

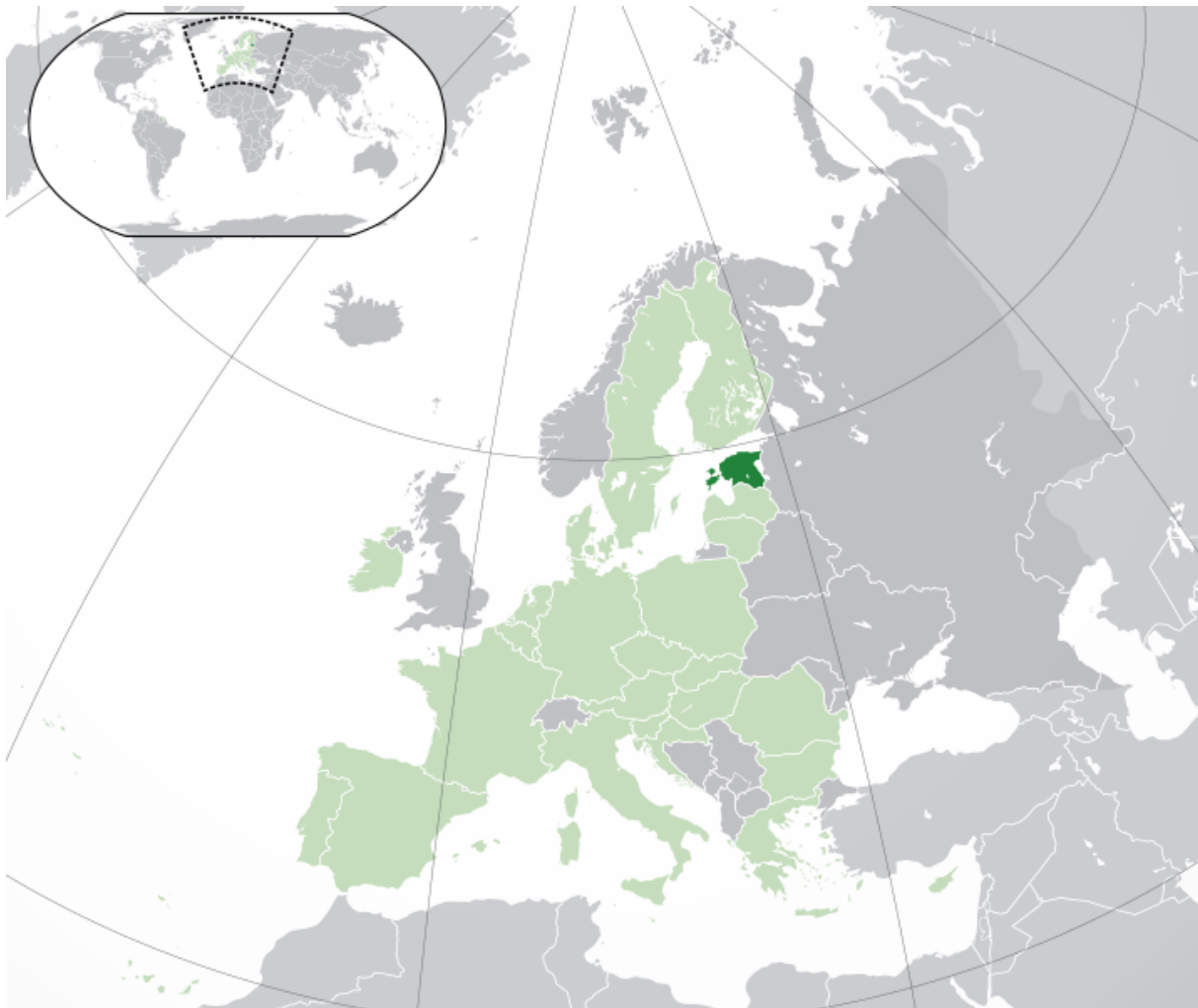


Comité National Routier



EUROPEAN STUDIES

Road freight transport in Estonia in 2022



Comité national routier (CNR)

EUROPEAN STUDIES

Road freight transport in Estonia 2022 study

Comité national routier – Paris

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The map on the cover comes from <https://commons.wikimedia.org/wiki/File:EU-Estonia.svg>

WARNING

Following on from the 2019 survey of the Estonian RFT sector, this study, which was conducted in 2022, is intended to provide up-to-date figures on the sector's activities, as well as on the typical operating conditions and costs of a 40-tonne HGV operating internationally.

Some data was updated in time for publication in 2025.

SUMMARY

A small country located at the northernmost edge of the European Union, Estonia possesses a number of distinctive characteristics in terms of both taxation and labour regulations, and its RFT sector differs structurally from those of its Baltic neighbours.

After many years of operating as a bridge between the EU and Russia, the Estonian sector has come to terms with its small size, abandoning head-on competition with its neighbouring Lithuanian and Polish competitors in the European market. Instead, it has gradually shifted focus towards its domestic market, with a large part of its international activity centred on shipping routes between Tallinn, the Estonian capital, Helsinki and Stockholm. With the Russian border closed to most non-food products since the outbreak of war in Ukraine, this market now accounts for only a tiny fraction of its business.

The loss of the Russian market seems to have had a devastating effect on the Estonian sector. Firstly, in terms of cost, the competitive advantage it enjoyed thanks to low-cost Russian fuel has evaporated. Secondly, drivers of Russian and Ukrainian origin have returned to their respective countries, causing a labour shortage which in turn has led to wage inflation. In response, the government has introduced a substantial increase in travel allowances, which are not subject to social insurance contributions, to offset the rise in labour costs. Rampant inflation, which peaked at a record high of 25% in 2022, has also undermined companies' financial stability due to increases in other costs.

In response, the Estonian economy as a whole is increasingly turning towards the Scandinavian and British markets. The abolition of corporation tax on undistributed profits has paved the way for a more economically liberal, outward-looking tax system. Traditional industries such as transport or industry are losing ground to IT, transforming Estonia into Europe's new Silicon Valley. As for its road transport sector, its overall activity declined by one-third between its peak, reached in 2016, and 2022. The cost per kilometre of international road freight transport within the EU increased by 26% between 2019 and 2022, reaching 1.22€/km, on a par with the cost per kilometre in Spain.

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1. ECONOMIC, LABOUR AND ENVIRONMENTAL CONDITIONS IN THE ESTONIAN SECTOR

1.1. ESTONIA AT A GLANCE

Capital	Tallinn
Area	45,227 km ²
Population	1,374,687 inhabitants (Eurostat, 2024)
Official EU language(s)	Estonian
Political system	Parliamentary Republic
President of the Republic	Alar Karis, since 31 August 2021
Prime Minister	Kristen Michal, since 23 July 2024
Minister for Infrastructure (in charge of transport)	Kuldar Leis, since 25 March 2025
Date of EU membership	1 May 2004
Date of joining the euro	1 January 2011
Seats in the European Parliament	7 seats
European Commissioner	Kaja Kallas, High Representative of the Union for Foreign Affairs and Security Policy, and Vice-President of the European Commission
GDP growth (%)	-0.3% (Eurostat, 2024)
Inflation (%)	4.1% (Eurostat, 2024)
Unemployment rate (% of working population)	7.6% (Eurostat, end 2024)
Balance of trade	-3.333 billion euros (2024)
Minimum gross monthly wage	886€ per month (as of 1 January 2025)

1.2. ROAD FREIGHT TRANSPORT IN ESTONIA

1.2.1. TRANSPORT POLICY AND INFRASTRUCTURE

Transport policy

The 2021–2035 edition¹ of Estonia's transport roadmap begins with an overview of the current situation before setting out a number of objectives that are aligned with those of the EU.

According to this document, the TEN-T European roads are in remarkably good condition, but will nevertheless require significant maintenance work over the next 10 years. The core network, which has been under development for decades, is due to be completed by 2030. The share of rail freight is stable and the volumes transiting through Estonian ports are up slightly.

Motorway traffic is increasing by an average of 4% per year, compared with a rise of 14% between 2014 and 2017. The electrification of transport is gaining momentum but faces technical and financial challenges that will be difficult to overcome in the short term.

In terms of freight transport, the priority is being given to rail and maritime transport, the volume of which is expected to increase by a third between now and 2035.

In terms of roads, the construction of the Tallinn-Tartu, Tallinn-Narva and Tallinn-Parnu motorways is expected to relieve congestion on national roads, improve traffic flow and increase road safety. Major capital investment is being made to improve the quality of secondary roads. Another flagship project involves the construction of a bridge to link the island of Muhu to mainland Estonia.

As regards railways, the project to upgrade the rail link between Tallinn and Saint Petersburg is now on hold. Priority is being given to the Rail Baltica project, which would link the three Baltic countries via a new high-speed line. The line will not only link Tallinn to Helsinki in the north by train ferry, but also to Warsaw in the south.

The development of seaports, in particular the port of Tallinn, aims to create a regional hub that would serve the Baltic countries, as well as Finland and Sweden.

Transport infrastructure and use

Estonia's road infrastructure is well developed and undergoing little expansion. Its ageing rail network, a legacy of the Soviet era which now requires major investment, still accounts for approximately 40% of domestic freight transport. The European rail project currently underway, which is due to be fully operational in 2030, will significantly increase the

¹https://kliimaministeerium.ee/sites/default/files/documents/2023-09/Transpordi%20ja%20liikuvuse%20arengukava%202021-2035_EN%20%281%29.pdf

proportion of passenger transport provided by rail, as well as of freight transport in the longer term.

Transport Infrastructures of Estonia

	2023
Length of national routes	16,969 km
of which main roads	1 603 km
of which secondary routes	2,407 km
Length of rail network	2,151 km
of which electrified	233 km

Source : Eurostat

Modal split of freight transport in % (based on t-km)

2021	Road	Rail	Inland waterways
European Union	77.4%	17.0%	5.6%
Estonia	59.9%	40.1%	0.0%

Source : Eurostat

Road transport

The Estonian road network is adequate for the size of the country and fulfils the needs of the population. Very few new roads are being built, except in urban centres. The main purpose of roadwork projects is to improve road quality and safety.

Estonia's road network in 2024

(red: main national roads, green: secondary roads, source: Transportdiamet)



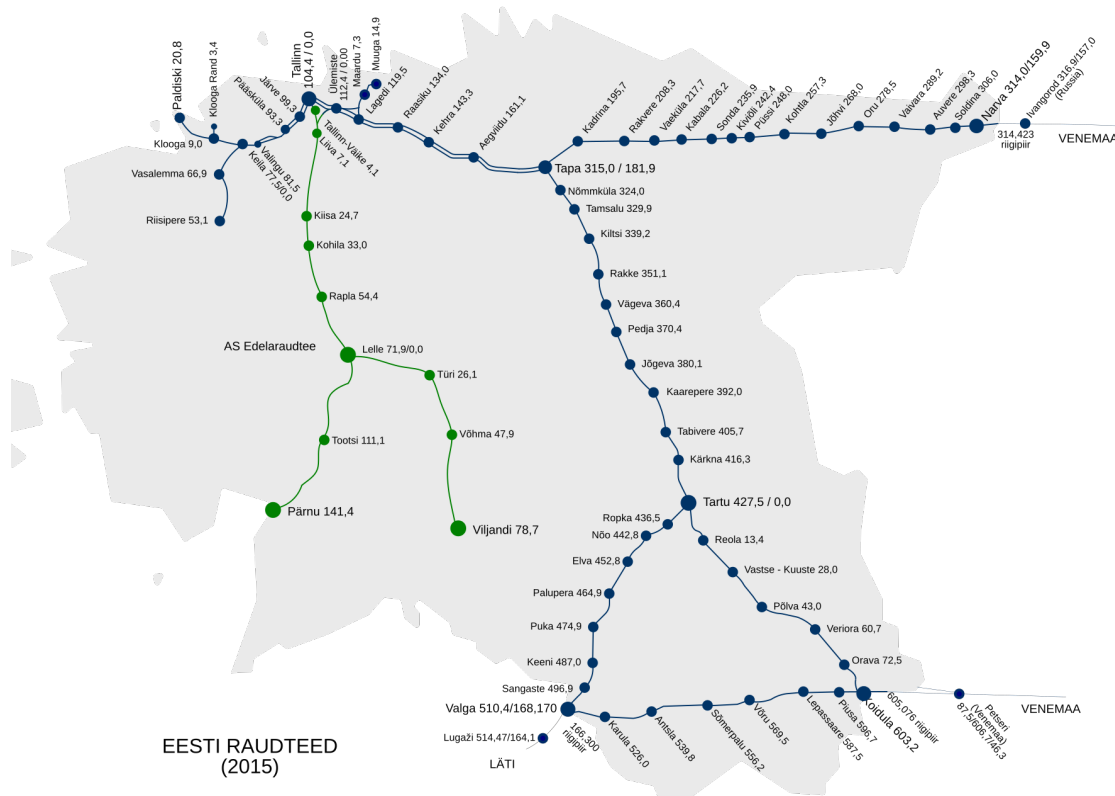
Rail transport

Estonia's railway network is reasonably well developed and connects the country's main urban centres. Work currently underway between Turba and Rohukula will soon provide a rail link between the port of Rohukula and the capital Tallinn.

Estonian public railways are owned in the main by two entities: the state-owned company ASeesti Raudtee(shown in dark blue on the map below) and the privately-owned Edelaraudtee Infrastruktuuri AS (in green).

Estonian railway network

(source: Eesto Raudtee)



Maritime and inland waterway transport

Estonia's main seaport is the Port of Tallinn, and its extension, the Port of Muuga, lies 17 km east of Tallinn. The other ports, such as Paldiski, Paljassaare, Pärnu, Sillamae and Roomassaare, have smaller capacity and serve small and medium-sized regional towns.

Estonia's main ports



Inland waterway transport is negligible in Estonia, mainly due to the weather conditions in winter.

Air transport

The main airport in Estonia is Tallinn International Airport. Other regional airports are located in Pärnu, Tartu, Kuressaare and Kärdla.

1.2.2. ROAD FREIGHT TRANSPORT OPERATORS

Institutional stakeholders

*Estonian Transport Administration (Transpordiamet)*²

The Estonian Transport Administration was created on 1st January 2021, as a result of the merger of the Civil Aviation Administration, the Road Administration and the Maritime Administration, thereby becoming their legal successor.

“Objectives of the Roads Department”:

- The Roads Department strives to ensure the safety of vehicles and drivers on the roads, as regards both their own well-being and that of other road users and the environment.
- It provides its customers with a high-quality, fast and convenient service, as well as with innovative solutions.
- It reduces the environmental footprint associated with the provision of services, both in terms of the customer and the Estonian Transport Administration.
- It works to safeguard the employment rights of its employees and the sustainability of their employment contracts.”³

Through the merger of state agencies responsible for the various modes of transport, Estonia aims to improve transport interoperability and ensure that investment projects are compatible and coordinated.

RFT trade organisations

Estonian Association of International Road Hauliers (ERAA)

The ERAA was founded on 30 October 1991 in Tallinn. Since May 1992, the ERAA has been a full member of the International Road Transport Union (IRU).

In interviews conducted in the course of this study, ERAA representatives said they were working on introducing diesel indexation based on the French model. Their aim is to protect Estonian hauliers against fluctuations in fuel prices, such as occurred when the war in Ukraine broke out. The association is also interested in the introduction of a collective agreement, however basic, for the sector. Another important issue is the electrification of road transport and the possibility of providing recharging facilities in Tallinn's seaports, as well as on board ferries to Finland.

² <https://www.mnt.ee/eng/organization/operating-areas-and-structure>

³ <https://transpordiamet.ee/en/administration-news-and-contact/administration>

Membership of the ERAA is open to companies with vehicles that have been engaged in road transport for at least two years, are based in the country and have been registered in compliance with the laws of the Republic of Estonia. Membership is granted only after a period of at least two years following registration. The practical matters handled by the ERAA on a daily basis are as follows:

- issuing TIR carnets to Estonian hauliers,
- issuing transport permits (including ECMT) to Estonian hauliers holding an international operating licence,
- informing Estonian carriers about transport conditions in foreign countries and the requirements laid down by international agreements,
- helping transport companies obtain payment cards and recover value-added tax refunds from abroad,
- organising the purchase of rolling stock and other special equipment needed by hauliers on advantageous terms,
- resolving numerous other practical issues, thereby contributing to the development of international transport and increasing the competitiveness of Estonian haulage companies in Europe.

As of April 2023, the organisation had a total of 249 members, representing almost 50% of Estonia's RFT activity.

[Estonian Transport Workers' Union – ETTA](#)

ETTA is a private non-profit organisation primarily comprising workers in transport and related sectors. The union has:

- more than 2,000 members throughout Estonia,
- more than 50 departments and 6 sections (drivers, bus drivers, ambulance drivers, lorry drivers, aeronautics and public services),
- a total of 5 employees working in its 3 offices in Tallinn, Tartu and Pärnu.

The transport union was founded in 1989 and is now one of the largest in Estonia. It works closely with other Estonian trade unions, as well as with trade unions elsewhere in Europe (ETF).

ETTA's main objective is to achieve a collective agreement across the transport sectors. These efforts have resulted in the establishment of a general collective agreement in the passenger transport sector. Discussions are continuing with the ERAA to extend it to cover the haulage sector.

1.2.3. ESTONIAN RFT IN 2022 – KEY DATA

Structure of the Estonian RFT sector in 2022

Structure of the Estonian RFT sector in 2022

2022	Goods transported	Tonne-kilometers achieved		Average distance	Vehicle.kilometres achieved
	thousand tonnes	million t.km	%	km	million of vehicle.km
TOTAL	27,156	4,540	100.0%	167	367
Domestic transport	23,065	1,797	35.7%	78	122
International transport	4,091	2,743	64.3%	670	168
<i>International transport of goods loaded in Estonia</i>	12,415	928	19.4%	75	61
<i>International transport of goods unloaded in Estonia</i>	1,021	793	16.2%	777	47
<i>Cross-trade</i>	1,013	826	22.9%	815	47
<i>Cabotage</i>	642	196	5.9%	305	13

Source : Eurostat

The international activity of the Estonian haulage sector, which accounted for nearly 80% of overall business up until 2014, now represents only 60% of the total. With an average journey length of 670 km, its international activity can best be characterised as falling into the category of medium- and long-distance road haulage. Since the closure of the borders with Russia, the main markets served by Estonian hauliers have been Finland and Sweden. Also noteworthy is the importance of cross-trade to the Estonian sector (18% of overall activity), as well as cabotage (4.3% of total activity), although both activities have been in decline for several years. The average domestic journey distance of 78 km reflects the small size of the country.

Evolution of the Estonian RFT sector

Evolution of the Estonian RFT sector in million tonne-kilometres

In million t-km	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Evolution 2012/2022
TOTAL	5,791	5,986	6,310	6,263	6,716	6,189	5,775	4,794	4,279	5,237	4,540	-21.6%
Domestic transport	1,599	1,593	1,541	1,524	1,792	1,631	1,686	1,710	1,273	1,800	1,797	12.38%
International transport	4,192	4,394	4,769	4,739	4,924	4,558	4,089	3,084	3,006	3,437	2,743	-34.57%

Source : Eurostat

The Estonian sector experienced a peak in activity in 2016, thanks in particular to the dynamism of its international operations. Since then, this flagship activity has shrunk by almost 45%. Although smaller in volume than international operations, domestic activity has been growing steadily over the long term, with an increase of 12.4% over 10 years, compared with a 35% decline in international business.

Cabotage

Cabotage under Estonian flag in the 3 main "cabotaged" countries

In million tonne-kilometres	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	AAGR*
Cabotage under Estonian flag	311	281	367	447	499	344	390	283	337	346	196	-4.51%
<i>in Sweden</i>	70	72	107	82	131	140	104	47	114	121	98	3.42%
<i>en Germany</i>	46	57	39	93	117	55	55	27	49	72	28	-4.84%
<i>in Finlande</i>	49	34	49	80	45	25	48	27	24	33	26	-6.14%
Share of cabotage in Estonian transport %	5.4	4.7	5.8	7.1	7.4	5.6	6.8	5.9	7.9	6.6	4.3	

*AAGR : average annual growth rate

Source: Eurostat

Cabotage is an important activity for the Estonian sector. It also complements international operations. Like international operations, cabotage has been declining since 2016. However, it remains fairly significant compared to other European haulage sectors, despite the modest volumes involved (related to the size of the sector).

Sweden, which has tightened its controls to protect its domestic haulage sector, has succeeded in limiting Estonian cabotage on Swedish soil. Nevertheless, it remains the main cabotage market for Estonian hauliers. Germany comes in second, followed by Finland. According to industry representatives, Estonian cabotage in Finland is greatly underestimated.

Cabotage in Estonia

In million tonne-kilometres	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	AAGR*
Cabotage in Estonia	14	34	3	13	24	15	43	32	61	34	71	17.63%
Penetration rate of cabotage*	0.87%	2.09%	0.19%	0.85%	1.32%	0.91%	2.49%	1.84%	4.57%	1.85%	3.80%	-
Market share of cabotage**	0.95%	2.35%	0.22%	0.93%	1.45%	1.04%	2.83%	2.10%	5.26%	2.11%	4.43%	-

AAGR : Average annual growth rate

Source : Eurostat

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

**cabotage foreign flag / (domestic transport for hire and reward + cabotage under foreign flag)

Cabotage in Estonia remains very low in absolute terms, but has grown by 17.3%/year since 2012 and now accounts for 3.8% of the Estonian domestic market. The main foreign providers of cabotage services in Estonia are based in neighbouring Latvia and Lithuania.

RFT companies

According to the ERAA association of hauliers, there are officially more than 10,700 road transport and logistics companies operating in Estonia, compared with 12,000 a few years ago. This would seem to indicate that a process of consolidation is underway. The significant drop in this number can also be attributed to the deletion of inactive transport companies from statistical databases.

Some 3,000 registered companies are actually self-employed drivers, who are comparable to employees in that they often work for a single client.

If we exclude these self-employed individuals, the overall number of haulage companies is estimated to be between 2,500 and 3,000, operating approximately 13,000 vehicles, i.e. an average of 4 to 5 vehicles per company. This number is consistent with the public data provided by the Transport Authority.

The most recent statistics on RFT companies in Estonia date from 2018.

RFT* Business Statistics in Estonia

	2018
Number of enterprises	3,175
Number of persons employed	16,354
Number of employees	15,594
Net sales	1 394 600 k€
Costs	
Total amount of purchased goods and services	1 001 200 k€
of which merchandise for resale	41 300 k€
of which materials, supplies and intermediate goods	2 600 k€
Personnal expenses	212 600 k€
of which wages and salaries	159 300 k€
of which social security costs	53 400 k€
Apparent social security contributions rate	33.5%
Gross operating profit	137 900 k€

* RFT companies as in European Nomenclature NACE Rev2 - Classe H4941

Source : Eurostat

Vehicle numbers

Estonian haulage companies operate an average of 4.5 vehicles and employ just over 5 people. The figure for per vehicle revenue currently stands at between 110,000€ and 120,000€, which matches CNR estimates.

The statistics show a decrease in the number of vehicles since 2019 and a significant drop in the number of newer vehicles, a sign of a slowdown in the sector, which has had to cope with two successive crises caused by Covid and the war in Ukraine.

Vehicle statistics in Estonia							
		2017	2018	2019	2020	2021	2022
Road tractors	Total	11,867	12,197	12,990	12,924	13,024	13,010
	Less than 2 years	1,510	1,606	1,503	1,010	,826	1,221
	2 to 5 years	1,991	1,912	2,212	2,458	2,432	1,760
	5 to 10 years	3,057	2,850	3,165	3,473	3,585	3,648
	10 to 20 years	4,493	4,865	4,802	4,509	4,527	4,598
	More than 20 years	816	964	1308	1474	1654	1783
Lorries >3.5 tonnes	Total	25,795	26,102	27,366	27,682	27,996	28,153
	Less than 2 years	565	621	660	554	481	509
	2 to 5 years	671	720	787	888	969	888
	5 to 10 years	1,654	1,265	1,331	1,425	1,516	1,573
	10 to 20 years	7,613	7,722	8,490	7,475	7,425	7,306
	More than 20 years	15,292	15,774	16,098	17,340	17,605	17,877
Lorries <= 3.5 tonnes	Total	77,118	83,313	90,759	94,746	99,088	103,030
	Less than 2 years	9,112	9,647	9,400	7,781	7,463	7,706
	2 to 5 years	10,798	12,377	13,792	14,561	14,550	13,187
	5 to 10 years	13,851	14,463	17,312	19,766	21,132	22,751
	10 to 20 years	28,452	30,183	33,120	31,838	33,621	35,391
	More than 20 years	14,905	16,643	17,135	20,800	22,322	23,995

Source : Statistics Estonia

1.3. OVERVIEW OF TAX AND LABOUR REGULATIONS IN ESTONIA

1.3.1. COMPANY TYPES

Types of company in Estonia and their main features
Fuusilisest isikust ettevõtja or F.I.E. (Sole proprietorship) Number of partners: 1 person. Capital (max/min): No minimum capital. Shareholders and liability: Liability is unlimited.
Osaühing or O.U. (Private Limited Company) Number of partners: No minimum. Capital (max/min): Minimum EUR 2,500. Shareholders and liability: Partners' liability is limited to the amount contributed.
Aktsiaselts or A.S. (Public Limited Company) Number of partners: No minimum. Capital (max/min): Minimum EUR 25,000. Shareholders and liability: Partners' liability is limited to the amount contributed.
Täisühing or T.U. (General partnership.) Number of partners: Minimum 2 partners. Capital (max/min): No minimum capital. Shareholders and liability: The partners are solitarily liable for the obligations of the partnership with all of their assets. Limited liability for limited partner.

Source : Société Générale

1.3.2. ROAD FREIGHT TRANSPORT TAXES

Corporation tax (Äriühingu tulumaks)

Corporate taxation has been reformed several times since 2015. A comprehensive tax reform in 2015 abolished corporate taxation, but this system was revised in 2020, then again in 2023, and most recently on 1 January 2025, in order to comply with European Union and OECD requirements.

Since the 2015 tax reform, Estonian companies are not subject to direct income tax as long as profits are not distributed. In addition, tax payments are also deferred to the following tax year, which means that taxation is not payable immediately.

In 2015, Estonia introduced *a distribution tax on corporate profits*. Under current law, companies are exempt from tax on profits that are not distributed, whether reinvested or retained. All retained earnings are thus tax-exempt. This exemption covers both active (e.g. trading) and passive (e.g. dividends, interest, royalties) sources of income. It also covers capital gains from the sale of all types of securities, including shares, bonds and property.

Payments made to foreign subsidiaries are also tax-exempt when they serve the company's commercial interests. As a result, there is no provision for amortisation or the carrying forward or back of tax losses.

The rate of this tax on profit distribution was recently increased from 20% to 22% with effect from 1 January 2025.

VAT

In 2009, the government led by liberal Prime Minister Andrus Ansip increased the rate of VAT in Estonia from 18% to 20% as part of a tax reform aimed at harmonising Estonian taxation with European norms.⁴ Under the latest 2024 reform, this rate was revised upwards to 24%, effective 1 July 2025. A transition period was put in place for services rendered or goods ordered between 31 December 2023 and 30 June 2025, for which the VAT rate was maintained at 20%.

The latest 2024 reform also provided for the creation of a new reduced VAT band of 13%. This rate applies solely to accommodation (with or without breakfast), which was previously taxed at 9%.

Some goods and services are subject to a reduced VAT rate of 9%. This includes books and school textbooks, various press publications, medicines, hygiene products, and certain medical equipment specified by the Ministry of Social Affairs.

The zero rate applies to a certain number of products and services such as goods and services exported to another EU country, air and sea transport equipment, transport services (air, sea, road) and ancillary transport services.⁵

Since 1 July 2022, the 0% VAT rate also applies to goods transferred and transported to another Member State for the performance of official duties by the armed forces of any other Member State or the civilian personnel accompanying them, if the said armed forces are participating in defence activities involving the implementation of measures enacted as part of the European Union's Common Security and Defence Policy.

⁴ <http://tttarkvara.ee/131-2/>

⁵ <https://www.eesti.ee/en/doing-business/taxes/valueadded-tax/>

Axle tax – Heavy goods vehicle tax (Raskeveokimaksu seadus)

Axle tax was introduced in Estonia on 1 January 2004 as part of the harmonisation of local regulations with those of the European Union, which the country joined 4 months later. Axle tax, or HGV tax as it is known in Estonia, is paid quarterly to the National Tax and Customs Office. This is a national tax, which means that the amount does not vary from one region or municipality to another.

Companies receive no formal notification and are required to pay the tax regularly by bank transfer to the Office's account, indicating the vehicle's registration number.

The amount of the tax was adjusted in 2020 and has remained unchanged since then. The official rates provided below are quarterly. The annual tax on heavy goods vehicles in Estonia is 515.20€ for a 40-tonne, 5-axle articulated vehicle with hydraulic or hydropneumatic suspension, and 700.40€ for those equipped with air suspension.

The person responsible for paying the tax is either the owner of the vehicle or, in the case of long-term hire or leasing, the user named on the registration certificate. For vehicles owned by foreigners, the person liable for the tax is the individual who registered the vehicle with the Estonian authorities.

Heavy goods vehicle tax for lorries - since 2020			
Number of axles	Maximum authorised weight (kg)	Tax rate according to type de suspension of driving axle (per quarter)	
		Air suspension or equivalent suspension	Other type of suspension
2 axles	12,000 – 12,999	-	7.90 €
	13,000 – 13,999	7.90 €	21.70 €
	14,000 – 14,999	21.70 €	30.30 €
	15,000 and more	30.30 €	68.70 €
3 axles	12,000 – 14,999	-	-
	15,000 – 16,999	7.90 €	13.70 €
	17,000 – 18,999	13.70 €	28.10 €
	19,000 – 20,999	28.10 €	36.10 €
	21,000 – 22,999	36.10 €	55.90 €
	23,000 and more	55.90 €	86.30 €
4 axles	12,000 – 22,999	-	-
	23,000 – 24,999	36.10 €	36.70 €
	25,000 – 26,999	36.70 €	57.00 €
	27,000 – 28,999	57.00 €	90.50 €
	29,000 and more	90.50 €	134.30 €
Heavy goods vehicle tax for road trains (tractor + semi-trailer) - since 2020			
Number of axles	Maximum authorised weight (kg)	Tax rate according to type de suspension of driving axle (per quarter)	
		Air suspension or equivalent suspension	Other type of suspension
2+1 axles	12,000 – 13,999	-	-
	14,000 – 15,999	-	-
	16,000 – 17,999	-	3.50 €
	18,000 – 19,999	3.50 €	8.00 €
	20,000 – 21,999	8.00 €	18.80 €
	22,000 – 22,999	18.80 €	24.30 €
	23,000 – 24,999	24.30 €	44.00 €
	25,000 and more	44.00 €	76.80 €
2+2 axles	12,000 – 14,999	-	-
	15,000 – 22,999	-	-
	23,000 – 24,999	7.50 €	17.50 €
	25,000 – 25,999	17.50 €	28.80 €
	26,000 – 27,999	28.80 €	42.50 €
	28,000 – 28,999	42.50 €	51.10 €
	29,000 – 30,999	51.10 €	84.00 €
	31,000 – 32,999	84.00 €	116.60 €
2+3 axles	33,000 and more	116.60 €	176.70 €
	12,000 – 35,999	-	-
	36,000 – 37,999	92.60 €	128.80 €
	38,000 and more	128.80 €	175.10 €
3+2 axles	12,000 – 35,999	-	-
	36,000 – 37,999	81.80 €	113.50 €
	38,000 – 39,999	113.50 €	157.50 €
	40,000 and more	157.50 €	232.60 €
3+3 axles and more	12,000 – 35,999	-	-
	36,000 – 37,999	46.50 €	56.30 €
	38,000 – 39,999	56.30 €	84.00 €
	40,000 and more	84.00 €	133.80 €

Source : Ministry of justice, Estonia

Tolls and vignettes⁶

Since 1 January 2018, the Estonian public road network has been charging tolls for all vehicles with a gross vehicle weight of 3.5 tonnes or more. Payment is made using an electronic vignette. The amount depends not only on the length of the vignette period chosen, but also on a vehicle's emission class and number of axles.

Payment must be made before the vehicle travels on a toll road. Payments are fully automated, so they can be made at any time using the chosen method (mobile application, at physical terminals in service stations or on the internet). No paper receipt needs to be kept in the cab, as checks are carried out electronically using number plate scanners. The following table shows the rates applicable at the time this report was written.

Vignette - Estonia - 2024						
Vehicles with maximum authorised weight between 3,501 and 12,000 kg						
Emission class	Number of axles	1 day	7 days	30 days	90 days	365 days
All	All	13 €	34 €	68 €	170 €	680 €
Vehicles with maximum authorised weight over 12,000 kg						
Emission class	Number of axles	1 day	7 days	30 days	90 days	365 days
EURO 0, I or II	Up to 3 axles	24 €	60 €	120 €	300 €	1 200 €
	4 axles and more	40 €	100 €	200 €	500 €	2 000 €
EURO III	Up to 3 axles	18 €	45 €	90 €	225 €	900 €
	4 axles and more	30 €	75 €	150 €	375 €	1 500 €
EURO IV or V	Up to 3 axles	16 €	40 €	80 €	200 €	800 €
	4 axles and more	26 €	65 €	130 €	325 €	1 300 €
EURO VI and less polluting	Up to 3 axles	14 €	35 €	70 €	175 €	700 €
	4 axles and more	22 €	55 €	110 €	275 €	1 100 €

Source : Road transport administration, Republic of Estonia

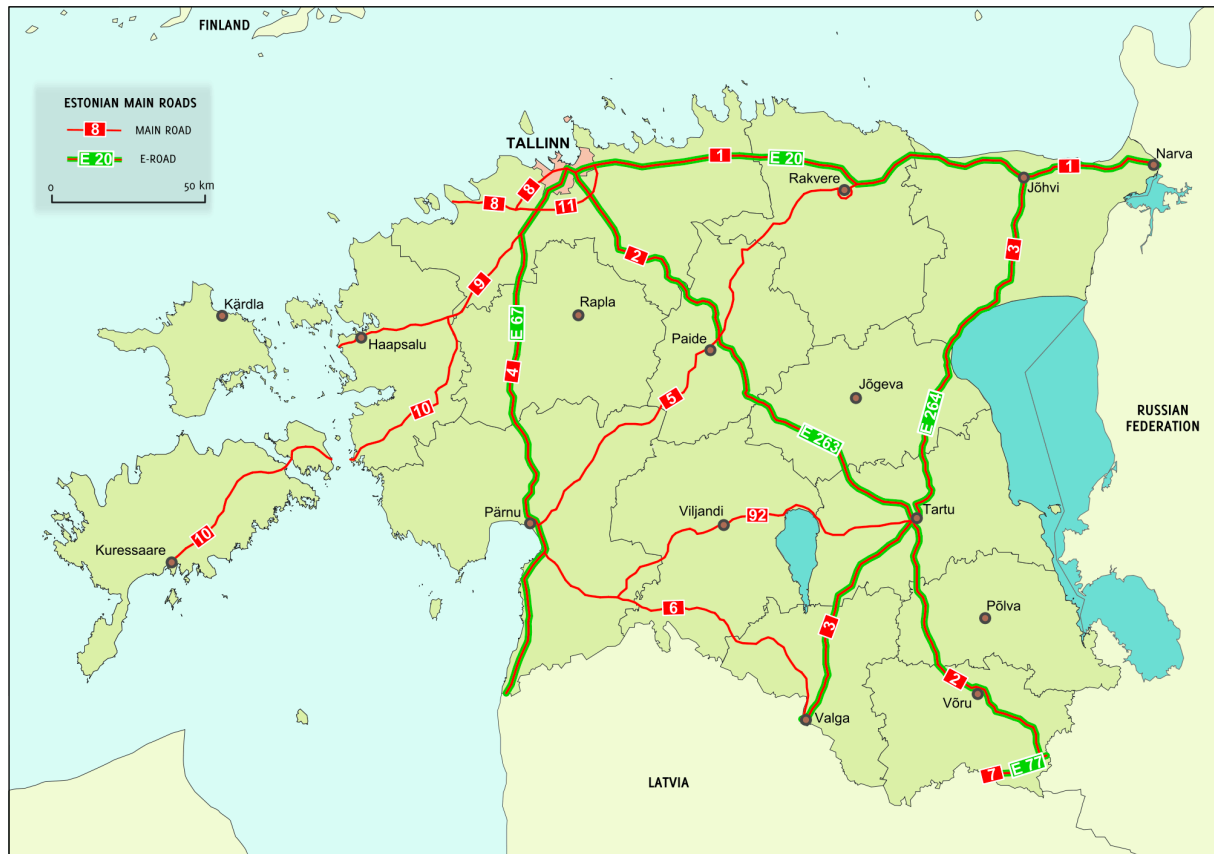
Partial reimbursement of the vignette is possible on request in cases where a 90-day or 365-day period has been paid for and the said period has not yet expired. Refunds are possible where a vehicle has changed hands, been removed from the vehicle register or changed purpose (in cases where the new use means it is exempt from payment, e.g. military use).

If the vignette has not been paid for correctly, the National Police, Border Police or Customs Administration officers may stop and immobilise the vehicle and fine its owner and driver. The

⁶ <https://www.emta.ee/eng/business-client/excise-duties-assets-gambling/road-toll>

fine for the driver is 160€, while the penalty for the owner or person in charge of the vehicle can be as high as 1,800€ in the event of a repeat offence.

The following map shows the roads in Estonia that are subject to tolls:



Legend:

Red: Estonian national roads

Green: European roads

Excise duty on commercial diesel

In accordance with Directives 92/12/EC and 2008/118/EC, Estonia has introduced a system of excise duties. When the previous study was carried out in 2019, excise duty in Estonia stood at 49.30€/hl, among the highest in Europe. The people we interviewed at that time in Estonia pointed out that certain politicians were calling for this duty to be reduced.

At the beginning of 2020, the proposal made by the Chairman of the Estonian Parliament's Economic Committee on 24 April 2018⁷ to introduce a discounted excise duty system for the road freight transport sector received the government's approval.

As part of the emergency response to the Covid crisis, the government moved to temporarily reduce the level of excise duty for all sectors in order to offset the higher costs resulting from a decreased availability of cheap fuel supplies from Russia. Thus, as of 1 May 2020, excise duties on diesel were lowered to 37.20€/hl. The scheme was intended to expire on 20 April 2022, but it was extended until the end of 2024 against the backdrop of the war in Ukraine, which caused inflation to soar in Estonia.

On 1 January 2025, excise duties were revised upwards. They currently stand at 39.90€/hl.

There is no partial refund of excise duty on commercial diesel in Estonia.⁸

1.3.3. LABOUR REGULATIONS APPLICABLE TO ROAD FREIGHT TRANSPORT

Salary levels

The standard working week in Estonia is 40 hours, i.e. 173.33 hours per month. This statutory work week is coupled with a minimum monthly wage, which rose rather quickly in the wake of the 2008 economic crisis (see below). The minimum hourly wage in 2025 stood at 5.31€ per hour (gross), or 886€ per month.

The working conditions of Estonian workers are governed not only by the Labour Code, but also by the relevant European legislation.

Employment contracts

Under Estonian regulations, an employment contract may be verbal if it does not exceed two weeks in duration. A long-term or open-ended employment contract must be set down in written form.

There is only one type of employment contract in Estonia. It may be time-limited if the parties decide to include an end date, but must not exceed a maximum duration of 5 years, including renewals. Otherwise, it is considered to be of indefinite duration.

The employment contract must specify:

⁷ <https://www.err.ee/825581/sester-kutuseaktsiisi-soodustust-logistikasektorile-tasuks-kaaluda>

⁸ Excise duties and mechanisms for RFT partial refunds on diesel in Europe - March 2025 (CNR survey, 25 April 2025)

- the names of both parties,
- the contract start date,
- the employee's qualifications,
- the description of the job in question,
- the workplace,
- salary levels (monthly or annual salary, any bonuses and travel allowances if applicable),
- working time, working hours,
- amount of paid leave,
- conditions under which the employment contract may be terminated.

Also, if applicable:

- the length of the trial period,
- specific supervisory or managerial arrangements,
- a list of specific conditions relating to the position, where a collective agreement or specific regulations exist.

The trial period may not exceed 4 months in the case of a permanent contract. However, it can be extended to 8 months for fixed-term contracts, provided that this trial period does not exceed half the term of the contract.

The employment contract may be terminated under certain conditions:

- If termination is by mutual agreement, the end date and severance pay must be specified.
- The employee must give one month's notice before terminating the contract.
- The employer may terminate the employment contract with one month's notice if there is a valid reason for doing so. No severance pay is payable unless explicitly provided for in the employment contract.
- Employers do not need to inform their employees in advance when making redundancies.

Collective agreement

For the first time in Estonia, a collective agreement in the RFT sector was concluded in 2018 between drivers' unions and the hauliers association *Autoettevotete Liit*. The first version of the agreement set the minimum salary for professional drivers at 950€ gross per month, beginning in the second half of 2019, with subsequent increases of 50€ and 100€ per month in 2020 and 2021 respectively, bringing the total to 1,100€ (i.e. 75% higher than the national minimum wage at the time).

The collective agreement expired on 1 May 2022 due to a regulatory issue following the introduction of a representativity requirement under an amendment to the legislation on collective agreements.

An updated version of the collective agreement is expected to go into effect in early 2026.

Pay

Estonia has a national minimum wage. In 2019, it stood at 540€. Since then, it has been revised upwards on a number of occasions, reaching 820€ in 2025. According to government forecasts, it is expected to pass the 1,000€ in the next 3 years.

Since Estonia joined the European Union on 1 May 2004, the minimum wage has increased fivefold. It was not raised for 3 years following the 2008 economic crisis and again in 2021 due to the Covid crisis. The high rate of inflation experienced since the start of the war in Ukraine (+37% overall between 2022 and 2025), has prompted the Estonian government to increase the minimum wage by 40% over the same period.

This minimum wage does not apply to sectors or occupations for which a specific wage level has been negotiated under a collective agreement. The haulage sector is not part of it. one such sector.

Evolution of minimum wage in Estonia		
Date	Monthly amount	Yearly evolution
01.01.2025	820.00 €	13.1%
01.01.2024	725.00 €	10.9%
01.01.2023	654.00 €	12.0%
01.01.2022	584.00 €	0.0%
01.01.2021	584.00 €	0.0%
01.01.2020	584.00 €	8.1%
01.01.2019	540.00 €	8.0%
01.01.2018	500.00 €	6.4%
01.01.2017	470.00 €	9.3%
01.01.2016	430.00 €	10.3%
01.01.2015	390.00 €	9.9%
01.01.2014	355.00 €	10.9%
01.01.2013	320.00 €	10.3%
01.01.2012	290.00 €	4.3%
01.01.2011	278.02 €	0.0%
01.01.2010	278.02 €	0.0%
01.01.2009	278.02 €	0.0%
01.01.2008*	278.02 €	20.8%
01.01.2007*	230.08 €	20.0%
01.01.2006*	191.73 €	11.5%
01.01.2005*	171.92 €	8.5%
01.01.2004*	158.50 €	14.8%
01.01.2003*	138.05 €	16.8%
01.01.2002*	118.24 €	15.6%
01.01.2001*	102.26 €	14.3%
01.01.2000*	89.48 €	

*Converted to euros using the official exchange rate on 1st January

Source : Eurostat

Travel allowances (Välislähetuse päevaraha)⁹

Estonian travel allowances are the same regardless of the country in which travel takes place. The daily rates for travel allowances have recently been adjusted in response to inflationary pressure.

Employees are entitled to travel allowances if their journey takes them to a destination at least 50 km from the Estonian border. A daily allowance is payable from day one for travel abroad if the vehicle leaves before 9 p.m. As regards the return trip, the allowance is payable if the vehicle arrives in Estonia after 3 p.m.

With regard to the standard daily travel allowance for travel outside Estonia, companies were required to pay a minimum of 40€ per day in 2025, compared to 22.75€ in 2022. There is no ceiling on daily allowances. However, the tax exemption limit is set at 75€ per day for the first 15 days of a trip abroad, up to a maximum of 15 days out of the previous 30 consecutive calendar days. Thereafter it drops to 40€ per day (compared with 32€ per day in 2022) for any additional days.

Employee travel allowances are often specified in their employment contracts and may be modified if the relevant regulations change.

Travel allowances for employees do not apply to the self-employed, who are required to deduct their actual expenses based on receipts submitted to the tax authorities.

Social insurance contributions (Sotsiaalmaks)¹⁰

The Estonian social insurance system is funded mainly by employers, the self-employed and the State.

Employers and self-employed persons are liable for an overall contribution (sotsiaalmaks) of 33% of gross salary (with no ceiling) in the case of employees, or taxable income in the case of self-employed persons, to cover health insurance (13%) and pensions (20%).

The Social Insurance Act provides for a minimum contribution, which stood at 192.72€ per month in 2022, and rose to 239.25€ in 2024¹¹ (applicable in the case of part-time work, or where the employment contract commences after the start of the month).

⁹ Official Journal, <https://www.riigiteataja.ee/akt/121122011010?leiaKehtiv>

¹⁰ Cleiss, Les cotisations en Estonie (Social insurance contributions in Estonia), [https://www.cleiss.fr/docs/cotisations/estonie.html#:~:text=Employeur%20et%20travailleur%20ind%C3%A9pendant%20sont,et%20pensions%20\(20%20%25\).](https://www.cleiss.fr/docs/cotisations/estonie.html#:~:text=Employeur%20et%20travailleur%20ind%C3%A9pendant%20sont,et%20pensions%20(20%20%25).)

¹¹ National Tax and Customs Office, <https://www.emta.ee/eng/business-client/income-expenses-supply-profit/social-tax>

For self-employed individuals, the maximum annual contribution base is equal to 10 times the monthly national minimum wage for the period in question, i.e. 8,039.25€ at the end of 2024.

Unemployment insurance is financed by employers and employees at the rate of 0.8% and 1.6% of gross salary, respectively. The employee portion is waived for those who have reached statutory retirement age (65 or over). This unemployment insurance does not apply to the self-employed. Beginning in 2027, the retirement age will be based on the average remaining life expectancy of men and women aged 65.

Finally, all employees born in 1983 and after are required to contribute to a funded pension scheme. They are liable for a contribution amounting to 2% of gross salary (contribution deducted by the employer) or taxable income (the self-employed).

There is no specific insurance cover for accidents at work and occupational illnesses; these risks are covered by health insurance (healthcare and daily allowances in the event of temporary incapacity) and the pensions system (in the event of permanent incapacity).

Social contributions in Estonia

Social contributions applicable to driving staff as of 1st January 2019, valid until 2025	Employer	Employee
Health insurance	33.0%	0.0%
Pension		
Unemployment	0.8%	1.6%
Accidents at work and occupational diseases	0.0%	0.0%
Additional pension fund (only for those born after 1983)	0.0%	2.0%
Total (excluding the additional pension fund)	33.8%	1.6%

Source: Estonian tax and customs board

Personal income tax

Between 2020 and 2024, personal income (salary, bonuses, other remuneration subject to tax, capital income, property income, pensions) was taxed at a rate of 20% in Estonia. On 1 January 2025, the income tax rate moved to 22%.

The share of income exempt from tax is determined by total annual income, as set out in an annually revised scale:

- In cases where the sum of all income (salary, bonuses, rental income, dividends, etc.) does not exceed 1,200€ per month, i.e. 14,400€ per year, annual tax-free income is 7,848€.
- If total income lies between 1,201€ and 2,099€, the non-taxable income deductible gradually decreases, based on the following formula: $7,848€ - 7,848€ \div 10,800€ \times (\text{total income} - 14,400€)$.
- If income is in excess of 2,100€ per month, no deduction is applicable.

The following items are included in the calculation of total annual income:

- salary and other compensation (paid leave, allowances, sick pay, etc.),
- compensation received for a service provided,
- business income,
- profit from the sale of assets,
- rental and leasing income, royalties, interest,
- dividends,
- taxable retirement pension, including the flexible, first pillar old-age pension and occupational pensions specific to certain professions, e.g. the pension for people who worked in occupations detrimental to health, the retirement pension for police officers, public prosecutors, judges, State auditors and the Chancellor of Justice, if the person in question has not yet reached retirement age;
- supplementary pension payments,
- capital gain on shares.

The following items are not included in the calculation of annual income:

- benefits in kind, grants,
- tax exemptions (e.g. capital gains on the sale of a principal residence or personal property),
- payments from compulsory retirement pension funds (Pillar II) and certain supplementary retirement pension funds (Pillar III),
- payments from compulsory pension funds (Pillar II), previously taxed at a rate of 20% or 10%.

2. CONDITIONS AND COSTS OF OPERATING AN ESTONIAN 40-TONNE HGV INTERNATIONALLY

This part of the study describes the economic and labour conditions prevailing at the end of 2022, at the time of this survey. In carrying out this study, the CNR has drawn on research focused primarily on the fiscal and labour aspects of the RFT sector, as well as on previous CNR surveys and feedback from the experts with whom the CNR collaborates. These different sources provide an overview of the Estonian international RFT sector and highlight the main developments since the last study. This research and process of dialogue are further backed up by interviews with Estonian hauliers and lorry drivers.

All the figures ultimately used by the CNR in order to construct the standard profile represent the best expert appraisal of this set of data sources.

2.1. BUSINESS OPERATING CONDITIONS AND COSTS

This section is mainly based on face-to-face interviews with 12 Estonian road freight transport companies involved in long-distance transport operations, mainly internationally. All the companies visited were able to provide the information requested. The 12 companies selected for the purposes of this study can be described as follows:

	Number of tractors	Number of semi-trailers	Main markets	Number of drivers	Turnover
Company 1	12	12	Scandinavia	14	1,700,000€
Company 2	11	11	Baltics, Finland, Russia	11	1,200,000€
Company 3	7	4	Scandinavia	6	1,100,000€
Company 4	110	115	North Europe	110	13,500,000€
Company 5	18	20	Finland, Italy	30	nd
Company 6	46	50	Finland, Poland, Baltics	47	6,000,000€
Company 7	12	24	Scandinavia, Finland	12	3,000,000€
Company 8	24	24	Sweden, Finland	38	1,030,000€
Company 9	34	34	Germany, France, Finland	41	4,200,000€
Company 10	46	46	Norway, Sweden	50	10,000,000€
Company 11	10	13	France, Portugal	12	2,000,000€
Company 12	13	13	Central Europe	13	2,400,000€

The companies visited for this study were small to medium-sized and very diverse in terms of their organisational structure. They are specialised in international road haulage, although some also have substantial additional domestic operations.

When it comes to Scandinavian and Finnish customers, Estonians tend to enjoy good working relationships with these neighbouring countries, which means they do not automatically have to turn to large subcontracting companies. The situation is very much the opposite when it comes to German, French and Eastern European markets, where subcontracting remains the rule rather than the exception.

In Estonia, a very large proportion of business is carried out by medium-sized companies. These companies have invested in electronic means of direct communication with their customers, particularly in Scandinavia.

As a result, the Estonian haulage sector serves as a vital link between Finland and the rest of the European Union, thanks in particular to the numerous ferries operating between Tallinn and Helsinki. Estonian RFT companies often have direct customers in Finland or act as subcontractors for large Finnish companies. This is also true, to a lesser extent, of the Swedish market.

The findings in this report are based on interviews conducted by the CNR, and thus cannot be viewed as statistically conclusive. However, they do shed some light on figures and information obtained elsewhere. Ultimately, the CNR uses the best available expert opinion to calculate the costs and operating conditions of a "typical" HGV operating internationally.

2.1.1. TRANSPORT EQUIPMENT – Use

The findings from these interviews indicate, on the one hand, that vehicle use in Estonian companies seems to be less intensive than in most neighbouring countries. This is mainly due to the travel time spent on ferry crossings, which reduces vehicle mileage figures. On the other hand, some companies seek to maximise vehicle use by double-crewing their vehicles.

The average annual mileage travelled by the vehicles of the hauliers we met ranged from 95,000 km to 150,000 km. According to its calculations (which are consistent with driver mileage) and based on expert opinion, the CNR has arrived at an estimated mileage figure of 121,250 km per year per vehicle, a drop of 5% compared with 2019. The number of days a vehicle is used is 253.

The number of years vehicles are kept varies greatly depending on the business strategy being pursued by companies. Based on interviews conducted on site and input from experts, the CNR has estimated that road tractors are kept for 7 years and semitrailers for 11 years, on average. These periods are longer than in 2019 for two reasons. The first was the Covid-19 pandemic, which caused a slowdown in the market and under-utilisation of available vehicles. Some large companies with 3-year leasing contracts say that they were able to negotiate an additional year given that replacement vehicles were not available on the scheduled date. Others turned to second-hand markets in major European countries, such as Poland and Germany. Still others simply opted not to sell their vehicles at the end of the initially planned period of use.

When it comes to semitrailers, companies tend to opt for mid-range models, in some cases with a reinforced chassis and equipment specially designed for the rigours of the Scandinavian climate.

Based on customer surveys, the tractor/semitrailer ratio remains the same as in 2019, at 1.067, a figure significantly lower than what is often observed in most countries in Central and Western Europe. According to hauliers, the consistency of customers, freight and routes allows the fleet of semitrailers to be operated in a cost-effective manner.

2.1.2. TRANSPORT EQUIPMENT – Financing

Overall, the average purchase price of a new Euro VI tractor reported during our interviews with Estonian hauliers was between 105,000€ and 140,000€. The current unstable state of the

new vehicle market has caused the cost of rolling stock to soar, forcing some companies to turn to the second-hand market, where the average purchase price is 50,000€.

The median price used for the purposes of this study is 109,000€, a significant increase compared with 2019 (+21.6%). The purchase price of a semitrailer is estimated at 27,200€.

In our standard scenario, tractors are purchased using a finance lease with an option to buy. In the vast majority of cases, the lease term is 5 years, with a 20% down payment and a nominal 1% or 1€ buyout payment at the end of the lease. In other, rarer cases, a 10% deposit is required at the start of the leasing contract, with the cost of the buyout option often exceeding 10% of the new vehicle price. The typical leasing down payment for semitrailers is 30%.

Interest rates on leasing contracts are in line with the average across European haulage sectors. At the end of 2022, interest rates stood at 4.4%, up sharply compared with 2019 due to high inflation caused by the war in Ukraine. In some cases where companies opt for long-term leasing, they return their vehicles after 3 to 5 years, thus avoiding paying a down payment.

Based on expert analysis of the interest rate data and the leasing contract terms outlined above, our interviews have enabled us to calculate the annual cost of owning a 40-tonne articulated lorry. This figure is approximately 16,028€ annually, with a semitrailer/tractor ratio of 1.067, compared to 15,727€ in 2019. The modest size of this increase, despite soaring vehicle prices, can be explained by:

- The increase in the length of time vehicles are kept, which spreads the total cost over a longer period,
- The increase in down payments required by dealers, which mitigates the negative impact of rising interest rates,

The most frequent method of procuring trailers is via 5- or 6-year leases.

2.1.3. FUEL

In the past, Estonian hauliers enjoyed a competitive advantage thanks to low cost fuel supplies from Russia (approximately 35% cheaper). The war in Ukraine, which led to border closures, has put an end to this competitive advantage for the time being. While only 20% of the fuel used by Estonian businesses was purchased in Estonia in 2019, this percentage would appear to have risen to over 50% in 2022, with the remainder being purchased in Finland (15%), Lithuania (15%) and Poland (20%).

Estonian hauliers equipped with a fuel tank benefit from an average discount of 4 cents on bulk purchases.

The average unit price of diesel in 2022 in Estonia was 1.4895€ per litre, according to official figures published in the European Commission's Oil Bulletin.

The following table shows the share of fuel sourced by Estonian hauliers in other countries and the average fuel prices in those markets in 2022.

Fuel basket - Estonia - Estimation 2022		
Country of supply	%	Price
Estonia (bulk)	20%	1.4495 €
Estonia (pump)	30%	1.4895 €
Poland	20%	1.4156 €
Finland	15%	1.7091 €
Lithuania	15%	1.4450 €
Medium weighted	100%	0.8943 €

Source : CNR European studies

The average unit price of fuel purchased by Estonian hauliers in 2022 is thus estimated at 1.4930€, a significant increase (+67%) compared with 2019.

Average fuel consumption is estimated at 28.9 litres per 100 km.

2.1.4. MAINTENANCE & REPAIRS

Leasing contracts that include a service agreement are becoming the norm in Estonia, regardless of fleet size. According to the company managers we met with, a maintenance contract for a new vehicle financed under a 3- to 4-year lease costs between 450€ and 600€ per month per tractor for the duration of the lease, i.e. between 5,400€ and 7,200€ per year, excluding tyres.

Some of the companies interviewed operate their own garages. In these cases, maintenance costs are estimated at between 2,000€ and 2,800€ for the first two years following purchase of the vehicle, thanks to the manufacturer's warranty, which covers part of the repairs. The figure virtually doubles in subsequent years.

The cost of maintenance and repairs can rise to over 10,000€ in companies with older, often second-hand, vehicles.

Notwithstanding the wide disparities in reported costs, our study has settled on a figure of 5,900€ per year per vehicle for 2022, slightly up from 2019 (5,700€).

2.1.5. TYRES

The use of maintenance contracts that include tyres, the fact that vehicles are frequently replaced when leasing contracts expire, and the increase in tyre contracts with a fixed per-kilometre cost make it increasingly difficult to calculate this cost item.

Based on information provided by Estonian hauliers and analysis of certain contract details, it has been ascertained that the annual tyre cost for a 40-tonne articulated lorry varies between 1,800€ and 9,600€. Based on expert estimates and data obtained from companies that carry

out cost accounting and estimate the per-kilometre cost of tyres at 5 cents, the CNR has arrived at an annual figure of 6,063€ for an Estonian 40-tonne articulated lorry in 2022.

2.1.6. TOLLS, VIGNETTES AND FERRIES

As far as tolls are concerned, the Estonian haulage sector is an outlier. The Estonian vignette costs 1,100€ per vehicle per year. In Finland, the main market for Estonian hauliers, there are no toll roads. As a result, the cost of accessing the Finnish market comes down to the cost of the ferry, which can amount to in excess of 20,000€ per year and per vehicle for haulage companies specialising in this market.

As a reminder, the cost of the Eurovignette for Sweden, Luxembourg and the Netherlands is 1,250€ per year. The Latvian and Lithuanian vignettes cost 700€ and 1,325€ per year, respectively.

Based on information provided by Estonian companies, the CNR has identified two types of company, each roughly the same size. The first, whose main markets are Finland and Scandinavia, have toll and vignette costs of almost 2,800€ per year per vehicle, plus 18,000€ in ferry costs, bringing the total to 20,800€. The second, whose main markets are the Baltic States, Poland and Germany, have annual toll costs of approximately 14,000€.

For companies that use ferries most of the time, ferry charges are often included in the price of transport services provided under long-term contracts or in the case of groupage shipping. However, ferry costs are often billed separately in the case of occasional customers.

In the case of the typical profile, which reflects the sector as a whole (40% of journeys in Scandinavia and 60% elsewhere in Europe), the average cost of tolls, excluding ferries, is estimated at nearly 9,520€. This cost item rises to 16,720€ when the price of ferries is included.

2.1.7. INSURANCE

As elsewhere in Europe, vehicle insurance has two components that can be taken out separately: compulsory third-party insurance and comprehensive insurance – or “Casco”, as it is commonly known – which can be added to the former. Insurance costs reported by hauliers vary widely, ranging from 2,000€ to 3,960€ per year per articulated lorry.

Based on information from the hauliers interviewed, the CNR estimates the annual cost of comprehensive insurance for a 40-tonne articulated lorry at 2,875€, a significant decrease compared to 2019 (3,500€).

2.1.8. AXLE TAX

The annual axle tax for an Estonian 40-tonne articulated lorry was 515.20€.

2.1.9. FIXED COSTS

Most of the Estonian companies we visited keep track of their fixed costs. While we could not verify the accuracy of the figures provided, the data we collected from 10 companies indicate that fixed costs account for around 8% of total costs (compared to 7.2% in 2019), i.e. approximately 12,000€ per year per vehicle.

2.2. EMPLOYMENT CONDITIONS AND DRIVER PAY

Employment conditions and driver pay in Estonia were surveyed during two rounds of interviews: a first phase in companies with employers; and a second phase, involving face-to-face interviews with drivers in car parks and rest stops located in Poland, at the Lithuanian border. During this second phase, approximately twenty drivers, employees with Estonian contracts, agreed 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 an Estonian contract working internationally.

2.2.1. WORKING CONDITIONS

Open-ended employment contracts, effectively equivalent to permanent ones, are the general rule in the Estonian haulage sector. Young drivers are often hired on a 2- to 4-month trial basis. The current driver shortage seems to have put an end to the practice of hiring part-time drivers, which was common in 2019. More specifically, a number of drivers of Russian and Ukrainian origin are reported to have left Estonia to return to their respective countries, causing a significant, short-term shortage of drivers.

Estonian drivers reported working between 198 and 238 hours per month. The figure for working hours settled on by the CNR is 220 hours per month (over 11 months), of which an estimated 172 hours were spent driving. The number of annual working days was 229. The number of working weeks was estimated at 45 weeks.

The number of days of leave observed among the drivers surveyed is 20 days per year, with an average age of 29 and 4 years' seniority. As a reminder, Estonian employees are entitled to a minimum of 20 working days of paid leave per year. It is rather rare for drivers to obtain more leave than this. Out of 20 drivers interviewed, only 3 said that they were entitled to additional paid leave in recognition of their years of service to the company.

With regard to working arrangements, several different situations were encountered. The main market in which the haulage company operates has a direct impact upon the length of drivers' journeys. For most of the Estonian drivers we met, journeys lasted practically 2 weeks, meaning that they get to return home every other weekend, on average, for 4 days' rest.

A second group, which accounts for a quarter of cases, makes round trips to neighbouring countries, such as the Baltic States or Poland. This arrangement allows them to return home every weekend.

Journeys to countries east of the EU (notably Russia, Belarus and Ukraine) have virtually ceased since the start of the war in Ukraine.

Lastly, average annual driver mileage, as reported by companies, is approximately 107,000 km, slightly down on 2019. While drivers report a much higher average annual mileage of almost 118,000 km, companies point to the time lost on ferries, which means they actually drive much less (around 100,000 km per year). The figure used in this updated survey is 108,250 km per year, which takes into account the lower mileage of drivers crossing the Baltic Sea by ferry, as well as the disappearance of the longest trip, such as those to Russia or Ukraine. This figure is thus much lower than in 2019, when annual driver mileage was estimated at 116,000 km.

As far as the labour market for drivers in 2022 is concerned, Estonian companies report that they are finding it increasingly difficult to hire despite the increase in salaries. With the hiring of non-European drivers, particularly Russians, having become virtually impossible in 2022, companies believe that the driver shortage is set to persist for a long time to come.

The driver/tractor ratio obtained from company interviews is 1.12.

2.2.2. NOTE ON THE BREAKDOWN OF DRIVER COSTS




International driver pay in 2022

Drivers with Estonian contracts receive a fixed monthly salary of just under 1,200€ gross. Given the high level of salaries, companies offer only 200€ in annual bonuses, often paid in time for the end-of-year holidays.

In addition to their monthly salary, Estonian drivers receive international travel allowances. These allowances are frequently maximised, which means 15 days of travel allowances paid to drivers at a rate of 72€ per day. The remaining 5 days of driving in Estonia (and up to 50 km from the border), are compensated at the minimum rate of 22.37€ per day. This represents 1,191.85€ for a full working month. By sticking to these ceilings, companies avoid paying social insurance contributions on travel allowances.

More than half (54%) of the total net income of a typical Estonian driver working mainly on international routes is made up of travel allowances, which are exempt from social insurance contributions and income tax.


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

Standard profile of an international driver - Estonia - 2022						
Characteristics			- 75% of driver's work realized on international routes.			
			- Middle range and long distance international itineraries			
			- Every second week-end spent at home, traveling mostly to Finland, Sweden, Norway and Germany.			
			- Paid holidays mostly taken in summer period and a few days during Christmas holidays.			
			- Income composed of a high fixed salary, completed by a variable part composed of travel allowances which represent more than half of full net income.			
			- Travel allowances usually reflect the reality, meaning about 5 days in domestic routes and 15 days of international travel in a month			
			- Monthly working time close to 220 hours.			
			- Low mileage due to frequent use of ferries (especially for Finland and Scandinavia)			
Annual mileage achieved			108,250 km			
Number of actual working days per year			226			
Number of working weeks per year			45			
Number of driving hours per year			1,900			
Cost breakdown of a standard Estonian international driver in 2022						
Presentation of a standard pay slip						
EMPLOYER			EMPLOYEE			
Gross salary	€/month	1,196.67 €	Salaire Brut	€/month	1,196.67 €	
Fixed gross salary	€/month	1,180.00 €	Fixed gross salary	€/month	1,180.00 €	
Other bonuses and extras (on monthly basis)	€/month	16.67 €	Other bonuses and extras (on monthly basis)	€/month	16.67 €	
Cotisations sociales	33.80%	404.47 €	Cotisations sociales	1.60%	43.08 €	
Overall contribution	33.00%	394.90 €	Included in employer's overllal contribution		-	
Unemployment	0.80%	9.57 €	Unemployment	1.60%	19.15 €	
			Income tax	20.00%	130.72 €	
Monthly salary after payment of contributions		1,601.14 €	Net salary after social contributions and income tax		1,022.87 €	
Travel allowances for a full working month (11 months in a year)		1,191.85 €	Travel allowances for a full working month (11 months in a year)		1,191.85 €	
Monthly cost of a driver for a month of full activity		2,792.99 €	Net income of a driver for a month of full activity		2,214.72 €	
Breakdown of annual cost of a standard Estonian driver in 2022						
Fixed gross salary + bonuses * 12 months		14,360.00 €	Fixed gross salary + bonuses * 12 months		14,360.00 €	
Employer's social contributions * 12 months		4,853.68 €	Employee's contributions and income tax * 12 months		2,085.57 €	
Salary cost after payment of contributions * 12 months		19,213.68 €	Net fixed income after income tax * 12 months		12,274.43 €	
Travel allowances * 11 months		13,110.05 €	Travel allowances * 11 months		13,110.35 €	
Total annual cost		32,324.03 €	Annual net income		25,384.78 €	
Cost of one hour of driving in €		17.01 €	Average monthly net income		2,115.40 €	
Cost per kilometre in €		0.30 €				

Source : CNR European studies

The CNR estimates the cost of a driver at approximately 32,324€ per year, which equates to an hourly driving cost of 17€ or a per-kilometre cost of 0.30€, an increase of 26% since the 2019 study.

2.3. OVERVIEW OF CONDITIONS AND COSTS OF OPERATING A "TYPICAL" HGV INTERNATIONALLY

Operating conditions and costs for a 40-tonne HGV operated on long distance international routes, 2022 values 		
	unit	Estonia <i>Simulation</i>
Yearly mileage of a vehicle	km	121,250
Number of operating days	days/year	253
Semitrailer/tractor ratio		1.07
Cost of one driver	€/year	32,324
Driver/tractor ratio		1.12
Yearly cost of vehicle financing and possession	€/year	16,028
Average consumption per 100 km	litres	28.9
unit fuel price, 2022 average	€/litre	1.4930
Yearly fuel cost	€/year	52,316
Tyres	€/year	5,900
Maintenance-repair	€/year	6,063
Tolls and vignettes	€/year	16,720
Insurance (vehicle)	€/year	2,875
Axle tax and other vehicle taxes	€/year	515
Synthesis - cost price (excluding overhead costs)		136,620
Cost/mileage ratio per annum	€/km	1.13
Overhead costs	€/year	11,880
Synthesis - complete cost price		148,500
Complete cost per kilometer	€/km	1.22

Source : CNR European studies

According to CNR calculations, the average per-kilometre cost of an Estonian 40-tonne heavy goods vehicle operating on international routes, excluding fixed costs, is 1.13€. When fixed costs, estimated at around 8% of total costs, are factored in, the overall cost rises to 1.22€ per kilometre in 2022. This amount represents a very significant increase compared with 2019, i.e. +35 %.

It appears that the decision by certain Estonian companies to focus on the Finnish and Swedish markets, which require frequent ferry crossings, is having a significant impact on the sector: low annual mileage is driving down fuel consumption, but infrastructure costs (motorway tolls, vignettes, ferries) have increased.

Ultimately, it emerges that the sharp rise in fuel prices is the main reason for surge in costs in Estonia in 2022. Conducted during extraordinary times, which were marked by soaring oil prices and the cessation of travel to Russia, this study shines a light on the consequences of the war in Ukraine for a small, highly specialised haulage sector.

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