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Cabotage Liberalisation

Booklet N° 7
November 2000



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Cabotage Liberalisation

F&L Working Group Members:

| | | |
|----------------------------|--|-------------|
| François d'ORGEVAL | - CAT Working Group Chairman | France |
| Garth THORNE | - Marks & Spencer Working Group Vice-Chairman | UK |
| Giuseppe CIOFFI | - Polimeri Europa | Italy |
| Théo DIRIX | - Hödlmayr | Belgium |
| Manuel SANCHEZ GARZON | - Cargas Renfe | Spain |
| Prudencio IZQUIERDO ARAGON | - Cargas RENFE | Spain |
| Alfonso GONZALEZ PISON | - Transfesa | Spain |
| Miklos HORVATH | - Hungarocamion | Hungary |
| Giuseppe LEALI | - Whirlpool | Italy |
| Heikki PESOLA | - Silja line | Finland |
| Koen VAN DER HORN | - IBM | Netherlands |
| Peter VINESTOCK | - Hydro | Netherlands |
| Andreas ZINK | - LKW-Walter | Austria |
| Angelo NICOTERA | - F & L Secretariat | |



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1. Introduction

1.1 Foreword

At the Annual General Meeting of November 15th, 1997 held in Paris, the European Freight & Logistics Leaders Club has decided to form a working group to study the cabotage liberalisation in the European Union.

This working group started its study in June 1998. From that date through mid-2000, it held 8 meetings and has written this final report to be presented at the F&L Annual General Meeting in Paris on November 17th, 2000.

1.2 Background

The growth in demand for transport services exceeds the rate of growth of GDP within the existing member States of the European Union.

It is anticipated that the demand for road freight will increase by almost 40% in the years between 2000 and 2010. The demand for the movement of goods by rail and inland waterways is expected to remain broadly static.

Whilst there may be some growth in the use of intermodal transport, it is unlikely that the modal switch will achieve more than a marginal slowing of the rate of growth of road freight.

Significant investment will be required to the road infrastructure throughout Europe to facilitate the growth in demand. However

- ❖ the limited financial resources of the E.U. will probably be insufficient to fund all the identified developments,
- ❖ the general trend towards protection of the environment will limit the development of new road infrastructure.

It is therefore essential that the utilisation of the existing infrastructure should be maximised.

This can be helped by the removal of the administrative, fiscal, and legislative barriers which have served to protect the interests of industrial sectors within member States, but which have inhibited the growth of pan - European commercial enterprises.

The liberalisation of the cabotage regimes across most forms of transport, was identified in the late 1980's to be one of the necessary steps to encourage pan-European enterprise.

This working party was set up to

- ❖ examine and identify the impact of this process of liberalisation,
- ❖ identify the major obstacles to the optimisation, notably through cabotage, of intra E.U. transport,
- ❖ make recommendations to overcome the obstacles.

2. Definition

Cabotage is the freedom for any transport company, registered in a member State of the European Union, to load, transport, and unload goods, for its own account or for the account of a third party, within any other member State, without having any branch in this country.



The liberalisation of cabotage in the European Union has been undertaken on an industry sector basis.

- ❖ Airfreight was liberalised from July 1st 1997.
- ❖ Road-freight was liberalised from the July 1st 1998.
- ❖ Sea-freight was liberalised from January 1st 1999.
- ❖ The European Parliament has adopted in June 2000 an amendment providing for the opening of cabotage in the rail-freight sector in 2005.

3. Key dates

4. Liberalisation of road cabotage

The Working Group has concentrated on the road freight sector. It did not attempt to assess the impact of liberalisation on other sectors.

4.1 Conditions of the liberalisation

4.1.1 Licences

In the road freight sector, the liberalisation process was introduced by an order of the European Council n° 4058/89.

Liberalisation began in July 1990 when a system of licences was introduced throughout the European Union, with the intention of progressively opening the cabotage market. Each licence allowed the applicant to operate one truck within a specific member State and was valid for two months.

The licence system was terminated after eight years on June 30th, 1998.

In 1991 16,000 such licences were available. 85,000 were available for 1997 and 55,000 for the 1st half-year 1998.

At no time between 1990 and 1998 did the demand for licences exceed the supply.

4.1.2 Regulations

The European Council Regulation n° 3118/93 of October 25th, 1993 fixed the conditions under which road cabotage would be liberalised from 1st July, 1998. Three conditions were applied:

A) Principle of Territoriality

The haulier who operates cabotage is subject to the regulations of the welcoming country in the following matters:

- ❖ Financial (= price, VAT, etc),
- ❖ Technical (= weight and size of vehicles, rules relating to some categories of freight such as dangerous goods or perishable products, etc),
- ❖ Traffic (= Highway Code, etc).

B) Principle of Nationality

The haulier who operates cabotage has to apply the regulations of his State of registration in the whole social field except on driving and resting hours of the truck drivers.

C) One European Principle

The driving and resting hours of the truck drivers are subject to the European Regulation n°3820/85, which has been in force since September, 1986 and is applicable to all drivers of all E.U. member States.

Share of road cabotage 4.2

The EEC Regulation n° 3118/93 on road cabotage stipulates that the European Commission has to present every two years to the European Council a report on the application of this Regulation. A first report "COM(1998) 47 final" has been issued on February 4th, 1998, covering the utilisation of the licences of cabotage from mid-1990 through the end of 1995.

The second report of the European Commission on road cabotage, "COM(2000) 105 final", was published on February 28th 2000. It extends the analysis until the end of June, 1998, when the quantitative restrictions to cabotage were abolished.

There is not yet an analysis at European level of the volume of cabotage performed in Europe since July 1998.

This report shows that the domestic markets have resisted to the entrance of non-domestic hauliers. Based on measurements in tonnes x kilometres, the share of the total road transport carried under the cabotage regime inside E.U. was estimated to be

- ❖ 0.05% in second half of 1990,
- ❖ 0.10% in 1992,
- ❖ 0.20% in 1995,
- ❖ 0.25% in 1996,



- ❖ 0.35% in 1997,
- ❖ and 0.40% in 1st half-year 1998.

Although the volume of cabotage has increased significantly from 1990 to 1998, its share of domestic road transports remains very weak.

The analysis of the whole 1990-1998 period shows other noteworthy elements:

- ❖ 68% of the road cabotage operations are performed inside Germany, the second ranking country being France with a share of 13%.
- ❖ The most active hauliers are those of Benelux countries who altogether perform 59% of total cabotage operations in the E.U., followed by the French hauliers who reach a share of 13%. The hauliers of Greece, Portugal and Spain, countries showing lower labour costs, are totalling only 2% of the road cabotage operations inside the E.U.

The interim results of sample surveys made in the EEC countries and reported to the Commission for the second half of 1998 indicate that there has not been a significant increase of road cabotage since the full opening on July 1st 1998.

The limited evidence at our disposal from the personal experience of members of the working group also suggest that the percentage of road cabotage has not increased significantly in 1999 and 2000.



To evaluate the impact of liberalisation, in more detail, members of the European Freight and Logistics Leaders Club were surveyed through a questionnaire.

Those surveyed were asked to answer four questions:

- ❖ What impact did the road cabotage regulations have on your business?
- ❖ What impact will the liberalisation of road cabotage have on your business?
- ❖ How do you intend to maximise the benefits of the opportunities presented by the liberalisation of road cabotage?
- ❖ What other transport restrictions within the EU need to be removed to enable companies to maximise the benefits of cabotage liberalisation?

5. Questionnaire

6. Response to questionnaire

The responses may be summarised as follows.

6.1 What impact did the road cabotage regulations have on your business? _____

Cabotage regulations did not impact on the closed loop distribution systems that had developed since the 1970's. Shippers were generally charged the total cost of the operation, even if the vehicle was running empty for some part of its total journey.

In open systems,

- ❖ Cabotage regulations had protected transport operators within their own States.
- ❖ Operators had maintained higher costs per kilometre in the domestic market than on international routes.
- ❖ Shippers were unable to substitute transport companies from other member States in the event of industrial disputes.

6.2 What impact will the liberalisation of road cabotage have on your business? _____

Respondents anticipated a number of positive consequences:

- ❖ Transport companies would be able to offer customers a wider range of services in other member States.
- ❖ The incidence of empty running would be reduced, and vehicle productivity would be improved.
- ❖ There would be increased competition between transport companies, particularly in border areas, with consequential reductions in transport costs.
- ❖ In "emergency" situations there would be a greater choice of transport contractors.

One respondent suggested that cabotage relaxation would increase the attraction of road freight over other modes.

How do you intend to maximise the benefits of the opportunities presented by the liberalisation of road cabotage? ___ 6.3

Respondents were preparing to:

- ❖ Re-negotiate transport costs with their transport contractors (some were prepared to share the financial benefit with the contractor).
- ❖ Redesign their transport infrastructure using central European hubs to maximise the advantages of liberalisation.

On an operational scale they were:

- ❖ Recruiting multi-lingual drivers.
- ❖ Training drivers on local language and customs.
- ❖ Informing customers that foreign drivers would be used.
- ❖ Checking the insurance situation for trading in other member States.

What other transport restrictions within the E.U. need to be removed to enable companies to maximise the benefits of cabotage liberalisation? _____ 6.4

The responses expressed wishes in four broad categories:

- ❖ Technical:
 - Harmonised vehicle construction and use regulations across member States.
 - Harmonised standards and enforcement of vehicle maintenance.
 - Harmonised security standards.
 - Harmonised vehicle access constraints throughout the EU.
- ❖ Taxation:
 - Harmonised Vehicle Excise Duties, Fuel Excise Duties, VAT and VAT repayment systems.
- ❖ Labour.
 - Harmonised working hours, minimum wage levels, etc.
- ❖ Penalties and Fines.
 - The same penalties and fines should apply when regulations are broken, irrespective of the operator's nationality.

6.5 Summary of findings of initial questionnaire

The returns suggested that the respondents would anticipate an increase in cabotage following the relaxation of restrictions.

However the Working Group was aware that the empirical data did not support that view, as cabotage represented less than 0.5% of the total volume of merchandise moved by road transport throughout the member States, and did not appear to be increasing.

The Group felt that the “Technical” barriers were covered by the work of the F&L Working Group called “Pros Cons of Standardisation” and chaired by Mr Rune Svensson, who has produced his report in November, 1999.

Equally the Group did not attempt to examine the impact of fines or penalties.

It investigated the financial and employment legislative barriers that were identified by the questionnaire respondents, and has concentrated on the following factors:

- ❖ VAT
- ❖ Fuel Taxes
- ❖ Vehicle taxes
- ❖ Employment costs
- ❖ Employment restrictions (e.g. Working Hour restrictions).

VAT 7.1

Appendix I shows the normal VAT rates in the E.U. and Associated countries.

Appendix II shows the principles of VAT taxation on intra-E.U. transports (including cabotage).

Several elements of the VAT regimes and procedures are obstacles to cabotage:

- ❖ There are significant differences in the levels of VAT between member States (rates ranging from 15% to 25%).
- ❖ VAT invoicing and deduction procedures differ between transactions within a State and those between member States.
- ❖ VAT refund procedures and payments vary between member States. Although the European Directive on VAT provides for a maximum delay of six months to refund the VAT credits, the actual delays practised by the member States exceed very often this time bar and can reach... three years!
- ❖ Having to pay VAT in the State where the cabotage is performed, the hauliers who, by definition, have no

branch of any kind in this State, **are obliged to nominate a tax representative in this State** to act on their behalf towards the local tax authorities. In addition to VAT payments, this tax representation also allows VAT deduction on local supplies.

However there is good news on the latter point. At their meeting in Luxembourg on 17th October, 2000, the Ministers of Economy and Finance reached agreement on a new European Directive which abolishes - from 2002 - the need for the enterprises to have tax representatives in those countries where they have no branch.

The introduction of this directive will eliminate complex, constraining and expensive VAT formalities for hauliers throughout the E.U.

7.2 Fuel Taxes

Appendix III shows the excise tax on automotive diesel oil in each E.U. country.

The Directive n° 92/82 EEC adopted on October 19th, 1992 has fixed a minimum level of excise tax on mineral oils. Each State can modulate the tax level beyond this threshold. The revenues raised by member States from taxing motor fuels vary significantly. When Luxembourg and Greece are applying the minimum excise tax, the level in the UK is almost three times the minimum.

The average of the fifteen member States is 33% above the minimum.

Fuel costs now represent over 25% of vehicle operating costs within the UK. The competitive distortion of these variations is significant, and will have a negative impact on cabotage.

7.3 Vehicle Taxes

Appendix IV shows the vehicle tax on 40 tonne truck+ semi-trailer in each E.U. country.

Various systems of vehicle tax are existing in the E.U. countries. In 1993, the Ministers of Transport have adopted a minimum vehicle tax level applicable from 1995.

The variation in vehicle tax levels are even greater than the variation in fuel taxes, with Swedish vehicles being taxed at twelve times the levels of Greece.

Whilst vehicle taxes represent a smaller percentage of total costs than fuel (approximately 5% in UK) in what is normally considered to be a low margin sector, such variations can also negatively impact on a company's ability to operate competitively across borders.

Employment costs _____ 7.4

Employment cost data - specifically relating to the road transport industry - could not be sourced on a comparative basis from all member States.

The income figures shown in Appendix V table "Labour costs in industry" relate to all industrial workers and may only be used as an indicative guide to the road transport industry.

As the UK was not a signatory to the Social Chapter of the Maastricht Agreement, its data are not included in the table.

Employment Regulations _____ 7.5

The hours which drivers are allowed to work vary significantly between member States.

Negotiations between employers and employees representatives have failed to produce agreement on standard working arrangements, so the Commission is attempting to introduce standardised arrangements through a European Directive which would update, improve and supersede the European Regulation n° 3820/85. However, after several meetings of the Transport Ministers of the fifteen member States, the last meeting being on October 2nd, 2000, where this project of Directive has been presented and discussed, no agreement has yet been reached.

Until this Directive is accepted and applied by all member States the present variations will continue and will contribute to the cost differences found within the European Transport industry.

The Working Group has not attempted to quantify the impact of the varying earning levels and employment

regimes, throughout the E.U. However as driver costs represent between 25% and 35% of total road transport costs, we would recommend that these matters should be investigated in more detail.

7.6 Other obstacles

In their discussions the members of the Working Group have identified a number of other factors which may inhibit the growth of cabotage.

These include:

- ❖ A higher incidence of “closed loop” systems (for which cabotage is inappropriate), as the distribution sector develops.
- ❖ A smaller “spot” market for road transport than was previously the case.
- ❖ Incomplete knowledge of the market preventing shippers and operators from meeting.
- ❖ Poor language skills of drivers.
- ❖ Additional cost price due to international drivers wage supplement and higher subsistence allowance: a study made this year by FTA (Freight Transport Association - UK) shows that the impact of such additional costs, for hauliers from Benelux or France performing cabotage in the U.K., is an increase of about 6% of the total cost price per km of a 40 tonne truck.
- ❖ Insurance complications.

The Working Group has gathered from national trade Associations and from local hauliers in each member State, the details of the costs of operating a 40 tonne truck with semi-trailer.

The costs of employed drivers and overhead costs have been included.

To enable comparison across the member States, the costs have been summarised in the same breakdown, are calculated on the basis of a vehicle covering approximately 100,000 kilometres per annum, and are expressed as euros per kilometre.

See Appendix VI “Cost price of freight trucking in Europe” and Appendix VII “Comments of Appendix VI”.

8. Comparison of Road Transport costs throughout the European Union

9. Conclusions and recommendations

The removal of road cabotage restrictions in July 1998 has not been followed by a significant increase in cabotage operations.

The share of domestic transports performed by hauliers of other member States remains at a low level: less than 0.5% for the whole European Union. Even in Germany, country where the majority of cabotage operations are performed, their share is hardly more than 1% of domestic tonnes x kilometres.

The data on cost price of freight trucking collected by the Working Group demonstrate the variations in the component costs, and therefore the total costs of road transport between the member States.

The differences in cost levels will inhibit the ability of operators from the higher cost base countries to capitalise on cabotage opportunities in other countries.

Operators from the lower cost countries should be able to take advantage of any opportunities, especially in the higher cost countries. The perceived threat resulting from this has already produced defensive reactions in the higher cost base countries (e.g. haulier protests in UK in autumn 1999).

However, the low level of cabotage operations, its slow rate of growth, and the established fact that the hauliers from lower cost countries have up to now taken only a tiny share in these operations show that cost is not the only factor.

The small size and the weak marketing organisation of most transport companies in Greece, Portugal and Spain are serious handicaps to operating in other countries.

On the other hand, it is not surprising that hauliers of Benelux, who are very accustomed to interstate operation due to the limited size of their territories, are the main cabotage operators.

The generalizing of the Euro currency on January 1st, 2002 will facilitate the price comparisons; it will also ease the in-

voicing and payments between hauliers and shippers of different countries. We therefore feel that Euro will be a favourable factor for an increase of the cabotage volume.

But many hindrances still exist because of the lack of harmonisation of the various regulations related to transport throughout Europe.

That is why we make the following recommendations.

VAT:

- ❖ The bracket of normal VAT rates in E.U. is too wide (from 15% to 25%) and should be reduced (e.g. from 15% to 20%) or ideally turned one day into only one rate.
- ❖ The VAT procedures should have been unified by 1997 (the current European VAT regime started in 1993 as an interim system). The Fifteen should commit on time limits to adopt and to implement the unified regime.
- ❖ The recent Directive which deletes the obligation of tax representative for operations in other countries will have to be implemented by all member States no later than 2002.

Fuel Taxes:

Up to now, the member States have agreed only on a **minimum** tax level.

In order to progress towards harmonisation, we recommend that the member States agree also

- ❖ in a first step on a **maximum** tax level, which will fix a bracket,
- ❖ in a second step on a planned reduction of the bracket.

Vehicle Taxes:

Same as above: the existing European agreement on a minimum level should be completed with a maximum level, and the reduction of the bracket should be planned.

Employment Regulations:

The project of new European Directive, which aims at updating and improving the fifteen year old and incomplete Regulation n° 3820/85 to unify the working conditions of truck drivers, has been discussed for several years, but vainly up to now.

The Transport Ministers of the E.U. should commit on a time limit, such as March, 2001, to adopt this necessary Directive.

Quantification:

Under the licence system operating between 1990 and 1998, the hauliers who received licences had to report to their Ministry of Transport data on the activities performed. These data were reported to the European Commission, who could then produce at E.U. level statistics on the road cabotage activities.

With the disappearance of the licences, the reports have stopped and another system of collecting the data was supposed to be implemented by the member States, according to Regulation n° 1172/98 on road statistics.

As we feel that it is important to measure and follow the evolution of cabotage, we recommend that the Commission puts pressure on the States to obtain timely and reliable statistics.

During our collecting information country by country on cost prices of freight trucking, we felt that no organisation was consolidating such information on a regular basis. We therefore suggest that the European Commission include such a topic in its regular statistics collection and consolidation. The breakdown defined in our Appendix VI could be used.

With the delegation of the responsibility for the implementation of financial and legislative policies to member States, and the anticipated expansion of membership base of the Union it is unlikely that we will see common base costing across the European road transport industry in the foreseeable future. Indeed the expansion into coun-

tries with significantly lower labour costs than are currently found in member States will contribute to delay the process further.

The European Commission should therefore concentrate its efforts on promoting the environment for the creation of a more open market place in which the demand for transport and the supply of transport services can more easily be matched.

The encouragement of the use of the Internet to facilitate such developments would be welcomed.

Appendix I

Normal VAT rates in the E.U. (and associated countries)

The VAT framework is determined at E.U. level, but the rates are decided by each member state. (Presentation in decreasing order).

| E.U. | % | Associated countries | % |
|-------------|------|-------------------------------|------|
| Denmark | 25.0 | Hungary | 25.0 |
| Sweden | 25.0 | Slovakia (not yet associated) | 23.0 |
| Finland | 22.0 | Czech Republic | 22.0 |
| Belgium | 21.0 | Poland | 22.0 |
| Ireland | 21.0 | Slovenia | 19.0 |
| Austria | 20.0 | | |
| Italy | 20.0 | | |
| France | 19.6 | | |
| Greece | 18.0 | | |
| Netherlands | 17.5 | | |
| UK | 17.5 | | |
| Portugal | 17.0 | | |
| Germany | 16.0 | | |
| Spain | 16.0 | | |
| Luxembourg | 15.0 | | |

Source: CAT GROUP

Appendix II

Principles of VAT taxation on Intra-E.U. transport, including approach transport and accessory services

| Particulars of the transport A, B, C, D = from a State to another E = inside a State | Place of VAT taxation | VAT debtor |
|--|---|---------------|
| A) Supplier and customer established in the member State where the transport is started | Member State of the supplier | Supplier |
| B) Supplier established in the member State where the transport is started, customer established in another member State | Member State of the customer | Customer |
| C) Supplier and customer established in a member State other than the one where the transport is started | Member State of the supplier | Customer* |
| D) Supplier established in a member State other than the one where the transport is started, customer established in the member State where the transport is started | Member State where the transport is started | Customer |
| E) Supplier established in a member State other than the one where the transport is performed = cabotage regime | Member State of the supplier | Supplier |

* Supplier, if it is established in the same member State as the customer.
Source: Federation Transport et Logistique de France

Exercise tax on automotive diesel oil

at May 1999 in decreasing order

Appendix III

| | Amount in Euro per 100 Liters | Index based on the cheapest |
|------------|----------------------------------|--------------------------------|
| UK | 706 | 279.1 |
| ITALY | 403 | 159.3 |
| FRANCE | 382 | 151.0 |
| GERMANY | 348 | 137.5 |
| NETHERLAND | 346 | 136.8 |
| IRELAND | 330 | 130.4 |
| DENMARK | 307 | 121.3 |
| FINLAND | 305 | 120.6 |
| PORTUGAL | 295 | 116.6 |
| BELGIUM | 290 | 114.6 |
| AUSTRIA | 290 | 114.6 |
| SWEDEN | 280 | 110.7 |
| SPAIN | 270 | 106.7 |
| GREECE | 254 | 100.4 |
| LUXEMBOURG | 253 | 100.0 |

Source: European Commission

Motor vehicle tax on 40 t (total weight)

TRUCK + SEMI-TRAILER (high standard vehicles)

in decreasing order

Appendix IV

| | Amount in Euro per year | Index based on the cheapest |
|-------------|----------------------------|--------------------------------|
| SWEDEN | 3951 | 1230.8 |
| AUSTRIA | 2729 | 850.2 |
| GERMANY | 1881 | 586.0 |
| FINLAND | 1544 | 481.0 |
| UK | 1154 | 359.5 |
| PORTUGAL | 1023 | 318.7 |
| IRELAND | 1016 | 316.5 |
| NETHERLANDS | 955 | 297.5 |
| BELGIUM | 806 | 251.1 |
| DENMARK | 704 | 219.3 |
| FRANCE | 549 | 171.0 |
| ITALY | 541 | 168.5 |
| SPAIN | 534 | 166.4 |
| LUXEMBOURG | 511 | 159.2 |
| GREECE | 321 | 100.0 |

Source: European Commission

Appendix V

Labour costs in industry (1996) in decreasing order

| | Amount per hour in ECU | Index based on the cheapest | % of indirect costs |
|-------------|------------------------|-----------------------------|---------------------|
| GERMANY | 26.5 | 434.4 | 25.6 |
| BELGIUM | 25.8 | 423.0 | 32.6 |
| AUSTRIA | 24.6 | 403.3 | 29.6 |
| SWEDEN | 23.9 | 391.8 | 32.3 |
| DENMARK | 23.0 | 377.0 | 8.1 |
| NETHERLANDS | 22.6 | 370.5 | 25.1 |
| FRANCE | 22.5 | 368.9 | 33.1 |
| FINLAND | 19.7 | 323.0 | 24.9 |
| LUXEMBOURG | 19.3 | 316.4 | 16.0 |
| ITALY | 17.2 | 282.0 | 34.0 |
| SPAIN | 14.9 | 244.3 | 26.4 |
| IRELAND | 13.8 | 226.2 | 16.5 |
| GREECE | 9.6 | 157.3 | 24.0 |
| PORTUGAL | 6.1 | 100.0 | 24.8 |

Source: European Commission (UK: not available)

Cost price of freight trucking in Europe - 4th quarter 1999 in Euros per KM

(40 tonne truck+semi-trailer - 100000 km p.a.)

Appendix VI

| Country | Standing cost | | Running cost | | | | Total | | |
|-----------------|----------------|-------------------|--------------|-------|------------------|------------------|-----------------|-------------------|---------------------|
| | Taxes & Insur. | Deprecia- tion | Fuel | Tyres | Mainte- nance | Vehicle costs | Driver costs | Overhead costs | Total (Euros/km) |
| AUSTRIA | 0,12 | 0,18 | 0,21 | 0,04 | 0,08 | 0,63 | 0,41 | 0,17 | 1,21 |
| BELGIUM/LUXEMB. | 0,08 | 0,19 | 0,21 | 0,04 | 0,10 | 0,62 | 0,40 | 0,17 | 1,19 |
| DENMARK | 0,18 | 0,19 | 0,24 | 0,03 | 0,10 | 0,74 | 0,38 | 0,19 | 1,31 |
| FINLAND | 0,06 | 0,14 | 0,23 | 0,03 | 0,08 | 0,54 | 0,32 | 0,14 | 1,00 |
| FRANCE | 0,07 | 0,15 | 0,23 | 0,03 | 0,08 | 0,56 | 0,35 | 0,16 | 1,07 |
| GERMANY | 0,08 | 0,17 | 0,24 | 0,03 | 0,08 | 0,60 | 0,43 | 0,17 | 1,20 |
| GREECE | 0,02 | 0,12 | 0,19 | 0,05 | 0,07 | 0,45 | 0,15 | 0,10 | 0,70 |
| IRELAND | 0,13 | 0,13 | 0,22 | 0,05 | 0,11 | 0,64 | 0,30 | 0,16 | 1,10 |
| ITALY | 0,15 | 0,16 | 0,25 | 0,04 | 0,08 | 0,68 | 0,32 | 0,17 | 1,17 |
| NETHERLANDS | 0,04 | 0,16 | 0,23 | 0,04 | 0,09 | 0,56 | 0,39 | 0,16 | 1,11 |
| PORTUGAL | 0,03 | 0,13 | 0,16 | 0,03 | 0,04 | 0,39 | 0,15 | 0,09 | 0,63 |
| SPAIN | 0,03 | 0,14 | 0,19 | 0,03 | 0,06 | 0,45 | 0,23 | 0,11 | 0,79 |
| SWEDEN | 0,06 | 0,16 | 0,25 | 0,05 | 0,12 | 0,64 | 0,35 | 0,17 | 1,16 |
| UNITED KINGDOM | 0,10 | 0,15 | 0,37 | 0,05 | 0,11 | 0,78 | 0,34 | 0,20 | 1,32 |
| E.U. AVERAGE | 0,10 | 0,16 | 0,23 | 0,04 | 0,09 | 0,59 | 0,32 | 0,15 | 1,07 |

Sources: Trade Associations and Local Hauliers

Appendix VII

Comments of Appendix VI

1. Total costs

The E.U. average total cost is 1.07 EUR/km.

States significantly above the average are UK (1.32 EUR/km), Denmark (1.31 EUR/km), Austria (1.21 EUR/km), Germany (1.20 EUR/km) and Belgium (1.19 EUR/km).

Member States close to the average are Italy (1.17 EUR/km), Sweden (1.16 EUR/km), Netherlands (1.11 EUR/km), Ireland (1.10 EUR/km), France (1.07 EUR/km) and Finland (1.00 EUR/km).

Those below the average costs are Spain (0.79 EUR/km), Greece (0.70 EUR/km) and Portugal (0.63 EUR/km)

2. Vehicle operating costs

The average vehicle operating cost is 0.59 EUR/km.

States significantly above the average are UK (0.78 EUR/km), Denmark (0.74 EUR/km) and Italy (0.68 EUR/km).

Member States close to the average are Ireland and Sweden (0.64 EUR/km), Austria (0.63 EUR/km), Belgium (0.62 EUR/km), Germany (0.60 EUR/km), France and Netherlands (0.56 EUR/km), and Finland (0.54 EUR/km).

Those below average costs are Spain and Greece (0.45 EUR/km) and Portugal (0.39 EUR/km).

3. Driver costs

The average driver cost is 0.32EUR/km.

States above the average are Germany (0.43 EUR/km), Austria (0.41 EUR/km), Belgium (0.40 EUR/km), Netherlands (0.39 EUR/km) and Denmark (0.38 EUR/km).

Those close to the average are France and Sweden (0.35 EUR/km), UK (0.34 EUR/km), Finland and Italy (0.32 EUR/km), Ireland (0.30 EUR/km).

Those below the average are Spain (0.23 EUR/km), Greece and Portugal (0.15 EUR/km).

4. Overhead costs

When the information was not available, which happened for several States, it has been estimated as one sixth of the direct costs (vehicle + driver costs).

Conclusions --- 5.

- ❖ French costs appear to be 'benchmark' against which other costs may be measured.
- ❖ UK and Denmark have high total costs for different reasons: respectively high fuel costs and high tax/insurance/driver costs.
- ❖ Ireland and Italy are high in vehicle costs but cheap in driver cost.
- ❖ Netherlands are cheap in vehicle costs but high in driver costs.
- ❖ Portugal is the cheapest in most direct cost components. Its total cost is half of the highest (UK).
- ❖ In each case there may be greater variation between individual component costs than at the total cost level: e.g. the cost of fuel in the UK is approx. 60% higher than the average, but total UK costs are only 23% above the average.



AD INTERIM OFFICE

EUROPEAN FREIGHT & LOGISTICS
LEADERS CLUB

Via Tortona, 16 - 20144 Milano - Italy
Tel. +39.02.89423765 - Fax +39.02.83201592
e-mail: felclub@ats.it - www.europeanfreight.org



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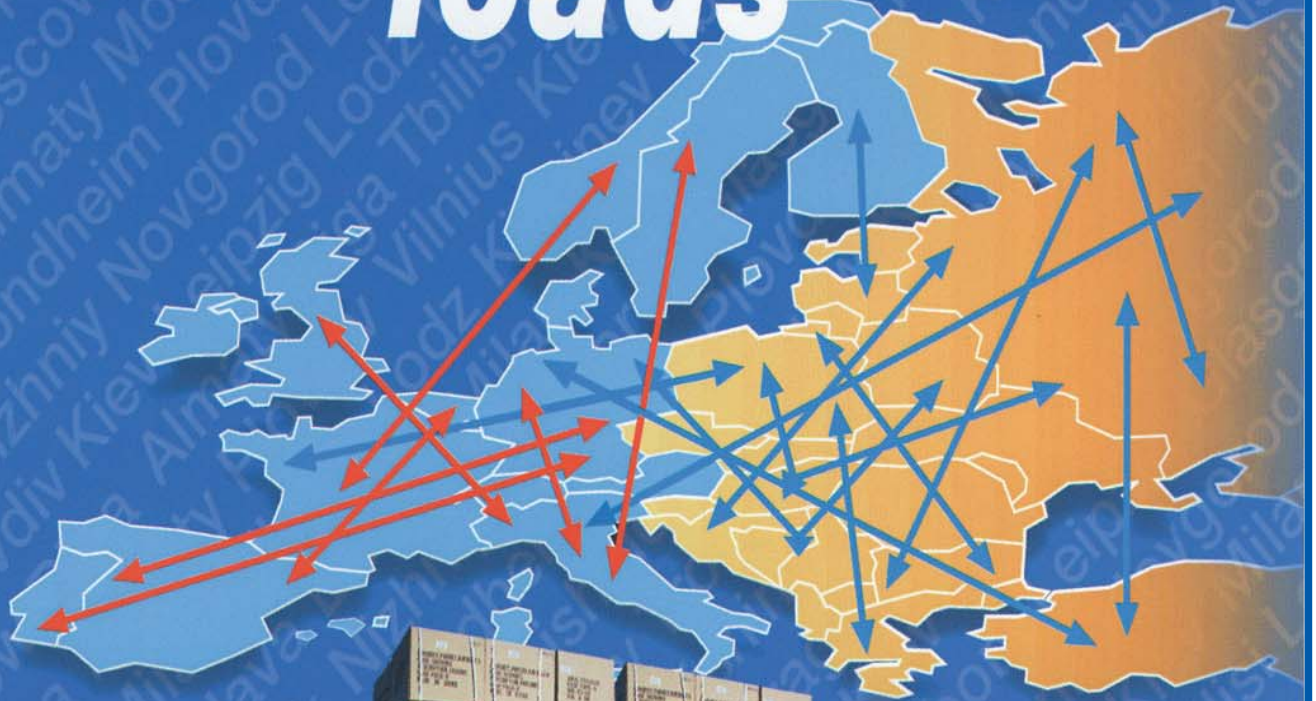
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