

Report Analysis

Impact Assessment of Mobility Package I on Romanian Road Freight Sector

October 2020

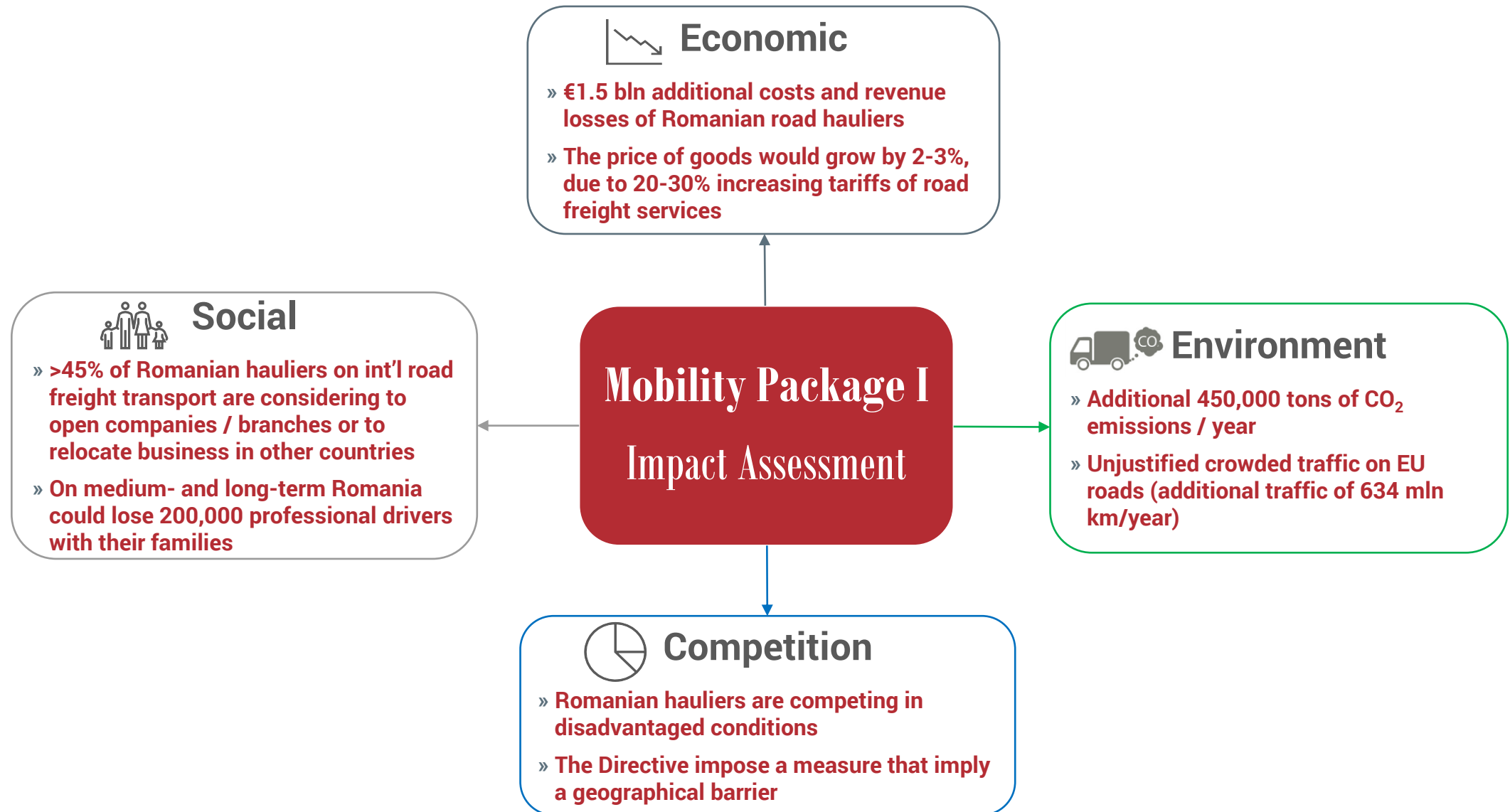


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- This study was carried out by Interbiz GmbH Vienna & Interbiz Resco SRL Bucharest, experienced market research and consulting companies. The analysis of this report is based on information gathered during the period February-September 2020.
- The scope of this study was to assess the impact of “Mobility Package I” on Romanian Freight Sector. The Regulations and Directives under analysis were:
 - Regulation (EU) 2020/1054 of the European Parliament and of the Council of 15 July 2020 amending Regulation (EC) No 561/2006 as regards minimum requirements on maximum daily and weekly driving times, minimum breaks and daily and weekly rest periods and Regulation (EU) No 165/2014 as regards positioning by means of tachographs. The Regulation encloses mandatory return home of the drivers every 3 or 4 weeks and the ban of regular weekly rest in the cabin, applicable from August-20, 2020
 - Regulation (EU) 2020/1055 of the European Parliament and of the Council of 15 July 2020 amending Regulations (EC) No 1071/2009, (EC) No 1072/2009 and (EU) No 1024/2012 with a view to adapting them to developments in the road transport sector. The Regulation encloses mandatory return home of the trucks at 8 weeks and the 4-day cabotage restriction period (cooling-off), applicable from February-21, 2022
 - Directive (EU) 2020/1057 of the European Parliament and of the Council of 15 July 2020 laying down specific rules with respect to Directive 96/71/EC and Directive 2014/67/EU for posting drivers in the road transport sector and amending Directive 2006/22/EC as regards enforcement requirements and Regulation (EU) No 1024/2012. The Directive encloses the application of posting to international road transport, cabotage and cross-trade operations (only 2 cross-border operations related to a bilateral transport being excluded), applicable from February-02, 2022
- The content of this study is based on our own calculation based on data and information gathered from public sources and companies involved in the sector
- The sources of data and information are mentioned within the report and in a dedicated Annex

1. Key Findings | Summary of Socio-Economic & Environment Impact



2. Romanian Road Freight Market | Overview

Key Figures of the Market | 2019

Size & Evolution



2.6% contribution to GDP formation

256.6 mln tons of goods carried | CAGR of 7% in period 2015 – 2019



61.04 bln tonne-kilometre freight traffic | CAGR of 12% in period 2015 – 2019

5.14 bln km journeys of trucks | CAGR of 11% in period 2015 – 2019

Competitive Landscape



34,900 road hauliers with 158,150 trucks in operation, of which 123,000 lorry tractors (HGV)

55% of the fleet is Euro 5&6, out of which 67% are used for int'l transport (incl. cross-trade & cabotage)



29,000 road hauliers (83% of total) own <5 trucks (57,800 trucks) | 32,200 hauliers (92% of total) own <10 trucks



373,840 certified truck drivers, out of which 171,100 drivers are employed

325,700 tachograph cards in use



€11.2 bln total turnover of the road freight industry

€1.1 bln average annual investments in fixed assets over the period 2015 – 2018, and share 11-13% of total turnover (chart on the bottom right)



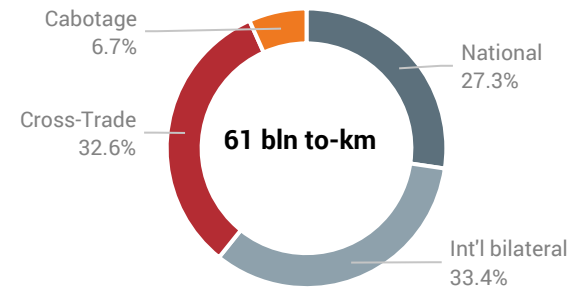
€6.06 bln revenue from export of road freight transport (54% of total turnover; chart on the top right)

Cross-Trade & Cabotage | 2019

Key Figures & Importance

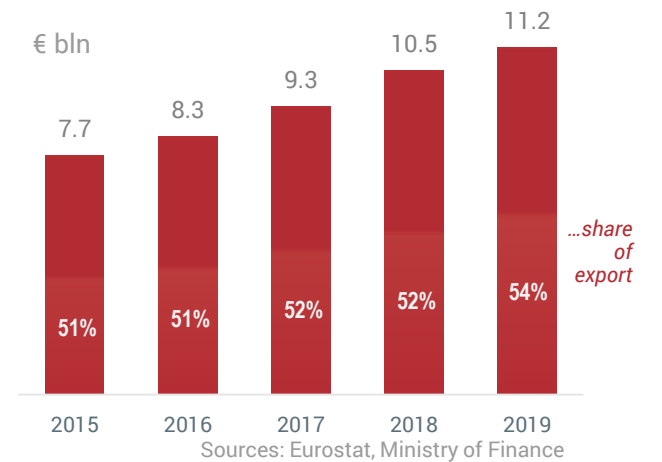
- 24 bln tonne-kilometre cross-trade & cabotage freight traffic | CAGR of 18% in period 2015 – 2019
- cross-trade & cabotage share >39% of total freight traffic of Romanian road hauliers (chart below)

Road freight traffic | split by type | 2019

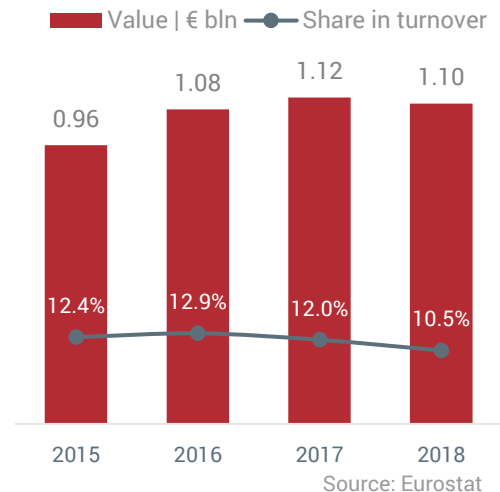


- cross-trade & cabotage share >31% of total journeys of trucks
- 60,650 trucks in operation of cross-trade and cabotage (38% of total registered fleet in Ro), out of which >95% are Euro 5 & Euro 6
- 72,945 drivers involved in cross-trade & cabotage (43% of total employed drivers)
- €2,240/month net income (salary + daily allowance) of drivers in cross-trade & cabotage
- Main partner countries where cross-trade & cabotage take place: Germany, France, Belgium, Netherlands, Italy, Spain (78-80% of total)

Turnover of road freight industry | Romania



Investments in fixed assets

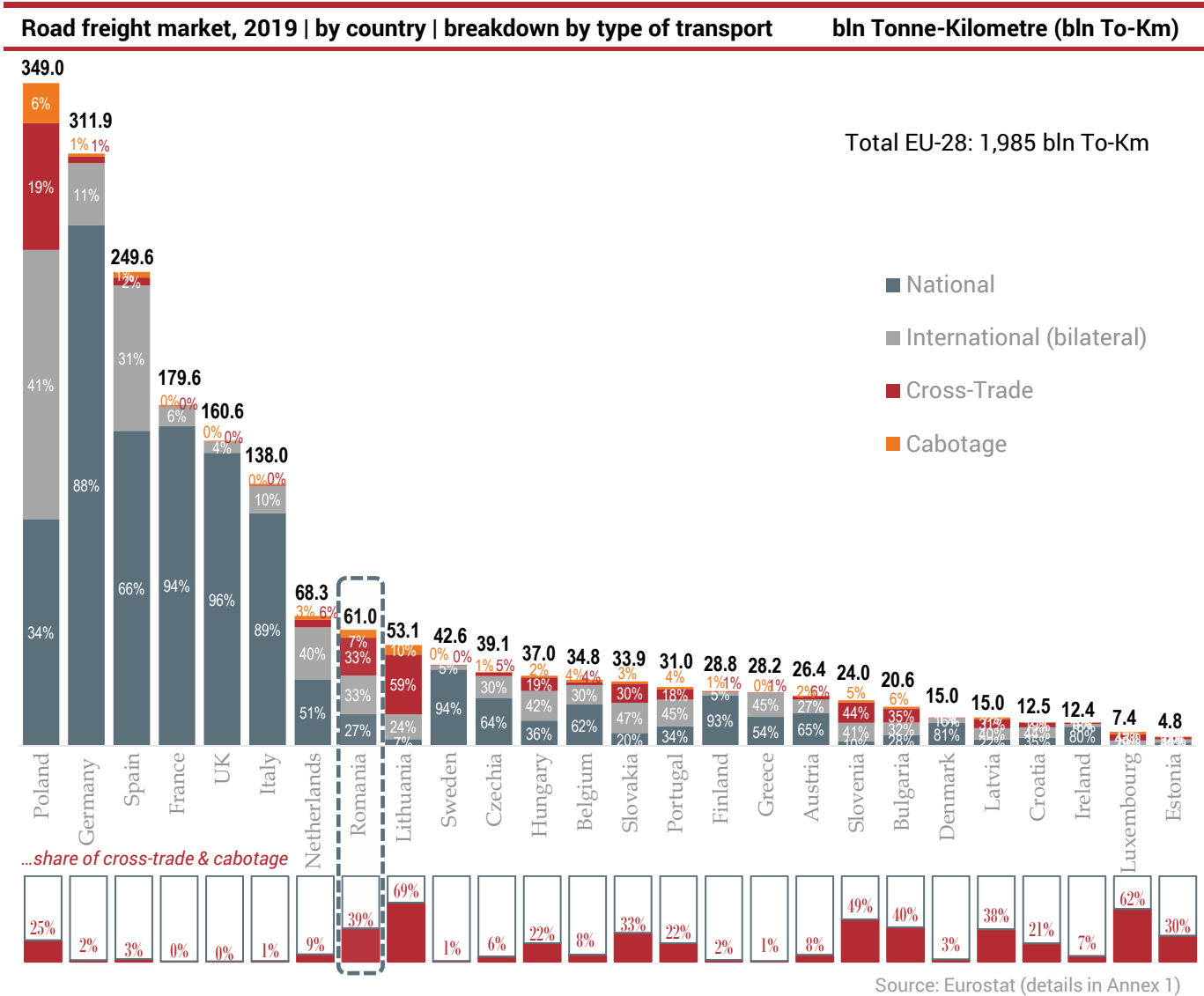


3. Road Freight Market in EU | Positioning of Romania

- Main EU road freight markets are the most developed economies | in terms of road freight traffic, national & int'l bilateral, except cross-trade & cabotage: Germany, France, UK (*has officially left the EU at 1 Feb 2020*), Spain, Italy, Poland, Sweden and Netherlands (*chart on the right*)
- Main EU road hauliers serving the most developed economies | share of Cross-trade & cabotage >30% in total road freight market of the country: Lithuania, Luxembourg, Slovenia, Bulgaria, **Romania**, Latvia, Slovakia (*chart on the right*)
- Romania is on the 8th place of total road freight market in the EU-28 and share only 3%. Romania is the 15th economy of the EU

Positioning of Romania in EU Key figures		
	EU-28	Share of RO
Road freight traffic total	1,985 bn Tkm	3.1%
...of which:		
national	1,277 bn Tkm	1.3%
int'l bilateral	470 bn Tkm	4.3%
cross-trade	189 bn Tkm	10.5%
cabotage	50 bn Tkm	8.2%
Road tractors in use*	2.08 mn	6.7%
Enterprises no*	571,000	5.5%
Turnover of road freight industry*	€ 360.5 bn	2.9%
Gross investments in fixed assets	€ 25.6 bn	4.3%
Employment*	3.32 mn	4.8%

*2018 figures



4. Cross-Trade & Cabotage Market in EU | Positioning of Romania

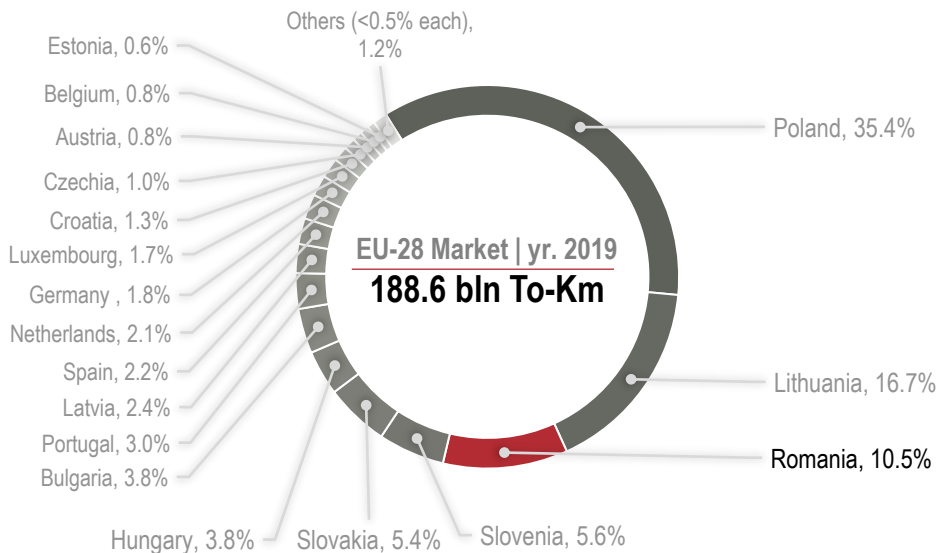
Cross-Trade Road Freight | Romania 3rd place

- Poland is by far the leader of cross-trade road freight (35.4% of total), followed far by Lithuania (16.7%) and Romania (10.5%)
- By country of loading, the most important partners of Romanian hauliers are Germany (22%), France (17%), Belgium (13%), Netherlands (11%), Italy (9%), Spain (7%) and Austria (5%)
- CAGR of top 5 home countries of the hauliers in cross-trade | 2015 – 2019
 - Poland 11%
 - Lithuania 24%
 - Romania 17%
 - Slovenia 12%
 - Slovakia -6%

Cabotage | Romania 3rd place

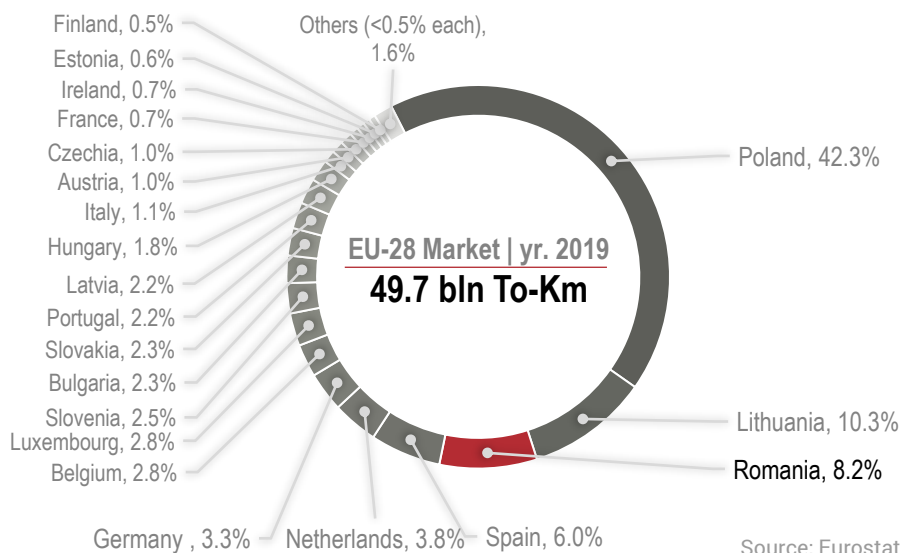
- Poland is by far the leader of cabotage in EU (42.3% of total), followed far by Lithuania (10.3%) and Romania (8.2%)
- By country where cabotage takes place, the most important partners of Romanian hauliers are France (29%), Germany (27%), Spain (17%), Italy (8%), Netherlands (6%), UK (4%) and Belgium (3%)
- CAGR of top 5 home countries of the hauliers in cabotage | 2015 – 2019
 - Poland 22%
 - Lithuania 54%
 - Romania 24%
 - Slovenia 13%
 - Slovakia -3%

Cross-trade road freight in EU | market share by country of the haulier



Source: Eurostat

Cabotage in EU | market share by country of the haulier



Source: Eurostat

5. Environmental Impact Assessment

Background

Mobility Package 1 regulation

- Mandatory return home of trucks every 8 weeks (*coming into force in Feb 2022*)

Facts | year 2019

- 60,650 trucks registered in Romania in operation of cross-trade (*loading & unloading in EU, except home country*) and cabotage
- 1.6 bln km traffic generated by trucks in cross-trade (1.3 bln km) and cabotage (0.3 bln km)
- 725 km average cross-trade length and 307 km average cabotage length

Assumptions

- 1,300 km average RO-EU trip (i.e. Frankfurt-Arad distance); 2,600 km round trip, respectively
- 710 g CO₂/km of average truck emission
- 6.5 journeys/year mandatory return home (by 4 journeys/year more comparing to current situation)

Details in Annex 3

PREMISES

- 60,650 trucks registered in Romania made cross-trade road transport in EU (loading & unloading in EU, except home country) and cabotage
- Mandatory return home every 8 weeks means an average of 671 additional trucks daily on European roads and to Romanian borders, without economic reason
- 1.75 mln km/day (634 mln km/year) unjustified additional traffic, and share 40% of total traffic of Romanian trucks involved in cross-trade and cabotage in EU

IMPACT

- » Additional traffic of 0.63 bln km / year of Romanian trucks only, or 12% of total road freight traffic market of Romania, which reached 5.14 bln km in 2019
- » **additional 1,248 tons of CO₂ emissions/day or 449,383 tons of CO₂ /year**
- » Unjustified crowded traffic on EU roads
- » The additional CO₂ emissions will be inventoried as belonging to Romania and will involve additional efforts

The measure is against “Green Deal” regarding climate neutrality and smart transport (*presented in Dec 2019*)

6. Economic Impact Assessment

Background

Mobility Package 1 regulations

- Mandatory return home of trucks every 8 weeks
- Mandatory return home of drivers every 4 weeks
- Driving time and rest period/reduced weekly rest inside the cabin is forbidden

Facts | year 2019

- 60,650 trucks registered in Romania in operation of cross-trade and cabotage
- 72,945 Romanian truck drivers involved in cross-trade & cabotage
- 725 km average cross-trade length and 307 km average cabotage length

Assumptions

- 1,300 km average RO-EU trip; 2,600 km round trip, respectively
- 6.5 journeys/year mandatory return home of trucks (by 4 journeys/year more comparing to current situation)
- 12 round-trips/year mandatory return home of drivers and back to trucks
- 4 overnights hotel stay/month (~ €60/night)
- 4 days parking/month (~€8/day)
- Smart tachograph = €2,000/truck

Details in Annex 4

PREMISES

- Export of road freight services of Romania reached €6.06 bln in 2019 and is the largest contributor to the total export of services of Romania, accounting 23%
- Returning to home country of trucks every 8 weeks means total costs of ~€927 mln / year. This translates into real additional costs of €572 mln, or 9.5% share of total export of road freight services of Romania
- Driving time and rest period requires additional costs of ~€157 mln/year for hotels. Moreover, €46 mln/year for parking are already paid
- Returning home of drivers every 4 weeks requires additional costs of ~€120 mln/year
- Mandatory return home requires an average of 6 lost business days/truck every 8 weeks, or 11% of total revenues from export of transport services (~€650 mln). This translates into real lost revenues of ~€450 mln
- Additional costs with smart tachographs is estimated to €121 mln (one-off)
- Finally, lost investments in road freight industry due to decreasing activity is estimated to €188 mln

IMPACT

- » Romanian carriers operate with extremely low margins to be competitive in Europe. Actually, additional costs under Mobility Package I are higher than cumulative net profit of the whole road freight industry
- » In order to cover the losses caused by the Mobility Package I enforcement, the Romanian road hauliers must increase prices by ~20% (see the Annex 5)
- » Many Romanian transporters will disappear, and some will migrate to other EU countries, closer to the main markets
- » The prices of goods would grow by 2-3%, because the beneficiaries must pay by 20-30% more for road freight services. The prices will be paid by final customers, European citizens
- » The Romanian international road freight market will decrease by 45-50%, from ~€6.06 bln in 2019 to ~€3.25 bln in 2022 with immediate effects on economy. The contribution to GDP of export-import balance of road freight transport services will decrease from 2.1% in 2019 to 0.8% in 2022

Mobility Package 1 means annual €827 mln additional costs+ €639 mln revenue & investment losses

7. Social Impact Assessment

Background

Mobility Package 1 regulations

- Full Regulations

Facts | year 2019

- 60,650 trucks registered in Romania in operation of cross-trade and cabotage
- 72,945 Romanian truck drivers involved in cross-trade & cabotage
- 1.6 bln km traffic generated by trucks in cross-trade (1.3 bln km) and cabotage (0.3 bln km)
- 725 km average cross-trade length and 307 km average cabotage length

Assumptions

- 1,300 km average RO-EU trip; 2,600 km round trip, respectively
- 6.5 journeys/year mandatory return home (by 4 journeys/year more comparing to current situation)
- 9 of 12 months drivers work int'l, 1 month holiday, 2 months domestic
- 1 Euro in Romania is equivalent of 1.98 Euro in Germany in terms of Purchasing Power Standard (based on Eurostat data)

PREMISES

- 72,945 professional drivers working on 60,650 trucks for cross-trade services and cabotage know a foreign language and they are familiar with many habits in EU. They will not be leaving easily this job.
- Average Romanian driver's monthly income for international transport is €2,240/month (net salary + daily allowance). Overall the payroll of int'l drivers amount €1.55 bln (14% of total industry's turnover)
- converting to purchasing power parity, according to Eurostat, living with €2,240 in Romania it is equivalent of living with €4,440 in Germany
- Romania loses on yearly average almost 150,000 inhabitants. In 2019 Romania lost 181,000 employees (20-65 years old)
- According to public sources, the Romanian road freight industry is facing a shortage of ~43,000 professional drivers, as well as most European countries (~21% driver shortage or ~690,000 professional drivers)

IMPACT

- » **On medium- and long-term Romania could lose 200,000 professional drivers with their families**
- » more than 45% of int'l hauliers are considering to open company / branch or to relocate to other western countries in order to reduce the effects of the Mobility Package I and to maintain their business (Interbiz's survey in Feb 2020)
- » about 18% of companies would be hiring additional drivers even from outside the EU, but it's unlikely due to bureaucracy and major costs (Interbiz's survey in Feb 2020)
- » To compensate the increase of operation costs, companies are considering to reduce drivers' incomes, but this would equate to a very high probability that companies will lose professional drivers (Interbiz's survey in Feb 2020)
- » If a new pandemic occur, like Covid-19, drivers are more exposed to risk due to mandatory overnight hotel stay instead own truck cabin

Mobility Package 1 means loss of professional truck drivers / migration and deepens shortage

8. Socio-Economic Impact | Hauliers' Perspective

...anticipated effects

According to an Interbiz's research in Feb 2020, Romanian road hauliers anticipate they will be strongly influenced by the provisions of the "Mobility Package 1".

First, the companies forecast increasing operational costs (higher diesel consumption, additional wear of spare parts, tolls, driver payments, etc.). Secondly, the increase in costs will be doubled by a decrease in revenues and thus financial losses due to the restriction of commercial activity and the increase of empty run.

On the other hand, the professional drivers' shortage will be amplified because many will migrate. Romania, like other European countries, has been facing a shortage of professional drivers for many years.

Almost 8% of companies anticipate they would cease their activity, at least in Romania, but it is likely to migrate to other countries. In addition, about 5% of them believe that they will withdraw from the international transport market, having no options to maintain this business segment in the new conditions.

Other anticipated effects: increased CO2 emissions, decreasing tariffs, reduced number of employees and unnecessary additional administrative burdens.

These are the results of the research before the CoVid-2 pandemic, currently the situation is much worse.

...anticipated measures

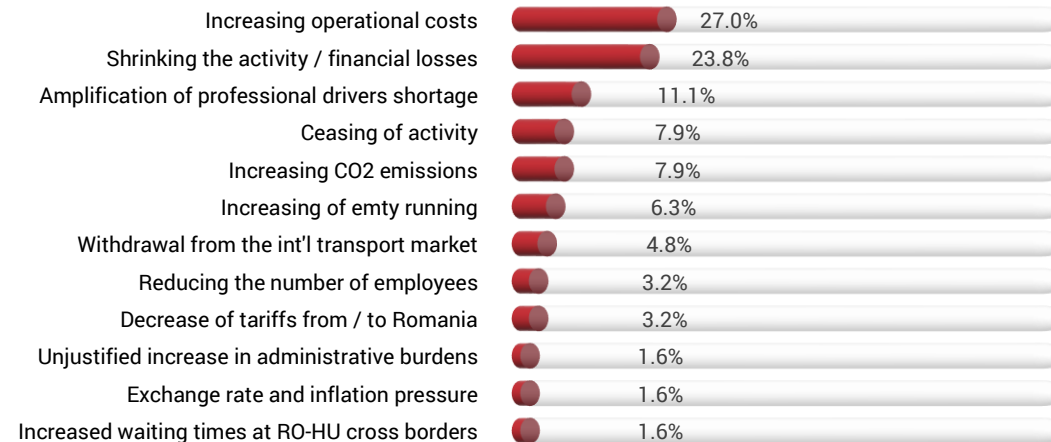
>45% of companies are considering to open companies / branches or to relocate to other western countries. This measure has negative effects on Romania's budget because fewer taxes will be paid in the country.

18% of companies would hire additional drivers even from outside the EU. Instead, according to companies, the "import" of non-EU drivers involves bureaucratic procedures and major expenses for companies.

In order to compensate the increase of operation costs, companies are considering to cut drivers' incomes, but this would equate to a very high probability to lose professional drivers.

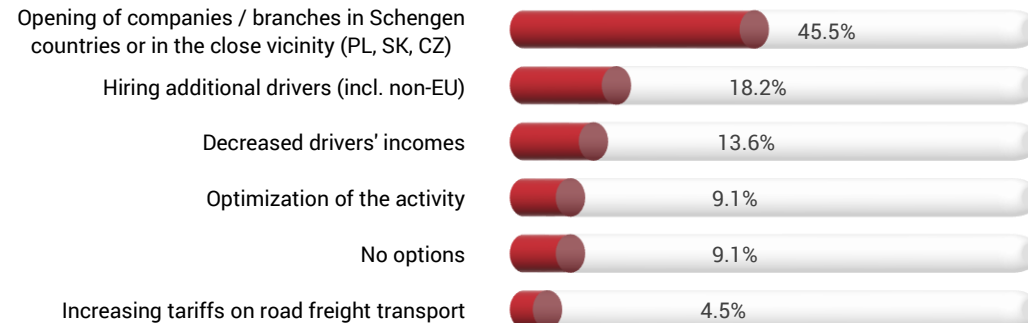
9% of companies have no option

Effects anticipated by the road hauliers, caused by the provisions of the "Mobility Package 1"



Source: Interbiz research, 21 important hauliers, multiple answer, Feb 2020

Anticipated measures to be taken by the int'l road hauliers



Source: Interbiz research, 21 important hauliers, multiple answer, Feb 2020

9. Competition Impact Assessment

Background

Mobility Package 1 regulations

- Full Regulations

Facts | year 2019

- 60,650 trucks registered in Romania in operation of cross-trade and cabotage
- 72,945 Romanian truck drivers involved in cross-trade & cabotage
- 1.6 bln km traffic generated by trucks in cross-trade (1.3 bln km) and cabotage (0.3 bln km)
- 725 km average cross-trade length and 307 km average cabotage length

Assumptions

- 1,300 km average RO-EU trip (i.e. Frankfurt-Arad distance); 2,600 km round trip, respectively
- 6.5 journeys/year mandatory return home (by 4 journeys/year more comparing to current situation)
- Demand of overnight parking spaces in EU = 400,000 spots. Overall, only 300,000 parking spaces are available in EU, out of which about 47,000 spots offer some security and about 7,000 spots offer a level of security, which has been certified

PREMISES

- Romania is located at the periphery of European Union, and the transporters are forced to drive monthly additional 2,600 km (round-trip) to comply new conditions of Mobility Package I
- Other countries competing Romania in term of costs are not required to travel the same distance because a better geographical location (eg Poland, Slovakia, Hungary) (See the Annex 3)
- Only Lithuania and Bulgaria are in the same position of Romania, but those two countries are much smaller than Romanian market
- Romania is not in Schengen area and often the time spent at the border is often very high
- In EU there is a shortage of 346,000 certified parking spots for trucks (see the Annex 7)

IMPACT

- » Romanian hauliers are not competing in the same conditions with other European countries: higher costs with financing (<1% for loans in western countries vs. 5% in Romania), shortage of labor market, but the same prices of fuel, trucks and spare parts. Furthermore, now is imposing a measure that imply a geographical barrier
- » **The MP I regulations are against fair and free competition**, while the access to the market is impeded based on geographical considerations
- » The cost of returning home is double in the case of Romania comparing to Poland, Czechia or Slovakia
- » The shortage of certified parking spots for trucks in EU may lead to increasing costs
- » Increasing costs of overnights hotel stay may occur, especially of those located in the proximity of main traffic routes

Romania is the most affected country by Mobility Package 1

Annex 1 | Road Freight Traffic in EU

Road freight traffic in EU | by country | breakdown by type of transport | 2015 & 2019

Million tonne-kilometre	TOTAL			...of which:											
				National			Int'l Bilateral			Cross-trade			Cabotage		
Country	2015	2019	CAGR	2015	2019	CAGR	2015	2019	CAGR	2015	2019	CAGR	2015	2019	CAGR
Poland	260,713	348,952	8%	104,679	119,365	3%	102,116	141,823	9%	44,368	66,779	11%	9,550	20,985	22%
Germany	314,816	311,875	(0%)	269,650	274,037	0%	39,997	32,876	(5%)	3,377	3,308	(1%)	1,792	1,654	(2%)
Spain	209,390	249,559	4%	137,236	165,910	5%	65,578	76,571	4%	4,102	4,115	0%	2,498	2,963	4%
France	153,580	179,604	4%	141,242	168,378	4%	11,884	10,624	(3%)	269	232	(4%)	185	370	19%
United Kingdom	150,101	160,621	2%	142,868	154,315	2%	6,680	5,938	(3%)	295	126	(19%)	258	241	(2%)
Italy	116,820	137,986	4%	104,104	122,491	4%	12,109	14,468	5%	200	505	26%	407	522	6%
Netherlands	68,900	68,337	(0%)	32,170	35,050	2%	29,623	27,448	(2%)	4,834	3,931	(5%)	2,275	1,909	(4%)
Romania	39,023	61,041	12%	12,068	16,675	8%	14,570	20,411	9%	10,630	19,872	17%	1,755	4,083	24%
Lithuania	26,485	53,117	19%	2,913	3,555	5%	9,509	12,988	8%	13,145	31,465	24%	918	5,110	54%
Sweden	41,502	42,604	1%	38,106	40,112	1%	3,204	2,187	(9%)	135	192	9%	57	113	19%
Czechia	58,715	39,059	(10%)	21,184	25,012	4%	28,396	11,695	(20%)	7,987	1,840	(31%)	1,148	512	(18%)
Hungary	38,353	36,951	(1%)	10,356	13,382	7%	15,088	15,498	1%	11,955	7,166	(12%)	953	905	(1%)
Belgium	36,078	34,829	(1%)	21,277	21,727	1%	11,630	10,302	(3%)	1,642	1,423	(4%)	1,528	1,377	(3%)
Slovakia	33,540	33,941	0%	5,245	6,730	6%	14,071	15,876	3%	12,914	10,186	(6%)	1,310	1,149	(3%)
Portugal	31,835	31,014	(1%)	10,791	10,413	(1%)	14,647	13,852	(1%)	5,198	5,655	2%	1,199	1,094	(2%)
Finland	24,488	28,848	4%	21,434	26,711	6%	2,420	1,577	(10%)	430	288	(10%)	204	272	7%
Greece	19,764	28,197	9%	15,023	15,285	0%	4,693	12,731	28%	45	180	41%	1	1	0%
Austria	25,458	26,444	1%	15,482	17,249	3%	7,642	7,110	(2%)	1,867	1,571	(4%)	468	513	2%
Slovenia	17,909	24,011	8%	2,069	2,306	3%	8,446	9,879	4%	6,629	10,563	12%	765	1,263	13%
Bulgaria	32,297	20,551	(11%)	7,172	5,719	(6%)	11,540	6,552	(13%)	12,167	7,129	(13%)	1,497	1,151	(6%)
Denmark	15,500	14,991	(1%)	12,532	12,165	(1%)	2,125	2,436	3%	422	219	(15%)	421	171	(20%)
Latvia	14,690	14,965	0%	2,753	3,350	5%	6,575	5,930	(3%)	4,678	4,617	(0%)	684	1,068	12%
Croatia	10,439	12,477	5%	4,055	4,312	2%	4,411	5,496	6%	1,954	2,409	5%	19	261	93%
Ireland	9,900	12,444	6%	7,760	10,002	7%	1,541	1,606	1%	356	510	9%	243	326	8%
Luxembourg	7,849	7,381	(2%)	978	661	(9%)	2,372	2,167	(2%)	2,988	3,184	2%	1,510	1,368	(2%)
Estonia	6,263	4,794	(6%)	1,524	1,710	3%	2,931	1,639	(14%)	1,361	1,159	(4%)	447	286	(11%)
Cyprus	563	858	11%	548	831	11%	15	26	15%	0	1	-	0	0	-
EU - 28 TOTAL	1,765,072	1,985,451	3%	1,145,219	1,277,453	3%	433,813	469,706	2%	153,948	188,625	5%	32,092	49,667	12%

Source: Eurostat, Sept 2020, Road Freight Transport Statistics

Annex 2 | Mandatory return home — geographical assumption

Romania is located at the periphery of the European Union and outside Schengen area

Main cross-trade operations of Romanian road hauliers are made for partners from Germany (22%), France (17%), Belgium (13%), Netherlands (11%), Italy (9%), Spain (7%) and Austria (5%). We have assumed the core zone of cross-trade and cabotage as framed within eastern France-western Germany-Netherlands-northern Italy)

Starting Feb 2022 Romanian road hauliers are obliged to travel ~2,600 km (round trip) every 8 weeks (i.e. distance by road from Frankfurt-DE to Arad-RO)

Losses occur due to significant additional operational costs and time spent with operation of return home and at the country cross-borders

Romania is the most affected country because of his high market size and long distance to the EU's economy core zone

Distance to be made by road hauliers under the regulation of Mobility Package I



Annex 3 | Regulations of Mobility Package I — assumptions for the environment impact assessment

Data Inputs | mandatory return home of trucks every 8 weeks

- ✓ Fleet active in cross-trade & cabotage: 60,650 active trucks (Sept 2020)
- ✓ Return home average distance: 1,300 km one trip / 2,600 km round trip
- ✓ CO₂ emission of trucks: 710 g/km (*calculated for empty-run consumption of diesel and emission of 2.6 kg CO₂/1 litre standard diesel fuel*)
- ✓ Average diesel consumption: 30.5 l/100 km
- ✓ Daily traffic of freight trucks in 2019: 14.1 mln km all road freight market of Romania, of which 3.6 mln km in cross-trade & 0.8 mln km in cabotage

Environment Impact Assessment

	Measurement	With MP I enforcement	Without MP I (current situation)	=	Additional actions & results
Return home / year	Number	6.5	2.5		+ 4
Average Daily Trucks	Number	1,083	412		+ 671
Daily traffic of trucks	Mln km	2.82	1.07		+ 1.75
Daily CO ₂ emissions	tonnes	1,999	751		+ 1,248
Annual CO ₂ emissions	tonnes	719,742	270,360		+ 449,383

MP I enforcement annual results:

- » +40% additional road traffic on EU roads
- » +450,000 tons of CO₂ additional emissions

Annex 4 | Regulations of Mobility Package I — assumptions for the economic impact assessment

Data Inputs (basic data for calculation the impact of mandatory return home of trucks and drivers, driving time, rest period)

✓ Fleet active in cross-trade & cabotage :	60,650 trucks (Sept 2020)	✓ Salary & daily allowance:	80 Eur/day
✓ Drivers active in cross-trade & cabotage:	72,945 drivers (Sept 2020)	✓ Indirect costs:	0.18 Eur/km
✓ Return home average distance:	1,300 km one trip / 2,600 km round trip	✓ Smart tachographs:	~2,000 Eur/pcs (purchase, retrofitting, software, training)
✓ Average diesel consumption & price:	30.5 l/100 km 0.90 Eur/liter (VAT excl.)	✓ Hotel overnight stay:	~60 Eur/night
✓ Average AdBlue consumption & price :	2.4 l /100 km 0.55 Eur/liter	✓ Parking plot:	~8 Eur/day
✓ Road taxes:	0.25 Eur/km	✓ Drivers' time spent int'l:	9 months/year (in cross-trade & cabotage)
✓ Spare parts & service:	0.17 Eur/km	✓ Cost of return home of drivers:	275 Eur/round trip (average)

Economic Impact Assessment

	Unit	With MP I enforcement	Without MP I (current situation)	Additional costs & results
Return home of trucks	No/year	6.5	2.5	+ 4
Return home of drivers (one to home, one to the truck)	No/year	12	6	+ 6
Annual traffic of trucks	Mln km/year	1,022	388	+ 634
Return home of trucks cost (fuel, taxes, salary, spare parts wear, indirect costs)	€ Mln/year	927	347	+ 572
Return home of drivers cost	€ Mln/year	241	120	+ 120
Hotel overnights stay (4 nights/month, 9 months/year)	€ Mln/year	158	0	+ 158
Parking plots (4 days with MP, 8 days without MP/month, 12 months/year)	€ Mln/year	23	46	- 23
TOTAL COSTS	€ Mln/year	1,349	513	+827
Revenue losses (Lost days due to return home / 27 days additional lost)	€ Mln/year	651	200	+451
Lost investments	€ Mln/year	Decreasing business + ~54% of int'l hauliers will relocate or will cease activity		+188
Smart tachographs (one-off)	€ Mln	121	0	+121

PLUS, keep in mind that:

- 46% of Romanian road hauliers have high risk of insolvency (Source: Coface)
- €547 mln total net profit of all profitable Romanian road hauliers in 2018. Overall, the road freight industry recorded a net result of only €346 mln

MP I enforcement annual results:

- » €827 mln additional annual costs
- » €451 mln annual revenue losses
- » €188 mln annual investments lost

Annex 5 | Simulation scenarios of income—costs of road hauliers in cross-trade & cabotage

To better understand the impact of MP 1 on Romanian road hauliers, we have exemplified three scenarios in the table below:

- In current condition of the road hauliers, MP 1 will bring €900 mln losses, instead of €380 mln gross profit up to date
- 1st & 2nd Scenarios (decreasing/increasing activity) are based on a mix of measures regarding fleet and drivers in operation, time spent on posting and on domestic, income of drivers and a 10% growth of tariffs. Unlikely to happen none of those, because professional drivers will not accept decreasing of income
- The only way to remain profitable is to increase tariffs by >20% and to organize a reasonable payload when returning home and back. Both measures are difficult to put in practice. On one hand, it's a harsh competition on road freight transport market in Europe and 20% increasing tariffs is equivalent to exit from the market for many small Romanian hauliers. On the other hand, organizing some payload when mandatory return home means to grab from bilateral Romanian road carriers. In the end, the overall industry will suffer.

Inputs / results	M.U.	Business as usual, without MP 1 (base 2019)	Business with MP 1 enforcement		
			in current condition	Scenario 1 (decreasing activity)	Scenario 2 (increasing activity)
Assumptions					
Trucks (months/year in operation)	No	60,650 (10.8)	60,650 (10)	34,000 (10)	79,450 (10)
Drivers (Posting Home in months)	No	72,945 (9 3)	72,945 (9 3)	57,000 (6 6)	132,500 (6 6)
Average income of drivers	€/month	1,820	1,820	1,400	1,400
Tariff of road freight transport	€/km	1	1	1.1 (+10%)	1.1 (+10%)
Financial results					
Revenues - total	€ bln/year	6.06	5.61	3.46	8.09
Expenses - total	€ bln/year	(-5.68)	(-6.51)	(-3.45)	(-8.02)
Gross results	€ bln/year	0.38	(-0.90)	0.00	0.06
Comments		6% gross profit rate	The sector is not profitable, high losses recorded	With 44% less trucks, 22% less drivers, and 10% tariff growth, the sector is on zero	With 31% more trucks, 82% more drivers, and 10% tariff growth, the sector is almost on zero

Conclusions

- » In current condition, MP 1 will bring huge losses for Romanian road hauliers
- » More trucks in operation requires more drivers with less income and increasing investments
- » Likely solutions to remain profitable on this sector:
 - increasing tariffs by 20%
 - optimization of journeys activity
 - reorganize the business
- » Overall, the Romanian road freight industry should support the costs generated by MP 1 enforcement and it expects a drop of >20% in 2022

Annex 6 | Export of road freight transport services of Romania — baseline forecast scenario

The baseline forecast scenario in the graph below considers:

- Covid-19 pandemic impact in 2020; no major impact of MP 1 in 2020
- MP 1 timeline enforcements (20 Aug 2020 & 2 Feb 2022 & 21 Feb 2022 & 21 Aug 2023)
- According to public sources (mass-media) and Interbiz's market research, road freight hauliers already assess the impact of MP 1 on their int'l activity. A part decided already in 2020 and many will decide in 2021 how will continue int'l activity

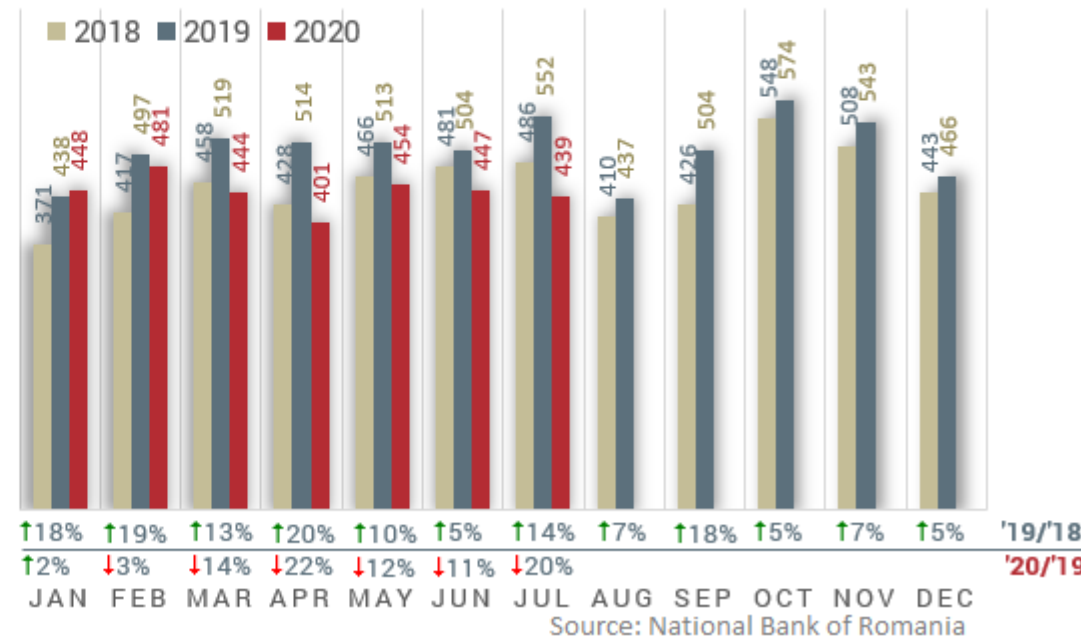
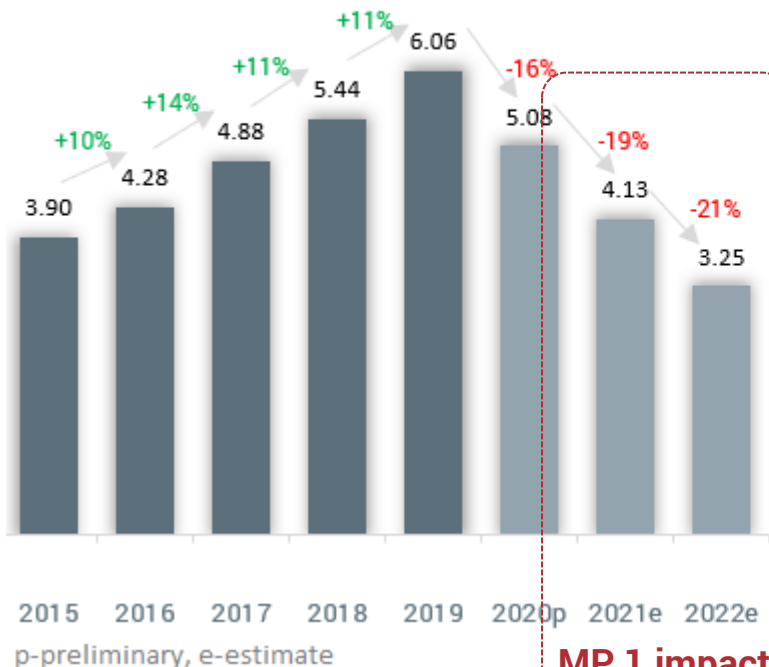
Annual and monthly evolution of exports of road freight transport services, 2015 - 2020. Trends 2021 & 2022

...annual evolution | 2015 - 2022

- € bln -

...monthly evolution | 2018 - 2020

- € mln -



Annex 7 | Truck Parking Demand & Supply in EU

Based on cargo flows and applying current driving and rest time rules, it is estimated that on an average weekday there are approximately 400,000 lorry drivers engaged in long-distance transport across Europe, requiring overnight parking. Thus, **the total demand of overnight parking is 400,000 HGV spaces per night**

Only ~300,000 HGV spaces are available, of which:

~47,000 HGV spaces offer some security

~7,000 HGV spaces offer a level of security, which has been certified

~246,000 HGV spaces offer no security

Across Europe, **there is a net shortfall of approx. 100,000 extra spaces**

The shortfall of certified secure parking areas is much greater given that only 7,000 spaces located in a few countries are available. In some countries and on certain corridors, drivers are not able to rely on the availability of certified secure parking.

The current supply of non-secure parking areas is spread more evenly over the entire network. However, these places are not certified and offer no guaranteed services for drivers.

Truck parking on TEN-T Corridors, demand and supply

Truck Parking Demand and Supply

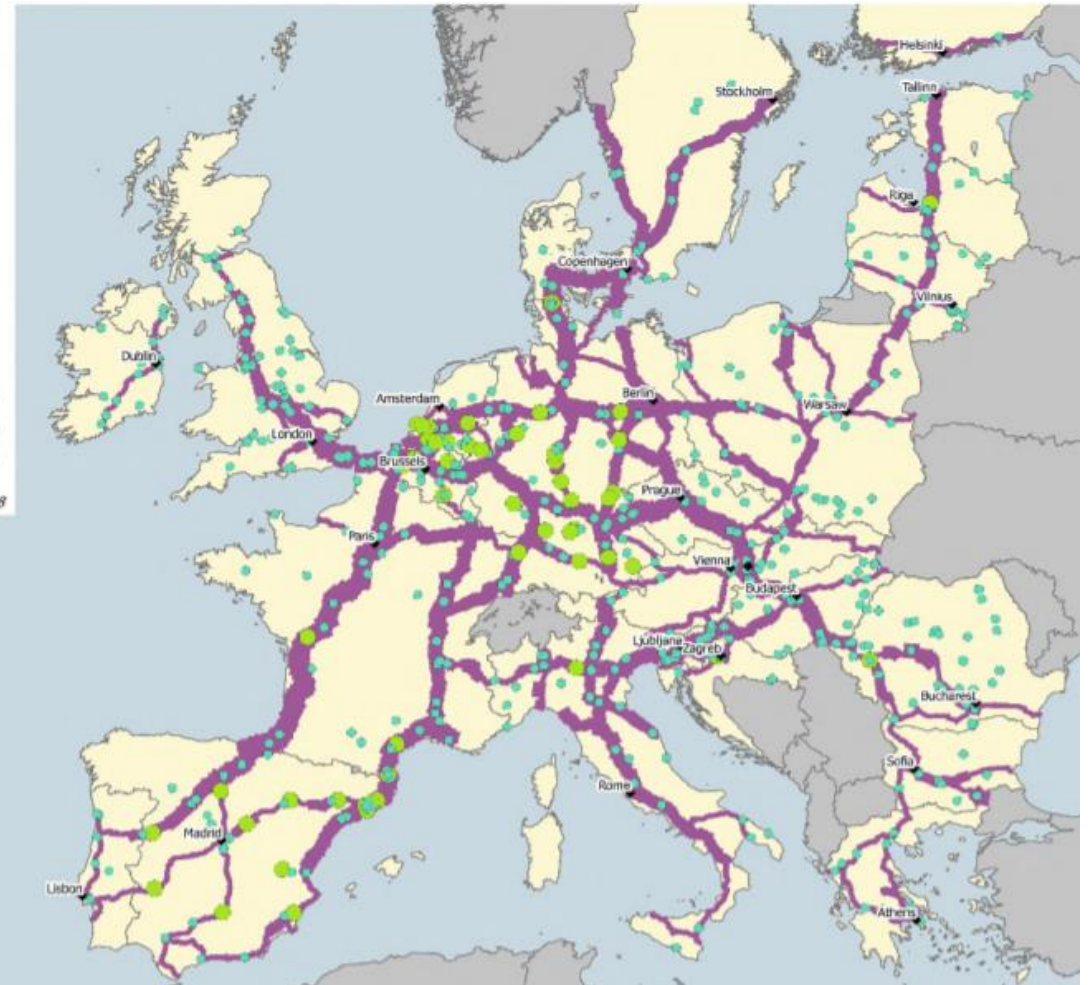
Parking Locations (2018)

- Certified Secure
- Non-certified

TEN-T Corridors Long distance truck movements p.a. (2015)

- 0 - 500,000
- 500,000 - 1,000,000
- 1,000,000 - 2,000,000
- 2,000,000 - 3,000,000
- 3,000,000 - 6,000,000

November 2018



Source: European Commission, Study on safe and secure parking places for trucks in EU (2019)

Annex 8 | Sources of data and information

- European Commission (Study on safe and secure parking places for trucks in EU)
- European Parliament (CO2 emission standards for heavy-duty vehicles)
- Eurostat (Road Traffic, Road Transport Measurement, Annual Enterprise Statistics)
- Interbiz GmbH & Interbiz Resco SRL | research results of interviews of 21 important int'l road hauliers, Feb 2020, open questions:
 - Do you know the changes made by the "Mobility Package I" for road freight transport?
 - Do the new provisions in the "Mobility Package I" affect your transport activity?
If so, what are the effects you anticipate in your activity?
 - If the current proposals in the "Mobility Package I" are implemented, what will you do to remain profitable and competitive in the market?
 - What proposals do you have for improving the "Mobility Package I" in order not to disturb your transport activity?
- National Institute of Statistics (Annual Transport Statistics, Population Migration)
- National Union of Road Hauliers from Romania / UNTRR
- Romanian Road Authority / ARR – Ziua Cargo Conference (30 Sept 2020)
- Volvo Truck Corporation (Emission Factors, 2018)
- Coface (Road Freight Transport Industry, 2019, Summary)
- World Road Transport Organisation / IRU (Tackling Driver Shortage in Europe)