EUROPEAN CNR STUDIES

Road Freight Transport (RFT) in Belgium - summary

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Belgium – a key trade hub in Europe - is home to the port of Antwerp, the second European port after Rotterdam; the country used to be the leader in transports of all modes in the region for a long time. By tradition, Belgian RFT is internationally-oriented and relies on a flag that is well-recognised for its dynamism and flexibility in the face of economic changes. But for a number of years the country has suffered from political, economic and social issues. Within the scope of a prolonged crisis that has deeply impacted Belgium and Europe since 2008, how is the Belgian flag evolving?

To answer this question and update its 2002 Belgian RFT survey, CNR carried out a field study between November 2012 and July 2013. The Belgium study takes into account the country's new political-economic environment and tries to identify the characteristics of a flag that, despite its neighbourhood, is little known by French hauliers.

The 2013 version of the Belgian RFT study was carried out in partnership with our transport expert Philippe Auquière from the *Conseil Energie et Transports* consulting firm. It is available on CNR's web page: www.cnr.fr heading: CNR Publications Europe. This document offers a synthesis that underlines the capital points and compares them with French RFT. For any further information, please contact Mr. Alex Ugurlu at the CNR, a-ugurlu@cnr.fr.

Economic framework and transport infrastructures

Belgium is made up of 3 regions, Flanders, Wallonia and Brussels-Capital. It also includes three communities: Dutch-speaking, French-speaking and German-speaking. This multicultural wealth, which has generated political tensions since the beginning of the 2000's, has long been regarded as an asset for this country which establishes a link between the Northern and Southern ends of Western Europe. Belgium is home to over 11 million inhabitants and, thanks to its GDP per capita totalling about 38,000 €, ranks among the wealthiest countries in Europe. The average gross salary exceeds 3,000€/month.

Yet there are a number of major discrepancies within the country. Since the beginning of the decline in industry as of the late 1970's, the economic structures of the region have undergone dramatic changes. The Flanders region, which accounts for 58% of the Belgian population, now the veritable driving force of the country, has achieved over 57% of the domestic GDP and has a very low unemployment rate i.e. 6.7%. On the other hand, Wallonia's (32% of the Belgian population) current contribution to the country's GDP only amounts to 23%. In this region, the unemployment rate reaches 15.3%. The GDP remainder (20%) is provided by the Brussels region (10% of the population) with an unemployment rate of almost 20%.

This unbalance is also being felt in terms of RFT activity and infrastructure. Over 5,600 out of the 8,500 RFT Companies are located in Flanders, nearly 2,400 in Wallonia and 500 in Brussels. Between 2000 and 2008, the number of RFT Companies was steady. Since the beginning of the economic crisis, almost 500 Companies have disappeared, resulting in the loss of more than 6,000 jobs in the sector. As for infrastructure, all Belgian ports are located in Flanders and this region also profits from a more developed motorway network.

Organisation and evolution of the RFT sector in Belgium

Three professional bodies, FEBETRA (cross-community Federation), UPTR (Walloon Federation) and TLV (Flemish Federation) account for two-thirds of all 8,500 RFT Companies in Belgium. At administrative level, the federal ministry for mobility and the other 3 regional ministries share competence. The federal ministry is responsible for matters relating to security, environment, social regulation and integration of transport means, whereas the regional ministries deal with country development, including infrastructure. There is no dependence between the federal departments and the regions, as each body has its own field of competence and there is no decision-making overlapping or overlaying. However there might be some differences in the way the federal state and the regions manage sensitive issues such as the kilometre tax project.

A technical body, ITLB (non-profit Belgian Road Transport and Logistics Institute) - mostly funded through an annual levy on HGVs of over 3.5MT settled by both own account hauliers and carriers for hire or reward - supports the sector with regard to economic surveys, technical training, and management and issuance of tachograph charts.

With its strong trade history and thanks to the seaports, which are veritable gateways into Western Europe for imported goods, and ultimate starting points for the exported goods - the country's flag has long been internationally oriented. Given the small size of the country (less than 6% of the French territory) the Belgian domestic market is relatively narrow. However this situation is undergoing radical change, especially since the emergence of the Eastern European flags. In 2004, international operations accounted for 60% of the 48,000 million Tons-km of the Belgian flag. In 2012, the flag had already lost 48% of its activity since 2004 and international trade accounted for only 42%. In other words, within 8 years, the Belgian international activity lost over 62% of its volume, mainly for the benefit of the Eastern European flags.

RFT* evolution in France and Belgium							
Transport Total							**million of t-km**
	2006	2007	2008	2009	2010	2011	2012
France	211 445	219 212	206 304	173 621	182 193	185 685	172 060
Belgium	43 017	42 085	38 356	36 174	35 002	33 107	25 008
Domestic Transport							**million of t-km**
	2006	2007	2008	2009	2010	2011	2012
France	182 753	191 388	181 879	156 021	164 325	168 242	156 079
Belgium	19 615	19 650	18 207	17 603	17 755	17 750	14 521
International Transport							**million of t-km**
	2006	2007	2008	2009	2010	2011	2012
France	28 692	27 824	24 425	17 600	17 868	17 443	15 981
Belgium	23 402	22 435	20 149	18 572	17 246	15 358	10 487

* transport in EU + Norway + Switzerland + Liechtenstein   Source : Eurostat

Compared to France, where the RFT sector has suffered from a significant slowdown of its activities since the beginning of the crisis (-14% domestic and -35% international between 2008 and 2012), the Belgian flag's situation is of even greater concern. Over the same period, the flag lost 18% of its domestic operations and 44% internationally. In terms of penetration rates, Belgium is the most cabotaged country in Europe. Belgium's cabotage balance, which had been in surplus until 2010, has become loss-making as from 2011.

In an interview during the survey, the Belgian experts stated the current situation of the Belgian road activity looks very much like the conditions the merchant marine experienced in the middle of last century. In their view, the Companies and jobs in Belgium disappear to the benefit of flags of convenience from Eastern European countries, but the Belgian entrepreneurs still keep their hold on the country's transport activity via subsidiaries located in other EU countries. There are several striking examples, such as the transfer of several hundreds of Belgian Companies to Slovakia between 2008 and 2012, where most of them have their head offices in the same building in a suburb of Bratislava. The extensive international trading activity in Belgium and its small size coupled with the new cabotage regulations in force since May 2010 are also believed to have produced negative consequences directly on the country's domestic haulage. In this 250-kilometre wide country, the granting of 3 cabotage operations further to an international transport operation would be enough to relocate a great part of Belgium's domestic activity.

Operating conditions and costs

Just like its other recent international surveys, CNR has carried out the Belgian cost analysis and operating conditions by means of two types of interviews:

- On the one hand face to face with RFT Companies to understand their mechanisms and assess their operating costs,
- On the other hand with international drivers in motorway truck parks at the French-Belgian border, about their incomes and working conditions.

The following table summarises the results obtained via the interviews and compares them to the French standards derived from CNR's annual 40-Ton Long-Distance survey.

Comparison of operating conditions and costs excluding structural costs, for a 40-tonne HGV 2012 values

	unit	France	Belgium
Yearly mileage of vehicle	km	112,700	124,300
Number of operating days	days/yr	230	238
Semitrailer/tractor ratio		1.36	1.30
Driver cost	€/yr	44,616	54,352
Driver/tractor ratio		1.07	1.07
Yearly cost of vehicle financing and possession	€/yr	13,577	13,865
Average consumption per 100 km	litres	33.9	32.7
Fuel cost. 2012 average (1)	€/litre	1.12	1.13
Fuel cost	€/yr	42,794	46,089
Tyres	€/yr	3,381	3,167
Maintenance-repair	€/yr	8,227	8,500
Tolls	€/yr	8,644	6,300
Insurance (vehicle)	€/yr	2,639	3,050
Axle tax and other vehicle taxes	€/yr	516	515.62
Synthesis – cost price (except structural costs)		**127,517**	**139,642**
Cost/mileage ratio per annum	€/km	1.13	1.12
Base 100 France		100	99

(1) after partial recovery of TICPE in France

This table analysis shows that the French and Belgian operating costs are broadly similar. However, detailed reading shows organisational differences between the two countries. Thus, the Belgian rolling stock is noted to be more operated than in France as the drivers' workload is larger in Belgium. Several cross-frontier haulage Companies that were interviewed during the survey, stated they preferred to set up in Belgium rather than in France just because the workforce is more flexible and available on the Belgian side. This flexibility is rewarded, as the cost of a Belgian driver is 10 to 15% higher than in France (cf. table next page).

Apart from labour costs, the other main cost items do not differ much in the two countries. Tolls paid by Belgian hauliers are slightly lower than the French tolls as the Eurovignette is cheaper than the cost of French motorways. The Eurovignette costs 1,250 €/year for a vehicle of Euro 2 class and over, with at least 4 axles, and gives access to the motorways of the 5 countries that adopted it: Belgium, Denmark, Luxembourg, the Netherlands and Sweden.

Driver employment and cost conditions

Despite the difficulties experienced by the Belgian flag, a number of driving jobs are said to still be vacant. The sector is suffering from an ageing workforce, and the Belgian labour market does not provide enough qualified young drivers. Therefore, high wages mainly attract those drivers from neighbouring countries like France and Germany.

Labour Law is rather complex and has little to do with that in force in France. There are sectoral minimum wages set by the national labour Council. In over 90% of the cases, the Belgian drivers are paid at the absolute minimum mentioned in the federal collective agreement. It provides for specific wage levels as per the various types of RFT activities. Details are supplied of the hourly rates for long-service bonuses as of one year of uninterrupted service, those of travel allowances, and those of well-being at work (RGPT) covering drivers' expenditure that should have been borne by the Company if they had worked in the Company's premises (toilet, drinks…). The Belgian federal law provides for an average legal working time of 38 hours a week. This Act has introduced the notion of a flexible system, so that the Companies may adjust weekly working time over a six-monthly cycle without being forced to settle overtime every month. This freedom of labour organisation according to the activity provides Companies with a high degree of flexibility. The RFT Collective agreements force Companies to increase overtime by 50% only when the driver's duty time exceeds 60 hours per week in average over a one-month period. Availability time is paid at 99% of the minimum hourly wage but is not subtracted from weekly working time quotas.

To determine driver remuneration and employer contributions (between 57% and 59% according to the Company size), calculations are based on the gross salary increased by 8% over a period of only 11 months. This increase represents a kind of social security contribution over the 11 months of the employee's activity, when the 12th month is paid by the fund. This system only applies to the labourer category but does not concern executives.

The profile below is that of a Belgian driver mainly working internationally, with 5-year seniority, remunerated at the agreed rates for 1,672 working hours and 116,200 km driving.

Comparison between the cost of drivers in France and in Belgium, 2012 values

	Unit	**France**	**Belgium**
Gross salary (miscellaneous bonuses and overtime included)	€/year	27,300	28,727
Travel expenses	€/year	8,826	7,955
Employer contributions (after deduction of state aids)	%	31.1%	26%
Employer contributions in absolute terms	€/year	8,490	17,669
Annual cost total	€/year	44,616	54,352
Number of actual working days per year	day/yr	216	220
Working time per year	hour/yr	1,572	1,672
Annual mileage		105,327	116,200
Cost of one hour's drive	€/h	28.38	32.51
Base 100 France		100	115
Cost per kilometre	€/km	0.42	0.47
Base 100 France		100	110

*In Belgium, employer contributions are calculated on 108% of gross salary during 11 months per year

Source : CNR European Surveys

In conclusion, although the hourly rate of a Belgian driver exceeds the French rate by 15%, in the Belgian Companies this extra cost is mitigated by a better use of the rolling stock thanks to flexibility at work. Eventually, the Belgian cost per kilometre is lowered to the same level as in France. Nonetheless, the Belgian RFT sector seems to be more vulnerable than the French RFT sector faced with the emergence of the low cost flags. This demonstrates that the interests of Brussels as capital of Belgium do not always match the interests of Brussels as capital of the European Union.