



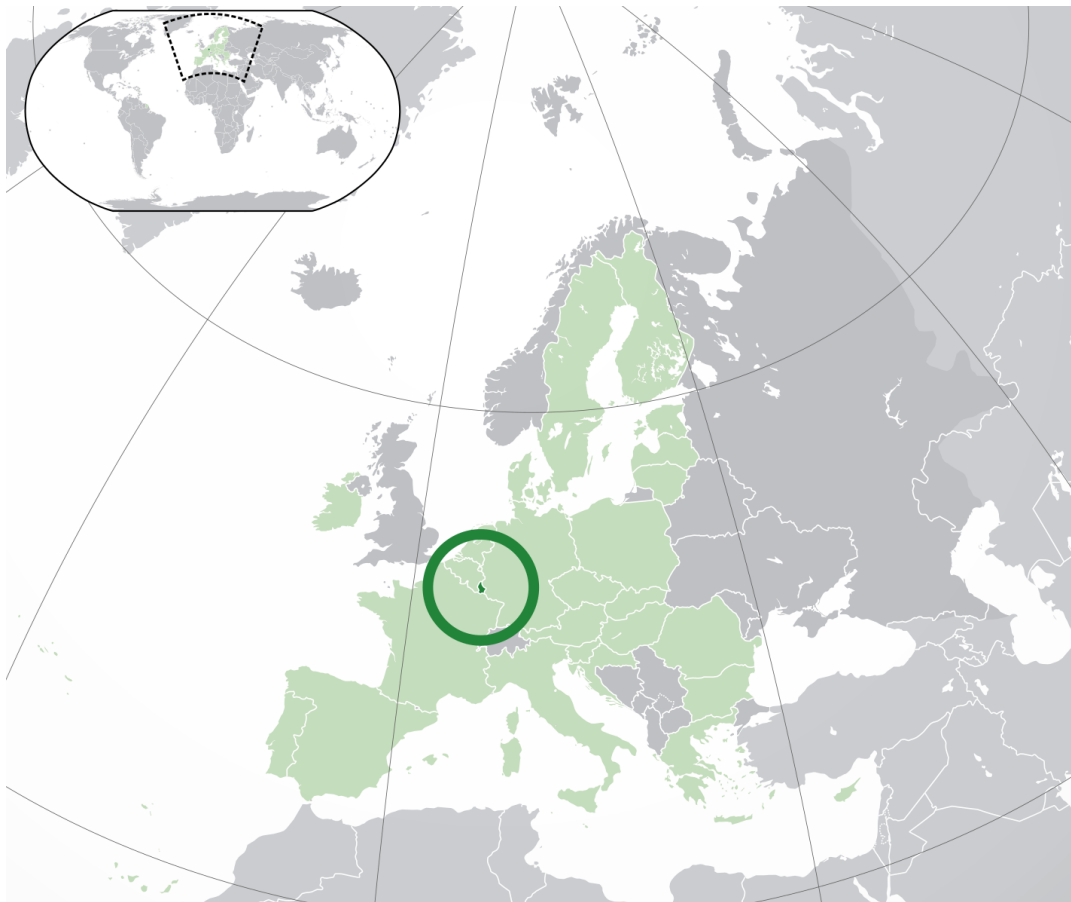
Comité National Routier



EUROPEAN STUDIES

The Luxembourg road freight transport

2021 study



Comité national routier (CNR)

in cooperation with
Junction

EUROPEAN STUDIES

The Luxembourg road freight transport

2021 study

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WARNING

Following on from the study devoted to the Luxembourg RFT sector published in 2017, this survey, which was conducted in 2021, is intended to provide updated statistics concerning the activity of this sector as well as about the typical operating conditions and costs for a 40-tonne heavy goods vehicle used for international long-distance transport.

In some cases, data may have been updated to reflect figures from 2022 and 2023. The representative profiles given are the same as the ones used in the context of the economic conditions prevailing in 2021.

It is important to note that this study was conducted during the Covid health crisis, which has had a definite impact on the data it contains. This point should be borne in mind when interpreting the findings.

SUMMARY

One of the features of road freight transport in Luxembourg is its strong international focus (i.e. 90% of the sector's total activity). It is worth noting the importance of cross-trade, which alone accounts for more than 45% of the sector's international activity, as well as the growing prominence of cabotage, which accounts for more than 20% of overall activity. Luxembourg is ranked 13th among European transport sectors in terms of cross-trade and 7th when it comes to cabotage.

With regard to the operating conditions of vehicles and the working conditions of Luxembourg-based drivers, changes have been observed since the 2017 study. Annual vehicle mileage is up, 123,000 km compared to 118,450 km in 2017. This can be explained by the fact that the markets served by the companies surveyed in 2021 are different and located further away than in the 2017 survey – these include Spain and Italy. The same applies to the number of days vehicles are operated, which have risen to 240 days compared to 226 days in 2017. Conversely, the annual mileage driven by Luxembourg-based drivers fell overall over the same period, from 115,000 km per year in 2017 to 112,750 km in 2021.

With regard to changes in the various cost items, driver costs have risen as a result of increases in the negotiated minimum wage. Driver costs increased by 3% over the 4 years in question, from 50,386€ to 51,964€. Other cost items also increased: i.e. tolls (+21%) and vehicle insurance (+3%). Conversely, other cost items displayed a downward trend overall, such as maintenance-repairs and tyres. Companies in Luxembourg appear to be particularly attentive to these two cost items, with certain repairs, as well as changing and maintenance of tyres, being carried out in companies' in-house garages.

Overall, in 2021, the total cost of a Luxembourg heavy goods vehicle operating on international routes is estimated to be 1.19€/km. Compared to the 2017 CNR study, this represents an increase of 1.8%.

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1. ECONOMIC AND SOCIAL ENVIRONMENT OF THE LUXEMBOURG SECTOR

1.1. LUXEMBOURG IN BRIEF

Capital	Luxembourg
Area	2,586 km ²
Population	645,397 inhabitants (Eurostat, 2022)
Official EU language(s)	Luxembourgish, French and German
Political system	Parliamentary constitutional monarchy
Head of State.	Royal Highness Grand Duke Henri
Prime Minister	Xavier BETTEL
Minister of Transport	François BAUSCH
Date of EU membership	1 January 1958
Seats in the European Parliament	6 seats
Currency	Euro
European Commissioner	Nicolas SCHMIT, Commissioner for Combating Climate Change
GDP growth (%)	5.1% (Eurostat, 2021)
Inflation (%)	8.2% (Eurostat, 2022)
Unemployment rate (% of active population)	5.3% (Eurostat, 2021)
Trade balance	25,119,000€ (Eurostat, 2021)
Gross minimum wage	2,313.38€ (Eurostat, S2 2022)
Greenhouse gas emissions	20.3 tonnes/inhabitant (Eurostat, 2019)

1.2. ROAD FREIGHT TRANSPORT IN LUXEMBOURG

TRANSPORT POLICY AND TRANSPORT INFRASTRUCTURE

Transport policy

Due to its central position, Luxembourg is regarded as an important EU operational base for transport and logistics activities. Due to the country's size, public transport policies are designed above all with an international context in mind, with the aim of improving cross-border connections and the implementation of sectoral road plans aimed at making traffic more fluid (exchange points, suburban railway stations, car parks).

Luxembourg is a transit country and faces significant traffic congestion on its road network. This is due to heavy traffic on the E25 and E44 motorways, cross-border traffic and opportunistic refuelling due to competitive fuel prices.

Despite the fact that, like other countries, Luxembourg is seeking to promote modes of transport that promote sustainable development, such as rail or inland waterways, road transport nevertheless

remains the dominant means of transport (more than 85%), followed by Inland waterways and then rail, which together account for about 14.9% of the tonne-kilometres of inland freight transported. In terms of passenger transport, Luxembourg was the first European country to introduce free public transport in 2020, which includes buses, trains and trams.

Transport infrastructure and use

Modal split of freight transport

2020	Road	Rail	Inland waterways
European Union	77.4%	16.8%	5.8%
Luxembourg	85.1%	6.7%	8.2%

Source : Eurostat

The road network

The road network of the Grand Duchy of Luxembourg consists of motorways and regional roads (National Roads - N, Chemin Repris - CR), managed by the Civil Engineering Administration.

At local level, minor roads are managed by local authorities.

All roads, including motorways, are free for cars in Luxembourg.

Heavy goods vehicles are subject to the Eurovignette.

Réseau routier luxembourgeois



Source : Le grand portail officiel du Grand-Duché du Luxembourg

- Total network size (State + municipal roads): 5,186 km
- Size of the government-managed network: 2,912 km
- Motorways: 165 km
- National Roads: 837 km
- Chemin Repris roads and others: 1,910 km

The rail network

The Société nationale des chemins de fer luxembourgeois (CFL) is a public railway company. However, in addition to Luxembourg, it has a number of other state shareholders. Luxembourg owns 92% of the company, while Belgium and France own 6% and 2% respectively.

The network has a number of specialised freight subsidiaries. CFL Cargo (conventional rail freight) and CFL Multimodal (containers) provide rail links to the main nodal points in the European Union and Turkey as well as to ports on the Baltic Sea and the North Sea, which means that Luxembourg is a kind of hub for the ports of Antwerp, Zeebrugge, Amsterdam, Rotterdam and Hamburg.

Thanks to its piggy-back rail-road service, Lorry-Rail currently operates a rail motorway between Luxembourg and Perpignan, carrying 30,000 unaccompanied semi-trailers per year over a distance of more than 1,000 km.

[Inland waterways](#)

Commercial river transport operates on the Moselle, which is a German-Luxembourg waterway connected to the European river network (Rhine, Danube). The port of Mertert, located between the towns of Grevenmacher and Mertert, handles the shipment of raw materials, agricultural products, iron and steel, and petroleum products to other inland destinations, as well as to the North Sea.

ROAD FREIGHT TRANSPORT OPERATORS

[Supervisory bodies](#)

The Ministry of Sustainable Development and Infrastructure is divided into 4 departments:

- Department of Land Use Planning
- Environment Department
- Department of Transportation
- Public Works Department

The transport department is organised into several sections, one of which is devoted to road transport. In particular, the Road Transport Section is responsible for ensuring compliance with all transport permit requirements. It works with the Customs and Excise Administration to oversee road transport.

The Customs and Excise Administration is under the supervision of the Ministry of Finance. In terms of transport, it has enforcement powers: vehicle inspection (digital tachograph, load security, road inspections,¹ Eurovignette), as well as powers of taxation (tax levied on imported goods when crossing the border, excise duties, VAT checks in companies, etc.).

[Professional associations](#)

[Luxembourg Trade Confederation \(CLC\)](#)

The CLC is an employer organisation that brings together some fifty federations and independent entrepreneurs based in Luxembourg. The Transport Luxembourg Group described below is affiliated to the Confederation. It consists of 11,000 companies, accounting for more than 22% of GDP and employing 60,000 people.

[Luxembourg Transport Group](#)

The Groupement des Entrepreneurs de Transports, commonly called Groupement Transport (Luxembourg Transport Group), is a non-profit association to which more than 50% of the hauliers based in the Grand Duchy of Luxembourg are affiliated. The federation represents its members both nationally and internationally (member of the IRU).

¹ Specifically, as part of the Euro Contrôle Route (ECR) programme aimed at improving road safety and promoting fairer competition as well as better working conditions in the road transport sector.

Trade union organisations

Onafhängege Gewerkschaftsbond Lëtzebuerg (OGB-L)

The Onafhängege Gewerkschaftsbond Lëtzebuerg (OGB-L Independent Trade Union Confederation of Luxembourg) is a confederation of trade unions open to all employees. It is divided into fifteen trade unions representing different categories of employee. As regards transport, the Syndicat Transport sur Route/ACAL is the most important national organisation in the sector. Its main mission is to defend the interests of its members, in particular through negotiation of collective agreements.

Lëtzebuenger Chrëschtleche Gewerkschaftsbond (LCGB)

The Lëtzebuenger Chrëschtleche Gewerkschaftsbond (LCGB - Luxembourg Confederation of Christian Trade Unions) is a trade union organisation open to all employees. It has professional federations that bring together members of various companies, including those involved in road freight transport.

THE LUXEMBOURG RFT SECTOR – KEY DATA

Structure of the Luxembourg RFT sector in 2021

Structure of the Luxembourg RFT sector in 2021

2021	Goods transported	Tonne-kilometres achieved		Average distance	Vehicle-kilometres achieved
	Thousand tonnes	million t.km	%	km	million vehicle.km
TOTAL	48,225	6,904	100.0%	143	455
Domestic transport	19,690	621	9.0%	32	61
International transport	28,535	6,283	91.0%	220	394
<i>International transport of goods loaded in Luxembourg</i>	5,703	988	14.3%	173	66
<i>International transport of goods unloaded in Luxembourg</i>	6,442	1,068	15.5%	166	64
<i>Cross-trade</i>	8,267	2,839	41.1%	343	173
<i>Cabotage</i>	8,124	1,388	20.1%	171	91

Source : Eurostat

Luxembourg road freight transport is mostly internationally focused. International activity accounts for approximately 90% of overall business. In terms of international activity, it is worth noting the importance of cross-trade, which alone represents 41.1% of all the Luxembourg's sector RFT activity, i.e. 45.2% of its international activity, as well as the growing share of cabotage, which accounts for more than 20% of overall activity.

Evolution of the Luxembourg RFT sector

Evolution of the Luxembourg RFT sector in million tonne-kilometre

Million tonne-kilometre	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	AAGR* 2014-2021
TOTAL	7,950	8,606	9,599	7,849	8,297	8,092	6,800	7,381	6,176	6,904	-4.60%
Domestic transport	1,044	777	1,128	978	1,067	1,017	647	661	511	621	-8.17%
International transport	6,906	7,829	8,471	6,871	7,231	7,075	6,154	6,720	5,664	6,283	-4.18%

Source : Eurostat
*Average annual growth rate

Between 2012 and 2020, road freight transport in Luxembourg reached its peak in 2014. This trend sets it apart from the other European flags, which have not experienced a similar trend. The Luxembourg sector has not managed to reproduce its 2014 level of performance since, whether in terms of national or international activity. On average, since 2014, total activity has fallen at a rate of 4.6% per year. The fall has been more pronounced in domestic activity (-8.2%/year) than in international activity (-4.2%/year). It is worth noting that, over the period studied, the share of international activity has tended to remain steady at around 90% of total activity.

Cabotage

Cabotage carried out by the Luxembourg sector accounted for more than 22% of its international road transport in 2021 and represents an important area for the sector's activity. It should be noted that in 2014, cabotage carried out by the Luxembourg pavilion reached its peak. Since then, Luxembourg cabotage has fallen off, with an average annual negative growth rate of approximately -4.7%. Luxembourg is ranked 7th in the EU when it comes to cabotage.² Luxembourg carries out 53 times more cabotage than is carried out on its soil by other national flags.

Cabotage under Luxembourg flag in the 4 main "cabotaged" countries

Million tonne-kilometre	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	AAGR* 2014-2021
Cabotage under Luxembourg flag	1,397	1,764	1,943	1,510	1,545	1,398	1,206	1,368	1,209	1,388	-4.69%
<i>in France</i>	676	911	1,032	808	755	665	550	663	554	619	-7.04%
<i>in Belgium</i>	258	420	437	407	483	488	419	433	406	462	0.80%
<i>in Germany</i>	407	366	400	234	251	182	176	211	214	266	-5.66%
<i>in Spain</i>	10	8	17	-	6	24	33	33	9	10	-
Share of cabotage in Luxembourg transport %	17.57	20.50	20.24	19.24	18.62	17.28	17.74	18.53	19.58	20.10	-

Source: Eurostat
AAGR: Average annual growth rate

The four countries where the Luxembourg sector carries out the most cabotage are France, Belgium, Germany, and Spain. Cabotage carried out in Belgium saw significant growth, +7.55%/year between 2012 and 2021.

² CNR – 2021 European RFT ranking

Cabotage in Bulgaria

Million tonne-kilometre	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	AAGR
Cabotage in Luxembourg	7	12	10	18	21	30	14	19	26	26	16.53%
Penetration rate of cabotage*	0.6%	1.5%	0.9%	1.8%	1.9%	2.9%	2.1%	2.8%	4.8%	4.0%	-
Market share of cabotage**	2.2%	4.8%	3.3%	7.9%	9.5%	11.4%	7.7%	10.7%	19.8%	14.9%	-

Source : Eurostat

AAGR: Average annual growth rate

*cabotage under foreign flag / total domestic transport (total domestic transport = total domestic transport + cabotage under foreign flag)

**cabotage under foreign flag / (domestic transport for hire or reward of the country + cabotage under foreign flag)

Cabotage in Luxembourg remains at a low level in absolute terms. Business volumes increased with a penetration rate of 4% in 2021, compared with 0.6% in 2012.

Evolution of the number of companies, employees and turnover in the Luxembourg RFT sector

Year	Number of RFT companies	Turnover, in million euros	Number of employees
2012	468	1,187	7,520
2013	445	1,178	7,298
2014	429	1,186	7,072
2015	423	1,209	7,098
2016	414	1,233	7,187
2017	409	1,309	7,153
2018	394	1,408	7,499
2019	392	1,425	7,621
2020	385	1,364	7,517

Source: Eurostat

The number of RFT companies in Luxembourg decreased at an annual rate of 2.4% between 2012 and 2020. Road freight transport revenues also decreased over the same period, declining at an average annual rate of 1.8%. The number of people employed in the sector remained virtually unchanged over this period, with numbers declining very slightly (-0.01% annually on average).

Number of RFT and removal companies depending on size classes (employees) in Luxembourg

Size classes	2016	2017	2018	2019	2020
From 0 to 1 employee	143	138	116	122	110
From 2 to 9 employees	129	138	147	135	145
From 10 to 19 employees	66	58	59	54	55
From 20 to 49 employees	59	61	55	64	59
From 50 to 249 employees	35	34	38	39	38
250 employees and more	2	2	2	2	2
Total	434	431	417	416	409

Source: Eurostat

Luxembourg RFT and removals companies with fewer than 10 employees account for 62% of the sector. This percentage is relatively low compared to the European average. There is therefore a higher proportion of medium-sized and large companies in Luxembourg than in the rest of the European Union in the RFT and removals sector.

Key figures on RFT employment in Luxembourg, 2020

Companies number	385
Turnover - million €	1,364
Employees' cost - million €	338
<i>Wages and salaries- million € (a)</i>	298
<i>Social security costs - million € (b)</i>	40
Apparent employer contribution rate (b/a)	13.4%
Number of persons employed	7,579
<i>Unpaid persons employed</i>	62
<i>Employees</i>	7,517
<i>Share of employed in total workforce</i>	99%
Average number of persons employed per company	20
Average cost of employee in €	44,900
Added value per employee in €	58,300
Turnover per person employed	180,000
Investment per person employed in €	7,400
Investment rate (Investment/Added value)	12.8%

Source : Eurostat

Vehicle fleet

	2017	2018	2019	2020	2021
Rigids	38,558	40,181	42,017	43,713	45,510
Road tractors	4,629	4,813	4,936	4,907	4,957
Trailers	25,114	26,220	26,840	27,883	29,056
Semitrailers	4,268	4,376	4,643	4,604	4,696

Source : Eurostat

The fleet of vehicles has steadily increased over the period 2017-2021. The number of tractors in Luxembourg has risen (up 1.7% per year on average over this period).

1.3. FISCAL AND LABOUR REGULATIONS APPLICABLE TO ROAD FREIGHT TRANSPORT IN LUXEMBOURG

ROAD FREIGHT TRANSPORT TAXES

Corporate tax

Companies (LLC, PLC, partnerships limited by shares) are subject to local authority income tax (IRC), to which is added a 7% surcharge (applied to the IRC rate) intended to fund the employment fund, as well as a municipal commercial tax (ICC) specific to each municipality in Luxembourg. This latter contribution is used to finance the costs, and more specifically the additional cost associated with companies (provision of industrial areas, parking spaces, specific measures intended to guarantee the quality of the natural environment, etc.). It is determined and deducted by the Direct Contributions Administration (ACD) on behalf of municipalities based on tax returns. Tax rates vary from one municipality to another. For example, in 2023, it stands at 6.75% in Luxembourg City.

Taxable income	IRC rate	Contribution to the employment fund (IRC rate x 7 %)	ICC rate for Luxembourg-city	Global rate for Luxembourg-city
<to 175,000 €	15%	1.05%	6.75%	22.80%
Between 175,000 € and 200,000 €	31%	2.17%	6.75%	39.92%
>to 200,000 €	17%	1.19%	6.75%	24.94%

Source : Guichet.lu

VAT

There are four different rates in Luxembourg:

- A standard rate of 17% for taxable transactions other than those referred to below. For the period from 1 January 2023 until 31 December 2023, the standard rate was raised to 16%.

- A reduced rate of 8% for the supply of goods and services as well as for intra-Community acquisitions and imports of goods (set out in Annex A of the VAT Act of 12/02/1979 and referred to in Article 40, paragraph 1, point 1, subsections b), c), d) and e). For the period from 1 January 2023 to 31 December 2023, the rate was raised to 7%.
- A special reduced rate of 3% for the supply of goods and services as well as for intra-Community acquisitions and imports of goods (set out in appendix B of the VAT law of 12/02/1979).
- An intermediate rate of 14% for the supply of goods and services as well as for intra-Community acquisitions and imports of goods (set out to in Appendix C of the VAT Act of 12/02/1979). For the period from 1 January 2023 to 31 December 2023, the rate was raised to 13%.³

Road tax on motor vehicles

Luxembourg-registered motor vehicles travelling on public roads are subject to the payment of motor vehicle tax (the equivalent of axle tax in France). This annual tax is collected by the Customs and Excise Administration.

For vans, lorries, tractors, trailers and other vehicles, the tax is calculated based on the type of vehicle, according to criteria specified on the registration certificate, including the vehicle's kerb weight, the maximum authorised weight, the number of axles and the type of suspension.

Example: For a 40-tonne, 5-axle (2+3) semi-trailer with pneumatic suspension, the annual fee is 765€. The rates are available on the website of the Customs and Excise Administration.⁴

Eurovignette

In Luxembourg, as in Denmark, the Netherlands and Sweden, heavy goods vehicles must pay a user charge, known as “Eurovignette”, to drive on motorways or similar roads.

The vehicles subject this charge are goods vehicles (even empty) with a maximum authorised weight equal to or greater than 12 tonnes.

Eurovignette – Annual rates in place in 2023

Emission group	1–3 axles	4 or more axles
Euro 0	1.407,00	2.359,00
Euro 1	1.223,00	2.042,00
Euro 2	1.065,00	1.776,00
Euro 3	926,00	1.543,00
Euro 4	842,00	1.404,00
Euro 5	796,00	1.327,00
Euro 6 or less polluting	750,00	1.250,00

Source: <https://www.eurovignettes.eu/portal/en/tariffs/tariffs?reset=true>

³ <https://pfi.public.lu/fr/professionnel/tva/taxe-valeur-ajoutee/taux-nationaux-applicables.html>

⁴ Customs and Excise Administration

Excise duty on commercial diesel fuel

In accordance with Directive 92/12/EC and 2008/118/EC, Luxembourg has instituted an excise duty system. As at 1 April 2023, the excise duty on diesel was 42.88€/hl.⁵ There is no provision for partial reimbursement of excise duties on commercial diesel in Luxembourg.

⁵ CNR –Excise duties, mechanisms for partial refunds on diesel and short-term measures on excise duties in Europe, as at 1 April 2023

LABOUR REGULATIONS APPLICABLE TO ROAD FREIGHT TRANSPORT

Pay rates

Collectively bargained salaries

Salaries are calculated on the basis of 173 hours/month and take into account the minimum gross salary scales set out in the collective agreement applicable to category V drivers (drivers of vehicles for which an EU driving licence is required).⁶

Seniority	Category V driver CE licence	
	Gross monthly salary	Gross hourly rate
Step 0	2,708.35 €	15.66 €
6 first months	2,708.35 €	15.66 €
After 6 months	2,708.35 €	15.66 €
2nd 3rd year	2,708.35 €	15.66 €
4th 5th 6th year	2,810.39 €	16.25 €
7th 8th 9th year	2,925.46 €	16.91 €
10th 11th 12th year	3,039.85 €	17.57 €
13th 14th 15th year	3,132.10 €	18.10 €
16th 17th 18th year	3,222.88 €	18.63 €
19th 20th 21th year	3,316.00 €	19.17 €
22th 23th 24th year	3,407.84 €	19.70 €
25th year	3,499.59 €	20.23 €

Source : Groupement transport Luxembourg

⁶ <https://itm.public.lu/content/dam/itm/fr/publications/conventions-collectives/salaires/fr/01102021/stransport-logistique-fr-01102021.pdf>

Overtime

Overtime hours are subject to a 40% hourly supplement.

Overtime is deemed to be any scheduled time worked but not recovered within the 4-month period stipulated in the collective agreement, as well as any time worked in excess of scheduled working hours.

Night work

Each hour worked between 10 p.m. and 6 a.m. is subject to a 15% supplementary payment.

Sunday Work

Each hour worked on a Sunday is subject to a 70% supplementary payment.

Work on public holidays

Hours worked on public holidays are paid double.

Paid leave

The law stipulates that employees are entitled to 25 working days of paid "recreational leave" per year. All calendar days, with the exception of Sundays and public holidays, are considered working days. This is equivalent to the minimum 4 weeks' paid holiday required by European law. In addition, there are 10 public holidays.

The 25 days of annual leave provided for by law constitute a minimum. A collective labour agreement, or an individual agreement between an employer and their employee, may extend the number of days of leave granted to the employee.

In addition, employees are entitled to leave in exceptional circumstances: family-related leave (maternity, paternity, etc.), individual training leave, political leave, etc.

Travel allowances

Unlike drivers' salaries, travel expenses (meal and travel allowances) are not index linked. Consequently, the latter have not changed since the signing of the collective agreement negotiated in 2010.

Drivers and attendants who are away from their home, the company's head office or the place specified in the employment contract for a continuous period of at least 6 hours are entitled to the following meal allowance:

- 3.47€ when the trip takes place within the country,
- 7.93€ when the trip takes place abroad.

Over a 24-hour period, a second meal allowance is payable if the driver or courier is required to travel continuously for at least 10 hours away from his or her place of residence and the company's registered office, in accordance with the place specified in the employment contract.

Travel abroad refers to any journey beyond a radius of 25 km from the border. Except in special situations (e.g. in the event of an accident), no meal allowance is due when the driver or attendant is in a position to return home to eat.

When the driver or attendant is travelling between midnight and 5 a.m., he or she is entitled to an automatic overnight allowance, plus a breakfast allowance of:

- 1.49€ when travelling domestically,
- 4.71€ when travelling abroad.

For trips abroad in excess of 24 hours, the driver or attendant is entitled to an additional daily allowance of 2.48€.

The gross travel allowance for a driver who is abroad for more than 24 hours is calculated on a flat-rate basis. It amounts to 23.05€ per day.

Social security contributions

Social contributions applicable to driving staff in Luxembourg as of January 1st 2022		
Social contributions	Employee	Employer
Sickness - maternity		
Benefit in kind	2.80%	2.80%
Cash benefits	0.25%	0.25%
Employer's Mutual Insurance fund (class 4)	-	2.98%
Oldness - Invalidity - Survivors insurance	8 %	8 %
Dependency insurance	1.40%	-
Accident insurance	-	0.75%
Health at work	-	0.14%
TOTAL	12.45%	14.92%

Source: Cleiss

The social security contribution assessment base may not be less than the monthly statutory minimum wage (SSM), i.e. 2,313.38€ in 2022 for unskilled employees aged 18 and over. The applicable minimum social wage is adjusted upwards by 20% for a qualified employee (i.e. 2,776.05€ per month in 2022), and downwards by 20% to 25% in the case of adolescent employees (aged 15-17). In the case of part-time work, the minimum contribution is reduced in proportion to the length of time worked based on the standard monthly working time of 173 hours.

Overtime pay (excluding the 40% supplement) is included in the calculation of contributions for health insurance (benefits in kind), mutual insurance and dependency insurance.

Overtime payments are not subject to social security charges.

The dependency contribution is calculated after a deduction equivalent to 25% of the minimum social wage has been made from the contribution assessment base.⁷

Personal income tax

The basic rate of personal income tax is based on taxpayers' ability to pay and is levied on a graduated basis. The different income tax brackets (0 to 42%) are published in the Official Journal (Mémorial), by the Direct Contributions Administration.⁸ Tax is deducted at source.

It should be noted that overtime pay and associated bonuses are exempt from income tax.

An allowance for commuting expenses is also applied up to a maximum of 214.50€ per month, i.e. 2,574€ per year. To do this, the administration calculates the distance between the employee's town of residence and that of the place where the employee would be expected to enter Luxembourg.⁹ Also, given that a large number of drivers, working under Luxembourg contracts, reside outside Luxembourg, an allowance is included on the payslip (page 29). As in the 2017 Luxembourg study, an allowance of 165€/month has been included.

⁷ <https://www.cleiss.fr/docs/cotisations/luxembourg.html>

⁸ https://impotsdirects.public.lu/fr/az/t/tarif_pers.html#:~:text=30%25%20pour%20la%20tranche%20de,entre%2042.009%20et%2043.953%20euros

⁹ <https://www.guidedesimpots.lu/guide/les-deductions-fiscales-au-luxembourg/>

2. OPERATING CONDITIONS AND COSTS FOR A 40-TONNE LUXEMBOURG HGV OPERATING INTERNATIONALLY

This part of the study describes the economic and social conditions prevailing in 2021, at the time this updated study was conducted. In carrying out this study, CNR has drawn on research focused primarily on the fiscal and labour aspects of the RFT sector, as well as on previous CNR studies of the country and feedback from the experts with whom CNR collaborates. These different sources provide an overview of the Luxembourg RFT sector internationally and highlight the main developments observed since the last study. This research and process of dialogue are further backed up by interviews with Luxembourg-based hauliers and lorry drivers (see below and page 28).

All the figures eventually adopted by the CNR in order to construct the typical profile represent the best expert appraisal of this set of data sources.

2.1. OPERATING CONDITIONS AND COSTS FOR COMPANIES

This section is mainly based on face-to-face interviews with Luxembourg-based road freight transport companies involved in long-distance transport operations, mainly internationally. The companies included in this study have the following characteristics:

Legal form	Main markets	Annual mileage	Turnover	Number of vehicles	Number of drivers
SA SARL	France, Germany, Belgium, Italy, Netherlands	90,000 à 160,000	5 to 74 million euros	11 to 315 vehicles	7 to 360 drivers

The companies visited for this study are extremely diverse in terms of their size and structure. They are all specialised in international RFT.

To enable a comparison with the data from other CNR country studies, only companies whose main activity is international long-distance freight transport have been selected.

The CNR is hereby reporting the results of these interviews, which have no statistical value. However, they do shed light on figures and information obtained elsewhere. Ultimately, the CNR uses figures based on expert opinion to establish the costs and operating conditions that pertain for a “typical” HGV operating internationally.

TRANSPORT EQUIPMENT – Use

Vehicle use depends on the characteristics of the customer and the main markets in which the companies operate. The number of days vehicles are operated varies between 230 and 250 days, with a clustering around 240 days per year, compared to a figure of 220 days in 2017. The average annual distance travelled by the vehicles of the hauliers we met with is between 90,000 and 160,000 km, with a clustering around 123,000 km per year (as compared with 118,450 km in 2017). Vehicle mileage as well as the number of days of operation are up compared to the latest CNR study. This can be explained by the different markets served by the companies visited. Those surveyed in 2021 tended to be active in more distant markets than those surveyed in 2017 – particularly Italy and Spain.

The length of time tractors used for international operations are kept ranges between 3 and 10 years, with a clustering around 6 years for the vast majority of companies surveyed. Two types of financing

were identified: self-financing and leasing. The vast majority of the companies interviewed use leasing to purchase their vehicles. They tend to lease for a period of 36 to 60 months, with a clustering around 48 months. Vehicles are kept for an additional 2 years after the end of these contracts.

The semi-trailer/tractor ratio reported in the course company surveys was 1.26, up from the last CNR study in 2017 when the tractor-trailer ratio was 1.20.

TRANSPORT EQUIPMENT – Financing

The average purchase price of a Euro VI tractor based on interviews with Luxembourg-based hauliers is approximately 87,000€. The purchase price of a semi-trailer is estimated at 28,000€. Most companies seem to lease over a period of 48 months.

Tractors are kept for 6 years, while the average figure for semi-trailers is 10 years.

Data on interest rates (estimated at 1%) and leasing contract conditions allow the annual cost of owning a 40-tonne articulated semi-trailer truck to be calculated. The figure that emerges is approximately 15,739€, with a ratio of semi-trailer/tractor ownership of 1.26. The cost of owning a semi-trailer truck has increased slightly since the last study in 2017. The figure arrived at in that study was 15,689€ per year per semi-trailer truck, which means that there has been an increase of 0.3% in 4 years.

FUEL

Luxembourg-based companies purchase the vast majority of their fuel domestically (approximately 95%). In 2021, they paid an average of 1.009€ (excl. VAT) per litre of fuel in Luxembourg. As for the remaining 5%, the hauliers interviewed opted to purchase in France (average price of 1.035€/l after the partial TICPE refund).

Based on the fuel shopping basket calculated by the CNR (using information provided by companies), the price of one litre of fuel was 1.0106€ (excl. VAT).

MAINTENANCE & REPAIRS

As in 2017, based on the interviews we conducted, vehicle maintenance and servicing seems to be divided equally between in-house garages and external service providers. In the companies we visited, these costs varied between 4,000€ and 11,250€ per year per semi-trailer truck. The annual cost of maintenance-repairs for a 40-tonne semi-trailer truck is estimated to be approximately 6,900€/year. This figure has fallen since the study carried out by CNR in 2017 – down 21.3% over a 4-year period. As a reminder, the annual estimated amount in 2017 was 8,765€ per semi-trailer truck.

TYRES

The annual cost of tyres ranges widely, from 1,975€ to 4,275€. This cost item varies greatly depending on the method of purchase of the vehicles (with or without a tyre contract) or on the brand chosen, but also depending on the mileage and the loads transported. All the companies surveyed stated that they had a contract for the maintenance and replacement of their tyres.

Based on information provided by Luxembourg-based hauliers, the annual cost of tyres for a 40-tonne semi-trailer truck is estimated at 3,035€. This cost has fallen since the last CNR study. It was then 3,435€ per year per semi-trailer truck, a significant decrease of around 11.6% over 4 years. Luxembourg-based hauliers appear to be particularly sensitive to this cost item.

TOLLS

The annual toll costs for a 40-tonne semi-trailer truck operating internationally range widely, between 4,800€ and 19,100€. Costs vary greatly depending on the countries visited and the main markets in which the companies operate. This cost item has increased since the 2017 Luxembourg study. This increase can be explained in particular by the growing number of countries using a mileage-based tax (e.g. Belgium) and by a widespread increase in tariffs, such as the Maut in Germany, which are both important markets for the Luxembourg sector.

This figure includes the Eurovignette, which is used in the Netherlands, Luxembourg, Sweden and Denmark.

The annual cost of tolls for a typical Luxembourg-based company working internationally is estimated at 13,050€ (including Eurovignette). This cost item has increased by 21% since 2017, the date of the last CNR study on the Luxembourg sector.

INSURANCE

The amounts reported by hauliers vary widely, ranging from 1,450€ (per year, per semi-trailer truck) to 3,200€ (per year, per semi-trailer truck). The companies visited in the main opted for comprehensive insurance for their vehicles.

The figure estimated by the CNR for a 40-tonne semi-trailer truck with comprehensive insurance is 2,470€ per year. The cost of insurance is up 9% from the amount recorded in the CNR's last study of the Luxembourg sector in 2017. In that earlier study, insurance costs were estimated at 2,270€/year.

AXLE TAX AND OTHER VEHICLE TAXES

The tax on a 40-ton, 5-axle semi-trailer truck with air suspension is 765€. It remains unchanged.

FIXED COSTS

Information on fixed costs is often difficult to collect. The way in which these costs are calculated differs from one company to another. Some take into account the cost of the in-house garage, while others include in their calculations the cost of ancillary activities such as logistics. The professionals we met on-site estimated this cost at between 5% and 11% of the total cost of the vehicle. A percentage of 6% of the cost of the vehicle has been used to calculate this figure.

2.2. EMPLOYMENT CONDITIONS AND DRIVER EMPLOYMENT COSTS

Employment conditions and driver pay in Luxembourg were surveyed during two rounds of interviews: a first phase in companies with employers in Luxembourg; and a second phase, involving face-to-face interviews with drivers in car parks and rest stops located at the Luxembourg border. During this second phase, around twenty drivers, employees with Luxembourg contracts, volunteered to be interviewed about their working conditions and pay.

Based on an analysis of these sources and a review of the literature, the CNR has produced a typical profile (in terms of employment conditions and pay) of an RFT driver with a Luxembourg contract working internationally.

WORKING CONDITIONS

Permanent contracts are the most common form of employment contract in the sector. The number of working days per year is 220 days, ranging from 210 days to 230 days. The statutory amount of paid leave is 4 weeks, i.e. the European minimum. These days off are often taken in the summer and during the Christmas and New Year period. In other words, drivers' actual working year averages 11 months.

In terms of their schedule, Luxembourg-based drivers working internationally generally spend approximately 15 nights away from home per month, and the vast majority of them go home once a week. In the end, the figure of 16 nights away from home (23.05€/day) was chosen for the purposes of defining the typical profile of a driver with a Luxembourg contract working internationally, to which were added 6 meal payments and an overnight allowance in Luxembourg.

The average mileage that emerges from company surveys is approximately 110,500 km per year. Drivers report driving approximately 115,000 km annually. The average settled on in this latest study is 112,750 km per year, a decline compared with 2017 (115,000 km/year). The driver/tractor ratio was 1.09. This ratio is higher than in 2017, when it was 1.03.

NOTE ON DRIVING PERSONNEL COST FORMATION

International driver pay

Driver pay is subject to the Labour Code and the national collective transport agreement. No company visited, nor driver interviewed, seems to be in breach of these rules.

As a reminder, salaries are calculated on the basis of 173 hours/month and take into account the minimum gross salary scales, i.e. 2,925.43€ gross per month for a driver with eight years' seniority in their company (average obtained on the basis of interviews with companies and drivers). The hourly rate used in the following simulations is 16.91€/hour. This rate is increased by 40% for overtime hours exceeding the standard figure of 173 hours/month.

In a certain cases, other types of bonuses are also paid; the decision to pay these bonuses and their exact nature depend on individual hauliers. These include productivity bonuses of up to 5% of gross salary. However, these cases remain exceptional.

TYPICAL PROFILE OF A DRIVER WITH A LUXEMBOURG CONTRACT WORKING INTERNATIONALLY AND BREAKDOWN OF THEIR COST

Type profile of an international driver - Luxembourg - 2021					
Characteristics		<ul style="list-style-type: none"> - International driver mainly limited to neighbouring countries - 16 nights away from home - Return to base on weekends - Salary calculated on the basis of the collective agreement applied in the RFT sector - Differentiated overtime rates, seniority pay and allowances in accordance with the collective agreement - Average seniority of 8 years - Remuneration corresponds to the time worked - Service time : 200h/month - Paid leave taken in full 			
Annual mileage achieved		112,750 km			
Number of actual working days per year		220			
Number of working weeks per year		44			
Number of driving hours per year		1,710			
Cost breakdown of a typical Luxembourg international driver in 2021					
Reconstitution of a pay slip					
EMPLOYER			EMPLOYEE		
Gross salary (for 200 h of service time)	Rate	Hours	3,564.63	Gross salary (for 200 h of service time)	3,564.63
Normal hours	16.91€	173 h	2,925.43		
Overtime	16.91€	27 h	456.57		
Gross-up overtime	6.76€	27 h	182.63		
Social contributions			462.86	Social contributions	
Sickness - maternity insurance			94.70	Sickness - maternity insurance	
Increase - sickness maternity insurance			7.31	Increase - sickness maternity insurance	
Employers' Mutual insurance fund (class 4)			100.78	Employers' Mutual insurance fund (class 4)	
Oldness - Invalidity - Survivors insurance			234.03	Oldness - Invalidity - Survivors insurance	
Accident insurance			21.94	Accident insurance	
Health at work			4.10	Health at work	
			Calculation of taxable net salary based on income tax base		
				Re-introduction of non-deductible social contributions*	
				+18.78	
				Overtime, out of base	
				-456.57	
				Overtime gross-up, out of base	
				-182.63	
				Net taxable salary**	
				2,437.17	
				Income tax class 1***	
				-183,80 €	
				Long-term care insurance (after deduction of 564.24 €)	
				-39.45	
				Tax credit (CIS)	
				+53.98	
Gross salary charged			4,027.49	Net salary after income tax	
				3,059.31	
Travel allowances for an actual working month (11 months per year)			391.11	Travel allowances for an actual working month (11 months per year)	
				391.11	
Monthly cost of a driver for a month of full activity			4,418.60	Net salary of a driver for a month of full activity	
				3,450.42	
Monthly cost of a driver during a month of paid leave			3,358.98	Monthly salary of a driver during a month of paid leave	
				2,420.93	
Breakdown of the annual cost of a typical Luxembourg international driver in 2021					
Annual gross salary charged		47,661.39		Annual net salary	
				36,073.35	
Travel allowances * 11 months		4,302.21		Travel allowances * 11 months	
				4,302.21	
Total annual cost		51,963.60		Annual net salary of a driver after taxes	
				40,375.56	
Cost of an hours of driving		30.39			
Cost per kilometre		0.46			


*Overtime sickness - maternity - article 4, alinea 3 of 21 décembre 2007 Grand ducal regulation on article 115, 11 L.I.R.

** After integrating 165€ of expenses to and from work

***According to 2021 scale of the monthly payroll deduction, including 7% received for the employment fund

Based CNR surveys, annual driver costs have increased by more than 3% since 2017, from 50,386€ to 51,964€ in 2021, despite a reduction in the time worked. This increase is mainly due to the increase in the sectoral minimum wage. In the space of 4 years, the total annual cost of an international driver increased by 0.8%/year on average. The number of days of working days per year driven by a “typical” driver with a Luxembourg contract remains the same as in 2017, but annual mileage as well as working time have fallen. Overall, the cost of an hour of driving rose to 30.39€, an increase of more than 6% compared to 2017. As a reminder, the cost recorded by the CNR in 2017 was 26.83€/hour.

2.3. OVERVIEW OF THE OPERATING CONDITIONS AND COSTS OF A “TYPICAL” INTERNATIONAL HGV

Operating conditions and costs of a 40-tonne HGV operated on long distance international routes, 2021 conditions 		
	Unit	Luxembourg Simulation
Yearly mileage of a vehicle	km	123,000
Number of operating days	days/year	240
Semitrailer/tractor ratio		1.26
Driver cost	€/year	51,964
Driver/tractor ratio		1.09
Yearly cost of vehicle financing and possession	€/year	15,739
Average consumption per 100 km	litres	31.0
Unit fuel price, 2021 average	€/litre	1.0106
Fuel cost	€/year	38,534
Tyres	€/year	3,035
Maintenance-repair	€/year	6,900
Tolls and vignettes	€/year	13,050
Insurance (vehicle)	€/year	2,470
Axle tax and other vehicle tax	€/year	765
Synthesis - cost price (excluding overhead cost)		137,134
Cost/mileage ratio per annum	€/km	1.11
Overhead cost	€/year	8,753
Synthesis - full cost price		145,887
Full cost per kilometre	€/km	1.19

Source : CNR European studies

According to CNR calculations, the cost per kilometre of a Luxembourg-based 40-tonne heavy goods vehicle used for international long-distance transport is 1.11€ (excluding fixed costs) compared with 1.09€ in 2017, an increase of more than 1.8% compared with the previous study. Driver, insurance and

toll costs have increased since 2017, by 3%, 21% and 9% respectively. Other cost items have remained stable, thereby mitigating, thereby limiting the increase in the cost price.

Ultimately, when fixed costs (estimated at around 6% of the total cost) are factored in, the cost price in 2021 is estimated at 1.19€ per kilometre. This estimate falls within the same range as the data provided by hauliers, who estimate their cost price at between 1€/km and 1.35€/km, with a clustering around 1.17€/km.

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