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To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union
No. Cion doc.:	SWD(2017) 197 final
Subject:	COMMISSION STAFF WORKING DOCUMENT EXECUTIVE SUMMARY OF THE IMPACT ASSESSMENT Accompanying the document PROPOSAL FOR A DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Directive 2006/1/EC on the use of vehicles hired without drivers for carriage of goods by road

Delegations will find attached document SWD(2017) 197 final.

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Brussels, 31.5.2017
SWD(2017) 197 final

COMMISSION STAFF WORKING DOCUMENT
EXECUTIVE SUMMARY OF THE IMPACT ASSESSMENT

Accompanying the document

**PROPOSAL FOR A DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF
THE COUNCIL**

**amending Directive 2006/1/EC on the use of vehicles hired without drivers for carriage
of goods by road**

{COM(2017) 282 final}
{SWD(2017) 196 final}
{SWD(2017) 198 final}
{SWD(2017) 199 final}

Executive Summary Sheet

Impact assessment of a proposal for a Directive amending Directive 2006/1/EC on the use of vehicles hired without drivers for the carriage of goods by road

A. Need for action

What is the problem and why is it a problem at EU level?

- 1) In some EU Member States, own account operators (i.e. companies carrying their own goods) cannot use hired goods vehicles above six tonnes and therefore cannot benefit from the associated advantages (in terms of flexibility, productivity and allocation of capital).
- 2) Vehicle hiring markets in EU Member States with restrictions remain underdeveloped, leading to higher prices and less choice for those not affected by the restrictions.
- 3) The ability of EU Member States to prohibit the use of vehicles hired in another EU Member State leads to a patchwork of restrictions. The resulting legal uncertainty keeps hauliers away from hiring vehicles in another EU Member State.
- 4) Companies active in the vehicle hiring business and transport operators cannot make the most efficient use of their fleet (e.g. by moving their vehicles around to respond to temporary demand peaks)

What should be achieved?

- Further integration of - and the creation of a level playing field in - the EU road haulage market;
- Create a uniform regulatory framework on the use of hired vehicles;
- Allow transport operators across the EU to carry out their activities in the most efficient way possible;
- Support the reduction of negative social and environmental impacts of transport.

What is the value added of action at the EU level (subsidiarity)?

Road transport is increasingly international. A level playing field in the internal road haulage market and vehicle hiring sector can only be achieved through action at EU level. EU Member States cannot find uniform solutions.

B. Solutions

What are the various options to achieve the objectives? Is there a preferred option or not? If not, why?

Option 0: Issue recommendations and guidelines on the application of the Directive in the EU Member States and promote a common approach to restrictions on the use of hired goods vehicles.

Option 1: Targeted legislative amendments.

1a: Allowing the use of hired goods vehicles for own account operations across the EU.

1b: Allowing the use of goods vehicles hired in another EU Member State for three-to-four months.

1c: Combine Option 1a and Option 1b.

Option 2: Applying the same rules on the use of hired vehicles as the ones on the use of vehicles owned by operators (or at least not more restrictive rules, as the use of hired vehicles should not be disadvantaged)

Option 1c is the most effective option. It creates the highest economic benefits at relatively low costs. It is better than Option 2 as it provides for uniform rules across the EU on the use of vehicles hired in another EU Member State during a given period of time.

What are different stakeholders' views? Who supports which option?

Transport operators and the vehicle hiring industry support the creation of uniform rules for the EU road transport market. Some public authorities and trade union representatives fear more competitive pressure from the removal of restrictions for own account operators and more difficulties in enforcing road transport legislation by allowing the use of vehicles hired in another EU Member State.

C. Impacts of the preferred option
What are the benefits of the preferred option (if any, otherwise of main ones)?
<p>Removing the restrictions on the use of hired goods vehicles for own account transport (which are currently only applied in Greece, Italy, Spain and Portugal) should by 2030 create around EUR 75 million of annual cost savings for own account transport operators in these countries. In addition, allowing the use of vehicles hired in another EU Member State for three-to-four months should generate cost savings of some EUR 83 million. Option 1c could therefore reduce operating costs by a total of EUR 158 million per year. In addition, the profitability of the vehicle hiring sector is expected to increase by EUR 81 million, bringing the total economic benefit to around EUR 240 million per year by 2030.</p> <p>Option 1c will lead to almost 5 000 additional jobs, 2 900 in the vehicle hiring sector and 1 700 in the road haulage business. Road safety should improve slightly as newer and better maintained vehicles are used.</p> <p>The environmental effects are positive (lower emissions due to higher fuel efficiency) although not significantly due to the relatively small size of the sector.</p>
What are the costs of the preferred option (if any, otherwise of main ones)?
<p>As the preferred option removes restrictions on the use of hired vehicles, compliance costs for operators will be lower. National authorities may face some additional enforcement costs to prevent their companies from flagging out the whole fleet to low-tax countries and renting it back from there. The use of existing enforcement systems such as the European Register of Road transport Undertakings (ERRU) should limit the additional costs.</p> <p>Fears of possible negative impacts on working conditions have been raised due to the expected higher competitive pressure in more open markets and due to a feared increase in illegal competition from own account operators (a fear not shared by anyone from a country without restrictions). Allowing the use of vehicles hired in another EU Member State could make enforcing road transport legislation more difficult.</p>
What are the impacts on SMEs and competitiveness?
<p>Enabling the use of hired goods vehicles e.g. by allowing temporary cross-border hiring can help companies in the road haulage sector (which are mostly SMEs) save costs and increase their flexibility and productivity. The same applies to SMEs among the own account operators who are currently banned from using hired goods vehicles. The vehicle hiring sector also mainly consists of SMEs which will be able to increase their productivity.</p>
Will there be significant impacts on national budgets and administrations?
<p>Due to the on average higher utilisation rate of hired vehicles, the more hired vehicles are used the fewer vehicles are needed to carry out all the transport operations. In Option 1c, this is assumed to lead to a loss of EUR 18 million in vehicle taxes across the EU. At the same time, the increased productivity of transport operators and of vehicle hiring companies is expected to lead to EUR 67 million in additional corporation tax revenues. So, in total there should be additional net tax revenues of around EUR 49 million.</p> <p>Limited enforcement costs may occur to prevent operators from flagging out their entire fleet to low-tax countries and then hiring it back through renewed short-term contracts (see above).</p>
Will there be other significant impacts?
No.
Proportionality?
The preferred option does not go beyond what is needed to achieve the objectives of the initiative.
D. Follow up
When will the policy be reviewed?
A review clause has been inserted which states that the Commission will submit a report on the implementation and effects of the Directive at the latest five years after the end of the transposition period.