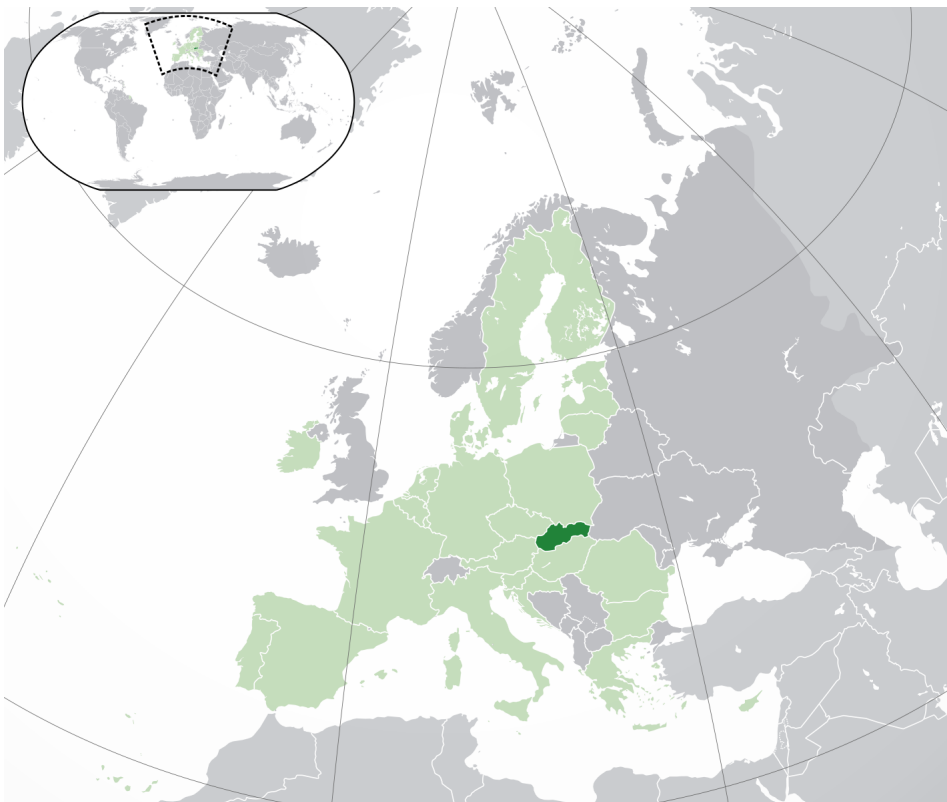




Comité National Routier



The Slovak road freight transport sector in 2019



Comité national routier (CNR)

in cooperation with
Visemont s.r.o.

EUROPEAN STUDIES

The Slovak road freight transport sector in 2019

Following on from the study devoted to the Slovak RFT sector published in 2018, this survey, which was conducted in 2019, 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.

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

SUMMARY

Located at the crossroads of the main consumer markets of Western Europe and the manufacturing centres of Central and Eastern Europe, Slovakia has long benefited from its strategic position. Its RFT sector reflects this distinctive position.

Since the early 2000s, the Slovak RFT sector has been characterised by its focus on the international market, its ability to tap into various markets in both the West and the East, as well as its investment in building commercial relations with the largest European economies. Its competitive advantage, resulting from lower production costs than those of its Austrian, German or even Czech neighbours, has made it an increasingly important economic partner. The Slovak RFT sector is thus characterised by a high degree of specialisation in international operations. This choice has increasingly allowed the Slovak sector to compete successfully with other European sectors.

An important development needs to be highlighted, however: the operating costs of Slovak RFT companies has been constantly increasing over the past several years. For example, the cost of a Slovak driver increased from €23,500/year in 2012 to more than €28,000/year in 2019, an increase of nearly 13%. The cost of tolls more than doubled over the same period.

Ultimately, the cost price, excluding overhead costs, of an international 40-tonne Slovak heavy goods vehicle was, according to CNR calculations, €0.82/km in 2019, up by more than 3.1% in two years.

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1. OVERVIEW OF SLOVAK ROAD FREIGHT TRANSPORT

1.1. THE SLOVAK RFT SECTOR IN 2018 – KEY DATA

STRUCTURE OF THE SLOVAK RFT SECTOR IN 2018

Structure of the Slovak RFT sector in 2018

2018	Goods transported	Tonne-kilometers achieved		Average distance	Vehicle.kilometres achieved
	thousand tonnes	million t.km	%	km	million of vehicle.km
TOTAL	177,131	35,586	100.0%	201	3,164
Domestic transport	128,855	6,477	18,2%	50	1,076
International transport	48,276	29,109	81,8%	603	2,088
<i>International transport of goods loaded in Slovakia</i>	14,513	8,683	24,4%	598	696
<i>International transport of goods unloaded in Slovakia</i>	12,461	7,412	20,8%	595	558
<i>Cross-trade</i>	16,586	11,750	33,0%	708	743
<i>Cabotage</i>	4,716	1,263	3,5%	268	91

Source : Eurostat

International activity accounts for more than 80% of the total activity of the Slovak sector. Transport between third countries accounts for nearly 40% of this international business, which means that the Slovak sector has a significant presence on the European market, quite apart from the volume of trade generated by its home country. In terms of mileage, domestic transport reflects the country's small size, with journeys averaging 50 km, as compared with an excess of 600 km when it comes to international transport.

EVOLUTION OF THE SLOVAK RFT SECTOR

Evolution of the Slovak RFT sector in million tonne-kilometres

In million t-km	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	AAGR*
TOTAL	29,276	27,705	27,575	29,179	29,693	30,147	31,358	33,540	36,139	35,411	35,586	1.97%
Domestic transport	6,319	5,519	5,198	4,906	5,073	4,566	5,094	5,245	5,697	6,326	6,477	0.25%
International transport	22,957	22,187	22,377	24,272	24,620	25,581	26,265	28,295	30,441	29,085	29,109	2.40%

*Average annual growth rate

Source : Eurostat

Domestic activity in the Slovak sector has been stagnating for about ten years. On the other hand, its international activity is growing at a speed of 2.4% on average per year, although signs of stagnation have been appearing since 2016. Thanks to the high volume of its activity, the Slovak sector is holding its own as one of the busiest sectors within the international market. The sharp increase in costs, particularly those of drivers, appear to be the main cause of the slowdown of recent years.

This topic will be discussed more fully at the end of this report.

CABOTAGE

Cabotage under Slovak flag in the 2 main "cabotaged" countries

In million tonne-kilometres	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	AAGR*
Cabotage under Slovak flag	264	350	528	647	832	860	1,138	1,310	1,447	1,386	1,263	16.93%
<i>in Germany</i>	28	63	136	211	252	256	442	463	481	466	411	30.75%
<i>in France</i>	34	59	122	113	220	145	162	190	145	155	288	23.94%
Share of cabotage in Slovak transport %	0.90	1.27	1.91	2.22	2.80	2.85	3.63	3.90	4.00	3.91	3.55	-

*AAGR : average annual growth rate

Source: Eurostat

Slovak cabotage accounted for 3.5% of the sector's activity in 2018. The number of tonne-kilometres involved in this cabotage activity has risen more than 5-fold in 10 years. Germany remains the main focus of Slovak cabotage activity, followed by France. Slovak cabotage in these two countries is enjoying a higher-than-average growth rate. Slovak cabotage is also progressing in neighbouring countries, namely Austria, but also in the Czech Republic, where the domestic sector is losing its attractiveness and competitiveness. Slovakia ranks among the most active countries in the European Union when it comes to cabotage.

Cabotage in Slovakia

In million tonne-kilometres	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	AAGR*
Cabotage in Slovakia	52	17	40	68	98	84	105	120	111	96	99	6.62%
Penetration rate of cabotage*	0.82%	0.31%	0.77%	1.38%	1.90%	1.81%	2.02%	2.53%	1.91%	1.50%	1.51%	-
Market share cabotage**	1.07%	0.41%	0.96%	1.65%	2.33%	2.31%	2.56%	2.75%	2.39%	1.82%	1.87%	-

*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)

Despite increasing volumes since 2008, the cabotage of other sectors in Slovak territory remains statistically insignificant, Accounting to less than 2% of the domestic market, in which volumes are very low.

The main flag holders doing cabotage in Slovakia are Czechs and Hungarians.

1.2. FISCAL AND SOCIAL DEVELOPMENTS IN THE SLOVAK RFT SECTOR

NOTE ON SPECIFIC TAXATION APPLICABLE TO THE RFT SECTOR

Axle tax

The financial details of the Slovak axle tax – known locally as motor vehicle tax (*dan z motoroveho vozidla*, or *DzMV*) – have not changed since the reform of 1 January 2015. Law 253/2015, which came into force on 1 January 2016, makes minor technical corrections to Law 361/2014 without modifying its main provisions.

As a reminder, until 2015, the Slovak axle tax was collected by the regions, which determined the amount of the tax depending on the category of the vehicle and its number of axles. A new law introduced new provisions. This tax was henceforth set at the national level and collected by the Ministry of Finance.

Discounts are applicable in certain cases:

- Between the 1st and 3rd years of the vehicle's life, a 25% discount is applicable. Thus, for a 40-tonne motor vehicle with 4 (or more) axles, the amount of the tax is €1,629 for the first three years.
- Between the 4th and 6th years of the vehicle's life, a 20% discount is applicable. For a 40-tonne vehicle with 4 axles (and more), the amount of the tax is €1,737.60 during this three-year period.
- Between the 7th and 9th years of the vehicle's life, a 15% discount is applicable. For a 40-tonne vehicle with 4 (or more) axles, the amount of the tax is €1,846.20 during the last three years when a discount applies.
- Between the 10th and 12th years of service, the basic tax for a 40-tonne vehicle with 4 (or more) axles is €2,172.
- On the other hand, in the 13th year, there is a 10% increase in the tax. For a 40-tonne vehicle with 4 (or more) axles, the tax amounts to €2,389.10.
- In the 14th year, a 20% increase in tax applies. For a 40-tonne vehicle with 4 (or more) axles, the tax therefore increases to €2,606.40.

In addition to these various discounts and surcharges, additional discount of 50% applies if the vehicle is used at least 60 times a year for combined transport. In order to be eligible for this discount, proof of intermodal transport must be provided by the intermodal terminal in question.

The table below shows the tax rates before the application of discounts or surcharges.

Motor Vehicles Tax			
Number of axles	GVW in tonnes		Annual tax amount
	from	until (including)	
1 or 2 axles		1	74.00 €
	1	2	133.00 €
	2	4	212.00 €
	4	6	312.00 €
	6	8	417.00 €
	8	10	518.00 €
	10	12	620.00 €
	12	14	777.00 €
	14	16	933.00 €
	16	18	1,089.00 €
	18	20	1,252.00 €
	20	22	1,452.00 €
	22	24	1,660.00 €
	24	26	1,862.00 €
3 axles	26	28	2,075.00 €
	28	30	2,269.00 €
	30		2,480.00 €
		15	566.00 €
	15	17	673.00 €
	17	19	828.00 €
	19	21	982.00 €
	21	23	1,144.00 €
	23	25	1,295.00 €
	25	27	1,452.00 €
4 axles or more	27	29	1,599.00 €
	29	31	1,755.00 €
	31	33	1,964.00 €
	33	35	2,172.00 €
	35	37	2,375.00 €
	37	40	2,582.00 €
	40		2,790.00 €
		23	721.00 €
	23	25	877.00 €
	25	27	1,033.00 €
27	29	1,189.00 €	
29	31	1,337.00 €	
31	33	1,548.00 €	
33	35	1,755.00 €	
35	37	1,968.00 €	
37	40	2,172.00 €	
40		2,375.00 €	

Source : Ministry of finance of the Republic of Slovakia

Prior to the 2015 reform, the axle tax regulations allowed Slovak hauliers to avoid paying this tax on vehicles that had not been driven on Slovak soil during the entire year. This particular provision has been repealed.

Tolls

The payment of road tax is mandatory for all motor vehicles with a GVWR of 3.5 tonnes or more. Payment is via an on-board electronic tool.¹

In 2011, it was reported that Slovak RFT companies were apparently using strategies to reduce the cost of tolls. On heavily tolled sections, drivers were encouraged to choose alternative routes through villages. In 2014, to put a stop to these detours, vehicles of more than 12 tonnes were banned from tertiary as well as from some secondary roads. Electronic toll rates have also been changed to benefit less-polluting trucks.

¹ <https://www.emyto.sk/en/etoll/etc-system>

In 2018, following problems with overcrowding on certain national roads, the government decided to add a new pricing category for “national roads parallel to motorways”, with toll rates becoming identical to those on motorways in order to prevent this diversion of traffic.

Toll rates per km on highways and expressways, valid since 1st January 2019

Vehicle category	EURO 0 - II	EURO III, IV	EURO V, VI, EEV
Commercial vehicles between 3.5 and 12 tonnes	0.108 €	0.098 €	0.085 €
Commercial vehicles 12 tonnes and more			
2 axles	0.231 €	0.209 €	0.181 €
3 axles	0.244 €	0.220 €	0.190 €
4 axles	0.253 €	0.228 €	0.198 €
5 axles	0.244 €	0.220 €	0.190 €

Toll rates for the use of specified sections of the 1st class roads parallel with highways and expressways, 2019

Vehicle category	EURO 0 - II	EURO III, VI	EURO V,VI, EEV
Commercial vehicles between 3.5 and 12 tonnes	0.082 €	0.074 €	0.064 €
Commercial vehicles 12 tonnes and more			
2 axles	0.231 €	0.209 €	0.181 €
3 axles	0.244 €	0.220 €	0.190 €
4 axles	0.253 €	0.228 €	0.198 €
5 axles	0.244 €	0.220 €	0.190 €

Toll rates for the use of specified sections of the 1st class roads NOT parallel with highways and expressways, 2019

Vehicle category	EURO 0 - II	EURO III, VI	EURO V,VI, EEV
Commercial vehicles between 3.5 and 12 tonnes	0.085 €	0.076 €	0.066 €
Commercial vehicles 12 tonnes and more			
2 axles	0.181 €	0.164 €	0.140 €
3 axles	0.190 €	0.172 €	0.147 €
4 axles	0.198 €	0.177 €	0.150 €
5 axles	0.190 €	0.172 €	0.147 €

Source: Myto.sk

In 2020, a new system of discounts applicable to the basic rate was introduced. The discount is calculated separately for each of the three rate categories mentioned above. For example, a vehicle receives a 3% discount if it travels between 10,000 km and 20,000 km per year on the same class of road. The discount is increased to 5% when the distance covered is between 20,000 km and 30,000 km, rising to 7% between 30,000 km and 50,000 km and to 9% for distances over 50,000 km.

Excise duty on commercial diesel fuel

In accordance with Directive 92/12/EC and 2008/118/EC, Slovakia has instituted an excise duty system. As of 2 March 2020, the excise duty on diesel remained unchanged at €39.77/hl. It is worth noting that there is no provision for partial reimbursement of excise duties on commercial diesel in Slovakia.

NOTE ON LABOUR REGULATIONS APPLICABLE TO ROAD FREIGHT TRANSPORT SECTOR

Pay rates

As of 1 January 2020, the Slovak minimum gross monthly salary was €580.

Where no collective agreement at industry level exists in Slovakia, Slovak law provides for the categorisation of employees according to the degree of difficulty of their work and/or their degree of responsibility. Responsibilities are often defined in relation to specific criteria:

- the value of the “means of production provided”, i.e. the financial responsibility of the employee vis-à-vis the company, which also concerns truck drivers who are responsible for a vehicle,
- human life, which concerns in particular hospital employees who are responsible for safeguarding it.
- personnel management, particularly in the case of managers.

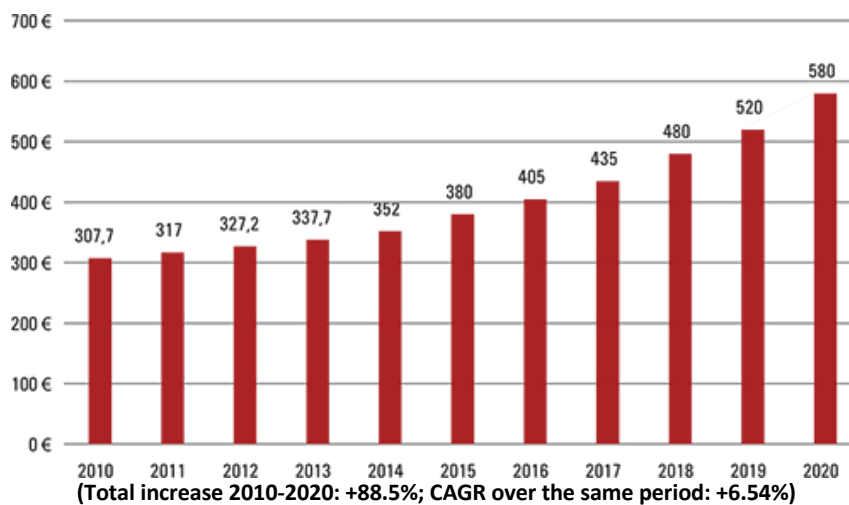
Depending on the responsibilities involved in a given profession, the minimum wage is multiplied by a particular factor. There are 6 levels of responsibility. Drivers are at level 2 and receive at least 1.2 times the minimum wage, i.e., €624 gross in 2019.

Slovak monthly minimum wage according to the level of difficulty of the job

Level of difficulty	Coefficient applied to minimum wage	Minimum monthly wage valid in 2018	Minimum monthly wage valid in 2019	Minimum monthly wage valid in 2020	Minimum monthly wage valid in 2021 (forecast)
1	1.0	480 €	520 €	580 €	640 €
2	1.2	576 €	624 €	696 €	768 €
3	1.4	672 €	728 €	812 €	896 €
4	1.6	768 €	832 €	928 €	1.024 €
5	1.8	864 €	936 €	1.044 €	1.152 €
6	2.0	960 €	1.040 €	1.160 €	1.280 €

Source : National Labor Inspectorate, www.ip.gov.sk

Increase in the Slovak minimum wage over the last 10 years



Source: Mzdové Centrum

Travel allowances

The amount of travel allowances depends on the country where the driver physically spends his or her day or the country where he (or she has spent the night) and is often expressed in the currency of the country in question. Travel allowances in European countries are between €36 and €53 per day. They are not subject to tax or social security contributions. The amounts of travel allowances are shown in the table below.

Travel allowances for Slovak drivers in Europe in 2019

Country	Amount for a trip of 6 to 12 hours	Daily amount
Germany	22.50 €	45.00 €
Austria	22.50 €	45.00 €
Belgium	22.50 €	45.00 €
Bulgaria	18.00 €	36.00 €
Cyprus	20.50 €	41.00 €
Croatia	20.00 €	40.00 €
Denmark	190.00 DKK	380.00 DKK
Spain	21.50 €	43.00 €
Estonia	21.00 €	42.00 €
Finland	25.00 €	50.00 €
France	22.50 €	45.00 €
Greece	21.00 €	42.00 €
Hungary	19.50 €	39.00 €
Ireland	26.50 €	53.00 €
Italy	22.50 €	45.00 €
Latvia	20.00 €	40.00 €
Lithuania	20.00 €	40.00 €
Luxemburg	25.00 €	50.00 €
Netherlands	22.50 €	45.00 €
Poland	18.50 €	37.00 €
Portugal	21.50 €	43.00 €
Czechia	300.00 CZK	600.00 CZK
Romania	21.50 €	43.00 €
Slovenia	19.00 €	38.00 €
Sweden	227.50 SEK	455.00 SEK

Source : Ministry of finance

Income tax

An initial portion of annual income is not subject to income tax. This portion goes from €0 to €3,937.35 in the case of annual incomes that do not exceed €20,507. Otherwise, the non-taxable amount is obtained by taking €9,064.09 and subtracting a quarter of the amount of the taxable income. If this calculation results in an amount less than 0, this first portion is deemed to be nil.

For the portion of income between the non-taxable part and the cap of €36,256.38, a tax rate of 19% applies.

Finally, a final rate of 25% applies to the portion of income above €36,256.38. This last portion is also referred to as the “millionaire's tax”, the threshold for this portion being 1,000,000 old Slovak koruna.

Social security contributions

Slovak social security contributions average 48.6% of gross salary and are divided between the employee and the employer (13.4% and 35.2% respectively). The rate of social contributions in Slovakia has remained unchanged for 14 years, between 2006 and 2020.

Social contributions as of 1st January 2019 in Slovakia

Social contributions applicable to driving staff as of 1st January 2019	Employer	Employee
Sickness benefit	10.00 %	4.00 %
Maternity and equivalent paternity benefits	1.40 %	1.40 %
Old-age benefits (2)	14.00 %	4.00 %
Invalidity benefits (3)	3.00 %	3.00 %
Unemployment (3)	1.00 %	1.00 %
Accidents at work and occupational diseases	0.80 %	-
Guarantee Fund (4)	0.25 %	-
Solitary Reserve Fund (5)	4.75 %	-
Total	35.20 %	13.40 %

Source: Eurostat, Cleiss and Ministry of Social Affairs

- (1) Contribution rate reduced by half for disabled employees
- (2) 10% dedicated to the first level Pension Insurance and 4% may be transferred to the 2nd level (capitalization)
- (3) Payment of the contribution is not due for employees receiving an Old-age benefits
- (4) Guarantee Fund is aimed to cover wages in the event of the employer's insolvency
- (5) Solitary Reserve Fund aims to cover the lack of financial means of the funds managed by the Social Insurance Agency

As a reminder, Slovak retirement insurance is comprised of 3 levels:²

- The 1st level is mandatory. This is based on a pay-as-you-go system, which is financed by social security contributions. It is organised and managed by the Social Insurance Agency through its regional offices. This first pillar is designed to finance pensions currently paid during the year by contributions from those in active employment.
- The 2nd level is a voluntary scheme that is open to workers up to the age of 35 (non-reversible decision) and becomes mandatory thereafter. It is managed by a pension fund to which both the employer and employee pay a monthly contribution (4 points out of the 14% contributed by the employer and 1 point out of the 4% contributed by the employee), which yields interest and enables them to accumulate capital. Currently, 5% of gross pay is paid into the second pillar. This rate will increase by 0.25% each year beginning in 2021, reaching 6% of gross pay in 2024, at the expense of the first pillar. The capital built up by this second pillar is an integral part of the mandatory retirement pension.
- The 3rd level is optional. It consists of a fund-based system and is managed by private companies. It is intended in particular to provide people with a supplementary pension.

Workplace accident insurance for lorry drivers is set at 0.8%.

² www.cleiss.fr/docs/regimes/regime_slovakia_salaires.html

2. STUDY OF THE OPERATING CONDITIONS AND COSTS FOR A 40-TONNE SLOVAK LGV OPERATING INTERNATIONALLY

This part of the study describes the economic and social conditions prevailing in 2019, at the time this updated study was conducted. In carrying out this study, the CNR has drawn on a research focused primarily on the fiscal and social aspects of the RFT sector, as well as on previous CNR studies of the country. Feedback from the experts with whom the CNR collaborates, as well as information from collective agreements and other documents issued by professional federations, are used to provide an overview of the Slovak RFT sector's international operations and to highlight the main developments observed since the last study. This research and process of dialogue are further backed up by interviews with Slovak hauliers and lorry drivers (see below).

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 12 Slovak road freight transport companies involved in long-distance transport operations, mainly internationally. The companies included in this study have the following characteristics:

	Fleet size	Main markets	Number of drivers	Turnover
Company 1	42	Germany, Italy, Austria	44	8,782,000 €
Company 2	23	Hungary, Austria, Germany	25	3,679,000 €
Company 3	8	Slovakia, Czechia, Austria, Germany, Benelux	9	3,070,000 €
Company 4	13	Germany, France, Italy, Austria, Czechia	14	1,600,000 €
Company 5	11	Poland, Germany, Czechia	12	1,340,000 €
Company 6	45	Switzerland, France, Germany, UK, Italy	47	5,230,000 €
Company 7	13	Benelux, France	13	1,851,000 €
Company 8	38	All EU	42	4,800,000 €
Company 9	2	Italy, Slovenia, Austria, France	3	314,000 €
Company 10	3	Hungary, Austria, Slovakia	3	less than 400 000 €
Company 11	19	not available	24	3,000,000 € (including logistics activity)
Company 12	27	Benelux, UK, France	33	2,500,000 €

The companies visited for this study are extremely diverse in terms of their size and structure. They are all specialised in international RFT or generate a large part of their turnover internationally.

In Slovakia, most of the companies interviewed have a parent company located abroad. Foreign investment in the RFT sector in Slovakia has a long history and accounts for the bulk of the sector. Most internationally active companies have foreign investors, based mainly in Belgium, France, Austria or Germany.

Slovakia has a large number of self-employed contractors. The use of subcontracting of this type of business is widespread.

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. Some companies combine their international transport business with logistics or more regional activity.

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.

VEHICLES

Vehicle use is based on a strategy of optimisation, with the number of days vehicles are operated varying between 260 and 270. Based on CNR calculations, a Slovakian articulated rig operates 263 days per year.

The annual mileage of such a vehicle is close to 150,000 km. Slovak hauliers do not hesitate to hire backup drivers to maximise vehicle use. We have settled on the figure of 145,200 km per year per rig in the case of this sector, i.e. a slight increase of 2% compared to 2017.

The length of time tractor units are kept is nearly 6 years. Vehicles are often acquired via 48-month leases and kept for an additional 2 years after the end of the contract.

The tractor/semi-trailer ratio reported in the course of company surveys is in line with the European average and is around 1.17 in the case of the Slovak sector.

EQUIPMENT

The average purchase price, after discounts, of a Euro VI tractor established on the basis of interviews with Slovak hauliers is between €76,000 and €84,000, with a clustering around €81,500. The purchase price of a semi-trailer is estimated at € 22,300.

The preferred method of financing for rolling stock is leasing, used in more than 80% of cases surveyed. Contracts are for 48 months in the case of tractors and 60 months in the case of semi-trailers. The interest rates for leasing contracts are around 1.4 to 1.6%.

The remaining 20% of the companies surveyed have opted to self-finance but did not give any further details on the subject.

On the basis of the figures collected on-site and the terms of leasing contracts, the annual cost of owning a 40-tonne articulated rig comes to almost €14,423, based on a semi-trailer/tractor ratio of 1.17 and an interest rate of 1.5%.

FUEL

The average fuel consumption reported during these interviews was 29.8 litres per 100 km.

With regard to supply, Slovak hauliers prefer to buy fuel wholesale or using a company credit card at the pump in Slovakia to cover nearly 60% of their needs, at an average price of €1.024/l which, after a 4 cent wholesale discount is taken into account, amounts to a price of €0.984/l. For the remainder, hauliers reported filling up in Belgium (25% of their fuel needs, at €0.9400/l after the partial recovery of excise duties) and in Poland (15%, at €0.9543/l). Thus, the average price of the diesel “shopping basket” for Slovak hauliers in 2019 is estimated at €0.9685/l.

MAINTENANCE & REPAIRS

In-house garages are rare in Slovakia. Most companies use leasing with a maintenance contract. As for the others who opted to use their own funds to purchase vehicles, maintenance and repairs are very often carried out at the dealership, with significant discounts.

The annual cost of maintenance-repairs for a 40-tonne articulated rig is estimated to be €5,000/year, up 5% compared to 2017.

TYRES

Mileage packages offered by tyre suppliers or manufacturers have become more widespread in the Slovak market. The current price is around 3.5 cents per km travelled, which gives a tyre cost of nearly €5,000 per year for a Slovak articulated rig.

Other hauliers, preferring more conventional solutions, managed to reduce this cost item by up to €3,800 thanks in particular to the use of Asian-made tyres.

On average, this cost item is estimated at €4,650 per rig per year, which represents an increase of +13% compared to 2017.

TOLLS

The annual toll costs for a 40-tonne articulated rig operating internationally range widely, between €14,000 and €23,500. Costs vary greatly depending on the countries visited and the main markets in which the companies operate.

This cost item has increased significantly over the past several years. It is estimated that, for most of the companies interviewed, annual toll costs in 2019 for international trips in Western Europe – the most sought-after markets among Slovakian companies – amounted to €18,000 per rig, including the purchase of the Eurovignette. This item increased by €1,700 in two years, i.e. +10%.

INSURANCE

Vehicle insurance costs have been falling in most European markets for several years. In interviews, Slovak hauliers reported vehicle insurance costs in 2019 of between €1,800 (at the bottom of the range) and €3,540 (at the top of the range). CNR estimates this cost item at €2,400 per rig per year, down sharply compared to the 2017 figure: €2,980 per rig per year.

AXLE TAX AND OTHER VEHICLE TAXES

The annual amount of this tax after the application of the various discount rates that apply in the first and second 3-year periods is €1,684 for a 40-ton, 5-axle, articulated rig.

OVERHEAD COSTS

Information on overhead costs is often difficult to collect. How they are calculated differs from one company to another. At nearly 88 cents per km, the final cost price reported by Slovak companies includes estimated overhead costs of nearly 6% of the total cost.

2.2. EMPLOYMENT CONDITIONS AND DRIVER EMPLOYMENT COSTS

Employment conditions and driver pay in Slovakia 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 in La Jonquera, Spain. During this second phase, around twenty drivers, employees with Slovak 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 Slovak contract working internationally.

WORKING CONDITIONS

A very large majority of the Slovak drivers encountered work almost exclusively on international trips. Domestic journeys in Slovakia are often included as the first stage in a long-distance international journey.

Slovak drivers, who are mostly hired on permanent contracts at the end of a 6-month trial period, receive 20 days of paid leave, often increasing to 25 days with seniority. Most drivers interviewed during the study reported having 25 days of paid leave.

Almost a third of drivers make return trips to Austria or Germany within the same week. A further third of drivers carries long-distance trips, lasting between 12 days to 2 weeks, to slightly more distant destinations such as Italy, France or the Benelux countries. Other drivers (often the youngest drivers or those from abroad, largely of Ukrainian origin), accept to undertake long, 3-4 week trips during which they are often housed in shared apartments in a Western European country.

Working hours are estimated at 222 hours per month, with driving hours maximised to 90 hours over two weeks.

In the case of Slovakia, the driver/tractor ratio was 1.10.

NOTE ON DRIVING PERSONNEL COST FORMATION

International driver pay

Drivers with Slovak contracts receive a fixed monthly salary over 12 months, supplemented by daily allowances. This fixed salary now includes the various bonuses (eco-friendly driving, Christmas bonus, performance-related bonuses, etc.) noted by CNR in its previous study of the Slovak RFT sector. Thus, it is well above the country's prevailing minimum wage.

Currently, Slovak drivers report receiving almost €500 in bonuses per year if they take on difficult journeys (to southern Europe, the Balkans or Switzerland) and if they achieve a very low accident rate. In general, this sole remaining bonus is paid in one lump sum at the end of the year before the holiday season.

In the course of our interviews with them, companies frequently reported that they had adopted payment conditions in line with European regulations. The use of travel allowances seems to have become the norm, replacing mileage allowances. However, this claim is not fully corroborated by drivers. Nearly 30% of drivers surveyed (many of whom work in the country's largest companies) said they received mileage bonuses that were dependent on activity levels. The current rate would appear to be between 11 and 12 cents for the first 12,000 km per month, rising to 15 cents for each kilometre beyond 14,000 km. Although rare, this practice, which appears to contravene European regulations, still persists and is greatly appreciated by young drivers.

Thus, the monthly basic gross salary we have settled on for a Slovak driver is €880. A monthly bonus of €40 is added to this. By adding Slovak social security contributions, which are relatively high, and monthly travel allowances estimated at €1,200 for months at full levels of activity, one arrives at an annual cost for a Slovak driver of more than €28,000 for a total of 1,980 hours of driving per year.


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

Standard profile of an international driver - Slovakia - 2019					
Characteristics	<ul style="list-style-type: none"> - 90% of driver's work realized on international routes. - Long distance international trips. - Rounds of 3 weeks throughout Europe, followed by 3 to 4 days off at home for the vast majority of cases. - 2 to 3 weeks of paid holidays systematically taken in summer period, then about 10 days during Christmas time. - Income composed of a fixed salary higher than the national minimum, completed by a variable part paid as travel allowances or rarely by "per km" bonuses. - Travel allowances calculated randomly, detached from the reality. They serve to maximize not tax part of driver's income. - Monthly working time close to 230 hours. 				
Annual mileage achieved	132,000 km				
Number of actual working days per year	239				
Number of working weeks per year	45				
Number of driving hours per year	1,980				
Cost breakdown of a standard Slovak international driver in 2019					
Presentation of a standard pay slip					
EMPLOYER			EMPLOYEE		
Gross salary	€/month	920.00 €	Gross salary	€/month	920.00 €
Fixed gross salary	€/month	880.00 €	Fixed gross salary	€/month	880.00 €
Other bonuses and extras (on monthly basis)	€/month	40.00 €	Other bonuses and extras (on monthly basis)	€/month	40.00 €
Social contributions	35.20%	323.84 €	Social contributions	13.40%	123.28 €
Sickness benefit	10.00%	92.00 €	Sickness benefit	4.00%	36.80 €
Maternity and equivalent paternity benefits	1.4%	12.88 €	Maternity and equivalent paternity benefits	1.40%	12.88 €
Old-age benefits	14.00%	128.80 €	Old-age benefits	4.00%	36.80 €
Invalidity benefits	3.00%	27.60 €	Invalidity benefits	3.00%	27.60 €
Unemployment	1.00%	9.20 €	Unemployment	1.00%	9.20 €
Accidents at work and occupational diseases	0.80%	7.36 €	Accidents at work and occupational diseases	0.00%	0.00 €
Guarantee Fund	0.25%	2.30 €	Guarantee Fund	0.00%	0.00 €
Solitary Reserve Fund	4.75%	43.70 €	Solitary Reserve Fund	0.00%	0.00 €
			Salary after contributions		796.72 €
			Income tax		151.37 €
Monthly salary after payment of contributions		1,243.84 €	Net salary after social contributions and income tax		645.35 €
Travel allowances for a full working month (11 months in a year)		1,200.00 €	Travel allowances for a full working month (11 months in a year)		1,200.00 €
Monthly cost of a driver for a month of full activity		2,443.84 €	Net income of a driver for a month of full activity		1,845.35 €
Breakdown of annual cost of a standard Slovak driver in 2019					
Fixed gross salary + bonuses * 12 months		11,040.00 €	Fixed gross salary + bonuses * 12 months		11,040.00 €
Employer's social contributions * 12 months		3,886.08 €	Employee's contributions and income tax* 12 months		3,295.80 €
Salary cost after payment of contributions * 12 months		14,926.08 €	Net fixed income after income tax * 12 months		7,744.20 €
Travel allowances * 11 months		13,200.00 €	Travel allowances * 11 months		12,900.00 €
Total annual cost		28,126.08 €	Annual net income		20,644.20 €
Cost of one hour of driving in €		14.21 €	Average monthly net income		1,720.35 €
Cost per kilometre in €		0.21 €			

Source : CNR European Studies

The annual cost of a driver in 2019 was €28,126. This amount is slightly up (+0.7%) compared to the previous 2017 study of the Slovak RFT sector. As the gross salary has not changed, the increase is due to an estimate of travel allowances that is different from that relating to 2017. However, Slovak driver productivity has improved. Slovak drivers drove +2.5% more kilometres than in 2017. The hourly cost of driving was €14.21 in 2019, virtually unchanged since 2017 (€14.22).

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

Operating conditions and costs excluding overhead costs, for a 40-tonne HGV operated on long distance international routes, 2019 values 		
	unit	Slovaquie <i>Simulation</i>
Yearly mileage of a vehicle	km	145,200
Number of operating days	days/year	263
Semitrailer/tractor ratio		1.17
Cost of one driver	€/year	28,126
Driver/tractor ratio		1.10
Yearly cost of vehicle financing and possession	€/year	14,423
Average consumption per 100 km	litres	29.80
unit fuel price, 2019 average	€/litre	0.9685
Yearly fuel cost	€/year	41,907
Tyres	€/year	4,650
Maintenance-repair	€/year	5,600
Tolls and vignettes	€/year	18,000
Insurance (vehicle)	€/year	2,400
Axle tax and other vehicle taxes	€/year	1,684
Synthesis - cost price (excluding overhead costs)		119,602
Cost/mileage ratio per annum	€/km	0.82

Source : CNR European studies

According to CNR calculations, the cost per kilometre of a Slovak heavy goods vehicle operating on international long-distance routes, excluding overhead costs, is €0.82. This cost, up 3% compared to 2017, is in line with the average for Central Europe. Certain cost items, such as the cost of ownership (+17.3%), tyres (+13%), maintenance-repairs (+5.6%) or fuel (+6.1%) increased compared to 2017, while the driver costs remained stable and insurance costs and axle tax fell (-20% and -3.1% respectively).

When overhead costs (estimated at around 6% of the total cost) are factored in, the cost price of this type of vehicle was estimated at €0.84 per kilometre. This amount corroborates the information given by the Slovak hauliers interviewed in the course of this study.

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