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Connecting Authorities for Safer Heavy Goods Traffic in the Baltic Sea Region

COMPLIANCE AND ENFORCEMENT OF REGULATIONS OF INTERNATIONAL ROAD HAULAGE

Exploratory findings in the Baltic Sea Region in 2009

Eduardo Alvarez-Tikkakoski

Tomi Solakivi

Lauri Ojala

Harri Lorentz

Sini Laari

Baltic Sea Region Programme 2007–2013

Part-financed by the European Union (European Regional Development Fund)

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EXECUTIVE SUMMARY

This study is produced by the C.A.S.H. project[1], which aims to develop practical solutions to make international road freight transport safer, more predictable and affordable in the Baltic Sea Region (BSR). 12 partner organisations from 8 BSR countries participate in the project in 2010, many of which are road police authorities (or equivalent).

This exploratory study looks at compliance and enforcement of safety and security regulations of international road freight transport in the Baltic Sea Region. It is based on interviews of three stakeholder groups[2] in Estonia, Finland, Latvia, Lithuania and partly also in Poland Sweden and Germany conducted in autumn 2009. German and Swedish results should be treated purely as anecdotal.

A follow-up survey is being conducted in autumn 2010, with continuation planned for 2011 and 2012.

The economic downturn in 2008-2009 has had a severe impact in the profitability of international road haulage firms as significant oversupply has emerged in many countries. This increases the likelihood that some hauliers neglect safety and security issues under heavy cost pressures. On the other hand, the situation also forces road haulage firms to improve their service level.

For shippers, the availability of road haulage services is good and freight levels continue to remain low, although it may still be difficult to find suitable equipment for special purposes.

The findings show – not surprisingly - that different stakeholder groups' attitudes towards regulations diverge quite a lot. Whilst authorities were eager to extend the regulatory framework, road hauliers and shippers and their industry associations claimed that the regulatory framework is already sufficient or even too tight.

In the view of traffic safety regulatory framework in EU countries, there have either been improvements over the last years or the level has been constantly at a good or at a very good level.

[1] C.A.S.H. stands for "Connecting Authorities for Safer Heavy Goods Traffic in the Baltic Sea Region"; running from Sept. 2009 to Sept. 2012, and it is part-financed by EU's European Regional Development Fund through the Baltic Sea Region Programme 2007-2013.

[2] (i) Hauliers with industry associations; (ii) shippers; and (iii) law enforcement authorities

For EU countries in the BSR, the enforcement of regulatory framework was generally seen as appropriate. German and Polish authorities both regarded cargo securing as the most problematic issue. In addition, German and Estonian transport associations found that drive and rest hours and cargo securing were the main problem. However, it was more difficult to find common patterns concerning enforcement than non-compliance.

Estonia, Latvia, Lithuania and Poland were identified as a group in which drive and rest hours and overloads were seen as most problematic factors by the authorities.

The majority of interviewees considered that the level of safety culture in road haulage firms had significantly improved since year 2005 and that the same trend would continue till year 2011. The perceived level of hauliers' safety culture in BSR appears to have improved somewhat in most respondent countries, while comments from Northern Germany indicated a slight decrease, possibly due to the economic crisis.

Collaboration between authorities and hauliers, and drivers' training were mentioned as the developments which had most improved road freight safety. In contrast, answers on factors that have deteriorated the safety culture were non-conclusive.

The level of regulatory framework inside Russia and Belarus was estimated to be at the same level or slightly lower than in other countries in the BSR. From the enforcement perspective, the situation in Russia and Belarus was assessed as neither poor nor good.

Drive and rest hours were considered as the most problematic regulatory issue concerning traffic safety compliance of Russian and Belarussian drivers within the BSR, whereas alcohol and/or drug use was among the two most problematic issues concerning enforcement.

As a rough generalization, authorities assessed that people, cargo and vehicles are subject to minor security risks, cargo being the primary objective of theft or larceny. In contrast, transport companies maintained that also the security of drivers and vehicles is jeopardized.

Several interviewees were seriously concerned about the possible consequences of a protracted financial crisis which could result in increased crime rates and in a freezing of security equipment investments.

Finally, the ease of entry into the market and freedom of movement inside the EU were also considered as a potential safety and security risk for international road haulage in the Baltic Sea Region.

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ACRONYMS

AEO	= Authorized Economic Operator, a voluntary scheme to facilitate trade by e.g. World Customs Organisation, EU
AETR	= Convention on driving and rest hours in road transport
ADR	= Convention on transport of dangerous goods by road
BSR	= Baltic Sea Region
C.A.S.H.	= ”Connecting Authorities for Safer Heavy Goods Traffic in the Baltic Sea Region”; this project
C-TPAT	= Customs-Trade Partnership Against Terrorism in the US
DE	= Germany
DK	= Denmark
EE	= Estonia
FI	= Finland
HGV	= Heavy Goods Vehicle
LT	= Lithuania
LV	= Latvia
NO	= Norway
PL	= Poland
SE	= Sweden
TIMSSS	= The Impact of the Market Structure on Safety and Security; the acronym for this project component
UNECE	= United Nations Economic Commission of Europe

1 INTRODUCTION

1.1 Project introduction – C.A.S.H.

This study is part of the C.A.S.H. project - Connecting Authorities for Safer Heavy Goods Traffic in the Baltic Sea Region. C.A.S.H. project is part-financed by the European Union (European Regional Development Fund) through the Baltic Sea Region Programme 2007-2013. To find out more about the programme, visit http://eu.baltic.net/

C.A.S.H. project aims to develop practical solutions to make international road freight transport safer, more predictable and affordable in the Baltic Sea region. The project intends to do this by:

- improving co-operation between authorities
- harmonising training of inspection officials
- testing safety equipment and IT systems to be used by relevant authorities

The C.A.S.H. project is due to run for three years, from September 2009 to September 2012. The project will benefit not only the authorities inspecting the traffic through harmonised practices, but logistics business as a whole. The project is co-ordinated by Turku School of Economics in Finland, as part of University of Turku.

The C.A.S.H. project partnership is made up of 12 organisations in eight countries[3] around the Baltic Sea Region (Figure 1), including:

- police and other authorities dealing with road traffic safety
- regional councils
- research institutes

[3] Including a Swedish partner, which is joining the project in late 2010.

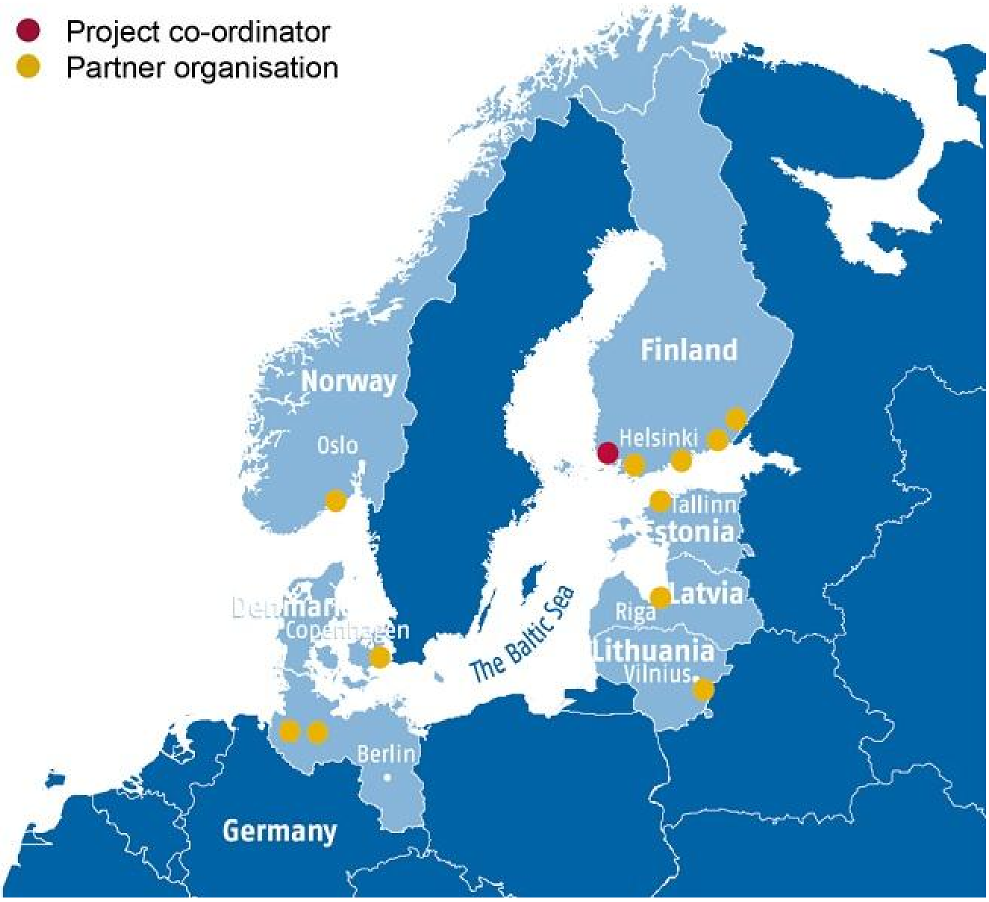


Figure 1 The locations of the C.A.S.H. partner organisations and countries in autumn 2009 (the project co-ordinator, Turku School of Economics as part of Turku University, is in red). A Swedish partner is joining the project in late 2010.

Why C.A.S.H. project was created

With about one million road haulage companies in Europe and over 560,000 million tonkilometer of goods transported annually on the roads of the Baltic Sea region, the road freight transport is big business.

Despite similar regulations, authorities in European countries may apply different practices and equipment to inspect the traffic. This puts additional pressure on road haulage companies that have to comply with regulations when they are already facing the challenges of a very competitive market.

In addition, more than 1,300 fatalities involving a heavy vehicle took place in the Baltic Sea region in 2007, equal to 10 % of all accidents.

This is why 12 organisations from 7 countries in the Baltic Sea area created the C.A.S.H. project. The project brings together police officers and other authorities inspecting Heavy Goods Vehicles (HGVs) in the Baltic Sea area in order to spread good inspection practices across the region.

To find out more about the project and the different work packages, as well as a list of the participating countries and organisations, please visit the project website www.cash-project.eu

1.2 Purpose of this study

This research project "The Impact of the Market Structure on Safety and Security" (TIMSSS) is part of the C.A.S.H-project. The main research problem to be addressed in TIMSSS is as follows: (Figure 2.)

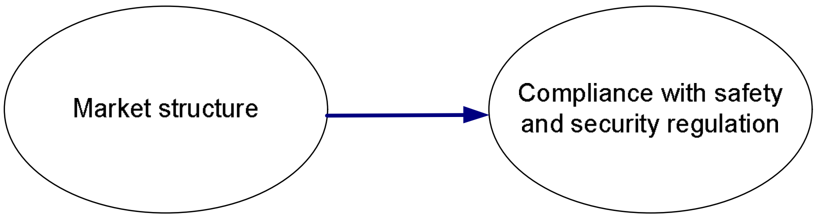


Figure 2 A priori model of the survey

Market structure in an industry comprises for example the following elements:

1. industry concentration (e.g. what share of the industry sales is generated by the largest companies) or how competitive in general is the industry,
2. how open is the market to new entrants / substitute services?
3. what is the bargaining power of customers/suppliers?

Safety and security regulations are defined as national and EU level regulations and policy initiatives that aim to maintain and increase the safe and secure transport, warehousing and handling of cargo, especially in the context of Dangerous Goods and Heavy Goods Vehicles.

TIMSSS investigates whether the recent changes in the structure of logistics and transport markets that increase competition and tend to drive down profitability affect negatively the level of compliance with safety and security regulations.

Increasing cost pressure force road carriers to seek ever more efficient operational models. While this can lead to improved productivity, it may also lead to:

1. more complex subcontracting,
2. more difficult quality control,
3. deterioration of safety and security culture,
4. inferior equipment,
5. an (increasing) polarisation between high quality and substandard carriers.

The interviews aimed to provide a general understanding of cross-border HGV (Heavy Goods Vehicles) traffic including possible differences among countries in the Baltic Sea region during:

- the past 4-5 years (i.e. since the EU membership of EE, LT,LV and PL)
- end-year 2009 (i.e. the current situation)
- the next two years (i.e. till the end of year 2011)

The aim was not to highlight individual operators: firms, authorities nor individuals. All responses were treated anonymously.

1.3 Execution of the survey

In order to investigate the impact of market structure pattern changes on the compliance of transport companies with safety and security regulations, three different stakeholder groups were interviewed[4] according to the following categories:

1. Road transport industry association or a road haulage firm
2. Shipper representative either from a shippers association or an export/import firm

[4] The Interviews were conducted by: Estonia; Juho Rantalaiho and William Uchay, Germany and Sweden; Eduardo Alvarez-Tikkakoski and Juha Wähäsilta, Latvia; Herman Saari and Simo Tiilikainen, Lithuania; Noora Fils and Antti Peura, Poland: Johanna Matikainen, Mirka Mönkäre, Mira Saarikko. The report was written by Eduardo Alvarez-Tikkakoski under supervision of Tomi Solakivi. The questionnaire used was developed by Lauri Ojala and Harri Lorentz.

3. Road police, Road Transport Inspectorate or an equivalent Competent Authority

This interview round in October-November 2009 is the first phase of TIMSSS, which will be carried out in several stages in 2009-2012. These first exploratory interviews were carried out by a team of graduate students of logistics at Turku School of Economics.

Consequently, the aim was to interview a representative of each stakeholder group in Estonia, Germany, Sweden, Latvia, Lithuania and Poland to perceive a comprehensive insight to the research topic. Thus, within the interview guideline four categories of questions were designed as follows:

- The Market for international Heavy Goods Vehicles (HGV) road freight transport in the BSR
- Regulatory framework of border-crossing HGV traffic and the enforcement of it
- Road safety of border-crossing HGV traffic, including safety culture
- Security issues relating to border-crossing HGV transports

The interview guide including specifications for the type of Heavy Goods Vehicles can be found in the Appendix I.

The objective of the current paper is to analyze the results of the executed interviews from two perspectives of which the first is discussed in Chapter 2 revealing the focus areas of different stakeholders countrywise. In contrast, in Chapter 3 each stakeholder group will be individually investigated in order to reveal common patterns or possible discrepancies on the interviews. To conclude, the results will be briefly discussed in the executive summary.

2 INDIVIDUAL COUNTRY REPORTS

2.1 Estonia

The interviewed stakeholders in Estonia expressed the view according to which the current downturn is the major factor which shapes the market structure for international HGV road freight transport in the BSR. Due to the upturn of the economy of Estonia after the membership in the EU, large investments in transportation capacity were made causing now an imbalance between demand and supply. Hence, acquisitions and the shift towards a larger concentration of HGV road transportation service providers is determined as the current trend. However, profitability, competitiveness and quality are elements in which the spectrum of answers increases as presented in Table 1.

Table 1 Assessment of profitability, competitiveness and overall availability of HGV road transport from 2005 to 2011 according to Estonian stakeholders (-4=very poor; 0=not poor nor good; 4=very good)

	Country	last 5 years			end of year 2009			Outlook end of 2011		
Profitability of HGV road transport firms	Estonia	2	3	-2	0	-1	-2	1	1	0
	Other EU	2	3	0	0	-1	-2	1	1	0
	Russia	-2	3	2	-2	-1	0	-2	1	0
	Belarus	-2	3	2	-2	-1	0	-2	1	0
Competitiveness of HGV road transport firms	Estonia	1	1	0	-1	1	-2	0	2	0
	Other EU	1	1	2	-1	1	2	N/A	2	2
	Russia	-3	1	0	-1	1	-2	-1	2	0
	Belarus	-3	1	0	-1	1	-2	-1	2	0
Overall availability of HGV road transport	Estonia	2	4	0	2	2	2	2	3	2
	Other EU	2	4	2	2	2	2	2	3	4
	Russia	0	-4	0	0	-4	0	0	-4	2
	Belarus	0	4	0	0	2	0	0	3	2

Authorities
Road transport representative
Shipper representative

Regardless of the unanimous opinion that profitability has been affected by the global downturn, stakeholders reveal distinct views concerning Russia and Belarus. Owing to the extra capacity of haulage, the availability of HGV road transport services is considered as good since the end of 2009.

The results concerning the regulatory framework of border-crossing HGV traffic and its enforcement reveal valuable information. The shipper representative draws attention to the fact that price and timetables are the major factors when deciding which carrier to use. In contrast the compliance with traffic safety regulations of transport companies are not regarded as a priority. In addition, authorities claim for tighter regulatory framework whereas the transport companies representative report that after joining the EU, the regulatory framework is too demanding.

The interviewees were asked to rank the four most problematic regulatory issues from two different perspectives, firstly stakeholders determined these issues from the non-compliance by the carrier, shipper and/or driver and secondly they specify the most problematic factors from the enforcement point of view. As visible in Table 2, all three stakeholders considered drive and rest hours (AETR) as one of the most problematic regulatory issues concerning traffic safety compliance and enforcement in Estonia and other EU-countries.

However, regarding Russian and Belarussian drivers, alcohol and drugs are considered as the major concern. In addition to the ranking, the Estonian respondent clarified that in the another EU-country category, driving under the influence of alcohol is a problem mainly concerned with Polish drivers. However, the use of alcohol has decreased independently of the origin of the truck or driver as it is possible to be fired if getting caught. Both, authorities and transport companies representatives are looking forward for legislative changes concerning the liability of the shipper due to currently only the carrier is liable for traffic safety violations.

From the point of view of safety, stakeholders reported that the condition of the road network is considered as one of the key elements to improve traffic safety. The safety situation is considered as poor, but the cooperation between authorities and transportation companies whereas the EU-membership and EU funded infrastructure programs have improved the domestic traffic safety. Drug smuggling and the aging of transport equipment are potential threats which may impact traffic safety. However, all stakeholders agree that the overall road safety in Russia and Belarus has been poor and no considerable improvements are expected in the future.

From the security perspective, authorities and the interviewed interest group point out that the current crisis increases the risk of larceny and cargo theft. Authorities already report an increase on car theft rates. These incidents are generally caused by Latvian and Lithuanian perpetrators. Generally security risks materialize in unsecured parking places and at the border crossing point to Russia. Therefore, the secured car park in Narva and the possibility to benchmark best practices from other EU states are considered as developments which have improved HGV-related security in border crossing traffic most over the past 5 years in Estonia.

Table 2 The four most problematic regulatory factors from non-compliance of driver and enforcement of authorities according to Estonian stakeholders

		Non- compliance	Enforcement
Estonia	**Authorities**	Drive and rest hours (AETR) Overloads Dangerous Goods transports (ADR) Technical standard of vehicles incl. trailers	Dangerous Goods transports (ADR) Drive and rest hours (AETR) Technical standard of vehicles incl. trailers Overloads
	Transport representative	Drive and rest hours (AETR) Cargo securing Technical standard of vehicles incl. Trailers N/A	Drive and rest hours (AETR) Cargo securing Technical standard of vehicles incl. trailers N/A
	Shipper representative	Drive and rest hours (AETR) Cargo securing Cargo documents Acohol and/or drug use of drivers	Cargo securing Technical standard of vehicles incl. trailers Cargo documents Dangerous Goods transports (ADR)
		Non- compliance	**Enforcement**
Other EU	**Authorities**	Drive and rest hours (AETR) Overloads Dangerous Goods transports (ADR) Technical standard of vehicles incl. trailers	Dangerous Goods transports (ADR) Drive and rest hours (AETR) Technical standard of vehicles incl. trailers Overloads
	Transport representative	Drive and rest hours (AETR) Cargo securing Technical standard of vehicles incl. trailers Cargo documents	Drive and rest hours (AETR) Cargo securing Technical standard of vehicles incl. trailers Cargo documents
	Shipper representative	Drive and rest hours (AETR) Cargo securing Acohol and/or drug use of drivers Cargo documents	Cargo securing Technical standard of vehicles incl. trailers Dangerous Goods transports (ADR) Cargo documents
		Non- compliance	**Enforcement**
Russia and Belarus	**Authorities**	Technical standard of vehicles incl. trailers Drive and rest hours (AETR) Dangerous Goods transports (ADR) Overloads	Dangerous Goods transports (ADR) Drive and rest hours (AETR) Technical standard of vehicles incl. trailers Overloads
	Transport representative	Acohol and/or drug use of drivers Technical standard of vehicles incl. trailers Drive and rest hours (AETR) Vehicle documents	Acohol and/or drug use of drivers Technical standard of vehicles incl. trailers Drive and rest hours (AETR) Vehicle documents
	Shipper representative	Acohol and/or drug use of drivers Drive and rest hours (AETR) Cargo documents Overloads	Acohol and/or drug use of drivers Drive and rest hours (AETR) Overloads Cargo documents

2.1.1 Summary of conditions in Estonia according to Estonian stakeholders

All the interviewed Estonian stakeholders agree that their profitability has been affected by the downturn. However, all stakeholders expect the profitability of Estonian HGV road transport firms to improve by the end of 2011. Similarly, the interviewees consider that competitiveness will improve at least moderately. The availability of HGV road transport services in Estonia is considered good by all respondents.

Estonian stakeholders perceive drive and rest hours (AETR) to be clearly the most problematic regulatory factor regarding non-compliance by the carrier, shipper and/or the driver in Estonia. All three stakeholders consider drive and rest hours the most problematic regulatory issue. Cargo securing is ranked the second most problematic factor. The stakeholders are more divided on other problematic factors regarding non-compliance.

From the enforcement perspective there is not a single most problematic factor. Drive and rest hours, technical standard of vehicles and cargo securing are all considered as relatively problematic. Both authorities and transport representatives rank drive and rest hours high while shipper representatives do not consider that an important problem.

The Estonian representative reports a steady improvement in their domestic regulatory framework, but informs that further improvements are required to achieve the safety situation of such countries as Sweden or Germany. Time and price are still the primary elements when choosing a transport company.

2.1.2 Summary of conditions in other EU countries according to Estonian stakeholders

The Estonian stakeholders perceived that the conditions of HGV road transport firms in other EU countries are fairly similar to those of Estonian firms. The shipper representative assessed that the competitiveness and availability would be slightly better in other EU-countries by the end of 2011. Otherwise the opinions of the stakeholders were unanimous.

Similarly to the conditions in Estonia, drive and rest hours and cargo securing were considered the most problematic factors regarding non-compliance of truck and drivers from other EU countries. From the enforcement point of view, technical standards, cargo securing and dangerous goods transports were a concern.

2.1.3 Summary of conditions in Russia and Belarus according to Estonian stakeholders

Concerning Russia and Belarus, the views of the Estonian stakeholders were distinct. The profitability of Russian and Belarussian HGV road transport firms has been good in the past according to road transport association and the shipper representative. In contrast, the authorities assessed the profitability and competitiveness had been poor. The current availability of HGV services in Russia was very poor, while the situation was good in Belarus.

The profitability and competitiveness of Russian and Belarussian firms was forecasted to improve by the end of 2011 according to the road transport and shipper representative. In contrast, the authorities did not expect any improvements concerning profitability, competitiveness and availability.

All Estonian stakeholders considered that the overall road safety in Russia and Belarus was poor. Together with non-compliance of drive and rest hours, alcohol and drugs were a main concern. Dangerous goods transports were also ranked high as a problematic factor for trucks and drivers originating from Russia and Belarus. The same factors were regarded as problematic from the enforcement perspective. The most problematic regulatory issues are summarised in Table 3.

Table 3 Summary of the most problematic regulatory issues in HGV road transport from Estonian perspective

	Non-compliance	Enforcement
Own nationality	Drive and rest hours (AETR)	Cargo securing
	Cargo securing	Technical standard of vehicles incl. trailers
	Cargo documents	Cargo documents
	Alcohol and/or drug use of drivers	Dangerous Goods transports (ADR)
Another EU-country	Drive and rest hours (AETR)	Cargo securing
	Cargo securing	Technical standard of vehicles incl. trailers
	Alcohol and/or drug use of drivers	Dangerous Goods transports (ADR)
	Cargo documents	Cargo documents
Russia & Belarus	Alcohol and/or drug use of drivers	Alcohol and/or drug use of drivers
	Drive and rest hours (AETR)	Drive and rest hours (AETR)
	Cargo documents	Overloads
	Overloads	Cargo documents

2.2 Latvia

The obtained results from the interviews performed in Latvia contain the views of authorities and of transport association. Unfortunately the interview with the selected shipper representative was cancelled due to time schedule related problems on the interviewee side.

The answers concerning the market for international HGV road freight transport reveal that both stakeholders consider that the market situation is similar in the BSR. After the EU membership of Latvia, domestic wages in the transportation sector have increased, drawing nearer to the BSR average, therefore, the low cost of labour is no longer considered as a competitive advantage. Consequently, authorities and the transport association agree that the competitiveness of Russia, has and will improve due the introduction of a series of protective administrative measures.

In the discussion as to which is the status of availability (e.g. capacities, frequencies, special equipment), the transport association pointed out that in comparison to EU member states, non-EU countries e.g. Russia and Belarus enjoy a greater level of freedom to manipulate availability via the implementation of entry barriers to foreign haulage. Regardless of the previous statement, the same stakeholder assess that the level of overall availability is better on Latvia and other EU countries.

The ease of entry to market impacts three different factors: the market structure, the equilibrium between supply and demand and the operational quality of HGV transport. The market is fragmented by a substantial amount of small size companies - the rate of self-employment is 80% and the discipline of entrepreneurs varies substantially. The equation between supply and demand is the following: during the last five years loose credit conditions have allured new operators to enter the market and old ones to expand the existing fleet by leasing. As a consequence, supply has abruptly increased the while the current economic slowdown has decreased the demand. Therefore the excess of supply and the fact that Latvian transport companies have been principally operating to Russia, offering similar services, has led to a substantial amount of bankruptcy cases.

In addition, the transport association focus on that the easier the entrance to the business the poorer the quality and the harder for authorities to control it. However, the authorities stress that the nationality is not the key driver of quality, but that quality is more dependent on the company policy. In addition, transport association points out that large industrial companies have been affected by the poor quality of transport; Just in time (JIT) production requires reliability from the transportation. Therefore, due to transportation companies cannot meet the expectations, manufacturers have arranged their own in-house transportation.

In view of road traffic safety, specifically in the level of regulatory framework of international HGV transport, the answers of the respondents differ concerning the future outlook (Table 4).

Table 4 Assessment of the level of road traffic safety regulatory framework of international HGV transport according to Latvian stakeholders – outlook till end of year 2011

Country	Authorities	Transport association
Latvia	Very good	Not poor nor good
Other EU BSR countries	Very good	Not poor nor good
Russia & Belarus	Very good	Not poor nor good

Both stakeholders agree that it is difficult to assess thoroughly the regulatory framework of traffic safety owing to the fact that some aspects of it are highly regulated whilst some other areas are not given so much emphasis yet. As endorsed by the assessment of Table 5, the problem of the regulatory framework enforcement in Latvia during the last five years has been that the volume of HGV traffic has been too large to be monitored with the current enforcement resources.

Table 5 Assessment of the level of enforcement of international HGV regulatory framework over the last five years according to Latvian stakeholders

Country	Authorities	Transport association
Latvia	Not poor nor good	Not poor nor good
Other EU BSR countries	Not poor nor good	Not poor nor good
Russia & Belarus	Not poor nor good	Not poor nor good

Both, authorities and the transport association agree that the level of enforcement has not been poor nor good during the last five years.

However, authorities point out that the level of enforcement will be good at the end of 2009 as well as by 2011. In contrast, the transport association focus that no relevant changes are expected.

According to shipper association the four most problematic regulatory issues regarding non-compliance by the carrier, shipper and/or the driver in Latvia are: cargo documents, alcohol use of drivers, dangerous goods transports (ADR), and driver licenses and certification. Drivers do not drink during driving stages, however, it is quite common that they drink in their rest time, and that can be problematic, when night on the tiles has been drawn out.

The shipper association sees similar problems in other EU countries as in Latvia. For Belarus the respondent reports the following:

"*Belarus trucks are very organized. They have big companies and strict rules. Drivers have competition between each other. Quality is better because of that. Belarus has this black list of drivers also. That is the main reason why only the best drivers are doing the work*."

Concerning Russia, the respondent points out that the corruption may be a problem. Unfortunately the shipper association representative was not able to rank the four most problematic regulatory issues from the enforcement perspective. In contrast to the shipper association, the authority side ranked the following elements as the most problematic regulatory issues in non-compliance by the carrier, shipper and/or driver in Latvia:

1. drive and rest hours (AETR)
2. overloads
3. cargo documents
4. cargo securing

For other EU countries, and Belarus the interviewee pointed out drive and rest hours, ADR, cargo documents, and overloads as the most problematic factors. However, authorities emphasized that it is difficult to provide a comprehensive ranking concerning other countries. From the regulatory enforcement perspective alcohol and/or drug use, and speeding are the common denominators regardless of the nationality of the carrier, driver or shipper.

In the discussion as to whether the competent authorities are able to make the shipper liable for traffic safety violations, the authorities revealed that it is possible but rare. In addition the shipper association confirmed that in practice the driver is always liable.

The third section of the questionnaire discussed road safety of border crossing HGV traffic, including safety culture. Both stakeholders revealed that the current overall road safety situation is good. Furthermore, as revealed in Table 6, the authorities forecast an improvement on the domestic safety situation till end of 2011.

Table 6 Assessment of the overall road safety situation of international HGV transport outlook till end of 2011 according to Latvian stakeholders

Country	Authorities	Transport association
Latvia	Very good	Good
Other EU BSR countries	Good	Good
Russia & Belarus	Good	Good

Although both interviewed parties shared the view concerning the overall safety situation, there is a discrepancy of opinions regarding the safety culture as shown in tables 7-9.

Table 7 Assessment of the level of safety culture in international HGV transport firms over the last five years according to Latvian stakeholders

Country	Authorities	Transport association
Latvia	Good	Poor
Other EU BSR countries	Good	Poor
Russia & Belarus	Poor	Poor

Table 8 Assessment of the level of safety culture in international HGV transport firms in end of year 2009 according to Latvian stakeholders

Country	Assessment Authority	Assessment Association
Latvia	Good	Poor
Other EU BSR countries	Good	Poor
Russia & Belarus	Good	Poor

Table 9 Assessment of the level of safety culture in international HGV transport firms outlook till end of year 2011 according to Latvian stakeholders

Country	Assessment Authority	Assessment Association
Latvia	Good	Poor
Other EU BSR countries	Good	Poor
Russia & Belarus	Good	Poor

The transport association comment that prior to the EU membership of Latvia, the safety culture was better owing to stricter regulation. Before there was more competition among drivers. On this basis safety was high on the agenda of each driver; a dereliction of duty concerning safety could cause the firing of a driver. The privatization of state-owned companies has also inflicted safety. E.g. in the past, state-owned companies had capital to check the brakes of trucks every morning. Nowadays the cost pressure which affects private companies may lead to negligence, and in addition, authorities do not have the same access to control the premises and equipment of companies.

Interviewees were asked to name the developments and/or programs which have most improved or deteriorated road safety in border-crossing traffic over the five past years in Latvia. Authorities reported that the major improvement is the freedom of movement in the EU-area and the parking areas that have been built to reduce the queues with the Russian border. On the opposite, the transport association did not point out any remarkable improvement, but agreed with the authorities on the fact that the queues in the Russian border are one of the major factors which inflicts traffic safety.

The aim of the last part of the questionnaire was to investigate the status of security related issues. This part demonstrated a remarkable disparity between the interviewees. Authorities argue that people is seldom subject to security risks whereas the transport association insist that in border crossing not only cargo and vehicles, but also the security of driver can be jeopardized. Geographically the risks materialize in the borders with Lithuania and Russia. However, both assess that during the last five years the domestic overall safety situation has been good, but two different opinions are recorded concerning the future (Table 10).

Table 10 Assessment of the overall security situation related to international HGV transport in end of year 2011 according to Latvian stakeholders

Country	Authorities	Transport association
Latvia	Good	Very poor
Other EU BSR countries	n/a	Very poor
Russia & Belarus	n/a	Very poor

The transport association draw attention to the fact that the increase in apartment burglaries is a feasible indicator of safety. Therefore, in case the current economic crisis continues the overall security situation will be subject to a substantial deterioration.

According to transport association the developments that have most improved HGV-related security in border-crossing traffic over past five years are EU community programs. Nevertheless, there should be more education to the managers and the 11 day course is too short for the drivers. Developments that have most deteriorated HGV related security the transport association claims that easy access to the business have made security worse. Authority side sees that the best developments to improve security issues are parking areas that are already constructed and cooperation between private security companies and public sector.

2.2.1 Summary of conditions in Latvia according to Latvian stakeholders

Latvian authorities and transport association agreed that the market situation in Latvia was similar in the Baltic Sea Region. Both stakeholders assessed that the overall availability of HGV road transport services was better in Latvia than in Russia and Belarus. The HGV transport market in Latvia is characterised by a substantial number of small companies. Easy entrance to the market has led to the excess of supply.

In regard to the future outlook for road traffic safety regulatory framework, Latvian authorities considered the situation very good by the end of 2011. On the contrary, the transport association assessed that the conditions will not be poor nor good. Both stakeholders agreed that the enforcement of regulatory framework has been problematic but forecasted an improvement by 2011.

According to the transport association the four most problematic regulatory issues regarding non-compliance by the carrier, shipper and/or the driver in Latvia are cargo documents, alcohol use of drivers, dangerous goods transports (ADR), and drivers licenses and certification. The authorities, on the contrary, ranked the following factors as the most problematic regulatory issues in non-compliance: drive and rest hours, overloads, cargo documents, and cargo securing. From the enforcement perspective alcohol and/or drug use and speeding are the most problematic issues.

The stakeholders saw that the overall current road safety situation was good. However, authorities assessed the level of safety culture good, while transport association representative considered the current level was poor due to e.g. cost pressure on the companies. On the other hand, reducing the queues in the Russian border was seen as an improvement to traffic safety. The stakeholders were of two different opinions concerning the future overall safety situation. Authorities assessed that the situation will be good till the end of 2011, whilst transport associations considered that the situation will be very poor.

2.2.2 Summary of conditions in other EU countries according to Latvian stakeholders

As stated above, the Latvian stakeholders assessed the HGV road transport situation in other EU countries in the BSR to be similar to that of Latvia. As for domestic issues, Latvian authorities generally gave a higher rank to e.g. regulatory framework and safety culture than the transport association.

For trucks and drivers from other EU countries the authorities pointed out that drive and rest hours, dangerous goods transports, cargo documents and overloads as the most problematic factors. From the enforcement perspective alcohol and/or drugs and speeding were seen as most problematic. The transport association saw that the most problematic regulatory issues were similar in other EU countries: cargo documents, alcohol, dangerous goods transports, and driver’s licenses and certification.

2.2.3 Summary of conditions in Russia and Belarus according to Latvian stakeholders

The Latvian stakeholders agreed that the competitiveness of Russian HGV road transport firms has improved and will improve due to the introduction of protective administrative measures. The transport association pointed out that Russia and Belarus are able to manipulate availability more than EU countries via the implementation of entry barriers to foreign haulage.

Both respondents assessed that the HGV road transport situation in Russia and Belarus is similar to Latvia and other EU countries in most elements. However, regarding the level of safety culture over the past five years, authorities assessed the situation in Russia and Belarus has been poor while in the other areas the level was considered good. Transport association representative saw that the overall security situation in Russia and Belarus will be very poor in the end of year 2011.

The interviewees emphasized it is difficult to provide a comprehensive ranking for other countries regarding the most problematic issues. The authority side saw that the most problematic issues related to Russian and Belarussian trucks and drivers are similar to EU countries, such as drive and rest hours, and dangerous goods transports. Concerning Russia, the transport association saw corruption as a potential problem.

2.3 Poland

The interviews conducted in Poland represent the views of the transport/logistics companies and authorities representative.

As per visible in Table 11, for the first question both interviewees had the same view of the profitability, reporting that the profitability had been good. In addition, authorities and the road transport association representative's side indicated that after the access of Poland into the EU, the growth in profitability has been abrupt. The inspectorate clarifies that the increase of profitability peaked in 2007 followed by a stable period until the start of the economic crisis.

Table 11 Development of profitability of international HGV road transport according to Polish stakeholders

	Authorities		**Transport association**	
Country	**last 5 years**	**end of 2009**	**last 5 years**	**end of 2009**
Poland	Good	Poor	Good	Very Poor
Other EU BSR countries	n/a	Poor	n/a	n/a
Russia & Belarus	n/a	Very good	n/a	n/a

In addition, to the information available in Table 11, the transport association representatives saw the future to be not good or poor, emphasizing that the situation before Poland entered to EU was worse than the current state of affairs. Both sides agree that owing to the crisis the situation in other BSR countries is also poor or even more severe than in Poland. As an exception to the poor overall profitability situation, the inspectorate side´s opinion is that the profitability in Russia is very good.

Minor differences were found in the assessment of competitiveness. Both parties agreed that the situation of the competitiveness has been good in the past. However, slightly different views were reported concerning situation at the end of 2009 and the prospects; the association representatives' asses that the competitiveness situation of the transport companies is now not poor or good and it will remain the same until 2011. In contrast, authorities express a higher level of optimism evaluating it as good. Authorities said that the crises have cut a lot of firms and that the competition is high. The transport association representatives agreed on that. Both sides hoped the situation to improve. In the other countries the authorities' side saw the situation of competitiveness to be poor or really poor.

Authorities made a connection between availability of international HGV services and their quality. According to them, the bottleneck of availability is not the number of vehicles, but that the level of equipment of vehicles does not meet the demand. The availability is not poor not good, but it is improving. Additionally the operational quality is assessed as good with prospects of improvement due to the implementation of EU standards. On the other hand, the transport association side saw that there is the same amount of vehicles, but much less to transport. Therefore, due to the imbalance between demand and supply it can be inferred that there is available equipment, but it does not meet the needed requirements. About other countries, authorities evaluated that the overall availability situation in other BSR countries is better than in Poland whereas in Russia and Belarus it is poor. In addition, the operational quality in Russia and Belarus was determined as poor and in other BSR countries as good, with a possible improvement.

To conclude the market structure questions, during the last five years the EU membership and the current crisis were described as the key drivers which have shaped the market structure. The abrupt increase of supply has been followed by a sharp decrease of demand. As a result from this equation, the number of bankruptcies has increased.

Concerning the regulatory framework of road safety, the transport association representatives assessed that over the last 5 years it has been not poor or good. However, they assessed that it will improve to a good level by the end of 2011. The same expectations are described for other EU countries, Russia and Belarus. Both sides acknowledge the significant efforts which have been made to improve the road safety, not only due to EU programs but also in terms of national initiatives. According to the transport association, infrastructure - e.g. highways which bypass the centrum of big cities - was considered as the most important factor to increase the safety level. On the other hand, the inspectorate side would extend the regulatory framework of the EU to also cover such factors as cargo securing. In view of the level of enforcement, the abundance of different enforcement authorities was the only problem which was mentioned.

Table 12 The four most problematic regulatory factors from non-compliance of driver and enforcement of authorities according to Polish stakeholders

	Authorities		Association	
	Non-compliance rank	**Enforcement rank**	**Non-compliance rank**	**Enforcement rank**
Polish truck and driver	speeding	cargo securing	drive and rest hours	drive and rest hours
	drive and rest hours	overloads	overloads	speeding
	technical standards of vehicles	cabotage	dangerous goods	overloads
	vehicle documents	vehicle documents	speeding	alcohol
truck and driver from another EU	drive and rest hours	other documents	cabotage	cabotage
	vehicle documents	overloads	cargo documents	cargo documents
	speeding	cabotage	drive and rest hours	dangerous goods
	other documents	cargo securing	speeding	overloads
Russian and Belarussian truck and	speeding	other documents	cabotage	cabotage
	drive and rest hours	overloads	vehicle documents	overloads
	other documents	cargo securing	drive and rest hours	speeding
	technical standards of vehicles	cabotage	overloads	technical standards

In the interview, each stakeholder was asked to evaluate the four most problematic HGV road safety regulatory issues from two different perspectives, firstly revealing the compliance level of trucks and drivers and secondly from the enforcement point of view.

As per addressed in Table 12, common patterns can be found, e.g. drive and rest hours is regarded as problematic. On the other hand, the evidence clearly indicates that cabotage is ranked high specially on the agenda of the transportation companies representative.

Both parties point out that if the shipper could be proven guilty of traffic safety violations, the legislation allows to make the shipper liable, however, the practical execution is very difficult and the same situation applies with dangerous goods.

As the interview proceeded from regulatory to safety issues, the views of both parties were mostly paralleled. Various elements have improved the overall HGV road safety and safety culture in Poland, e.g. the foundation of the road traffic inspection organization, Poland's membership in the European court of safety on the roads, infrastructural improvements, training, education and a police program called Life Saver. On contrast, the economic downturn is the major factor which has deteriorated HGV road safety.

Table 13 reveals that the shared views on safety did not fully apply to security related questions.

Table 13 Assessment of overall security situation of international HGV transportation in Poland

Authorities			Transport association		
last 5 years	**end of 2009**	**outlook 2011**	**last 5 years**	**end of 2009**	**outlook 2011**
Not poor nor good	Not poor nor good	Good	Good	Good	Good

Authorities claimed that the transition to a good security requires actions whereas the association confirms that the situation has been and will be good. Different opinions were also revealed when describing the most relevant security risks and the geographical location in which the risks materialize. Authorities stressed that cargo theft is the major problem, but they did not see crime as a risk for drivers. In addition western Poland was mentioned as the most problematic area where risks materialize. In contrast, the transport association did not find crime as a relevant problem in Poland neither did they specify any particular risk area.

To conclude the foundation of the road transport inspection institution was once again described as one of the major factors which have improved the security situation.

2.3.1 Summary of conditions in Poland according to Polish stakeholders

Polish authorities and transport association reported that the profitability of Polish HGV road transport firms has been good in the past five years. The economic crisis had a negative impact on profitability. However, the transport association side pointed out that the situation in Poland was worse before the EU membership.

Regarding competitiveness, both stakeholders agreed that the situation has been good in the past but had slightly different views on current situation and the outlook; while transport association representative assessed that the current situation is not poor or good, and will remain the same, the authorities were more optimistic assessing the situation as good. Both stakeholders agreed that the current availability is not poor or good, but it is improving. Operational quality was estimated as good and it was also expected to increase in the future.

The transport association representatives estimated that the regulatory framework of road safety has not been poor nor good, but it will improve to good by 2011. Both stakeholders regarded drive and rest hours as one of the problematic regulatory factors. Authorities estimated that speeding is the most problematic factor concerning non-compliance. From the enforcement point of view, authorities saw cargo securing as most problematic while transport association representatives considered drive and rest hours as most problematic.

Both parties pointed out that that the overall HGV road safety and safety culture has improved in Poland, while the economic downturn was seen to have deteriorated road safety. The overall domestic security situation during the last 5 years was assessed as not poor nor good by the authorities side, and as good by the association side. The outlook for the year 2011 was estimated to be good by both interviewees. Authorities mentioned that cargo theft is the major problem, while the transport association did not find crime as a relevant problem in Poland.

2.3.2 Summary of conditions in other EU countries according to Polish stakeholders

Both authorities and transport association agreed that the HGV road transport situation was poor or worse in other BSR countries than in Poland owing to the economic downturn. The authorities assessed that the situation at the end of 2009 was poor in other countries. Concerning the availability of international HGV services in other BSR countries, the authorities assessed that the overall situation is better than in Poland. Operational quality was also determined as good, with improvement prospects.

The transport association representatives regarded that the situation concerning regulatory framework in other BSR countries is similar to Poland, and the level will improve to good till the end of 2011. Authorities regarded drive and rest hours as the most problematic regulatory factor from non-compliance. The other factors mentioned are vehicle documents, speeding and other documents. From the enforcement perspective, other documents were considered as the most problematic. On contrary, the transportation companies' representative ranked cabotage as most problematic from both non-compliance and enforcement perspective. Cargo documents were also considered as a major problem by the transport association.

2.3.3 Summary of conditions in Russia and Belarus according to Polish stakeholders

Contrary to poor profitability in Poland and in other EU countries, Polish authorities saw the profitability in Russia and Belarus as very good. The availability of HGV services was however estimated as poor, as well as operational quality.

The regulatory framework of road safety was expected to improve to a good level by the end of 2011. The authorities considered speeding as the most problematic factor from non-compliance from Russian and Belarussian drivers. Drive and rest hours was also ranked high. The transport association representatives assessed the cabotage as most problematic. From the enforcement perspective, authorities ranked other documents highest, while the association evaluated cabotage as the most important problem. Both parties mentioned overloads as the second problematic regulatory factor.

2.4 Lithuania

All three stakeholder groups were interviewed in Lithuania; a road transport industry association, a shipper representative from an export firm and competent authority. However, only representatives of road transport industry association and representative of shippers did answer to the market structure questions (e.g. Table 14), limiting their answers to Lithuania. Authorities did not comment on this section of the questionnaire.

Table 14 Assessment of profitability of Lithuanian international HGV freight companies according to Lithuanian stakeholders

Transport association			Shipper representative		
last 5 years	**end of 2009**	**outlook 2011**	**last 5 years**	**end of 2009**	**outlook 2011**
Not poor nor good	Very poor	Good	Good	Not poor nor good	Very good

The view of the development of profitability of Lithuanian internationally operating HGV companies varies substantially. Table 14 clearly indicates that the shippers' view of profitability is much brighter than road transport industry associations, although both agree that the prospects are either good or very good.

Only representatives of road transport industry association were able to answer the questions relating to competitiveness and operational quality, stating that competitiveness was good over the last five years but in end-year 2009 not poor nor good. Situation changed due to the financial crisis, therefore 2009 and 2010 will be very difficult. Owing to the substantial uncertainty the interviewees felt unable to make a forecast for the future. However, operational quality over the past five years and in end-year 2009 is regarded as good by both interviewees, additionally representatives of road transport industry association stressed that truck operators in Lithuania have long experience in border-crossing transportation and they are therefore considered as highly qualified professionals.

As a consequence from the financial crisis, the balance between supply and demand has dramatically changed. The road transport industry representatives revealed that overcapacity and financial problems are so substantial that the number of companies has decreased from 4000 to 3500.

Regulatory framework questions were problematic for all stakeholders. Only the authorities provided an insight into this topic and in addition they only commented Lithuania related questions. The other two parties were reluctant to answer, pointing out that they are not involved in regulatory issues. The authorities assessed that the level of traffic safety regulatory framework has improved from good to very good and it is expected to stay at this level in the future as well. Authorities did not evaluate the development of enforcement of regulatory framework, but they only informed that controlling authorities are very well organized and that they act according to EU directives. In addition, Table 15 reveals the four most problematic regulatory issues authorities mentioned in the interview.

Table 15 The four most problematic regulatory factors from non-compliance of driver and enforcement of authorities according to Lithuanian authorities' representative

	Non-compliance rank	Enforcement rank
Lithuanian truck and driver	speeding	technical standards of vehicles
	overloads	cabotage
	alcohol/drugs	cargo securing
	driver licenses and certification	driver licenses and certification

Surprisingly, the most problematic factors vary depending on the point of view – only driver licenses and certification is considered in both rankings. Documents were the only factor which authorities revealed as substantially problematic for foreign trucks and drivers.

The overall road safety situation of international HGV transport in Lithuania was assessed as good or very good in all interviews. Consequently, also the level of safety culture was evaluated as high. These views are endorsed by the fact that road accidents have decreased by 10 % in Lithuania. Concerning other countries, authorities state that situation is worse in Russia and Belarus. In addition, the shipper representative reported that the road infrastructure of Poland whereas the road transport industry association stressed that problems occur in the Latvian border.

Security related questions concerning HGV border-crossing were found as complex by all three interviewees, therefore all stakeholders were reluctant to provide answers in this topic. However, some comments were obtained. All parties revealed that there are no major security issues in road transport in Lithuania, stressing that Estonia, Latvia and Poland are more problematic in this particular area. There are occasional thefts, but the number of cases is insignificant.

2.4.1 Summary of conditions in Lithuania according to Lithuanian stakeholders

The Lithuanian stakeholders were divided over the development of profitability of Lithuanian internationally operating HGV companies. The opinion of shippers' representative was more positive than of road transport association. While the transport association considered the profitability had not been poor not good during the past five years and was currently very poor, the shipper representative saw the past profitability as good and the current situation as not poor or good. Both parties agreed that the future outlook is either good or very good. The interviewees revealed that there is overcapacity in HGV transport.

Only the road transport association representatives answered the questions related to competitiveness and operational quality. They stated that the situation was good over the last five years, but changed to not poor nor good due to the economic crisis. Operational quality was regarded as good.

Authorities were the only stakeholder group willing to answer questions related to regulatory framework. They assessed that the level of traffic safety regulatory framework has improved to very good and is likely to remain the same. The most problematic factors from non-compliance of driver were speeding and overloads. From the enforcement perspective, technical standards of vehicles and cabotage were ranked highest. Only driver's licenses and certification was mentioned in both rankings.

The overall safety was assessed as good or very good by all stakeholders. Hence, the level of safety culture was also assessed as high. The interviewees also described that there are no major issues related to security in road transport in Lithuania.

2.4.2 Summary of conditions in other countries according to Lithuanian stakeholders

The respondents limited their answers to the questions mostly to Lithuania. The shipper representative reported that the road infrastructure in north-eastern Poland close to Lithuania is in poor condition, while the transport association mentioned that problems occur in the Lithuanian-Latvian border.

The (road transport) security situation in Lithuania was deemed to be better than in, for example, Estonia, Latvia or Poland.

The overall road safety situation is evaluated as to be worse in Russia and Belarus than in Lithuania.

2.5 Anecdotal evidence from Germany and Sweden

The interviews in Germany and Sweden were limited to only one stakeholder, therefore they are discussed under the same chapter. In Sweden, researchers interviewed a transportation company representative and a competitive authority representative in Germany.

As such, the results should be treated purely as anecdotal. It should also be noted that no Swedish authorities were interviewed, as there were no Swedish partners in the project at the time of the interviews.

For example the official standpoint of the Swedish Police Board, which is the overseeing authority of police forces in Sweden is that the level of law enforcement in Sweden is not and will not be poor, though room of improvement does exist.

The first issue in the interviews was about the market for international HGV road transport in the BSR. Overall, there is a same trend for companies all around Europe concerning profitability; profitability has been better in the past than it is now and in the future. In Table 16 is shown profitability in different countries ranked by interviewees.

Table 16 Assessment of profitability of firms engaged in international road freight transport according to Swedish and German stakeholders (-4=very poor; 0=not poor nor good, 4=very good)

Country	Over the last 5 years?	In end-year 2009?	Outlook till end-2011?
Sweden	2	-3	0
Other BSR	-1	-3	-1
Germany	3	0	2
Other BSR	3	0	2
Russia & Belarus	-1	-2	3

Swedish representative
German representative

Profitability has been pretty good in Germany and Sweden. BSR countries' profitability varies when comparing different interviewees' opinions. Demand has not been so high in BSR countries, but future profitability is hard to predict, because opportunities and risks are so high. Russia and Belarus are some way behind, because the lack of well trained drivers and quality trucks.

Competiveness for international road freight transport has not really changed over the years. In Table 17 is shown competitiveness rank by country.

Table 17 Assessment of competitiveness of firms engaged in international HGV road freight transport according to Swedish and German representatives (-4=very poor; 0=not poor nor good, 4=very good)

Country	Over the last 5 years?	In end-year 2009?	Outlook till end-2011?
Sweden	2	2	2
Other BSR	0	0	0
Germany	3	3	3
Other BSR	3	3	3
Russia & Belarus	1	0	0

Swedish representative
German representative

As demonstrated in Table 17, competitiveness has been pretty good in Germany and Sweden. Again, the opinion about BSR countries' competitiveness varies, and Russia and Belarus are behind other countries.

Overall availability of international road transport is not considered a major problem. Demand in Sweden is not raising significantly, because in the current financial situation customers want to lower their transportation costs. In other words, the lesser the demand, the better availability of trucks. Capacity has not been a problem in BSR countries neither, except for long haul drivers. As a consequence of the enlargement of EU, the number of long haul drivers originating from Eastern Europe has increased. In addition, Table 18 shows the overall availability of international HGV road transport.

Table 18 Assessment of overall availability of international HGV road transport according to Swedish and German stakeholders (-4=very poor; 0=not poor nor good, 4=very good)

Country	Over the last 5 years?	In end-year 2009?	Outlook till end-2011?
Sweden	2	3	3
Other BSR	1	2	2
Germany	4	3	3
Other BSR	3	2	2
Russia & Belarus	1	-1	-1

Swedish representative
German representative

The level of operational quality of international road transport is also in good shape, particularly in Sweden and Germany (see Table 19). There has been a small increase in service quality in Sweden, and in the future there is a big quality improvement program for a Swedish transport company. If it works, it can have a major impact reducing downside business (cargo damage, quality problems etc.) and keeping high service level. If it works well, it will be exported to BSR countries also. On the other hand, operational quality has also decreased for example in Germany, as the regulation decreases in the current financial situation.

Table 19 Assessment of the level of operational quality in international HGV road transport according to Swedish and German representatives (-4=very poor; 0=not poor nor good, 4=very good)

Country	Over the last 5 years?	In end-year 2009?	Outlook till end-2011?
Sweden	2	2	4
Other BSR	2	2	2
Germany	4	3	3
Other BSR	2	1	1
Russia & Belarus	-1	-2	-1

Swedish representative
German representative

The balance between supply and demand is in the same situation in Sweden and Germany. Demand has been high in last couple of years, but because of this economic downturn, supply is now high. For example in Sweden, in the beginning of last year there was capacity shortage, and in the end of last year demand shortage. In certain segments there is a minor capacity shortage and demand shortage. In the coming two years in Germany, it can be expected that some surplus in supply is coming.

The market structure is shifting toward bigger companies. Many small companies have merged or been captured in Germany. The competition is rough, and now there are many well structured big companies. Also in Sweden intermediate companies (20–50 trucks) are disappearing. At the moment the Swedish market is divided in large companies and very small companies (e.g. only 1 truck). In addition, the German stakeholder stated that bigger companies have a major expertise in adapting themselves to the requirements set by regulation. The Swedish stakeholder added, that the climate change has had some impact on the market structure, as the cost is not as dominant factor as previously. Some customers are even asking slower transport, because of climate issues.

The discussion about the regulatory framework of border-crossing HGV was initiated by assessing the level of regulatory framework from the perspective of traffic safety. As illustrated in Table 20, both interviewees valued the level of domestic regulatory framework. Additionally it was mentioned, that traffic safety is always rated high on the agenda.

Table 20 Assessment of level of regulatory framework for traffic safety according to Swedish and German stakeholders (-4=very poor; 0=not poor nor good, 4=very good)

Country	Over the last 5 years?	In end-year 2009?	Outlook till end-2011?
Sweden	2	2	2
Other BSR	0	0	0
Germany	4	4	4
Other BSR	3	3	3
Russia & Belarus	0	0	0

Swedish representative
German representative

In Sweden, alcohol tests made to drivers when exiting the ferry phase of HGV transport is a noteworthy improvement. The results indicate that the situation in the discussed topic has been stable and no changes are expected in the future. The major difference of the answers can be regarded in the evaluation of other BSR countries.

After assessing the overall regulatory framework its enforcement level was evaluated. Although Table 21 illustrates significant differences between the interviewees, both pointed out the impact of the current downturn on this particular topic.

Table 21 Assessment of enforcement level of regulatory framework in traffic safety according to Swedish[5] and German stakeholders (-4=very poor; 0=not poor nor good, 4=very good)

Country	Over the last 5 years?	In end-year 2009?	Outlook till end-2011?
Sweden	-2	-2	-2
Other BSR	-1	-1	-1
Germany	3	3	3
Other BSR	2	1	1
Russia & Belarus	0	0	0

Swedish representative
German representative

In general Swedish laws were considered as adequate, but the problem is that once a new law come into effect the monitoring of old regulations ceases. In Sweden tightened budget and cost reduction

[5] **Note that no Swedish authorities were interviewed.** The standpoint of the Swedish Police Board, which is the overseeing authority of police forces in Sweden, is that the level of law enforcement in Sweden is not and will not be poor, though room of improvement does exist.

pressures have an impact on the operations of authorities. E.g. Customs has implemented programs of self audit amid companies. Thus it is expected that firms start monitoring their own processes allowing Customs to reduce the number of cargo checks in order to cut expenses. In Germany the level of enforcement was highly ranked, but the interviewee remarked that it could be better. In contrast to the domestic level of enforcement, the results indicate that other BSR countries whereas Russia & Belarus have a worse grade concerning this subject.

The questionnaire aimed at addressing the four most problematic regulatory issues from the point of view of non-compliance by the carrier and enforcement by road police or other competent authorities. In addition the scope was to investigate differences between domestic, other EU country and Russia & Belarus drivers and trucks. According to the Swedish stakeholder the major problems concerning non-compliance are the same independently of the country of origin of the truck or driver. These problems are drive and rest hours (AETR), cargo documents, Dangerous Goods transport (ADR) and the technical standards of vehicles.

However, from the enforcement perspective alcohol and/or drug use of drivers is the main concern of authorities in Sweden for both domestic and other EU countries' truck and drivers. In contrast the German authorities representative stresses the importance of cargo securing as the most problematic factor from the non-compliance and enforcement perspective for German and other EU countries' drivers and trucks. However, in the case of Russia & Belarus alcohol and/or drug use achieves the top rank. The consistencies between the two interviewees are the concern towards the non-compliance concerning Dangerous Goods transports (ADR) and the enforcement of speeding.

The objective of the last question concerning the regulatory framework was to investigate either it is possible for the authorities to make the consignor or consignee liable, in case they have been proven guilty for violating traffic safety. The question was splitted in two parts of which the first was concerning the non- compliance of the shipper in international HGV whereas the second dealt with non-compliance in ADR transportation. The Swedish representative claimed that in Sweden the carrier is always liable for safety violations. Difficult situations arise e.g. with sealed containers. The carriers are liable, although they do not necessarily know the content of the container. The German stakeholder answered simply that in Germany it is possible to make the shipper liable. On the other hand ADR regulations are international and the liabilities are clearly determined. Thus both interviewees agreed that according to ADR the shipper can be made liable for safety violations.

The overall road safety situation is in a very good level in Sweden and Germany. Road safety issues are a very strong subject in Sweden in the past, and in the future. There is a very high pressure on safety issues. In BSR countries road safety level is little less, overall good, but countries vary from each other. In Table 22 and Table 23 are shown the level of overall road safety situation and the level of safety culture in different countries.

Table 22 Assessment of overall road safety situation of international HGV transport in Sweden and Germany (-4=very poor; 0=not poor nor good, 4=very good)

Country	Over the last 5 years?	In end-year 2009?	Outlook till end-2011?
Sweden	4	4	4
Other BSR	2	2	2
Germany	3	3	3
Other BSR	2	2	2
Russia & Belarus	0	0	0

Swedish representative
German representative

Table 23 Assessment of the level of safety culture in international HGV transport firms according to Swedish and German stakeholders (-4=very poor; 0=not poor nor good, 4=very good)

Country	Over the last 5 years?	In end-year 2009?	Outlook till end-2011?
Sweden	4	4	4
Other BSR	0	0	0
Germany	3	2	2
Other BSR	2	1	1
Russia & Belarus	-1	-2	-2

Swedish representative
German representative

As seen, road safety and safety culture issues are in a very important position in Sweden and Germany. Safety culture has been a very long time on agenda for companies in Sweden, so it is in a very high level. In BSR countries safety culture is okay, but they have more pressure to improve it, because global customers always put pressure on safety issues (questions about safety management systems etc.). It raises safety culture thinking internally, and it leads to that it may improve the overall safety culture in companies. But it cannot be said that it has an impact to whole transportation industry.

On the other hand, the level of safety culture is worse now than before. It is because companies wanted to improve it before, but now when the market is in bad condition, companies have lower interest to focus to safety culture issues. Companies think they can save money by doing it.

Improvements in dangerous goods handling and cargo securing have been the most beneficial for HGV road safety in Germany. In BSR overall, new better vehicles have most improved road safety. In Sweden, Swedish custom’s security traps have been a successful way to improve road safety.

At the same time, cargo securing and overload are constant problems in border crossing traffic in Germany. International rules (with packing lines of cargo) haven’t worked very well in Eastern countries. Trucks are in good shape, but drunk-driving, overloads and cargo securing are problems. In Sweden, not having cross-border activities for land transport is a problem, as well as indirect taxes and custom fees. For example, shipment which come to be sold in EU country from non-EU country, are shipped from the country where fees are lowest possible for their products.

2.5.1 Summary of the conditions in Germany and Sweden according to German and Swedish stakeholders

The market structure is shifting both in Sweden and Germany towards bigger companies. Both the Swedish and German representatives agreed that the profitability of HGV firms had been better in the past than it was in autumn 2009 and in 2011. The Swedish representative assessed the future profitability as not poor or good, while German representative assessed it as good. The competitiveness of international road freight companies has remained good in both countries over the years and it is expected to remain that way.

Overall availability of international HGV services is good in both countries. The operational quality is also high. However, operational quality has slightly decreased in Germany and is expected to remain the same. On the contrary, in Sweden the quality was forecasted to improve in the future.

The level of regulatory framework was assessed as good in Sweden and as very good in Germany. The situation has been stable and future changes are unlikely. However, from the enforcement perspective the respondents had different opinions.

In Sweden the level of enforcement assessed by the transport company representative was seen as poor and it expected to be so. However, no Swedish authorities were interviewed. The Swedish Police Board maintains that the level of law enforcement in Sweden is not and will not be poor, though room of improvement does exist.

In Germany the enforcement was deemed to be at a good level.

The Swedish stakeholder emphasized that drive and rest hours, cargo documents, dangerous goods transports, and the technical standard of vehicles are most problematic concerning non-compliance, while the German stakeholder ranked cargo securing as most problematic factor.

From the enforcement perspective, Swedish transport company representative pointed out that alcohol and/or drug use is the main concern. On the contrary, cargos securing is the most problematic factor for German drivers and trucks. Both parties stressed the importance of dangerous goods transports from non-compliance and speeding from enforcement perspective.

The overall road safety situation was assessed as very good in both countries. In Sweden the safety culture remains at a very good level. In Germany, however, the level is worse now than before due to the lack of interest in safety culture issues in the current economic situation.

2.5.2 Summary of the conditions in other EU countries according to German and Swedish stakeholders

The Swedish and German stakeholders assessed that the profitability in other EU countries in the BSR has been affected by the crisis. According to the Swedish stakeholder the profitability is now very poor, while the German stakeholder assesses profitability as not good or poor. Both expected the profitability to improve by 2011.

Moreover, the respondents had different views on competitiveness, the Swedish respondent evaluating it as not poor nor good, and the German as very good. Despite the crisis, the availability of HGV services has remained at a good level. However, the German respondent considered that the operational quality had temporarily decreased.

The stakeholders disagreed on the level of regulatory framework for traffic safety; the Swedish representative assessed it as not poor nor good, whilst the German representative's assessment was very good. Both assessed that the level of enforcement had decreased, and will not improve in the near future. The Swedish stakeholder stated that the major problems concerning non-compliance and enforcement are independent of country of origin, drive and rest hours being the most problematic from non-compliance perspective and alcohol and/or drug use from enforcement perspective. The German representative saw cargo securing as the most problematic factor.

In BSR countries the overall road safety level is slightly lower than in Germany and Sweden, yet good. According to the Swedish stakeholder, the safety culture is not poor nor good, and will not improve by the end of 2011. The German stakeholder described the current and future situation slightly more optimistically.

2.5.3 Summary of the conditions in Russia and Belarus according to German and Swedish stakeholders

The German stakeholder assessed the past and current profitability of international Russian and Belarussian HGV road transport firms as poor but predicts a significant improvement by 2011. However, the competitiveness of the firms was forecasted to remain not poor nor good, staying behind other countries. The overall availability and operational quality was also assessed to remain at a poor level.

Concerning regulatory framework for traffic safety, Russia and Belarus are also at a lower level than the other BSR countries. The Swedish representative saw the same problems concerning Russian and Belarussian trucks and drivers, in other words drive and rest hours being the most problematic factor. According to the German stakeholder, alcohol and/or drug use is the major concern.

Similar to the level of regulatory framework, the level of road safety is lower in Russia and Belarus. While the other countries' ranks are clearly positive, the overall safety situation in Russia and Belarus remains not poor nor good. The situation is similar from the safety culture perspective, the situation in Russia and Belarus being ranked poor.

3 STAKEHOLDER ANALYSIS

3.1 Authorities

Competent authorities' representatives were interviewed in Estonia, Latvia, Lithuania, Poland and Germany. The only target country of the which is not represented in this study is Sweden.

The research started with the market structure questions. Firstly, the interviewees shared they view concerning the profitability of international HGV transport (see Figure 3). Lithuanian authorities representative abstained from assessing the level of profitability. In addition, Poland indicated that the future is indistinct in order to be predicted.

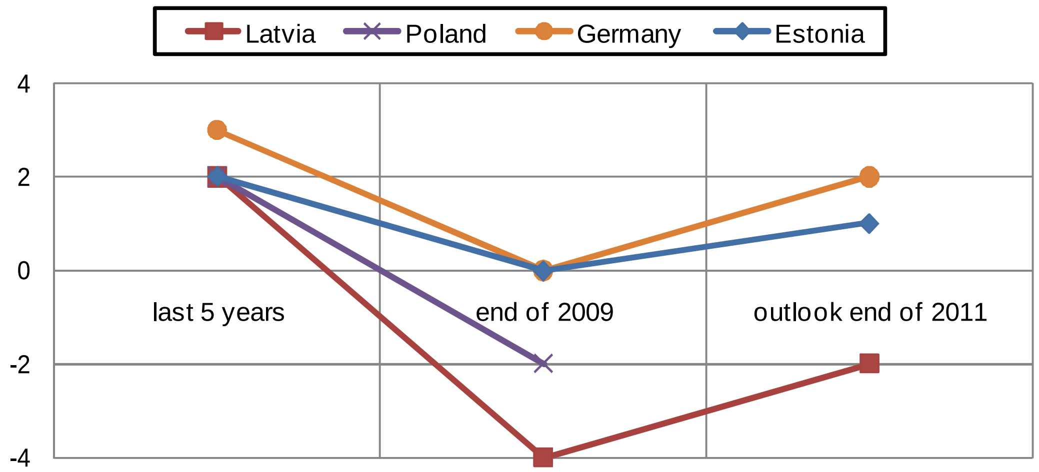


Figure 3 Assessment of profitability of international HGV companies according to competent authorities

Figure 3 clearly indicates, that profitability has decreased from its former level, but all interviewees which provided an answer see a possible recovery till the end of 2011. Latvia stands out providing the most pessimistic assessment. The situation in other EU countries was estimated as similar to the domestic state of affairs. However, the assessment of present profitability of Russia and Belarus was contradictory; Estonia and Germany evaluated it as poor whereas Poland asserted that it is very good.

The diversity of answers and arguments concerning the competitiveness of HGV firms was significant. Poland, Germany and Latvia did not report any changes in their domestic competitiveness level. On the other hand Estonia reported a constant but moderate improvement on the competitiveness of Estonian firms. Only Estonia, Latvia and Germany assessed the competitiveness of Russia and Belarus and the outcomes were totally different.

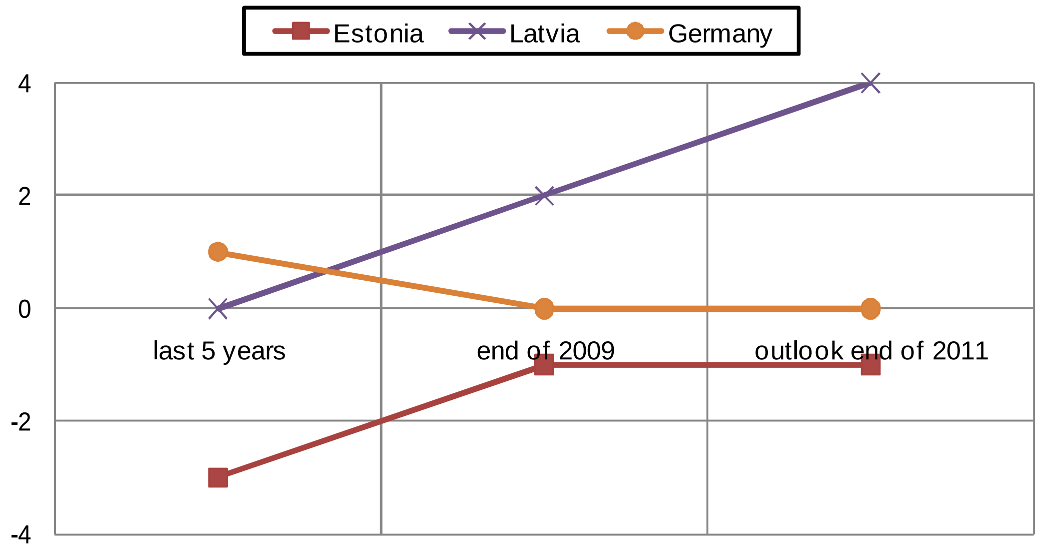


Figure 4 Assessment of competitiveness of Russian and Belarussian HGV firms according to authorities

As indicated in Figure 4, Latvian authorities evaluate that the competitiveness of especially Russian companies is a result of a series of protective administrative measures.

Neither the availability nor the quality of domestic HGV services were seen as a bottleneck. All respondents agreed that due to the financial crisis, there is overcapacity on the market. However, in the discussion as to which have been the major changes in the market structure during the last five years, Estonia and Germany reveal that companies have grown and that the market has consolidated toward bigger players. In contrast, Latvia claims that their market is characterized by small companies. In addition, Latvian authorities clarified that company policies have a greater influence on quality than a certain nationality.

Table 24 The four most problematic regulatory factors from non-compliance of driver and enforcement of authorities according authorities

	Estonia		Latvia	
	Non-compliance	Enforcement rank	Non-compliance	Enforcement rank
Truck and driver of own nationality	Drive and rest hours	Dangerous Goods (ADR)	Drive and rest hours	Alcohol/drugs
	Overloads	Drive and rest hours	Overloads	N/A
	Dangerous Goods(ADR)	Technical standards	Cargo documents	Speeding
	Technical standards	Overloads	Cargo securing	N/A
Truck and driver from another EU country	Drive and rest hours	Dangerous Goods (ADR)	Drive and rest hours	Alcohol/drugs
	Overloads	Drive and rest hours	Dangerous Goods(ADR)	N/A
	Dangerous Goods(ADR)	Technical standards	Cargo documents	Speeding
	Technical standards	Overloads	Overloads	N/A
Russian and Belarussian truck and driver	Technical standards	Dangerous Goods (ADR)	Drive and rest hours	Alcohol/drugs
	Drive and rest hours	Drive and rest hours (AETR)	Dangerous Goods(ADR)	N/A
	Dangerous Goods (ADR)	Technical standards	Cargo documents	Speeding
	Overloads	Overloads	Overloads	N/A

	Lithuania		Poland	
	Non-compliance	Enforcement rank	Non-compliance	Enforcement rank
Truck and driver of own nationality	Speeding	Technical standards	speeding	cargo securing
	Overloads	Cabotage	drive and rest hours	overloads
	Alcohol or drugs	Cargo securing	technical standards	cabotage
	Driver licenses/certification	Driver licenses/certification	vehicle documents	vehicle documents
Truck and driver from another EU country	N/A	N/A	drive and rest hours	other documents
	N/A	N/A	vehicle documents	overloads
	N/A	N/A	speeding	cabotage
	N/A	N/A	other documents	cargo securing
Russian and Belarussian truck and driver	N/A	N/A	speeding	other documents
	N/A	N/A	drive and rest hours	overloads
	N/A	N/A	other documents	cargo securing
	N/A	N/A	technical standards	cabotage

	Germany	
	Non-compliance	Enforcement rank
Truck and driver of own nationality	Cargo securing	Cargo securing
	Dangerous Goods(ADR)	Drive and rest hours
	Overloads	Speeding
	Alcohol/drugs	Overloads
Truck and driver from another EU country	Cargo securing	Cargo securing
	Dangerous Goods (ADR)	Dangerous Goods(ADR)
	Alcohol/drugs	Speeding
	Overloads	Alcohol/drugs
Russian and Belarussian truck and driver	Acohol/drugs	Alcohol/drugs
	Cargo securing	Cargo securing
	Dangerous Goods(ADR)	Dangerous Goods(ADR)
	Overloads	Speeding

In view of traffic safety regulatory framework, Estonia indicated the highest level of criticism, claiming that regulation ought to be stricter in all countries. Latvia added that the regulation should cover minor traffic violations of foreign drivers due to currently is difficult to make them liable. Also Poland was keen to extend the EU regulatory framework. Latvia and Poland indicated, that as a result of the EU - membership of the enforecement of traffic safety regulatory framework has improved significantly. Consequently, Table 24 provides more details of HGV regulatory factors, revealing the four most problematic factors from the perspective of compliance and enforcement.

Estonia stressed that controlling dangerous goods transportation (ADR) is challenging due to police lacks of experience in this particular area. Lithuanian authorities did only assess their domestic problems, however they revealed as a detail that 10% of trucks are carrying a 20% overload.

According to the interviewees a shipper can be punished for a traffic safety violation instead of a driver, but it may be complicated to show. On the other hand, ADR is more specific about the liabilities.

All interviewees evaluated their domestic overall road safety within a range of not poor nor good to very good. Poland was the only exception, commenting that their road safety had been between poor and not poor nor good during the last five years. However, a slight improvement has been seen so far. After assessing the overall road safety situation, interviewees were asked to evaluate the level of safety culture in international HGV transport firms (Figure 5).

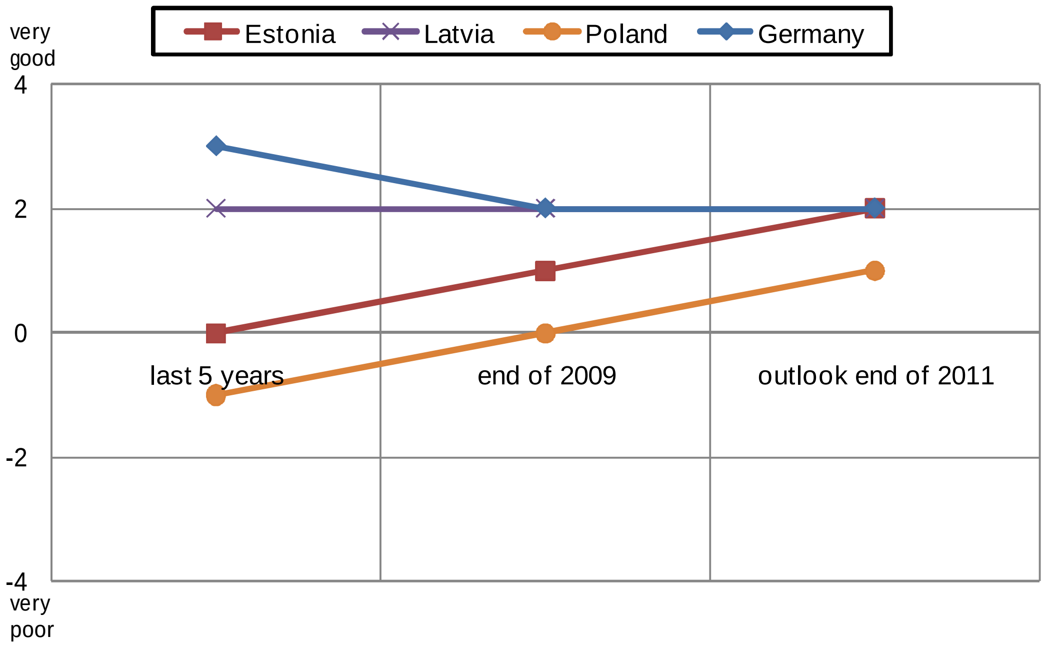


Figure 5 Assessment of safety culture of domestic HGV firms according to authorities

Estonia pointed out that the cooperation between police and transport companies has been the key element which has improved the safety culture. Lithuanian authorities did not asses the level of safety, but they stated that their situation is better than in Russia or Belarus. Polish authorities report that the safety situation has slightly improved and as a consequence the number of accidents has decreased. They also express the opinion that the safety culture of Russian drivers is very poor. To conclude this question, Germany was the only country which assessed a decrease in safety culture – the current crisis has increased competition to such level in which firms see culture as a factor to reduce costs.

The interviewees were asked to specify the developments or programs which have most impacted HGV road safety in border crossing. Estonian authorities listed not only the cooperation between police and transport companies, but also several EU-funded projects, the improved condition of roads. Lithuania mentioned the adaptation of European best practices. For instance, Poland stressed the importance of a specific organisation which was founded to control HGV traffic and Germany emphasized an improvement in cargo securing and dangerous goods. As deteriorating factors, queues in border crossing and the financial crisis were mentioned.

The last section of the questionnaire endeavour to map the security issues relating to border-crossing HGV transports. All authority representatives except Germany reported minor risks for people, cargo or vehicles. Cargo is clearly the main objective of perpetrators, but according to the authorities the crime rates are not relevant. Estonia, Latvia and Lithuania reported that the security risk materialize on the borders. In contrast Germany point out that not populated areas contain a higher risk level. Poland found the western part of their country as risky. In overall, the level of safety culture was assessed within a range of not poor nor good to very good, but Russia and Belarus represented a lower level.

Cooperation between authorities and companies, parking areas at the borders and EU-funded projects whereas the 1.10 article of ADR were mentioned as the major factors which have improved HGV-related security. The only specific safety deteriorating factors which were mentioned was that Russian drivers are allowed to pass the Lithuanian border on their way to Kaliningrad. Once the drivers enter the European Union, they can easily pass other borders as well.

3.2 Transport companies and transport associations

Transport companies or transport association representatives were interviewed in Estonia, Latvia, Lithuania, Poland and Sweden. This stakeholder group has no interviews from Germany.

The market structure questions began with the assessment of profitability of HGV firms. As indicated in Figure 6, a similar pattern can be traced throughout the results of all interviewed countries.

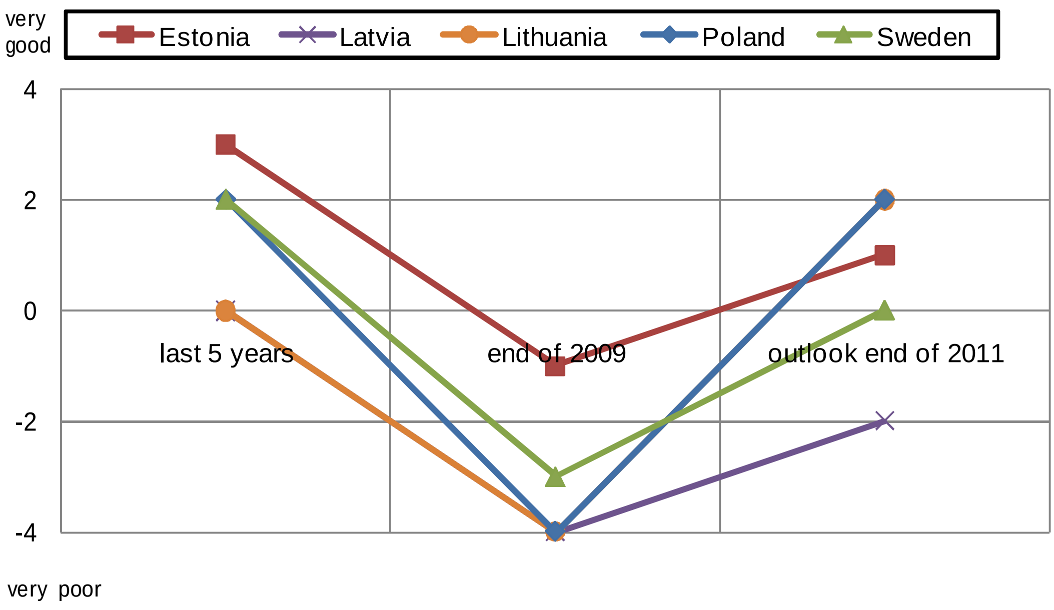


Figure 6 Assessment of profitability of HGV firms according to transport companies or associations

The diminishing level of exports has caused an abrupt decrease in the profitability of HGV firms. Latvia points out that the entrance to the market is easier than before their membership in the EU. The significant number of new entrants has cut profits. The competitiveness level of HGV firms varied within a range of not poor nor good to good.

The evidence in Figure 7 seems to indicate that transport companies and associations ranked the highest level of overall HGV availability (e.g. capacity, frequencies, special equipment).

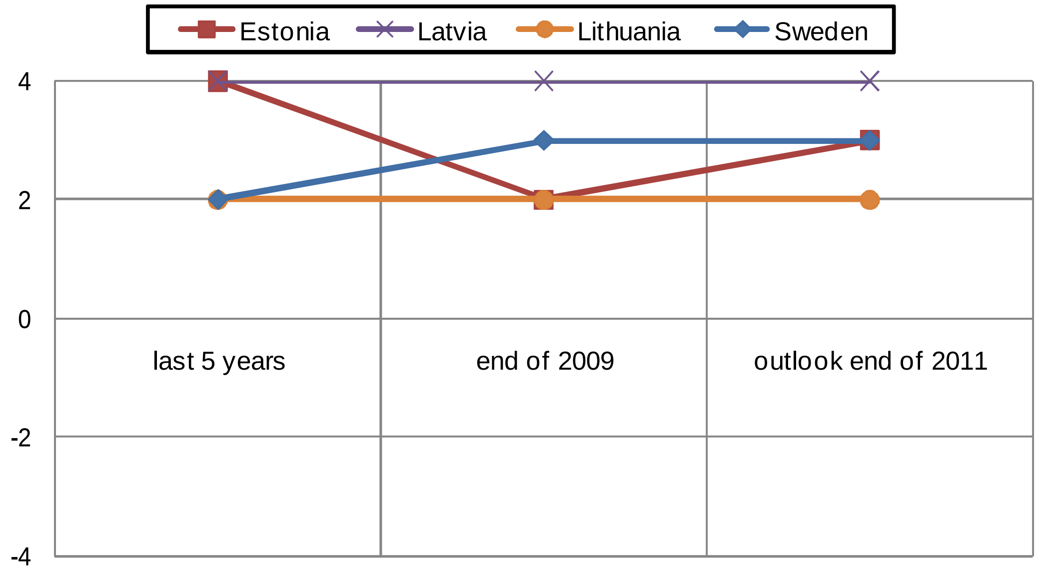


Figure 7 Assessment of overall availability of HGV services according to transport companies and associations

Not only the overall availability but also the operational quality of international HGV was ranked between good or very good.

The interviewees revealed that during the last five years the market structure has shifted towards bigger players and profit margins have shrunk as a consequence of the financial crisis causing cost pressures and bankruptcies.

Table 25 Most problematic regulatory issues according to transport companies or associations (excl. Sweden, but incl. Germany)

	Estonia		Latvia	
	Non-compliance	**Enforcement rank**	**Non-compliance**	**Enforcement rank**
Truck and driver of own nationality	Drive and rest hours	Drive and rest hours	Cargo documents	N/A
	Cargo securing	Cargo securing	Alcohol/drugs	N/A
	Technical standards	Technical standards	Dangerous Goods(ADR)	N/A
	N/A	N/A	Driver licenses/certification	N/A
Truck and driver from another EU country	Drive and rest hours	Drive and rest hours	Cargo documents	N/A
	Cargo securing	Cargo securing	Alcohol/drugs	N/A
	Technical standards	Technical standards	Dangerous Goods(ADR)	N/A
	Cargo documents	Cargo documents	Driver licenses/certification	N/A
Russian and Belarussian truck and driver	Alcohol/drugs	Alcohol/drugs	N/A	N/A
	Technical standards	Technical standards	N/A	N/A
	Drive and rest hours	Drive and rest hours	N/A	N/A
	Vehicle documents	Vehicle documents	N/A	N/A

	Lithuania		Poland	
	Non-compliance	**Enforcement rank**	**Non-compliance**	**Enforcement rank**
Truck and driver of own nationality	Drive and rest hours	N/A	Speeding	Cargo securing
	Overloads	N/A	Drive and rest hours	Overloads
	Dangerous goods	N/A	Technical standards	Cabotage
	N/A	N/A	Vehicle documents	Vehicle documents
Truck and driver from another EU country	N/A	N/A	Drive and rest hours	Other documents
	N/A	N/A	Vehicle documents	Overloads
	N/A	N/A	Speeding	Cabotage
	N/A	N/A	Other documents	Cargo securing
Russian and Belarussian truck and driver	N/A	N/A	Drive and rest hours	Drive and rest hours
	N/A	N/A	Overloads	Speeding
	N/A	N/A	Dangerous Goods(ADR)	Overloads
	N/A	N/A	Speeding	Alcohol/drugs

	Germany	
	Non-compliance	**Enforcement rank**
Truck and driver of own nationality	Cargo securing	Cargo securing
	Dangerous Goods(ADR)	Drive and rest hours
	Overloads	Speeding
	Alcohol/drugs	Overloads
Truck and driver from another EU country	Cargo securing	Cargo securing
	Dangerous Goods(ADR)	Dangerous Goods(ADR)
	Alcohol/drugs	Speeding
	Overloads	Alcohol/drugs
Russian and Belarussian truck and driver	N/A	N/A
	N/A	N/A
	N/A	N/A
	N/A	N/A

The traffic safety regulatory framework was ranked from not poor nor good to good. Estonian and Latvian representatives confirmed that further regulation is not needed whereas in view of the enforcement level, Sweden reveals, that the enforcement of regulation is budget driven: budjets are established by the Government and therefore the priority of enforcement is often on new regulations. As a consequence the enforcement of old regulations can occasionally decrease. In addition, Poland considers that there are too many enforcement authorities. The interviewees also assessed the four most problematic regulatory issues from the compliance and enforcement perspective (Table 25).

Latvia and Lithuania limited their answers to the domestic situation. Sweden adds that drive and rest hours is a challenging topic, as it causes rescheduling problems to transport companies.

The opinions concerning the liability of shippers in case they have violated traffic safety was unanimous: in practice the driver is always responsible. This causes problems due to the drivers are not always aware of the content of the shipments.

Sweden excels in the overall road safety situation and safety culture, assessing both as very good. In comparison the Estonians side evaluates their national road safety situation as poor or very poor, but the safety culture is ranked as not poor nor good. Latvia reveals, that there is a significant difference between drivers which operate on the national routes and those operating in international HGV. The latter group is considerably more experienced and professional. Queues at the borders, the high volume of overall traffic and the increasing use of drugs were reported as the factors which have deteriorated HGV border crossing safety.

The most relevant security risks are related to cargo. In addition, the Swedish representative specified that it is hard to differentiate the risks in cargo, people or vehicle. Although cargo is the main objective of theft, people and vehicles are indirect objectives as they may hinder a perpetrator from stealing the cargo.

Surprisingly all interviewees except the Swedish representative assure that risks seldom materialize in their country. The Swedish respondent does not mention a specific geographical area but clarifies that local demand for stolen goods may determine were the risk materializes.

The national level of safety culture was not regarded as problematic so far. However, the side effects of the financial crisis whereas the increasing drug smuggling were regarded as potential risks in the future. Safe parking areas, EU-funded projects and such international programs as Authorized Economic Operator (AEO) and Customs-Trade Partnership Against Terrorism (C-TPAT) were the key factors which have developed security. In contrast, there were no relevant programs or developments which may have deteriorated security during the last five years.

3.3 Shippers and shipper associations

Although the study was conducted in six countries, representatives from this stakeholder group were interviewed only in Estonia and Lithuania. As demonstrated in Figure 8, the Lithuanian party is more optimistic about the development of profitability in the HGV market than the Estonian one.

Estonian gloom was also justified, as according to market sources the Estonian international road haulage firms appeared to have a 30 % overcapacity in summer 2010.

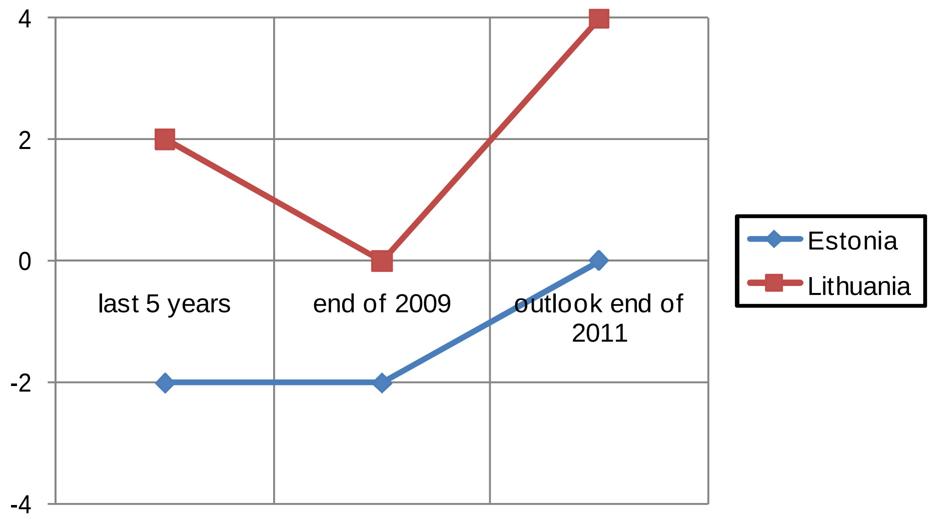


Figure 8 Assessment of profitability of international HGV firms according to shippers or shipper associations

A further limitation is included in the study due to the Lithuanian interest group representative did not provide answers concerning other BSR countries nor Russia and Belarus. In contrast, the Estonian side assessed that the profitability of Russian and Belarussian companies has been slightly better than in Estonia due to low cost structure (e.g. old vehicles and low labor costs).

While the Lithuanian side was reluctant to assess the competitiveness of HGV firms, the Estonian party considers that the crisis will eliminate the less competitive firms from the market. However, both parties reported that availability and quality are either not poor nor good or good, but the Estonian side stressed that the quality of Swedish and German services is good or very good, whereas Russian and Polish drivers are below the average.

Both interviewees maintain that due to the financial crisis, exports have diminished. However, the Estonian interest group representative stressed that as a beneficial side effect of overcapacity, transport companies are challenged to improve their service level. In addition, they stated that the EU membership of Estonia has been a driver for globalization and mergers, which are the major factors which have shaped the market structure during the last five years.

In view of traffic safety, the Lithuanian shipper representative assessed the regulatory framework as good or very good (see Figure 9). Nonetheless, they claim that strict transport regulations result in lead time delays.

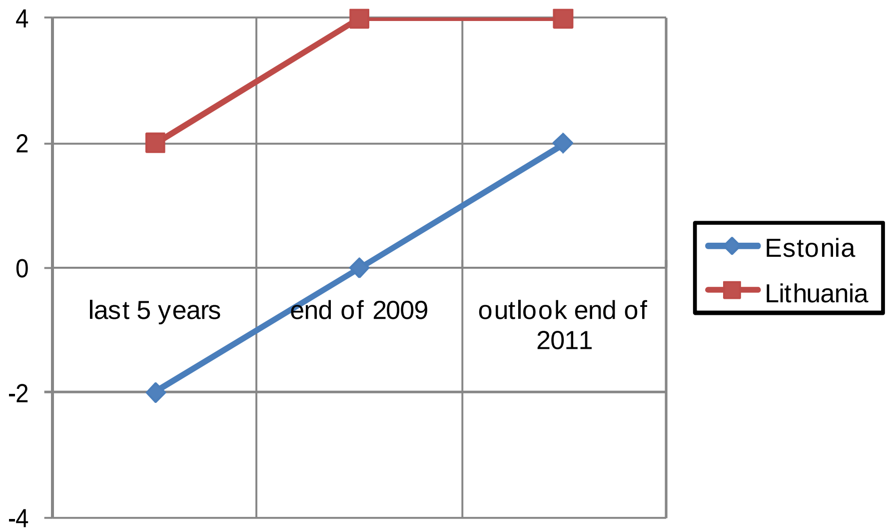


Figure 9 Assessment of traffic safety regulatory framework according to interest shippers or shipper associations

4 CONCLUSION

4.1 Cross-country synthesis on Russia and Belarus

The representatives of only three countries expressed their opinion on profitability of international Heavy Goods Vehicles road transport firms in Russia and Belarus. The assessment was contradictory; Estonia and Poland assessed the past and current situation as poor while Poland considered the present situation is very good for Russian and Belarussian companies.

Concerning competitiveness the answers were equally diverse. Estonian and Latvian representatives evaluated that the competitiveness of Russian and Belarussian companies had improved during the past five years, while the German representative suggested a decrease in competitiveness. While Latvian authorities forecasted that the profitability will improve to a very good level by the end of 2011, Estonian and German authorities forecasted a stable situation, assessing the profitability either as not poor nor good, or as slightly poor.

The current overall availability of international HGV road transport services was estimated as very poor or not good nor poor in Russia by two of Estonian stakeholders. German, Latvian and Polish stakeholders agreed that the availability is worse in Russia and Belarus. However, Estonian transport association representatives estimated that the availability in Belarus is currently good. While German representative forecasted that the availability will remain poor, all three Estonian stakeholders expected an improvement by the end of 2011.

In addition, the operational quality in Russia and Belarus is behind other countries. Both Polish and German stakeholders determined the situation as poor. The German representative also forecasted that the level will stay as poor.

The level of regulatory framework in Russia and Belarus was estimated to be lower than in other countries in the Baltic Sea Region by the German respondent. Polish transport association representatives assessed that the situation has been not poor nor good but they forecasted an improvement to a good level by the end of 2011.

In contrast, the German representative did not see any change in the future. From the enforcement perspective, the situation in Russia and Belarus was assessed as not poor nor good. Table 26 illustrates the most problematic regulatory issues mentioned concerning Russian and Belarussian drivers and trucks.

Table 26 Most problematic regulatory factors from non-compliance of Russian and Belarussian drivers and trucks and enforcement of authorities

Authorities		Transport companies or associations	
Non-compliance	Enforcement	Non-compliance	Enforcement
Drive and rest hours	Alcohol/drugs	Drive and rest hours	Drive and rest hours
Dangerous Goods (ADR)	Dangerous goods (ADR)	Alcohol/drugs	Alcohol/drugs
Technical standards	Cargo securing	Technical standards	Technical standards
Alcohol/drugs	Other documents	Overloads	Speeding
Speeding	Overloads	Dangerous goods (ADR)	Overloads
Cargo securing	Drive and rest hours	Speeding	Vehicle documents
Overloads	Speeding	Vehicle documents	
Cargo documents	Technical standards		
Other documents	Cabotage		

As visible, drive and rest hours were considered as most problematic regulatory issue concerning traffic safety compliance by both the authorities and transport companies or associations. Both parties agreed that alcohol and/or drug use is among the two most problematic factors concerning enforcement. Alcohol and/or drug use was considered as a major concern especially by the Latvian and German stakeholders. In contrast, drive and rest hours was seen as the most important problem by transport companies or associations, while authorities ranked it relatively low.

The interviewed stakeholders agreed that the overall road safety situation in Russia and Belarus had been poor. The Estonian and German respondents did not expect significant improvements in the future, whereas Latvian stakeholders were more optimistic and expected Russia and Belarus to reach a good level by the end of year 2011. However, Latvian transport association and German representatives forecasted that the level of safety culture would remain poor and the security situation very poor despite the improving overall safety situation.

4.2 Cross-country synthesis on EU countries

The authorities in each country agreed that the economic crisis has negatively affected the profitability of international HGV companies. The Latvian authorities and transport association, as well as Lithuanian transport association provided the most pessimistic assessment, evaluating the present situation as very poor. However, all interviewees forecasted a recovery till the end of 2011.

The stakeholders expressed a diversity of assessments concerning the competitiveness of firms engaged in international HGV road traffic. Sweden, Poland, Germany and Latvia did not report any changes in their domestic competitiveness, whereas Estonia and Lithuania saw that their competitiveness is currently weaker than before. The, Estonian stakeholders expected that the situation would improve moderately in the future.

All respondents agreed that there was overcapacity in the market due to the economic crisis. The availability and operational quality of domestic HGV services was assessed as good. On the other hand, the German representative reported a small decrease in quality due to the decreased regulation in the current financial situation. The quality can be further improved for example by the implementation of EU standards (Poland) and by a quality improvement program (Sweden).

In the view of traffic safety regulatory framework, Estonian and Lithuanian shipper associations reported an improvement over the last years, while in Sweden and Germany the level has been constantly at a good or very good level. Estonia expressed the most critical assessment, stating that regulation should be stricter in all countries.

Latvia and Poland pointed out that the enforcement of traffic safety regulatory framework has improved significantly due to EU membership. The Swedish representative ranked the level of enforcement as poor. The major problem in Sweden is the monitoring of old regulation once a new law comes into effect. In Germany the level of domestic enforcement was assessed as good.

The most problematic regulatory issues concerning non-compliance are depicted in Table 27.

Table 27 Most problematic regulatory issues of non-compliance of domestic drivers and trucks in EU countries

A. According to authorities

Germany	Estonia, Latvia, Lithuania, Poland
Cargo securing	Drive and rest hours
Dangerous goods (ADR)	Overloads
Overloads	Speeding
Alcohol/drugs	Technical standards
	Dangerous goods (ADR)
	Cargo documents
	Alcohol/drugs
	Cargo securing
	Vehicle documents
	Driver licenses/certification

B. According to transport companies or associations

Germany	Estonia, Lithuania, Poland	Latvia
Cargo securing	Drive and rest hours	Cargo documents
Dangerous goods (ADR)	Technical standards	Alcohol/drugs
Overloads	Speeding	Dangerous goods (ADR)
Alcohol/drugs	Cargo securing	Driver licenses/certification
	Overloads	
	Dangerous goods (ADR)	
	Vehicle documents	

Table 27 reveals that EU countries can be divided according to most problematic regulatory issues. Germany forms its own groups both in authorities' and transport associations' rankings. Cargo securing and dangerous goods transports are ranked high unlike in other countries. From authorities' point of view, Estonia, Latvia, Lithuania and Poland can be classified into one group in which drive and rest hours and overloads are major concerns. If classified according to transport companies or associations, Latvia can be separated from the Estonia, Lithuania and Poland. Latvian transport association estimated that cargo documents and alcohol and/or drug use are most problematic.

Table 28 Most problematic regulatory enforcement issues in EU countries

A. According to authorities

Germany & Poland	Estonia	Latvia	Lithuania
Cargo securing	Dangerous goods	Cargo documents	Technical standards
Overloads	Drive and rest hours	Alcohol/drugs	Cabotage
Dangerous goods (ADR)	Technical standards	Dangerous goods (ADR)	Cargo securing
Cabotage	Overloads	Driver licenses/certification	Driver licenses/certification
Vehicle documents			
Alcohol/drugs			

B. According to transport companies or associations

Germany & Estonia	Poland
Drive and rest hours	Cargo securing
Cargo securing	Overloads
Technical standards	Cabotage
Speeding	Vehicle documents
Overloads	

As visible in Table 28 (A), it is more difficult to find common patterns in enforcement than in non-compliance. According to the authorities' assessment, Germany and Poland both saw cargo securing as the most problematic factor. Also overloads were mentioned by both respondents.

Only three countries' transport company representatives assessed the most problematic factors from enforcement perspective. Germany and Estonia found that drive and rest hours and cargo securing are the main problems (Table 28 B). Estonia stressed the importance of technical standards, whereas speeding and overloads were ranked high in Germany. Also the Polish representative saw cargo securing as a significant problem, but did not mention drive and rest hours.

All interviewed authorities assessed their domestic overall road safety within the range of not poor nor good to very good. Poland was an exception, stating that the domestic safety has been between poor and not poor nor good for the past five years. In general, the level of safety culture of domestic HGV firms has been improving according to the authorities. The starting points were different; Germany having a very good and Poland a poor level of safety culture. However, the gap is narrowing as the German level has decreased, whereas the levels of other countries have improved. By the end of 2011, the level of safety culture in each country was expected to be good.

APPENDIX 1. INTERVIEW GUIDE

FINAL INTERVIEW GUIDELINE
AUTUMN 2009

Connecting Authorities for Safer Heavy Goods Traffic in the Baltic Sea Region

C.A.S.H. project Activity 3.4.

"The Impact of Market Structure on Safety and Security" TIMSS

Traffic on major road corridors (E-roads) in the Baltic Sea Region

Source: UN-ECE (1998). Note: The data base does not contain figures for all E-roads.

Background to the TIMSSS research component of C.A.S.H.

The C.A.S.H project investigates, among other things, the impact of market structure and increasing competitive pressure on the road transport industry.

This research component is called "The Impact of Market Structure on Safety and Security" or TIMSS. TIMSS constitutes Activity 3.4. in C.A.S.H. for which Turku School of Economics is responsible. The main research problem to be addressed in TIMSSS is as follows: (Fig. 1.)

How does the market structure affect the compliance of transport/logistics companies with safety and security regulations?

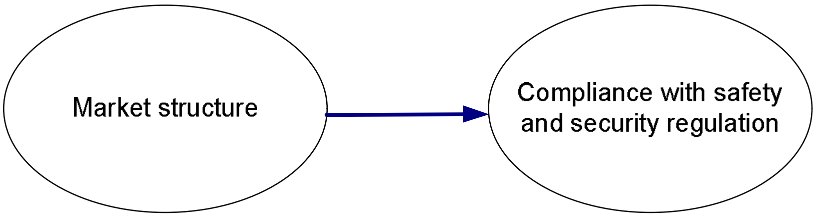


Figure 1 A priori model of the survey

Market structure in an industry comprises for example the following elements:

1. industry concentration (e.g. what share of the industry sales is generated by the largest companies) or how competitive in general is the industry,
2. how open is the market to new entrants / substitute services?
3. what is the bargaining power of customers/suppliers?

Safety and security regulations are defined as national and EU level regulations and policy initiatives that aim to maintain and increase the safe and secure transport, warehousing and handling of cargo, especially in the context of Dangerous Goods and Heavy Goods Vehicles.

TIMSSS investigates whether the recent changes in the structure of logistics and transport markets that increase competition and tend to drive down profitability affect negatively the level of compliance with safety and security regulations.

Increasing cost pressure force road carriers to seek ever more efficient operational models. While this can lead to improved productivity, it may also lead to:

1. more complex subcontracting,
2. more difficult quality control,
3. deterioration of safety and security culture,
4. inferior equipment,
5. an (increasing) polarisation between high quality and substandard carriers.

The interview round in autumn 2009 is the first phase of TIMSSS, which will be carried out in several stages in 2009-2012.

These first exploratory interviews are carried out by a team of graduate students of logistics at TSE.

About the interviews in autumn 2009

The personal interviews typically take 1-1.5 hours conducted by 2-3 graduate students of logistics from Turku School of Economics (TSE), Finland.

Each group will interview the representative(s) of the following stakeholder groups:

- Road transport industry association or a road haulage firm
- Shipper representative either from a shippers association or an export/import firm
- Road police, Road Transport Inspectorate or an equivalent Competent Authority

The representative(s) will be interviewed in Oct- Nov 2009 in the following countries:

- Estonia, Finland, Germany, Latvia, Lithuania and Poland

The generally used term HGV is used here instead of the formal EU term **Large Goods Vehicle** (**LGV**) with a maximum allowed mass (MAM) over 3.5 tonnes. LGV Category N2 is up to 12 t and LGV category N3 greater than 12 t.

In this study, the term HGV refers to vehicles with a mass of 26 tonnes and/or a length of 16.5 meters or more as defined in Directive 96/53/EC (see Figure 2).

Masses

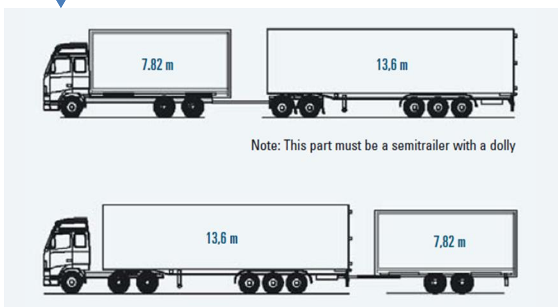
Trucks could be divided into several groups, depending on Gross Vehicle Weight and Gross Combination Weight. The most important groups are:

> 3,5 tonnes	general definition "heavy vehicle"
7.5 tonnes	limit for some driver's licence
12 tonnes	limit for Eurovignette and upcoming German road fees, etc
16 tonnes	limit for heavy trucks in some official statistics
18/19 tonnes	limit for single two-axle trucks (depending on national regulations)
26 tonnes	limit for single three-axle trucks
40 tonnes	limit for trucks generally in Europe
44 tonnes	limit for vehicles carrying a 40 ft ISO container as a combined transport operation

Length

National regulations vary by country. General regulations for international transport within EU are presented in the Directive 96/53/EC. This directive gives the following maximum truck lengths for European international transport:

12 m	motor vehicle
12 m	trailer
16,5 m	articulated vehicle (semitrailer combination)
18,75 m	road train (rigid truck with trailer) combined with a regulated max total load area length of 15.65 m (or 2 x 7.82 m).



Source: ACEA report on truck masses by Prof. Kent Lumsden 2009 http://www.acea.be/images/uploads/pub/trucks_masses.pdf

Figure 2. The type of Heavy Goods Vehicles (HGV) under study in TIMSSS

Our focus is on cross-border / international Heavy Goods Vehicle (HGV) traffic in the country / region of the respondent under the following themes:

A. The Market for international HGV road freight transport in the BSR
B. regulatory framework of border-crossing HGV traffic and the enforcement of it
C. Road safety of border-crossing HGV traffic, including safety culture
D. Security issues relating to border-crossing HGV transports

The interviews **aim to provide a general understanding** of cross-border HGV traffic including possible differences among countries in the Baltic Sea region during:

- the past 4-5 years (i.e. since the EU membership of EE, LT,LV and PL)
- end-year 2009 (i.e. the current situation)
- the next two years (i.e. till the end of year 2011)

The aim is NOT to highlight individual operators:

firms, authorities nor individuals.

All responses are treated anonymously
in the report(s) that use the findings.

The report(s) will be made available free of charge
at the project website: http://www.cash-project.eu/

Thank you for participating in this important undertaking!

A) Market for international HGV road freight transport in the BSR

A.1. Supply side questions:

1. What is/ has been the **profitability** of firms engaged in int'l HGV road freight transport operating from **a) your country; b) other EU BSR-countries; c) Russia and Belarus**

NOTE: indicate separately the situation in countries a); b); and c)

	Very poor		Poor	Not poor nor good			Good	Very good	
Over the last 5 years?									
In end-year 2009?									
Outlook till end-2011?									

Comments and motivations: (reasons for changes or no changes):

2. What is / has been the **competitiveness** of firms engaged in int'l HGV road freight transport operating from **a) your country; b) other EU BSR-countries; c) Russia and Belarus**

NOTE: indicate separately the situation in countries a); b); and c)

	Very poor		Poor	Not poor nor good			Good	Very good	
Over the last 5 years?									
In end-year 2009?									
Outlook till end-2011?									

Comments and motivations: (reasons for changes or no changes; where is the main competition…):

A.2. Demand side questions:

3. Assess the **overall availability** (e.g. capacity, frequencies, special equipment) of int'l HGV road transport **in a) your country; b) in other EU BSR-countries; c) in Russia and Belarus**

   NOTE: indicate separately the situation in countries a); b); and c)

	Very poor		Poor	Not poor nor good			Good	Very good	
Over the last 5 years?									
In end-year 2009?									
Outlook till end-2011?									

Explanations (e.g. reasons for changes and /or differences between countries of carriers):

4. Assess the level of **operational quality** of int'l HGV road transport (e.g. timeliness, absence of damage) **in a) your country; b) in other EU BSR-countries; c) in Russia and Belarus**

   NOTE: indicate separately the situation in countries a); b); and c)

	Very poor		Poor	Not poor nor good			Good	Very good	
Over the last 5 years?									
In end-year 2009?									
Outlook till end-2011?									

Explanations (reasons for changes and /or differences between countries of carriers):

5. What is the balance between supply and demand in int'l road transport in **your country now**?

7. What are the main changes in the market structure of int'l road freight transport **in your country during the past 5 years**? (in e.g. average sales, no. of employees or units per firm, national or cross-border mergers & acquisitions, bankrupts, consolidation of logistics services)

8. According to your opinion, which factors have driven these changes described above?

9. What are the main impacts of the current financial situation on the market and operations of international road freight transport in your country?

B. Regulatory framework of border-crossing HGV traffic and the enforcement of it

1. **In view of traffic safety**, assess the level of the regulatory framework of int'l HGV transport in:
   a) your country; b) in other EU countries in the BSR; and c) in Russia and Belarus

	Very poor		Poor	Not poor nor good			Good	Very good	
Over the last 5 years?									
In end-year 2009?									
Outlook till end-2011?									

Comments and motivations: (reasons for changes; other key developments…):

2. **In view of traffic safety**, assess the level of the enforcement of int'l HGV regulatory framework in:
   a) your country; b) in other EU countries in the BSR; and c) in Russia and Belarus

	Very poor		Poor	Not poor nor good			Good	Very good	
Over the last 5 years?									
In end-year 2009?									
Outlook till end-2011?									

Comments and motivations: (reasons for changes; where other key developments…):

3. **In view of int'l HGV traffic safety in your country**, please, rank the **four (4) most problematic regulatory issues** for **options I, II and III** from the following points-of-view:
   - a) **non-compliance by the carrier, shipper and/or the driver;**
   - b) **enforcement by road police, transport inspectorate or other Competent Authority**

I. For a truck and driver of your own nationality

Rank: 1. = the most problematic; 2. = the 2^{nd} most problematic; 3 = the 3^{rd} most problematic etc.

Non-compliance rank	Regulatory issues (in alphabetical order)	Enforcement rank
	Alcohol and/or drug use of drivers	
	Cabotage	
	Cargo documents	
	Cargo securing	
	Dangerous Goods transports (ADR)	
	Drive and rest hours (AETR)	
	Driver licenses and certification	
	Overloads	
	Speeding	
	Technical standard of vehicles incl. trailers	
	Vehicle documents	
	Other, what?	

II. For a truck <u>and</u> driver originating from <u>another EU country</u>

Non-compliance rank	Regulatory issues (in alphabetical order)	Enforcement rank
	Alcohol and/or drug use of drivers	
	Cabotage	
	Cargo documents	
	Cargo securing	
	Dangerous Goods transports (ADR)	
	Drive and rest hours (AETR)	
	Driver licenses and certification	
	Overloads	
	Speeding	
	Technical standard of vehicles incl. trailers	
	Vehicle documents	
	Other, what?	

III. For a truck <u>and</u> driver originating from <u>Russia or Belarus</u>

Non-compliance rank	Regulatory issues (in alphabetical order)	Enforcement rank
	Alcohol and/or drug use of drivers	
	Cabotage	
	Cargo documents	
	Cargo securing	
	Dangerous Goods transports (ADR)	
	Drive and rest hours (AETR)	
	Driver licenses and certification	
	Overloads	
	Speeding	
	Technical standard of vehicles incl. trailers	
	Vehicle documents	
	Other, what?	

Comments and motivations:

4. If the shipper (either consignor or consignee) could be proven guilty of traffic safety violations (AETR, cargo documents or securing, other…), what possibilities do the law enforcement Competent Authorities in your country have to make him liable in:
   a) **non-compliance by the shipper <u>in int'l HGV traffic</u>;**
   b) **non-compliance by the shipper <u>in int'l Dangerous Goods HGV traffic under ADR</u>**

C. Road safety of border-crossing HGV traffic, including safety culture

1. Please, assess the **overall road safety situation** of international HGV transport in:

   a) your country; b) in other EU countries in the BSR; and c) in Russia and Belarus

	Very poor		Poor		Not poor nor good		Good	Very good	
In 2004-2005?									
In end-year 2009?									
By end of 2011?									

2. Please, assess the **level of safety culture in international HGV transport firms** in:

   a) your country; b) in other EU countries in the BSR; and c) in Russia and Belarus

	Very poor		Poor		Not poor nor good		Good	Very good	
In 2004-2005?									
In end-year 2009?									
By end of 2011?									

Comments and motivations:

3. Which developments and/or programs have **most improved** HGV road safety in border-crossing traffic **over the past 5 years in your country** ?

4. Which factors , developments and/or programs have **most deteriorated** HGV road safety in border-crossing traffic **over the past 5 years in your country** ?

D. Security issues relating to border-crossing HGV transports

1. *According to your view, what are the most relevant security risks in road transport for a) people; b) cargo; c) vehicles; and d) other?*

Subject	**In your country, end of 2009**	**In the Baltic Sea Region, where?**
People		
Cargo		
Vehicles		
Other, what?		
Other, what?		

2. *Where do the security risks usually materialize:*

a) geographically; b) along the supply chain; or c) otherwise (e.g. actors or timewise)?

3. Using the definitions and issues you indicated on the previous page, please, assess the **overall security situation related to international HGV transport in**:

   a) **your country; b) in other EU countries in the BSR; and c) in Russia and Belarus**

	Very poor		Poor	Not poor nor good			Good	Very good	
In 2004-2005?									
In end-year 2009?									
By end of 2011?									

Comments and motivations:

4. Which developments and/or programs have **improved HGV-related security** in border-crossing traffic **most over the past 5 years in your country** ?

5. Which developments and/or programs have **deteriorated HGV-related security** in border-crossing traffic **most over the past 5 years in your country** ?

END OF THE INTERVIEW – THANK YOU!

Heavy Goods Vehicle (HGV) traffic in the EU & Baltic Sea Region

Gross Value Added:

In 2006, road freight transport companies registered in BSR countries had a total turnover of 63 billion euro (BSR, excl. Norway, Belarus and Russia; BSR accounts for 22% of EU27 total).

In EU27, Gross Value Added (GVA) of provision of transport services was 400 billion euro (2006), and it accounted for about 4.2 % of total GVA in the EU27. This includes only companies whose main activity is the provision of transport and transport-related services: *own account transport operations are not included*.

Enterprises and Employment:

In 2006, 150,000 enterprises providing services in road freight transport are registered in countries of the BSR (excl. Norway, Belarus and Russia; BSR is approx. 25% of EU27).

Number of enterprises providing road freight transport in 2006	
EU27	600,000
BSR	150,834

Employment in the road freight transport sector in 2006	
EU27	2,832,404
BSR	755,736

In 2006, about 8.9 million persons (EU27) were employed in transport services (4.3 % of the total workforce). 32 % of them worked in the road freight transport sector and over 1/4 of these, **or 755,736 persons are employed by the road freight transport sector in BSR countries** (27% of EU27).

Goods transport:

In 2007, total goods transport activities in the EU27 are estimated to have amounted to 4,228 billion tonkilometers. This figure includes intra-EU air and sea transport but not transport activities between the EU and the rest of the world. Road transport accounted for 45.6 % of this total in EU 27. **Almost one third (32%) of haulage transported in the EU27 is carried by vehicles registered in the BSR**. National and international haulage increased by approx. 7 % in '06/'07 carried by vehicles registered in countries of the BSR.

Haulage by vehicles registered in the country (thousand mio tkm; 2007)

	natl	intl	total	change -% '06/'07
EU27	1,300	627	1,927	3.9
BSR	409	217	626	7.2

Safety:

3,650 people died in road traffic accidents involving HGVs in 2005. (EU14 plus EE, HU and MT). HGVs are involved in fatal crashes much more often than their share of traffic volume, because of the heavy weight of vehicles leads to severe consequences for other road users in traffic accidents. E.g. in Sweden, **HGV's were involved in ¼ of all fatal accidents in 2000-2007** (Vägverket, 2009).

Dangerous Goods transport:

Up to 1,000 million tonnes of Dangerous Goods are transported in the BSR mostly through densely populated areas, imposing real health and safety risks to people and the environment. **About ¼ of the total volume, or 250 million tonnes of Dangerous Goods is transported by HGV's in the BSR**.

Sources:

European Commission – Directorate-General for Energy and Transport (2009) *EU energy and transport in figures 2009.*

Ojala L., Nummila S., Suominen M., Solakivi T. and Rautio J. (2007) *Key findings of the DaGoB project 2006-2007.* DaGoB publication series 6:2007, at: www.dagob.info

CARE Community Road Accident Database. (2008) *Traffic Safety Basic Facts 2007. Heavy Goods Vehicles and Buses.*

Vägverket 2009:2, **In-depth analysis of accidents with heavy goods vehicles,** *Effects of measures promoting safe heavy goods traffic*

Description of the C.A.S.H. -project

White Paper "European transport policy for 2010: Time to decide", calls for "taking stock of road safety measures to sharply reduce the number of fatalities each year and encourage a more harmonized European approach.", and the European Road Safety Action Programme (2003-2010) as well as European Commission's consultation paper from 2006 cal for "better enforcement of road safety rules."

C.A.S.H. deals with traffic safety of **Heavy Goods Vehicles (HGV's)**, including **Dangerous Goods (DG)**, transport in international traffic in each of the participating countries/regions.

The C.A.S.H. project offers an effective platform for cooperation to respective traffic safety authorities and ministries to enhance road safety through better control of HGV traffic.

Although EU legislation on HGV and DG transport are widely harmonised at the European level, the implementation and interpretation of existing regulations as well as the operating procedures in controlling traffic safety varies between countries. Also the organisation and structure of authorities and the coverage of their tasks differs from one country to another.

C.A.S.H. aims creating better co-operation between competent authorities and the private sector in order to improve and promote safer border-crossing HGV. The main emphasis is on road transport, but some port/maritime and border officials will also be involved.

The project focuses on two main themes:

(1) Enhancing cooperation between authorities involved in safety of border-crossing Heavy Goods Vehicle (HGV) and Dangerous Goods (DG) transport,

(2) Harmonising training requirements of HGV and DG inspection officials in the Baltic Sea region and

In the first theme, the project will analyse and evaluate the content of training of officials dealing with HGV and DG transport in the participating regions and make recommendations and create new joint training programs with the goal to harmonise the way inspection officials approach and process HGV's and DG transport.

The second theme focuses on information exchange between officials across countries and between authorities and the private sector.

The main expected outcome of the project is improved and enhanced co-operation between authorities involved in safety of border-crossing heavy goods vehicle and dangerous goods Transport. Inspection officials in the BSR enjoy harmonised training on how to monitor, inspect and secure HGV and DG transport and are applying the same standards and methods when inspecting HGV's and DG transports across the BSR.

Also the end-users, i.e. shippers and transport companies in the BSR and beyond will benefit from the results of the project. Faster and homogeneous inspections help to reduce costs of transport as well as creating a level playing field for operators. This is in the interest of economic actors and citizens in the European Union.

Turku School of Economics coordinates a 3-year project improving the safety of heavy goods traffic in the Baltic Sea Region (BSR)

The C.A.S.H. (Connecting Authorities for Safer Heavy Goods Traffic in the Baltic Sea Region) project enhances cooperation among Road Police units and Transport Inspectorates and respective units dealing with cross-border Heavy Goods Traffic transport flows. Other key focus areas are safety issues of Dangerous Goods transport and harmonisation of training of respective authorities in line with EU directives. Earlier this week, the Baltic Sea Region Programme 2007-2013 approved funding for the C.A.S.H. project over a three-year period of 3.4 million euros.

- Over 560,000 million tonkilometer of goods are transported annually on the roads of the Baltic Sea Region, including 5-10 % classified as Dangerous Goods. Although EU legislation on Heavy Goods Vehicles and Dangerous Goods transport are widely harmonised at the European level, the implementation and interpretation of existing regulations as well as the operating procedures varies between countries, states TSE Project Coordinator **Torsten Hoffmann**.

The Baltic Sea Region Programme 2007–2013 strategic objective is to strengthen the development towards a sustainable, competitive and territorially integrated Baltic Sea region by connecting potentials over the borders. This week, the Programme approved funding for the C.A.S.H. project, which overall budget for the years 2009-2011 is 3.4 million euros.

Crossborder cooperation

The partnership comprises 14 competent authorities in the Baltic Sea Region in road traffic safety, Regional Councils and research institutes. Road Police units and Transport Inspectorates and respective units have a key role in the project. From Finland further partners are the Regional Councils of South-West Finland, Southern Carelia and Kymenlaakso. Research institutions from Finland comprise the Turku School of Economics (Logistics) and the University of Turku, Department of Psychology - Traffic Psychology. Research institutes from Germany, Latvia and Lithuania focus on Heavy Goods Traffic risk analysis and driver behaviour issues in close cooperation with law enforcement agencies.

The Lead Partner of the C.A.S.H.-project is the TSE logistics studies and the application was designed by Professor **Lauri Ojala**. C.A.S.H. is partially a continuation of two previous projects executed in 2006-2007 by the TSE logistics studies DaGoB and LogOn Baltic which had a combined budget of approximately 4 million euros. DaGoB improved dangerous goods transport and LogOn Baltic regions logistics competence.

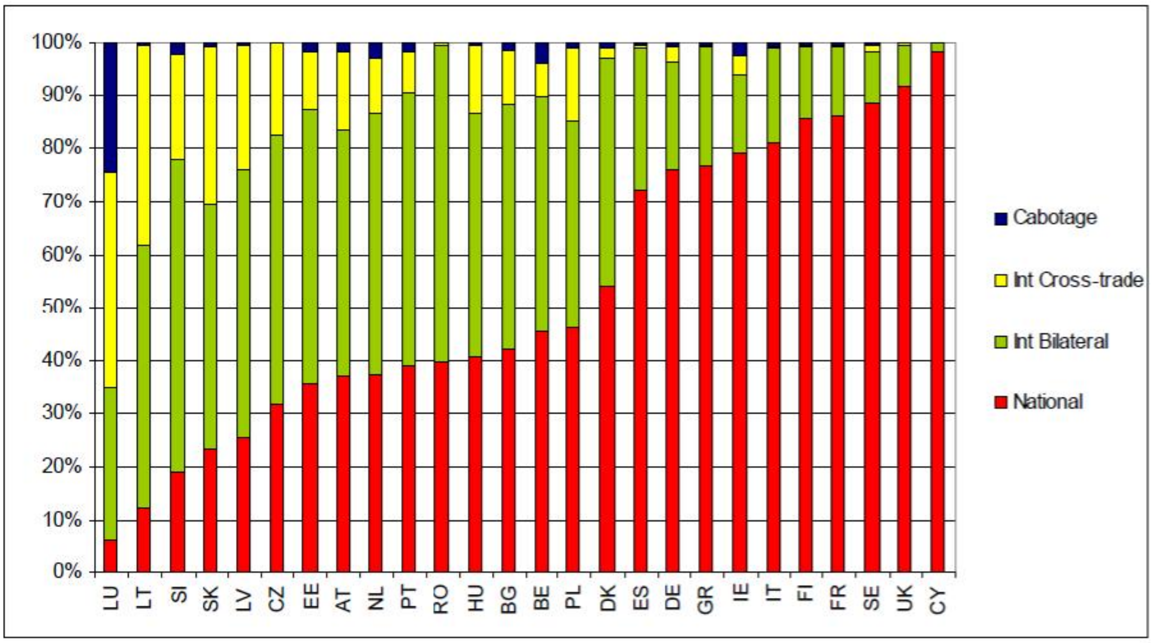
For further information: Mr. Torsten Hoffmann, Project Coordinator, Turku School of Economics, phone: +358 2 4814 192, torsten.hoffmann@tse.fi

C.A.S.H. Project website (temporary) **http://www.cash-project.eu/**
Baltic Sea Region Programme 2007-2013 **http://eu.baltic.net/**

STATISTICAL ATTACHMENTS

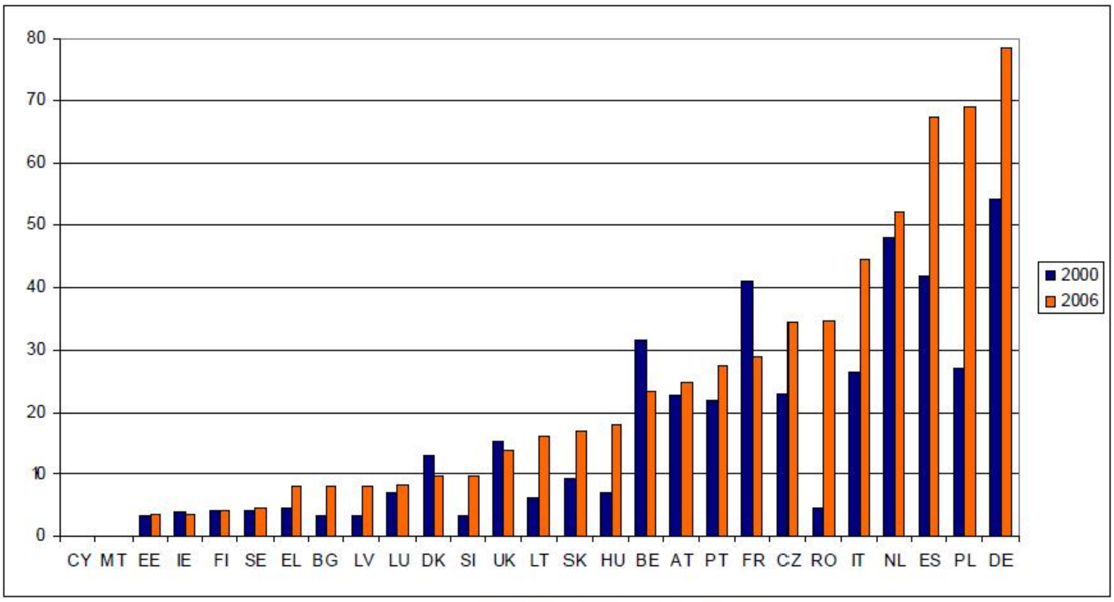
Source: EC Road Freight Transport Vademecum 2009

Figure 3.2.4 – Percentage breakdown of total road haulage performance of hauliers registered in the Member State based on tonne-kilometres, 2006



Source: EUROSTAT – Transport

Figure 3.2.1.1 - International road haulage by vehicles registered in the reporting country (billion tonne-kms) – 2000-2006

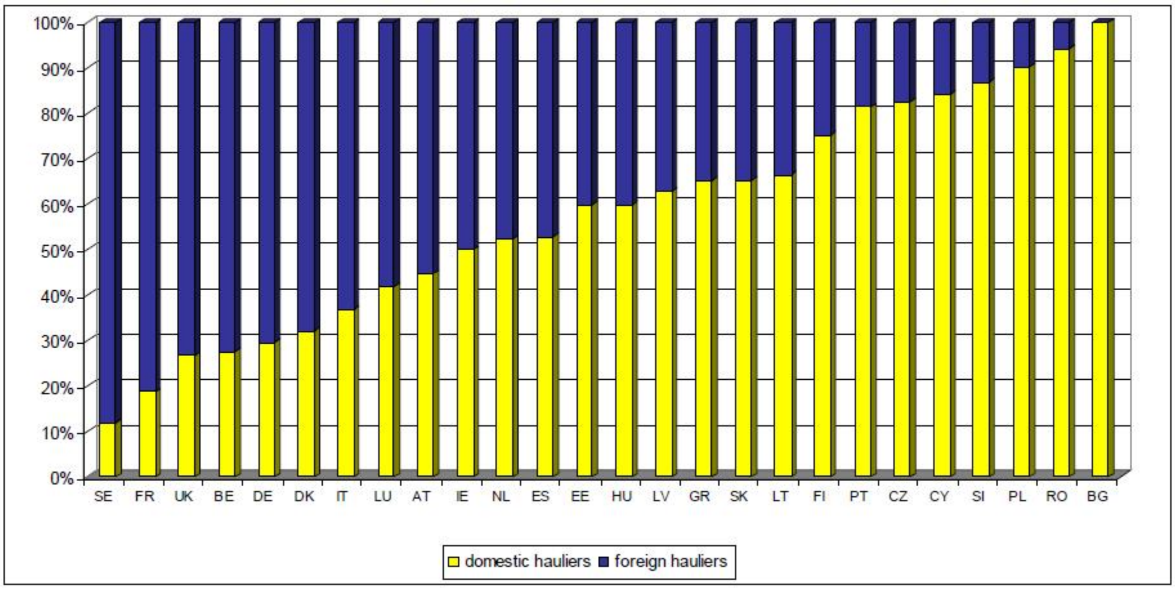


Source: EUROSTAT – Transport

STATISTICAL ATTACHMENTS

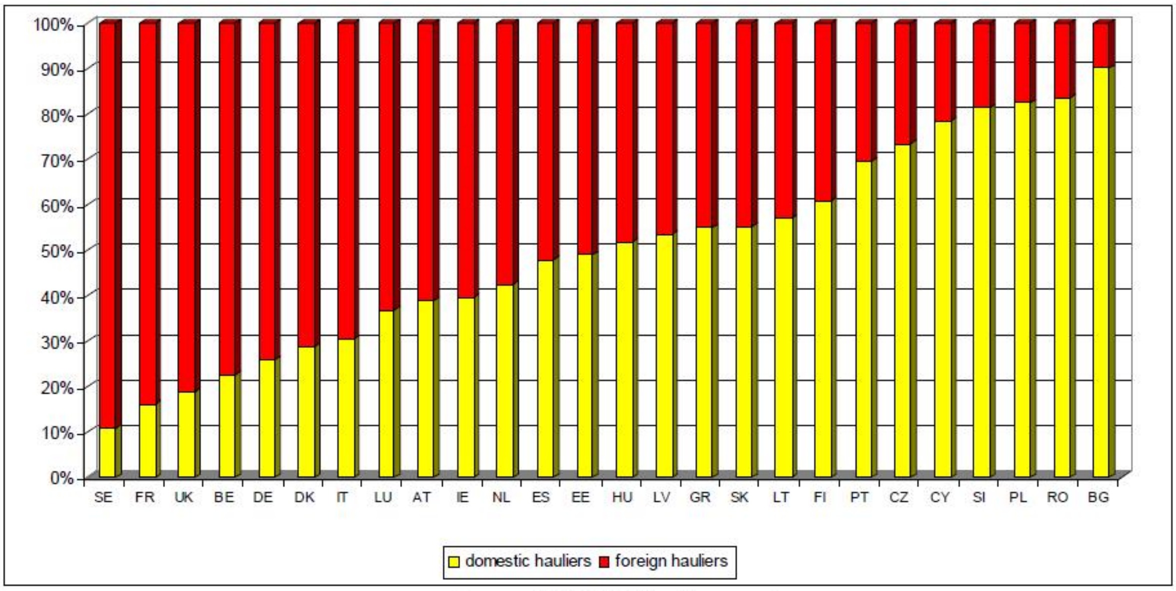
Source: EC Road Freight Transport Vademecum 2009

Figure 3.2.2.1 – Share of domestic and foreign (other EU) hauliers in the international road freight transport market for outbound transport (exports), based on tonne-kilometres – 2006



Source: EUROSTAT – Transport

Figure 3.2.2.2 – Share of domestic and foreign (other EU) hauliers in the international road freight transport market for inbound transports (imports), based on tonne-kilometres – 2006

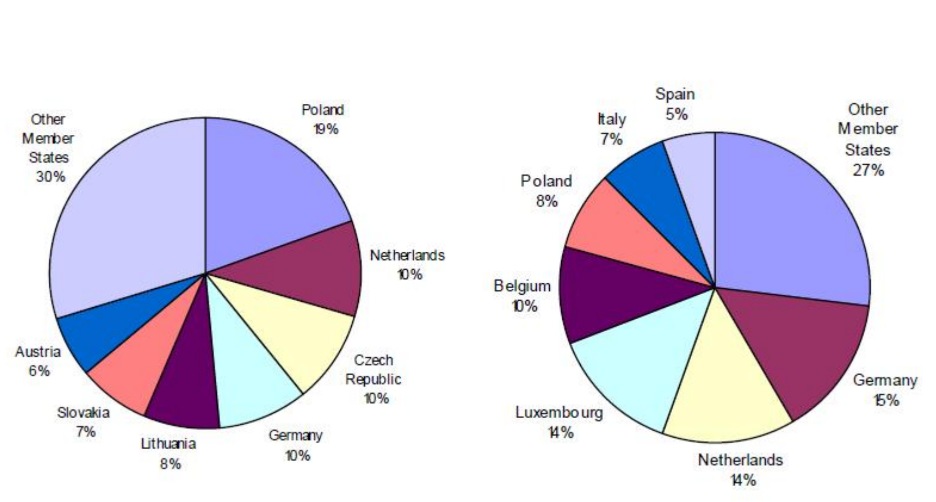


Source: EUROSTAT – Transport

STATISTICAL ATTACHMENTS

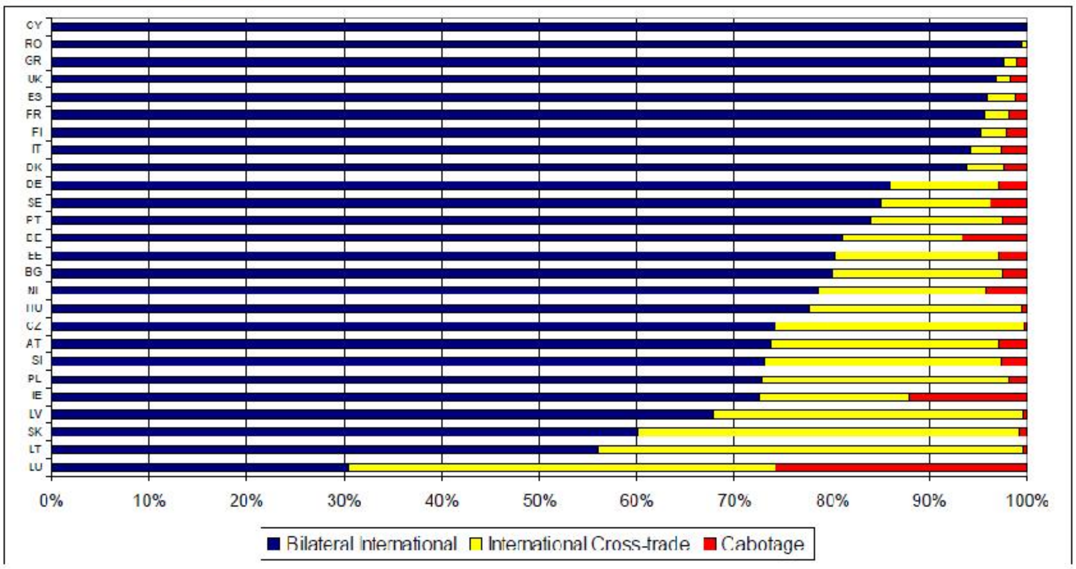
Source: EC Road Freight Transport Vademecum 2009

Figure 3.2.3.1 –Most active cross-traders and caboteurs in the EU-27 (in % of total tonne-kilometres) - 2006



Source: EUROSTAT - Transport

Figure 3.2.3.2 – Percentage breakdown of total international road transport performance based on tonne-kilometres by EU Member State, 2006



Source: EUROSTAT – Transport

STATISTICAL ATTACHMENTS

Source: EUROSTAT – Statistics in Focus 97/2008: Competitiveness in EU road freight transport

Table 1: Share of hire or reward transport for each type of operation, 2006 - % in tkm

	National	International	Cross-trade	Cabotage	Total
BE	71.2	88.3	91.6	88.0	80.7
BG	52.0	97.1	99.6	100.0	78.4
CZ	75.6	96.0	96.4	94.2	89.5
DK	83.5	97.2	100.0	97.9	89.9
DE	75.9	93.6	97.7	94.9	80.3
EE	87.9	97.7	100.0	99.0	94.5
IE	66.2	90.0	98.4	94.2	71.5
EL	75.6	98.8	100.0	56.2	80.9
ES	89.1	99.1	100.0	99.5	91.9
FR	82.5	95.8	93.6	97.3	84.3
IT	88.2	98.1	95.9	99.7	90.1
CY	53.6	100.0	-	-	54.4
LV	63.6	97.0	99.8	100.0	89.2
LT	55.3	94.3	99.9	100.0	91.6
LU	33.6	90.0	94.0	88.5	87.8
HU	74.8	96.0	95.4	95.0	87.2
NL	75.5	91.5	96.3	92.5	86.1
AT	64.6	89.7	93.0	89.8	80.9
PL	71.1	94.0	98.5	97.1	84.0
PT	59.9	93.6	96.9	95.0	80.7
RO	45.7	84.8	:	:	69.3
SI	68.9	96.2	99.0	99.6	91.7
SK	70.8	94.9	99.1	95.2	90.5
FI	91.8	100.0	100.0	100.0	92.9
SE	92.4	96.1	93.8	96.3	92.8
UK	71.6	90.7	94.1	93.0	73.1
EU-27	79.1	94.2	97.0	93.6	84.1
LI	:	95.0	100.0	:	98.8
NO	80.9	94.9	100.0	63.2	80.9

STATISTICAL ATTACHMENTS

Source: EUROSTAT – Statistics in Focus 97/2008: Competitiveness in EU road freight transport

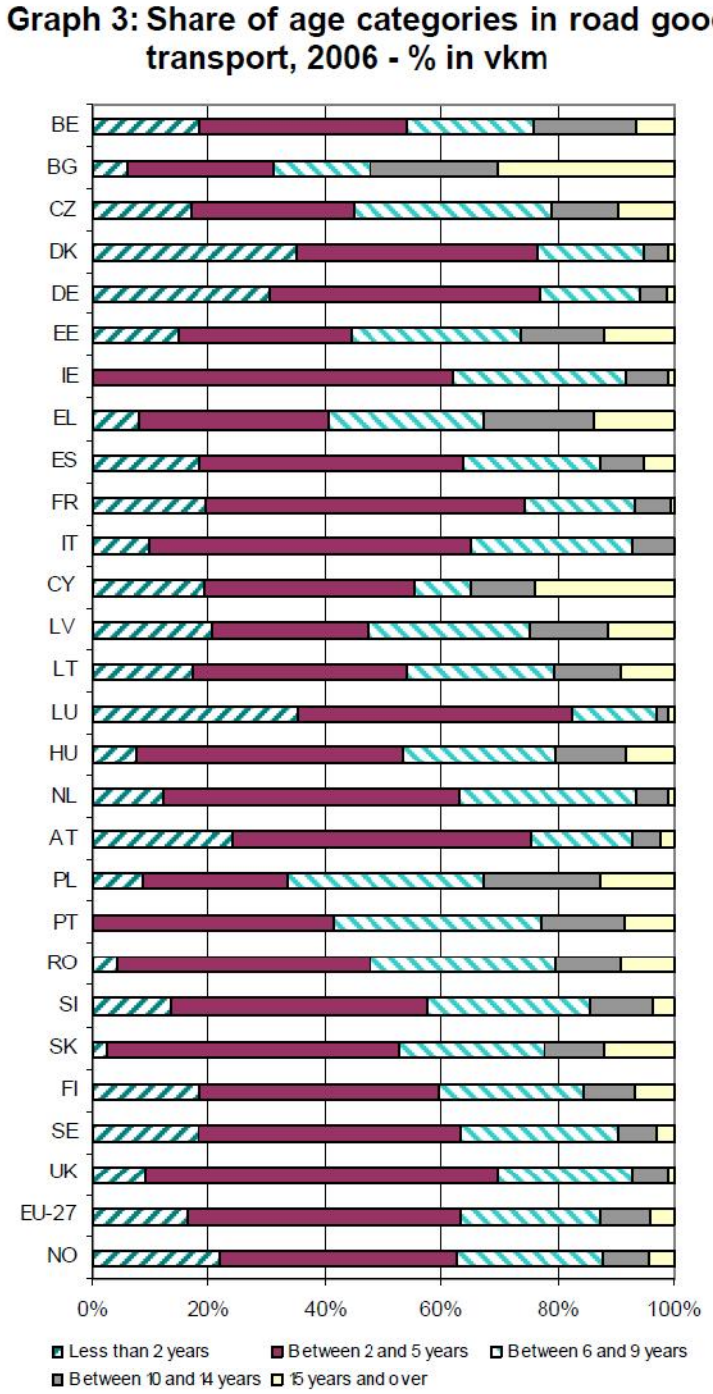
Table 2: Structural business statistics for enterprises of freight transport by road (NACE I6024), 2005

	Number of enterprises	Turnover- million euro	Personnel costs - million euro	Number of persons employed	Gross investment in tangible goods - million euro	Number of persons employed per enterprise	Turnover (thousand euro) per person employed	Average personnel costs (personnel costs per employee) (thousand euro)
BE	7 602	9 886	2 235	63 191	553	8	156	40
BG	c	1 435	84	48 681	c	c	30	3
CZ*	26 538	4 330	543	102 569	c	4	42	7
DK	7 140	5 405	1 326	40 397	385	6	134	38
DE	33 472	26 871	6 819	289 918	1 953	9	93	27
EE	1 763	695	75	13 218	47	7	53	6
IE	c	c	c	c	c	c	c	c
EL	c	c	c	c	c	c	c	c
ES	135 549	33 009	6 380	390 000	2 068	3	85	25
FR	42 643	35 433	10 881	341 268	1 505	8	104	33
IT	101 813	40 553	6 455	339 770	1 605	3	119	32
CY	1 481	85	40	2 415	6	2	35	33
LV	1 895	557	38	16 220	147	9	34	2
LT	3 111	1 266	139	31 441	85	10	40	5
LU	443	980	269	7 613	51	17	129	36
HU	19 646	3 521	404	68 370	249	3	52	8
NL	9 140	15 933	4 543	114 843	680	13	139	43
AT	6 706	7 566	1 718	57 576	568	9	131	33
PL	70 276	8 770	601	195 361	453	3	45	5
PT	12 237	4 315	985	62 214	488	5	69	16
RO	13 555	2 215	148	68 050	452	5	33	2
SI	6 143	1 378	194	c	:	c	c	c
SK	824	449	56	10 021	79	12	45	6
FI	10 935	4 727	1 206	39 569	586	4	120	36
SE	14 779	7 580	2 107	67 730	1 016	5	112	38
UK	34 734	34 018	8 537	308 938	2 464	9	110	31
EU-27	595 698	255 975	56 495	2 752 700	16 369	5	93	26
NO	9 693	3 814	891	27 227	384	3	140	43

* CZ: 2004 data

STATISTICAL ATTACHMENTS

Source: EUROSTAT – Statistics in Focus 97/2008: Competitiveness in EU road freight transport



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This study is part of the C.A.S.H. project - Connecting Authorities for Safer Heavy Goods Traffic in the Baltic Sea Region - running from September 2009 to September 2012.

C.A.S.H. project aims to develop practical solutions to make international road freight transport safer, more predictable and affordable in the Baltic Sea region. The project intends to do this by:

- **improving co-operation between authorities**
- **harmonising training of inspection officials**
- **testing safety equipment and IT systems to be used by relevant authorities**

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Turku School of Economics, University of Turku

Rehtorinpellonkatu 3, 20500 Turku, FINLAND

www.cash-project.eu