

Limiting cabotage

Temporary... but st

On May 22nd, the European Commission introduced a proposition for ending the ambiguity surrounding the notion of cabotage. Although necessary, this proposition is not set to be adopted for quite a long time. And the opening of cabotage to the countries of Central Europe is just around the corner...

Road transport cabotage remains a sensitive issue. As proof of this, the IRU has not reacted to the Commission's proposition, and is only to set out its position on this subject in October. Yet this Geneva-based institution showed itself to be far more vociferous when complaining about the lack of competitive conditions at the end of the last century.

Temporary measure

Cabotage is defined as an internal transport mission wholly carried out within one member state, by a transport company from another member state. The current regulations set out that such operations are authorised 'as a temporary measure and without any limitation as to quantity'. Since cabotage was liberalised on July 1st 1998, the ambiguous nature of 'temporary measure' has encouraged certain states to try and limit by themselves, that which the European Union did not want to specify.

The first thing to happen was that in 2005 the Commission published a 'consultative communication' on this subject, and has just put down a proposition to limit cabotage to three consecutive operations in a seven day period. This proposition, which would enable the vast majority of

"It is time to fix limits for cabotage, to prevent anarchy spreading from one country to another"

operations which nowadays claim to be cabotage to be seen as exactly that, has nevertheless been widely criticised by the transport federations of the smaller countries, starting with the Benelux. It is true that the Benelux countries have always been the most active in cabotage.



A few years ago, a survey carried out amongst the members of the Belgian 'Febetra' federation (a member of the IRU), showed that a majority of transporters were in favour of limiting cabotage. It would appear that these same companies are now opposed to such limitation, buoyed by good economic conditions and by having weathered the storm of the entry of Central European transport companies onto the European market. The arguments have hardly changed: the proposition would go against the free circulation of goods and go against the desire to limit empty journeys, with a negative impact on the environment. In short, protecting national markets would seem to be the hidden agenda for the Commission. Transporters from the large countries, who no longer believe themselves to be threatened by cabotage, don't see it the same

way. Clarification is clearly necessary, so that we do not see a multiplication of national regulations.

National measures

France only authorises foreign transporters to operate on its territory for 45 days a year, of which 30 are consecutive. Transporters carrying out cabotage missions have to have a French VAT number, and since the end of 2005 the drivers for these missions who work for more than a week are considered as being on secondment, and therefore subject to French social legislation.

In Italy, the maximum number of days is 60, and companies also have to be registered for Italian VAT. In the UK and Greece, finally, vehicles involved in cabotage have to leave the country at least once a month. But the most restrictive measures

ill here



The small countries, where little cabotage is carried out, are in favour of total liberalisation of the practice.



Austria has made cabotage within its own borders much more difficult.



CABOTAGE IN EUROPE

	A	B	D	DK	E	F	FI	I	IE	L	NL	P	S	UK
The proportion of cabotage in the volume of national transport	2,17%	2,54%	1,69%	1,75%	0,60%	2,56%	0,05%	0,63%	0,94%	2,03%	0,75%	0,40%	1,09%	1,20%
The proportion of national transporters in cabotage (EU 15)	3%	13%	14%		8%	5%		6%	4%	16%	20%			
The proportion of cabotage within the activities of national transporters	1,00%	3,80%	0,60%	1,10%	0,50%	0,30%	0,20%	0,40%	2,90%	23,60%	3,30%	1,80%	0,50%	0,10%

(data from 2004, sources: Cronos / Eurostat)

have just been taken in Austria, where there is more fear than anywhere else involving competition from Central European transporters. Since July 18th, a transporter has had to set out on a control sheet, two weeks in advance, the start and finish dates for the cabotage. A measure which is absolutely incompatible with the aims of cabotage, which are to limit empty trips via non-permanent assignments.

It is therefore high time that clarification was given. But it is not likely that the Portuguese and Slovenian presidencies – two countries which see little in the way of cabotage – are going to push the dossier forward very much. France, however, will hold the presidency of the European Union in July 2008. And as one of the countries of Europe to see the most cabotage, it will probably be very keen to see an agreement.

The economic scale of cabotage

Two months prior to this date, on May 1st 2008, the cabotage market will be opened up to transporters from the new member states which joined the EU in 2004 (Slovenia has been free of cabotage since its entry into the Union). And it is precisely this which is frightening some countries, just as all European transport companies were frightened when Europe was enlarged.

It has been said before – cabotage only represents less than one percent of the European road transport market. But it is growing more rapidly than the market (86% up between 1999 and 2004) and it is more in evidence in areas with high transport activity, such as ports. Its definitive liberalisation will for certain represent another crack of the whip and the transporters of Central



IN THE MEANTIME...

To our knowledge, no judgement from the European Court of Justice has pronounced on the 'temporary' nature of cabotage operations. But this doesn't mean that anything goes. So anything which may be done in the belief that cabotage operations are permanent, is risky:

- exclusively working for a single client
- systematic organisation of the same cabotage operations within the framework of regular weekly international transport journeys
- cases where the vehicle never leaves the country where the cabotage takes place
- cases where the vehicle enters or leaves the cabotage country empty.

Europe will be the first to benefit. If you want to be convinced of this, you only have to see how much the area of cross-trade has grown – transport between two member states carried out by a transporter from a third member state – since 2004.

Whereas the Dutch, German and Austrian transporters were most active in this particular area in 2004, the Polish took top spot the follow-

ing year, doubling their volume of activity. And the Czech, Lithuanian and Slovakian transporters are not being left behind. There is no reason why the same should not be true of cabotage... except for the lack of drivers which is set to become a factor in Central Europe.

Claude Yvens ■