations



"In your view, does the use of LCVs compete with (replace) the use of HGVs in road freight transport?"

Figure G-11 shows that respondents found LCVs to compete with HGVs more in domestic transport than in international transport. 71% of respondents indicated that LCVs were strong or some competition to HGVs in domestic transport, whereas only 47% indicated similarly for international transport. For both domestic and international transport, 29% and 33% did not know if LCVs competed with HGVs.

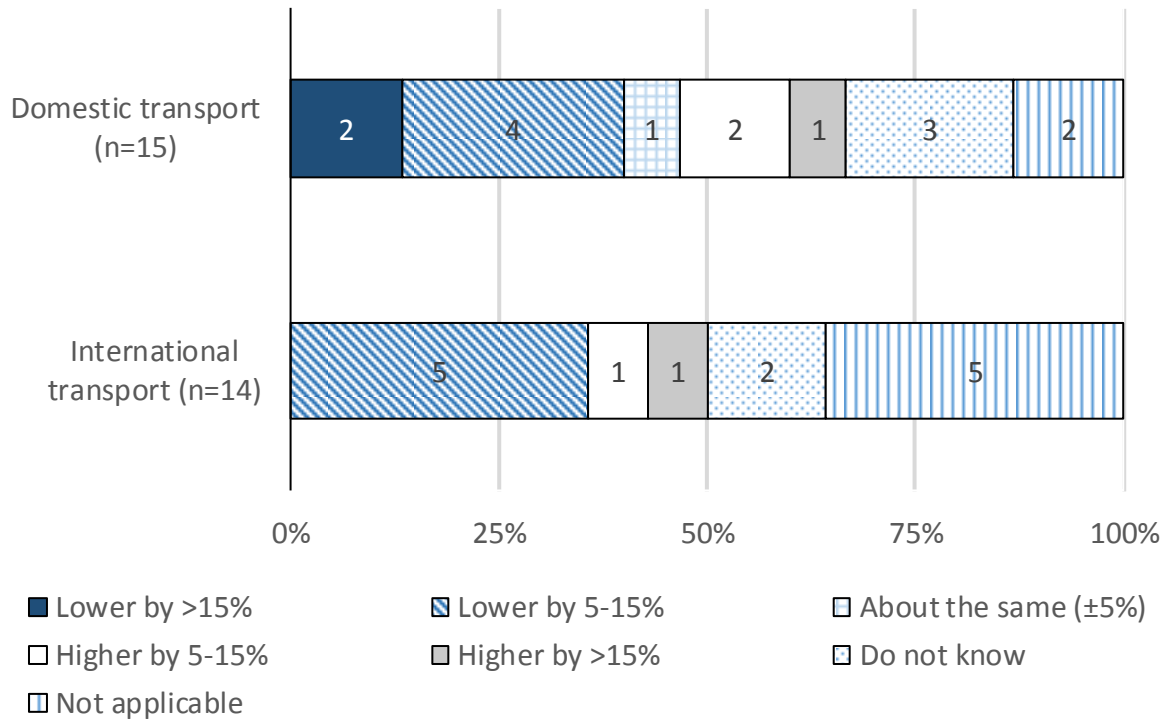
Figure G-11 – Competition of LCVs with HGVs in road freight transport



"Please provide an estimate on the expected impact on costs to your firm from a possible switch from the use of HGVs to LCVs in the following type of transport operations?"

The responses provided point to significant variation in the impact on costs from switching to LCVs from HGVs (Figure G-12), although with a slightly higher number indicating lower costs from this change. 40% and 36% of respondents indicated that costs would be lowered from such a switch by at least 5% for domestic and international transport respectively. Again, there was significant uncertainty in the responses, with a number of 'do not know' or 'not applicable responses'.

Figure G-12 – Impact on costs to firm from switch to LCVs from HGVs

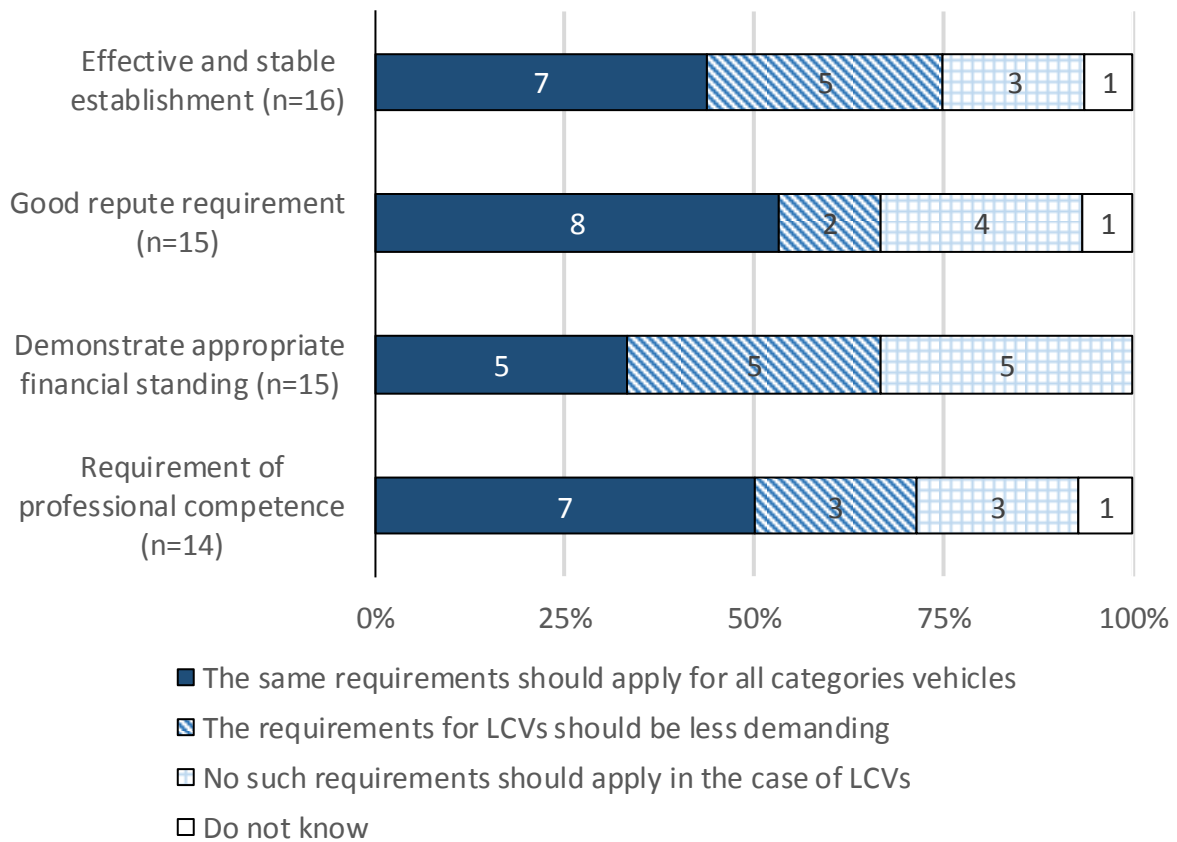


G.2.2 Impact of extending the scope of Regulation 1071 on access to the occupation of road transport operator to cover the use of light commercial vehicles of less than 3.5 tonnes

"Do you agree with the adoption of each of the indicated requirements in the case of firms that use light commercial vehicles in transport operations?"

Most respondents indicated that the same requirements should apply to all vehicle categories regarding effective and stable establishment (44%), good repute requirement (53%) and the requirement of professional competence (50%), although an important part of the respondents considered that there should be less demanding requirements adopted or not requirements at all. The requirement to demonstrate appropriate financial standing was split evenly between respondents who thought that the same requirements should apply to all vehicle categories (33%), that requirements should be less demanding for LCVs (33%), and that there should be no requirements for LCVs (33%).(Figure G-13). The sample size makes it difficult to draw conclusions in the face of such a range of conflicting responses.

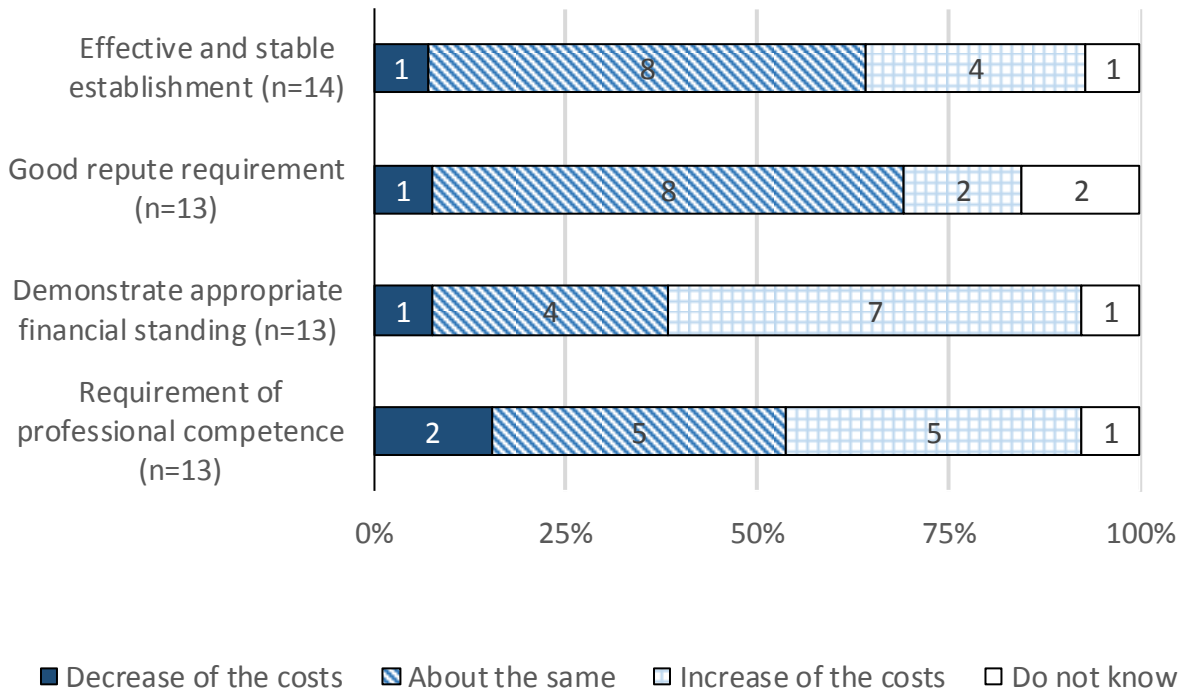
Figure G-13 Respondents view on adoption of indicated requirements for firms using LCVs



"(only for firms that stated that they use LCVs in their transport operations) How do you expect that the introduction of the identified requirements in relation to the use of LCVs will affect the annual costs of operation for your firm?"

Figure G-14 shows that most of the respondents felt that the identified requirements in relation to the use of LCVs would not affect or slightly increase the annual costs of operation for firms. Requirements for effective and stable establishment and good reputation saw 57% and 62% of respondents' state that cost would remain about the same. Requirements to demonstrate appropriate financial standing and require professional competence saw a more significant number of respondents (54% and 38% respectively) say that costs would increase, however a number of respondents still said these requirements would not change the costs (30% and 38% respectively).

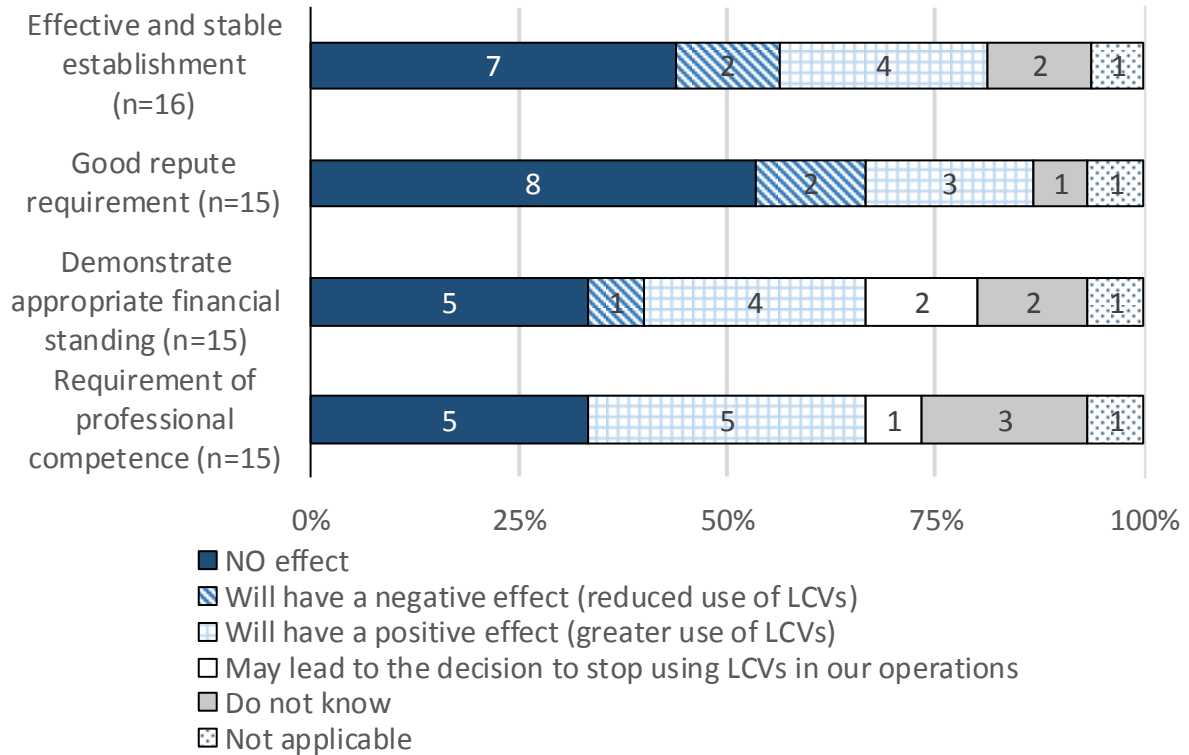
Figure G-14 – Effect on annual costs of firm by introduction of identified requirements for LCVs



"Do you expect the introduction of such requirement will affect your choice of using light commercial vehicles in your road freight transport operations?"

The most common response for each measure was that it would have no effect on the choice to use LCVs for road freight transport, as shown in Figure G-15. For each requirement, the second most common response was that it would increase use of LCVs.

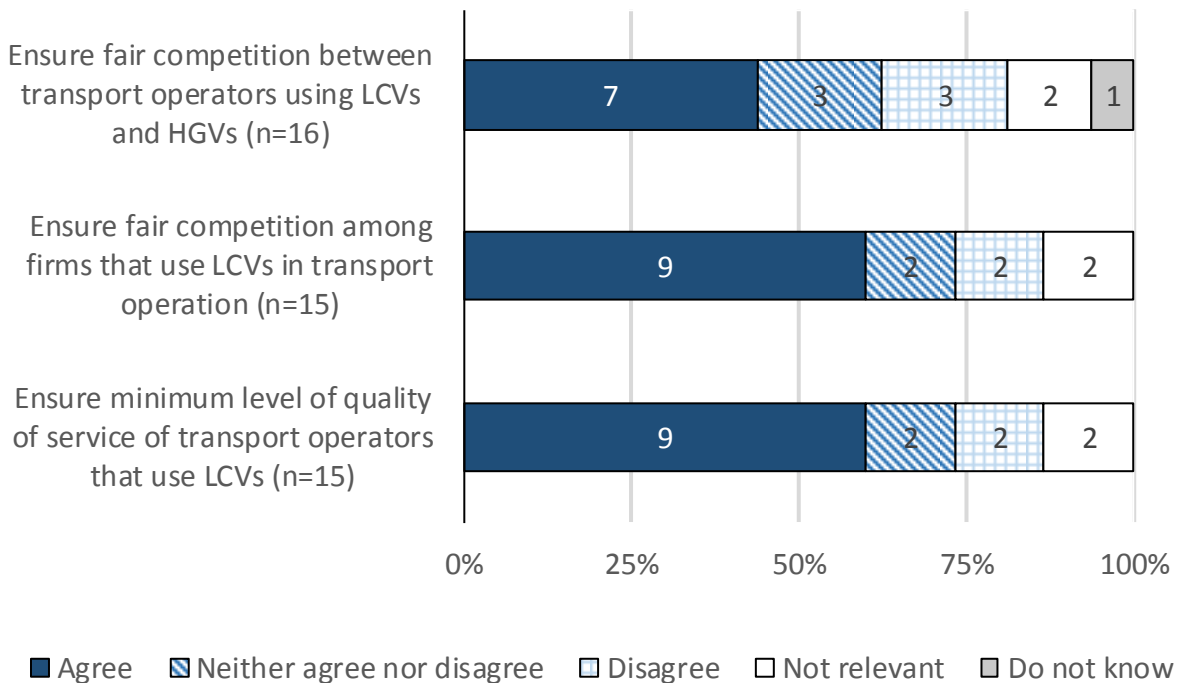
Figure G-15 – Impact of indicated requirements on use of LCVs



"What are the possible benefits from the extension of the scope of Regulation 1071/2009 to cover the use of light commercial vehicles? (indicate the level of your agreement with the proposed benefits)"

Most of the firms agreed with the possible benefits listed in Figure G-16, regarding the extension of the scope of Reg. 1071/2009 to cover LCVs. The benefits were agreed upon by 44% of respondents for fair competition between transport operators using LCVs and HGVs, 60% of respondents for fair competition among firms that use LCVs, and 60% of respondents for ensuring a minimum level of quality of service of transport operators that use LCVs. The remaining respondents were split quite evenly between the remaining options. Two respondents suggested other benefits of improvement of goods and traffic safety, and professionalisation that would improve good practice in the market.

Figure G-16 – Views of firms on the benefits from extension of scope of Reg. 1071/2009 to cover LCVs

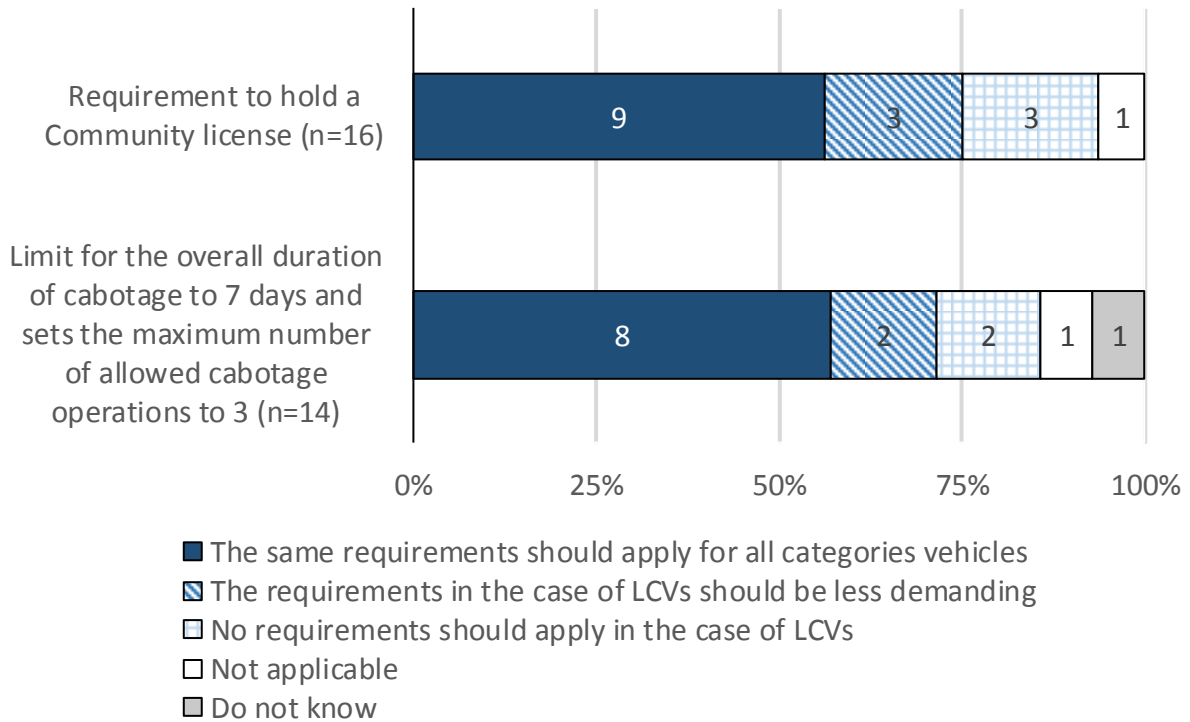


G.2.3 Impact of extending the scope of Regulation 1072/2009 on access to the international road transport market to cover the use of light commercial vehicles of less than 3.5 tonnes

"What is your view on the adoption of the relevant provisions on Community licence and cabotage according to Regulation 1072/2009 in the case of firms that use light commercial vehicles in transport operations?"

Over 50% of the respondents indicated that the Community licence (56%) and cabotage (57%) provisions should apply for all categories of vehicles, as indicated in Figure G-17. The remaining respondent's views were spread between less demanding requirements, no requirements, do not know or not applicable.

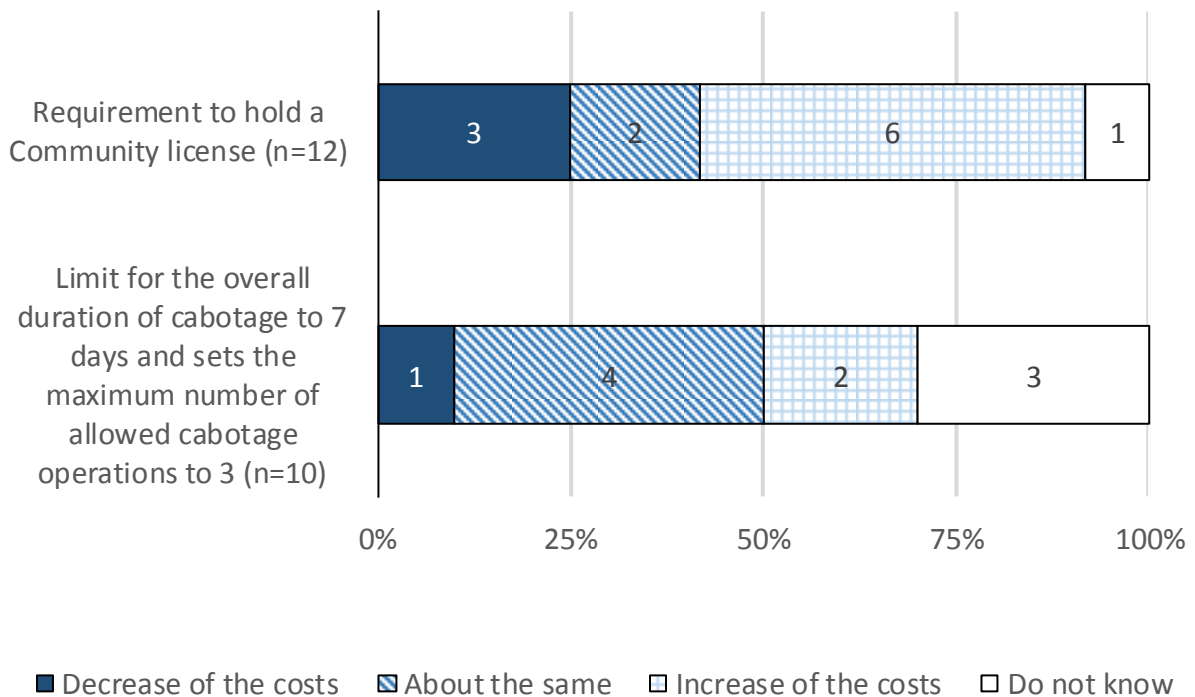
Figure G-17 – Views of firms on the adoption of the indicated requirements according to Reg. 1072/2009 regarding use of LCVs



"Do you expect an impact on the annual costs of operation for your firm from the introduction of the requirements in relation to the use of LCVs?" (only for firms that stated they use LCVs in their transport operations)

Figure G-18 shows that 50% of respondents felt that the requirements to hold a Community licence would increase the annual costs of operation for firms. Of the other 50%, 25% thought that costs would decrease, 17% thought that costs would remain the same, and 1 respondent did not know. 40% of the respondents thought that the cabotage requirements for LCVs would not impact annual costs of operations, while 30% did not know what the impact would be. 20% thought that cabotage requirements would increase annual operating costs, and the final 10% thought they would decrease costs.

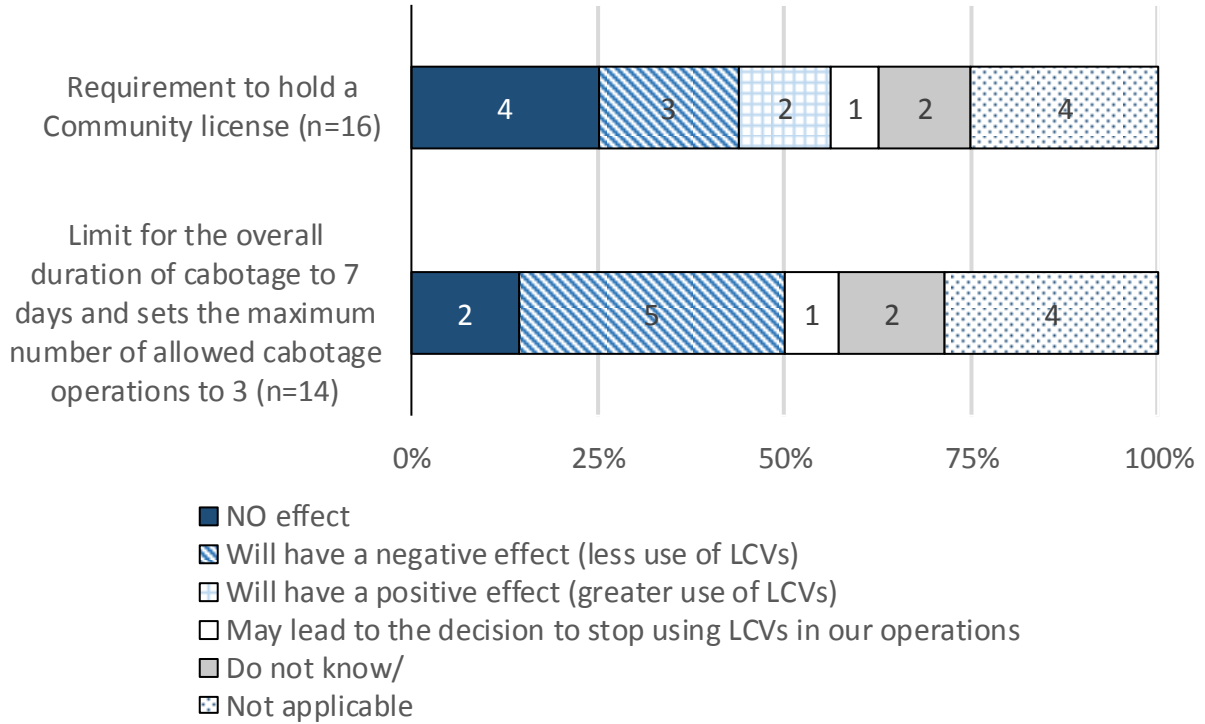
Figure G-18 – Impact of annual costs of operation from introduction of indicated requirements for use of LCVs



"Do you expect that the introduction of the identified requirements under Regulation 1072/2009 will affect your choice of using light commercial vehicles in international transport operations?"

The responses shown in Figure G-19 cover the full range of options regarding the effect of the indicated requirements on the use of LCVs. Different respondents felt that the requirement to hold a Community licence would have no effect, would have a negative effect, and would have a positive effect on the use of LCVs. Regarding the cabotage requirements, respondents indicated more strongly (36%) that this would have a negative effect on LCV use, although other respondents felt that it would have no effect or a positive effect.

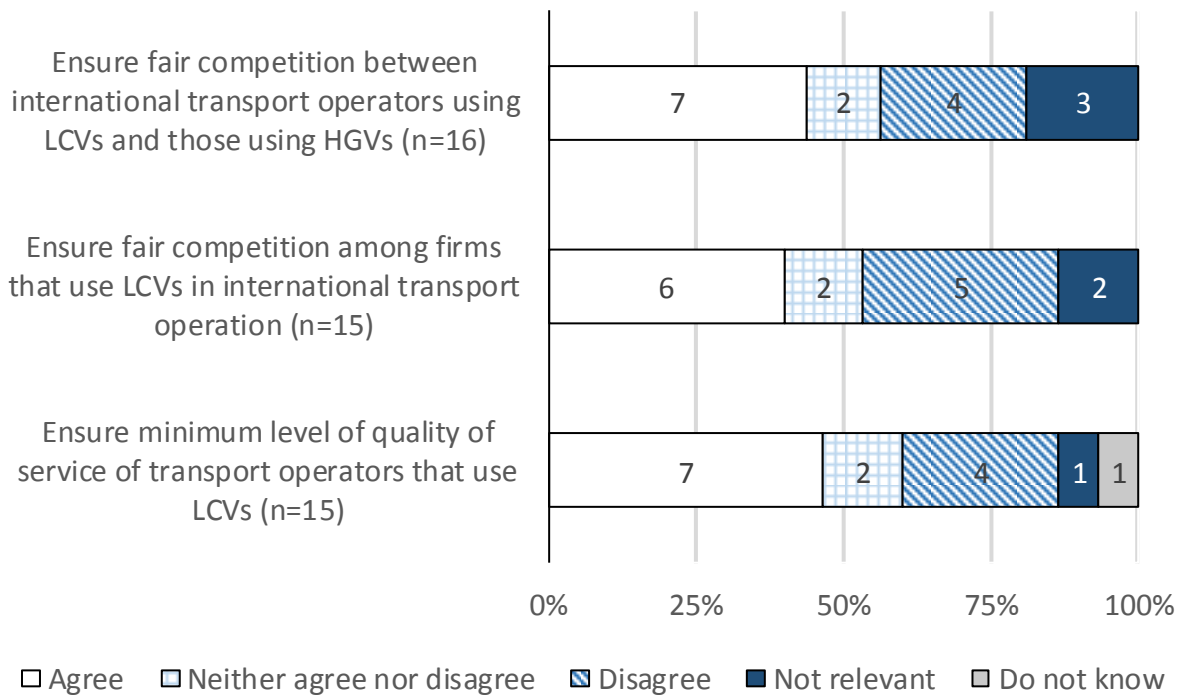
Figure G-19 – Effect of indicated requirements on the use of LCVs



"What do you consider as the benefits from the extension of the scope of Regulation 1072/2009 to cover the use of light commercial vehicles (indicate the level of your agreement with the proposed benefits)?"

The respondents mostly agreed with all three of the benefits listed in Figure G-20. 44% of respondents agreed with the benefit of ensuring fair competition between international transport operators using LCVs and those using HGVs, 40% of respondents agreed with ensuring fair competition among firms that use LCVs in international transport operations, and 47% agreed with ensuring minimum levels of quality of service of transport operators that use LCVs. However, the next most common response was disagreement given by 25% , 33% and 27% of the respondents respectively. Given the small sample size, it is difficult to draw a conclusion from the data presented.

Figure G-20 – Benefits from the extension of the scope of Reg. 1072/2009 to cover LCVs



"Please indicate if you have any other comments in relation to the issue of the extension of the scope of Regulations 1071/2009 and 1072/2009 to cover the use of light commercial vehicles." (n=1)

One respondent added a further comment that regulations to cover the road transport, should be the same for companies no matter what the size, type of commercial vehicles, scale or specialisation.

G.3 Conclusion

The SME panel survey responses represented a range of firms operating domestically and internationally, from six different Member States. The respondents were a mix of providers of road freight transport services, road transport services clients, and firms that use their own or hired vehicles for transport. Unfortunately, the small sample size makes it difficult to draw significant conclusions from some of the questions.

For most of the firms, compliance with Regulations 1071/2009 and 1072/2009 represented a small percentage of their total annual operating costs. There was a similar number of respondents who use HGVs to those who use LCVs, although the use of LCVs represented a larger share of the firms total annual vehicle kilometres. The respondents indicated that the use of LCVs has increased over the last three years, although more so in domestic transport than in international. There was a variety of responses as to whether this increase was a result of a shift from HGV to LCV, with some firms saying that this is rarely the case and some saying this often happens. Using LCVs has a range of benefits which are important to some firms but may be unimportant to others, and this must be evaluated on an individual basis. The respondents suggested that competition between LCVs and HGVs was more significant in domestic transport than international, but there was significant variation in the response to this.

EUROPEAN COMMISSION

With regards to extending the scope of Reg. 1071/2009 to LCVs, most of the respondents agreed that the regulations should be the same for all vehicle categories, and that the proposed requirements for LCVs would have no effect on the use of LCVs, with some respondents saying that there may be a small increase in costs for firms. All of the benefits suggested by the questionnaire were agreed with by a majority of the respondents.

With regards to extending the scope of Reg. 1072/2009 to LCVs, most of the respondents agreed that the regulations should be the same for all vehicle categories. However, the respondents gave a more mixed opinion of the impact on costs and use of LCVs for firms. While there appeared to be slightly more respondents who thought there would be increased costs and a negative effect on LCV use, the small sample size makes it difficult to draw any conclusions here. All of the benefits suggested by the questionnaire were agreed with by the majority of the respondents.

Annex H INTERVIEW PROGRAMME

Type of stakeholder	Member State	Organisation	Acronym	Date
Conducted interviews				
International Association of Transport Companies	EU	European Road Haulers Association	UEAPME / UETR	14/11/16
National Association of Transport Companies	BG	Association of the Bulgarian Enterprises for International Road Transport and the Roads	AEBTRI	24/11/16
National Association of Transport Companies	BG	Union of International Haulers	SMP	30/11/16
National Association of Transport Companies	DE	Deutscher Speditions- und Logistikverband e.V.	DSLVL	23/11/16
National Association of Transport Companies	DK	Confederation of Danish Industries	DI Transport	02/12/16
National Association of Transport Companies	DK	Danish Transport and Logistics Association	DTL	29/11/16
National Association of Transport Companies	ES	Asociación de Transporte Internacional por Carretera	ASTIC	21/11/16
National Association of Transport Companies	ES	Federacion Espanola de Asociaciones de Transitarios	FETEIA	21/11/16
National Association of Transport Companies	FR	Federation Nationale des Transports Routiers	FNTR	25/11/16
National Association of Transport Companies	NL	Transport en Logistiek Nederland	TLN	01/12/16
National Association of Transport Companies	UK	Freight transport association	FTA	24/11/16
National Association of Transport Companies	UK	Road Haulage Association	RHA	16/10/16
Prospective interviews				
International Association of Companies	EU	European Express Association	EEA	tbc
International Association of Transport Companies	EU	European Road Haulers Association	UEAPME / UETR	14/11/16
National Association of Transport Companies	CZ	CESMAD Bohemia	CESMAD Bohemia	tbc
National Association of Transport Companies	DK	International Transport Denmark	ITD	20/12/16
National Association of Transport Companies	ES	Federación Nacional de Asociaciones de Transporte de España	FENADIS MER	tbc
National Association of Transport Companies	RO	The National Union of Road Hauliers from Romania	UNTRR	tbc
National authorities	DE	Federal Ministry of Transport and Digital Infrastructure	BMVI	20/12/16
National authorities	IE	Road Safety Authority	RSA	tbc
National authorities	IT	Ministry of Infrastructure and Transport		tbc
National authorities	LV	Ministry of Transport		tbc
National authorities	LV	Road Transport Administration		tbc
National authorities	PL	Ministry of Infrastructure and Construction		tbc

EUROPEAN COMMISSION

Type of stakeholder	Member State	Organisation	Acronym	Date
National authorities	RO	The State Inspectorate for Road Transport Enforcement	ISCTR	19/12/16
Transport Company	DE	Nagel Group		tbc
Transport Company	DK	Anders Nielsen & co A/S		08/12/16
Transport Company	BG	DEM GROUP EOOD		09/12/16
Declined interviews				
National Association of Transport Companies	CZ	Association of Forwarding and Logistics of the Czech Republic	SSL	N/A
National Association of Transport Companies	CZ	Czech Logistics Association o.s.	CLA	N/A
National Association of Transport Companies	CZ	The Transport Union of the Czech Republic	sd	N/A
National Association of Transport Companies	DK	The Danish Freight Forwarders Association	DASP	N/A
National Association of Transport Companies	DK	Danish Transport Federation	DI Transport	N/A
National Association of Transport Companies	NL	Nederlandse Organisatie voor Expeditie en Logistiek	FENEX	N/A
National Association of Transport Companies	NL	Vereniging Logistiek Management	VNO-NCW	N/A
National Association of Transport Companies	UK	British International Freight Association	BIFA	N/A

Annex I SME TEST

1.1 Consultation with SME representatives

Consultation with SMEs took place throughout the following processes:

- The open public consultation (12 weeks from 15th June 2016) gave SMEs the opportunity to respond directly to the questionnaire. It also included questions to all respondents on the expected impacts on the economic situation of small transport operators.
- The SME panel survey (8 week from 26th September 2016) was specifically targeted at SMEs. However, only 17 responses were received.
- The survey of hauliers made available on the Commission's EU Survey Portal (6 weeks from 7th November 2016, in Bulgarian, French, German, Polish and English). 80 responses were received, of which 47 were from companies with fewer than 10 employees, and a further 24 were from companies with 20-50 employees.
- A representative of SMEs in the haulage sector (UETR) was specifically interviewed. UETR primarily promotes the interests of micro- small and medium enterprises in the road transport sector, and represents more than 200,000 road transport undertakings in Europe.
- Three SMEs were interviewed directly, a self employed haulier from BG, and Danish firm (51-200 employees) and a Spanish firm (<10 employees).
- During all other consultations (interviews, surveys), we have asked specific questions on the expected impact (positive or negative) on SMEs from the proposed policy measures.

1.2 Assessment of businesses likely to be affected

The latest available Eurostat data indicates that in total there were 563,598 registered road freight transport enterprises in Europe with an average size of 5.2 employees per company (Eurostat, 2016b). 90% of companies count less than 10 employees, whereas 99% have less than 50 employees (Eurostat, 2016b).

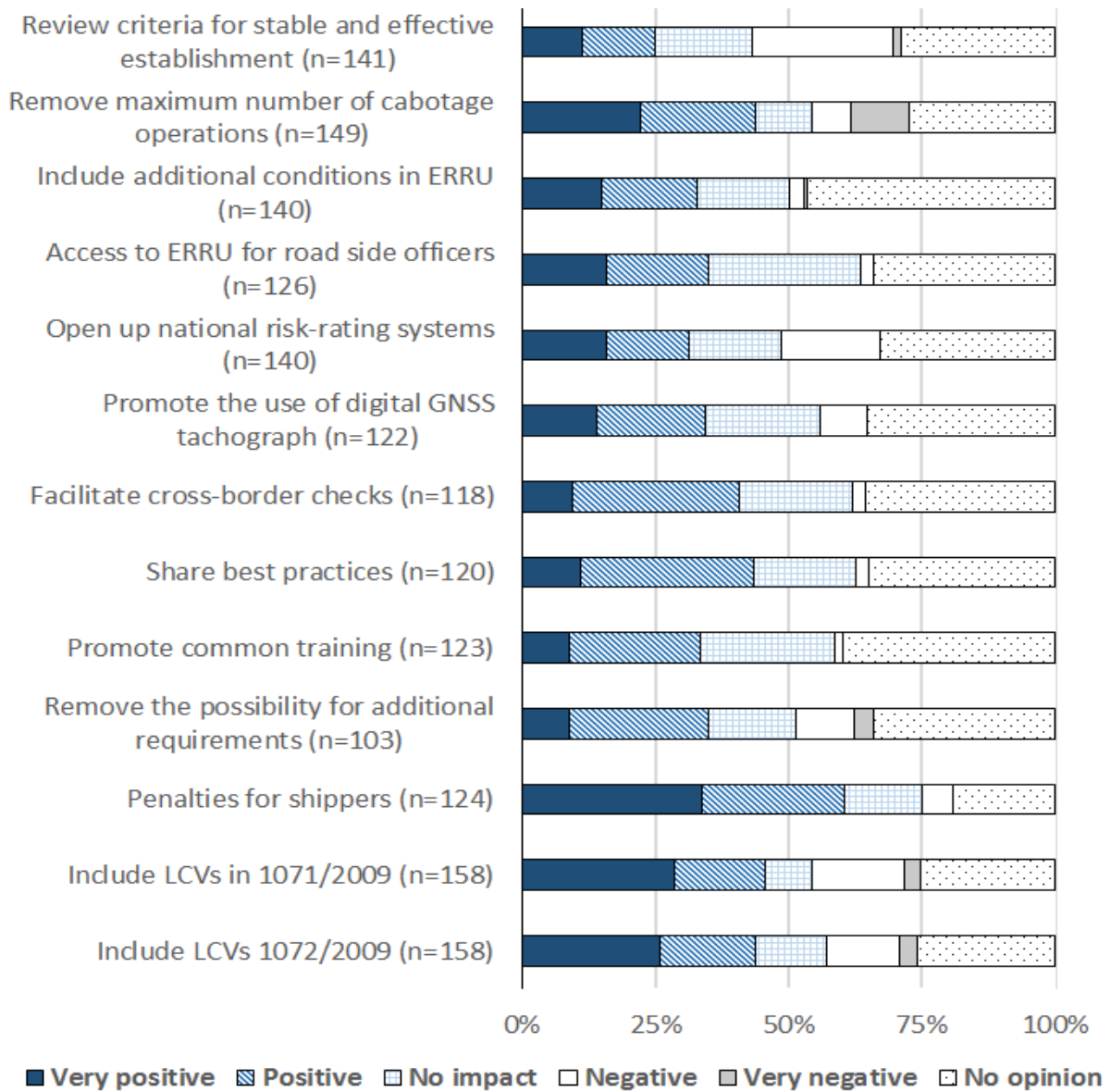
As a direct consequence of the large share of SMEs in the sector, most of the impacts analysed for transport operators are essentially representative of SMEs. This is also reflected in the distribution of responses to the survey of hauliers, which were almost completely made up of SMEs (only 4 respondents in total had more than 100 employees).

Since the hauliers survey was one of the main sources of quantitative information used to calculate the impacts on businesses, the findings can be interpreted directly as being representative of SMEs. Nevertheless, there are still differences in the impacts between self employed, firms with fewer than 10 employees and more than 10 employees, which are analysed in the main report.

1.3 Identification of measures that could impact SMEs

The responses to the online public consultation (see Figure I-1) provided some indications on the measures that are expected to have a sizeable positive or negative impact on economic situation of SMEs. They pointed to penalties to shippers or the extension of scope to cover LCVs as particularly positive, while the introduction of additional criteria for establishment and the removal of a maximum number of cabotage operations received the most negative reviews. A large number of respondents answering "no opinion" to all options.

Figure I-1: Expected impact on economic situation of small transport operators by type of measure considered



Source: Public consultation

Furthermore, the analysis to the responses to the SME panel survey, which focused on the use of LCVs and the impact of the extension of the scope of the Regulations, also suggest a positive attitude of the extension of the scope of both Regulations (either in full or partially) and this was also supported by UETR which represents small size hauliers and a few national associations in DK.

At the same time, an increase in the costs of operation are expected from around half of the respondents. The introduction of requirement on financial standing under Regulation 1071/2009 and the requirement for a Community license under Regulation 1072/2009 are considered the most costly, although by no more than half of respondents. UETR suggested that the costs of compliance should not be significant. It should still be noted that there were only 18 responses to the SME panel survey with only 7 of them being hauliers. Furthermore, they only come from 5 countries within the EU. Thus, the views expressed are most probably not representative of the whole SME population.

I.4 Assessment of alternative, mitigating measures

There are several policy measures that are expected to disproportionately benefit SMEs (particularly around simplification and harmonisation of enforcement, such as use of electronic control documents). Hence, these options should be implemented as foreseen.

There are also several policy measures that are expected to disproportionately impact SMEs in a negative way. The most important of these is the proposal to review the reference points for stable and effective establishment, which is expected to result in relatively larger costs for SMEs (compared to firms with more than 10 employees, percentage cost increases would be 2.05 times larger for self employed, and 1.5 times larger for firms with fewer than 10 employees). In this case, several options can be envisaged to mitigate these impacts:

- a) **Implementation of fewer requirements.** For example, introducing only the three most effective measures for the new stable and effective establishment reference points (see Section 8.1.1.3 in the report) reduces the expected cost impacts, although there are still disproportionate effects. Compared to firms with more than 10 employees, percentage cost increases would be 1.85 times larger for self employed, and 1.34 times larger for firms with fewer than 10 employees
- b) **Implementation of lighter requirements for SMEs.** For example, a Dutch association suggested during an interview for this study that the requirements could be made proportionate to the size of the business – e.g. if a company comprises 1 to 3 trucks, they felt that the requirement regarding the presence of a transport manager would not be necessary. At the same time, it is necessary to ensure that the requirements are not completely different for SMEs, since many smaller firms will want to grow and become large firms, while having very different requirements would be a barrier to this.

Implementation of the cabotage register is also expected to be costly for self-employed. The costs could be mitigated for industry in general (including self employed) by ensuring the system is as simple as possible, electronic, does not require translation, and that notification is not required too far in advance of any cabotage operations.

Annex J ANALYSIS OF POSSIBLE INTERACTIONS WITH PROPOSED REVISIONS TO SOCIAL LEGISLATION

Significant interactions indicated in blue

Haulage measures	IA	Interaction with proposed social IA measures?	Design interactions	Effectiveness / benefit interactions	Cost interactions
Promote common training of enforcement officers and a common EU training curriculum (voluntary/mandatory)		None identified	N/A	N/A	N/A
Introduce cross-border joints controls (voluntary/mandatory)		Increase the number of concerted checks	Preferable to require the same number of joint controls for both legislative areas in order to be proportionate and consistent.	N/A	Not significant. Social IA indicated that cost to organise joint controls was minor, so synergies here (if any) will have a minor effect

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Haulage measures	IA	Interaction with proposed social IA measures?	Design interactions	Effectiveness / benefit interactions	Cost interactions
Introduce a minimum number of checks of compliance with the cabotage provisions		N/A	Could be based on the existing requirements for minimum checks of social legislation. Changes to the level of minimum checks under social legislation are not foreseen	N/A	N/A
Set further minimum common requirements for the administrative procedure to assess good reputation and rehabilitation procedure.		N/A	N/A	N/A	N/A
Encourage wider participation in voluntary initiatives		N/A	N/A	N/A	N/A
Opening up of the national risk-rating systems to other Member States to promote exchange of information on high-risk companies and to target checks		Harmonise the control tools and systems used by enforcers, in particular national risk rating systems (RRS) to enable comparability of data and their exchange between Member States' enforcement authorities and software used to read and analyse data downloaded from the tachograph and driver's card	Requirements / timeframes should be similar for both pieces of legislation.	Yes. Risk targeting can take into account more data.	Yes. Fixed costs for any changes to the system should be incurred once and so there should be synergies if multiple changes are made at the same time.
Facilitate cross-border checks on establishment provisions, by introducing a maximum time period for replies to questions regarding establishment (along with a procedure for escalation if these		Enhance the level and effectiveness of administrative cooperation within and between Member States by improving the exchange of information on infringements,	Requirements / escalation procedure should be similar for both pieces of legislation.	Not significant. Potential for minor improvements (e.g. better compliance with required response times) due to increased familiarity with	Not significant

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Haulage measures	IA	Interaction with proposed social IA measures?	Design interactions	Effectiveness / benefit interactions	Cost interactions
timescales are not met).		checks and investigations,		requirements across multiple legislative areas	
Adopt common classification of undertakings (green amber, red label used to indicate increasing level of risk of non-compliance and be linked to more/less frequent inspections)		Harmonise the control tools and systems used by enforcers, in particular national risk rating systems (RRS) to enable comparability of data and their exchange between Member States' enforcement authorities and software used to read and analyse data downloaded from the tachograph and driver's card	Requirements / timeframes should be similar for both pieces of legislation.	Yes. Risk targeting can take into account more data.	Yes. Fixed costs for any changes to the system should be incurred once and so there should be synergies if multiple changes are made at the same time.
Identify minimum common data/information to be included in risk rating systems		Harmonise the control tools and systems used by enforcers, in particular national risk rating systems (RRS) to enable comparability of data and their exchange between Member States' enforcement authorities and software used to read and analyse data downloaded from the tachograph and driver's card	Requirements / timeframes should be similar for both pieces of legislation.	Yes. Risk targeting can take into account more data.	Yes. Fixed costs for any changes to the system should be incurred once and so there should be synergies if multiple changes are made at the same time.
Remove maximum number of cabotage operations (currently 3), while possibly reducing the maximum period for cabotage operations (currently 7 days).		N/A	N/A	N/A	N/A

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Haulage measures	IA	Interaction with proposed social IA measures?	Design interactions	Effectiveness / benefit interactions	Cost interactions
Share best practices on how to conduct cabotage checks effectively and efficiently, in particular how to use supplementary evidence from sources other than the CMR (such as tachograph data).		N/A	N/A	N/A	N/A
Pre-notification of cabotage operations (cabotage register)		N/A	N/A	N/A	N/A
Clearly stipulate that the haulier must keep on board vehicle clear evidence of the cabotage operations as well as of the relating incoming international journey		N/A	N/A	N/A	N/A
Amend the definition of cabotage to better sustain its temporary nature by introducing a waiting period for the vehicles engaged in cabotage activity		N/A	N/A	N/A	N/A
Use of GNSS digital tachograph for enforcement after a certain date		Promote use of GNSS digital tachograph. The digital tachograph equipped with a GNSS function will be available from 2016-2017 and thanks to its new satellite positioning function, will allow enforcers to check at the roadside the movements of a vehicle.	Requirements / timeframes should be compatible with both pieces of legislation	Yes. More available data to enforcers at the time of the check	Yes. Additional costs of training / equipment for enforcers can be shared between the two pieces of legislation to some extent (although not completely – e.g. some training would need to be specific).
Acceptance of electronic consignment notes by enforcers after a certain date		N/A	N/A	N/A	N/A
Allow secure record and storage (company site and Member State data base) of geo-		N/A	N/A	N/A	N/A

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Haulage measures	IA	Interaction with proposed social IA measures?	Design interactions	Effectiveness / benefit interactions	Cost interactions
positioning data of driver and vehicle					
Include the conditions on establishment in ERRU and possibly financial standing and professional competence (currently it only includes good repute).	N/A		N/A	N/A	N/A
Extend access to ERRU to road side check officers and make mandatory the fields in ERRU relative to vehicle registration plates. Currently ERRU is only accessible to enforcement authorities through an administrative request.	Enable access of controllers to RRS to help them check in real time whether a company is registered and to identify high-risk companies	Requirements / timeframes should be similar for both pieces of legislation.	Yes. More available data to enforcers at the time of the check	Yes. Possible synergies if roadside officers need additional equipment to access both systems (unknown, to be checked with stakeholders what is needed)	
Set up 'integrated operator files' where vehicle and driver are intrinsically linked to the operator as the main organiser of the transport activity and user of resources (measure proposed by ETF – similar to the one below)	Harmonize the control tools and systems used by enforcers, in particular national risk rating systems (RRS) to enable comparability of data and their exchange between Member States' enforcement authorities and software used to read and analyse data downloaded from the tachograph and driver's card.	N/A	N/A	N/A	
Automatically detect data conflicts and registering them in the NERs, ERRU and the risk rating systems, as part of the operator's compliance record	Harmonize the control tools and systems used by enforcers, in particular national risk rating systems (RRS) to enable comparability of data and their exchange between Member States'	Requirements / timeframes should be compatible with both pieces of legislation	Yes. More available data to enforcers at the time of the check	Yes. Increased costs to adapt the systems will be incurred and may be assigned to the 1071 revision, but would benefit enforcement in general.	

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Haulage measures	IA	Interaction with proposed social IA measures?	Design interactions	Effectiveness / benefit interactions	Cost interactions
		enforcement authorities and software used to read and analyse data downloaded from the tachograph and driver's card.			
Review reference points for effective and stable establishments, so as to ensure that the establishment in a given Member State is indeed effective and stable.		N/A	N/A	N/A	N/A
Provide a clearer definition of the relevant persons to be checked for good repute		N/A	N/A	N/A	N/A
Set more precise requirements on how a newly established enterprise can prove its financial standing.		N/A	N/A	N/A	N/A
Development of a practical guide for interpretation of EU rules, prepared for the road transport sector.		N/A	N/A	N/A	N/A
Extend scope of Regulation (EC) No 1071/2009 to cover vehicles below 3.5 t fully.		Clarify and adapt, where necessary, the scope of the legislation with regard to driver (professional, private, occasional driver, self-employed), to vehicle (e.g. vehicles below 3,5 tonnes),	Requirements / timeframes should be compatible with both pieces of legislation	Not clear	Not clear Only relevant to the extent that enforcement is carried out at the same time / by the same organisations, which is not always the case
Extend scope of Regulation (EC) No 1071/2009 to cover vehicles below 3.5 t partially		Clarify and adapt, where necessary, the scope of the legislation with regard to driver (professional, private, occasional driver, self-	Requirements / timeframes should be compatible with both pieces of legislation	Not clear	Not clear Only relevant to the extent that enforcement is carried out at the same time / by the same organisations, which is not always the case

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Haulage measures	IA	Interaction with proposed social IA measures?	Design interactions	Effectiveness / benefit interactions	Cost interactions
		employed), to vehicle (e.g. vehicles below 3,5 tonnes),			
Extend scope of Regulation (EC) No 1072/2009 to cover vehicles below 3.5 t fully		Clarify and adapt, where necessary, the scope of the legislation with regard to driver (professional, private, occasional driver, self-employed), to vehicle (e.g. vehicles below 3,5 tonnes),	Requirements / timeframes should be compatible with both pieces of legislation	Not clear	Not clear Only relevant to the extent that enforcement is carried out at the same time / by the same organisations, which is not always the case
Extend scope of Regulation (EC) No 1072/2009 to cover vehicles below 3.5 t partially		Clarify and adapt, where necessary, the scope of the legislation with regard to driver (professional, private, occasional driver, self-employed), to vehicle (e.g. vehicles below 3,5 tonnes),	Requirements / timeframes should be compatible with both pieces of legislation	Not clear	Not clear Only relevant to the extent that enforcement is carried out at the same time / by the same organisations, which is not always the case
Introduce penalties for shippers and freight forwarders, in case they knowingly commission transport services involving infringements of the Regulations (e.g. illegal cabotage operations).		Introduce penalties for shippers, freight forwarders and other actors in subcontracting chain, in case they knowingly commission transport services involving infringements of the legislation. Such penalties would incentivise them to resort to transport operations carried out in a lawful way.	Intervention should be consistent between both pieces of legislation	Not significant	Not significant
Extend the empowerment for the Commission to come		Establish minimum requirements to	Intervention should be consistent	Not significant May be some mutual	Not significant

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Haulage measures	IA	Interaction with proposed social IA measures?	Design interactions	Effectiveness / benefit interactions	Cost interactions
forward with a classification of infringements which are not related to safety and revise annex IV of Regulation (EC) No 1071/2009 on the most serious infringements.		determine appropriate types and levels of sanctions that are proportionate to the seriousness of infringements as established by the EU legislation (e.g.: Regulation (EC) No 2016/403).	between both pieces of legislation	reinforcement of compliance with rules overall where operators offend in multiple areas	
Introduce cabotage in the classification of serious infringements leading to the loss of good repute	N/A	N/A	N/A	N/A	N/A
Remove the possibility for Member States to add additional requirements for establishment.	N/A	N/A	N/A	N/A	N/A
Clarify the possibility of "groupage" transport in cabotage to ensure that multiple loadings and unloadings are possible as part of one cabotage operation	N/A	N/A	N/A	N/A	N/A
Creation of an online platform where Member States can post comprehensive information relating to applicable national rules	N/A	N/A	N/A	N/A	N/A
Clarify the treatment applicable to the transport of empty containers or pallets, to ensure that whenever the transport of these goods is itself subject to a contract, it should be considered as a transport operation in its own right.	N/A	N/A	N/A	N/A	N/A

Annex K COUNTRY CASE STUDIES ON LCVs**K.1 Denmark****K.1.1 Introduction**

A diverse set of information sources feed into this case study, data on the use of LCVs has been obtained from the Danish Statistics and Eurostat. Statistics Denmark illustrates the change in the LCV fleet over time, Eurostat data is used to assess freight activity of LCVs and HGVs, including in vehicle-kilometres and tonne-kilometres.

A Danish assessment into the use of vehicles <3.5 tonnes for haulage (Incentive, 2013) supports the analysis of the use of LCVs in Denmark. The assessment demonstrates the advantages of LCVs for operating in an urban context and provides a comprehensive overview of the regulations applicable to different goods vehicles. A study by NEA into the Light Goods Vehicles in the Road Transport Market of the European Union (2010) outlines the economics of LCVs relative to HGVs and estimates the share of LCVs in international trade.

Stakeholder consultation has also been undertaken with Danish industry associations SKV and DTL to support the study.

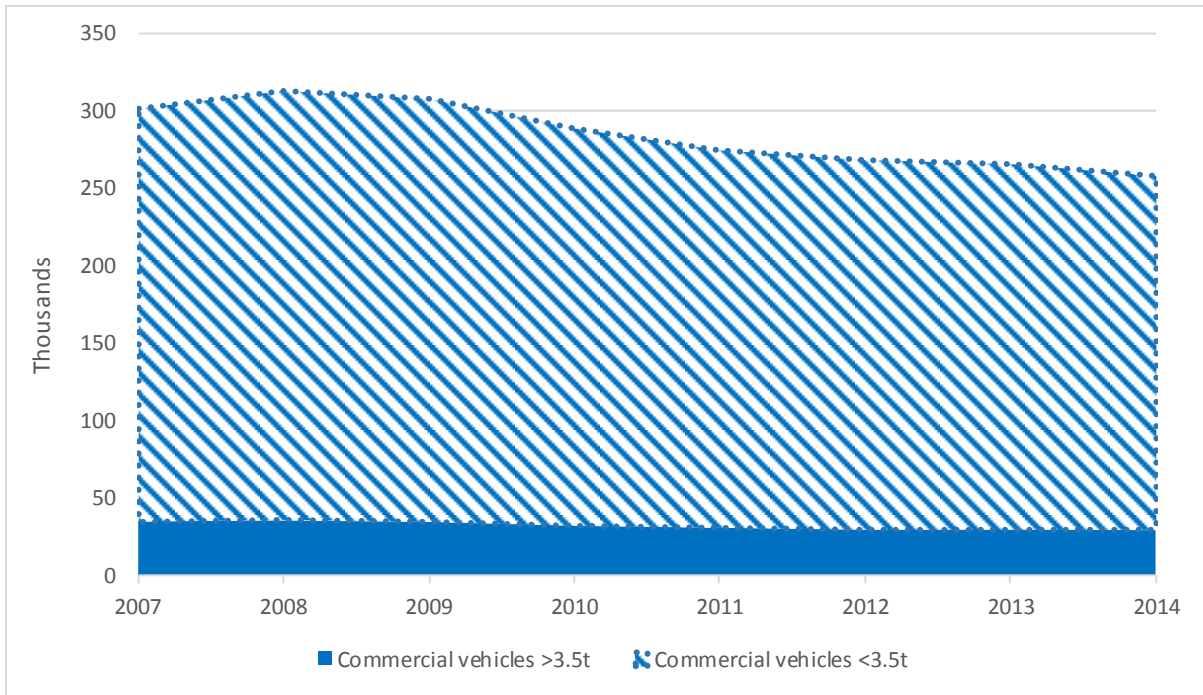
K.1.2 Current levels of use of LCVs vs HGVs in road freight and trends

There are significantly more LCVs used in Denmark compared to HGVs. In 2014 there were 7.8 LCVs for every HGV in use. However, the stock of LCVs registered in Denmark has been in decline since the economic downturn. Data obtained from Danish Statistics, (illustrated in Figure K-1), show that there was a rise in the stock of vehicles before the economic crises, which peaked in 2007/08, before declining until 2014 on average by 3% per year. The number HGVs has also declined since the recession, from around 35,000 in 2007 to 29,000 in 2014, reducing at a similar average annual rate of around 3%.

The available data (ACEA, 2014) shows there has been a significant reduction in the number of new LCVs registrations, in 2008 this was around 50,000 but by 2009 this had fallen to less than 15,000. Since then, new registrations has recovered slowly, increasing to 28,000 by 2014. The average age of all vans, which includes those owned by commercial and private use, is steadily increasing since the economic downturn in 2008, in 2008 the average age was 6.5 years, by 2014 this has increased to 8.5 years (Statistics Denmark, 2017)²²

²² Table BIL8

Figure K-1: Commercial Vehicles Fleet in Denmark

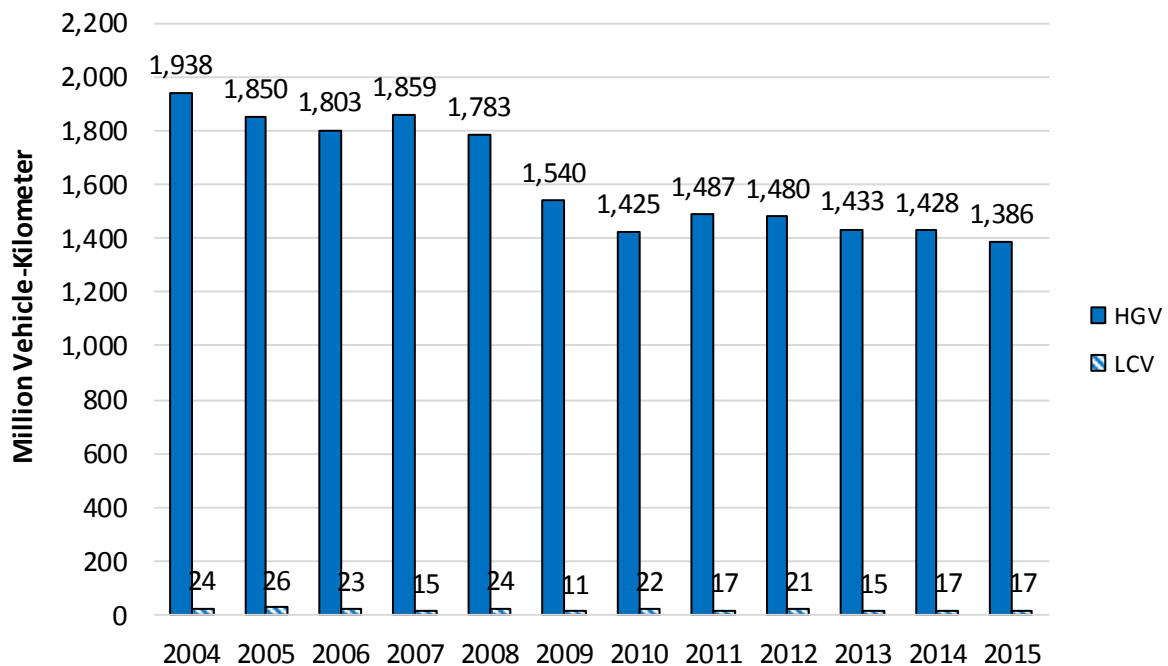


Source; (Statistics Denmark, 2017) (LCVs -Table BIL17)²³(HGVs -Table BIL707) ²⁴

In terms of the share of LCVs in total freight transport activity in Denmark, Eurostat data suggest the LCVs have maintained a small share (in V-kms) over the period 2004-2015, around 1% of the total freight activity (Figure K-2). Distances travelled by LCVs have fluctuated significantly year on year, however overall there has been a slow decline, from 2010 to 2015 distances travelled reduced by 2% annually on average.

²³ LCVs assumed as commercially owned "vans". A van is defined as a vehicle for goods transport with gross weight up to 3.5 tonnes (Statistics Denmark, 2016)

²⁴ HGVs assumed to be "lorries". A lorry is defined as a vehicle for goods transport with gross weight over 3.5 tonnes (Statistics Denmark, 2016)

Figure K-2; vehicle kilometres by carriage type in Denmark

Source; (Eurostat, 2016d)(road_go_ta_lc)²

The limited overall share of LCVs is reflected in the insights from industry stakeholders (SKV - representing LCV organisations) which claimed that there hasn't been a significant change in the average distance travelled by individual LCVs nor a shift towards increased share in inter-urban freight activity. Meanwhile the distances travelled by HGVs has visibly declined since the economic recession, from 2008 to 2010 the annual distance travelled reduced by around 20%.

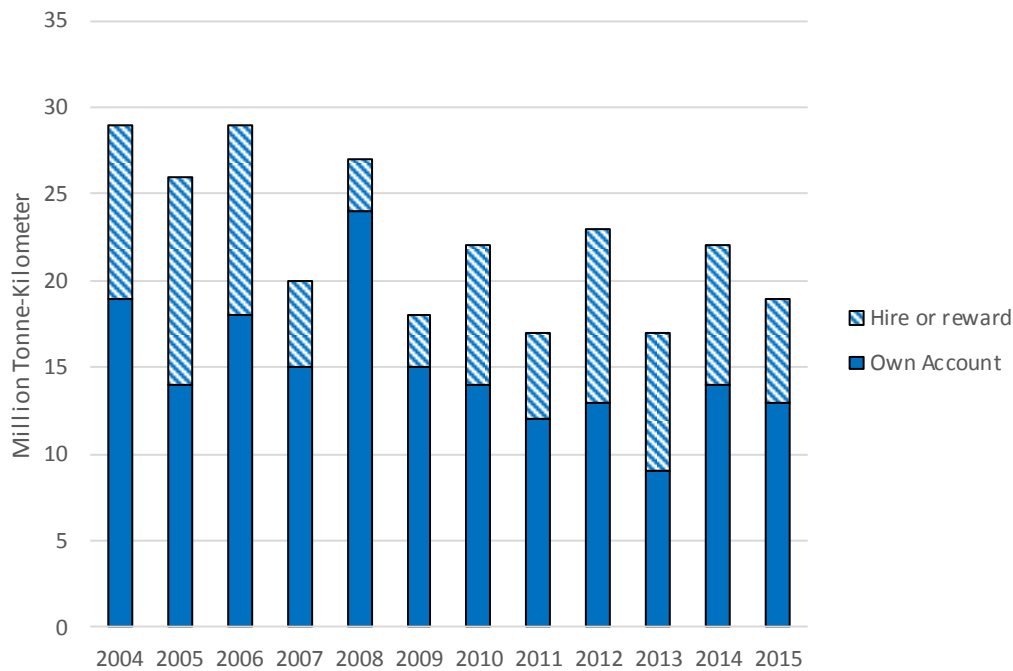
K.1.3 How are vans being used in domestic and international transport?

Hauliers that use LCVs in Denmark are not required to register whether they are operating transport services for third parties (hire and reward) or whether they're using the vehicles for their own business operations (own account) (Incentive, 2013). The study by Incentive (2013) uses a range of information sources²⁵ to quantify the number of LCVs primarily used in hire and reward transport services in 2012. Around 5% of the total LCV fleet (12,445) are estimated, the remaining 225,184 are considered to be used for own account operations.

²⁵ The assessment used Danish Industrial Classification codes (*Danish Statistics 2007*) and kraks database, (www.krak.dk - Retrieved November 2012) as well as consultation with industry players

²Data is 'expected' to be for LCV's operating domestically and internationally (European Commission, 2017b)

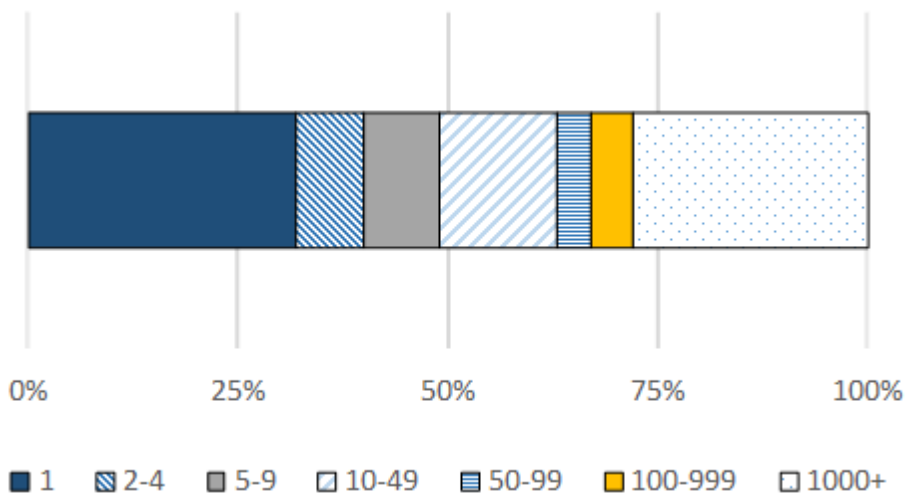
Figure K-3; Freight activity by business type for LCVs in Denmark



Source; (Eurostat, 2016d)(road_go_ta_lc)²⁶

The study also found that LCVs are primarily used by small firms in hire and reward operations. Almost 50% of the total LCVs are used by Micro-SMEs (<10 employees) (see Figure K-4). 28% of LCVs are used by firms with over 1000 employees, mainly referring to the postal service provider, Post Nord, who operates 3000 vehicles out of the total of 12,455 identified as hire and reward. Feedback from industry (SKV) suggests a significant increase in self-employed operators using LCVs in the last 10 years driven by the very limited regulation currently in place for using LCVs entering the freight market.

Figure K-4; Company size of LCVs used in hire and reward operations in Demark



²⁶ Data is 'expected' to be for LCV's operating domestically and internationally (European Commission, 2017b)

Source; (Incentive, 2013)

In terms of the level of use of LCVs in domestic and international transport, there are no available data. A 2010 study on behalf of DG MOVE (NEA, 2010) developed a model of the use of LCVs and HGVs in long distance international commercial road freight transport on the basis of costs. It estimated that LCVs represent 5.6% of international trade from Denmark to EU countries in 2007 (measured in tonnes and product value per km). The share of LCVs in internal trade is similar to other countries within the North-Western region, Germany is estimated to be 5.8%, whilst for Netherlands and Sweden LCV use is estimated as 4.5% and 6.7% respectively. The international freight activity does vary significantly for each of these countries, therefore the freight delivered by LCV from Germany is significantly higher than Denmark, 99 thousand tonnes are estimated to be delivered to other EU countries by LCVs from Germany, compared to only 4.4 thousand tonnes by Danish LCV operators. The volume of freight delivered by LCVs from Sweden is similar to Denmark (5.2 thousand tonnes), however it is higher for the Netherlands (27.7 thousand tonnes). The report concluded that the economics of using LCVs for international trade are not competitive with HGVs across Europe and that there is great certainty that LCVs are not competitive with HGVs in Denmark. Unfortunately the study does not demonstrate the trend in international LCV use over time.

According to industry (SKV) there have not been significant changes over the last years in terms of their use in inter-urban operations and that annual mileage has remained largely the same. As indicated, domestic registered LCVs are mainly used in urban areas. Incentive (2013) refer to a typical 200 km route with 80 delivery stops as a typical daily operation of LCVs. However, stakeholders (SKV and DTL) suggested that there has been an increase in the number of foreign registered LCVs operating in Denmark, whose drivers are engaged in non-urban freight activity and drive longer distances typical of HGVs. SKV suggest these are predominately from eastern European countries (e.g. Poland or Latvia).

Market demand is a key driver in the use of LCVs in Denmark. DTL expect that there has been a steep rise in the use of LCVs as a result of increase in the levels of e-commerce (it increased tenfold between 2003 to 2012, from 5 to 50 billion Danish kr), where LCVs are more suitable to delivering packages directly to multiple addresses such as private homes. Industry (SKV) indicated that a key driver of changes in the use LCV was for optimising the procurement of transport services and clients demanding the cheapest and fastest delivery services. In that respect, LCVs have specific advantages; they are faster in shipping time-sensitive goods, easier to manoeuvre and park, making them more attractive for packaged deliveries within urban environments and for perishable goods (e.g. online grocery shopping). Incentive (2013) study of the use of different vehicles for delivering e-commerce revenue in 2012, found that the share of physical goods delivered by LCVs represented 80%, only 4% was delivered by HGVs. With an expected increase in e-commerce (expected to reach 100-160 billion kr by 2021) - driven by increase in online grocery shopping - the use of LCVs is expected to increase.

Costs of use do not seem to be a key driver of the use of LCVs - which are generally more expensive than HGVs - although they may be more competitive for certain types of operations (see section 5).

Nonetheless, certain trends may be improving the competitiveness of LCVs. According to the SKV, the cost of regulation for LCVs has not increased significantly, similar costs for HGVs have increased due to the introduction of rules on tachographs and driver resting time (although no specific data were available). Differences in wages were also indicated. SKV pointed out that LCVs drivers are not covered by rules on minimum wages. Thus, while there has been a steady increase in wages for Danish LCV drivers over the last 10 years, it is unclear whether these are keeping pace with wage increases of HGV drivers. In that respect, significant differences in wages of Eastern European LCV drivers (SKV suggest these drivers typically earn 1300kr per month compared to 2500 kr for domestic drivers) may also be a driver behind an alleged (by SKV) increase in the use of LCVs in

international transport and cabotage operations. DTL pointed out that they’re increasingly seeing LCVs with a cabin for driver to sleep in. However, no data was provided to help ascertain these claims.

K.1.4 Regulatory framework concerning the use of LCVs

Applicable Regulation

There is currently limited regulation applying to goods vehicles below 3.5 tonnes in Denmark compared to heavier vehicle categories. There are currently no specific rules on good repute, financial standing, professional competence or stable and effective establishment that are relevant of vehicles <3.5 tonnes, transport operators are however required to register vehicles.

However, according to industry²⁷, it is expected that from 1st January 2018 rules on access to occupation will be extended to all vehicles, although these are expected to be lighter than those applicable to HGVs. In particular, DTL expects the test on professional competence to be lighter, the equity required by operators to comply with financial standing will also likely be reduced to reflect the lower costs of purchasing and operating LCVs.

Rules on cabotage are already applicable to all vehicles in Denmark, however it is uncertain whether rules to hold a European license cover LCVs. As there are no rules for LCV drivers to carry a driver card, or to undertake training on the EU, it is expected that the requirement to hold a European license is also not applicable to LCVs.

Beyond the two Regulations, social legislation is not applicable to LCVs with the exception of the Working Time Directive. Rules on resting time or road charging (Eurovignette Directive) do not cover LCVs. Furthermore, restrictions such as environmental zones are also not applicable to LCVs and these benefits are highlighted by stakeholders as another key advantage as they can be used within city centres.

The table below summarises the current regulation applicable to LCVs (<3.5 tonnes) and HGVs (>3.5 tonnes).

Table K-1: Legal framework applicable to the use of LCVs in Demark

Legislation	Requirement	LCVs <3.5 tonne	HGVs >3.5 tonne
Access to Occupation	Requirements on Good repute ²	*	✓
	Financial standing ²	*	✓
	Professional Competence ²	*	✓
	Stable and Effective establishment ²	*	✓
Access to EU market	European License ³	✓	✓
	Cabotage ³	✓	✓
Eurovignette Directive	Vignette / road tax ¹		✓**

²⁷ National authorities have not responded to the survey.

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Social Legislation	Working Time Directive ¹	✓	✓
	Resting time ¹		✓
Other	Tachograph ¹		✓
	Driving license ¹		✓
	Qualification Training / further training of EU ¹		✓
	Permit (valid only for hire and reward) ¹		✓
	Company registration number and company name on the car ¹	✓	
	Annual sight test ¹		✓

Source; ¹ (Incentive, 2013), ² (EUR-Lex, 2017), ³ Stakeholder consultation with DTL/SKV

*New regulation effective from 1st January 2018 (DTL), **Vehicles >12 tonnes only.

Experience from the legislation so far

Industry (SKV) believes that the absence of stringent requirements for access to occupation in the case of LCVs has led to an increase in self-employed start-ups. They can often go bankrupt and then create another enterprise under a separate name. SKV is in favour of increased regulation of this sector to ensure that legitimate businesses are recognised and to increase the credibility of the sector.

In terms of the cabotage legislation, feedback from stakeholders (DTL and SKV) suggests that it is not properly enforced. According to DTL the number of road side checks of LCVs annually is around 5,000, which is considered to be low compared to HGVs.

As a consequence, the level of roadside checks are not considered to be a sufficient deterrent for infringement or to restrict the activity of foreign registered LCVs within Denmark.

K.1.5 Comparison of cost structure between LCVs and HGVs

In terms of the relative costs of LCVs, the study by Incentive (2013) demonstrated that in the context of urban transport LCVs can be cheaper than small size HGVs for a typical delivery route by 10%), due to the lower costs for special fuel and higher delivery speeds resulting in lower wage costs. However, this appears to be specific to the urban transport context.

The study "Light Goods Vehicles in the Road Transport Market of the European Union" (NEA, 2010) compares the cost structure for LCVs and HGVs in different regions within Europe. For North West Europe, which includes Denmark, the difference in the cost of transporting goods by HGV are 16% of those LCVs per tonne (60% per m³). LCVs are estimated to cost €134.03 per tonne per trip (€11.1 per m³), in contrast HGVs are calculated to cost €21 per tonne (\$6.7 per m³).

The relative importance of different cost components are shown in table 2. Generally these are similar across both LCVs and HGVs, driver wages are the most important, representing 46% and 41% of total costs for LCVs and HGVs respectively. Fuel costs are the second highest cost component, for LCVs this comprises 17% of costs compared to 24% for HGVs. The

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The cost difference between LCVs and HGVs is significant according to NEA. However wage differences between HGVs and LCVs is increasing, as indicated in section 3, which would enhance the competitiveness of LCVs. Increasing fuel prices in Denmark would also benefit LCVs, however these have reduced in Denmark since 2012 according to SKV.

Table K-2; Cost Structure by vehicle type in Demark (2009)

Cost Component	LCV	HGV
Salaries of drivers	46%	41%
Fuel consumption	18%	24%
Other costs	15%	19%
Depreciation	12%	9%
Repairs and renewals	8%	5%
Interest of vehicle	1%	2%
Total	100%	100%

Source; (NEA, 2010)

SKV agreed that the economics of LCVs do not favour inter-urban activity and therefore these vehicles do not typically compete with HGVs. When asked about changes in the costs of LCVs over time, SKV confirm there has been only a minor change in the cost of purchasing and operating a LCV over the last 10 years.

The cost to LCV operators of extending regulations on access to market to vehicles <3.5 tonnes, expected to take place in 2017, is considered by stakeholders to be low. DTL believe the costs of meeting financial standing requirement will lead to only a small increase, the costs of driver training is also not expected to be significant. SKV suggest the overall costs of LCV operators to be less than one thousand Euros annually.

K.1.6 Conclusions

The vast majority of commercial vehicles delivering goods in Denmark are LCVs. However, distances travelled by LCVs are much lower, LCVs have represented around 1% of the total distances for freight over 2004 to 2015.

Data from Danish Statistic on the fleet of LCVs, and freight statistics from Eurostat, both demonstrate there has been a slow decline in the activity of LCVs since the economic downturn. However, stakeholders (SKV and DTL) from Denmark expect that there has been an increase in activity within urban environment, particularly due to the steep increase in e-commerce. Therefore, either there has been a shift in LCV use from long-distance travel to urban deliveries, or the activity from e-commerce is not fully captured within the freight statistics.

Analysis by Incentive into Hauliers operating LCVs in Denmark shows that LCVs are primarily used for own account, with around 5% of vehicles expected to be used for hire and reward. Of the 12,455 vehicles used for hire and reward, these are primarily owned by Micro SME's, with over 50% used firms with less than 10 employee's. Based on the evidence from stakeholders, these are primarily used for services within urban environment such as last-mile and just-in-time deliveries, which is being driven by e-commerce. Incentive demonstrate that in this context, LCVs are 10% cheaper than a small truck, and have additional advantages of having better manoeuvrability and not being covered by restrictions in centre centres such as environmental zones.

A study by NEA illustrates that LCVs in Denmark are not competitive with HGVs over longer distances, costs of delivering freight are significantly higher per tonne or per m³. The study illustrates that driver wages are a key cost component, if the differences in wages between HGVs and LCVs is expanding, a potential consequence from increasing presence of Eastern

European LCVs, this could significantly increase the competitiveness of LCVs. Whilst it is possible that these vehicles are increasingly competitive, no studies could be found to verify this.

Currently there is very limited regulations on LCVs in contrast to HGVs (Incentive, 2013), which SKV believe has led to a large increase in self-employed hauliers. However according to stakeholders, e-commerce is the main driver for activity in the use of LCVs recently. Due to Industry concerns over the legitimacy LCV operators, new rules on planned to be introduced in 2017 for entering the occupation, although these are expected to be lighter than those currently applied to HGVs.

K.2 Germany

K.2.1 Introduction

This case study looks into the situation for light commercial vehicles (LCVs) in Germany. It covers the current level of use LCVs, including a discussion of trends in LCV numbers, the use of LCVs in domestic and international transport, the regulatory situation in relation to the use of LCVs and a comparison of cost structure between LCVs and HGVs.

This case study is based on a two main data sources on the use of LCVs in Germany: Kraftfahrt-Bundesamt and Eurostat.

In addition, the analysis was founded on available national and international studies (including a study by NEA into the Light Goods Vehicles in the Road Transport Market of the European Union (2010) and the Shell Nutzfahrzeug-Studie (Commercial vehicle study). Further input was gathered through the stakeholder activities that were conducted as part of this Impact Assessment (surveys, interviews, ad-hoc data requests). Stakeholders that contributed to this study included the Federal Ministry of Transport and Digital Infrastructure (BMVI), the German Freight Forwarding and Logistics Association (DSLVL) as well as individual transport operators.

K.2.2 Current levels of use of LCVs vs HGVs in road freight and trends

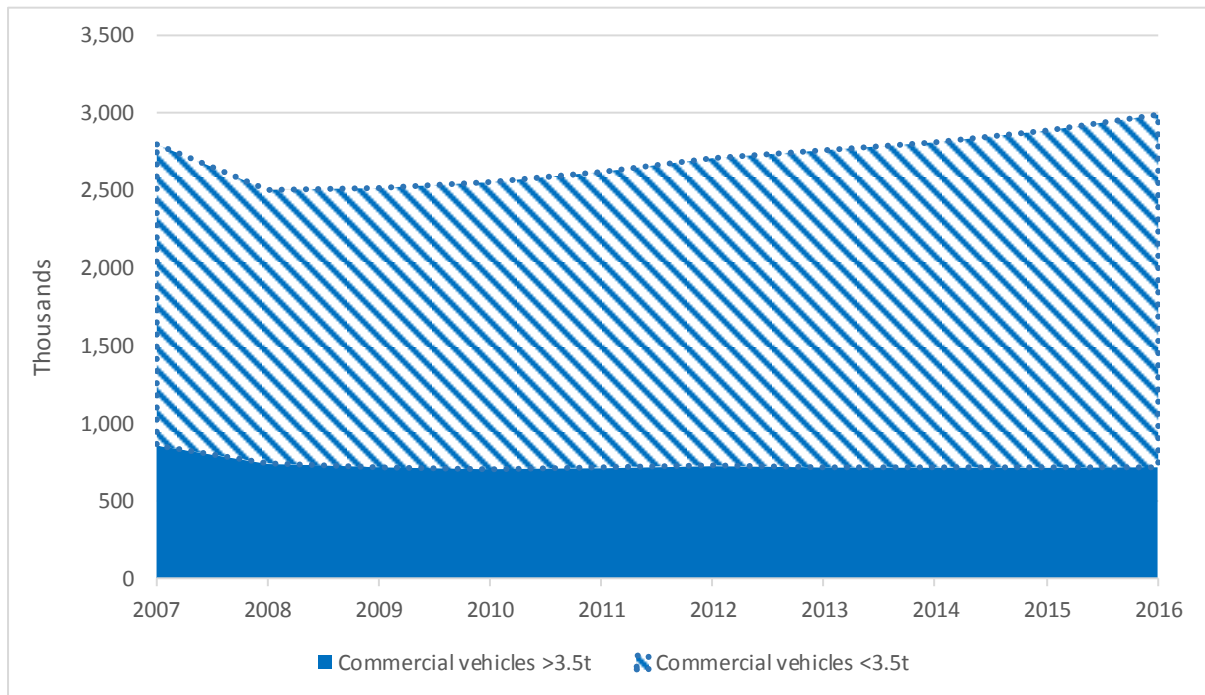
The number of LCVs has increased significantly (average annual increase of 3.6%) over the period 2008-2016 – from 1.77 million vehicles in 2008 to 2.28 million vehicles in 2016. In 2016 they represented 76% of the total commercial vehicles fleet (see

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Figure K-5). The figure shows a dip in the numbers between 2007 and 2008, which can be attributed to a change in the statistics methodology²⁸. The fleet growth was further impacted by the global finance and economic crisis. (Shell & DLR, 2016)

²⁸ The numbers don't include vehicles that are taken off the road temporarily anymore which resulted in a 12% decrease in numbers. (Kraftfahrt-Bundesamt, 2016a) (Kraftfahrt-Bundesamt, 2016b)

Figure K-5: Commercial Vehicles Fleet in Germany



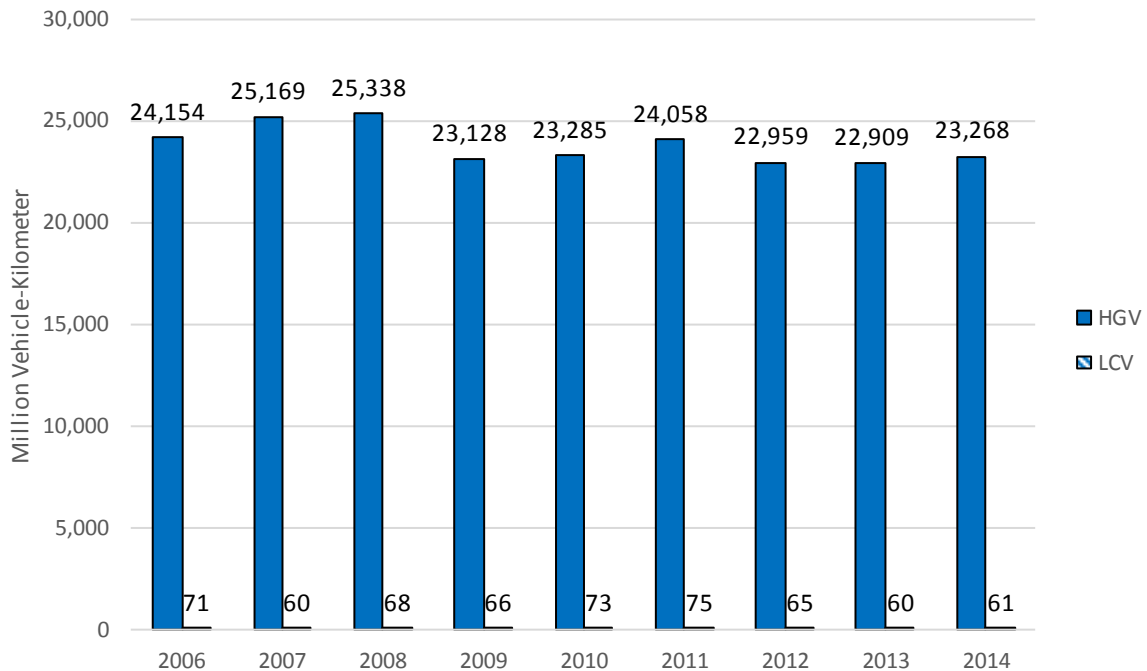
Source: (Kraftfahrt-Bundesamt, 2016a), (Kraftfahrt-Bundesamt, 2016b)

When looking at the total commercial vehicle stock numbers, the increasing general demand for transport services is evident. Furthermore, the figure shows an increased demand of LCVs, which reflects the trend towards decreasing production depths and smaller shipment sizes (Shell & DLR, 2016).

In terms of **new registrations of** commercial vehicles, LCVs represent around three quarters of new registrations of commercial vehicles with around 233 thousand new LCVs registered in 2015. These have fluctuated a lot more as a result of the financial crisis.

When it comes to the share of LCVs in total **freight transport activity**, Eurostat data shows that LCVs cover only a very small share of activity (in V-kms) (see Figure K-6). In 2014, out of the total road freight activity only 0.3% were performed by LCVs. Looking at the LCV activity, fluctuations in vehicle kilometres can be observed from year to year but no clear trends can be identified for the whole period.

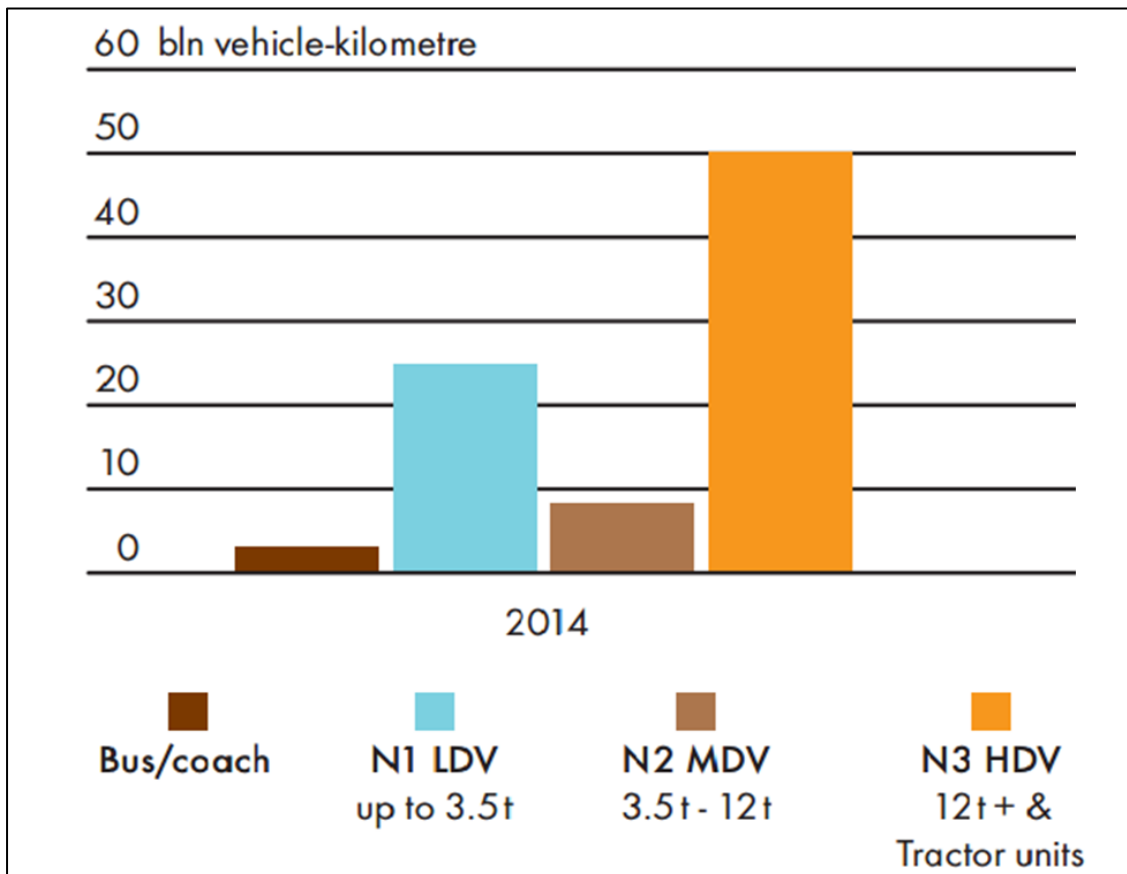
Figure K-6: Vehicle kilometres by carriage type in Germany



Source: (Eurostat, 2016d), [road_go_ta_lc]²⁹

A separate source for vehicle activity (Shell & DLR, 2016) reports very different figures on road freight transport activity, estimated through fleet modelling. While HGV transport activity still dominates, LCVs show a share of roughly 30% of all commercial vehicle activity expressed in vehicle kilometres in 2014. The total distances travelled by commercial vehicles (LCVs and HGVs) is estimates as 83 billion vehicle-kilometres in the Shell study Figure K-6: Vehicle kilometres by carriage type in Germany (Figure K-7) compared to roughly 23 billion vehicle-kilometres based on Eurostat data (Figure K-6).

²⁹ Data is 'expected' to be for LCV's operating domestically and internationally (European Commission, 2017b)

Figure K-7: Commercial vehicle mileage 2014 in Germany

Source; (Shell & DLR, 2016)

Regarding the vehicle age it can be observed that it has barely changed for commercial vehicles over the last years, in contrast to passenger cars. The average age for commercial vehicles in 2015 was 7.7 years (Shell & DLR, 2016). However, age information is available for rather different payload classes. LCVs would fall into the category with payloads below 2 tonnes and show an average age slightly below the average (7.6 years). HGVs show varied vehicle ages ranging from an average age of 4.4 for tractor units to 11.2 years for vehicles with payloads between 2 and 4 tonnes. (Shell & DLR, 2016).

An aspect that was highlighted by a range of stakeholders (transport operators, industry associations and authorities) in the interviews was the perceived increase in LCV freight transport by non-resident transport operators. In 2014, total freight transport in, from and through Germany amounted to 53.3 billion vehicle kilometres with a transport activity of 615.6 billion tonne-kilometres. Vehicles not registered in Germany covered 46% of all vehicle-kilometres and 50% of the tonne-kilometres (Kraftfahrt-Bundesamt, 2016c). However, as LCVs are not subject to toll charges, information on LCV not-registered in Germany is a lot more limited. The Federal Office for Goods Transport (BAG) reports an increase in vehicles of that type. In particular in Bavaria and Saxony an increase in LCVs from Eastern Europe with topsleeper cabins have been observed (EuroTransport, 2014). Similar observations have been made by some of the stakeholders interviewed for this study, including the German Freight Forwarding and Logistics Association (DSLTV) and the Federal Ministry of Transport and Digital Infrastructure (BMVI), the latter giving some anecdotal evidence for the area around Berlin.

According to the trade press (Markt und Mittelstand, 2016), the main driver of LCV use is an increased market demand in the CEP sector (courier, express and delivery industries),

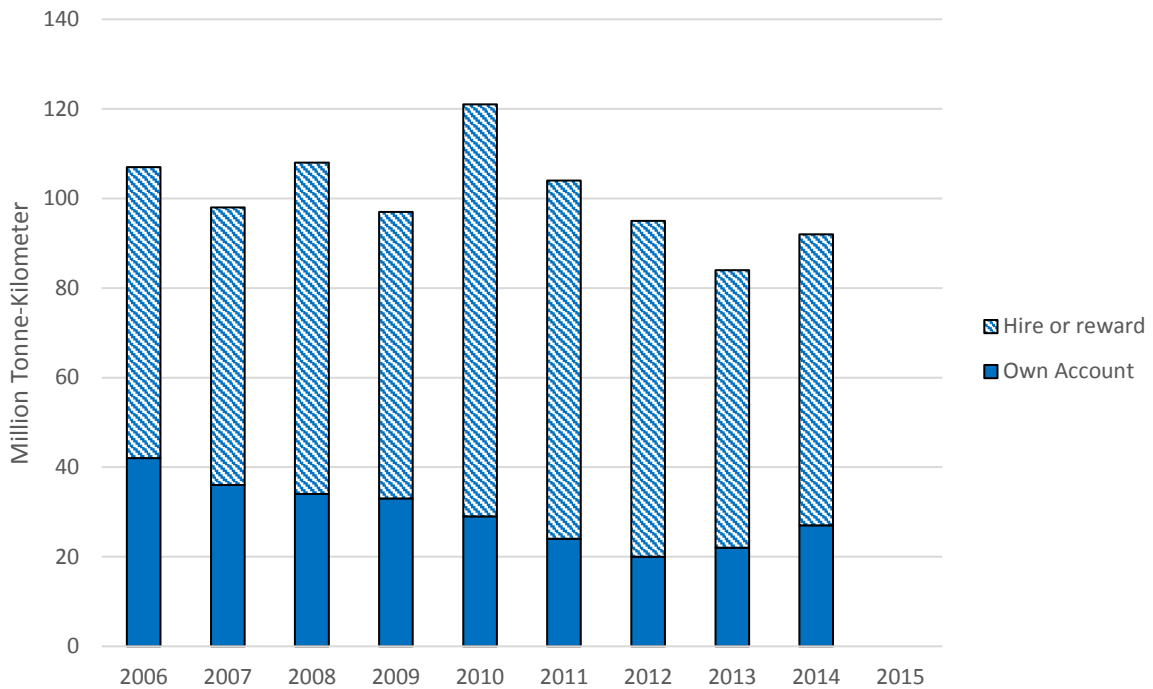
which is dominated by LCVs. Both online sources and stakeholder input (from BMVI, DSLV and individual transport companies) link this increase in demand to the rapid development of e-commerce over the last years and an increased market demand in flexible vehicles that can deliver urgently required goods.

K.2.3 Use of LCVs in domestic and international transport

Data on the use of LCVs in domestic and international transport is limited for Germany and the information presented in the following is primarily based on anecdotal evidence gathered through stakeholder engagement activities. LCVs have established themselves in the supply chain throughout the EU as a link between logistics centres and the retail trade/final consumer. In addition, LCVs are a cornerstone in the rapid and flexible long-distance transportation of goods and commodities as well as in courier and supply services. (VDA, 2013)

Data from Eurostat shows that the majority of LCV based transport activity is hire and reward, only a fraction of transport activity is attributed to own account operations (roughly one third in 2014) (see Figure K-8).

Figure K-8: Freight activity by business type for LCVs in Germany



30

Source: (Eurostat, 2016d)(road_go_ta_lc)

More detailed data on the use of LCVs in domestic and international transport is not available. A model developed by NEA – on the basis of costs of operation – suggested that the share of LCV in bilateral freight originating in Germany was 5.8% in 2010. However, the Federal Association of Road Haulage, Logistics and Disposal (BGL), suggested that the international commercial transport of freight with LGVs is still marginal.

A large internationally operating transport company that was interviewed stated that the share of cabotage operations for LCVs is currently very low, however no data was provided to support this.

K.2.4 Regulatory situation in relation to the use of LCVs

Applicable Regulation

While the use of HGVs in freight transport in Germany is covered by a range of legislations, the only **national regulation that applies to LCVs** (only vehicles between 2.8 and 3.5t) is the obligation for recording transport operations on board (through either a tachograph or a logbook that is updated manually). There are no provisions related to access to occupation or the international market. Table K-3 gives an overview of the different pieces of legislation and the vehicles it applies to.

³⁰ Data is 'expected' to be for LCV's operating domestically and internationally (European Commission, 2017b)

Furthermore, at the moment LCVs are not subject to tolls, however, there are plans to extend the German toll system to LCVs. According to the BMVI the LCV toll will be tendered in 2018.

Table K-3: Legal framework applicable to the use of LCVs in Germany

Legislation	Requirement	LCVs <3.5 tonne	HGVs >3.5 tonne
Access to Occupation²	Requirements on Good repute		✓
	Financial standing		✓
	Professional Competence		✓
	Stable and Effective establishment		✓
Access to EU market²	European License		✓
	Cabotage		✓
Eurovignette Directive¹	Vignette / road tax		✓
Social Legislation¹	Working Time Directive		✓
	Resting time		✓
Other¹	Tachograph	✓	✓

Source: ¹ (NEA, 2010) ²Stakeholder Consultation with BMVI

Experience with the legislation so far

As indicated, the only existing provision concerning the use of LCVs is the recording of driving, working and resting times for vehicles between 2.8 and 3.5 tonnes on board of the vehicle. An industry association interviewed stated that the experience with the legislation so far has been positive. Since this provision have been in place for a very long time (no date provided), it is accepted and seems to work well. The current rules also make a distinction between commercial transport and transport that is only a side activity (e.g. transport done by craftsman's workshops). The rules for the latter are a more simplified. This distinction ensured that it was accepted by the industry. For foreign vehicles the recording obligation is required for any transport activity in Germany and is accepted and has become the routine. The stakeholder that were consulted were not aware of any enforcement issues. The recording is either done through tachographs or a manual logbook, which generally easy to check. In terms of costs, the vehicles that are affected are generally in a size range that is already equipped with a tachograph by the manufacturer. Thus in many cases no additional costs occur.

K.2.5 Comparison of cost structure between LCVs and HGVs

There are no detailed data that could help compare the costs of using LCVs and HGVs in freight transport. Analysing the cost structures for LCVs and HGVs 2010 study (NEA, 2010) suggests that for Member States in North West Europe, including Germany, the costs per tonne in the case of HGVs are only 16% of the costs of LGVs (60% per m³).

In terms of the relative composition of costs, driver wages are the most significant factor (46% and 41% of total costs for LCVs and HGVs respectively) while fuel costs are the second highest cost component (17% for LCVs and 24% for HGVs).

Table K-4; Cost Structure by vehicle type in Germany (2009)

Cost Component	LCV	HGV
Salaries of drivers	46%	41%
Fuel consumption	18%	24%
Other costs	15%	19%
Depreciation	12%	9%
Repairs and renewals	8%	5%
Interest of vehicle	1%	2%
Total	100%	100%

Source; (NEA, 2010)

Articles in the trade press (e.g. (EuroTransport, 2014), (Trucker.de, 2014)) point to a number of advantages of LCVs:

- No need for authorisation: the operators are not subject to the provisions for commercial freight transport (which only applies to vehicles above 3.5 tonnes).
- No social legislation: only drivers of vehicles between 2.8 and 3.5 tonnes have to record driving, resting and working times.
- No cabotage restrictions: the provisions for cabotage only apply to holders of a community licence, which is only required for vehicles above 3.5 tonnes.
- No driver training: for vehicles below 3.5 tonnes only a driving licence for cars is needed and the drivers are not subject to the Drivers' Qualification Law (Berufskraftfahrer-Qualifikationsgesetz)
- No tolls: road charging only applies to vehicles above 7.5 tonnes
- Speed: 80 km/h speed limits are only applicable to vehicles above 3.5 tonnes

As a result of the above, LCVs are considered to be more flexible, quicker and can work longer periods - on the road day and night as well as weekends. A transport company consulted for this study states that LCV use is driven by the customers who value the flexibility of LCVs in cases where goods are urgently required and are not available in local stock. According to interviewed transport companies, LCVs are not considered to be in competition with HGVs for traditional long-distance freight activities. It was highlighted that LCVs and HGVs have different characteristics that are suitable for different operations.

K.2.6 Conclusions

In summary, the share of LCVs in the commercial vehicle stock and in new vehicle registrations in Germany has significantly increased over the last years. The main reason stated for this increase is the rapid development of the e-commerce sector and a higher market demand for courier services to deliver urgently required goods. This increased demand is not only picked up by domestic drivers but non-resident drivers as well. Based on stakeholder observations, the activity of non-resident drivers has increased significantly in the last years. Any exact figures on LCV transport activity by non-resident drivers, however, are not available as LCVs are currently not subject to road tolls.

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Also information on the exact share of LCVs in national and international transport activities is limited. One source states a share of LCV in bilateral freight originating in Germany of 5.8%. Stakeholder input suggests that LCV use in international and cabotage operations is still marginal.

The current legislation relevant for the commercial road freight sector covers LCVs only for some aspects of the social legislation. Vehicles between 2.8 and 3.5 tonnes are required to record driving, working and resting times on board of the vehicle. As a result of the relative legislative freedom, LCVs are considered to be more flexible, quicker and can be on the road day and night as well as weekends. These advantages in terms of flexibility, however, are to a certain extent balanced out by higher costs per tonne. Stakeholders highlighted that LCVs and HGVs have different characteristics that are suitable for different operations and are generally not in direct competition. In particular for traditional long-distance freight activities the role of LCVs is considered to be marginal.

K.3 Poland

K.3.1 Introduction

This case study outlines the current trends of Light Commercial Vehicles (LCVs) and regulations applicable to LCVs in Poland. Data has been collated from several sources, information on the current fleet in use is obtained from the European Automobile Manufacturers Association (ACEA, 2014), freight statistics (vkms and tonne-kilometres) from Eurostat illustrate the activity of Polish LCVs and HGVs over time (Eurostat, 2017a).

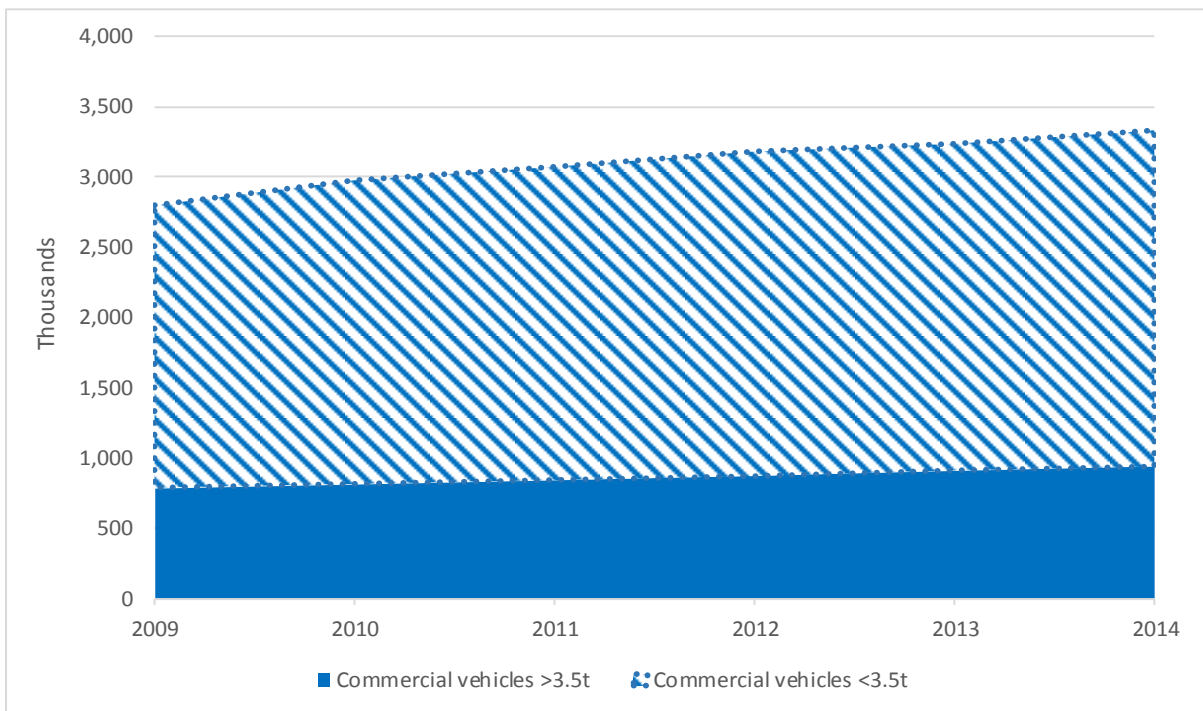
As part of the stakeholder consultation, interviews were undertaken with a Polish haulier association and a survey conducted with Polish Hauliers. Representatives from the Ministry of Infrastructure and Construction provided feedback both within an interview and a survey. The consultation process provided insights into the typical operations of LCVs in Poland and an overview of the current and future regulatory landscape for different vehicle types.

Few studies could be identified that explicitly investigate LCV costs in Poland, a study by NEA is used to compare the competitiveness of LCVs and HGVs, including the relative cost structure for freight operations and expected level of LCV use in international trade (2010).

K.3.2 Current levels of use of LCVs vs HGVs in road freight and trends

Poland has a large fleet of LCVs in both absolute terms, as a proportion of the total commercial fleet LCVs dominate HGVs. Data from ACEA (see Figure K-9) demonstrates there has been continuous growth since 2009 - at an average annual rate of 4% - indicating the fleet of LCVs has not been severely affected by the recession. Over the same period the fleet of HGVs has also grown at the same average annual rate of 4%. The growth of LCVs and HGVs in use is therefore expected to continue.

Figure K-9: Commercial Vehicles Fleet in Poland



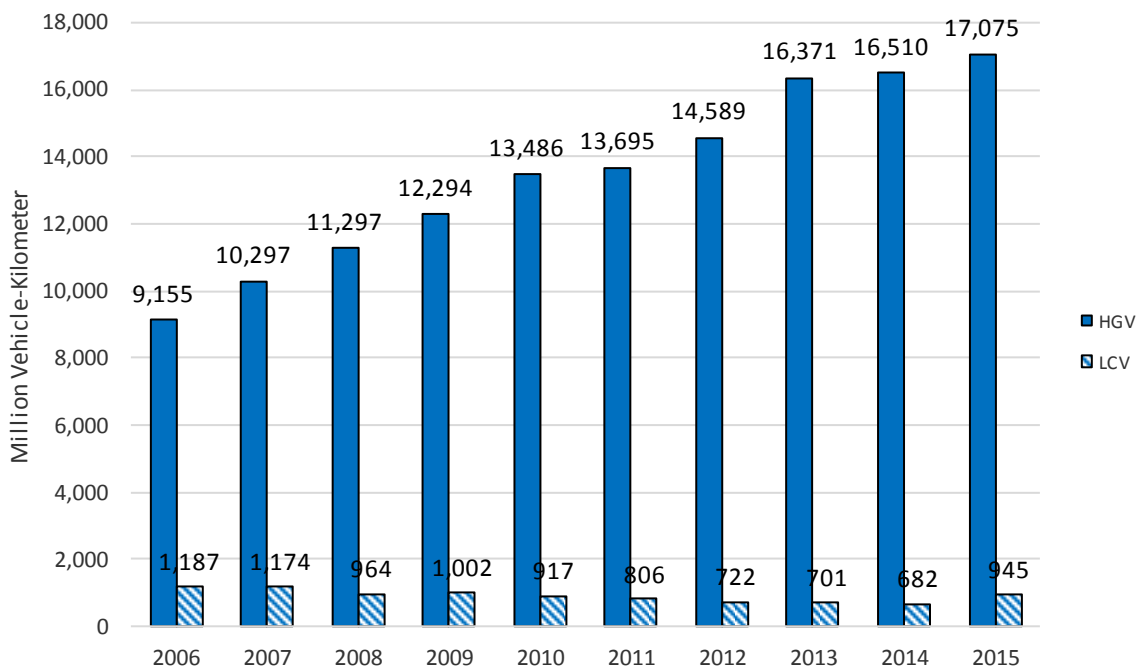
Source; (ACEA, 2014)

The Polish LCV fleet is relatively old. Data from ACEA for 2014 indicate that around 70% are more than 10 years old (ACEA, 2014), whilst data from Eurostat for 2013-2014

indicates that the share of vehicles older than 20 years increased from 26-30% (Eurostat, 2017). The increase in the fleet illustrated in Figure K-9 over the period 2009 to 2014 is around 385,000, which is greater than the number of new registrations over the period (310,000), suggesting that a considerable number of LCVs entering the fleet are from the second-hand market. Annual new registrations have steeply declined – from 120,000 in 2010 to below 60,000 per year by 2011 (ACEA, 2014). Fewer new registrations, along with a very slow renewal rate, point towards an aging fleet of LCVs.

Whilst the number of LCVs has increased, the distance travelled by LCVs in freight operations has been in steady decline. LCVs travelled reduced by 20% over the period 2006-2015 (Figure K-10). This is despite a notable increase in distances travelled in 2015 LCV - no data is available to evaluate whether this recovery continued. In contrast distances travelled by HGVs increased by 87% over the same period. The share of freight activity by LCVs (in vkms) has therefore reduced substantially over time.

Figure K-10; Vehicle kilometres by vehicle type in Poland

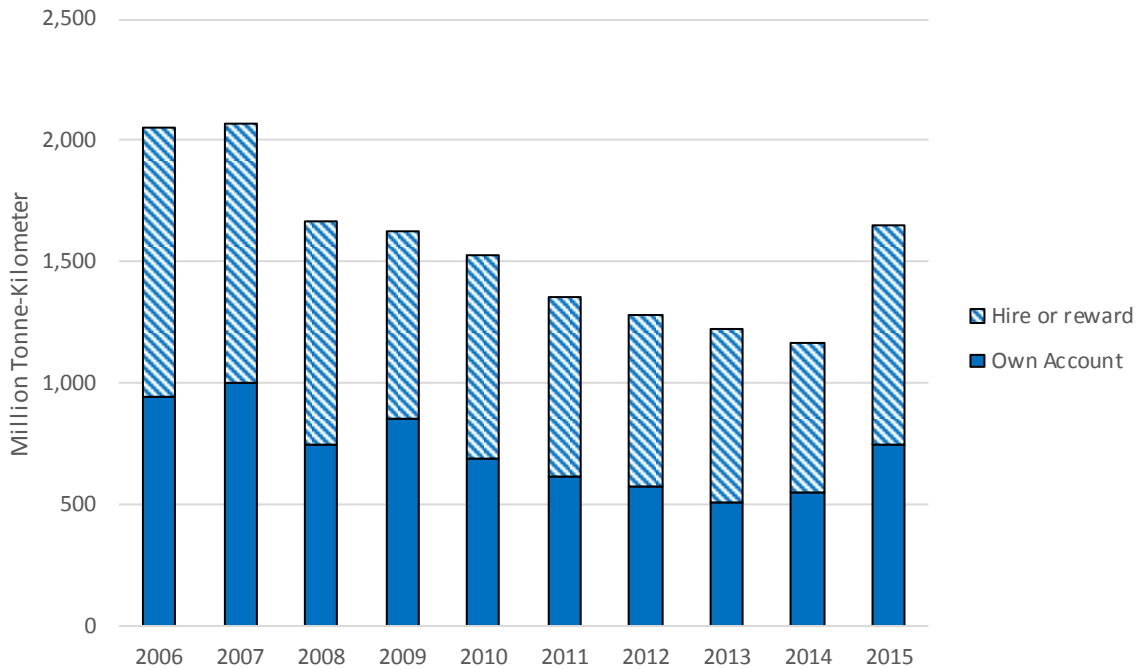


Source; (Eurostat, 2016d) (*road_go_ta_lc*)

K.3.3 Use of LCVs in domestic and international transport

There is limited studies available on the use of LCVs by different operators. Stakeholder consultation conducted for this assessment included a survey of Polish hauliers, this indicates that LCVs are heavily used in freight operations, of the 19 respondents who answered the question on LCV use, 42% of hauliers responded that they solely used LCVs (100% of vkms), whereas 79% used LCVs for more than half the share of freight operations (e.g. >50% of vkms). According to data from Eurostat, LCVs are used fairly equally for own account and hire and reward operations (Figure K-11). Hire and reward on average represents 54% of the total freight activity by Polish LCVs over the period 2006 to 2015, which has remained fairly consistent.

Figure K-11; LCV Road freight activity by business type in Poland



Source; (Eurostat, 2016d) (*road_go_ta_lc*)³¹

Specific data on the share of LCVs in domestic and international transport is not available and there is no information that justifies why the large rise the LCVs fleet is not reflected in the freight activity.

In general, it is likely that LCVs are used primarily within an urban context, where distances travelled are shorter. This is supported by feedback from the national authorities (Ministry of Infrastructure and construction) who consider LCVs to operate in parallel to HGVs, undertaking only local delivery services (e.g. last-mile and e-commerce). In the survey of Polish hauliers, the most important drivers of LCVs use are market-based, key reasons include being more suitable to carry out the type of transport operations demanded, the expectations of freight forwarders or customers and the greater flexibility of LCVs.³²

The analysis of the relative costs of LCVs and HGVs in freight transport suggests that LCVs are considerably more expensive, LCVs are considered to be over 6 times the cost per tonne (NEA, 2010). As a result, the study concluded that LCVs do not represent a significant share in the total international transport from Poland. It was estimated that LCVs accounted for 5.4% of international with EU countries in 2005 (measured in tonnes and product value per km). However, stakeholders from across the EU, including in Denmark and Germany, report a rise in the number of Polish LCVs operating internationally. The survey of Polish hauliers demonstrated mixed views. Generally, hauliers that use both LCVs and HGVs within their fleet did not demonstrate an increase in international activity. Interestingly, hauliers that only used LCVs did indicate there had been an increase³³. This therefore suggests that LCVs that are participating in international activity are from

³¹ Data is 'expected' to be for LCV's operating domestically and internationally (European Commission, 2017b)

³² 25 respondents ranked the most important factors for LCV use

³³ Of the 7 respondents, 28% stated international activity (in vkm) has increase >15%, 28% of respondents stated >5% and 44% respondents answered no change (+/-5%).

specialist hauliers that only operated LCVs, however the number of respondents is too small to draw confident conclusions.

K.3.4 Regulatory situation in relation to the use of LCVs

Presence or not of national regulation that applies to vans

According to input from national authorities³⁴ government representatives there is very limited regulation that applies to LCVs in Poland. LCV drivers and operators can participate in freight services without any rules on access to occupation, neither are they obliged to meet social regulations such as the working time directive and rules on resting time. Furthermore, LCVs are not required to report their operations under the requirements of the tachograph directive. LCVs are covered within some toll charges, however these are only on parts of the road network. Rules on cabotage in Poland are also not applicable to LCVs. A summary of the regulatory landscape is included in table K-5.

Table K-5: Legal framework applicable to the use of LCVs in Poland

Legislation	Requirement	LCVs <3.5 tonne	HGVs >3.5 tonne
Access to Occupation	Requirements on Good repute ¹²		✓
	Financial standing ¹²		✓
	Professional Competence ¹²		✓
	Stable and Effective establishment ¹²		✓
Access to EU market	European License ¹²		✓
	Cabotage ¹²		✓
Eurovignette Directive	Vignette / road tax ¹	✓	✓
Social Legislation	Working Time Directive ¹		✓
	Resting time ¹		✓
Other	Tachograph ¹		✓

Sources: ¹ (NEA, 2010), ² Stakeholder consultation with Ministry of Infrastructure and Construction

Representatives of General Inspectorate of Road Transport and the ZMPD indicated that the lack of regulation might be a significant influence on unfair competition in the road freight market (NEA, 2010, p. p37). The survey completed by the Ministry of Infrastructure and Construction indicates they would support the extension of some elements of the Regulations on access to occupation (1071/2009) - rules on effective and stable establishment, good repute, and professional competence were supported -however less demanding than those applied to HGVs. Introducing requirements on financial standing (1071/2009) and cabotage (1072/2009) were not supported. Stakeholder consultation with the Ministry of Infrastructure and Construction indicates that enforcement costs for

³⁴ Ministry of Infrastructure and Development (2016) and General Inspectorate of Road Transport

extending both regulations to LCVs would increase by more than 100%, furthermore it would incur significant costs to the implementation body. Based on this feedback, it is likely that the limited restrictions for LCVs in Poland will continue.

Experience from the legislation so far

Given that there is no regulations on either access to the occupation or access to market applied to LCVs, there is no experience of the impacts on LCVs or in enforcement.

K.3.5 Comparison of cost structure between LCVs and HGVs

The most recent analysis of the costs concerning the relative costs of LCV and HGVs was by NEA in 2010. The study estimated that the costs of transporting goods by LCV are €0.37 per kilometre, compared to €0.91 per kilometre for HGVs. However, due to the higher load capacity of HGVs, these vehicles are shown to be considerably cheaper overall. The cost to transport goods per trip using a HGV is estimated as €16 per tonne (€5 per m³), whilst LCVs cost €97 per tonne (€8 per m³). HGV’s are therefore 16% of the costs of LCV’s per tonne, and 62% per m³.

Each vehicle type also differ In terms of the main key cost drivers, as shown in Table K-6, wages represented 33% of total costs for LCVs in comparison to 29% for HGVs. Fuel costs in comparison represented 24% of the costs for LCVs, whilst for HGVs this is the most significant contributor to overall costs (31%).

Table K-6; Cost Structure by vehicle type in Poland (2009)

Cost Component	LCV	HGV
Salaries of drivers	33%	29%
Fuel consumption	24%	31%
Depreciation	17%	12%
Other costs	15%	19%
Repairs and renewals	9%	6%
Interest of vehicle	3%	4%
Total	100%	100%

Source; (NEA, 2010)

K.3.6 Conclusions

There is a very large stock of LCVs operating in Poland, which currently dominate the commercial vehicle fleet. Both HGV and LCV numbers and have been continuously growing since at least 2009. Despite this, the data suggests that LCV activity has been adversely affected by economic downturn, in contrast HGV activity has not been influenced and has demonstrated considerable growth. It is unclear however whether this data accurately captures all activity undertaken by Polish LCVs.

Whilst there is limited information available to investigate the market structure of LCV operations and the context of their typical use in Poland, feedback within the survey of Polish Hauliers suggests the use of LCVs mainly due to market-based drivers, this is supported by stakeholders who believed LCVs were typically used for local delivery services (e.g. last-mile and e-commerce).

A study into the economics of freight transport in Poland also demonstrates that LCVs are uncompetitive for long-distance trade compared to HGVs (NEA, 2010). As a result it

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estimates a low level of international trade by LCVs. However, this is not supported by feedback of stakeholders across EU member states, and a survey of hauliers indicates that the majority of operators that only used LCVs had increased their international activity. LCVs used by these hauliers could therefore be increasingly competitive with HGVs internationally in recent years.

Whilst HGVs are required to meet EU regulations on access to occupation, access to the market, social legislation and requirement to use tachographs, the regulations applicable to LCVs is very limited in comparison. This is particularly relevant due to the high presence of LCVs compared to HGVs in Poland and is expected to be leading to unfair competition. A survey completed by the Ministry of Infrastructure and Construction indicates support for introducing less stringent requirements on access to occupation to LCVs, however there are no known plans to introduce new rules.

K.4 Romania

K.4.1 Introduction

This case study for Romania considers key trends for Light Commercial Vehicles (LCVs) and underlying drivers such as market-based and regulatory changes. Data on the LCV fleet is obtained from the European Automobile Manufacturers Association (ACEA, 2014), whilst Eurostat freight statistics (vkms and tonne-kilometres) are used to illustrate trends in the activity of Romanian LCVs and HGVs over time (Eurostat, 2017a).

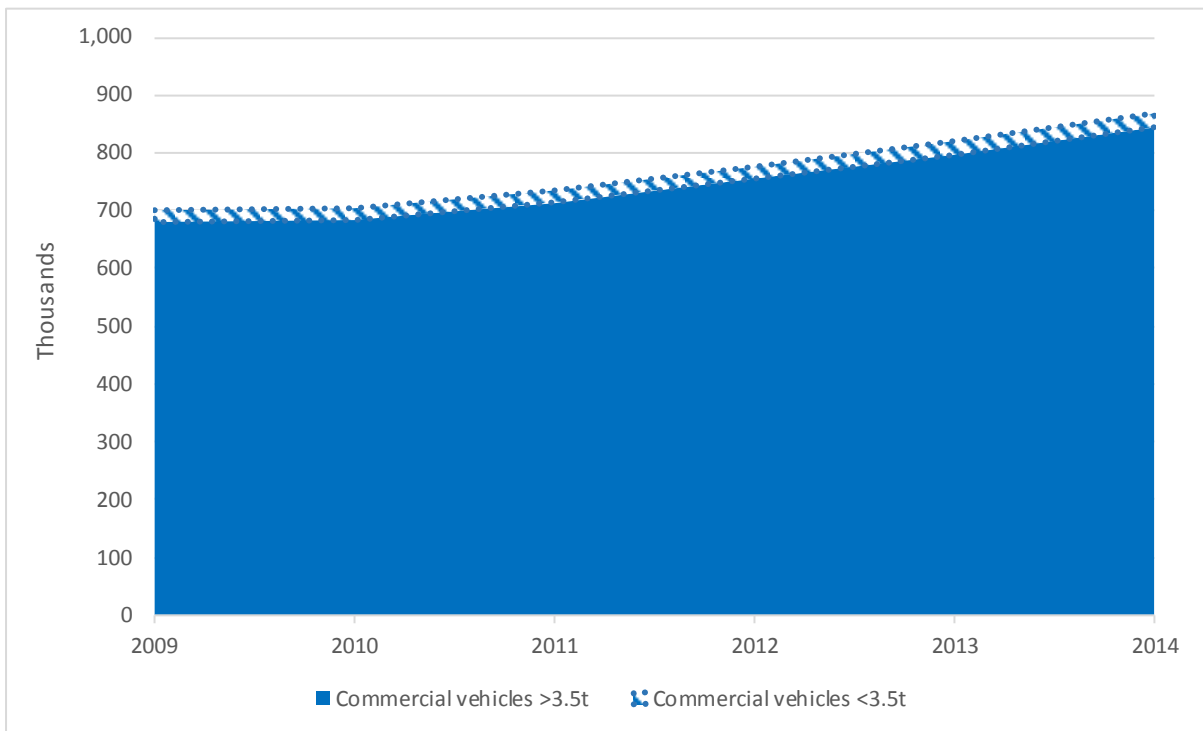
Limited studies exist which investigate LCV operations by Romanian Hauliers, this analysis mainly informed by the NEA Study to compare the competitiveness of LCVs and HGVs in Romania and to quantify the level of international activity by Romanian LCVs.

To support the analysis stakeholder consultation has been undertaken with Romanian Stakeholders, including UNTRR - a national hauliers association. A survey on the policy landscape was also completed by representatives of the Ministry of Transport.

K.4.2 Current levels of use of LCVs vs HGVs in road freight and trends

The commercial vehicle stock in Romania has a notably low number of LCVs compared to HGV's, in 2014 there was 23,000 LCVs in use compared to 844,000 HGVs (ACEA, 2014). Figure K-12 illustrates that there has been slow growth in the stock of LCVs - 2,650 additional LCVs have entered the fleet over the period 2009 to 2014, compared to around 162,000 HGVs.

Figure K-12; Light Commercial Vehicles Fleet in Romania



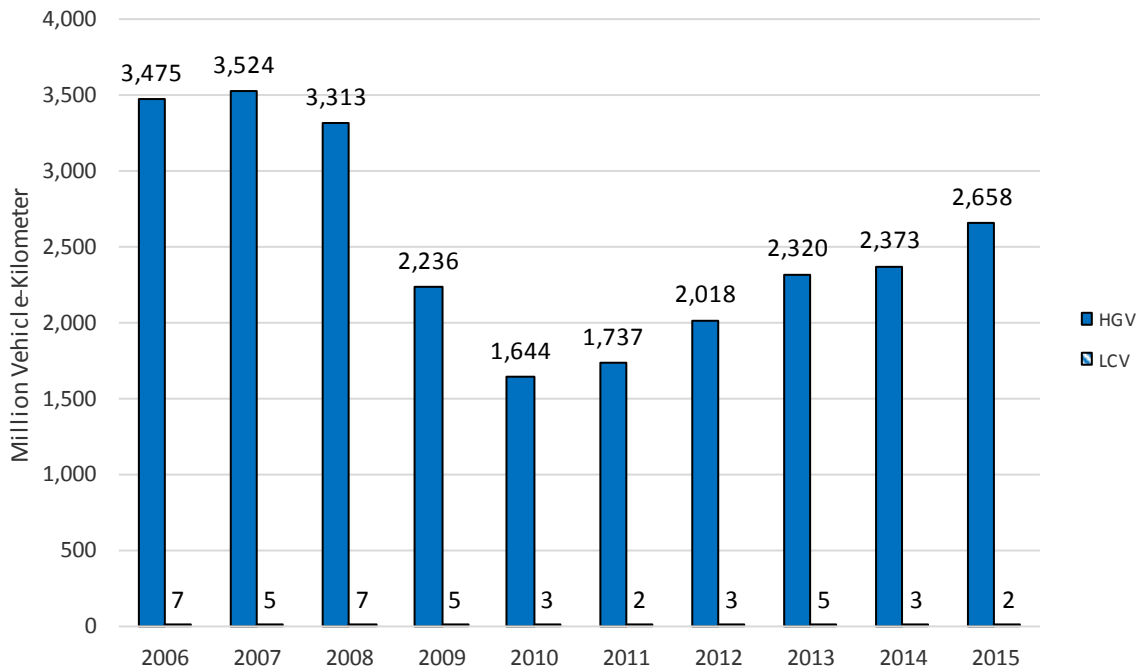
Source; (ACEA, 2014)

The fleet of vehicles in Romania is relatively modern, around 60% are less than 10 years old and 21% are less than 5 years old - as measured in 2014 (ACEA, 2014). This is due to a small fleet size historically, which has been growing since 2011. No information could

be found on the number of new registrations, however with young fleet profile it is expected that the majority of vehicles entering the fleet are new.³⁵

Distances travelled by LCVs in Romania is minimal compared to HGVs, the average share of LCVs (in vkms), is less than 1% over the period 2006 to 2015 (Figure K-13). Freight statistics suggest both LCVs and HGVs were heavily affected by the economic downturn in Romania, however whilst HGV activity has slowly recovered since 2010, the use of LCVs has remained at a very low level, except for in 2013 when there was an short-term increase. Distances travelled by HGVs reduced by 50% from 2008 to 2010. Since 2010, there has been a gradual increase in distances travelled, however by 2015 activity had still not reached the same levels prior to 2009 (Figure K-13).

Figure K-13; Vehicle kilometres by carriage type in Romania



Source; (Eurostat, 2017a)³⁶

K.4.3 Use of LCVs in domestic and international transport

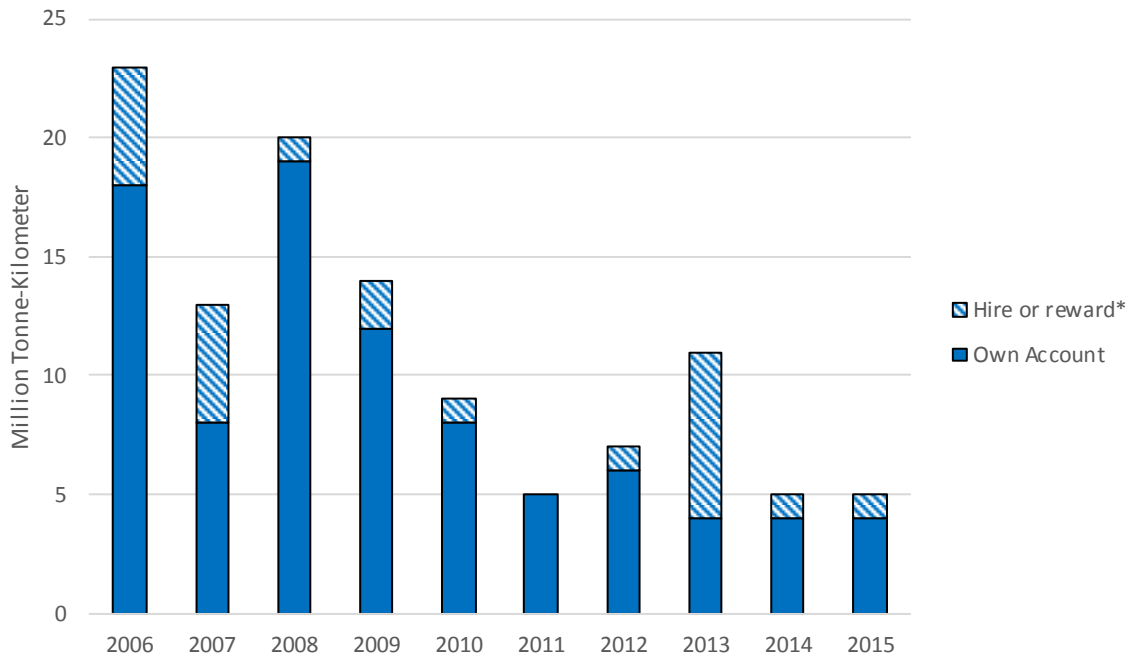
There is very limited information available concerning the level and type of use of LCVs by firms. The number and size of hauliers that operate LCVs - as well as the role of SME's using these vehicles - is highly uncertain. LCV freight activity (measured in tonne-kilometres) for own account operations are reported within the Eurostat data, however data for hire and reward operations are not included. Figure K-14 assumes that hire and reward operations make up the difference between total distance travelled by LCVs and the report values for own account. Based on this assumption we can conclude that LCVs are mainly used for own account operations. The use of own account and hire and reward have generally declined over time, albeit with some variation. Own account represented

³⁵ No data available from ACEA, Data available from Eurostat is by load capacity and not disaggregated by vehicle type

³⁶ Data is 'expected' to be for LCV's operating domestically and internationally (European Commission, 2017b)

79% of the market for transport goods in 2006 and was close to 80% in 2015 – retaining a similar market share despite an overall decline in LCV activity (million tonne kilometre).

Figure K-14; LCV road freight activity by type in Romania



Source; (Eurostat, 2017a)³⁷ *Hire and reward is assumed to be the remaining LCVs activity that are assigned to own account

There is a lack of evidence on the use of Romanian LCVs, however UNTRR - an association representing Romanian Hauliers - suggested they are used primarily in express deliveries because of they are quicker in transport goods than HGVs, however they're considered to be more expensive. A Romania stakeholder (who requested to remain anonymous) also supported this stating that LCV use was complimentary to HGVs. The NEA study into the competitiveness of LCVs also demonstrates that these vehicles are unlikely to be competing with HGVs over longer distances (NEA, 2010). As a result, International activity by LCVs is also estimated to be low - 2.4% of goods traded by Romania with the EU are estimated to be delivered by LCVs (measured in tonnes and product value per km).

Based on the limited evidence, LCV use in Romania is expected to be limited to specialist services including urgent goods, last-mile deliveries and e-commerce, which are primarily based in urban areas.

K.4.4 Regulatory situation in relation to the use of LCVs

Applicable Regulation

The use of LCVs in freight transport is largely unregulated in Romania. As outlined in the table below, regulations on access to occupation and access to market are currently not applicable to vehicles <3.5 tonnes, nor is social legislation or rules on tachograph. The Eurovignette Directive is the only requirement extended to include LCVs - vignettes apply

³⁷ Data is 'expected' to be for LCV's operating domestically and internationally (European Commission, 2017b)

to both HGVs and LCVs for the entire national road network. However an annual fee for LCVs is marginal compared to a large HGVs - €96 compared to €1210 (Roviniete, 2016).

Table K-7: Legal framework applicable to the use of LCVs in Romania

Legislation	Requirement	LCVs <3.5 tonne	HGVs >13.5 tonne
Access to Occupation	Requirements on Good repute ²		✓
	Financial standing ²		✓
	Professional Competence ²		✓
	Stable and Effective establishment ²		✓
Access to EU market	European License ³		✓
	Cabotage ²		✓
Eurovignette Directive	Vignette / road tax ¹	✓	✓
Social Legislation	Working Time Directive ¹		✓
	Resting time ¹		✓
Other	Tachograph ¹		✓

¹ (NEA, 2010), ²Stakeholder consultation with the Ministry of Transport, ³Stakeholder consultation with ISCRT

The Romanian Ministry of Transport and the hauliers association (UNTRR) have both indicated they felt that international freight transport by LCVs represented a serious issue that causes unfair competition with HGVs (NEA, 2010). The hauliers association UNTRR confirm that a proposal to extend the requirements on access to occupation (1071/2009) and access to market (1072/2009) to LCVs was recently submitted to the Romanian government³⁸. It is unclear who submitted this specific proposal, however it was deemed to be ineffective and wasn't implemented. Feedback from an anonymous Romanian stakeholder suggests that there is divided opinion within industry on whether it would be beneficial to extend the scope of the Regulations. Overall, on the basis of the evidence available, the extension of the scope of Regulations 1071/2009 and 1072/2009 is rather unlikely.

Experience from the legislation so far

Given that there is very limited regulations applied to LCVs there is no experience to evaluate.

³⁸ No more information was provided.

K.4.5 Comparison of cost structure between LCVs and HGVs

LCVs generally incur a considerable cost increase compared to HGVs, NEA calculate that to transport goods by LCVs is €92 per tonne per trip (€7.5 per m³), whilst HGVs is €15 per tonne per trip (€4.7 per m³). HGV's are therefore equivalent to 16% of the costs of LGV's per tonne (62% per m³) (2010). The relative importance of different cost components are demonstrated to differ slightly for each vehicle category (see Table K-8). Driver wages represent the highest cost for LCVs - a 31% share of overall costs, whilst fuel costs account for 22%. In comparison HGV driver wages account for only 27% and fuel costs are largest contributor to overall costs (29%). The higher cost of LCVs compared to HGVs is also supported Romanian Stakeholders, it is therefore likely that LCVs are still uncompetitive with HGVs over longer distances. The extent to which the economics of LCVs and HGVs has evolved in recent years is however highly uncertain.

Table K-8: Cost Structure by vehicle type in Romania (2009)

Cost Component	LCV	HGV
Salaries of drivers	31%	27%
Fuel consumption	22%	29%
Depreciation	18%	12%
Other costs	15%	19%
Repairs and renewals	9%	6%
Interest of vehicle	4%	6%
Total	100%	100%

Source; (NEA, 2010)

K.4.6 Conclusions

The number of registered LCVs in Romania is particularly low in comparison to the number of HGVs, whilst both the fleet of HGVs and LCVs have demonstrate a steady increased in recent years.

The increase in the number of vehicles is not however reflected in the freight activity data from Eurostat, in contrast both HGVs and LCVs are shown to have been heavily impacted by the economic downturn in 2008 - distances travelled by LCVs and HGVs significantly reduced and haven't recovered to the levels previous to the recession. LCV activity in particular has been adversely affected.

The context of LCV use is highly uncertain, and the level of usage by SME's is unknown. Based on the feedback from stakeholders, LCV use is likely to be primarily domestic, with a focus on specialised services including express deliveries (just-in-time), last mile and e-commerce. This likely due to LCVs being significantly more expensive to deliver goods than HGVs (per tonne or m³), which is demonstrated by economic analysis undertaken by NEA in 2010.

Currently there is very limited regulation applied to LCVs in Romania, furthermore a recent proposal to extend regulations on access to occupation and access to market was discarded. This indicates that the relaxed regulations on LCVs will likely continue.

K.5 France

Introduction

This case study provides an overview of the available information concerning the current situation and trends in France with respect to the use of Light Commercial Vehicles (LCVs) in national and international road freight transport in the context of key economic and political drivers.

The case study predominantly uses data gathered by the central government from the survey on the use of LCVs (MEDDE, 2016). The LCV survey is carried out every five years and is intended to monitor the number and use of LCVs in France. The survey was first issued in 1981 and owners of LCVs are legally required to respond to the survey. The case study primarily uses data from latest survey (conducted in 2010 and published in 2011).

The case study also refers to Eurostat data (Eurostat, 2016c), annual data reported by the national trade association - French road union (URF, 2016), and thematic studies identified as part of a desk-based literature review. No response was received by the national government as part of the stakeholder consultation.

K.5.1 Current levels of use of LCVs vs HGVs in road freight and trends

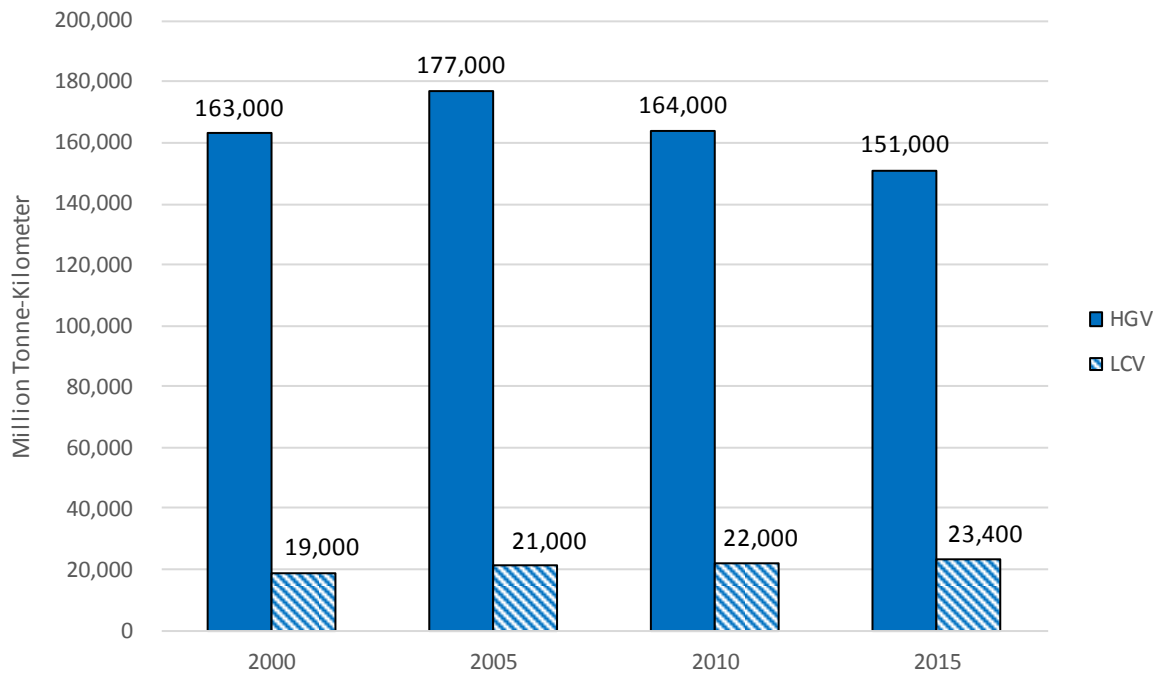
According to Eurostat the total fleet size of LCVs was 4,983 in 2013 and 6,022 in 2014 (no data is available for any other years) (Eurostat, 2016c). However, data from national sources – the French road union (Union Routière de France; URF) and the French government survey on the use of LCVs – report that the number of vehicles in the French LCV fleet was 5.9 million in 2013 and reached 6 million in 2015. According to the latter two sources, the use of LCVs in France has significantly increased over the past 30 years (from ~1.9 million vehicles in 1975 to ~6 million in 2015); however, this rate of growth has slowed in the last decade. (Commissariat Général au Développement Durable, 2012)

Freight statistics for France are not included on Eurostat, therefore it is not possible to evaluate activity of LCVs and HGVs based on distances travelled or tonne-kilometres. However a wide range of studies support that LCVs in France are gaining market share. According to the previous survey results in 2005, "the actual share of LCVs used for freight transport were only about 1% of the total fleet of LGVs" (NEA, 2010). At the time of the 2010 survey, 41.9% of LCVs were used to transport goods. Of this share, LCVs for hire or reward accounted for 14.9% (amounting to ~363,000 LCVs). Thus, the share of LCVs used for road freight transport increased by ~5% between 2005 and 2010 (to a total share of 6%). (Commissariat Général au Développement Durable, 2012)

The positive trend is contrary to the wider industry which has been in decline since 2008. While the initial decline in haulage activities was triggered by the economic crisis of 2007/2008, declines have since continued and the annual average load capacity by kilometre travelled has fallen on average by 1.3% each year since 2010 (Ministère de l'environnement, de l'énergie et de la mer, 2016).

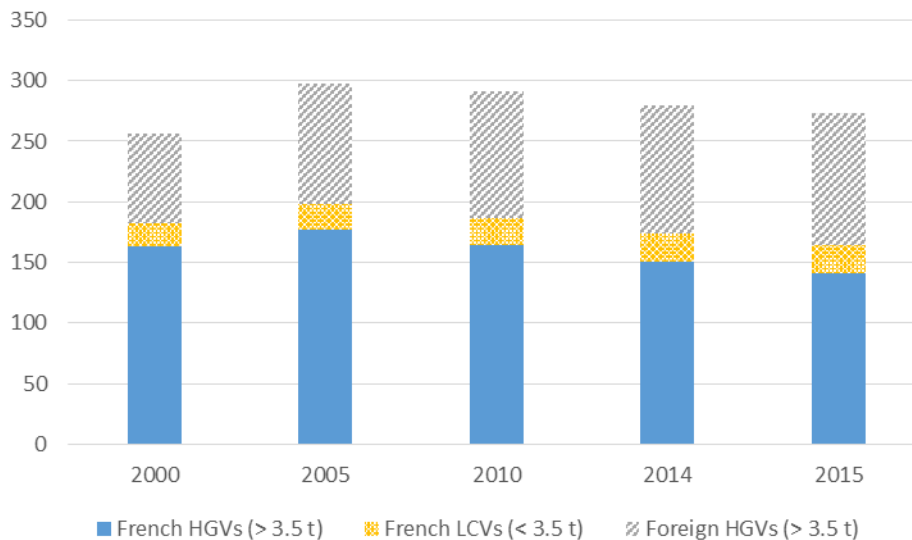
In terms of load capacity by kilometre travelled, LCVs represented 8% of the total freight activity (in t-kms) in France 2015 with a total of 23,400 million tonnes/ kilometre transported by LCVs (J-15). There has been an increasing annual growth in the load capacity by kilometre travelled for LCVs in recent years - from 1% growth in between 2012 and 2013, up to 2% between 2014 and 2015)(see Figure K-1566). (Ministère de l'environnement, de l'énergie et de la mer, 2016)

Figure J-15: Commercial road transport (billions of tonnes-kilometre) in France



Source: Data for 2000 – 2010 (Commissariat général au développement durable, 2016); Data for 2015 (Ministère de l’environnement, de l’énergie et de la mer, 2016)

Figure K-156: Evolution of load capacity for LCVs and HGVs in France



Source: Data for 2000 – 2014 (Commissariat général au développement durable, 2016); Data for 2015 (Ministère de l’environnement, de l’énergie et de la mer, 2016)

K.5.2 How vans are being used in domestic and international transport

According to the 2010 survey findings, 59.3% of the total number of LCVs in France were used by companies - with the remaining 40.7% by private individuals. The highest use of LCVs was by companies and individuals in the construction sector (24.4% of the total number of LCVs used for commercial purposes), followed by transport of wholesale and food goods (17.4% of the total number of LCVs used for commercial purposes); note that the data does not distinguish between own account and hire or reward transport of these

goods) (Commissariat Général au Développement Durable, 2012). As outlined in section 2, the use of LCVs for domestic road freight transport is marginal as a share of their total use (~363,000, accounting for ~6% of total LCVs) (Commissariat Général au Développement Durable, 2012).

The general characteristics of a journey made by LCVs for hire or reward to transport goods are presented in Table K-9. No information concerning the domestic use of LCVs by SMEs or their domestic geographic displacement was located for road freight transport specifically.

Table K-9: Characteristics of LCVs for hire or reward to transport goods in France (2010)

Indicator	Number
Average number of loadings/ journey	5.2
Average number of unloadings/ journey	56.4
Average distance travelled without load/ journey (km)	27
Average distance travelled with load/ journey (km)	76
Average distance travelled (with and without load) / journey (km)	104
Average duration of journey travelled	3 hours 45 minutes

Source: (Commissariat Général au Développement Durable, 2014)

In terms of the use of French LCVs for international road freight transport operations, the latest estimates are calculated based on the number of tonnes and product value per kilogram in the year 2007. The results indicate that the likely total maximum use of LCVs to carry out international road freight transport operations would amount to 4.4% of total international haulage operations with the three largest shares of this transportation to Germany (5.9%), Italy (4.9%) and Spain (4.8%). (NEA, 2010)

A recent study by the French government (MEDDE, 2016) also suggested an increase in the use of LCVs in France for transport as well as foreign LCVs carrying out cabotage operations in France. Based on data from monitoring the circulation of non-French LCVs in the north west of France, estimates of the share of the number of LCVs – in comparison to HGVs – were made. The analysis of the data suggested that the number of LCVs amounted to ~1% of HGVs in circulation on the day of the measurement; although, according to the report, the average figure is expected to be higher, in the order of 2-3% owing to uncertainties associated with the survey methodology. Overall, non-French LCVs represent between 2 and 8% of heavy goods vehicles in circulation (measured as an annual daily average).

Box 1: Characteristics of non-French LCVs reviewed as part of this survey

A number of non-French LCVs were stopped and the drivers questioned as part of this survey. The following characterisation was made as a result:

- Non-French LCVs recorded as part of this study were generally found to transport goods between companies and interurban routes.
- The vehicles were typically new and of 20m³ in size with capacity to carry 8 palettes.
- The majority were from Poland PL (75%), followed by RO (13%).
- The annual average distance these vehicles travel was 100,000 km/year (with the Polish LCVs averaging 126,000 km/year). The average length of one journey for these vehicles was found to be ~1,000 km.

- Approximately half the non-French LCVs stopped were carrying out international transportation operations (either in transit from or to France); 40% were used for cabotage; and 10% were empty.
- These LCVs were most commonly used to transport vehicle parts for cars with the weight of the loads varying between 30 kg and 1.9 tonnes.

Source: MEDDE, 2016

K.5.3 Regulatory situation in relation to the use of LCVs

Applicable regulation

France has adopted legislation covering the use of LCVs in freight transport since 2011 (**Table K-**). This covers two aspects of the Regulation 1071/2009:

Financial standing: The requirement for minimum financial standing for LCVs is €1,800 for the first vehicle and €900 per vehicle thereafter (less than the requirement of financial standing for HGVs as stipulated in Regulation; €9,000 per vehicle and €5,000 for every vehicle thereafter).

Professional competence: Professional capacity for the use of LCVs can be obtained once the driver meets at least one of the following three requirements: pass a written exam, minimum level of education (complete secondary level education - baccalauréat), or professional experience will suffice if the person has continuously managed a road transport enterprise for 2 years in the past 10 years.

The lighter approach for LCVs compared to HGVs adopted in France was based on the fact that the French government recognised that drivers of the national fleet of LCVs are vulnerable to short term economic fluctuations, as they are often self-employed and at risk of long periods of unemployment. As such, it has generally been the view of the government that LCVs should not be subjected to the same requirements as HGVs.

Other aspects covered by Regulation 1071/2009 are not applicable and there are also no requirements related to the access to international markets. Furthermore, EU rules for heavy duty vehicles on resting times and the implementation of a tachograph do not apply to LCVs in France. (MEDDE, 2016)

Table K-10: Legal framework applicable to the use of LCVs in France

Legislation	Requirement	LCVs <3.5 tonne	HGVs >13.5 tonne
Access to Occupation	Requirements on Good repute		✓
	Financial standing	✓	✓
	Professional Competence	✓	✓
	Stable and Effective establishment		✓
Access to EU market	European License		✓
	Cabotage		✓
Eurovignette Directive	Vignette / road tax		
Social Legislation	Working Time Directive		✓

Resting time	✓
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Source; (MEDDE, 2016)

Experience from the legislation so far

Whilst there are requirements applicable to LCV hauliers in France, limited information could be obtained to evaluate experience of these rules.³⁹

K.5.4 Comparison of cost structure between LCVs and HGVs

The cost structures for LCVs and HGVs were determined as an average across France, Spain, Italy and Portugal in a 2010 report (NEA, 2010). The costs of transporting goods by LCV's are demonstrated to be significantly greater than HGV's, the cost per tonne payload per trip is €133 (€11.0 per m³) for LCVs, compared to €15 per tonne for HGVs (€4.7 per m³). The findings indicates that on the basis of cost price per tonne, competition between LCVs and HGVs 'appears to be highly improbable'.

There are also differences in the main components of HGV and LCV costs. A breakdown of the cost structures is presented in the table below. The salaries of drivers are shown to be the greatest cost component for LCVs, consisting of 47% of overall costs, whilst for HGVs this is found to be significantly lower (27%). Fuel consumption is demonstrated to be the most important factor influencing costs for HGVs, representing 27% of overall costs, compared to 16% for LCVs.

Table K-11: Cost Structure by vehicle type in France (2009)

Cost Component	LCV	HGV
Salaries of drivers	47%	27%
Fuel consumption	16%	29%
Other costs	15%	19%
Depreciation	13%	12%
Repairs and renewals	8%	6%
Interest of vehicles	2%	6%
Total	100%	100%

Source: (NEA, 2010)

A more recent study (MEDDE, 2016) examined the cost structures between French LCVs and foreign LCVs carrying out cabotage operations in France. It reports that foreign LCVs operating in France can be between 2 and 4% less expensive per tonne-kilometre, primarily due to foreign LCV drivers having significantly lower wages (€850 / month) than French LCV drivers. Personnel costs typically account for ~50% of LCV operational costs in France.

However, the study also found that French HGVs have a slight competitive advantage over foreign LCVs carrying out cabotage operations in France in terms of operational costs. The costs of foreign LCVs compared to French HGVs is between 1.2 and 1.6 times more expensive (measured in terms of tonne/ km) and between 1.7 and 2.3 times more expensive than the cheapest French HGVs in operation. However, these findings were calculated applying a model with a 50% uncertainty margin and do not reflect market opportunity or going commercial rates for road freight transport services. (MEDDE, 2016)

³⁹ Information could not be obtained from the relevant national authorities in France

K.5.5 Concluding remarks

As outlined above, the share of LCVs used for road freight transport increased by ~5% between 2005 and 2010 (to a total share of 6% amounting to a total number of ~363,000 LCVs). This positive trend is contrary to the wider industry – as evidenced by the average annual decline in load capacity by kilometre travelled of 1.3% between 2010 and 2015, compared to the average annual growth of 1.3% for LCVs used for road freight transport in this same period.

Pressures on the wider French haulage sector can in part be linked to an increased use of LCVs to carry out road freight operations. The evidence presented in this case study demonstrates that there has been an increasing annual growth in the load capacity by kilometre travelled for LCVs in recent years from 1% growth in between 2012 and 2013, up to 2% between 2014 and 2015.

However, while LCVs represented 8% of the total freight activity (in t-kms) in France 2015 - with a total of 23.4 billion tonnes/ kilometre transported by LCVs, the general characteristics of domestic LCV road freight operations remain quite distinct from HGV haulage operations. The use of LCVs for road freight transport is typically for domestic journeys of short distances averaging 104 km, over a 3.45 hour duration, with a high average number of unloadings compared to the average number of loadings (56.4 compared to 5.2). This suggests that the growth in the use of LCVs for domestic freight transport is indicative of wider social trends, including growth of e-commerce and changing consumer patterns.

An additional pressure on the wider French haulage sector can be linked to an increased presence of foreign LCVs in France. General characteristics for these foreign LCVs indicate that the majority of these foreign LCVs are from Poland and Romania and that the average length of one journey for these vehicles is ~1,000 km; thus, these operations could be considered to be in direct competition with national HGV operators.

The presence of foreign LCVs in France is currently relatively low - estimated to be between ~1 and 3% of HGVs in circulation in any given day. However, the government is concerned that market opportunity and going commercial rates for road freight transport services will exacerbate these pressures. As such, the government is very much in favour of establishing cabotage rules to apply to LCVs at an EU level.

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